



A case against the EU cutting its trade relations with Israel

How the EU is ready to
sacrifice competitiveness
on the altar of ideology (again)

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Ursula von der Leyen gave her usual – but unusually controversial – State of the Union speech on September 10, 2025, in front of the European Parliament. Among some expected panels – such as enduring support for Ukraine, clean energy, or defense – Israel came up: the President of the Commission [proposed](#) sanctions on “extremist ministers and on violent settlers” as well as a “partial suspension of the Association Agreement on trade-related matters”. Her announcement, intended to react to the humanitarian crisis in Gaza, provoked both applause and boos across the MEPs, as all factions have their own moralistic standpoint on Israel. The question is, however, that Europe must ask itself before any action is whether it is in the EU’s interest to cut – even partially – trade relations with Israel.

THE EU NEEDS ISRAELI DEFENSE AND DUAL-USE TECHNOLOGIES

Quick reactions to the announcement frequently pointed out that Israel’s largest trading partner is the EU, constituting [32 percent of its trade](#) last year, implying how such a decision would hurt Israel’s economy. Although it is naturally not true vice versa, the EU does import crucial products from Israel, especially in the field of defense and dual-use technologies. Arms imports by European nations [increased by 155% between 2020 and 2024](#) compared to the previous five years, driven largely by new security concerns of the bloc. Israel has become a key player in the global arms trade, climbing to [eighth place in arms exports](#), with major European buyers like Germany and the UK highlighting its growing influence. In 2024, Israel's defense exports [surged by 13%, reaching a record high of nearly \\$15 billion](#). The growth was driven primarily by sales of missiles, rockets, and air-defense systems, with over [half of the exports \(54 percent\)](#) delivered to strengthen military capabilities of EU countries. A clearly visible example is Germany’s purchase of the *Arrow 3* from Israel, an advanced defense system against long-range ballistic missiles, which was the [largest defense deal](#) for the country, accounting for \$3.5 billion. Other examples include *David’s Sling*, a medium-range air and missile defense system [sold to Finland in 2023](#), or *Heron* UAVs sold to multiple European countries, just [recently to Germany](#) too, as well as [loitering munitions](#), such as *Harop* drones, used for precision strikes.

QUALITY MATTERS, NOT JUST QUANTITY: THEY ARE COMBAT-PROVEN

The significance of Israeli defense and dual-use exports to Europe is not primarily their volume. The advantage of Israeli defense and related technologies is their constant testing on the ground. Unlike European countries, Israel has been facing constant situations in which it uses and tests its capabilities, leading to cutting-edge technologies in satellites and space systems, air defense, radars, electronic and cyber warfare, as well as artificial intelligence.

IRONICALLY, UKRAINE ALSO BENEFITS FROM THESE TECHNOLOGIES

Cutting Israeli defense exports to the EU would do Ukraine no good either – ironically the opposite of what von der Leyen has been advocating for, even in this very speech. Although Israel has cautiously avoided directly exporting arms to Ukraine, they still reach Ukraine indirectly. For example, an Israeli defense company [sold anti-drone systems to Poland](#), which was transferred to Ukraine. Anti-drone systems are one of the key elements of Ukrainian defense, as many started to refer to the war in Ukraine as a ‘[drone war](#)’, and Israel has the most advanced technologies and know-how on countering drone attacks. Another example was when [Slovenia transferred Soviet-era M-55S tanks to Ukraine](#) that had been upgraded by Elbit Systems, an Israeli defense company. But even leaving these out of consideration, European militaries can only supply Ukraine with arms because they send older materiel to Ukraine and restock with cutting-edge equipment to fill the capability gaps created by the aid. Thus, there is an important role Israeli technologies play in the re-armament of Europe, a policy applauded by almost all countries and political groups of the EU.

IT IS A TREND: IDEOLOGY OVER COMPETITIVENESS

This is not the first time ideology or moralizing has been prioritized over economic realities. European competitiveness lags behind worldwide, and this claim has gradually become consensual even in the mainstream European discourse. The EU – with von der Leyen playing a substantial role – has jeopardized its automotive industry for the sake of the green transition, rushed to decouple from Russian energy as part of the sanctions against Moscow, adopted the world’s first strict AI regulation while most

competitors have none. In all the above cases, as well as in the case of Israel, there is room for moral debates and multiple perspectives. Nevertheless, Europe seems to always forget what the competitors do not: the harsh reality of economic and security self-interests.

THE BRUSSELS POWER GAME PROVIDES SOME CONTEXT

Von der Leyen has found herself under growing pressure recently. There has just been a vote of no confidence against her this summer, but the “far-left” and the “far-right” are competing to see who can submit the [next no confidence motion](#) first. Although it is highly unlikely that the EP would end up dismissing her (and her entire Commission, since a successful vote of no confidence removes not just one person, but the body), it signals clear discontent with her work from both sides of the aisle. The EU chief has been facing criticism from the left for a while for failing to take action against Israel’s operations in Gaza. The second-in-charge in the Commission, Teresa Ribera, has recently “rebelled” against her and has [called the Gaza situation a “genocide”](#), raising the stakes. (The Commission’s executive vice president also [implicitly criticized the tariff deal](#) von der Leyen “brought home” from the negotiations with the US.) The political pressure from the left to take more action against Israel comes in times when von der Leyen is facing general dissatisfaction among Europeans, with a recent [survey](#) showing that 60 percent of citizens think she should quit. In short, she has limited room for maneuver and is under pressure to raise stakes and appeal to the left, in order to maintain uninterrupted support of the majority.

WHAT IS GOING TO HAPPEN?

Currently, it is unclear what sanctions or restrictions could be introduced against Israel. Suspending the trade aspects of the association agreement in itself [would not constitute a general arms embargo](#), but rather result in the imposition of tariffs. However, some member states, such as [Ireland or Spain, do advocate](#) for a general arms embargo. The full [suspension of the EU-Israel Association Agreement](#) – which could only be decided unanimously, needing the support of less hawkish capitals such as Budapest, Rome, or Berlin – remains a highly improbable scenario, whereas partial

suspension (on trade particularly) can be done by qualified majority. While unlikely to happen overnight, even radical scenarios (such as a full arms embargo) could soon become reality if the political discourse shifts due to further developments in Gaza or power games in Brussels. In the meantime – before we witness the requiem for Europe’s competitiveness –, Europeans should be aware of undergoing yet another chapter of preferring ideology over the economic interests and realities of Europe