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Annexing Palestine Through Trade:

**The Canada-Israel Free Trade
Agreement and the Occupied
Palestinian Territories**

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The Canada-Israel Free Trade Agreement and the Occupied Palestinian Territories

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Executive Summary

When the Canada-Israel Free Trade Agreement (CIFTA) came into force in 1997, Canadian officials had decided that its trade benefits would be applied to the occupied Palestinian territories (OPT) of the West Bank, East Jerusalem, and Gaza, as well as the occupied Syrian Golan Heights. This was accomplished by defining Israel in the text of the agreement as “the territory where its customs laws are applied.” This inclusion made CIFTA unique among Canada’s trade deals: although it is a deal negotiated and signed between Israel and Canada, its provisions have been transferred onto a third party – the Palestinians – without their involvement or meaningful consent. In doing so, CIFTA expands far beyond Israel’s internationally recognized borders, extending into occupied territory over which Israel does not have sovereignty but is unlawfully attempting to annex, thereby breaching Palestinians’ right of self-determination.

Extending CIFTA to the occupied territories was officially pitched by Canadian officials as a way to support the peace process and kickstart Palestinian economic development. However, this report demonstrates that CIFTA ultimately leaves Palestinians worse off. Any nominal benefits from CIFTA are far outweighed by the damage that it causes by supporting Israel’s illegal settlements and permanent military occupation, the very structures that are most responsible for harming the Palestinian economy.

The report outlines three major thematic issues with Canada’s application of CIFTA to the OPT:

- A. For the purposes of trade, Canada does not make any distinction between trade with Israel, Palestine, or illegal Israeli settlements, but categorizes all trade in the territories under Israeli control as if it was simply “Israeli.” This contradicts Canadian foreign policy and international law, erases the Palestinian identity of OPT trade, and provides a material incentive and economic reward to Israel’s ongoing settlement activity. The overall effect is that through CIFTA, Canada treats Palestine as if it were annexed by Israel.
- B. Palestinians were never a partner or signatory to CIFTA, and the extension of CIFTA to the OPT was done without their meaningful consent. On the contrary, the State of Palestine explicitly rejects the “core” of CIFTA and takes issue with the extension of trade benefits to illegal settlements. Similarly, Palestinian civil society do not support CIFTA and are urging the international community to cancel their free trade agreements with Israel as a form of economic pressure.
- C. As a whole, Palestinians do not benefit economically from CIFTA. Canada-Palestine trade represents only an estimated 0.68% of the total merchandise trade under CIFTA, while Canada’s trade with Israel makes up over 99%. Any benefit that Palestinians receive from CIFTA is a pittance, and this is vastly outweighed by the harm that CIFTA causes by upholding the status quo. Israel’s occupation is the number-one obstacle to Palestinian economic development, while Israeli settlement expansion has more than tripled since CIFTA was signed in 1996, growing at the same pace as Canada-Israel trade.



In recent years, three important legal and political developments have made this unjust trade structure even less tenable: 1) Canada recognized the State of Palestine in 2025, and in doing so, has affirmed that Palestine holds core rights under international law, including to sovereignty over its territory; 2) The International Court of Justice (ICJ)'s 2024 advisory opinion found that states are obliged to ensure that their treaties and trade dealings do not support Israel's illegal presence in the OPT; 3) and most importantly, Israel's genocide against the Palestinian people in Gaza has raised the obligation for states to put pressure on Israel to prevent genocide, along the lines of the provisional measures ordered by the ICJ. CIFTA violates each of Canada's obligations named above, by upholding Israel's illegal control of Palestinian territory and economically rewarding the status quo of annexation and genocide.

This report argues that Canada should support Palestinian trade without reinforcing the oppressive structures of military occupation, annexation, and apartheid. Therefore, CJPME recommends that the Canadian government should:

1. Cancel the Canada-Israel Free Trade Agreement (CIFTA) until Israel completely ends its unlawful military occupation of the Palestinian territory (the West Bank, including East Jerusalem, and Gaza), dismantles its apartheid policies, and complies with international law;
2. Cease the practice of subsuming Palestinian trade under 'Israel,' and start properly identifying, tracking, and reporting imports from the OPT. These goods (excluding those originating in Israeli settlements) should be labelled and reported as originating from 'Palestine' through a unique customs code.
3. Ban all trade with Israel's illegal settlements in the OPT by prohibiting the trade of goods, services, and investment using the Special Economic Measures Act.
4. Negotiate directly with the State of Palestine regarding measures to promote trade in the OPT, including East Jerusalem.
5. Protect Palestinian economic development by imposing consequences against Israel for any closures and restrictions on the movement of people and goods in the OPT, including the brutal and illegal blockade of the Gaza Strip.



Methodological Note

This policy research paper examines the Canada-Israel Free Trade Agreement (CIFTA) in terms of its relationship to Palestine. It examines several different themes, including the implications of this arrangement for Canada's obligations under international law, and investigates the main arguments used to defend CIFTA, including questions of Palestinian consent and whether Palestinians economically benefit from the arrangement. The scope of the analysis is both contemporary and historical, as it examines the current state of Canada-Palestine and Canada-Israel trade in light of the original debates over CIFTA in 1996 and its modernization in 2018.

As this analysis requires following multiple different threads, it draws upon a variety of sources. For example:

- We reviewed the original debates over CIFTA in Parliament via historical data in Hansard and related sources, to understand the original arguments for incorporating Palestinians within the agreement.
- To understand the current state of Canadian trade with Palestine, Israel, and the illegal Israeli settlements, we looked to the various resources, factsheets, and databases on the Government of Canada website. Due to a lack of reporting from Canada on trade with Palestine, we had to rely on online international trade data, comparing Canada's trade statistics for Israel with trade reported by the State of Palestine. We describe our methodology in greater detail in Part 3a below. For the official view of Palestinians on CIFTA, we requested comment from the State of Palestine, which they provided in the form of a position paper.

Over the course of this research, there were many instances where we ran into a complete lack of information. For example, we were unable to determine whether Canada internally tracks its trade with Palestine or how much of its trade originates in Israeli settlements. We issued many requests for information from Global Affairs Canada, the Minister of Trade, diplomats, and other government sources, who unfortunately were not forthcoming, leaving many questions unanswered. This lack of information has inevitably limited our analysis, but itself indicates an unwillingness to engage with these important questions.

This paper was initially published in September 2023, only weeks before October 7th and the start of Israel's genocide in Gaza. This second edition has been updated to include new trade data; an analysis of the legal implications of Canada's recognition of the State of Palestine and the ICJ 2024 Advisory Opinion; comparative context from the policy landscape in Europe; and public opinion data on Canada-Israel trade from 2026.



Part 1: Canada's trade policy treats Palestine as if it was formally annexed to Israel

In 1996, Canada and Israel signed the Canada-Israel Free Trade Agreement (CIFTA), which came into effect on January 1, 1997. When introducing C-61, An Act to Implement the Canada-Israel Free Trade Agreement into Parliament, the Canadian government declared that it would also apply to Palestinians. As announced by Art Eggleton, Minister for International Trade: "While the agreement is between Canada and the Government of Israel, we intend to extend the same benefits to the Palestinians. We will be meeting with Palestinian officials to examine the best ways to go about this."¹

Eggleton pitched the inclusion of Palestinians under CIFTA as a "major contribution towards the peace process," because "in helping the economic prospects for the people of the West Bank and Gaza we help to further the opportunities for peace and security for all of the people in the Israeli territory."²

Under CIFTA, Canada's free trade benefits are extended to:



- ✓ Israeli businesses
- ✓ Palestinian businesses in occupied territories
- ✓ Illegal settlement business in the occupied territories

... and all are considered trade with "Israel" according to the Canadian government

In practice, however, the way that CIFTA was extended to Palestinians was to subsume them under Canada's trade with Israel, bolstering Israel's illegal and illegitimate control over the OPT:

- First, CIFTA was extended to the entire area where Israeli customs law applies, including the occupied territories of East Jerusalem, the West Bank, and Gaza. This was based on an interpretation of an interim customs arrangement signed by Israel and the Palestinians

¹ Art Eggleton, House of Commons Debate, Wednesday October 9, 1996.

² Art Eggleton, House of Commons Standing Committee on Foreign Affairs and International Trade, Meeting No. 49, Tuesday, October 29, 1996. Initially, opposition members in the Bloc Quebecois and Reform supported the extension of CIFTA to the Palestinians as a tool to improve the situation under occupation. However, they withdrew their support after hearing criticism from witness testimonies during committee hearings. In the end, many opposition MPs echoed the concerns of civil society that a free trade deal would legitimize Israel's new right-wing government (which under Benjamin Netanyahu was undermining the Oslo Accords), and that it would bolster Israel's occupation of Palestinian territory. The BQ urged that the implementation of CIFTA should be delayed until further progress could be made in the peace process and towards an end to the occupation. See House of Commons Debate, Tuesday November 5, 1996.



in 1994 (the ‘Paris Protocol’) as part of the Oslo peace process, which was not intended to be permanent but was expected to expire in a period of five years with the creation of an independent Palestinian state. See more on this below.

- Second, CIFTA does not differentiate between Israel and the OPT but considers all trade from these territories as if it originated in Israel. As described by the chair of the Parliamentary trade committee in 1996, “Canadians will consider that goods manufactured in Palestinian areas are as if they were rule of origin in Israel itself for the purpose of being admitted into Canada.”³

This policy directly contradicts Canada’s own foreign policy position, which “does not recognize permanent Israeli control over territories occupied in 1967 (the Golan Heights, the West Bank, East Jerusalem and the Gaza Strip).⁴ From the start, this contradiction was noted by CIFTA’s critics. Bloc

*“Witnesses told us that the Palestinians do not even control their own territory, much less their economy, which means that today, to apply the Canada-Israel Free Trade Agreement to Palestinian territory would be to **recognize the albeit illegal control** the State of Israel has over the Palestinian people.”*

– Benoît Sauvageau, BQ MP, 1996

Quebecois MP Benoît Sauvageau warned in 1996 that “to apply the Canada-Israel Free Trade Agreement to Palestinian territory would be to recognize the albeit illegal control the State of Israel has over the Palestinian people.”⁵ The BQ perceptively raised this issue again in 2018, in remarks by MP Gabriel Ste-Marie:

I want to point out an anomaly in the agreement as drafted that must be corrected. Although we are supposed to be debating a free trade agreement between Canada and Israel, that is not what the text states. In fact, this seems to be an agreement with Israel and the occupied territories. By ratifying the agreement as written, Canada would be in some way recognizing that the occupied territories actually belong to Israel. Such a position is in contravention to Canada's foreign policy, international law and the will of the UN Security Council.⁶

Canada's recognition of the State of Palestine

This contradiction is even more evident thirty years later, following Canada’s recognition of the State of Palestine, which Prime Minister Mark Carney announced on September 21, 2025.⁷ On its face, recognizing Palestinian statehood while subsuming its economic fate under the purview of the State of Israel is absurd, and raises important questions about what statehood and self-determination really mean to Canada. But there are also potential legal ramifications.

³ The Chairman (Bill Graham), Standing Committee on Foreign Affairs and International Trade, Meeting No. 49, Tuesday, October 29, 1996.

⁴ Government of Canada, [“Canadian policy on key issues in the Israeli-Palestinian conflict.”](#) last updated October 2, 2025.

⁵ Benoît Sauvageau (BQ MP), House of Commons Debate, Tuesday November 5, 1996.

⁶ Gabriel Ste-Marie (BQ MP), House of Commons Debates, November 7, 2018.

⁷ Prime Minister of Canada, [“Statement by Prime Minister Carney on Canada's recognition of the State of Palestine.”](#) September 21, 2025.



Under the United Nations Charter, all states have inherent rights that are peremptory, or inviolable under international law for any reason. Through recognition, Canada has conceded that Palestine as a state holds certain core rights and obligations under international law. As described under Article 2 subsections (3) and (4) of the UN Charter, these include: 1) territorial integrity; 2) freedom from violence or aggression; and 3) sovereignty or freedom from political interference, otherwise known as non-intervention.⁸

Importantly, by recognizing Palestinian statehood, Canada has accepted an obligation not to infringe upon these core rights under the UN Charter.⁹ By means of CIFTA, however, Canada is colluding in Israel's interference in Palestine's economic affairs and its violations of Palestinian sovereignty and territorial integrity, thereby breaching its obligation not to infringe upon Palestine's core rights.

