

## Stopping annexation and advancing normalization in Trump-world: A framework for European policy makers

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### **Executive Summary**

- From the outset the Trump administration has shown the extent of its recklessness and unpredictability. In this context Europeans must work more closely together to safeguard their interests and values in the Middle East, as well as in Europe.
- To sideline Trump's dangerous proposals for Gaza, stabilise the situation, and generate diplomatic progress, European actors must work with Arab states and others to present viable alternatives that can credibly claim to better fit Trump's regional goals. In this context European actors should focus on achievable outcomes and play to their strengths. Whereas Europeans have limited capacity when it comes to strongarming Israelis or Palestinians to make difficult compromises on final status issues, they have a lot to offer in bottom-up Palestinian state building and establishing a regional framework for a two-state process.

#### *Stopping the war and creating a regional framework for diplomacy*

- European actors must work with as wide a coalition as possible of Arab states and others to **persuade Trump that his interests are aligned with the European mainstream, moderate Arab states, and moderate Israelis and Palestinians,**

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- Europeans should work with Arab states and others to **promote conditions that are politically helpful for Israeli moderates** to make the case domestically for regional normalization linked to Israeli commitment to a demilitarized Palestinian state.

#### *Stopping annexationist moves in the West Bank*

- **Changes in the West Bank driven by settler extremists working with ministers are threatening Palestinians** and entrenching the settlement project with the intention of making a two-state solution impossible.
- If Netanyahu, with the backing of the Trump administration, continues down this path, European actors will have to **consider what costs and incentives they can apply to influence Israeli government steps**. In deploying any coercive measures, they must consider how to maximise intended effects whilst minimising the risk of unintended consequences.
- At the same time, there may be **untapped potential for European incentives**. Floating recognition of Israeli positions on issues like refugees, settlement blocks and Jerusalem as part of a regional process could deepen the divide between Netanyahu's coalition and the mainstream.

#### *Bottom-up Palestinian state building*

- An indispensable component for progress towards a Palestinian state is a **revitalised Palestinian Authority**, with the priority being security (for both Israelis and Palestinians) governance and delivery.
- The agenda should include **measures to strengthen Israeli confidence**, including delivering on announced changes to stop the welfare system rewarding terrorists, removing incitement from the education system, and reassessing the role of UNRWA.
- For the **Trump administration, the EU's role in reforming the PA through newly applied conditionality should be framed as an essential building block** for a successful normalisation deal involving Saudi Arabia.
- The Gaza Strip represents an immeasurable logistical challenge. Politically the challenge is to **create mechanisms for international actors and the PA to rebuild, whilst marginalizing Hamas**.

### *Bolstering moderates in wider society*

- Any hope for a future stable political order depends on **a critical mass of public support** on both sides for the goal of a two-state solution.
- Europeans should significantly increase **long term investments in grass roots peace building**.
- They should also **confront social media companies** about the promotion of extremist content, and work with them to support content orientated towards moderation and coexistence.
- Europeans should **partner with Arab and wider Muslim cultural drivers of tolerance** and moderation.

### **A. Introduction**

**Europeans must work with others to create alternatives to the dangerous Trump proposals on Gaza.** Any forced population transfer is not only morally unacceptable but would cause immense damage to the stability of Israel's neighbours and Israel itself. Nonetheless, given how erratic and unpredictable Trump is, it is worth trying to work with the administration by building as wide a coalition as possible around a programme that can credibly claim to better address his regional agenda.

**The first weeks of the Trump presidency showed the threats his administration brings to the Israeli-Palestinian arena, but also the opportunities.** The first stage ceasefire agreement demonstrated Trump's leverage over Netanyahu, forcing a breakthrough for the hostages and the Gazan population. Yet his bizarre, unacceptable and unworkable proposals for Gaza complicated attempts to reach the second stage ceasefire and advance diplomatic steps towards normalization and a two-state solution.

**The ceasefire coincided with opportunities emerging at the regional and global levels and within Israel.** Regionally, Israel has gained the upper hand against the Iranian axis, as signified by the defeat of Hezbollah, the collapse of the Assad regime, the killing of Sinwar, and successful strikes against Iran. Within Israel, Netanyahu's coalition faces growing demands for elections it would likely lose and is destabilised internally by highly unpopular proposals to legalise the exemption of ultra-Orthodox men from conscription.

**Yet there is no clear path to a long-term arrangement for Gaza, and in the West Bank the Israeli government continues to advance annexationist measures.** During the Biden administration there was a broad consensus around an internationally backed and PA-linked administration in place of Hamas, and a regional agreement linking Saudi normalization to an Israeli commitment to Palestinian statehood. However, the Netanyahu-led coalition has resisted any role for the PA or the idea of Palestinian statehood. Far-right ministers who have been openly calling for the displacement of the Gazan population now feel emboldened by Trump's proposals.

**They act in a context in which Israeli-Jewish openness for a two-state solution has fallen dramatically,** albeit with stronger support when it is linked to the potential for a regional normalization agreement.

