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To the attention of:
Members of the European Parliament who signed the letters of 18 September & 13 November 2013

De Meijns

Thank you for your letters of 18 September and 13 November 2013 on the implementation of the Commission's guidelines on the eligibility of Israeli entities and their activities in the occupied territories for grants, prizes and financial instruments from 2014 onwards.

In my reply to both letters I should like to address the different viewpoints expressed by you.

The guidelines adopted on 28 June are an internal document dealing with the implementation of the EU budget in conformity with EU foreign policy objectives and positions. They make our policy clearer, more concrete, more easily enforceable and offer guidance to Commission and EEAS staff involved in preparing bilateral agreements with Israel.

I would like to emphasise the role of the European Parliament has played throughout the preparation of this document. The EP has clearly stated its view on the illegality of Israeli settlements and the fact that they constitute an obstacle to peace.¹ In response to a growing demand from Members of the European Parliament over the past three years, the Commission has made an explicit commitment to develop *"precise operational guidance to all directorates-general and agencies involved in potential cooperation with Israel"*. Moreover, it was made clear during the trilogue discussions last spring that only the adoption of the guidelines will ensure the EP's agreement on the "Horizon 2020" legislative package. The Commission had also received a clear mandate from the Foreign Affairs Council: *"settlement activity will not benefit from any sort of EU funding or programmes"*³ and *"to ensure that – in line with international law – all agreements between the State of Israel and the European Union must unequivocally and explicitly indicate their inapplicability to the territories occupied by Israel in 1967"*⁴.

While this document has in the main been welcomed, it has also been greeted with allegations of disproportionality, discrimination and pre-empting the results of the ongoing peace talks. These are totally unfounded.

- The guidelines do not prejudice any decision on borders that may be agreed by the parties to the peace negotiations, and they explicitly say so. I have also clearly stated this on several occasions.
- The Commission Notice is not disproportionate: (i) It reflects the complexity of EU programmes and the EU's broad-ranging cooperation with Israel, which goes much deeper than government-

¹ See the latest EP resolutions Nr. Nr. 2012/2694/RSP (05.07.2012) and 2012/2911/RSP (13.12.2012).

² Commission replies to EP questions for written answer Nr. Nr. E-9975 (07.11.2011), E-7076 (16.07.2012), E-7066 (13.07.2012) and others.

³ See OJEU L-125 of 7.5.2013, p. 34, and Council Document Nr. 17814/12 of 14.12.2012.

⁴ Foreign Affairs Council conclusions on the Middle East peace process, 10.12.2012, point 4.

to-government exchanges. EU funding reaches business entities, research institutes, municipalities or schools, and the Commission must set in place the necessary mechanisms of financial control. (ii) Its protection is commensurate with the risk of EU financing ending up in support of settlement activities – even in cases, such as loans, where the traceability of money is more difficult.

- The guidelines are not discriminatory: (i) EU programmes are trust-based – this is a general approach enshrined in our Financial Regulation. Any applicant who wants to take part in our programmes must state compliance with the applicable conditions and be able to prove it at any stage of evaluation or project implementation. (ii) Channelling EU funding to specific geographic areas and not to others is a recurring practice in EU programmes justified by political, economic, environmental or other reasons, of which the structural funds are just one example.

The text of the guidelines proves in itself of a moderate and balanced approach.

- Natural persons are exempt regardless their place of residence.
- Israeli ministries and government agencies located in East Jerusalem will be able to carry out EU-supported activities within Israel. We will thus prevent a blockage of bilateral relations in important fields while not compromising our principles.
- The exemption for activities promoting the Middle East peace process (MEPP) shows our support to the ongoing peace talks.
- In some respects, the text is more moderate than the territorial clauses of research cooperation agreements that Israel has signed with Germany and the United States.

Some political statements and media publications have ignored or misinterpreted the above elements of the guidelines. I believe they must not go unnoticed.

During the past four months, I have repeatedly defended the following line: Amending or postponing the guidelines would signal a reversal of the EU's policy on the MEPP and settlements in particular. This is not possible. However, as we value our partnership with Israel, we listened to all of Israel's political sensitivities and practical concerns while preparing the guidelines' implementation with respect to different EU programmes.

Israel's participation in the "Horizon 2020" programme on research and innovation is the first important case, as this was proved during the negotiations with the Israeli side jointly led by DG Research and Innovation and the EEAS between August and November. The final agreement reached with Israel on 26 November 2013 is in full conformity with the EU's legal and financial requirements and political positions, while at the same time respecting Israel's political sensitivities. This agreement takes account of the constraints of both parties. It will allow us to maintain our principles, it will dispel unfounded public anxieties and will make it possible for Israel's scientific community to benefit from one of the most important EU programmes and facilitate its further integration into the European space of research and innovation. The agreement will set the framework for Israel's participation in other EU programmes to be launched from 1 January 2014.



Catherine Ashton