

The UK can and should show leadership to ensure the viability of a Palestinian state. Here's how to start

Policy Paper

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Summary

- The UK's recent Middle East policy reset, including a ban on trade with Israeli settlements, represents a significant shift in British foreign policy. But the UK needs a well-defined plan that goes beyond a moral stance and ensures its actions have durable impact.
- The forthcoming Knesset elections offer an opportunity to make clear that Britain will support an Israeli government that is willing to take serious steps towards ending the occupation of land earmarked for a future Palestinian state by international agreement, preserving a pathway to Palestinian statehood, and laying the groundwork for a negotiated settlement. In the absence of such steps, Israel can expect further economic and political pressure from abroad.
- The UK should coordinate with an emerging coalition of like-minded middle powers to use collective leverage for preserving the prospect of a two-state solution and safeguarding the viability of a sovereign Palestinian state alongside a secure Israel.
- In addition to restricting settlement goods and services, the UK and its partners should suspend ETA eligibility for settlers, and condition future trade agreements on halting settlement expansion, addressing settler violence, releasing tax revenues to the Palestinian Authority, and engaging with the Board of Peace to agree on a withdrawal plan from Gaza.
- The UK should support free and fair elections throughout the West Bank and Gaza – necessary for realizing a legitimate governing authority in Palestine – as soon as logistically feasible.
- Britain should use its convening power to coordinate backchannels and Track 2 dialogues, with the objective of revising the two-state model to better reflect current realities.

What's the problem?

More than a year after the UK formally recognized Palestinian statehood, realizing a viable and sovereign Palestinian state on the ground has never seemed further off, with rapid Israeli settlement expansion in the West Bank – illegal under international law; a stalled ceasefire and Israeli military entrenchment in Gaza; and little appetite for a two-state solution across the political spectrum in Israel.

The UK respects and upholds the principle that every country has the right to defend itself, as emphasized after the horrific Hamas attacks on Israel of 7 October 2023. But Israel's devastating retaliatory war on Gaza has far exceeded the

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justification of self-defence. Moreover, Israeli takeover of Palestinian land is undermining the possibility – and the goal of decades of international effort – of a sovereign state for Palestinians.

In the West Bank, Israeli confiscation of Palestinian land has accelerated, with over 100 new settlements approved by the current Israeli government over the past four years – including 34 in 2026 alone.¹ This includes advancing plans for the highly controversial E1 settlement in a geographically strategic corridor between East Jerusalem, Ramallah and Bethlehem. The development of E1 would create a swathe of Israeli control eastwards from Jerusalem to the existing settlement of Ma'ale Adumim, effectively dividing the West Bank in two.²

At the same time, more than 250 additional Israeli outposts have been established in the past three years throughout the West Bank, including in Areas A and B³ – i.e. areas of the West Bank under full or partial control of the Palestinian Authority (PA), including the main Palestinian population centres. Most such outposts, while not initially authorized by the Israeli government, are allowed to remain – often with the direct support of the latter. The proliferation of outposts has contributed to a sharp rise in settler attacks on Palestinians. Over 1,600 incidents have been recorded so far in 2026, resulting in casualties or damage in 275 communities and pushing Palestinians into increasingly isolated enclaves.⁴

In Gaza, Israel maintains full control of over 60 per cent of the territory, and US president Donald Trump's 20-point peace plan, endorsed by UN Security Council Resolution 2803, has been stalled for months. At least 1,300 Gazans have been killed by Israeli military action since the ceasefire entered effect in October 2025, and over 90 per cent of the population remains displaced in dire conditions.⁵

While humanitarian aid into Gaza has increased in the past year, the inflow remains below the levels needed to meet basic needs: over 1.4 million people lack reliable access to sufficient safe and nutritious food; access to clean water is limited; and health services remain severely strained by a shortage of fuel, oil, generators and medical supplies.⁶

Hamas, meanwhile, remains the de facto authority in the parts of Gaza beyond the 'Yellow Line' of Israel's control. The transitional National Committee for the Administration of Gaza (NCAG) – the Palestinian technocratic committee established by Trump's Board of Peace – has yet to enter the territory, instead operating from Cairo, and Israeli prime minister Benjamin Netanyahu has rejected any meaningful involvement of the PA in Gaza.