According to Article 53 of the Vienna Convention on the Law of Treaties (VCLT, 1969), "A treaty is void if, at the time of its conclusion, it conflicts with a peremptory norm of general international law,"¹⁰ and such norms would include the right of peoples to self-determination and the prohibition on acquisition of territory through force.¹¹ As explained by Ardi Imseis, Professor of International Law at Queen's University, CIFTA violates peremptory norms and therefore invalidates itself as a treaty under international law:

Israel has been in illegal military occupation of the OPT since June 1967. Under CIFTA (Chapter One, Section B) the 'territory' of Israel is defined as 'the territory where its customs laws are applied.' Israel unlawfully applies its customs laws in the [OPT] in violation of the peremptory right of the Palestinian people to self-determination. For this reason, CIFTA is – on its face – void and without legal effect, and Canada has an obligation to immediately withdraw from it in line with its erga omnes obligation to respect the right of the Palestinian people to self-determination.¹²

Given that CIFTA expressly violates Palestine's territorial integrity, facilitates aggression, and constitutes interference without the express consent of the Palestinians themselves, it should be considered automatically void and be withdrawn.

The 2024 Advisory Opinion of the International Court of Justice

The economic structure of CIFTA also infringes upon Canada's clear obligations under international law, as notably affirmed by UN Security Council Resolution 2334 (2016), which mandated states to "distinguish, in their relevant dealings, between the territory of the State of Israel and the territories occupied since 1967."¹³ More recently, the International Court of Justice (ICJ) issued an Advisory Opinion in 2024 on the Legal Consequences arising from the Policies and Practices of Israel in the

⁸ [United Nations Charter](#).

⁹ Ardi Imseis (Professor of International Law, Queen's University), personal communication, July 11, 2026.

¹⁰ [Vienna Convention on the Law of Treaties](#), Article 53.

¹¹ Ardi Imseis (Professor of International Law, Queen's University), personal communication, July 11, 2026.

¹² Ardi Imseis (Professor of International Law, Queen's University), personal communication, July 11, 2026.

¹³ [United Nations Security Council Resolution 2334](#), December 23, 2016.



Occupied Palestinian Territory, including East Jerusalem, which found that Israel's presence in the OPT is unlawful and must be ended as soon as possible.¹⁴ The ICJ concluded that states like Canada have several important obligations to help bring an end to the illegal situation, including:

- “to abstain from treaty relations with Israel in all cases in which it purports to act on behalf of the Occupied Palestinian Territory or a part thereof on matters concerning the Occupied Palestinian Territory or a part of its territory;”
- “to abstain from entering into economic or trade dealings with Israel concerning the Occupied Palestinian Territory or parts thereof which may entrench its unlawful presence in the territory;” and
- “to take steps to prevent trade or investment relations that assist in the maintenance of the illegal situation created by Israel in the Occupied Palestinian Territory.”¹⁵

Canada's existing arrangement under CIFTA directly violates these legal obligations, as it constitutes an economic treaty with Israel that purports to act on behalf of the OPT as if it were part of its territory, entrenches Israel's unlawful presence in the OPT, and promotes economic and trade relations in a way that assists in the maintenance of Israel's illegal settlement presence.

The ICJ's findings were affirmed by the UN General Assembly in Resolution 10/24 on September 19, 2024, which called upon states to comply with the above obligations and abstain from aid that maintains the illegal occupation, and specifically called on states to stop the importation of products originating in Israel's settlements.¹⁶ Canada abstained on the resolution,¹⁷ but has repeatedly invoked the ICJ Advisory Opinion itself and urged Israel to “substantively respond” to it.¹⁸

Israel's Ongoing Annexation of the OPT

Finally, CIFTA's treatment of Palestine as if it were part of Israel is even more dangerous in the context of Israel's drive to illegally annex the occupied West Bank, following its unilateral attempt to annex East Jerusalem in 1980. Starting in early 2023, Israel's far-right government began to undertake a series of changes to the structure of governance over the OPT, including the transfer of authority into civilian hands and outside of the purview of the military, as well as the expedition of settlement expansion. These changes are widely understood to amount to the annexation of

¹⁴ [International Court of Justice, Legal Consequences arising from the Policies and Practices of Israel in the Occupied Palestinian Territory, including East Jerusalem](#), July 19, 2024.

¹⁵ [International Court of Justice, Legal Consequences arising from the Policies and Practices of Israel in the Occupied Palestinian Territory, including East Jerusalem](#), July 19, 2024.

¹⁶ [UNGA, A/RES/ES-10/24](#), Sept 19, 2024.

¹⁷ Global Affairs Canada, [“Canada abstains from United Nations General Assembly resolution on the Advisory opinion of the International Court of Justice on the legal consequences arising from Israel's policies and practices in the Occupied Palestinian Territory.”](#) September 18, 2024.

¹⁸ Global Affairs Canada, [“Canada's statement at United Nations General Assembly Fourth Committee Debate on Israeli Practices in the Occupied Territories.”](#) November 19, 2024.



the territory.¹⁹ In moving the OPT from military rule to civilian rule, the Israeli government appears to admit that its presence is a permanent civilian one, vs. a temporary military one.²⁰ In doing so, Israel is formalizing its two-tier legal system in the OPT in which Jewish Israelis are subject to one set of laws and Palestinians are subject to another – a racist regime that has been defined as “apartheid” by Amnesty International, Human Rights Watch, Israeli human rights group B’Tselem, and others.²¹ Along these lines, a joint report by 17 leading Israeli NGOs warned that Israel’s policy changes “will expedite the annexation of the West Bank, and will further cement the annexation of East Jerusalem,” and that these steps, “motivated by [the Israeli government’s] stated Jewish supremacy ideology, will also deepen the apartheid regime governing nearly all aspects of oPt Palestinians’ lives.”²²

Israel has incrementally advanced this process of creeping annexation over the subsequent three years, with a major acceleration in the first half of 2026. This latest push has included changes to the West Bank land registry system to make it easier for Jewish Israelis to purchase land, changes to control over archaeological and religious sites, and measures to rapidly expand settlements and dispossess Palestinians.²³ At the same time, Israel’s political leadership has not been secretive about its desire to make annexation official, with the Knesset overwhelmingly adopting a non-binding motion in July 2025 calling for Israel to “apply Israeli sovereignty, law, judgment and administration to all the areas of Jewish settlement of all kinds in Judea, Samaria and the Jordan Valley.”²⁴

For this reason, the director of Israeli human rights group Yesh Din warned in early 2026 that “legally speaking, I don’t know if we can still call it occupation [in the West Bank]. I think we have been shifting to a reality of annexation: It’s hard to determine where exactly the pivotal moment was, but

19 Adalah: The Legal Center for Arab Minority Rights in Israel, [“Position Paper: The Acceleration of the Annexation of the West Bank under the 37th Israeli Government led by Prime Minister Netanyahu,”](#) June 2023; Tamar Megiddo, Ronit Levine-Schnur and Yael Berda, [“Israel is Annexing the West Bank. Don’t be Misled by its Gaslighting,”](#) Just Security, February 9, 2023; ; Michael Sfard, [“Israel is Officially Annexing the West Bank,”](#) Foreign Policy, June 8, 2023; ; Israeli Law Professors’ Forum for Democracy on Twitter (@lawprofsforum), March 6, 2023; ; Haaretz Editorial, [“Israel’s Cabinet Just Advanced Full-fledged Apartheid in the West Bank,”](#); Lily Galili, [“Israel’s West Bank annexation is coming, just not in the way you expected,”](#) Middle East Eye, December 17, 2022.

20 United Nations, [“Israeli occupation of Palestinian territory illegal: UN rights commission,”](#) October 20, 2022; ; Yesh Din, [“The Legal Status of the Israeli Occupation: Legal Opinion,”](#) July 27, 2023; ; United Nations Committee on the Exercise of the Inalienable Rights of the Palestinian People, [“Study on the Legality of the Israeli Occupation of the Occupied Palestinian Territory, Including East Jerusalem,”](#) August 30, 2023.

21 Amnesty International, [“Israel’s Apartheid against Palestinians: Cruel system of domination and crime against humanity,”](#) February 1, 2022; ; Human Rights Watch, [“A Threshold Crossed: Israeli Authorities and the Crimes of Apartheid and persecution,”](#) April 27, 2021; ; and B’Tselem (The Israeli Information Center for Human Rights in the Occupied Territories), [“A regime of Jewish supremacy from the Jordan River to the Mediterranean Sea: This is apartheid,”](#) January 12, 2021. For a longer list of human rights groups and notable individuals who have adopted the terminology of apartheid in recent years, see CJPME, [“Who is talking about Israeli apartheid?”](#).

22 The Platform – Israeli NGOs for Human Rights, [“State of the Occupation: Year 56: A Joint Situation Report,”](#) June 2023. Signatories include the Association for Civil Rights in Israel, Bimkom - Planners for Planning Rights, Breaking the Silence, HaMoked, Center for the Defence of the Individual, Combatants for Peace, Emek Shaveh, Gisha - Legal Center for Freedom of Movement, Human Rights Defenders Fund, Ir Amim, Parents Against Child Detention, Peace Now, Physicians for Human Rights Israel, Rabbis for Human Rights, The Public Committee Against Torture in Israel, Torah of Justice, Yesh Din, and Zazim - Community Action.

23 Peace Now, [“The Cabinet Approves a Series of Decisions to Take Control of Land and Strip Powers from the Palestinian Authority,”](#); Amnesty International, [“Israel/OPT: Global impunity fueling Israel’s unlawful annexation measures in the West Bank,”](#) February 26, 2026; ; United Nations, [“Special Rapporteur condemns Israeli attempts to further annex West Bank,”](#) February 18, 2026; ; Peace Now, [“The Knesset Advances Legislation to Establish a Heritage Authority in the West Bank, Annexing Archaeological Activity to Israel,”](#) May 31, 2026.

24 Times of Israel, [“Knesset votes 71-13 for non-binding motion calling to annex West Bank,”](#) July 23, 2025.



the physical situation on the ground in the West Bank has completely changed in these three years of this government.”²⁵ Similarly, the International Crisis Group argues that “owing to the energies of [Finance Minister Bezael] Smotrich and his settler allies now ensconced in the bureaucracy, the creeping annexation of the West Bank has advanced to the point that declaring Israeli sovereignty over the territory, or at least significant parts of it, would be a matter of form more than substance.”²⁶

Amid this dire background, CIFTA continues to operate as if Palestine were already annexed to Israel, treating both Palestinian goods and Israeli settlements as Israeli. This presents two main practical implications for trade between Canada and businesses in the OPT, explored below.

A. Canada does not report any trade with Palestine

One consequence of Canada treating trade with Palestine as Israeli is that Palestine and Palestinians are erased from Canada’s trade reporting and statistics. For example, there is no code for Palestine in the List of Countries in the Canadian Importers Database, which only includes Israel.²⁷ This is despite the fact that Palestine has an internationally accepted country code which Canada could use if it chose to.²⁸ Palestine is also missing from the List of Countries in Canada’s Trade Data Online, which only notes next to Israel that “trade with Gaza Strip and West Bank [is] reported separately from Israel [only] in isolated instances.”²⁹

In fact, Canada does not report any trade with Palestine or Palestinians. A fact sheet produced by the Canadian government in 2022 reported all trade with the “West Bank and Gaza” as blank, with a note that “If listed as ‘0’ or absent, the figure is unavailable.”³⁰ Conversely, Canada’s fact sheet on Israel featured detailed statistics of Canada-Israel trade, including foreign direct investment and the top categories of goods being imported and exported.³¹

As of July 2026, these country fact sheets have been replaced with a new online dashboard titled “Canada’s international trade and investment country fact sheet,” which maintains the detailed listing for Israel but has removed the listing for “West Bank and Gaza” and does not have one for Palestine.³² Behind the scenes, Canada appears to have added the “State of Palestine” to its database on “international merchandise trade by country” (which is the source of the data cited by its country factsheets), but falsely reports the values of imports and exports with Palestine as “0.0.”³³

25 Interviewed by Dikla Taylor-Sheinman, “[Has Israel crossed the annexation threshold in the West Bank?](#)” +972 Magazine, February 18, 2026.

26 International Crisis Group, “[Sovereignty in All but Name: Israel’s Quickening Annexation of the West Bank](#),” October 9, 2025.

27 Government of Canada, “[List by country - Canadian Importers Database \(CID\)](#),” last updated June 22, 2026.

28 World Customs Organization, “[Palestine becomes the 156th Contracting Party to the Harmonized System Convention](#),” March 10, 2017.