**At the same time the West Bank is boiling over.** The Palestinian Authority has almost no credibility with Israelis, Palestinians or with Arab states, and is on the verge of collapse, due to Israeli policies and its internal failings. UNRWA has also lost credibility across the Israeli political spectrum, and new Knesset legislation has ended Israeli cooperation with the agency, imposing severe constraints on its operations, especially in East Jerusalem and the West Bank. Israel's presence in the West Bank is being entrenched through legal changes and unprecedented expansions in settlement construction, whilst extremist settler violence is escalating in a climate of impunity.

**In this context the Trump administration is influenced by two competing tendencies.** There is an 'annexationist' tendency that is ideologically sympathetic to the agenda of the Israeli right, with its influence signified by the decisions to rescind sanctions on settler extremists and stop funding to UNRWA. At the same time there is a 'normalization' tendency that seeks to end the war, release the hostages, and advance the process that began with the Abraham Accords, which the Saudis have made clear is contingent on a credible pathway to Palestinian statehood.

**In March 2024, Mitvim published its "[Israeli Initiative](#)", setting out the process towards a two-state solution and moderate regional alliance. But what can third parties (and especially European states) do in the context of the Trump presidency to improve the conditions for such a process?** This paper first summarises European actors' capabilities and agendas, before providing recommendations on four aspects of European engagement:

- stopping the war and creating a regional framework for diplomacy;
- halting annexationist moves in the West Bank;
- bottom-up Palestinian state building;
- bolstering moderates in wider society.

## **B. European actors, capabilities and agendas**

**Whilst within and across European actors<sup>1</sup> there are a wide range of international attitudes, interests and agendas, Europeans share an interest in reducing the scope for conflict in the Middle East.<sup>2</sup>** Instability in Europe's southern neighbourhood causes threats to trade and energy flows (most recently and directly through the Houthi intervention in the Red Sea), and fuels radical anti-Western ideologies, domestic social unrest, and uncontrolled migration.

**Looking narrowly at the Israeli-Palestinian arena, it is in the interests of Europeans to end the war,** stabilise the humanitarian situation, stop measures that undermine the potential for a future two state agreement, and create a context more conducive to advancing it. Since Oslo, European actors led by the EU have invested huge sums in the PA, with the hope that it will be the kernel for a Palestinian state.

**Europeans also share a wider set of regional and global interests. These include reducing Iran's regional threat, and its influence over the politics of other states, especially Lebanon and Syria.** This in turn sits in a context of great power competition in which European, Middle Eastern and Asia-Pacific theatres are increasingly connected, through the growing cooperation of Russia, Iran, North Korea and China. This includes the Iranian supply of weapons to Russia for use against Ukraine. That competition includes a contest for influence among developing states in the global south, with European diplomats expressing concern that a perception of double standards over support for Israel has harmed the standing of Western states in this respect.

**European states must now navigate these challenges in relation to a Trump administration that shows a shocking level of disdain for European mainstream values and security interests.**

**The perennial frustration of these European actors is the gap between their interests in reducing conflict in the region and their influence or capabilities.** European states lack the economic or military heft to matter on their own, and they have limited capacity to act in unison, typically leaving them in the shadow of the US.

**However, European actors do have some individual and collective capabilities and leverage,** including military power projection; economic and diplomatic incentives and disincentives; influence in the UN and other forums (including French and British P5 status); various forms of soft power and normative power; and convening power

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<sup>1</sup> This paper relates to EU member states and non-member states and EU institutions.

<sup>2</sup> Toby Greene & Jonathan Rynhold, "Europe and Israel: Between Conflict and Cooperation," *Survival* 60:4, 2018.

based on experienced, and well-resourced diplomatic networks. The question is how to deploy these limited tools effectively.

**The central argument of this paper is that European actors need to deploy their limited leverage with a clear focus on achievable outcomes given key political factors over which they have little direct control.**

**There are political realities that seem uncondusive to European policy goals:** the annexationist tendencies within the Trump administration and Trump's unpredictable and distracting proposals; the ideological and personal interests within the Netanyahu government; the fractured state of the Palestinian polity; the catastrophic situation in the Gaza Strip; the extent of mutual hostility and suspicion between Israelis and Palestinians; and the politicization of the Israeli-Palestinian arena within increasingly fragmented European societies. Many European leaders are also managing considerable domestic political challenges and economic constraints.

**Yet there are still political opportunities in the current moment.** At the international level these include the express desire of Trump to be seen as a peace maker and bring Saudi Arabia into the Abraham Accords; Saudi interests in pursuing that route contingent on Palestinian statehood; the damage done to Hamas's military infrastructure and leadership in Gaza as well as the wider Iranian-led axis; and the consensus between European and Sunni Arab actors on the way forward. Within Israel there are opportunities created by the significance of Saudi normalization as an incentive, and the unpopularity of the Netanyahu government.

**To mitigate the threats and capitalise on the opportunities Europeans must be pragmatic.** That may mean resisting the demands of domestic constituencies on the Israeli-Palestinian issue or the temptation to seek the limelight, and carefully calibrating interventions with Trump according to what can make a meaningful difference.