Most crucially, Israel has indicated no plan to withdraw from Gaza. In August 2026, Hamas agreed to a 15-point plan, drafted by the Board of Peace, whereby it would decommission arms in sequence with a phased Israeli withdrawal. There were ambiguities in the plan, including whether it included all weapons or just heavy arms, and there was deep scepticism in Israel – and in some neighbouring countries – as to Hamas's real commitment to this undertaking.

¹ Sharon, J. (2026), 'Government approves a record 24 new settlements, as it acts to deepen hold on West Bank', *Times of Israel*, 9 April 2026, <https://www.timesofisrael.com/government-formally-approves-34-new-settlements-as-it-acts-to-deepen-hold-on-west-bank>.

² Norman, J. (2026), 'Banning UK trade with illegal Israeli settlements is long overdue', Chatham House Expert Comment, 4 September 2026, <https://www.chathamhouse.org/2026/09/banning-uk-trade-illegal-israeli-settlements-long-overdue>.

³ For an overview, see Peace Now (2026), <https://peacenow.org.il/en/settlements-watch/settlements-data/population>.

⁴ United Nations Office for the Coordination of Humanitarian Affairs (2026), 'OPT: Humanitarian Situation Report | 11 September 2026', <https://www.ochaopt.org/content/humanitarian-situation-report-11-september-2026>; Human Rights Watch (HRW), 'West Bank: Israel-Backed Settler Violence Drives Displacement', 20 August 2026, <https://www.hrw.org/news/2026/08/20/west-bank-israel-backed-settler-violence-drives-displacement>.

⁵ Pengelly, E. and Irvine-Brown, R. (2026), 'More than 900 killed in Gaza ceasefire this year despite ceasefire, Hamas-run health ministry says', BBC News, 2 September 2026, <https://www.bbc.co.uk/news/articles/c7708dy33pdo>.

⁶ World Food Programme (2026), 'State of Palestine', <https://www.wfp.org/emergencies/palestine-emergency>.

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Netanyahu rejected the plan outright, stating that withdrawal would only happen after Hamas's complete disarmament – a process that could take years. Israel's scepticism regarding Hamas's intention to disarm is warranted, and Netanyahu's rejection of any reciprocal process could be viewed as a stalling tactic until after the Knesset elections due on 27 October. But ongoing Israeli fortification of the Yellow Line,⁷ including the construction of more than a dozen military outposts, suggests that any timeline for withdrawal may be postponed indefinitely.

While the situations in the West Bank and Gaza differ greatly, Israeli policy in both territories is undermining the fundamental basis of a viable Palestinian state – and the outcome of Israel's upcoming elections is unlikely to change that. A change of leadership could bring some essential policy shifts, such as more active steps to rein in settler violence. But most parties will continue to support the broader settlement project in the West Bank, and a new governing coalition would be hard pressed to make any major concessions in Gaza.

Netanyahu's chief rival, the Yashar party's Gadi Eisenkot, has rejected any discussion of Palestinian statehood.⁸ Of the other opposition leaders, only The Democrats' Yair Golan has voiced support for a future two-state solution in his campaign. The reluctance of most parties to consider the option reflects declining support for a two-state model among the Israeli public since 7 October 2023, with recent polling showing that only 16 per cent of Jewish Israelis believe coexistence with a Palestinian state is possible.⁹ Such strength of opinion suggests that elections alone will not change Israeli policy regarding Palestinian statehood. External incentives and pressure will be needed, no matter who leads the next government.

Why does it matter?

On the current trajectory, the potential for Palestinian statehood will erode beyond the scope of possibility – an unacceptable outcome for Palestinians, and a full repudiation of long-standing UK policy supporting a sovereign Palestine alongside a secure Israel. Denial of Palestinian self-determination will only lead to more cycles of violence; the horror of the attacks of 7 October 2023 and the devastation of the war in Gaza are tragic reminders of the costs borne by civilians when the 'status quo' is allowed to persist in the absence of serious attempts to end the occupation and resolve the conflict.

At the regional level, the rejection of Palestinian sovereignty and deepening of the occupation will further derail progress towards normalization of relations between Israel and Arab states, while fuelling the aggression of hostile actors – including but not limited to Iran and its affiliates. As UK foreign secretary

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⁷ Granados, S. and Boxerman, A. (2026), 'Israel keeps expanding into Gaza despite cease-fire, satellite images show', *New York Times*, 28 September 2026, <https://www.nytimes.com/interactive/2026/09/28/world/middleeast/israel-gaza-cease-fire-palestinian-territory.html>.

