

**Address by Deputy Prime Minister and Minister of Foreign Affairs David Levy Before  
the EU-Israel Association Council  
(13 June 2000)**

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Foreign Ministers, Ladies and Gentlemen,

Today we are marking the entering into force of the Association Agreement. Israel and Europe, as states and as a union, have come a long way in the development of their relations. The ties between us constitute an extensive framework of long-standing democratic principles, membership in the free world, economic gain and shared cultural values.

Europe, the cradle of the humanitarian and democratic values of Montesquieu, Jean-Jacques Rousseau, Immanuel Kant and John Stuart Mill, is also the Europe of Rambam (Maimonides) and Baruch Spinoza; it is the Europe of Freud; of Mendelssohn and Mahler; of Benjamin Disraeli, Stefan Zweig, Heinrich Heine, Einstein, Leon Blum, Mendes-France, Primo Levi and many others whose remarkable contributions to the wonderful European culture continue to shine, irrespective of time and place.

Israel attaches great significance to this important agreement. For us, it represents a point of departure for the development of political and economic cooperation, and reflects the enhancement of our relations, based upon common interests, shared perceptions, for the welfare and benefit of our peoples.

This agreement is a natural result of the relationship, reflecting the reciprocal ties between Israel and the EU, which has developed over the years. This is a relationship based upon geographical proximity and economic ties, and was founded upon those same liberal and democratic values. This is the reason for our belief that the Association Agreement, if exploited to the full, carries with it great potential for our future ties.

Ladies and Gentlemen,

The Association Agreement is not the only basis for Israeli-European ties. This does not mark the beginning of the relations between us, since these ties have existed for many years - indeed, since the establishment of the State of Israel and the rehabilitation of Europe following the end of the Second World War. We welcome this agreement, and it is one we have sought after many years of Israeli-European dialogue on various levels. This dialogue has seen progress and also setbacks, but there has always been a suitable level of dialogue and openness. This is a process which does not ignore the historical context of the ties between the Jewish

people and Europe, and which develops through hope and with an eye to the future. The political dialogue, anchored in the Association Agreement, is one of the most important foundation stones for the cooperation between us. This dialogue will enable us to update each other and to increase our cooperation on important common issues such as terrorism, weapons of mass destruction and drug trafficking. The achievement of stability, security, and peace in the Mediterranean Basin is a shared objective requiring an institutionalized and ongoing dialogue between us.

One of the guarantees for regional stability is economic prosperity, encompassing all the states of the region. From a scientific and technological point of view, Israel belongs to the West. However, from a geographical standpoint, it belongs to the Middle East. Thus, Israel can play a unique role, acting as a bridge between the two worlds. This bridge will assist in the economic development of the countries of the Middle East, while accelerating their integration in the European and global economies. Europe, possessing economic and technological capabilities, and which has ties and interests in the Middle East, also has an important role to play in the achievement of this objective.

We do not wish to impose economic or political approaches on our neighbors, and we have no desire to tell others what they must do for their own welfare or success. Nevertheless, we are certain about one thing: prosperity contributes to stability and welfare prevents war, and promises a good quality of life.

Without taking away from the importance of Israel's integration in the region, I wish to emphasize that Israel believes that our economic relations embody a potential beyond that of the European-Mediterranean cooperation framework. It would not benefit any of the parties if our economic ties were restricted to this framework alone. There are advantages for both Israel and Europe in the advancement of bilateral economic cooperation in areas in which Israel plays a leading role on an international level. These areas include research and development, medicine, science, the creation of information societies and hi-tech. The remarkable success of Israel's participation in the EU Research and Development Framework Program is evidence of the utilization of this potential.

The EU is the source of about half of Israeli imports and about a third of exports, reaching a sum total of EUR 24 billion. Fifteen countries of the EU are our important trade partners, constituting 39 percent of our overall trade. We believe that the advancement of the cooperation embodied in the Association Agreement will enable us to increase our volume of trade, while at the same time reducing the trade deficit between the sides.

There are a number of ways in which we can accomplish the goal of increasing the volume of

trade, as in the pan-European accumulation of rules of origin. This will enable EU products produced in cooperation with Eastern Europe to receive preferential status in Israel. I will leave it to the experts to identify the correct ways and means to improve our volume of trade. Our task, as policy makers and leaders, is to guide the professionals and to provide them with the authority to implement this policy.