29 Government of Canada, “[List of Countries](#),” Trade Data Online, last accessed July 3, 2026.

30 Government of Canada, “[Canada-West Bank and the Gaza Strip fact sheet](#),” September 2022. This page was removed sometime after September 17, 2022, but it can still be found on the Internet Archive.

31 Government of Canada, “[Canada-Israel fact sheet](#),” May 2023. This page was removed sometime after June 8, 2023, but it can still be found on the Internet Archive.

32 Government of Canada, “[Canada’s international trade and investment country fact sheet](#),” profile for Israel, last updated June 9, 2026.

33 Government of Canada, “[International merchandise trade by country and by product section, customs-based, annual \(x 1,000\)](#),” profiles for Israel and State of Palestine, last accessed July 3, 2026.



The lack of data is not because there is no Canada-Palestine trade. The State of Palestine does report some statistics on trade with Canada, and the implications of that data will be explored below. This asymmetry demonstrates how under CIFTA, trade with Israel is celebrated while trade with Palestinians is erased.

The erasure of Palestine has also affected Canadian consumers: Canada has at times concealed the word ‘Palestine’ on the labels of imported goods, by covering it with a sticker which simply says ‘West Bank.’³⁴ This erases the specifically Palestinian origin of these goods, and is a further indication of the second-class status that Palestinians suffer in Canadian trade policy.³⁵

B. Canada extends trade benefits to illegal Israeli settlements in the OPT

A second consequence of applying CIFTA to the OPT is that it also extends to trade with the illegal Israeli settlements which are located there. From CIFTA’s perspective, trade with settlements is simply considered trade with Israel. This directly contradicts Canada’s official foreign policy, which recognizes that “Israeli settlements in the occupied territories are a violation of the Fourth Geneva Convention.”³⁶

In practice, this means that businesses located in illegal settlements can benefit from CIFTA’s trade privileges. Historically, it has also meant that Canada has labelled products from settlements as “Product of Israel.” CIFTA thereby erases any distinction between Israel and the territories it belligerently occupies and provides an economic incentive for Israel to expand and consolidate its illegal settlement enterprise.

The Canadian government was aware of this problem from CIFTA’s inception. The issue of illegal Israeli settlements was first raised in 1996 when CIFTA was initially debated. At that time, the Parliamentary committee was warned by Michael Lynk, Secretary-Treasurer of the National Council

*“It would be quite **destructive of the peace process** if, as part of the this agreement, there were an unverifiable, unregulated entry into Canada of goods made or produced in a whole or in part on those settlements.”*

– Michael Lynk, National Council on Canada-Arab Relations, 1996

*“By including settlement products in the provisions of the CIFTA, such treatment **de facto legitimizes the settlements**, encourages their economic growth and contributes to their permanence.”*

– Cheryl Hardcastle, NDP MP, 2018

34 Sarah Jabakhanji, [“An act of erasure: LCBO called out for sticker covering the word ‘Palestine’ on wine bottle.”](#) CBC News, April 22, 2022.

35 In practice, these labels have only been applied to Palestinian goods. In theory, however, ‘West Bank’ could just as easily be applied to goods from illegal Israeli settlements as well. This shows how the category of ‘West Bank’ is unsatisfactory for the purposes of labelling, as it does not necessarily distinguish between goods from colonial settlements and indigenous Palestinian businesses in the same territory.

36 Government of Canada, [“Canadian policy on key issues in the Israeli-Palestinian conflict,”](#) last updated October 2, 2025.



on Canada-Arab Relations (NCCAR), that “It would be quite destructive of the peace process if, as part of this agreement, there were an unverifiable, unregulated entry into Canada of goods made or produced in whole or in part on those settlements.”³⁷ This is exactly what has happened since.

Settlements became a major issue of debate once again during the “modernization” of CIFTA in 2018-2019. This modernization followed shortly after the adoption of UN Security Council Resolution 2334 which highlighted the need for states to distinguish in their dealings between Israel and the OPT. This issue was raised by witnesses who told the committee that CIFTA failed to make this distinction by extending trade benefits with Israel to the settlements, thus violating UNSC 2334.³⁸

According to Alex Neve, Secretary General, Amnesty International Canada, “extending the scope of the deal to trade originating in illegal Israeli settlements within the OPT amounts to benefiting from and facilitating violations of both international humanitarian law and international human rights law.”³⁹ Such issues were also raised by Members of Parliament. Don Davies (NDP) said it was “unjustifiable and perplexing” that CIFTA failed to distinguish between Israel and its settlements in the OPT, and said he was “gravely concerned” that it failed to meet the standard of UNSC 2334 and “puts us afoul of international law.”⁴⁰ Cheryl Hardcastle (NDP) similarly argued that “By including settlement products in the provisions of the CIFTA, such treatment de facto legitimizes the settlements, encourages their economic growth and contributes to their permanence.”⁴¹

The illegality of Israel’s Jewish-only settlements is one of the most firmly established issues in modern international law. The United Nations Security Council (UNSC) reaffirmed in December 2016 that the Israeli settlements in the OPT are a flagrant violation of international law (UNSC 2334),⁴² and this position has been echoed by the International Court of Justice, the United Nations General Assembly, the UN High Commissioner for Human Rights, the UN Human Rights Council, the European Union, Amnesty International, the International Committee of the Red Cross, the High Contracting Parties to the Fourth Geneva Convention, the International Commission of Jurists, and Human Rights Watch.⁴³ Critically, under the Rome Statute (1998) of the International Criminal Court, Israeli settlements are considered a presumptive war crime.⁴⁴ The Rome Statute has been enacted in full within Canadian law through the Crimes Against Humanity and War Crimes

37 Michael Lynk, Secretary Treasurer, National Council on Canada-Arab Relations, House of Commons, Standing Committee on Foreign Affairs and International Trade, Meeting No. 49, Tuesday, October 29, 1996.

38 Michael Lynk, Associate Professor, Faculty of Law, Western University, as an individual, Senate of Canada, Evidence, Standing Senate Committee on Foreign Affairs and International Trade, Meeting of May 2, 2019.

39 Alex Neve, Secretary General, Amnesty International Canada, Senate of Canada, Evidence, Standing Senate Committee on Foreign Affairs and International Trade, Meeting of May 2, 2019.

40 Don Davies (NDP MP), House of Commons Debates, October 29, 2018.

41 Cheryl Hardcastle (NDP MP), House of Commons Debates, February 8, 2019.

42 [UNSC Resolution 2334](#) (23 December 2016).

43 Wall Advisory Opinion, (2004), [43 ILM 1009, at para. 120](#), ; A/Res/71/97 (23 December 2016); A/HRC/40/42 (30 January 2019); A/HRC/43.L37 (22 June 2020); Council of the European Union, [“Council conclusions on the Middle East Peace Process”](#), January 28, 2016, ; Amnesty International, [“Israeli Settlements and International Law”](#), January 30, 2019, ; Peter Maurer, “Challenges to International Humanitarian Law: Israel’s Occupation Policy,” (2012), 888 International Review of the Red Cross 94, 1507. [Declaration of Conference of High Contracting Parties to Fourth Geneva](#), ; International Commission of Jurists, [“The Road to Annexation: Israel’s Maneuvers to Change the Status of the Occupied Palestinian Territory”](#), 2019, ; Human Rights Watch, [“Israel and Palestine”](#), 2019 Country Report.

44 [Rome Statute of the International Criminal Court](#) (last amended 2010), 17 July 1998, Article 8(2)(b)(viii).



Act (2000), which means that settlements have the same status as war crimes under domestic Canadian law as under international law.⁴⁵ In other words, Canada is extending trade benefits to settlements while its own legal system considers them to be war crimes.

Canada's extension of trade privileges to illegal Israeli settlements also contradicts United Nations guidelines, which have long discouraged economic activity in the settlements. In 2014, the UN Human Rights Council (HRC) affirmed that the UN's "Guiding Principles on Business and Human Rights" applies to the context of the OPT and Israeli settlements, and that states should discourage business activity that may support the "continuation of an international illegality" or is "complicit in human rights abuses."⁴⁶ In 2023, the UN HRC urged states to "ensure that they are not taking actions that either recognize, aid or assist the expansion of settlements," and to "take appropriate measures to help to ensure that businesses domiciled in their territory and/or under their jurisdiction, including those owned or controlled by them, refrain from committing, contributing to, enabling or benefiting from the human rights abuses of Palestinians."⁴⁷ Most significantly, the ICJ's 2024 Advisory Opinion concluded that states have an obligation "to take steps to prevent trade or investment relations that assist in the maintenance of the illegal situation created by Israel in the Occupied Palestinian Territory."⁴⁸

From a consumer perspective, the labelling of goods from Israel's illegal settlements has also been problematic. To date, products from illegal settlements have been marked as "Product of Israel," without specifying their actual origin. Even worse, the Canadian government has repeatedly intervened to maintain this status quo. When the Canadian Food Inspection Agency (CFIA) decided in 2017 that wines from Israeli settlements could not be labelled "Product of Israel" and ordered them to be removed from store shelves, the federal government intervened, forcing the agency to reverse its position in less than 24 hours.⁴⁹ When a federal court ruled in 2019 that such labels were "false, misleading and deceptive," the government appealed the ruling.⁵⁰ After finally and conclusively determining in 2022 that the labels were "false" and had to be changed,⁵¹ the CFIA in 2023 launched a public consultation into the labelling of goods from "contested territory,"⁵² but there have been no updates in the nearly three years since the consultation process ended.⁵³

45 [Crimes Against Humanity and War Crimes Act](#) (last amended 2019), 29 June 2000, Article 8, (2)(b) (viii).

46 United Nations Office of the High Commissioner for Human Rights, ["Statement on the implications of the Guiding Principles on Business and Human Rights in the context of Israeli settlements in the Occupied Palestinian Territory."](#) June 6, 2014. Since 2020, the UNHRC has maintained a database of businesses involved in Israeli settlement activity which serves as a "tool for constructive engagement to ensure full compliance with obligations and responsibilities under international human rights law" (i.e. by encouraging them to leave). See United Nations Human Rights Council, ["Update of database of business enterprises in relation to Occupied Palestinian Territory."](#) June 30, 2023.

47 United Nations Human Rights Council Resolution A/HRC/52/L.42, ["Israeli settlements in the Occupied Palestinian Territory, including East Jerusalem, and in the occupied Syrian Golan,"](#) March 27, 2023.

48 International Court of Justice, [Legal Consequences arising from the Policies and Practices of Israel in the Occupied Palestinian Territory, including East Jerusalem,](#) Advisory Opinion of July 19, 2024.

49 Jillian Kestler-D'Amours, ["Canada: Court hears lawsuit challenging Israeli settlement wine labels,"](#) Middle East Eye, May 21, 2019.

50 Jillian Kestler-D'Amours, ["Canada appeals court ruling against settlement wines labelled 'Product of Israel',"](#) Middle East Eye, September 9, 2019.

51 Jim Bronskill and Canadian Press, ["Federal food agency ruling says two West Bank wines are not a 'Product of Israel',"](#) CTV News, May 15, 2022.

52 Canadian Food Inspection Agency, ["Canadian Food Inspection Agency launches consultation on origin labelling of imported foods from a contested territory,"](#) July 10, 2023.

53 Anas Ambri, ["Covert influence: Israel hired Toronto firm to fight Canada's labelling of settlement wines,"](#) The Breach, March 12 2026.



Canada does not publicly report how much trade it does with Israeli settlements, and it is unclear whether Canada even tracks this data. Nonetheless, research into the European context suggests that the volume of trade with settlements could be significant. A recent study of Israeli agricultural exports to the EU found that almost 20% of shipments contained goods originating in settlements, demonstrating that the problem of settlement goods is “neither marginal nor exceptional” but constitutes “a substantial and recurring component of agricultural trade from Israel to Europe.”⁵⁴

⁵⁴ Global Echo Litigation Center, [“Importing Occupation: Europe’s Complicity in Palestinian Dispossession through Settlement Agricultural Trade.”](#) June 2026.



Part 2: Palestinians did not meaningfully consent to be incorporated under CIFTA

A. The Palestinians were not a partner to CIFTA and did not give meaningful consent

Since CIFTA's inception, the Palestinians have not been a signatory or partner to the agreement. After the agreement was signed by Canada and Israel, Canadian officials passed the finalized text to the Palestinians explaining how the agreement would be extended to them, and how Palestinians would benefit from it.⁵⁵ In other words, Palestinians were added on later to an agreement that was finalized without them, rather than being involved as participants in the shaping of the deal.

