

## ISRAEL-EU BUSINESS INFORMATION SHEET - Israel – EEC Relations

- **Awaiting for upcoming upgrading of relations**

The **Israeli Foreign Ministry** is awaiting the commencement of negotiations with the **Commission of the European Union** on the upgrading of relations between Israel and the EU. It is anticipated that the EU presidency, headed by **France**, will appoint a bespoke committee to deal with the process. This will overcome the obstacle of conditioning the upgrading on progress with the final status negotiations between Israel and the Palestinians.

A principal decision was taken to upgrade the relations between Israel and the EU by the **Associations Council**, the supreme entity headed by foreign ministers that conducts bilateral relations between Israel and the EU member states, which held its meeting in **Luxembourg** on 16th June. At this meeting it was decided to establish a work team to examine the proposal for the upgrading of relations and to decide on the existing and new sectors in which co-operation between Israel and the EU would be boosted. The plan is to boost sectors that will strengthen political co-operation, adjoin Israel to the European programs and agencies and examine the possibility of integrating Israeli into the European single market.

Palestinian activity preceded the Associations Council convention. They wrote to the foreign ministers of 27 EU member states requesting that a condition for the upgrading of relations with Israel will be progress in the final status negotiations with Israel. **Benita Ferrero-Waldner**, the **Commissioner for External Relations and European Neighbourhood Policy**, stated that a number of foreign ministers were influenced by this request and would like to create a connection between the upgrading and progress in the negotiations between Israel and the Palestinians. Notwithstanding, **Foreign Minister Tzipi Livni** attempted to persuade the foreign ministers to take the in-principal decision to upgrade relations. This is the reason why no timetable has been set for upgrading the relations between Israel and the EU.

- **A further meeting of the Israel – EU Business Dialogue**

A further meeting of the **Israel – EU Business Dialogue** was held in **Berlin** in mid-June and was attended by senior individuals from the European and Israeli business sectors. In addition, representatives of 15 Israeli high-tech companies presented their innovations to 200 representatives of European companies.

This meeting was arranged under the auspices of the **Axel Springer Communications concern**, headed by **Mathias Dophner**, who presides as the joint chairman of the Business Dialogue, together with the internet guru **Yossi Vardi**. The **Minister of Industry, Trade and Labour, Eli Yishai** also participated, as did the **German, Czech and Italian foreign ministers**. During the meeting a speech given by **Guenter Verheugen**, the **Commissioner of Enterprise and Industry** was full of praise for Israel's economic achievements.

During the **Business Dialogue**, **Michael Federman**, the **President of the Israeli-German Commerce Bureau** and head of the **Dan Hotels group**, highlighted the developments in the tourism sector. **Christian Schleifer** who heads **Deutsche Telekom**, gave an overview of the telecommunications sector and **Sir. Ronald Cohen**, the founder of **Apax Partners Fund**, examined the possibility of economic cooperation as a means to reducing regional tension.

A further meeting of the **Business Dialogue** will be held in **Washington** in October in which Israeli and European banks will meet, headed by **Galia Maor**, the **CEO of Bank Leumi** and **Josef Ackermann**, the **CEO of Deutsche Bank**. This meeting will take place during the **International Monetary Fund and World Bank annual conference**.

- **Expectation of EU and Mediterranean Basin states conference**

French President **Nikola Sarkozy** is heading a Mediterranean convention of heads of EU and Mediterranean Basin states. This will be an upgrade of the **Barcelona Process** and the EU will finance projects worth billions of Euros in Mediterranean Basin states.

**Sarkozy** has, however, been compelled to size-down his comprehensive plan. The EU states agreed to a modest plan with agreement on the upgrading of the **Barcelona Process**, focused on performing projects, however this time it does not involve regional projects. The hopes are that Israel will be able to benefit and obtain budgets for projects that it presents to the EU institutions.

Nonetheless, Israel is working to foil attempts to grant membership status in this forum to the Arab League. Israel is making attempts to ensure that the

renewed **Barcelona Process** will be more helpful to Israel and prevent decisions being taken which are disadvantageous to Israel. Proposals for the resolution that will be adopted in Paris are currently being examined.

- **The next round of "Open Skies" agreement talks on 31st July**

The negotiations on the "**Open Skies**" agreement between Israel and the EU will commence on 31st July. The negotiations, aimed at achieving an open skies arrangement between the EU and Israel will commence in Israel and will probably last about 12 months.

This will be the second stage of negotiations on a **comprehensive aviation agreement** between Israel and the EU. The discussions are aimed at removing various obstacles to enable both European airlines from various countries to fly to Israel and for Israeli airlines to fly to European countries. The integration of Israel into the **European Air Supervision system** will also be addressed.