

**Written evidence submitted by War on Want and Global Justice Now to the Inquiry of the UK Parliament's Foreign Affairs Select Committee into the Israeli-Palestinian conflict (IPC0100)**

**UK-ISRAEL TRADE MEASURES**

**War on Want** is a movement of people working to end global poverty and human rights abuses. In partnership with social movements and trade unions in the Global South, we campaign in the UK to challenge human rights abusing corporations and governments, and to hold those responsible for inequality and poverty to account.

**Global Justice Now** works as part of a global movement to challenge the powerful and create a more just and equal world. Our local activist groups campaign around the country for a global economy where people come before profit.

Our organisations are submitting evidence because we consider that the UK government and corporations in the UK are contributing to instability in and around the occupied Palestinian territory, including by providing support to a state committing genocide, war crimes and crimes against humanity.

1. Israel's ongoing genocide against the Palestinian people calls into question the complicity of UK foreign policy in both empowering Israel's actions and obstructing a lasting peace. An important, but often overlooked, area here is trade – the routine, everyday flow of goods and services between the two countries.
2. The UK's existing approach to trade with Israel, or any state committing genocide, not only threatens to normalise state atrocities by contributing to an environment of impunity, it also risks *active complicity* in serious human rights violations and ignores the UK's obligations under international law.
3. Any attempt to secure long-term justice and peace in the region necessarily depends on the end of Israel's occupation of Palestinian territory. Yet, the UK's current trade relationship with Israel contributes to the maintenance and entrenchment of the occupation, emboldening Israel to systematically violate the rights of Palestinians.
4. The UK government has two clear levers it can use to bring its trade policy into line with legal obligations and help bring about an immediate ceasefire and lasting peace in the region.
5. First and foremost, the UK must suspend its trade agreement with Israel, conditional on the latter's full compliance with international law. The UK should also cancel ongoing talks with Israel over a new and more comprehensive trade deal.
6. The government must also take a firm stance against Israel's illegal occupation by banning trade in goods produced in illegal Israeli settlements, as well as investment and financial services provided by UK-registered institutions. Such a move would demonstrate that Israel cannot continue to violate international law with impunity.

7. Both of these actions amount to little else but compliance with the UK's obligations under international law. They should be seen as neither polemical nor unilateral measures, but as a signal to Israel and the wider international community of the UK government's commitment to multilateral institutions and respect for human rights.

### **The UK-Israel trade agreement**

8. Trade flows between the UK and Israel do not simply reflect the decisions of private actors. Instead, they are governed by an agreement between the two countries that actively promotes bilateral trade, with the explicit goal of binding the British and Israel economies closer.

9. The existing UK-Israel Trade and Partnership Agreement (TPA) is based on the original EU-Israel Association Agreement, which first went into force in 2000. The TPA is almost entirely focused on facilitating trade in goods, like car engines and fruit. It does this by lowering tariffs below the maximum levels set by the World Trade Organisation (WTO). As a result, over 99.5% of UK goods exports to Israel (by value) are traded tariff-free.<sup>1</sup> For the large majority of the UK-Israel goods trade, the maximum WTO tariff rates are already zero. The TPA lowers tariffs for less than 30% of the goods trade.<sup>2</sup>

10. Crucially, Israel depends considerably more on the UK as an export market than the UK does on Israel. The UK was Israel's fifth most important export market in 2022, accounting for 4.3% of total exports by value. Israel, on the other hand, was the UK's 32nd largest export market, accounting for a share of less than 0.39%.<sup>3</sup> Israel has since dropped down to 42nd place and is similarly marginal as a source of imports for the UK.<sup>4</sup>

11. Any economic impact that suspension of the TPA may have is therefore likely to be felt mostly in Israel.

12. Additionally, since 2022 the UK and Israel have been in negotiations for a new, more comprehensive trade agreement that would extend preferential trade to cover services, including areas with direct military applications such as cyber security, artificial intelligence, and the broader technology sector. Negotiations for this FTA have continued throughout Israel's genocidal war on Gaza, with the UK recommitting to further talks in July 2024.

### **Suspending the TPA and cancelling talks over a new deal**

13. On its own terms, the UK-Israel TPA identifies "respect for human rights and democratic principles" as an "essential element" and "the very basis" of the agreement.<sup>5</sup> Successive interventions by the International Court of Justice (ICJ), beginning in January 2024, but based on evidence stretching back decades, demonstrate that Israel's conduct continues to fall well short of such principles. If the TPA's human rights clause is to have any meaning, the UK must suspend the agreement.

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<sup>1</sup> <https://assets.publishing.service.gov.uk/media/62063da0d3bf7f31548fb866/information-note-for-the-call-for-input-on-a-prospective-free-trade-agreement-between-the-UK-and-Israel.pdf>

<sup>2</sup> Ibid.