*“The Palestinians position on CIFTA has been stated repeatedly through different Canadian administrations. **We reject its core**, which is based on including Occupied Palestinian Territories as Israeli lands, rebuffing international law when it comes to conducting business with illegal Israeli settlements, and ignoring the main principles of the two-state solution, which Canada itself claims it is an ardent supporter of.”*

– Ministry of Foreign Affairs and Expatriates, State of Palestine, 2022

For this reason, part of the debate over CIFTA in 1996 focused on the question of whether Palestinians had truly given their consent to be covered by it. As Prof. Kubursi of the National Council on Canada-Arab Relations (NCCAR) told MPs, the way that Palestinians were included in discussions about CIFTA was paternalistic:

If [Canada] is indeed intending to bring the Palestinians in, then please bring the Palestinians in. Let them represent themselves and let's not [...] keep the Israelis operating as this paternalistic occupying force that's dictating to the Palestinians. That's the first thing.⁵⁶

The Canadian government insisted that consultation with the Palestinian Authority and Palestinian business leaders was ongoing and that the reception was “quite favourable.”⁵⁷ Although they were unable to produce a document from the Palestinian Authority demonstrating their explicit consent for CIFTA, Ron MacDonald, Parliamentary Secretary on International Trade insisted that “to date,

⁵⁵ Art Eggleton, House of Commons Standing Committee on Foreign Affairs and International Trade, Meeting No. 49, Tuesday, October 29, 1996.

⁵⁶ Professor Kubursi, National Council on Canada-Arab Relations and McMaster University, Standing Committee on Foreign Affairs and International Trade, Meeting No. 49, Tuesday, October 29, 1996.

⁵⁷ Art Eggleton, House of Commons Standing Committee on Foreign Affairs and International Trade, Meeting No. 49, Tuesday, October 29, 1996; Ron MacDonald, Parliamentary Secretary re: Int'l Trade, House of Commons Debate, Tuesday November 5, 1996.



nobody on the Palestinian side has told us this is not a good deal,”⁵⁸ and that “they have not told us no.”⁵⁹ This did not satisfy Opposition MPs, who argued that CIFTA’s implementation should be delayed until consultations with the Palestinians were concluded. As BQ MP Francine Lalonde said, “Some claim that the Palestinians had no problem with this agreement. We have asked for proof of this. Until we are given proof to the contrary, however, we have our doubts.”⁶⁰

When CIFTA was modernized in 2018-2019, the Canadian government once again claimed that Palestinians were content with the arrangement. Jim Carr, Minister of International Trade Diversification, claimed to be “very satisfied” with his visit to Ramallah which included “an excellent day of conversations with business leaders and government representatives.”⁶¹ When he was asked if he had heard any complaints from Palestinians about CIFTA, he responded: “No [...] I heard an awful lot about the Palestinian perspective of the situation, but CIFTA was not raised.”⁶²

This claim – that Palestinians never raised concerns over CIFTA – is directly contradicted by statements from the State of Palestine’s Ministry of Foreign Affairs and Expatriates. A position paper presenting “Palestine’s official position regarding CIFTA,” provided to CJPME in 2022, states that “Palestine has never consented to CIFTA, and has in fact rejected it repeatedly.” Moreover, the document notes that Palestine’s critical objections to CIFTA, especially regarding the inclusion of settlements, have been “officially relayed to several Canadian Foreign Ministers” including then-Minister Mélanie Joly.⁶³ In summarizing:

The Palestinian position on CIFTA has been stated repeatedly through different Canadian administrations. We reject its core, which is based on including Occupied Palestinian Territories as Israeli lands, rebuffing international law when it comes to conducting business with illegal Israeli settlements, and ignoring the main principles of the two-state solution, which Canada itself claims it is an ardent supporter of.⁶⁴

This statement from the State of Palestine rejecting CIFTA should be taken seriously by Canadian officials, as it outlines a clear lack of consent. CIFTA cannot be said to be an ethical or responsible arrangement if its specifics have been imposed upon Palestinians against their will. This amounts

58 “To date nobody on the Palestinian side has told us this is not a good deal, that it should not go forward and that they do not want the benefits of the Canada-Israel free trade deal to be equally applied to goods produced in the Palestinian territories.” Ron MacDonald, Parliamentary Secretary re: Int’l Trade, House of Commons Debate, Tuesday November 5, 1996.

59 “They have not told us no. If the Palestinian authorities had believed that the best policy Canada could pursue for peace in the Middle East was not to have this deal, not to have the economic benefits accrue to Palestinian enterprises as well, they have had plenty of opportunity to tell us but they have not.” Ron MacDonald, Parliamentary Secretary re: Int’l Trade, House of Commons Debate, Tuesday November 5, 1996.

60 Francine Lalonde (BQ MP), House of Commons Debate, Tuesday November 5, 1996.

61 Jim Carr, Minister of International Trade Diversification, House of Commons Standing Committee on International Trade, Thursday, November 29, 2018.

62 Jim Carr, Senate of Canada, Proceedings of the Standing Senate Committee on Foreign Affairs and International Trade, Issue No. 62, Evidence, Meeting of May 1, 2019. In a meeting the following day, witness Michael Lynk expressed skepticism about this claim, saying: “I’m not sure who Minister Carr met, but I’m sure if he had met with some of these Palestinian and Israeli human rights groups, they would have informed him very strongly of their position with respect to the Israeli settlements and their view that there should be an absolute prohibition on trade with them.” Michael Lynk, Associate Professor, Faculty of Law, Western University, as an individual, Senate of Canada, Evidence, Standing Senate Committee on Foreign Affairs and International Trade, Meeting of May 2, 2019.

63 State of Palestine, Ministry of Foreign Affairs and Expatriates, [“Position Paper: Canada-Israel Free Trade Agreement \(CIFTA\).”](#) provided to CJPME in 2022.

64 State of Palestine, Ministry of Foreign Affairs and Expatriates, [“Position Paper: Canada-Israel Free Trade Agreement \(CIFTA\).”](#) provided to CJPME in 2022.



to a breach of the right of Palestine to non-interference, by Canada in collusion with Israel, which according to the Vienna Convention renders CIFTA void and without legal effect (see above).

B. The Paris Protocol does not imply meaningful consent for CIFTA's inclusion of settlements

If Canadian officials have been unable to prove explicit Palestinian consent for CIFTA, they have argued that such consent is implied due to the signing of two trade-related agreements in the 1990s. These two agreements include:

- The Protocol on Economic Relations between the Government of the State of Israel and the P.L.O., representing the Palestinian people, a.k.a. the Paris Protocol⁶⁵ – This is an agreement signed by Israel and the Palestinians in 1994 as part of the Oslo peace process, in which they entered into a temporary customs union to facilitate the movement of goods during the period of transition to an independent Palestinian state.
- The Joint Canadian-Palestinian Framework for Economic Cooperation and Trade Between Canada and the Palestine Liberation Organization on Behalf of the Palestinian Authority⁶⁶ – This is an agreement signed by Canada and the Palestinians in 1999 for the purpose of facilitating market access and economic cooperation.

The Government of Canada website claims that the latter agreement “confirmed PA approval to apply preferential tariffs under CIFTA to goods produced in Palestine.”⁶⁷ Pursuant to that claim, Canadian officials argue that Palestinians have effectively agreed to the principle that CIFTA can rightfully apply to illegal settlements in the occupied territories.⁶⁸

However, the State of Palestine has been explicit about its position that the 1999 Joint Framework should not be understood as consent for CIFTA's inclusion of the settlements. In its position paper from 2022, the State of Palestine rejected Canada's interpretation of the Joint Framework, stating:

In the course of negotiating the 1999 Framework on Economic Cooperation and Trade with the government of Canada, the Palestinian Authority neither consented to nor acknowledged the inclusion of Israeli settlements in the Israeli-Palestinian Customs Union created under the Paris Protocol. Furthermore, it did not acknowledge the

⁶⁵ [“Protocol on Economic Relations between the Government of the State of Israel and the P.L.O., representing the Palestinian people.”](#)

⁶⁶ Government of Canada, [“Joint Canadian-Palestinian Framework for Economic Cooperation and Trade Between Canada and the Palestine Liberation Organization on Behalf of the Palestinian Authority.”](#) last updated October 22, 2013.

⁶⁷ Government of Canada, [“Canada-Palestine relations.”](#) last modified October 2, 2025.

⁶⁸ In response to a question about why settlements are included in CIFTA, Minister Carr explained: “CIFTA defines Israel's territory, for the purposes of this agreement, as the territory where its custom laws are applied, which includes the West Bank and Gaza Strip. That's the reason. As part of the Oslo peace process in 1994, a customs arrangement was established between Israel and the Palestinian National Authority regarding goods going into and out of the West Bank and the Gaza Strip. Canada and the Palestinian National Authority, through the Joint Canadian-Palestinian Framework for Economic Cooperation and Trade between Canada and the Palestinian Liberation Organization, referred to the customs arrangement between Israel and the Palestinian National Authority and recognize CIFTA's application to goods originating from or destined to the West Bank and the Gaza Strip. Mr. Carr, Senate of Canada, Proceedings of the Standing Senate Committee on Foreign Affairs and International Trade, Issue No. 62, Evidence, Meeting of May 1, 2019.



subsequent inclusion of settlements in the definition of Israeli territory for the purposes of the Canada-Israel Free Trade Agreement.⁶⁹

The State of Palestine insists that “the PA/PLO would never have agreed” to the inclusion of Israel’s settlements in the customs union.⁷⁰ This is consistent with the analysis of Michael Lynk, Associate Professor of Law at Western University and former United Nations Special Rapporteur on the situation of human rights in the Palestinian Territory occupied since 1967. Lynk told a Senate Committee in 2019 that Canada’s interpretation of the customs union is “mistaken”:

There is no [...] basis in the customs union of the Paris Protocol to say that the benefits of the customs union were meant to extend to Israeli settlements or to allow Israel to expand the definition of its borders or the scope of its sovereignty to include settlements in any free trade agreement.⁷¹

As Lynk has pointed out, the sole reference to “settlements” in the text of the protocol relates to the collection of taxes from Palestinians working in Israeli settlements,⁷² not to the application of the customs union there. Canada’s policy does not reflect Israel’s actual customs agreement with the Palestinians, but rather Israel’s own self-serving interpretation of it – even though it violates Canada’s own foreign policy positions and international law.

Finally, it must be noted that the decision of Palestinians to enter into a customs union in 1994 – still in effect nearly 25 years after its intended expiry date – does not signify meaningful consent. Under occupation, but with the hope of achieving independence within only five years, Palestinians were not in a position to refuse this agreement, which was not necessarily favourable or fair. The arrangement left the Palestinians without any meaningful control over their economy, giving Israel control over economic decisions regarding tariffs, taxes, exports and imports, and monetary policy. Israel has also retained the power to arbitrarily withhold tax revenues, close borders to the movement of goods, and prevent Palestinian workers from entering Israel. As the United Nations Economic and Social Commission for Western Asia observes, the Paris Protocol “formalized the acutely asymmetric relationship between the Palestinian and Israeli economies” and has been “exceedingly damaging to the Palestinian economy.”⁷³ According to Israeli NGO B’Tselem:

The Palestinian Authority had no choice but to accept the model set forth in the Protocol, because Israel made acceptance a condition for Israel's continuing to allow Palestinians to work in Israel. Israel imposed the condition at a time that the

69 State of Palestine, Ministry of Foreign Affairs and Expatriates, [“Position Paper: Canada-Israel Free Trade Agreement \(CIFTA\).”](#) provided to CJPME in 2022.

70 State of Palestine, Ministry of Foreign Affairs and Expatriates, [“Position Paper: Canada-Israel Free Trade Agreement \(CIFTA\).”](#) provided to CJPME in 2022.

71 As noted by Lynk, the text of the Paris Protocol has only one mention of “settlements,” which is related to the collection of taxes from Palestinian workers in settlements. Michael Lynk, Associate Professor, Faculty of Law, Western University, as an individual, Senate of Canada, Evidence, Standing Senate Committee on Foreign Affairs and International Trade, Meeting of May 2, 2019.

72 Michael Lynk, Associate Professor, Faculty of Law, Western University, as an individual, Senate of Canada, Evidence, Standing Senate Committee on Foreign Affairs and International Trade, Meeting of May 2, 2019; [“Protocol on Economic Relations between the Government of the State of Israel and the P.L.O., representing the Palestinian people.”](#)

73 United Nations Economic and Social Commission for Western Asia, [“Countering economic dependence and de-development in the occupied Palestinian territory.”](#) October 2022.