**Recent initiatives taken by European actors without coordination with the US or even broad support within Europe have proven futile,** even in the context of a Biden administration broadly aligned with the worldview of mainstream European actors. These include the recognition of Palestine as a state by Ireland, Spain, Norway, and Slovenia, whereby these states wasted a valuable diplomatic incentive for no return whatsoever. Another example was the launch of a roadmap by Josep Borrell including the idea that a framework arrangement could be worked out primarily by international actors and then presented to the parties.<sup>3</sup>

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<sup>3</sup> Maria Psara & Jorge Liboreiro, "Revealed: Josep Borrell's 10-point peace roadmap for the Israeli-Palestinian conflict," *Euronews*, 19 January 2024, <https://www.euronews.com/my-europe/2024/01/19/revealed-josep-borrells-10-point-peace-process-for-the-israeli-palestinian-conflict>



**It is not advisable to imply that international actors can define a “well known, self-evident framework for Israeli-Palestinian peace” without their participation,** or that European actors are best placed to front such a process.<sup>4</sup> Josep Borell was particularly ill-placed to launch such a plan due to the perception in Israel that he was particularly pro-Palestinian. Unsurprisingly, he failed to unite even EU members behind his proposals.

**Whilst there is hope for rebuilding support broadly for a two-state solution linked to normalization, there is no final status agreement that could currently win a consensus of support from both Israeli and Palestinian societies, certainly not without US support, and that goal should be deferred for when the time is ripe.**

**Moreover, the EU as an institution is not trusted by Trump, who is more comfortable dealing with states and their leaders.** The E3 (Britain, France and Germany) or E5 (incorporating Poland and Italy), along with the G7, maybe more effective groupings to coordinate an agenda to influence Trump and his team. Georgia Meloni could prove an asset given the pragmatism she has shown in her dealings with the EU and her personal rapport with Trump.

**Whatever the format, European actors, including the EU, should play to their strengths.** They should look back to the model of the 2002-2003 Quartet roadmap – designed to transition the parties out of the Second Intifada and into a renewed diplomatic process – to which European actors contributed significantly. One of its key innovations was the idea that a Palestinian state could be established in interim borders from the bottom up, based on a reformed PA under new leadership, with the difficult final status issues deferred to a later stage. Another was the Quartet itself as an international coordinating mechanism.

**This moment calls for a new roadmap, and a new multilateral forum for driving it forward.** Europeans should build a consensus with Arab states and other partners on an alternative plan for rebuilding Gaza and the future of the Israeli-Palestinian arena, making clear what they are prepared to commit, and showing how it aligns with Trump’s own interests.<sup>5</sup> The principles shaping Europe’s contribution in this should be incrementalism, pragmatism and coordination, and the careful application of Europe’s limited leverage. The EU’s focused application of conditionality to target specific PA reforms, for example, shows signs of bearing fruit. This approach is far more promising

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<sup>4</sup> “Statement EUSR Koopmans – UN Security Council: Situation in the Middle East, including the Palestinian question”, *Delegation of the European Union to the United Nations in New York*, [https://www.eeas.europa.eu/delegations/un-new-york/statement-eusr-koopmans-%E2%80%93-un-security-council-situation-middle-east-including-palestinian-question\\_en?s=63](https://www.eeas.europa.eu/delegations/un-new-york/statement-eusr-koopmans-%E2%80%93-un-security-council-situation-middle-east-including-palestinian-question_en?s=63)

<sup>5</sup> Maya Sion Tzidkiyahu, “The EU’s Possible Role in the ‘Day After’ the Gaza War according to a Reverse Engineering Roadmap”, *Mitvim*, August 2024, [https://mitvim.org.il/wp-content/uploads/2024/09/EU-role-in-the-day-after-Gaza-war\\_ISR\\_Initiative-Israel-take-Final-1.pdf](https://mitvim.org.il/wp-content/uploads/2024/09/EU-role-in-the-day-after-Gaza-war_ISR_Initiative-Israel-take-Final-1.pdf).

and plays more to European strengths than attempting to define a final status arrangement. Whereas Europeans have limited leverage when it comes to strongarming Israelis or Palestinians to make difficult compromises, they have a lot to offer in the fields of bottom-up Palestinian state building, and in building a conducive regional framework that strengthens Israel and creates the context for a Palestinian state.

### **C. Stopping the war and creating a regional framework for diplomacy**

Beyond providing vital humanitarian aid to sustain the population of the Gaza Strip, **the overwhelming priority is to ensure an end to the war** that releases all the hostages and establishes structures for governance, security and reconstruction in the Gaza Strip not linked to Hamas. Ending the war will also end Netanyahu's governing majority, though there would be a majority in the Knesset if the deal brings home the remaining hostages.

**There has been a broad consensus among Arab states, moderate Israelis and Europeans that a substantially reformed PA must play some role with broad international support**, but Netanyahu has refused to contemplate this, and it is incompatible with his current coalition. Trump's Gaza proposals serve Netanyahu by creating the perception that there are alternatives to the international consensus that are preferable to his coalition. Presenting a united front of Arab and European states towards the Trump administration is important to dispel the delusion of mass population transfer and shape the administration's approach. At the same time, the more credible and attractive the consensus approach looks to Israelis, the quicker the Trump proposals can be marginalised as irrelevant and the greater the pressure on Netanyahu to take this approach even at the cost of his coalition.

