

## Trade sanctions against Israel

**Trade and investment restrictions are necessary for the UK to comply with its legal obligations to deter genocidal acts and to ensure the UK is not aiding or assisting Israel's unlawful occupation of Palestinian territory.**

Israel's devastating attacks on Gaza and its continued unlawful military operations and land seizure across the West Bank have led to calls for the UK to enact restrictive economic and trade measures – sometimes referred to as sanctions – to prevent further grave breaches of international humanitarian and human rights law.

In 2024, the International Court of Justice (ICJ) delivered significant interventions that reinforce the legal basis for such measures. The first series of provisional measures issued in January in the case of South Africa Vs Israel has seen the Court placing clear obligations on all states to prevent the risk of genocide and the advisory opinion issued in July stated that states must ensure they do not aid or assist Israel's illegal occupation, which is devastatingly harmful for Palestinians.

The measures set out below expand on the sanctions available under the Global Human Rights (GHR) Sanctions Regime, used to impose financial and travel restrictions in order to deter and provide accountability for activities which, if carried out by or on behalf of a state within the territory of that state, would violate an individual's right to life, right not to be subjected to torture or cruel, inhuman or degrading treatment and right to be free from slavery. Alongside GHR Sanctions against individuals or entities, the UK can take restrictive economic and trade measures to prevent human rights abuses conducted as part of Israeli state activity or within broad sectors of the Israeli economy. This briefing outlines five key areas where restrictive economic and trade measures are necessary to bring the UK's economic relations with Israel in line with its international obligations:

1. Ban trade with and investment in Israel's illegal settlements
2. Suspend the UK's Trade and Partnership Agreement (TPA) with Israel, conditional on the latter's full compliance with international law
3. Cancel talks over a new trade deal with Israel
4. Sanction companies involved in Israel's illegal a) settlements and b) occupation
5. Broader measures as necessary to fulfil its duty to prevent genocide and ensure its trade relations do not aid or assist Israel's unlawful occupation of Palestinian territory

## **The UK's legal obligations**

The ICJ [reaffirmed in July 2024](#) that Israel's occupation of the occupied Palestinian territory (OPT) is unlawful and must end immediately – and that Israel's actions are in violation of the prohibition of racial segregation and apartheid. Importantly, the ICJ stated that all countries must not provide assistance to Israel's illegal occupation of the Palestinian territory which includes taking “steps to prevent trade or investment relations that assist in the maintenance of the illegal situation created by Israel.”

Separately, in January 2024 the ICJ issued provisional measures for Israel, ordering that Palestinians in the occupied Gaza Strip be protected from the risk of genocide. As a result, the UK has had an active obligation to take measures to prevent genocide.<sup>1</sup> With the obligation considered commensurate with the state's capacity to influence Israel, the UK's close trade relations with Israel should be considered an important source of leverage that enhances the UK's obligation.

## **The UK's trade relationship with Israel**

The UK's trade with Israel is worth [around £6bn a year](#) and plays a significant diplomatic role in bringing the two countries closer together economically and politically. Most trade in goods between the two countries is shaped by the terms of the [UK-Israel Trade and Partnership Agreement](#). The UK government started negotiations over a new trade agreement with Israel in 2022 and the new Labour government has [pursued negotiations](#) for that new agreement since July 2024.

This 'business-as-usual' approach to trade with Israel serves to normalise the violations of international humanitarian law, alleged war crimes, crimes against humanity, and genocide being committed by Israel. The UK's failure to enact restrictive trade measures against Israel also means it is falling short of its obligations to deter acts of genocide. Further, as described below, the specific dynamics of the UK's trade relations with Israel also risk active complicity in serious breaches of international humanitarian and human rights law.

## **Trade measures necessary for the UK to meet its international obligations**

This briefing describes five key areas in which the government should make trade- and investment-related interventions to comply with its international obligations. These restrictions would target parts of Israel's economy that are more involved in Israel's serious violations of international law and agreements that are explicitly premised on respect for human rights.