⁸ Harpin, L. (2026), 'Israeli election rivals Netanyahu and Eisenkot both reject Palestinian statehood', *Jewish News*, 23 August 2026, <https://www.jewishnews.co.uk/israeli-election-rivals-netanyahu-and-eisenkot-both-reject-palestinian-statehood>.

⁹ Smerkovich, M., Lesage, K. and Armeli, J. (2026), 'Many Israelis and Palestinians Say They Cannot Exist Peacefully – and Explain Why', Pew Research Center, 15 September 2026, <https://www.pewresearch.org/global/2026/09/15/many-israelis-and-palestinians-say-they-cannot-coexist-peacefully-and-explain-why>; Vigers, B. (2025), 'Peace Still a Distant Prospect for Israelis, Palestinians', Gallup, 29 September 2025, <https://news.gallup.com/poll/695582/peace-distant-prospect-israelis-palestinians.aspx>.

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Ed Miliband emphasized in his September statement on Israel–Palestine, ‘if there is one lesson of recent decades, it is that we will never have stability in the Middle East without a two-state solution’.¹⁰

The UK has an important role to play in sustaining the viability of a Palestinian state and upholding the commitment to a two-state solution, especially when using its substantive convening power to work with other like-minded middle powers. It was right to recognize a Palestinian state in 2025, alongside France, Canada and Australia. A year later, the new government under prime minister Andy Burnham has taken a long overdue step in banning trade with Israeli settlements; this was done in coordination with 11 other countries, including France and Canada. The September 2026 joint foreign ministers’ statement made plain that the purpose of their action was to preserve the possibility of a two-state solution, to which the coalition of states remains ‘unequivocally committed’.¹¹

The British government’s assertion that Israel’s occupation of the Palestinian territories is illegal under international law, in accordance with the 2024 advisory opinion of the International Court of Justice, is perhaps even more significant – if less headline-grabbing – in terms of potentially reorienting UK policy. The decision to refuse arms-export licences for weapons and equipment that materially contribute to the occupation represents an important policy change deriving from this acknowledgment.

Regardless of the outcome of the Israeli elections, the UK can go further, in coordination with international partners, to adopt a more assertive posture that calls on Israel to end the occupation and to cease policies that actively obstruct Palestinian statehood.

Policy options and trade-offs

The UK should be unapologetic in ensuring that its Middle East policy reflects the political interests, legal obligations and moral duties that the Burnham government endeavours to uphold. If preserving the viability of a Palestinian state is to be a central pillar of that policy, the UK should consider the following measures:

West Bank

First, if the new UK sanctions policy targeting illegal settlements and settlement expansion is to have any impact, it will need to extend beyond goods to comprehensively address services. Miliband has indicated that some services will be included, stating that action will be taken ‘against specific companies and individuals who provide services such as construction, infrastructure, financing, or real estate for settlement expansion’.¹² However, it is not clear if sanctions on services apply only to E1 and other potential new settlements, or to all existing settlements.

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¹⁰ Foreign, Commonwealth & Development Office and The Rt Hon Ed Miliband MP (2026), ‘Foreign Secretary oral statement on Israel-Palestine’, 8 September 2026, <https://www.gov.uk/government/speeches/foreign-secretary-oral-statement-on-israel-palestine>.

¹¹ Foreign, Commonwealth & Development Office and The Rt Hon Ed Miliband MP (2026), ‘Joint Foreign Ministers Statement on the Two-State Solution’, 8 September 2026, <https://www.gov.uk/government/news/joint-foreign-ministers-statement-on-the-two-state-solution>.

¹² Foreign, Commonwealth & Development Office and The Rt Hon Ed Miliband MP (2026), ‘Foreign Secretary oral statement on Israel-Palestine’.

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Differentiating services is certainly more difficult than the already imperfect process of identifying goods imported from settlements, and Labour Friends of Israel has previously expressed concern that service restrictions may lead to a de facto boycott of all Israeli businesses.¹³ But the onus will be on firms, and potentially the new Israeli government, to clearly distinguish activities within Israel's internationally recognized borders from those in settlements, and the UK should not back away from this expectation. Indeed, the policy aims to impose a burden on companies in order to reduce material support to settlements, while also compelling Israeli businesses, leaders and citizens to differentiate settlements – conceptually and practically – from Israel itself.