Palestinian Authority was unable to provide employment within the autonomous areas to the tens of thousands of Palestinians working in Israel. [...] The relations established in the Paris Protocol emphasized the disparity in power that had existed between the two sides from the start.⁷⁴

The profound imbalance of power meant that Palestinians, as a people subject to occupation and dispossession, could not meaningfully consent to the model forced upon them. As such, the current economic arrangement amounts to a violation of the right of the Palestinian people to self-determination – including sovereignty over their economy and natural resources – which the ICJ has affirmed to be inalienable⁷⁵ When Canada appeals to the Paris Protocol to justify extending free trade benefits to illegal Israeli settlements, it only reinforces and exploits this disparity to its own purposes.

C. Palestinian civil society rejects free trade agreements with Israel

If CIFTA is rejected by the State of Palestine, neither can it be said to have popular Palestinian support or consent. Palestinian civil society is overwhelmingly opposed to free trade agreements with Israel. In 2005, more than 170 Palestinian civil society organizations issued a call for the international community to adopt boycotts, divestment, and sanctions against Israel until it respects human rights and international law.⁷⁶

“We, the undersigned Palestinian trade union bodies and professional syndicates, urge all trade unions, and professional syndicates worldwide to [...]”

- ***Suspend free trade agreements with Israel.***
- *Prohibit trade with the illegal Israeli settlements and terminate corporate business with Israel's illegal settlement enterprise.*

– Palestinian Trade Unions' Anti-Apartheid Call, 2023

In 2023, Palestinian trade union bodies and professional syndicates issued a statement explicitly urging the international community to “suspend free trade agreements with Israel.” Signatories included the General Union of Palestinian Workers (GUPW), Palestinian Union of Postal, IT & Telecommunications Workers, Palestinian General Federation of Trade Unions (PGFTU Jericho), Palestinian General Federation of Trade Unions (PGFTU Gaza), Federation of Independent Trade Unions, General Union of Palestinian Teachers (GUPT), The Palestinian New Federation of Trade Unions, Union of Palestinian Farmers, General Union of Palestinian Peasants, Agricultural Cooperatives Union, Palestinian Engineers Association, Palestinian Bar Association, Palestinian Agriculture Engineers Syndicate, Palestinian Veterinarians Syndicate, Palestinian Dental Association, and the Palestinian Medical Association.⁷⁷

⁷⁴ B'Tselem, [“The Paris Protocol,”](#) last updated September 19, 2012.

⁷⁵ International Court of Justice, [Legal Consequences arising from the Policies and Practices of Israel in the Occupied Palestinian Territory, including East Jerusalem](#), July 19, 2024.

⁷⁶ BDS Movement, [“Palestinian Civil Society Call for BDS,”](#) July 9, 2005.

⁷⁷ BDS Movement, [“Palestinian Trade Unions' Anti-Apartheid Call,”](#) April 10, 2023.



Following the ICJ Advisory Opinion in 2024, a network of Palestinian civil society actors, including major Palestinian human rights organizations, issued a joint statement urging all states to comply with its findings, including through the “suspension of trade or other cooperation agreement[s] with Israel, until it ends its unlawful presence in the OPT, as well as its settlement enterprise, annexation, persecution, racial segregation and apartheid against the Palestinian people.”⁷⁸ The organizations also called for “legislation preventing businesses domiciled within [jurisdictions including Canada] from directly or indirectly operating, trading, or investing in Israel’s illegal settlement enterprise or contributing to their maintenance and/or expansion.”⁷⁹

This shows that there is significant opposition across Palestinian civil society towards CIFTA, and a desire for states like Canada to put economic pressure on Israel by ending their bilateral trade agreements. This demand is coming from significant economic sectors in Palestine, including labour bodies representing both trade unions and professionals. Working Palestinians want Canada to cancel CIFTA even if this has negative implications for existing Canada-Palestine trade. In any case, the next section will demonstrate that any economic benefits that Palestinians receive from CIFTA are nominal at best.

78 Al Haq, [“Sanctions Now! Palestinian Civil Society Demands Immediate International Compliance with the ICJ Findings on Israel’s Unlawful Occupation,”](#) September 3, 2024.

79 Al Haq, [“Sanctions Now! Palestinian Civil Society Demands Immediate International Compliance with the ICJ Findings on Israel’s Unlawful Occupation,”](#) September 3, 2024.

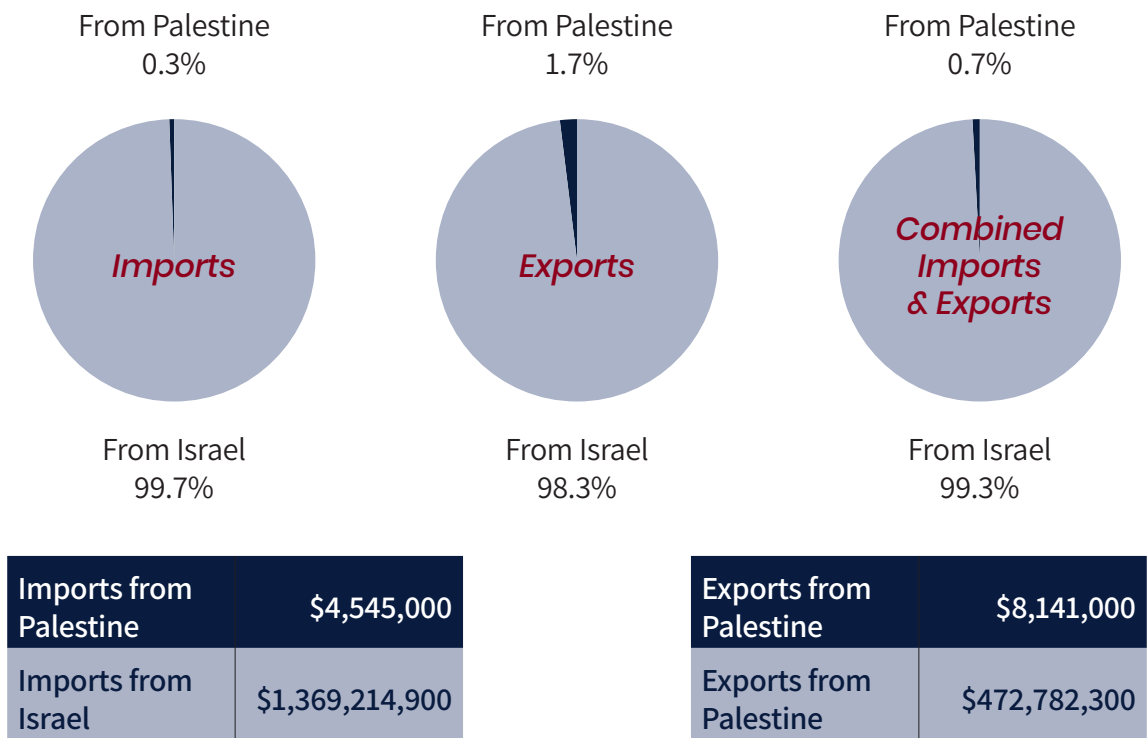


Part 3: CIFTA does not benefit Palestinians as promised

A. Looking at the numbers: Palestine makes up less than 1% of trade with Canada under CIFTA

The inclusion of Palestinians under CIFTA has always been promoted as something that will provide material benefits to the Palestinian people. As initially pitched by Art Eggleton, Minister for International Trade in 1996: “The sooner we put that into effect for them, the sooner job opportunities will help flow through and improve their economy. That kind of economic development is needed to help bring about stability in the area.”⁸⁰

Canada's Trade with Israel vs. Palestine, 2024 (Estimated)



Sources: Palestine-Canada trade as reported by the State of Palestine; Israel-Canada trade as reported by the Government of Canada.

It is plausible that a small number of Palestinian businesses may have been able to take advantage

80 Art Eggleton, House of Commons Debate, Wednesday October 9, 1996.



of CIFTA's trade privileges. Even the State of Palestine admits that being part of CIFTA allows "Palestinian entities to collect some customs exemptions on some goods."⁸¹ However, it is very difficult to determine the extent to which Palestinians have benefitted from CIFTA in practice, given the absence of any official statistics. During the modernization of CIFTA in 2018, the government was asked if it is "possible for Canada to assess how Palestinians have tangibly benefited from the original agreement?" In response, Global Affairs Canada asserted that the Canada-Palestinian trade relationship had indeed "benefited from CIFTA" but declined to present any data that would demonstrate such a benefit.⁸²

To circumvent the issue of Canada's missing statistics on trade with Palestine, we analyzed the trade figures reported by the State of Palestine (which are available on international trade databases). These figures should be taken with some caution, as the State of Palestine claims that "there are no accurate statistics" on Canada-Palestine trade, which it blames on "the fact that Canada does not follow any official channels in its businesses in Palestine, neither is it bound by particular agreements with the Palestinian government."⁸³ The available data also does not include other forms of trade including direct investment. Nonetheless, by taking together the figures reported by the State of Palestine (re: trade with Canada)⁸⁴ with figures reported by Canada (re: trade with Israel),⁸⁵ we can do a rough comparison of the relative volumes of merchandise trade with each:⁸⁶

1. In 2024, Canada imported \$4,545,000 from Palestine compared to \$1,369,214,900 from Israel. As such, imports from Palestine represented only 0.3% of CIFTA's total.
2. In 2024, Canada exported \$8,141,000 to Palestine compared to \$472,782,300 to Israel. As such, exports to Palestine represented only 1.7% of the total. (Note that Canada's exports to Israel jumped up to \$746,789,800 in 2025, although figures for Palestine are not yet available).

81 State of Palestine, Ministry of Foreign Affairs and Expatriates, "[Position Paper: Canada-Israel Free Trade Agreement \(CIFTA\)](#)," provided to CJPME in 2022, emphasis in original.

82 As explained by Troy Lulashnyk of Global Affairs Canada: "We continue to have trade with the Palestinians. They have their trade statistics on how much that is, and we have ours. The numbers are fairly different in terms of how you evaluate it, but we do assess each year and continue to try to grow that relationship. There are some statistics that we use, and we are able to say that we have this trade relationship that has benefited from CIFTA, from the signature to where we are today. As this relationship develops and as CIFTA is implemented, we'll be in a position to show the [data], or how the modernized CIFTA has enhanced or accelerated trade with the Palestinians." Mr. Lulashnyk, Senate of Canada, Proceedings of the Standing Senate Committee on Foreign Affairs and International Trade, Issue No. 61, Evidence, Meeting of April 10, 2019.

83 State of Palestine, Ministry of Foreign Affairs and Expatriates, "[Position Paper: Canada-Israel Free Trade Agreement \(CIFTA\)](#)," provided to CJPME in 2022.

84 Trade Map (International Trade Centre), "Bilateral trade between Palestine, State of and Canada," accessed July 2023 and July 2026. [Imports](#) (from Canada), [Exports](#) (to Canada).

85 Government of Canada, "[Canada's international trade and investment country fact sheet](#)," profile for Israel, last updated June 9, 2026. Government of Canada, "[international merchandise trade by country and by product section, customs-based, annual \(x 1,000\)](#)," profile for Israel, last accessed July 3, 2026.

86 Note: This comparison only allows us to provide an estimate. Given the opaqueness of Canada's reporting practices, this approach is potentially flawed. One limitation of this comparison is that Canada's reported statistics for trade with Israel may include trade with Palestine, or alternatively, Canada might keep the whole or part of those values separate and unreported. Therefore, this estimate may 'count' the values for trade with Palestine twice. An alternative methodology would be to subtract the values reported by Palestine from Canada's reported trade with Israel, and then compare those two numbers, but this would assume that the values of Palestine are fully reported as trade with Israel. In the course of preparing this report, CJPME has approached the Canadian government for clarity on its reporting measures but has not received a response, despite reaching out to diplomats, trade commissioners, Global Affairs Canada, and staff in the office of the Trade Minister. Ultimately, however, the figures of Canada-Palestine trade are so low that it does not make any meaningful difference for understanding the overall asymmetry of Canada-Palestine vs. Canada-Israel trade.



3. Combining exports and imports for 2024, Canada's total trade with Palestine amounts to approximately 0.7% of the total merchandise traded under CIFTA.