<sup>3</sup> <https://wits.worldbank.org/Default.aspx?lang=en>

<sup>4</sup> <https://assets.publishing.service.gov.uk/media/6762e57abe7b2c675de307b9/israel-trade-and-investment-factsheet-2024-12-20.pdf>

<sup>5</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02000A0621%2801%29-20130701>

14. Crucially, the ICJ's interventions have imposed legal obligations on third states to implement measures to a) prevent genocide in Gaza, including "means likely to have a deterrent effect,"<sup>6</sup> and b) avoid complicity in Israel's illegal, decades-long occupation of Palestinian territory, of which Gaza constitutes an integral part.<sup>7</sup> In both instances, the UK's trade deal with Israel - and its stated commitment to pursue deeper trade relations - are important points of leverage.

15. Fulfillment of these obligations is the most important step the UK government can take in helping to bring about an immediate ceasefire and a lasting peace in the region. Action on trade must be central here.

16. In September 2024, the UN General Assembly passed a resolution upholding the legal obligation of member states "not to render aid or assistance in maintaining the situation created by the continued presence of Israel in the Occupied Palestinian Territory." This encompasses "trade or investment relations" and "economic or trade dealings" with Israel, including but not limited to the import of illegal settlement goods and services.<sup>8</sup>

17. The same month, dozens of UN human rights experts issued a statement calling on member states to fulfil their legal obligations, in light of months of inaction. This includes "cancel[ing] or suspend[ing] economic relationships [and] trade agreements... with Israel that may contribute to its unlawful presence and apartheid regime in the Occupied Palestinian Territory."<sup>9</sup>

18. Preferential trade with Israel through the TPA legitimises and rewards the Israeli government, whose actions are directly responsible for the ongoing genocide in Gaza, as well as the decades-long expansion of illegal settlements and the systematic denial of self-determination to Palestinians.

19. Additionally, the thorough entwinement of the Israeli and settlement economies makes it difficult to easily differentiate between them. Goods produced directly on settlements are a blatant expression of illegal conduct (see below), but the wider Israeli economy is also deeply linked with the settlements, including through the allocation of natural resources, energy and currency. Additionally, there are documented cases of Israeli companies which conduct business in the OPT before moving their products into Israel before export.<sup>10</sup>

20. Yet despite legal obligations, overall trade between the UK and Israel remains higher than before the pandemic.<sup>11</sup> With Israel continuing to act with impunity in Gaza, the West Bank, and the wider region, this continuation of business as usual is untenable.

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<sup>6</sup> This duty arose from the related case *Bosnia vs Serbia (2007)*: <https://ardd-jo.org/news/statement-on-the-responsibility-of-third-states-in-light-of-the-international-court-of-justices-interim-judgment/>

<sup>7</sup> <https://www.icj-cij.org/node/204176>

<sup>8</sup> <https://documents.un.org/doc/undoc/ld/n24/266/48/pdf/n2426648.pdf>

<sup>9</sup> <https://www.ohchr.org/en/statements/2024/09/un-experts-warn-international-order-knives-edge-urge-states-comply-icj-advisory>

<sup>10</sup> <https://www.eccpalestine.org/made-in-israel-agricultural-export-from-occupied-territories/>

<sup>11</sup>

<https://www.ons.gov.uk/economy/nationalaccounts/balanceofpayments/datasets/uktotaltradeallcountriseasonallyadjusted>

21. Suspension of the trade deal is therefore a powerful political lever that would have minimal impacts on the UK economy. It therefore represents an efficient and proportionate measure to hold Israel accountable for its actions in Palestine and to fulfil ICJ obligations to deter further genocidal violence and limit complicity in Israel's illegal occupation.

22. Crucially, the UK would not be acting alone. The governments of Ireland and Spain have continued to demand the suspension of the EU's own trade agreement with Israel, citing the same clauses outlined above (para 13) on "respect for human rights and democratic principles." Recall that the EU deal constitutes the basis for the UK's TPA.<sup>12</sup> Citing obligations under the UN Charter for the maintenance of peace and international security, Colombia also recently implemented a ban on coal exports to Israel, conditional on full compliance with the ICJ's provisional measures.<sup>13</sup> Both such measures are consistent with WTO law, representing a restated commitment to the multilateral order, rather than a retreat from its institutions and norms.<sup>14</sup>

23. If the UK's existing trade deal with Israel legitimises ongoing atrocities, then pledging even closer ties through the negotiation of a new FTA further implies tacit support for an intolerable and illegal status quo. This new deal would expand preferential trade to include AI and the broader technology sector – industries which are heavily involved in violations of international law in Israel, including technologies of repression used to entrench Israel's illegal occupation of the OPT and execute genocidal violence in Gaza.<sup>15</sup> Cancelling these talks is therefore of utmost importance, alongside action on preferential trade.