Second, the UK should suspend electronic travel authorization (ETA) eligibility for all residents of settlements wishing to travel to the UK. Most of the over 700,000 settlers live peaceably, and some have condemned the violent attacks carried out by extremist settlers against Palestinians.¹⁴ But the settlements are illegal and have undermined Palestinian statehood for decades, never more so than today. Suspending ETA privileges does not mean denying entry to all settlers, but rather removing the privilege of visa-free entry for this defined category. Especially if other countries adopt similar restrictions, this policy would introduce a disincentive for Israeli citizens to take up residence in settlements.

Administratively, ETA eligibility is organized primarily by nationality, so differentiating Israeli citizens according to whether they reside within or beyond Israel's pre-1967 borders would require a mechanism for determining habitual residence. This can stem from the existing requirement for applicants to state their primary address on the ETA form. Any application declaring residence in the West Bank or East Jerusalem will be referred to an ETA caseworker; and if the caseworker verifies that the given address is outside Israel's internationally recognized borders, the applicant will be denied the ETA and directed to a separate visa application process. Any mechanism will be imperfect – some applicants may, for instance, simply give a false address – but it should be made clear that false declaration will result in a 10-year refusal of entry, as is the case with other immigration applications.

Third, the UK should condition future trade agreements with the next Israeli government on halting settlement expansion (including but not limited to E1) and reining in settler violence. When illegal outposts are not only allowed to remain, but actively supported by the state, and when incidents of settler violence not only go uninvestigated, but are enabled by authorities, the state becomes complicit in its citizens' actions. The UK is well within its legal and moral bounds, and acting in its own state interest, to suspend agreements with any partner that is unwilling to enforce the rule of law.

Gaza

The UK's leverage is more limited in Gaza, where the Trump-led Board of Peace now oversees most international interventions. But there is still more the UK government can do – and the upcoming Israeli elections could create some openings.

First, the UK should continue to support the efforts of the Board of Peace to reach an agreement on the decommissioning of weapons by Hamas and the withdrawal of Israeli forces from Gaza. These efforts have been stalled since August, but it is

¹³ Labour Friends of Israel (2026), 'Settlements and Solutions: A Guide to the Issues', LFI Policy Briefing, July 2026, <https://www.lfi.org.uk/settlements-and-solutions-a-guide-to-the-issues>.

¹⁴ Almagor, T. (2026), 'Settler Violence is Dividing Israelis–Even Within the Settler Movement', *The Dispatch*, 3 September 2026, <https://thedispatch.com/article/west-bank-israel-settler-violence-palestinians>.

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likely that the US will expect re-engagement after – and regardless of the outcome of – the Knesset elections. Given Hamas's declared openness to an agreement, and Israel's rejection of the plan thus far, the onus will be on the new Israeli government to enter into negotiations aimed at finding a workable, sequenced timeline for disarmament and disengagement. The UK should be prepared to support this process with security guarantees and pressure on all parties.

If need be, the UK should make future economic agreements with Israel conditional on the latter's engagement with the Board of Peace's plan, or on presentation of a realistic alternative timeline for withdrawal, sequenced with verified decommissioning of weapons by Hamas. Israel has reason to be wary of any deal with Hamas, and no country should be made to compromise its security. But, by Israel's own assessment, Hamas has been significantly weakened,¹⁵ and Israel's extension of the Yellow Line and seemingly permanent presence in Gaza is only deepening grievances and sustaining support for Hamas.

Second, the UK should seek to prevent further splintering between Gaza and the West Bank, especially in terms of Palestinian governance. Free and fair elections with integrated lists from the West Bank and Gaza will be key to achieving this, and the UK should encourage the US and Israel, as well as Palestinian actors, to enable such elections to proceed as soon as logistically feasible. With the Palestinian Legislative Council elections, previously scheduled for 28 November, now delayed until September 2027,¹⁶ the UK should continue to engage with the NCAG – the sole Palestinian-led organ within the Board of Peace – via high-level meetings, training and technical assistance, to ensure that the committee retains relevance and remains a principal actor in Gaza's reconstruction. It is especially crucial that the NCAG is allowed to enter Gaza, both to undertake its mandated transitional role and to provide a visible governing alternative to Hamas. The UK has little direct say over when or if the NCAG will be able to operate from Gaza, but British interlocutors with the Board of Peace should continue to emphasize this as a priority.