**European actors should work closely with Arab states to persuade Trump that his interests are aligned with the European mainstream, Arab states, and moderate Israelis and Palestinians, and not with Netanyahu's annexationist coalition.** They should make the case that the path favoured by these actors is key to all the goals Trump holds dear: maximum pressure on Iran – to which Europeans should commit rhetorically and practically; expanding the Abraham Accords to include Saudi Arabia; reducing the need for the US to invest its own financial or military resources in the region; and securing Trump a Nobel Peace Prize. Indeed, Netanyahu and his far-right coalition partners' annexationist agenda should be framed as the barrier between Trump and all these goals.

**In addition, it should be made clear that the annexation moves that the Netanyahu government is pushing for are not a pan-Israeli consensus**, but rather an extremist plan that is accepted only by a marginal group that are against Israel's



long-term interests. It should also be made clear to Trump that merely suspending annexation – the price for normalization with the UAE – will not be enough for Saudi Arabia, and only a clear path to Palestinian statehood will deliver a route to long term peace and stability.

**In its communications with Israelis, European actors should emphasise the centrality of getting all the hostages home; creating a new governance structure in Gaza that permanently excludes Hamas, and building a regional alliance that strengthens Israel's security against Iran and its proxies.**

**European actors can help in practical terms to prepare the ground for the next stages** with planning for early recovery and rehabilitation, focusing on essential infrastructure including healthcare, water, energy and shelter, as well as clearance of rubble and unexploded ordinance.<sup>6</sup> The EU can enhance its credibility by highlighting to the Trump administration, the Israeli public, and Arab leaders the active role they can play in providing money for reconstruction and planning in coordination with the PA and Arab states, and the active role they can play with CSDP missions. The redeployment of the EU Border Assistance Mission for Rafah alongside PA officials at the end of January is a significant milestone to build on. The EU-POLL COPPS police training mission is another framework that should be expanded in preparing for the PA's eventual return to administering Gaza.

**At the same time Europeans should improve the conditions for Israeli moderates to make the case for a regional deal linked to Israeli commitment to a demilitarized Palestinian state.** Successive surveys show even in the midst of the war, a plurality of Israelis support a package deal that links the establishment of Palestinian state to normalization with Saudi Arabia.<sup>7</sup> The incentives could be strengthened further if regional arrangements include robust measures to permanently prevent the recovery of Hezbollah as well as Hamas; and offered the prospect of Israel's integration into regional economic and infrastructure plans. By making tangible for Israelis how a post-ceasefire and post-Hamas situation could look, Israeli rejectionists can be positioned as barriers to a better future, rather than the defenders of Israel against threats or pressure.

**European actors can enhance their credibility in Israel and Washington by pointing to their practical contribution to multi-lateral regional efforts to counter**

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<sup>6</sup> Maya Sion Tzidkiyahu, "The EU's Possible Role in the 'Day After' the Gaza War according to a Reverse Engineering Roadmap", *Mitvim*, August 2024, [https://mitvim.org.il/wp-content/uploads/2024/09/EU-role-in-the-day-after-Gaza-war\\_ISR\\_Initiative-Israel-take-Final-1.pdf](https://mitvim.org.il/wp-content/uploads/2024/09/EU-role-in-the-day-after-Gaza-war_ISR_Initiative-Israel-take-Final-1.pdf).

<sup>7</sup> See for example "Israeli Public Opinion Poll", *Geneva Initiative*, December 2024, <https://genevaaccord.org/wp-content/uploads/2025/01/GI-Midgam-Poll-December-2024.pdf>; "The Israeli Foreign Policy Index," *Mitvim*, July 2024, <https://mitvim.org.il/en/publication/the-israeli-foreign-policy-index-of-2024>.

**Iran and its axis** including their role in the Lebanon ceasefire (especially France), and their participation in military action against the Houthis (especially Britain). Trump wants NATO allies to pick up more of the slack in European defence, and Europeans must commit to do more both in Europe and the Middle East. France and other European states should follow the UK's lead and be prepared to participate directly in military action against the Houthis.<sup>8</sup>

**Europeans should also consider how to use military voices to reinforce the case made by moderates in Israel, that Hamas cannot be defeated without filling the vacuum with a credible Palestinian alternative.** European NATO generals in uniform – especially those with combat experience from Iraq or Afghanistan – may prove more persuasive with the Israeli public than political leaders with little military experience.<sup>9</sup>

**European actors should not rush, however, to launch diplomatic initiatives or interventions not coordinated with Washington.** A high-profile diplomatic event is not an end in itself. It should serve as a setting to cement an international consensus on the way forward and should be coordinated with the US government and the parties themselves. The “High Level International Conference” for the two-state solution proposed in a December 2024 UNGA resolution, which France and Saudi Arabia have offered to chair in June 2025, should steer away from the idea that a conflict ending agreement can be secured on paper by international actors and then delivered to the parties, and should think carefully how to build an alignment with the Trump administration. The most impactful uses of this initiative may be re-establishing a broad consensus on a demilitarized Palestinian state as a long-term goal linked to regional normalization and coordinating international support for immediate Palestinian infrastructure and institutional development. In all this, diplomats should also consider how their initiatives can be leveraged into an effective campaign to influence Israeli and Palestinian attitudes.