In our opinion, we should open negotiations for the signing of an agreement on mutual recognition of standardization, which will improve the access of Israeli products to European markets.

We trust that the negotiations already well under way in the fields of agriculture and processed foodstuffs will lead to the expansion of trade in these domains. The establishment of an industrial cooperation framework will lead to an expansion of contacts in the private sector. We would like to see development in cooperation in the customs sphere. I trust that by the end of 2000, it will be possible to determine priorities for joint action, which will be carried out at the beginning of 2001.

I believe that we will benefit significantly from the cooperation, with the goal of meeting the new global economic challenge. Israel and the EU are today facing similar macro-economic challenges, and we see great advantages in the institutionalization of an unrestricted economic dialogue which will define the scope of the discussion and reference points in a multi-faceted and comprehensive manner.

Ladies and Gentlemen,

The relations between Israel and the EU, the economic cooperation between us, and the Association Agreement which I am delighted to finalize here today in Luxembourg, speak for themselves. This is a central pillar both of Israel's economy and our ties. We must not link these ties to other areas, and it is unhelpful to establish irrelevant linkages between the economic dimension and other issues, however important they may be.

Israel is aware that the EU has an important role in the Middle East peace process, but it is the parties themselves who must negotiate directly to achieve peace. We share the European approach which aspires to economic prosperity and the preservation of stability in the Mediterranean region, to be accomplished by promoting regional integration. By way of the Euro-Mediterranean framework, through its support for regional development and as a sponsor of the Multilateral process, Europe can play a central role in the reshaping of the Middle East. We are at the height of a peace process, which I trust will expand further. The Government of Israel believes that the year 2000 will see crucial decisions being made on the road to the accomplishment of peace. One of these decisions has already been carried out: Israel has

withdrawn from Lebanon in full accordance with Security Council Resolutions 425 and 426 of 1978. The Government decision, adopted on March 5, was implemented in May.

We hoped that the withdrawal from Lebanon would take place within the framework and context of an Israeli-Syrian and an Israeli-Lebanese agreement. Nevertheless, we made it clear that we would not be held hostage to the interests of Syria and others in Lebanon, and that if the efforts with Syria were to be exhausted without result, Israel would not hesitate to implement a unilateral withdrawal from Lebanon, through full coordination with the UN, and through promoting transparency in its actions, for the international community.

Unfortunately, it appears to us that Syria is not yet ready to make peace, and that a genuine and comprehensive peace with Israel is not at the top of Syrian national priorities. Even so, Israel is ready to return to the negotiating table at any time.

With regard to Lebanon, I believe that for the first time since the outbreak of the civil war in the 1970s, the opportunity has arrived to bring about rehabilitation, peace and stability there. Lebanon has to make the choice, and I hope that the EU will also play a part in the rehabilitation of the Lebanese economy and that it will assist Lebanon to implement Resolution 425 - the restoration of security and peace.

We also hope that this will be a year of important decisions in the protracted peace process between Israel and the Palestinians. In recent years, we have occasionally made the mistake of overusing the term "time of decision" or "the moment of truth". Now, it appears that the process has indeed reached the moment of ripeness requiring courageous decisions by the respective leaderships. Not all the details have been finalized, agreement has yet to be reached on many issues, and we still have plenty of work to do. Nevertheless, we are approaching the point at which the two leaderships, and, particularly, the two leaders, will have to make decisions.

Israel has carried out obligations, some of which have been difficult, entailing significant risks. I hope that the Palestinian leadership will internalize the need to compromise, leading to a permanent status agreement, and that they will not allow the moment of ripeness to slip away. The loss will be felt by all of us.

I am not laboring under the illusion of an immediate and harmonious peace, and I believe in adopting a sober outlook and clear-eyed realism. We are not living in Europe, and anyone who attempts to draw up a picture in his mind based upon European political principles and parameters is making a mistake. A mistake of this kind, on our part, is liable to be fatal for us. Close economic and political cooperation between Israel and the EU, our shared values, the similarity of our economies, and our common interests will have positive implications for the

entire region.

Colleagues,

The Association Agreement is an important achievement. We must continue to develop beyond this. The institutionalization of the economic dialogue, a standardization agreement, and a working group in the domain of accumulation and harmonization of rules of origin are the practical steps which I believe are required. The framework of our ties has today reached a new level. I am certain that we can climb the ladder of prosperity together, for our mutual benefit. Thank you very much.