It is critical, too, that the UK engages with the NCAG as a temporary transitional body that is integrated with the PA as soon as possible. As such, the UK should continue to direct Gaza-related communications to both the NCAG and the PA, and to support the efforts of regional actors like Egypt in facilitating coordination between the two bodies. While the PA has its own legitimacy deficit, further fragmentation of Palestinian political institutions will only erode efforts towards effective governance, and shoring up the NCAG as a discrete entity risks creating additional challenges for national unity. Netanyahu has rejected any role for the PA in Gaza, but a shift is not impossible under a new Israeli government – or with post-election pressure from the Board of Peace – and the UK should use its influence to encourage a change of stance. In addition, the UK should make future trade agreements with Israel contingent on the release of withheld tax revenues to the PA, and condition future aid commitments to the PA on enhanced transparency and improved service delivery to Palestinian citizens.

¹⁵ i24News (2026), 'IDF Chief: Hamas significantly weakened, military will maintain forward defense in Gaza', 5 August 2026, <https://www.i24news.tv/en/news/israel/defense/artc-idf-chief-hamas-significantly-weakened-military-will-maintain-forward-defense-in-gaza>.

¹⁶ Sawafta, A., Al-Mughrabi, N. and Abouhassira, E. (2026), 'Abbas postpones Palestinian elections, sets presidential poll for September 2027', Reuters, 10 October 2026, <https://www.reuters.com/world/middle-east/abbas-postpones-palestinian-elections-sets-presidential-poll-september-2027-2026-10-10>.

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At a time when formal processes appear far off, keeping channels open and supporting peacebuilders at the community level is essential for shifting political imagination and laying the groundwork for a future settlement.

Reclaiming convening power

Beyond direct policy measures, the UK should use its convening power to keep channels open between Israeli and Palestinian interlocutors, hosting high-level 'backchannel' conversations and Track 2 discussions on a viable two-state solution. Official negotiations are likely years off, and in the short term, in response to UK policy changes, the Israeli government may decline involvement with formal UK-led efforts. But there are signals that new backchannels may emerge if the Israeli elections bring a change in leadership, and the UK should seek to enable communication where it can. Even without new openings, there is still a critical mass of Israelis from the security, diplomatic and civil society sectors willing to engage with Palestinians, via Track 2 dialogues, in laying the foundations for a future negotiated settlement.

The UK should welcome and facilitate such opportunities, in coordination with international and regional partners. A specific aim should be to facilitate discussion of how the two-state model might better reflect current realities. Aims can include identifying which aspects of the 2003 two-state 'roadmap' are still salvageable; exploring updated variations on the traditional two-state model (such as the confederal model) that maintain its basic tenets while reckoning with facts on the ground; and working separately with Israeli and Palestinian practitioners to identify which mechanisms would be necessary to get their respective leaders and communities to re-engage with a two-state strategic vision.

The UK should also further invest in the multi-donor International Peace Fund, launched in June 2026 with Australia and Canada,¹⁷ to increase support for civil society initiatives supporting the rights and security of both Israelis and Palestinians. Especially at a time when formal processes appear far off, keeping channels open and supporting peacebuilders at the community level is essential for shifting political imagination and laying the groundwork for a future settlement. However, seed funding for the Peace Fund is set at just £3 million over three years, considerably less than the International Fund for Ireland (IFI) on which it is modelled,¹⁸ and further investment will be needed from the UK and other international actors for this new fund to have meaningful impact. The UK can also demonstrate its commitment to a long-term peace process by appointing an experienced Middle East envoy to serve as a chief liaison for strategic communications between Israeli and Palestinian officials and regional actors.

Trade-offs and mitigations

A central dilemma for UK policy on Israel–Palestine lies in the tension between taking steps that are mostly symbolic but (relatively) more palatable, and taking stronger actions that are more impactful but also more likely to bring domestic criticism as well as backlash from Israel and/or the US.

So far, the US response to the UK's September 2026 announcement has been notably muted, with Trump more focused on the war with Iran and the forthcoming midterm elections than on UK–Israel relations. This by no means indicates that future British moves will be immune from US repercussions, especially given Trump's trademark unpredictability.

¹⁷ Foreign, Commonwealth & Development Office and The Rt Hon Yvette Cooper MP (2026), 'Joint Statement on the launch of the International Peace Fund for Israelis and Palestinians', 11 June 2026, <https://www.gov.uk/government/news/joint-statement-on-the-launch-of-the-international-peace-fund-for-israelis-and-palestinians>.