#### **D. Stopping annexationist moves in the West Bank**

**Rapid and dangerous changes in the West Bank driven by settler extremists working in tandem with ministers are threatening Palestinians and entrenching**

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<sup>8</sup> Angelo Amante, John Irish, Inti Landauro and Nandita Bose, “Europe split over US, UK strikes on Houthis in Yemen,” *Reuters*, 13 January 2024, <https://www.reuters.com/world/middle-east/italy-declined-take-part-military-action-against-houthis-source-says-2024-01-12/>.

<sup>9</sup> Retired US General David Petraeus has been making the case since the beginning of the war that Israel needs a coherent counter-insurgency strategy that involves filling the vacuum created by clearing out Hamas. David Petraeus, Meghan L. O'Sullivan, and Richard Fontaine, “Israel's War of Regime Change Is Repeating America's Mistakes,” *Foreign Affairs*, 17 June 2024, <https://www.foreignaffairs.com/israel/israel-war-regime-change-repeating-americas-mistakes-david-petraeus>.

**the settlement project with the intention of making a two-state solution impossible.** The Netanyahu government has created a culture of impunity for extremist settler violence, whilst promoting settlement construction, and transferring West Bank administration from military to civilian control within the Defence Ministry under the rule of far-right minister Betzalel Smotrich.<sup>10</sup> It is imperative to stop these trends under the current or any future Israeli government.

**The toolkit of Europeans to stop these processes is limited without wider coordination, especially with the US and Arab states.** The EU and UK have taken various steps including sanctions against individuals and organisations linked to settler extremism. The UK has also sanctioned Amana, which coordinates and funds settlement construction, and together with Spain and others has publicly raised the option of sanctions against minister Smotrich and former minister Itamar Ben Gvir. But whilst Spain and Ireland have called for Israel to be found in breach of the Association Agreement, there is little chance of consensus on this in the Council.

The preferred situation going forward would be to create an alignment with Arab states and the Trump administration to block annexationist moves of the Netanyahu government. However, **if Netanyahu's coalition, with the backing of the Trump administration, continues down the path of annexation, European actors should have prepared an alternative strategy,** including further sanctions targeted against individuals and entities, or in response to specific measures. More broadly, Europeans must convey that measures intended to irreversibly close the option of a two-state solution will exact a significant response, and cause long term costs to bilateral relationships that have been shaped for generations by shared democratic values. European steps alone cannot change the Netanyahu's coalition's policy direction, but can contribute to wider international pressure.

**In choosing specific measures and how to apply them, European actors must assess how to maximise intended effects whilst minimising the risk of unintended consequences.** The goal would be to deter or disrupt malign behaviour, send a clear message internationally, and weaken the standing of targeted actors in Israel. The risks are inadvertently strengthening the Israeli actors they are meant to target; giving encouragement to European anti-Zionist activists or to Palestinian and other regional rejectionists; or further damaging the Transatlantic relationship by instigating clashes with the Trump administration.

**Mitvim survey data suggests that most Israelis do not object to sanctioning violent settler extremists,** if these measures do not include non-violent settlers or

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<sup>10</sup> Roee Kibrik, "The International Community's Role in Moving From the Gaza War to Peace Between Israelis and Palestinians and Regional Stability," *Mitvim*, September 2024, <https://mitvim.org.il/en/publication/the-international-communitys-role-in-moving-from-the-gaza-war-to-peace-between-israelis-and-palestinians-and-regional-stability/>.

Israelis within the Green Line.<sup>11</sup> These measures have the potential to disrupt the actions of Jewish extremists and have so far elicited little interest (or negative reaction) from the wider Israeli public. By contrast, decisions to restrict arms sales in a context of Israel being attacked from across the region make a very negative impression for the Israeli public, and carry a high risk of being framed in Israel as driven by hostility to Israel itself, rather than particular policies or actions.

**How any such measure is communicated and perceived in Israeli society is no less important than the act itself.** External pressure ideally should be seen in Israel to be targeting extreme and irresponsible actions that are contrary to the values and interests of most Israelis, or to reflect the failure of the Israeli government, rather than being an attack on Israel or its people as a whole. European actors should affirm their commitment to Israel's security as a Jewish and democratic state, and support for fair territorial compromises that reflect realities along the lines of previous negotiations and are agreed by the parties.

**Coercive measures are harder to dismiss as acts of antisemitism or hatred of Israel when they come from states and actors who have built solid reputations of commitment to Israel** as the nation state of the Jewish people, and who are confronting malign actors that threaten Israel. Europeans should act in concert as far as possible with one another and like-minded non-European states and actors, reducing the scope for diplomatic retaliation or bashing of individual states by the Netanyahu government. If the EU cannot formulate a strong unified position, willing states should coordinate with as many partners as possible through alternative groupings including non-EU members, as well as like-minded Members of Congress in the US.

