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Time for an import ban

While the EU opposes Israeli settlements in principle, its trade policy tells another story. It now has a unique chance to change course

The EU and its member states have long held a clear and undisputed position: Israeli settlements in the occupied territories are illegal under international law and stand in the way of a two-state solution. Nevertheless, this position has so far not been translated into a consistent policy.

Through its differentiation policy – distinguishing between relations with Israel and with the Israeli settlements in the occupied territories – the EU already clarified its legal position in 2005. Accordingly, settlement products are excluded from the trade preferences granted under the Association Agreement. In 2015, the EU also introduced a requirement for the correct labelling of the place of origin. In practice, however, this means that trade in settlement products continues, albeit under the Most-Favoured-Nation principle that is standard under the World Trade Organization.

As the settlements' largest export market, the EU and its member states therefore continue to make a significant contribution to their economy.

The advisory opinion of the International Court of Justice (ICJ) issued in July 2024 makes clear that the EU's existing measures do not go far enough. The Court concluded that Israel's occupation of the Palestinian territories is unlawful under international law and must be brought to an end. Third states are under an obligation to refrain from trade relations and investments that could contribute to maintaining the illegal occupation.

The Israeli government's policies are making not only a two-state solution but any peaceful resolution

Despite the ICJ advisory opinion, Israel's current government continues to pursue the settlement and annexation project with renewed vigour. In its coalition guidelines of December 2022, it asserted the Jewish people's 'exclusive and inalienable right to all parts of the

of the conflict increasingly impossible.

Land of Israel', including 'Judea and Samaria' — the biblical term for the West Bank. Since then, it has dramatically expanded settlements and settlement infrastructure while legalising, on a large scale, settlement outposts that are illegal even under Israeli law. The government is also pushing ahead with the E1 settlement project east of Jerusalem, which would effectively split the West Bank in two and which previous governments had repeatedly postponed over recent decades because of international pressure. At the same time, it has done nothing to curb the escalating violence by settlers, which, alongside military operations, is contributing to the displacement of Palestinian residents. As a result, it is making not only a two-state solution but any peaceful resolution of the conflict increasingly impossible.

In response to both the Israeli government's policies and the ICJ advisory opinion, several EU member states – Belgium, Ireland, the Netherlands and Spain – have either already taken measures to implement a national import ban on settlement products or are preparing to do so. An EU-wide restriction, however, would be considerably more effective. It is therefore supported by a growing number of member states. When EU foreign ministers meet in Brussels on 13 July 2026, the proposal will once again be on the table. At the request of member states, the European Commission has committed to presenting concrete options for discussion.

A step in the right direction

An EU-wide import ban on settlement products would indeed be an urgent and important step to enforce the EU's position on settlements and finally implementing its differentiation policy consistently. Building on the ICJ advisory opinion, it would also help bring the EU's external trade into line with international law, as required by Articles 3(5) and 21 of the Treaty on European Union.

Crucially, a trade restriction aimed at ensuring compliance with international law is neither a sanction nor a boycott. Its purpose is not to punish the Israeli government. Rather, an import ban would prevent trade from continuing to contribute to the expansion of the settlements. At the same time, it would protect the European market from products manufactured in the context of serious violations of international law.

This means that such a measure falls within the scope of the EU's Common Commercial Policy rather than the Common Foreign and Security Policy. As a result, it would not be subject to the requirement of unanimity. Instead, under Article 207 of the Treaty on the Functioning of the European Union, it would be decided by qualified majority voting. This requires the support of 55 per cent of member states representing at least 65 per cent of the EU's population.

This interpretation is consistent not only with the legal assessment of the Secretariat of the European Council, the High Representative for Foreign Affairs and Security Policy and EU legal experts. It is also supported by the case law of the Court of Justice of the European Union and reflects previous EU practice, for example in relation to the import ban on products made using forced labour and the prohibition on imports of Russian natural gas. These measures also had political or geopolitical dimensions, but at their core they concerned the EU's external trade. The same logic applies to products originating in Israeli settlements.

Israeli authorities and exporters routinely declare goods produced in the settlements as products originating in Israel, making it difficult for EU customs authorities to exclude them from preferential treatment.

An import ban would also help overcome the practical problems involved in implementing the EU's differentiation policy. As a recent report by the non-governmental organisation Global Echo explains in detail, the Israeli government financially compensates exporters of settlement products for the EU customs duties they are required to pay. This effectively neutralises the impact of the EU's differentiation policy in practice. Moreover, Israeli authorities and exporters routinely declare goods produced in the settlements as products originating in Israel, making it difficult for EU customs authorities to exclude them from preferential treatment. An import ban would significantly deter such practices, as a new paper by EuMEP and CIDSE explains. Traders attempting to circumvent an import ban would risk having their products returned, confiscated or destroyed, as well as facing higher financial penalties. This would make exporting settlement products under false declarations of origin far less attractive.

For the first time, there is now a realistic prospect of securing a qualified majority among EU member states in favour of an import ban on

settlement products. Such a measure would not, by itself, bring about a breakthrough in ending the occupation or achieving a peaceful resolution of the conflict. It would, however, be a step in the right direction. Above all, it is impossible to credibly support a two-state solution while simultaneously providing economic support for the very settlements that undermine it.

EU member states, particularly Germany, should therefore not insist that the matter be decided under the Common Foreign and Security Policy, with its requirement for unanimity. Doing so would create the impression that their position on the procedural question depends on whether they wish to facilitate or block a particular measure. That would ultimately damage both individual member states' own credibility and that of the EU. Nor should Germany or other individual governments seek to obstruct a decision adopted by qualified majority.

Israel's government has shown no intention of limiting settlement construction, let alone reversing it. During his visit to Jerusalem on 7 July, the German Foreign Minister once again experienced first-hand that his measured appeals regarding settlement policy were rejected outright. Against that backdrop, it would be deeply paradoxical for Germany and other member states to expend political capital in order to prevent an import ban on settlement products.



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