### **Banning settlement trade and investment**

24. In line with the UK government's long-standing position, the TPA with Israel does not apply to goods produced in the Occupied Palestinian Territory. Trade with the OPT is covered by a separate agreement with the Palestinian Authority. Neither agreement covers goods produced in Israeli settlements in the occupied West Bank, including East Jerusalem, which the UK consider "illegal under international law."<sup>16</sup>

25. As a matter of policy, the UK does "not encourage or offer support to...economic and financial activities in the settlements."<sup>17</sup> Nevertheless, many settlement goods still find their way to the UK. Exemption from preferential tariffs simply means that firms importing from settlements pay higher tariffs (although not always, as many WTO tariff rates are already zero). As long as this is the case, external

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<sup>12</sup> <https://www.politico.eu/article/call-for-eu-review-eu-israel-trade-accord-over-human-rights-concerns-rafah/>

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<https://dapre.presidencia.gov.co/normativa/normativa/DECRETO%201047%20DE%2014%20DE%20AGOSTO%20DE%202024.pdf>

<sup>14</sup> Third World Network legal briefing, upcoming.

<sup>15</sup> <https://www.politico.eu/article/united-kingdom-israel-free-trade-talks-commitment-lebanon-tensions/>

<https://www.hrw.org/news/2024/09/10/questions-and-answers-israeli-militarys-use-digital-tools-gaza>

<https://waronwant.org/sites/default/files/2022-05/UK->

[Israel%20trade%20deal%20consultation%20response%20briefing%20220322.pdf](https://www.hansard.parliament.uk/commons/2023-03-23/debates/4CD25F23-98DA-4B1D-8970-DB3C012FD6A5/OccupiedPalestinianTerritoriesIllegalSettlements)

[https://hansard.parliament.uk/commons/2023-03-23/debates/4CD25F23-98DA-4B1D-8970-](https://hansard.parliament.uk/commons/2023-03-23/debates/4CD25F23-98DA-4B1D-8970-DB3C012FD6A5/OccupiedPalestinianTerritoriesIllegalSettlements)

[DB3C012FD6A5/OccupiedPalestinianTerritoriesIllegalSettlements](https://hansard.parliament.uk/commons/2023-03-23/debates/4CD25F23-98DA-4B1D-8970-DB3C012FD6A5/OccupiedPalestinianTerritoriesIllegalSettlements)

<sup>16</sup> [https://hansard.parliament.uk/commons/2023-03-23/debates/4CD25F23-98DA-4B1D-8970-](https://hansard.parliament.uk/commons/2023-03-23/debates/4CD25F23-98DA-4B1D-8970-DB3C012FD6A5/OccupiedPalestinianTerritoriesIllegalSettlements)

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<sup>17</sup> <https://www.gov.uk/government/publications/overseas-business-risk-israel/overseas-business-risk-israel--3#business-and-human-rights>

demand will continue to sustain the illegal settlement economy, a factor which the UK, alongside most of the international community, considers an “obstacle to peace.”<sup>18</sup>

26. In light of the legal obligations tied to last year’s ICJ rulings, the continuation of settlement trade effectively amounts to the outsourcing of the UK’s compliance with international law to private actors.

27. Conversely, a comprehensive ban on settlement trade is a logical extension of the UK’s existing position on illegal settlements that would deny the Israeli government the economic benefits derived from its ongoing expansion into Palestinian territory. It would also ensure that the business decisions of UK importers and exporters do not undermine the commitment of their home state to human rights, nor the UK’s ability to fulfil legal obligations regarding the occupation.

28. Crucially, complex economic ties between Israel and the settlements entail that a ban on settlement trade needs to be accompanied by a suspension of preferential trade via the TPA.

29. Given these ties, the UK government should be advising British companies that they will need to carry out increased due diligence to assure themselves, investors and national and international courts that their economic relations with businesses and sectors in Israel do not aid and abet the illegal occupation..

30. These measures must also extend to a ban on the provision of investment and financial services by UK-headquartered institutions to businesses known to be involved in the illegal Israeli settlements. These ties are valued at \$49 billion in loans and underwriting, and \$45 billion in bonds and shareholdings.<sup>19</sup>

31. The lack of concrete measures by the UK to prevent trade with Israel’s illegal settlements has also normalised the violence of Israel’s occupation of the OPT and contributed to Israel’s sense of impunity with ever more horrifying results.

32. To conclude, fulfillment of the UK’s legal obligations, enacted through a suspension of the TPA, the cancellation of talks for a future FTA, and a ban on settlement trade, are vital steps the UK government can take in helping to bring about an immediate ceasefire and a lasting peace in the region.

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*13<sup>th</sup> January 2025*

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<sup>18</sup> Ibid.

<sup>19</sup> <https://dontbuyintooccupation.org>