



المركز العربي للأبحاث ودراسة السياسات
Arab Center for Research & Policy Studies

situation Assessment | 19 September 2026

UK Policy on Israeli settlements: How Significant Is the Shift?

Unit for Political Studies

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Series: [situation Assessment](#)

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Unit for Political Studies

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On 8 September 2026, the British government announced a package of measures against Israeli settlements in the occupied West Bank, including a freeze on imports from illegal settlements, sanctions on individuals and companies involved in their construction and expansion, and a ban on advertising settlement properties within the United Kingdom.¹ These measures have coincided with a noticeable shift in British rhetoric: for the first time, the UK government has asserted that the continuing Israeli occupation of Palestinian land is illegal, and Foreign Secretary Ed Miliband has used the phrase “ethnic cleansing” to describe the expulsion of Palestinians from parts of the West Bank as a result of settler violence and Israeli government policy.²

I. A Turning Point?

The British decision is a significant step in a gradual process that began around two years ago. In September 2024, under pressure from public opposition to Tel Aviv’s genocidal policies in Gaza, then Prime Minister Keir Starmer announced limited (and superficial) measures intended to punish Israel and cancelled certain arms export licences. Then, in May 2025, the government suspended negotiations for renewal of a free trade agreement and sanctioned various individuals and entities linked to settler violence. Finally, in 2026, British companies were strongly advised not to pursue economic activity in settlements.³ Miliband’s decision and the language that he has used to describe Israeli policy in the occupied West Bank thus marks a significant change in the British attitude to settlements: a move from diplomatic pressure and individual sanctions to targeting the legal and economic infrastructure that allows the settlement project to continue.

II. Motivations

Several factors explain this decision. First, the international legal environment has shifted considerably after the consultative opinion issued by the International Court of Justice on 19 July 2024, which ruled that the continuing Israeli presence in the occupied West Bank is illegal and instructed other countries not to accept the resulting situation on the ground and not to support its continuation.⁴ Secondly, the effects of the war on Gaza, both political and humanitarian, have gradually undermined Israel’s relationship with its Western allies: the gap between the two-state solution, which these countries continue officially to endorse, and the reality on the ground in both the West Bank and Gaza, has grown much wider. When the Oslo Agreement was signed in 1993, there were 270,000 settlers in the West Bank; there are now 770,000, and more settlement units

¹ Ed Miliband, “Foreign Secretary Oral Statement on Israel-Palestine,” Foreign, Commonwealth & Development Office, 8/9/2026, accessed on 9/9/2026 at: <https://acr.ps/hBy2t02>

² Ibid.

³ House of Commons Library, “UK Trade with Israeli Settlements in the Occupied Palestinian Territories: Government Statements and Guidance in 2026,” Research Briefing, 8 July 2026, accessed on 9/9/2026, at: <https://acr.ps/hBy2sJL>

⁴ International Court of Justice, “Legal Consequences Arising from the Policies and Practices of Israel in the Occupied Palestinian Territory, including East Jerusalem,” Advisory Opinion, 19/7/2024, accessed on 9/9/2026, at: <https://acr.ps/hBy2scz>

have been approved by the Israeli government in the last four years than in the twenty years before that.⁵ Thirdly, the E1 Project, which envisions more than 1,200 settler units in an area between East Jerusalem and the settlement of Ma'ale Adumim, threatens to occupy an area that the UK and other European countries consider essential to the geographical viability of any future Palestinian state.⁶

The most significant factor behind the shift in the British position, however, is the public mood in the UK itself, particularly in the voter base of the Labour Party. There is real hostility to the “ambiguity” adopted by the Starmer government to Israel’s genocidal, and ongoing, war on Gaza. The cut-through of British government policy on this issue was clear even in the 2024 general election, when despite the Labour Party’s landslide victory, it lost five constituencies to independent candidates standing on a platform of opposition to Israel’s crimes in Gaza. Data published by Sky News suggests that Labour’s vote share in constituencies with a population that is more than 15% Muslim fell by an average of 14.3%.⁷ Although the size of the Labour victory concealed the scale of the problem at the time, it was impossible to ignore the break between the party leadership and a significant portion of its base, particularly among young people, the left, and progressive voters in big cities like London and Manchester, as well as Muslim voters. This break revealed itself clearly in the local elections in May 2026, when Labour lost more than 1,500 of the 2,600 council seats it had previously controlled. This loss came as a real shock to the party, triggering a major rebellion in the parliamentary party against a leadership they held responsible for the defeat.

