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Boycott, Divestment and Sanctions: Preempting the Threat

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Following his prepared remarks at the Munich Security Conference on February 1, 2014, US Secretary of State John Kerry was asked whether he believed that he could “actually nail this [the Israeli-Palestinian negotiations] down.” Rather than respond directly to the question, Kerry answered that he was hopeful and was working hard at it, because the ramifications of failure were dire for all parties concerned. In his brief review of possible adverse consequences for Israel, Kerry recalled that “there’s an increasing delegitimization campaign that has been building up. People are very sensitive to it. There are talk of boycotts and other kinds of things. Are we all going to be better with all of that?”

Kerry’s impromptu comment ignited a firestorm of criticism in Israel. Several commentators charged that he was raising the threat in order to pressure Israel into concessions. Minister of Strategic Affairs Yuval Steinitz called his remark “offensive, unfair and intolerable,” and Minister of the Economy Bennett said that Israel expected its friends “to stand beside us, against anti-Semitic boycott efforts targeting Israel, and not for them to be their amplifier.”

It is not clear why Kerry’s critics should interpret his warning as a direct threat, particularly since Israel Finance Minister Yair Lapid issued a similar warning only a few days before Kerry took the podium in Munich. In any event, responsible national leaders would presumably pay more attention to the validity of Kerry’s analysis than to the possible motivations behind it

Prime Minister Netanyahu’s response was slightly more measured. “No pressure,” he said, “will cause me to concede the vital interests of the State of Israel, especially the security of Israel’s citizens.” That formulation begins to contextualize the issue, but it still begs two questions. One concerns the immediacy of the threat and the vitality of the interests, especially economic, ostensibly in jeopardy because of the boycott, divestment and sanctions (BDS) movement. The other concerns the vitality of the security interests that would presumably be compromised in order to ward off the boycott threat. Only a

sober assessment of the two threats and of the tradeoff between them can provide a more reasoned response to the dilemma dramatized by Kerry's remarks.

There is no self-evident answer to the first question. It is certainly the case that the incidence of economic sanctions (and cultural and educational boycotts) has grown in recent months. In January alone, the largest pension fund management company in the Netherlands decided to withdraw its investments from Israel's five largest banks, the Norwegian Finance Ministry excluded two large Israeli construction firms from its Government Pension Fund Global, and Denmark's largest bank added Israel's Bank Hapoalim to the list of companies in which it will not invest. However, the picture from Israel's perspective is not entirely unequivocal. Almost immediately after these developments, the American aerospace giant Lockheed Martin announced plans for a joint R&D project with EMC, a US storage technology firm, to be located in Beer Sheva; Haier, the major Chinese manufacturer of home electronics and appliances, revealed that it plans to establish an innovation center in Israel; and Woodside, an Australian energy concern, took a large stake in the offshore gas field co-owned by three Israeli companies.

Because of such counter-indications, it is possible to have differing expectations of future trends. These in any case are strongly influenced by personal interest and political orientation. Polling data show, for example, that only 42 percent of respondents on the right expect harsh sanctions to be imposed on Israel, as opposed to 71 percent on the left, and that 61 percent of right wing respondents believe that Israel could withstand such sanctions without changing its policies, whereas only 32 percent of those on the left share that belief. At first glance, these findings appear inconsistent with the fact that the most vehement reactions to Kerry's remarks came from the right side of the spectrum, which is purportedly more sanguine about the likelihood of sanctions being imposed and about Israel's ability to cope with them. One explanation for this anomaly is that rightists resist the notion that economic punishment of Israel is somehow connected to policies that they opposed changing and rely more on some *deus ex machina* to shield Israel from the worst consequences of such punishment.

It is, however, difficult to dispute the notion that Israel is highly vulnerable to such boycotts, especially from Europe, which, as the examples above demonstrate, is the most likely source. After all, Israel's economy, which is highly export-oriented, depends on Europe as a market for about one third of its exports and a major source of the foreign direct investment driving its hi-tech sector.

Of course, it is impossible to quantify the extent and intensity of future economic sanctions, and hence of their precise impact on national income and employment. But it would be irresponsible of Israeli leaders to dismiss the threat or pretend that it can be countered only with information campaigns and denunciations of ignorance, immorality,

hypocrisy, or anti-Semitic impulses (however much those factors may indeed underlie the efforts of non-government BDS activists).

What, then, can be done to confront the problem without jeopardizing “the security of Israel’s citizens”? A comprehensive peace with the Palestinians would almost certainly eliminate or at least neutralize any further attempts to delegitimize Israel, economic or otherwise. Still, the chances of achieving that depend as much on the Palestinians as they do on Israel – a fact that many critics of Israel often gloss over – and until the gaps between the two sides are narrowed to the point where a resolution of the conflict is possible, Israel must explore other initiatives to preempt or mitigate the challenge of sanctions. Fortunately for Israel, what seems to prompt growing public support for sanctions are not what probably motivates hard core BDS members – rejection of what Kerry in Munich described as “a democratic state with the particular special Jewish character,” the fact that it sometimes resorts to force to defend itself, or even the continuing occupation *per se* – but rather the perception that Israel is not wholeheartedly committed to a peaceful resolution of the Israeli-Palestinian conflict, as evidenced by the most visible aspect of its behavior in the territories: settlement construction.

Few boycotters of any consequence demand that Israel repudiate its Jewish character, withdraw unilaterally from the territories, or even dismantle existing settlements before a resolution of the conflict is reached. Most of their rhetoric and actions focus on a single issue: continued settlement construction. The logical conclusion, which is the most promising way to forestall potentially serious threats to Israel’s economic security, is to freeze new settlement construction.

That action would not guarantee that negotiations would proceed toward an agreement that would meet Israel’s vital needs, or even that negotiations would continue; after all, a previous 10-month freeze only brought Abu Mazen to the negotiating table in the tenth month, and even then only as a result of relentless American pressure. Nor would it entirely immunize Israel against other sorts of demands, though it would leave the government better positioned to resist such demands. It would, however, strip away the most effective lever used by BDS activists to mobilize broader public and government support, especially in Europe, for their cause.

Of course, such a politically problematic measure may well be rejected as an abdication of the Prime Minister’s commitment to preserve Israel’s vital interests in the face of pressure, even before it has become truly palpable. But to make the logic of coming down on that side of the equation truly compelling, the government needs to explain why continuing settlement construction is essential to the security of Israel’s citizens.