**Europeans often focus on the untapped potential of sanctions against Israel. Less talked about is the untapped potential of incentives that Israelis actually care about.** Previously mooted incentives such as the 2013 "Special Privileged Partnership" had little impact on Israelis. Israel already enjoys exceptionally close integration with the EU for a non-European country and the benefits of deeper integration are not tangible for most.

**Other kinds of incentives might be more impactful, if European actors are willing to be more bold, creative and pragmatic.** They should consider how to communicate to Israelis that if they oppose annexationist moves and get behind a regional process that includes the goal of a demilitarised Palestinian state, then tangible rewards would follow. As part of a coordinated process involving the US and Arab states, European actors could offer incentives in return for concrete steps by Israel towards Palestinian statehood. These could include signaling readiness to move

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<sup>11</sup> "Israeli Foreign Policy Index 2024", *Mitvim & Frieferich Ebert Stiftung*, September 2024, [https://mitvim.org.il/wp-content/uploads/2024/09/Mitvim\\_Israeli-Foreign-Policy-Index-2024.pdf](https://mitvim.org.il/wp-content/uploads/2024/09/Mitvim_Israeli-Foreign-Policy-Index-2024.pdf).

embassies to Jerusalem; recognising that larger settlement blocks accepted by Palestinians as part of a landswap deal in previous negotiations will remain permanently part of Israel; or readiness to divert funding away from UNRWA in the context of an emerging Palestinian state. Floating these incentives would not only divide the interests of settlers from the Israeli majority, but divide the majority of the settlers who live peacefully in large settlement blocks, from ideological extremists in isolated settlements.

**In any event, European actors should distance themselves from any association with the BDS movement** that is driven by a maximalist agenda to undermine the very existence of Israel as a state. The more credibly Europeans can show their commitment to the legitimacy of Israel as the nation state of the Jewish people, the more space they have to challenge Israeli actions intended to prevent Palestinians realising those same national rights. Pushing back on BDS is also important for European Jewish communities who in many cases do not support Netanyahu's coalition, but are committed to Israel's welfare and face surging antisemitism.

## **E. Bottom-up Palestinian State Building**

**An indispensable component for progress towards a Palestinian state is a revitalised Palestinian Authority.** The PA must be seen by Palestinians as capable of delivering tangible benefits on the ground and in the diplomatic arena. It must be seen by Israelis as a reliable security partner and alternative to Hamas. And it must be seen by donor states (especially European and Arab states) as trusted to play a role in reconstruction and development, with the huge sums of money involved.

**By refusing to contemplate an alternative to Hamas, Netanyahu is ensuring its survival. That said, Netanyahu's case against the PA is helped by the PA's credibility being at rock bottom** for all these constituencies. In the West Bank especially, Hamas's standing is soaring off the back of the ceasefire agreement which has brought the release of hundreds of Palestinian prisoners.

**Since 7 October the EU has attempted to better leverage its long-standing financial commitments to the PA with stronger demands on reform**, as part of a wider international agenda to strengthen the credibility of a revitalised PA that can step up in Gaza. A July 2024 "Letter of Intent" conditioned €400m of EU assistance on specific PA reforms, including governance and fiscal reform, as well as education and social welfare reform.<sup>12</sup> The PA announcement of changes to the welfare system to stop rewarding terrorism is a positive sign for this approach.

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<sup>12</sup> Maya Sion Tzidkiyahu, "The EU's Possible Role in the 'Day After' the Gaza War according to a Reverse Engineering Roadmap", *Mitvim*, August 2024, [https://mitvim.org.il/wp-content/uploads/2024/09/EU-role-in-the-day-after-Gaza-war\\_ISR\\_Initiative-Israel-take-Final-1.pdf](https://mitvim.org.il/wp-content/uploads/2024/09/EU-role-in-the-day-after-Gaza-war_ISR_Initiative-Israel-take-Final-1.pdf).



**The most successful model for bottom-up Palestinian state building was under the leadership of Salam Fayyad (2007-2013).** Success derived from Fayyad's personal vision and drive to build a de-facto Palestinian state coupled with pragmatic Israeli partners and focused international support. It is impossible to recreate those conditions without a change of Israeli government, but this should be the goal to the extent possible.<sup>13</sup>

**Restoring the credibility of the PA for Palestinians will ultimately require elections but the priority should be governance and delivery.** Power should be drawn away from Abbas to competent ministers who can focus on implementing key reforms.<sup>14</sup> Diplomatic gestures and expanded economic support should be incentives for meeting key reform milestones, and should be coordinated as far as possible with the US and key Arab states. The high-level dialogue between the EU and PA scheduled for March 2025 represents an opportunity to show diplomatic and practical support for the PA and the outcomes should include clear and tangible deliverables that make a difference for ordinary Palestinians. There is a need to expand training and resources for Palestinian Authority security forces that can be gradually introduced to the Gaza Strip. The EU may be able to contribute by expanding the mandate and resources of the EU police and rule of law capacity building operation (EUPOL COPPS). One way to resolve the dilemma regarding imposing conditionality on the PA, which then risks collapsing the PA if triggered, is to shift investment and reform initiatives towards local authorities that have some independence from the government in Ramallah.<sup>15</sup>