Significant portions of the party concluded that Starmer’s timid response to the genocidal war in Gaza was one of the main reasons for the Labour rout – ultimately forcing him to announce his resignation on 22 June 2026.⁸ The broad-base rebellion within the party, and the election of a new leadership, then led to a marked change in government policy on the Palestine question. Starmer’s successor as party leader and prime minister, Andy Burnham, has not treated Gaza as just another foreign policy issue. He has also approached it as a domestic issue for the Labour Party.⁹ Even before he became leader, Burnham told the press that Labour had “not got it right” on the Gaza tragedy and apologized for his party’s position on the war, promising to put more pressure on Israel to change its policies. This was a clear attempt by the new government to win back voters who had abandoned the party because of Starmer’s position on Gaza. Polling at the time showed that two thirds of Labour voters who had subsequently switched to the Green Party cited Gaza as a reason.¹⁰

During Starmer’s two years in power, his strategy was essentially to move the party towards the centre, assuming that voters to the left of the party had nowhere else to go. But Gaza proved this

⁵ Miliband.

⁶ Ibid.

⁷ Tim Barker, Gaza effect sees Labour Lose Seats and Majorities in some Areas Collapse, *Sky News*, 5/7/2024, <https://acr.ps/hBy2sdx>

⁸ Greg Miller & Steve Hendrix, “U.K. Prime Minister Starmer to Resign as Labour Party Seeks Reboot,” *The Washington Post*, 22/6/2026, at: <https://acr.ps/hBy2su8>

⁹ “Why Britain is Getting a New Prime Minister without a General Election,” *The Washington Post*, 20/7/2026, at: <https://acr.ps/hBy2t1k>

¹⁰ Yashraj Sharma, “Andy Burnham, Apology for Labour Stance on Gaza: Is UK’s Position Shifting?” *Al Jazeera*, 10/7/2026, at: <https://acr.ps/hBy2sdr>

assumption false. As the May 2026 elections showed, these voters are prepared to switch to the Greens, or to independents, and in some cases will not vote at all. The position on Gaza cost Labour dearly. Seen this way, Burnham's apology for his party's policy is an admission that foreign policy now carries an electoral cost and that the government now needs to approach its relationship with Israel not only as an extension of the relationship with the USA, or as a foreign policy problem, but also with an eye to its effect at the ballot box. For Burnham, the Palestinian issue is no longer something that needs to be managed only in order to maintain relations with Washington – it is also part of efforts to rebuild Labour's electoral and social base. In fact, the Palestine issue has contributed to the shifting of the balance within the party, which also helps explain how Burnham has become such a powerful figure. During the Labour leadership contest, he received broad support from unions and labour organisations, which played a central role in making Palestine a major electoral issue and Burnham into the only candidate capable of mustering the necessary backing in the parliamentary party.¹¹

III. The Nature and Significance of the Shift

The real shift in the British position comes on two fronts which should not be conflated. The first is legal: having previously viewed only the settlements themselves as illegitimate, the UK now sees the continuing occupation itself as illegal. This is a significant expansion, from a narrow scope concerning only particular activities to a broader scope that encompasses the nature of Israeli control itself. The second is political: the UK government now uses the term “ethnic cleansing” in relation to the destruction of more than 65 Palestinian settlements and the expulsion of around 4,000 Palestinians since 2023.¹² This means moving from condemning the individual practices of settlers to identifying a systematic programme rooted in state policy – albeit without the UK going so far as to extend this to Israeli policy as a whole. London has left its commercial and security ties to Israel within the 1967 borders untouched. It has not suspended military or intelligence cooperation or moved towards a general boycott or imposed sanctions on the institutions of the Israeli state themselves. The new approach remains limited to settlement policy. It has not affected the essence of the bilateral relationship. This sharp distinction between punishing settlement and preserving relations with Israel within the Green Line means that the new policy is most accurately described as a response to the escalation of settlement within the West Bank and not yet to Israeli policy more generally.