¹⁸ International Fund for Ireland (2011), 'Funding change: External reviews 1986-2010', https://www.internationalfundforireland.com/images/documents/reviews_evaluations/12604A_IF_for_Ire_lcl_CC.pdf.

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Washington's heft should not prevent the UK from using its own leverage, both bilaterally and – along with France, other European states and Canada – collectively.

But there is evidence of change in both major US political parties' stance on Israel–Palestine, reflecting broad shifts in American public opinion. This suggests that Washington's responses may be more nuanced in the months and years ahead than they have been in the past. The Trump administration continues to support Israel where it matters most – with arms sales, including the recent approval of a \$2.8 billion munitions deal.¹⁹ But long-standing bipartisan political consensus on Israel is waning significantly. In the Republican party, vice-president JD Vance has said the US cannot be 'subservient' to Israel on Middle East policy,²⁰ and polls indicate that over 70 per cent of Republicans under the age of 30 believe Trump has been too supportive of Israel.²¹ Nearly all Senate Democrats recently supported a measure to investigate Israeli human rights violations in the West Bank, and 40 voted earlier this year to block arms sales to Israel.²² Such numbers may increase after the midterms, in which Democrats are projected to gain seats in both the House and the Senate.²³ And in the medium term, it is possible to envision a future Democratic administration backing the international consensus in endorsing Palestinian statehood.

In contrast, Israel's response to the UK announcement points to the types of diplomatic trade-offs that must be considered when weighing future actions. Retaliatory measures have included downgrading Britain's consulate in East Jerusalem to a 'UK mission' and requiring the removal of most of its diplomats;²⁴ removing UK officials from the International Gaza Support Center (IGSC); and ending UK training for PA police in the West Bank through the British Support Team (BST) in Ramallah. It is possible that a new Israeli government will reverse such measures, especially as the IGSC and BST contribute to security infrastructure in the Palestinian territories that directly serves Israel's interests. And the fact that Israel agreed to the consulate's downgrading, rather than a full closure as originally ordered, suggests that there may be scope for negotiation on some retaliatory measures. The moves are significant even so, and underscore the necessity of preparing for at least temporary diplomatic setbacks – even if the policy reset is necessary for the long run.

There are several ways the UK can mitigate these challenges. First, the UK can initiate policies in concert with a coalition of like-minded middle powers, as it did in recognizing Palestinian statehood in 2025, and most recently in announcing the settlement trade ban. It is widely acknowledged that the US has the most direct diplomatic influence on Israel. But Washington's heft should not prevent the UK from using its own leverage, both bilaterally and – along with France, other European states and Canada – collectively. Indeed, the fact that 11 other states joined the UK in announcing settlement trade bans demonstrates the political sway that Britain maintains, while also increasing the cumulative impact of such policy steps. Israel's immediate response to the settlement trade ban mostly targeted the UK, but coordinated efforts undoubtedly blunt the options available for future retaliation.

¹⁹ Crowley, M. and Wong, E. (2026), 'Trump approves \$2.8 billion arms sale to Israel, including 40,000 one-ton bombs', *New York Times*, 15 September 2026, <https://www.nytimes.com/2026/09/15/us/politics/trump-israel-bombs.html>.

²⁰ Walde, M. (2026), 'JD Vance: US cannot be 'subservient' to Israel on Middle East policy', *Politico*, 16 September 2026, <https://www.politico.eu/article/jd-vance-us-israel-middle-east-policy>.

²¹ Lang, J. (2026), 'Why conservatives have shifted on Israel', *The Hill*, 9 September 2026, <https://thehill.com/opinion/congress-blog/politics/6072170-conservative-shift-israel-generation>.

²² Bernard, A. (2026), 'Nearly all Senate Democrats vote to block Israel arms sales', *Jerusalem News Syndicate*, 15 April 2026, <https://www.jns.org/news/u-s-news/nearly-all-senate-democrats-vote-to-block-israel-arms-sales>; Huiskes, H. (2026), 'Senate blocks Democratic effort to force report on West Bank violence', *The Hill*, 29 September 2026, <https://thehill.com/homenews/senate/6119354-senate-blocks-west-bank-resolution>.

²³ Stokes, B. (2026), 'US midterms polls: Are Democrats winning, or is Trump losing?', *Chatham House Expert Comment*, 29 September 2026, <https://www.chathamhouse.org/2026/09/us-midterms-polls-are-democrats-winning-or-trump-losing>.

