

Politics said to impede EU-Israel trade

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Operation Cast Lead's shadow still hangs over Israeli-European Union trade relations more than three years after Israel and Hamas conducted their brief war in the Gaza Strip.

The European Parliament is yet to ratify a 2010 bilateral agreement on mutual acceptance of pharmaceutical products, in the belief that doing so would contravene the EU's post-Cast Lead policy of not upgrading the 2000 EU-Israel Association Agreement.

The European Commission, the body responsible for signing the agreement, is insistent that Parliament approve it as soon as possible, Luigiandrea Pratolongo, head of the EU delegation to Israel's trade and economics section, told journalists at a seminar in Tel Aviv Tuesday. The delegation hosted the seminar to introduce journalists to the Export Helpdesk, a free online service that helps facilitate market access to the EU.

"We have explained to Parliament that the agreement is part of joint commitments we have in the framework of the [EU-Israel] Action Plan," Pratolongo said. "We are absolutely convinced that this is not a new element in the relationship with Israel." The commission would push its case when a parliamentary committee tasked with monitoring such agreements convenes Thursday, he said.

Once approved, the agreement would allow Israeli pharmaceutical companies to export industrial products to the 27 EU member states without requiring European certification, Pratolongo said. Israel is one of only two developed economies (along with South Korea) whose exports receive preferential treatment under free-trade agreements with the EU, he said. European and Israel officials are exploring ways to increase cooperation, despite "the political situation," he added.

In 2011, the EU was Israel's main trading partner, with total trade amounting to about 29.5 billion euros, according to the European Commission. EU exports to Israel increased 17 percent to 16.8 billion euros, while imports from Israel grew 14% to 12.6 billion euros. EU exports to Israel consisted mainly of machinery (38.9%), while imports were mainly of chemicals (32.9%), machinery and transport equipment (18.8%) and manufactured goods (16.1%).

Asked whether anti-Israel boycott campaigns had made a negative impact on trade relations, Pratolongo said it was difficult to see from the data because Israeli authorities do not distinguish between products emerging from inside the 1949 cease-fire lines, which are part of the FTA, and products from the West Bank, which do not receive preferential treatment. But trade has been increasing since the bilateral agreement, he said, "so I do not see any impact on the average Israeli producer."