### #1 Ban trade with and investment in Israel's illegal settlements

The settlements are Israeli colonies that have been unlawfully established by Israel in the OPT. The existence of settlements in the OPT violates international humanitarian law and amounts to a [war crime](#). In July 2024, the ICJ ruled that Israel must evacuate all settlers from existing settlements, and cease new settlement activity. Their presence causes the displacement of Palestinians, loss of land and natural resources, restrictions on Palestinians' movement, while settler violence against Palestinians [continues to escalate](#) with almost absolute impunity. Through settlements and the lands around them, Israel maintains exclusive control over [about 60%](#) of the West Bank. Despite [acknowledging](#) that the settlements are illegal under international law, the UK government [permits the import](#) of goods produced in them and permits companies to trade and invest in them. This is a deeply inconsistent position. Continuing to allow such trade contributes to the maintenance and expansion of Israel's illegal settlements. A ban on trade with and investment in Israel's illegal settlements is a necessary corrective.

### #2 Suspend the UK's Trade and Partnership Agreement (TPA) with Israel, conditional on the latter's full compliance with international law

The UK-Israel TPA establishes privileged trade terms between the two countries, actively promoting bilateral trade in goods between the countries. The text of the [TPA identifies](#) "respect for human rights and democratic principles" as an "essential element" of the agreement, but Israel's conduct continues to fall well short of such principles. Spain and Ireland have [called for the EU](#) to suspend its trade deal with Israel, which contains an identical human rights clause, on this basis. If the TPA's human rights clause is to have any meaning, the UK must also move to suspend the agreement.

Failing to do so sends the political signal that Israel can act with impunity, normalising its violations of international law as well as demonstrating the weakness of the deal's human rights clause. Suspending the TPA would lift preferential trade terms, in line with human rights and democratic principles and would have minimal economic impact on the UK. 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, while Israel was the UK's 32nd largest export market. Israel has since [dropped](#) down to 42nd place.

### #3 Cancel talks over a new trade deal with Israel

Since 2022 the UK and Israel have been in negotiations for a new, more comprehensive trade agreement, which according to the UK's [strategic approach document](#), seeks to expand the UK's preferential trade in goods with Israel and increase trade and investment in services. Negotiations for this FTA have continued throughout Israel's genocidal war on Gaza, with the UK [recommitting](#) to further talks in July 2024.

The government's continued commitment to these trade talks serves to whitewash Israel's violations of human rights, contributing to a dangerous environment of impunity, when the UK should be using every diplomatic tool to put pressure on Israel to cease its attacks on Gaza and rapidly end its illegal occupation. Further, according to the UK's negotiating [strategy](#) for the agreement and related [comments](#) by Israel's government, the deal itself is likely to increase trade in areas with direct military application such as cyber security, artificial intelligence, and the broader technology sector. Trade that helps to strengthen firms that are involved in the maintenance of the occupation would be violation of the UK's international legal obligations.

#### #4 Sanction companies involved in Israel's illegal a) settlements and b) occupation

To limit state and corporate complicity with Israel's illegal presence in the OPT, the UK should take economic and trade measures against businesses involved in international crimes connected to Israel's occupation. This could include placing limits on UK trade with relevant firms and preventing UK-domiciled companies from investing in them, as well as asset freezes where appropriate. The UK government has the statutory power to sanction entities culpable for human rights abuses under the Sanctions and Anti-Money Laundering Act 2018 and the Global Human Rights Sanctions Regulations 2020. Targeting these firms, and individuals associated with them, would go further than trade measures outlined in point 1 (above) by targeting the entities responsible themselves. Rather than only isolating those goods and services originating from settlements, such sanctions would aim to prevent and punish corporate human rights abuses related to settlement activity.

A starting point for such measures could be the [UN OHCHR database](#) of companies involved in Israel's illegal settlements in the OPT. The database includes businesses involved in: the construction and expansion of the settlements; the destruction of Palestinian homes and property; surveillance and security banking and financial activities; the use of water, land and other natural resources for business purposes; pollution and the dumping of waste. The database is a non-exhaustive starting point for preventing UK complicity in the illegal occupation. The OHCHR itself [notes the limitations](#) of the database, which "does not cover all business activities related to settlements, nor...extend to other business activities in the Occupied Palestinian Territory that may raise human rights concerns". Other sources for investigation should include the [upcoming report](#) by the UN special rapporteur on the situation of human rights in the Palestinian territories, which will cover corporate involvement in the commission of international crimes connected to Israel's unlawful occupation, as well as resources from [Who Profits](#) and the Don't Buy Into [Occupation](#) Coalition.

Several of the companies named in the OHCHR database are headquartered in the UK, including Opodo, JC Bamford (JCB) and Greenkote PLC. The government must take steps to prevent the involvement of these and other companies in activities related to Israel's illegal occupation.