Plainly, Israelis and Palestinians do not come close to benefitting equally under CIFTA. On the contrary, Canada imports 301 times more from Israel than it does from Palestine, and exports 58 times more to Israel than it does to Palestine. For reference, as of 2023 there were over 9 million people reportedly living in Israel (this figure includes about 2 million Palestinians with Israeli citizenship, as well as 700,000 Jewish settlers living in the OPT),⁸⁷ while there were over 5 million Palestinians living under military occupation in the OPT (the West Bank, East Jerusalem, and Gaza).⁸⁸ If the benefits of CIFTA were enjoyed proportionately to the relative size of the populations, you would expect to see trade with Palestinians in the OPT account for more than a third of the total merchandise trade under CIFTA. Instead, this segment of trade amounts to approximately 0.68%.

The asymmetry between Canada's trade with Israel and Palestine is not only quantifiable but also symbolic. Despite the government's insistence that they always intended for Palestinians to benefit from CIFTA, there is no mention of Palestine or Palestinians in the text of CIFTA itself, nor in the extensive promotional materials about CIFTA on the Government of Canada website.⁸⁹ Their absence underlines the fact that Palestinians are not a priority in the agreement, nor are they partners or true participants.

B. Doing more harm than good: Incentivizing occupation and settlements

Ultimately, even if there were greater economic benefits for Palestinians under CIFTA than there currently are, this would not outweigh its economic and political costs. By incentivizing the status quo of military occupation and settlement expansion, CIFTA entrenches the very structures that are most responsible for harming the Palestinian economy.

The biggest obstacle to economic development in Palestine is undeniably the Israeli occupation.⁹⁰ The United Nations Conference on Trade and Development (UNCTD) has concluded that the cumulative economic toll of certain Israeli restrictions on Area C of the occupied West Bank amounted to a staggering \$50 billion in GDP loss during the period 2000-2020.⁹¹ The economic cost of Israel's occupation, blockade and closure of Gaza between 2007-2018 was estimated at \$16.7 billion.⁹² Devastatingly, Israel's genocide and military attacks across Palestine since 2023 have "triggered an unprecedented socioeconomic collapse," warns the UNCTD, with the OPT's GDP

87 Times of Israel, ["Israel's population nears 10 million, a 12-fold increase since state's 1948 founding."](#) April 24, 2023.

88 Human Rights Watch, ["A Threshold Crossed: Israeli Authorities and the Crimes of Apartheid and Persecution."](#) April 27, 2021.

89 Government of Canada, ["Canada-Israel Free Trade Agreement,"](#) last modified February 2, 2026.

90 United Nations Economic and Social Commission for Western Asia, ["Countering economic dependence and de-development in the occupied Palestinian territory."](#) October 2022.

91 United Nations Conference on Trade and Development (UNCTD), ["Economic costs of the Israeli occupation for the Palestinian people: the toll of the additional restrictions in Area C, 2000–2020."](#) November 22, 2022.

92 United Nations Conference on Trade and Development (UNCTD), ["The Economic Costs of the Israeli Occupation for the Palestinian People: Impoverishment of Gaza under Blockade."](#) December 15, 2020.



falling to 70% of its pre-2022 level and “erasing 22 years of economic progress in 15 months.”⁹³ Gaza has faced the brunt of this disaster, with its GDP falling to a mere 11% of its 2022 level, which could take decades to return to the status quo.⁹⁴ The effects of Israeli restrictions and economic control in the OPT are often referred to by UN bodies as “de-development” and “economic evisceration,” destroying the local capacity for economic growth and making Palestine dependent on foreign aid.⁹⁵

It is also worth noting that Israel’s illegal settlement population has expanded alongside Canada-Israel trade at an equivalent pace. Canada boasts that Canada-Israel merchandise trade has “more than tripled” since CIFTA came into force in 1997, from \$507 million in 1996 to \$1.8 billion in 2021.⁹⁶ In that same time period, the Israeli settler population living illegally in the occupied West Bank (excluding East Jerusalem) has more than tripled as well, skyrocketing from 146,900 in 1996 to 465,400 in 2021.⁹⁷ This correlation suggests that Canadian businesses may be using CIFTA to profit from settlement expansion, and may even be facilitating the latter’s growth.

As Michael Lynk warned a Senate committee in 2019, “whatever benefit” that Palestinians may receive from its agreements with Canada is “more than negated by the fact that we trade and allow the benefits of our free trade agreement to go to the Israeli settlements, which are exceptionally detrimental to the Palestinian economy.”⁹⁸

CIFTA is unfortunately part of the problem. It contributes to economic processes of occupation that are used to consolidate Israel’s unlawful control over the OPT, the underdevelopment of Palestine’s economy and the exploitation of its natural resources, and the denial of Palestinian self-determination. If Canada is interested in advancing policies that would tangibly benefit the Palestinian economy, it will need to adopt a completely new approach.

93 United Nations Conference on Trade and Development (UNCTD), [“The cumulative economic cost of occupation for the Palestinian people \(2000–2024\) and the long road to recovery.”](#) February 17, 2026.

94 United Nations Conference on Trade and Development (UNCTD), [“The cumulative economic cost of occupation for the Palestinian people \(2000–2024\) and the long road to recovery.”](#) February 17, 2026.

95 United Nations Economic and Social Commission for Western Asia, [“Countering economic dependence and de-development in the occupied Palestinian territory.”](#) October 2022.

96 Government of Canada, [“Canada-Israel Free Trade Agreement.”](#) last modified February 2, 2026, Government of Canada, [“Canada-Israel Free Trade Agreement Modernization Negotiations: Final Environmental Assessment Report – January 2016.”](#) last modified March 31, 2017.

97 Peace Now, [“Population.”](#) accessed July 11, 2023.

98 Michael Lynk, Associate Professor, Faculty of Law, Western University, as an individual, Senate of Canada, Evidence, Standing Senate Committee on Foreign Affairs and International Trade, Meeting of May 2, 2019.



Part 4: The Policy Landscape

A. Previous attempts to challenge or modify CIFTA

There have been many proposals over the years to amend CIFTA in a way that would attempt to align Canadian trade policy with its foreign policy and international law. Some of these proposals have included:

- Excluding settlements from free trade benefits;
- Labelling goods originating in illegal settlements;
- Excluding the OPT from CIFTA's jurisdiction; and/or
- Banning trade with settlements altogether.

*“The purpose of this bill is to amend the Canada-Israel Free Trade Agreement Implementation Act **so as to exclude products** which are classified by the Israelis as Israeli in origin but which in fact **originate from Israeli settlements** in the territories occupied since 1967 in the West Bank, the Gaza Strip, East Jerusalem and the Golan Heights.”*

– BQ MP Pierre Paquette introducing Bill C-439, April 10, 2002

During the initial debate over CIFTA in 1996, the NCCAR proposed to a parliamentary committee that CIFTA should include an “explicit provision that forbids the import into Canada of any goods made or produced on Israeli settlements in any of the territories occupied by Israel, together with an effective means for verifying compliance with this provision.”⁹⁹ After listening to witness testimonies, the BQ proposed to “defer the implementation” of CIFTA until the peace process was “well underway” and until the negotiations “on the future of the occupied Palestinians territories” were “completed.”¹⁰⁰ These proposals were defeated.

Between 2002 and 2005, BQ MP Pierre Paquette made three successive attempts to introduce a private member's bill that would make goods from illegal settlements ineligible for CIFTA benefits. As he explained to Parliament, the purpose of the bill was to amend CIFTA “so as to exclude products which are classified by the Israelis as Israeli in origin but which in fact originate from Israeli settlements in the territories occupied since 1967 in the West Bank, the Gaza Strip, East Jerusalem and the Golan Heights.”¹⁰¹ Paquette's “An Act to amend the Canada-Israel Free Trade

⁹⁹ Recommendation from NCCAR as read by Mr. Flis, Standing Committee on Foreign Affairs and International Trade, Meeting No. 49, Tuesday, October 29, 1996.

¹⁰⁰ Benoît Sauvageau (BQ MP), House of Commons Debate, Tuesday November 5, 1996.

¹⁰¹ Mr. Pierre Paquette (BQ MP), House of Commons debates, April 10, 2002, 37th Parliament, 1st session.



Agreement Implementation Act” was introduced as Bill C-439¹⁰² and Bill C-308¹⁰³ in 2002, and as Bill C-326¹⁰⁴ in 2005. In 2005, CJPME brought delegates to Parliament Hill to talk to MPs about Bill C-326,¹⁰⁵ but an election was called before Bill C-326 went to Committee. Unfortunately, none of Paquette’s proposed bills ever made it further than the first reading stage, which meant that they were never debated and the Canadian government did not have to respond to them. In its 2006 federal elections platform, the BQ pledged to reintroduce this initiative once again.¹⁰⁶

In 2018, during debates over the modernization of CIFTA, the NDP moved an amendment to force products from illegal settlements to be properly labelled as such,¹⁰⁷ and the BQ moved to exclude the OPT from CIFTA altogether.¹⁰⁸ Both were ruled out of order for supposedly being outside of the “scope” of the bill, sending a message that any meaningful modification of CIFTA’s relationship to the OPT would be impossible through legislative means.¹⁰⁹ Meanwhile, witnesses to the Senate similarly urged CIFTA to exclude the OPT,¹¹⁰ as did civil society groups in a joint letter to the Senate.¹¹¹ Significantly, Amnesty International urged a ban on imports from settlements and for CIFTA to be amended “such that it does not apply to any goods or services that are produced, in whole or in part, in the unlawful Israeli settlements, industrial parks, farms or other enterprises located in the OPT.”¹¹² These proposals were not adopted, with no explanation provided.¹¹³

102 Bill C-439, [“An Act to amend the Canada-Israel Free Trade Agreement Implementation Act,”](#) 37th Parliament, 1st session, Introduction and first reading on Wednesday, April 10, 2002,.

103 Bill C-308, [“An Act to amend the Canada-Israel Free Trade Agreement Implementation Act,”](#) 37th Parliament, 2nd session, Introduction and first reading on Wednesday, November 20, 2002.

104 Bill C-326, [“An Act to amend the Canada-Israel Free Trade Agreement Implementation Act,”](#) 38th Parliament, 1st session, Introduction and first reading on Wednesday, February 9, 2005.

105 CJPME, [“Position Paper: Canadian Foreign Policy, Israeli Colonies, and CIFTA,”](#) August 2005.

106 Bloc Québécois, [Plateforme électorale](#), campagne 2005-2006.

107 Tracey Ramsey (NDP MP) proposed an amendment that: [“In the interests of transparency, product labelling must accurately reflect the precise place of origin of any product that originates in an area that is occupied by the State of Israel but that is outside the territory of the State of Israel as it existed on June 4, 1967. In particular, labelling must indicate whether the product was made in an illegal settlement, and whether it was made in the West Bank, East Jerusalem, Golan Heights or Gaza.”](#) House of Commons Standing Committee on International Trade, Thursday, November 29, 2018.

108 Gabriel Ste-Marie (BQ MP) proposed an amendment that: [“For greater certainty, despite paragraph \(b\) of the definition territory in Article 1.7 of the Agreement, this Act and the Agreement apply to the territory of the State of Israel except for any territory administered by that State since June 4, 1967.”](#) House of Commons Standing Committee on International Trade, Thursday, November 29, 2018.

109 The Chair of the international trade committee Mark Eyking ruled that Ramsey’s proposed amendment was “inadmissible” for being [“beyond the scope of the bill, since it addresses details of regulations related to labelling of goods not envisioned in the bill.”](#) He similarly ruled Ste-Marie’s amendment inadmissible for being [“beyond the scope of the bill, since it aims to determine how the definition of ‘territories’ is understood in the treaty and in the bill.”](#) House of Commons Standing Committee on International Trade, Thursday, November 29, 2018.

110 Michael Lynk, Associate Professor, Faculty of Law, Western University, as an individual, Senate of Canada, Evidence, Standing Senate Committee on Foreign Affairs and International Trade, Meeting of May 2, 2019.

111 Joint letter to the Senate, [“Re: Canada Israel Free Trade Agreement – Bill C-85 Implementation Act,”](#) March 27, 2019.

112 Alex Neve, Secretary General, Amnesty International Canada, Senate of Canada, Evidence, Standing Senate Committee on Foreign Affairs and International Trade, Meeting of May 2, 2019.

113 For example, when asked about UNSC 2334 and whether CIFTA should distinguish between Israel and the OPT, Minister Carr responded that [“on the issue of territoriality, no amendments were made to CIFTA’s original definition of Israel’s territory. The territorial scope of application of the modernized CIFTA will continue to be the territory where Israel’s customs laws apply. As such, qualifying trade with Canada from the West Bank and Gaza Strip can also benefit from preferred access.”](#) House of Commons Debates, October 29, 2018.