²⁴ Shotter, J., Sheppard, D. and Fisher, L. (2026), 'British consulate in Jerusalem becomes 'UK Mission' after Israel orders closure', *Financial Times*, 8 October 2026, <https://www.ft.com/content/a57290ab-eadd-4e12-b8cc-37befed8d3bb>.

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The UK and its partners can be clear that they are willing to engage fully with an Israeli government that takes good-faith steps to end the occupation and realize a two-state solution with a viable Palestinian state alongside a secure Israel.

Second, the UK and its partners should focus on specific, targeted policies with clear rationales and objectives. The settlement trade ban is again a good example of this. Despite Netanyahu's attempts to frame the move as anti-Israel, the decision clearly targets settlements, is grounded firmly in international law, and has the aim of preserving the prospect of a two-state solution.

Third, Britain should situate its policy reset in a broader security context, emphasizing (with coalition partners) that Israel's lasting security will ultimately be achieved by ending the occupation and committing to pathways for a negotiated settlement that includes Palestinian sovereignty. The alternatives – prolonging the status quo, or further Israeli annexation of Palestinian territories – will only intensify grievances and deepen Israel's isolation, further undermining its security.

Indeed, the guiding principle for each new policy should be clear: that the UK and its partners are willing to engage fully with an Israeli government that takes good-faith steps to end the occupation and realize a two-state solution with a viable Palestinian state alongside a secure Israel. In the absence of such steps, Israel will face increasing economic and political pressure from abroad.

Recommendations

- The UK should build on the foundation of the settlement trade ban to prohibit all UK business with, and investments in, settlements, working in coordination with like-minded countries that have announced similar trade ban policies. This should be done within the six-to-nine-month window identified in Miliband's September 2026 statement, regardless of the outcome of the Israeli elections. The objective is to make the establishment, construction and expansion of settlements financially and logistically more costly, disincentivizing their growth.
- In the same time frame, and regardless of the election outcome, the UK should develop a mechanism to restrict ETA eligibility for residents of settlements. Ideally this policy would be coordinated with partners like Canada and Ireland, but it will likely be more difficult for European states to regulate within the Schengen area. Still, the UK should be prepared to take this step for consistency in deploying all available policy levers to discourage settlement growth. The aim of the policy is to remove an international privilege for people living in settlements, disincentivizing settlement residency and influencing a cognitive distinction in Israel between those living inside and outside the state's internationally recognized borders.
- Within three to six months of the Knesset elections, the UK should be prepared to make future trade agreements with the new Israeli government conditional on progress in halting Palestinian land confiscation, addressing settler violence impunity, and releasing withheld tax revenues to the PA. These are issues that the next Israeli government can and should address at the first instance, and it should be given a chance to do so. In the absence of progress, the UK and like-minded partners should be prepared to use their area of greatest leverage – trade – to incentivize changes in policy.
- Also within three to six months of the Israeli elections, the UK should be prepared to make future trade agreements contingent on Israel's engagement with the Board of Peace's plan for Israeli military withdrawal from Gaza – provided this is sequenced with verified decommissioning of weapons by Hamas – or on presentation of a realistic alternative timeline for disengagement. The US and the Board of Peace will likely seek

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progress on this point in the coming months, no matter who leads the next Israeli government, and the UK and its like-minded partners should use the leverage they have to prevent the current stalemate in Gaza from becoming a permanent reality.

- The UK should support free and fair elections in Palestine – necessary for realizing a legitimate governing authority – as soon as logistically feasible. In the meantime, it should continue engagement, in the form of high-level meetings, training and technical assistance with the NCAG, as far as possible in coordination with the PA to prevent further splintering between political institutions in the West Bank and Gaza. While the PA is notoriously weak, it represents the best option at present for bringing Palestinian governing and security bodies under one structure – a precondition for a pathway to statehood.
- Britain can lead on convening backchannels and Track 2 dialogues with the specific objective of revising the two-state model to better reflect current realities. A new Israeli government will likely bring opportunities to foster new backchannels, which will be necessary for opening serious discussions on potential resolution frameworks. But regardless of election outcomes, the UK can use its convening power to bolster the efforts of pragmatists on both sides committed to the rights and security of Israelis and Palestinians, and to sustain the momentum of the emerging coalition of middle powers committed to upholding a viable two-state solution.



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About the author

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