### **UK Precedent on Sanctions**

Targeting firms involved in serious violations of international law would be in keeping with the UK's approach to other cases of occupation by a foreign power. For example, following its invasion and occupation of parts of Ukraine, the UK [froze the assets](#) of Russian banks "involved in bankrolling the Russian occupation" of Crimea in response Russia's new invasion of Ukrainian territory in 2022.

[Israeli banks](#) have also played an important role in the occupation of Palestinian territory, including taking property interest in development projects, providing loans to settlement councils and home-buyers in settlements.

Other UK trade restrictions have included [prohibitions](#) on the export to Russia of products and technology used for repression, including "interception and monitoring equipment", as well as critical dual-use technologies and components to Russia's electronics, telecommunications and aerospace sectors. Similar restrictions targeting sectors and firms involved in Israel's unlawful occupation and/or its attacks on Gaza are necessary.

### #5 Broader measures as necessary to fulfil its duty to prevent genocide and ensure its trade relations with Israel do not aid or assist the unlawful occupation of Palestinian territory

Trade measures targeting companies with most direct involvement in the occupation would be an important starting point but may not be sufficient for the UK to meet its international legal obligations – and to stop or prevent serious violations of international law.

Legal and economic experts have [warned](#) that separating economic activity concerning the OPT from economic activity with Israel is far from straightforward, especially given how deeply imbedded the settlements are with Israel itself after almost 60 years of illegal occupation, and how [integrally they are treated](#) by the state of Israel and the state's institutions and economic processes. Industries including housing infrastructure, energy supply, transport and other key sectors and businesses [operate](#) across Israel and illegally across the OPT. The weapons manufacturing and surveillance sector also benefits through marketing its weapons as '[battle-tested](#)' on the Palestinian population – and relies on close collaboration with the Israeli state, related to its occupation activities. Israel's burgeoning cyber industry is dominated by veterans of its intelligence units, while private technology firms [reportedly benefit](#) from direct collaboration with the Israeli military.

Israel has exploited the [vast majority](#) of Palestinians' natural resources in the OPT for use both in the settlements and in Israel, connecting the economies deeply. The Israeli state's policies of [approving](#), [encouraging](#) and providing financial support for settlement activities

further demonstrates the inextricable economic and political links between Israel and the OPT. In addition, Israel has regularly [mislabelled](#) settlement goods as produced in Israel.

Considered as measures to prevent the UK's trade relations with Israel supporting the latter's occupation, a broader set of measures are clearly justified. Further, as detailed above, the ICJ's assessment in January 2024 that Palestinians in Gaza face an "[imminent risk](#)" of genocide, means that the UK has been failing to fulfil its obligation to use means likely to have a deterrent effect. More generalised trade restrictions would therefore also be legitimate on these terms.

### **UK Precedent on Sanctions**

More generalised measures would be consistent with the UK's recent approach to other violations of international law. For example, following Russia's invasion and occupation of parts of Ukraine, the UK [imposed](#) an outright ban on all new UK investment in Russia, banned the import of goods from key Russian industries, and banned the export of 700 goods "critical for production in Russia's manufacturing sector", among other restrictions. These measures were made with the aim of "'encourag[ing] Russia to cease" actions related to its invasion and occupation of parts of Ukraine.

## **The important role of UK parliamentarians in pushing for sanctions**

New [legislation](#) enacted by the Israeli Knesset in 2025, which builds upon 2017 legislation, can deny or revoke registration for NGOs that support calls for sanctions against Israel or international accountability for members of Israel's armed forces suspected of involvement in war crimes. Given the chilling effect this has on organisations who may be supportive of these measures, it is especially important for parliamentarians to speak out in favour of the legal obligations discussed in this briefing,

### **Note on the scope of this briefing**

- *The UK's trade agreements in goods and services don't include arms sales, which are covered under separate processes – we support demands for the UK to suspend the transfers of all weapons and arms components to Israel until its violations of human rights end.*
- *This briefing focuses on measures related to international trade and investment relations rather than sanctions as applied to individuals – exclusion of the latter does not imply lack of support for such measures. However, we note that the government's current policy of sanctioning small groups of settler outposts and entities is deeply insufficient without addressing the larger, systemic economic relations addressed here, as well as the central role of the state, state institutions and senior government officials.*

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