In subsequent years, many organizations have come to the conclusion that only addressing trade with settlements would not be enough, and that CIFTA should be dropped altogether as a way to “exert pressure on the Israeli government to change course.”¹¹⁴ This position has been reinforced by the ICJ Advisory Opinion in 2024, which clarified how agreements like CIFTA are violating international law by facilitating Israel’s continued illegal presence in the OPT, and pointed to the need for significant policy change.¹¹⁵ The cancellation or suspension of CIFTA has also become more prominent as a demand in response to Israel’s settlement expansion in the West Bank and the genocide in Gaza, as a measure that Canada must take to curb Israel’s violations of international law. This argument has been advanced by organizations including Oxfam Canada¹¹⁶ and political parties including the NDP.¹¹⁷

On June 17, 2026, a group of humanitarian and human rights organizations led by Human Rights Watch Canada issued a letter to Foreign Minister Anita Anand arguing that CIFTA is in “blatant violation” of Canada’s obligations under international law and calling for a ban on “all imports and exports of goods and services from and to Israel’s illegal settlements as well as investments therein.”¹¹⁸

Finally, a national survey conducted by Nanos Research on behalf of CJPME in May-June 2026 revealed that a majority of Canadians support reforming Canada’s trade policy with Israel: 26% of Canadians said that CIFTA should be cancelled outright, while another 28% said it should be reformed to “ensure that it does not apply to goods produced in Israeli settlements.” Only 26% of Canadians said the agreement should be maintained “as is” and the remaining 20% expressed uncertainty on the matter. Canadians were also two times more likely to believe it is unacceptable to some extent to allow products from Israeli settlements to receive tariff-free access to Canada.¹¹⁹

The survey also found that two-in-five Canadians (41%) believe that Canada should do more to “sanction Israeli settlements in Palestine.” This answer received a plurality of the respondents. When asked if they believe human rights should be important when Canada considers starting or maintaining a trade relationship with another country, a considerable 86% of Canadians said it should be at least somewhat important.¹²⁰

Together, these results indicate that Canadians want sanctions against settlements and do not support the status quo of CIFTA, with a quarter of the public preferring its outright cancellation. This demonstrates that the Canadian government has significant political room to take the necessary

114 Stefan Christoff and Stuart Trew, [“Canada must cancel its free trade deal with Israel.”](#) The Monitor (Canadian Centre for Policy Alternatives), March 22, 2023, Montreal Artists and Academics, [“Artists and Academics in Montréal Oppose Canada-Israel Free Trade Agreement in Stand for Palestinian Rights.”](#) January 8, 2021.

115 Michael Bueckert, [“World Court decision on Israel’s occupation takes aim at Canadian trade policy.”](#) Canadian Centre for Policy Alternatives, August 27, 2024.

116 Oxfam Canada, [“Not in My Name \(Petition\).”](#)

117 Heather McPherson, [Hansard](#), House of Commons, June 10, 2025.

118 Human Rights Watch, [“Joint Letter to Minister Anand and Minister Sidhu on Banning Canadian Trade with Israel’s Illegal Settlements.”](#) June 17, 2026.

119 Nanos Research, [“Two in five Canadians think Canada isn’t doing enough to sanction Israeli settlements in Palestine.”](#) National Survey conducted by Nanos for Canadians for Justice and Peace in the Middle East (CJPME), May 31 to June 2, 2026.

120 Nanos Research, [“Two in five Canadians think Canada isn’t doing enough to sanction Israeli settlements in Palestine.”](#) National Survey conducted by Nanos for Canadians for Justice and Peace in the Middle East (CJPME), May 31 to June 2, 2026.



steps to align Canadian policy with international law, including cancelling CIFTA and imposing meaningful sanctions on its illegal settlement enterprise. When also taking into account the movement in Europe towards trade restrictions on settlements (see below), it is clear that there is a significant political opportunity for meaningful change, and it is up to the Canadian government to take advantage of it.

B. Lessons from Europe

Europe is grappling with many of these same issues, and its contemporary debates over trade with Israeli settlements are very relevant for Canadian lawmakers. In fact, the European Union and many of its member states have already implemented some of the narrower measures against trade with Israeli settlements, including differentiation and labelling. There is a realization that these limited measures have failed to address the problem, with momentum building among states for stronger action.

The EU-Israel Association Agreement, while not without limitation, is a superior framework to CIFTA in some important ways, as it clearly differentiates between Israel and the OPT, and does not apply to the latter. Unlike Canada, the EU actually denies preferential treatment to goods originating from illegal settlements. This denial is implemented via a ‘technical arrangement’ by which goods must receive a certificate of origin based on their postal code. This allows EU customs agents to distinguish between goods originating from Israel vis-à-vis the settlements and impose tariffs on the latter.¹²¹

This structure is replicated by EU Member states, as well as the UK-Israel Trade Agreement (which was previously under the EU).¹²² The UK also tries to discourage trade with settlements by “strongly” advising businesses “against conducting any economic and financial activities in illegal Israeli settlements,”¹²³ and by issuing a notice to importers “concerning imports from Israeli settlements into the United Kingdom, including a list of non-eligible locations.”¹²⁴ Since 2009, the UK has issued guidance to supermarkets on how to properly label food from illegal settlements.¹²⁵

These are relatively progressive measures by European countries aimed at discouraging trade with settlements, going much further than Canada’s entirely hands-off approach. Unfortunately, these measures have failed to solve the problem. Israeli companies use a variety of methods along the supply chain to obfuscate the origin of their products, allowing them to fraudulently gain tariff-free access, according to an investigation by Global Echo.¹²⁶ These practices include falsely asserting that a location is in Israel (“hiding in plain sight”), providing a “sham address” that is not the genuine origin, and “commingling” with goods from Israel. Global Echo found that this repeated

121 European Commission, [“Israel.”](#) last accessed July 8, 2026.

122 United Kingdom Foreign & Commonwealth Office, [“UK/Israel: Trade and Partnership Agreement \[CS Israel No.1/2019\].”](#)

123 United Kingdom Foreign, Commonwealth & Development Office, [“Guidance: Overseas business risk: Israel.”](#) last updated June 9, 2026.

124 United Kingdom Foreign, Commonwealth & Development Office, [“Guidance: Overseas business risk: Israel.”](#) last updated June 9, 2026.

125 Business and Human Rights Centre, [“UK issues new guidance on labelling of food from illegal West Bank settlements.”](#) December 10, 2009.

126 Global Echo Litigation Center, [“Importing Occupation: Europe’s Complicity in Palestinian Dispossession through Settlement Agricultural Trade.”](#) June 2026.



misrepresentation of origin is “evidence of more than occasional lapses in compliance, instead suggesting a sustained pattern of circumvention enabled by the very frameworks purporting to prevent it.” Overall, Global Echo determined that nearly 20% of the 5,900 agricultural shipments to the EU tracked by investigators contained settlement goods.¹²⁷

This policy failure has led to growing pressure on the European Union to implement a ban on trade with Israeli settlements,¹²⁸ with countries including France, Sweden, Spain, Belgium, Ireland, and Denmark calling for EU-wide action to ban settlement imports.¹²⁹ In July 2026, the EU executive put forward several policy options for discussion among Member States which included a full ban on imports of settlements goods,¹³⁰ which is the option that has received the “most support.”¹³¹ It is unclear, however, if the EU will ultimately take steps to restrict trade. In the absence of timely progress from the EU, a growing number of EU Member States have adopted, or indicated their intention to adopt, country-specific prohibitions:

- Spain was the first European country to implement a ban on trade with Israeli settlements, which was announced in late 2025. Postal codes are used to identify settlements from which the importation of goods is prohibited.¹³² The ban also applies to advertising the sale of both goods and services from settlements.¹³³
- Ireland passed a bill in July 2026 to ban imports from settlements, although it has declined to extend the ban to trade in services.¹³⁴
- Belgium’s federal government adopted in July 2026 a ban on imports of goods from Israeli settlements.¹³⁵
- The Netherlands announced that starting in September 2026 it will implement a ban on the “import, purchase, and sale of goods” from Israeli settlements, and this will also include a ban on the provision of “brokering services that facilitate trade” with the settlements.¹³⁶
- Slovenia promised a ban on imports of settlement goods in 2025, but this policy was overturned by the incoming right-wing government in June 2026.¹³⁷

127 Global Echo Litigation Center, [“Importing Occupation: Europe’s Complicity in Palestinian Dispossession through Settlement Agricultural Trade.”](#) June 2026.

128 Human Rights Watch, [“Letter to the College of Commissioners on the Need to Ban EU Trade with Settlements under Article 207 TFEU.”](#) June 22, 2026, Hugh Lovatt, [“Europeans don’t need consensus to challenge Israel and its settlements.”](#) European Council on Foreign Relations, June 15, 2026.

129 EU Observer, [“Leaders press EU Commission to draft Israel trade restrictions, after three-month ‘frustration.’”](#) June 19, 2026, Hugh Lovatt (@h lovatt), Twitter, June 4, 2026.

130 EuroNews, [“Exclusive: Brussels puts trade ban with Israeli settlements on the table.”](#) July 9, 2026.

131 EuroNews, [“Full ban on Israeli settlement trade gets ‘most support’ from EU countries, Kallas says,”](#) July 13, 2026.

132 Ahmed Eldin, [“Spain Becomes the First EU Country to Enforce Trade Ban on Israeli Settlements.”](#) Out Loud with Ahmed Eldin, May 28, 2026, [“Hacienda detalla los asentamientos israelíes de los que no se puede importar.”](#) EFE, December 29, 2025.

133 Times of Israel, [“With new trade restrictions, Spain looks to trigger EU cascade against Israel.”](#) January 2, 2026.

134 Houses of the Oireachtas (Ireland), [“Israeli Settlements in the Occupied Palestinian Territory \(Prohibition of Importation of Goods\) Bill 2026.”](#) last updated July 7, 2026, AFP, [“Ireland passes bill banning goods from Israeli settlements.”](#) CTV News, July 7, 2026.

135 Al Jazeera, [“Belgium approves ban on importing goods from settlements.”](#) July 18, 2026, Kingdom of Belgium, [“Middle East and Palestinian Sovereignty – Agreement of the Belgian federal government \(restricted format\).”](#) September 5, 2025.

136 Al Jazeera, [“Netherlands to sanction trade with illegal Israeli settlements.”](#) July 21, 2026, NL Times, [“Netherlands agrees to ban trade in goods from illegal Israeli settlements.”](#) May 22, 2026.

137 Times of Israel, [“Slovenia lifts ban on arms trade with Israel; Sa’ar lauds ‘just decision’ by new PM.”](#) June 12, 2026.



- Norway announced in June 2026 a public consultation on a proposed bill to ban trade with settlements.¹³⁸
- The United Kingdom, though not a member of the EU, announced in July 2026 that it is working on a comprehensive ban on trade in goods and services with illegal Israeli settlements.¹³⁹

These developments in Europe demonstrate that policy action targeting trade with Israel, and illegal settlements in particular, would be in line with the current policy direction of likeminded states. Canada is at risk of falling behind its peer countries and becoming an isolated actor on the world stage if it fails to pursue similar actions to uphold international law.

C. The way forward

Cancelling, suspending, or reviewing CIFTA?

A review of the available policy levers indicates that in order to address the significant flaws in the Canada-Israel trade relationship and adhere to international law, the Canadian government will have to cancel CIFTA outright, rather than suspending it temporarily or subjecting it to a bilateral review.

From a moral and political standpoint, cancelling CIFTA would be an important political act in response to Israel's genocide and its ongoing violations of Palestinian self-determination. It is unjustifiable for Canada to extend privileged trade access to Israel while these violations continue. Preferential trade deals should not be considered with Israel until, at a minimum, it fully complies with its obligations per the ICJ 2024 Advisory Opinion.

Cancelling CIFTA is also the only feasible option from a procedural standpoint. CIFTA contains a six-month termination clause that would allow Canada to unilaterally end the agreement simply by providing a written diplomatic note, whereas there is no mechanism within the treaty text that specifically provides for temporary suspension of the agreement. Although Canada could try to utilize the review mechanism within the treaty text and engage in bilateral negotiations with the Israeli government to change the specific wording (for example, to exclude the OPT and illegal settlements from its jurisdiction), Israel is unlikely to consent to the necessary changes, which means that negotiations are unlikely to lead anywhere while urgently needed measures are delayed.

As such, termination of CIFTA is the only straightforward way to align Canadian trade policy with international law and send a message to the Israeli government that its ongoing violations of the rights of the Palestinian people are unacceptable.