**In addition to the issue of welfare payments that reward terrorism, incitement in the Palestinian education system is a high-profile issue for Israelis and their international supporters.** Addressing both those issues publicly will strengthen the standing of European actors in Israel and Washington, maximising their influence.<sup>16</sup>

**It is also time for European actors to reassess the role of UNRWA.** The organization has been plagued by funding and governance issues for many years and showed itself to be deeply infiltrated by Hamas in the Gaza Strip and Lebanon. Some European states (e.g. Sweden, Netherlands) are considering diverting assistance away from UNRWA, and it is no longer possible to ignore its organizational challenges,

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<sup>13</sup> Yohanan Tzoref, "What is a Revitalized Palestinian Authority?" *Mitvim*, January 2024, <https://mitvim.org.il/wp-content/uploads/2024/01/English-What-is-a-Revitalized-Palestinian-State-Yohanan-Tzoref-January-2024-final.pdf>.

<sup>14</sup> Ibid.

<sup>15</sup> Roei Kibrik, "The International Community's Role in Moving From the Gaza War to Peace Between Israelis and Palestinians and Regional Stability," *Mitvim*, September 2024, <https://mitvim.org.il/en/publication/the-international-communitys-role-in-moving-from-the-gaza-war-to-peace-between-israelis-and-palestinians-and-regional-stability/>.

<sup>16</sup> Maya Sion Tzidkiyahu & Azriel Bermant, "Europe's Response to the War in Gaza: Capabilities and Actorness," *INSS*, December 2024, [https://www.inss.org.il/strategic\\_assessment/europe-gaza/](https://www.inss.org.il/strategic_assessment/europe-gaza/).



nor the deep problems relating to its structure and mandate. UNRWA's role as a Palestinian governance entity under a UN flag contradicts the goal of building up a Palestinian state. Moreover, UNRWA's role in endorsing the claimed right of return for each new Palestinian generation contradicts the principles of two states for two peoples. Addressing this issue directly is an opportunity for Europeans to make the case to Israelis for building up a Palestinian state in place of UNRWA and the claimed right of return.

**It is important to try and build a constructive relationship between the PA and the Trump administration.** Abbas's response to Trump's policies during his first term only exacerbated the harm to the PA. A revitalised PA needs to be part of a united front with key Arab actors including Saudi Arabia, and position itself credibly as a lynchpin in a regional normalization process that marginalises Hamas and undercuts Iran. For the Trump administration a successful and reformed PA should therefore be framed as good for Trump, good for Israel, and bad for Iran.

**The Gaza Strip represents an entirely different challenge, and a reconstruction task not seen since the Second World War.** Indeed, European states may be uniquely qualified (along with Japan) to share experience of rebuilding war-ruined cities on this scale, though perhaps lessons can be learned from China on building at pace. Building on its many years of experience the EU has a central role to play in the planning and implementation of internationally funded infrastructure projects.<sup>17</sup> The catastrophic destruction must be turned into an opportunity for new urban design, such as that envisaged by the "Palestine Emerging" private sector initiative, capitalising on Gaza's assets including an abundant workforce, its coastline, access to gas, and a broad international stake in its success.<sup>18</sup> This is also an opportunity to build sustainably, maximising the use of renewable energy and planning with resilience to climate change.

**Politically the challenge is to create mechanisms for international actors and the PA to rebuild, whilst marginalizing Hamas** and preventing it from rearming. The reactivation of the civilian Border Assistance Mission for Rafah (EUBAM Rafah), bringing PA officials effectively onto the border backed by Europeans on the ground, is a significant first step. This has focused initially on getting urgent medical cases out, but the EU should aspire to build on this to help facilitate the entry of materials

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<sup>17</sup> Maya Sion Tzidkiyahu, "The EU's Possible Role in the 'Day After' the Gaza War according to a Reverse Engineering Roadmap", *Mitvim*, August 2024, [https://mitvim.org.il/wp-content/uploads/2024/09/EU-role-in-the-day-after-Gaza-war\\_ISR\\_Initiative-Israeli-take-Final-1.pdf](https://mitvim.org.il/wp-content/uploads/2024/09/EU-role-in-the-day-after-Gaza-war_ISR_Initiative-Israeli-take-Final-1.pdf).

<sup>18</sup> "Palestine Emerging: Economic Reconstruction & Development", <https://palestine-emerging.org/wp-content/uploads/2024/04/PALESTINE-EMERGING-BLUEPRINT-APRIL-2024.pdf>

needed to stabilize Gaza, facilitate humanitarian relief, and begin reconstruction. Maintaining trust with Israel on security issues is essential to making this possible.<sup>19</sup>

**There is huge potential for economic growth and investment in the Gaza Strip and West Bank under the right regional conditions.** Palestine should be incorporated into visions for regional development including the India-Middle East-Europe corridor, the proposed Euro-Asia interconnector, and the Israel-UAE-Jordan Project Prosperity renewable energy and water sharing initiative. At the same time, it is important that the Palestinian not be given a veto over the advance of these projects. Rather their participation should be offered as an incentive in return for their delivering institutional reforms sought by the donor community. At the same time Israel should not be able to sideline a revitalised PA.

