

EN
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Answer given by Mr Šefčovič
on behalf of the European Commission
(17.9.2026)

The EU remains strongly opposed to Israel's settlement policy and activities, which are illegal under international law, constitute an obstacle to peace, and undermine the viability of the two-state solution. This is reflected in EU rules that exclude settlement products from the preferential treatment granted under the EU-Israel Association Agreement¹ and that bar entities in the occupied Palestinian territory from participating in EU programmes or receiving EU funding.

The EU differentiates between goods originating in Israel within its 1967 borders and goods from the illegal settlements, through rules of origin (including the 2004 technical arrangement) and labelling requirements, both under its preferential trade regime with Israel and for placing goods on the EU market. Settlement goods are not eligible for preferential tariff treatment under the Association Agreement, and the Commission works closely with Member States' customs authorities, who are responsible for enforcement at the border.

It should be recalled that, on 17 September 2025, the Commission proposed a suspension of the core trade-related provisions of the EU-Israel Association Agreement, following a review of Israel's compliance with Article 2 of the Agreement, which found indications that actions taken by the Israeli government would represent a breach of essential elements relating to respect for human rights and democratic principles. The Commission strongly encourages the Council to act on this proposal.

Following the European Council's request in June 2026, the Commission presented Member States with options to further restrict trade with the illegal settlements. This paper was prepared for political discussion in the Council. It is not a legislative proposal, and no decision on which option, or combination of options, to pursue has been taken. Member States discussed these options on 13 July 2026, in line with the June European Council conclusions. The Council agreed to take that discussion further, but so far there does not appear to be the necessary majority in Council for any of the options.

The Commission will keep the European Parliament informed as the assessment progresses.

¹ https://eeas.europa.eu/archives/delegations/israel/documents/eu_israel/asso_agree_en.pdf.