Moreover, the effect of the measures introduced by the UK government on the Israeli economy, or even on the economy of the settlements specifically, remains very limited. Settlement exports to the UK account for a very small proportion of bilateral trade and largely comprise agricultural products,

¹¹ “Union Backing to Seal Labour Crown for Burnham,” *BBC*, 15/7/2026, at: <https://acr.ps/hBy2t10>

¹² Miliband.

such as dates, citrus fruits, and wine.¹³ That said, focusing on the limited effect on trade may obscure something more important: the precedent that is being set. There is a big difference between labelling products made in settlements – a previous policy adopted by several European countries without this seriously affecting the structure of the relationship – and establishing the general principle that the state itself should not permit commercial relationships that will help sustain illegal settler activity. If this logic is subsequently extended to funding, insurance, investment, and Israeli multinationals with links to settlements, the real cost may go far beyond that of the current measures.

IV. The Israeli Reaction

Israel's reaction to the measures has been more violent than their limited economic significance might have led us to expect. Tel Aviv refuses to accept any sort of sanctions imposed by democracies for fear that they will serve as a precedent and encourage other countries to take similar steps – even if the sanctions in question have only a symbolic effect. The Israeli government has closed the British consulate in East Jerusalem, terminated UK involvement in the US-led coordination mechanism for Gaza, and banned several British politicians from entering the country. Gideon Saar, the Israeli foreign minister, accused the UK of interfering in his country's domestic affairs and rejected “false accusations” of ethnic cleansing.¹⁴ This response cannot be understood simply in terms of the direct economic impact. Rather, it is rooted in a recognition of the political and legal risks to its project of incorporating the settlements into Israel. The more clearly foreign partners distinguish between Israel within its 1967 borders and occupied Arab territories, the more difficult it will be to turn *de facto* annexation on the ground into an internationally recognized *fait accompli*. It is this that explains the strength of the Israeli reaction: it is an attempt to forestall any further adoption of this logic by other states, particularly in Europe, where complaints that Israeli policy aims to prevent the creation of any independent Palestinian state have been growing. The UK's move was coordinated with France and Canada and coincided with a joint statement by 12 European countries, including Denmark, Finland, Ireland, Norway, Poland, Portugal, Spain, and Sweden, expressing an intention to introduce their own controls or support European controls on trade with settlements.¹⁵

Conclusion

The new British measures may not amount to a sea change in the relationship between the UK and Israel, but they do represent a significant shift in language and approach – from verbal condemnation to a real commitment to imposing economic and legal costs on continued settlement. Nor does this rule out a deeper shift in British policy in the future, particularly given that the Burnham government

¹³ Alexander Cornwell, Elizabeth Piper & John Irish, “Israel to Close British consulate in East Jerusalem after UK, France and Canada Ban Imports from Settlements,” *Reuters*, 8/9/2026, accessed on 9/9/2026, at: <https://acr.ps/hBy2scT>

¹⁴ Ibid.

¹⁵ Foreign, Commonwealth & Development Office, “Joint Foreign Ministers' Statement on the Two-State Solution,” GOV.UK, 8/9/2026, accessed on 9/9/2026, at: <https://acr.ps/hBy2stu>

seems to be intent on restoring the Labour Party's traditional social and economic approach at home while adopting a foreign policy more independent from that of the US on issues like Palestine (without fully breaking with Washington). For now, the UK will most likely continue to operate within the flexible Western alliance made up of Britain, France, Canada, and other small and medium-sized European powers, while also pursuing parallel measures of their own. German opposition means that this will probably not develop into a broader pan-European policy.

How all this develops will depend on two main variables: the willingness of this alliance to expand the scope of its measures from trade in goods to funding, investment, and companies with links to settlements; and the rate at which Israeli settlements continue to expand, particularly the E1 project, thereby creating enough domestic political pressure to take more serious measures against Israel and push other European capitals to participate. If these two conditions are not met, the British measures will still serve as an important political precedent but will not become a real means of exerting pressure for Israel to change its calculations in the short term. Even so, we should not underestimate the importance of this precedent and the possibility that it may develop further under the pressure of a public opinion that cannot accept the crimes that Israel continues to commit in Palestine.