#### **F. Bolstering moderates in wider society**

**Any hope for a future stable political order depends on a critical mass of public support on both sides for the goal of a two-state solution.** Bottom-up peace building will not on its own create the conditions for peace without determined Israeli and Palestinian political leadership and a conducive regional and international environment. Indeed, political leaders are a major factor shaping public attitudes. But bottom-up peace initiatives are indispensable in expanding constituencies for moderate and pragmatic political actors.

**Extremists and hate mongers use every channel to spread their agenda and must be confronted in every arena by moderates adequately resourced** to compete effectively in the attention marketplace. The conditions could not appear worse, but whilst mutual antipathy is at its peak, it is also apparent to many Israelis and Palestinians that extremist leadership has led to catastrophe for both peoples.

**Europeans should make long term investments in grass roots peace building.** The Nita M. Lowey Middle East Partnership for Peace Act (MEPPA) adopted by the US Congress in 2020 made \$250m available for grass roots peace building and business to business partnerships. European actors should be ready to match this investment, especially now US foreign aid funding is largely frozen. The G7 in 2024, under Italian presidency, committed to “coordinate and institutionalize our support for civil society peacebuilding efforts”. The UK government plans to host in 2025 an “inaugural meeting in London to support civil society in the region” linked to the establishment of an International Fund for Israeli-Palestinian Peace. This initiative should build on the experiences of MEPPA.<sup>20</sup>

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<sup>19</sup> Hadas Lorber, “A “Revitalized” EUBAM Rafah? One Avenue for EU’s Involvement in the “Day After” in Gaza,” *Mitvim*, January 2025, <https://mitvim.org.il/wp-content/uploads/2025/02/English-EUs-involvement-in-the-day-after-in-Gaza—A-revitalized-EUBAM-Rafah-final.pdf>.

<sup>20</sup> “Transcript: Partnership for Peace Fund Advisory Board Meeting,” *USAID*, November 19, 2024,

**External intervention in civil society comes with pitfalls.** Engaging with civil society actors marginally from the mainstream can backfire. External support must be carefully calibrated and built on consultation with locals to find the right channels and partners to bridge international aspirations and domestic political and social realities. At the same time European actors should oppose Israeli legislation intended to cut off international funding from civil society organizations that challenge the government.<sup>21</sup>

**Whilst traditional face to face encounters are important, arguably even more significant, certainly for younger generations, is the competition for attention and attitudes on social media.** Early in the war the EU warned social media companies over the spread of disinformation, threatening them with consequences under the EU's Digital Services Act. European governments and the EU should challenge social media companies with determination on the use of their platforms to promote hateful material. They should also press them to support content creators promoting material in support of moderation and coexistence, as these companies do with other causes they decide it is in their interests to promote.<sup>22</sup>

**In these endeavours Europeans should partner with Arab and wider Muslim cultural drivers of moderation.** Striking examples include the initiatives of the UAE to promote an ethos of tolerance that engages with cultural and religious values rather than trying to sidestep them. Examples include the text of the Abraham Accords (which declares that "Jews and Arabs are descendants of a common ancestor Abraham") and the Abrahamic Family House in Abu Dhabi which emphasises cultural kinship between Jews, Muslims and Christians.

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<https://web.archive.org/web/20250201062520/https://www.usaid.gov/west-bank-and-gaza/speeches/nov-19-2024-transcript-partnership-peace-fund-advisory-board-meeting-november-19-2024>.

<sup>21</sup> Sam Sokol, "Ministers advance bill levying 80% tax on foreign state funding of Israeli NGOs", *Times of Israel*, 16 February 2025. <https://www.timesofisrael.com/ministers-vote-to-back-bill-levying-80-tax-on-foreign-state-funding-of-israeli-ngos/>.

<sup>22</sup> See for example, "What Are the Social Media Platforms Doing to Support Users' Mental Health?", <https://www.socialday.live/features/social-media-platforms-supporting-users-mental-health>.

## G. Conclusion

The fundamental principles that have shaped mainstream European approaches to the Israeli-Palestinian arena for decades remain sound. The only way to reconcile the legitimate national claims of Israelis and Palestinians is through a two-state solution. The dramatic effects of the war, together with shifting regional conditions and the Trump administration, have created immense new challenges but also kernels of opportunity. European actors need to assess realistically their own capabilities and influence in this context and focus on interventions that can make a practical difference. Working with moderate Arab states, Europeans can help to frame and incentivise an alternative long term regional path towards two states that aligns with Trump's core aspirations – regional normalization; pressure on Iran; and reduced burden for the US – and which has a chance of winning the support of Israeli and Palestinian majorities if communicated skillfully. At the same Europeans should play to their strengths in leading international support for PA reform and bottom-up Palestinian state building. They should also expand investment in grass roots peace building and confronting drivers of extremism, including addressing the role played by social media companies.