¹³⁸ Government of Norway, [“Proposal for a bill banning trade with Israeli settlements in Palestine announced for public consultation.”](#) June 19, 2026.

¹³⁹ Sky News, [“UK working to ban goods and services exports to and imports from Israeli settlements.”](#) July 15, 2026.



Addressing trade with settlements: Tariffs, Labels, Sanctions

Ending CIFTA, however, will not in itself solve the problem of trade with Israeli settlements, which will require additional policy measures. There are many countries that engage in trade with Canada that don't benefit from tariff-free access. The European experience shows that half-hearted measures against trade with illegal settlements – including differentiation, tariffs, and labelling – are not nearly sufficient to stop the illicit flow of settlement goods.

It is not enough to differentiate between products from Israel vs. the settlements and then exclude the latter from preferential trade benefits. Differentiation measures are designed to regulate the continued trade in goods with settlements, “rather than to prevent these commercial flows as required by international law according to the ICJ.”¹⁴⁰ This means that if Canada imposed tariffs on settlement goods, it would not likely reduce their presence in the Canadian market. The example from the EU shows that Israeli businesses benefit from a system that allows them to circumvent these rules and obscure the origin of their goods.

Even those settlement businesses that are properly identified, denied preferential access, and subjected to tariffs, are then compensated by the Government of Israel under its “indemnification program” which subsidizes the export of settlement goods to ensure that businesses do not face any real financial disincentives or penalties.¹⁴¹ This “effectively nullifies the effect of the existing EU policy excluding settlement goods from preferential tariff rates.”¹⁴² Canadian tariffs on settlement goods would inevitably be nullified by the same Israeli government policy, and the flow of illicit goods would continue with no real penalties for exporters.

Similarly, mandating accurate labels on goods from settlements would provide necessary information for Canadian consumers, but would not substantively penalize settlement businesses nor the Canadians engaging in economic relations with them. Disturbingly, some supporters of Israel may even be incentivized to increase their purchases of settlement goods if they were labeled, which demonstrates why this issue cannot be left up to consumer choice. To the extent that products from settlements continue to enter Canada, it is of course necessary that they are properly labelled, but it is far more urgent for Canada to stop these illicit trade flows altogether.

Given the failure of these narrow policies to address the problem of EU-Israeli settlement trade, the momentum among EU countries is towards the prohibition of trade with settlements. This is attractive to a growing number of countries not only because of its greater adherence to international law, but also because a ban would overcome many of the current issues with enforcement that the EU is struggling with. As outlined in a proposal to the EU by the European Middle East Project (EuMEP) and Coopération internationale pour le développement et la solidarité (CIDSE), replacing tariffs with an import ban would make it “significantly riskier for businesses to

140 European Middle East Project and Coopération internationale pour le développement et la solidarité, “[Proposal for Stopping EU Trade with Israel's Illegal Settlements.](#)” July 8, 2026.

141 Global Echo Litigation Center, “[Importing Occupation: Europe's Complicity in Palestinian Dispossession through Settlement Agricultural Trade.](#)” June 2026.

142 European Middle East Project and Coopération internationale pour le développement et la solidarité, “[Proposal for Stopping EU Trade with Israel's Illegal Settlements.](#)” July 8, 2026.



conceal settlement origin through incorrect or false declarations,” and the Israeli state would no longer be able to neutralize the penalties through compensation.¹⁴³ This would “fundamentally change the economic calculus for both Israeli exporters of settlement products and EU importers,” while forcing other actors along the supply chain to share responsibility.¹⁴⁴

Indeed, for Canada to take seriously the illegal and harmful character of trade with settlements, a total ban is essential. This could take several different forms.¹⁴⁵ For example, Canada could utilize sanctions regulations or legislation to ban the import of goods originating from Israeli settlements. If properly enforced, this would address the problem of settlement goods reaching the Canadian market by imposing real penalties. However, a narrow focus on imports alone would fail to address the broader issue of economic dealings with the settlement enterprise. The UN Human Rights Council has identified a list of companies that are engaging in economic activity in support of Israeli settlements, including those involved in the provision of services and utilities, supply of security and surveillance services, real estate and tourism/vacation rentals, and banking and financial operations.¹⁴⁶ The Spanish government has attempted to address the issues of services in part by contacting vacation rental companies and urging them to remove or block listings from apartments in settlement areas.¹⁴⁷ With an import ban alone, Canadians would still be allowed to engage with (and profit from) settlements through charities, tourism, investment, and property ownership.

The best option for Canada, therefore, would be to adopt Area-Based Sanctions, using Canada’s Special Economic Measures Act (SEMA) to impose a blanket ban on all economic engagement with Israeli settlement areas in the OPT. Fortunately, Canada already has a working model for how such sanctions could work, by means of its existing area-based sanctions against Russian-occupied regions of Ukraine. Since 2014, Canada has “placed sanctions on the Russian-occupied Crimea region of Ukraine and on Ukrainian individuals and entities related to Russia’s illegal occupation and attempted annexation of Crimea and the ongoing Russian occupation in parts of eastern Ukraine.”¹⁴⁸ Identifying several specific “occupied regions” under Russian control, Canada prohibits any person from making an investment dealing with property, providing financial services or technical assistance, docking a cruise ship, or importing from or exporting goods to these regions. Canada has also imposed asset freezes and prohibited dealings with designated persons and

143 “When companies face the risk that goods may be returned, seized or destroyed (rather than merely paying a tariff that can subsequently be reimbursed), this will undercut the economic rationale for shipping such goods into the EU while mis-declaring their origin. Higher penalties triggered by breaches of an import ban will further disincentivise mis-designation of goods.” European Middle East Project and Coopération internationale pour le développement et la solidarité, [“Proposal for Stopping EU Trade with Israel’s Illegal Settlements.”](#) July 8, 2026.

144 “When companies face the risk that goods may be returned, seized or destroyed (rather than merely paying a tariff that can subsequently be reimbursed), this will undercut the economic rationale for shipping such goods into the EU while mis-declaring their origin. Higher penalties triggered by breaches of an import ban will further disincentivise mis-designation of goods.” European Middle East Project and Coopération internationale pour le développement et la solidarité, [“Proposal for Stopping EU Trade with Israel’s Illegal Settlements.”](#) July 8, 2026.

145 Note that in the context of the EU, the proposed ban on trade with settlements is being considered in terms of EU commercial policy and ensuring its compliance with international law. This is different from a sanction, which is considered a matter of foreign policy and requires a higher threshold for agreement among EU member states. Canada, however, is not restrained by the same limitations and is free to impose unilateral sanctions under the Special Economic Measures Act (SEMA).

146 Office of the High Commissioner for Human Rights, [“UN Human Rights Office updates database of businesses involved in Israeli settlements in occupied West Bank.”](#) September 26, 2025.

147 Times of Israel, [“With new trade restrictions, Spain looks to trigger EU cascade against Israel.”](#) January 2, 2026.

148 Government of Canada, [“Canadian Sanctions Related to Ukraine.”](#) last modified June 3, 2024.



entities within these regions, and placed additional sanctions on individuals associated with Russia's theft of Ukraine's cultural property.¹⁴⁹

This provides a clear precedent and framework for Canada to take immediate action. For the purposes of identifying Israeli settlements as the “areas” to be sanctioned, Canada can draw upon postal codes, in a manner similar to how the EU identifies products from Israeli settlements.¹⁵⁰ By doing so, Canada can also avoid mistakenly placing sanctions on trade with Palestinian businesses, which would be at risk of getting caught up in any sanctions that target the West Bank as a whole. Sanctions against trade originating from the OPT must be developed in a way that targets businesses that are profiting from illegal occupation, without punishing the Palestinian people as well.

Canada has the tools it needs to stop the trade with Israel's illegal settlements, and is currently applying them to a comparable context of illegal occupation. Canada must take advantage of these policy levers, while resisting the temptation to choose narrower measures which have already failed in Europe. This means adopting sanctions measures against all trade with settlements, rather than focusing exclusively on exports.

149 Government of Canada, [“Canadian Sanctions Related to Ukraine,”](#) last modified June 3, 2024.

150 However, EuMEP and CIDSE identify some of the limitations in the current EU framework that need to be improved in order to be more effective. For example, “The EU list of settlement postal codes (‘List of non-eligible locations’) should be used as an implementation tool, but not as a legal definition of the settlements. The list also includes Palestinian neighbourhoods of East Jerusalem and Syrian communities in the Golan Heights, as well as postal codes that straddle the pre-1967 border. While the list is updated by the EU annually, the settlement geography changes continuously and the legal delimitation should not depend on (potentially delayed) updates. The customs authorities and economic operators should continue to use the list as an operational tool, but the determination of what is a settlement should ultimately – for example in disputed cases – follow the definition incorporated in the Regulation in order to clearly distinguish illegal settlements from the occupied population.” European Middle East Project and Coopération internationale pour le développement et la solidarité, [“Proposal for Stopping EU Trade with Israel's Illegal Settlements,”](#) July 8, 2026.



Conclusion and Recommendations:

For almost 30 years, Canada's free trade agreement with Israel has also been applied to the territory under Israel's belligerent and illegal military occupation. Although the Canadian government has positioned the inclusion of Palestinians under the jurisdiction of CIFTA as a benevolent policy, Palestinians did not meaningfully consent to this arrangement, and they do not materially benefit from it. On the contrary, CIFTA erases the distinctions between Israel, its colonial settlements, and the OPT, and gives improper economic incentives to illegal Israeli settlement expansion, undermining Palestinian rights and livelihoods in concrete ways.

In other words, Canadian trade policy treats the OPT as if it was already formally annexed by Israel. This de facto supports Israel's attempts to consolidate its permanent presence and control over the OPT, rather than discouraging further colonization.

The problems with this trade arrangement were evident from the very first legislative studies in 1996, but its contradictions are undeniable following Canada's recognition of the State of Palestine. So long as Palestine's trade is subsumed under Canada's agreement with Israel — under the control and direction of its illegal occupiers — Canada's act of recognition will be nothing more than an empty gesture.

Although the extension of CIFTA to the OPT was ostensibly intended to support the peace process, it has done the exact opposite. International agreements like CIFTA have only emboldened Israel to strengthen its control over the OPT with impunity, rewarding the government without requiring any concessions or modifications to its illegal behaviour. At the same time, Israel's settler population in the occupied West Bank has more than tripled since CIFTA started giving free trade benefits to illegal settlements in 1997. Meanwhile, Israel has advanced steps that amount to the attempted annexation of the territory. CIFTA does not challenge this reality but directly supports it in material ways, economically rewarding settlement activity.

By choosing to maintain CIFTA, Canada is in breach of its obligations under international law. These include its obligation not to support Israel's illegal presence in the OPT, per the ICJ, and its obligation under the UN Charter to protect the core rights of Palestine. And by maintaining the status quo of Canada-Israel trade, Canada is failing to use every policy tool at its disposal to prevent and punish genocide by the Israeli state in Gaza.

With renewed momentum among like-minded European countries towards trade restrictions on Israel's settlements, Canada has an opportunity to take on a global leadership role while avoiding the policy mistakes from Europe that have demonstrably failed to stop this illegal activity. Canada should support trade with Palestine, but this must be pursued in a way that is inclusive and fair, without reinforcing the oppressive structures of Israel's military occupation, annexation, and apartheid.



Recommendations:

1. Canada should cancel the Canada-Israel Free Trade Agreement (CIFTA) until Israel completely ends its unlawful military occupation of the Palestinian territory (the West Bank, including East Jerusalem, and Gaza), dismantles its apartheid policies, and complies with international law. Until Israel does so, CIFTA's preferential trade benefits will continue to serve as a reward for the status quo and contribute to the deteriorating human rights situation. Until CIFTA is ended, Canada will be sending the message that its recognition of Palestinian statehood is nothing more than empty symbolism.
2. Canada should cease the practice of subsuming Palestinian trade under 'Israel,' and start properly identifying, tracking, and reporting imports from the OPT. These goods (excluding those originating in Israeli settlements) should be labelled and reported as originating from "Palestine." This would bring Canada into compliance with UN Security Council Resolution 2334, which requires that countries distinguish between Israel and the OPT. It would also enable consumers to identify and purchase goods from Palestinians in the OPT, and give policy-makers accurate data about Canada-Palestine trade.
3. Canada should end all trade with Israel's illegal settlements in the OPT by prohibiting the trade of goods, services, and investment. This is necessary to ensure that Canada's trade policy is consistent with international law and is not complicit in the illegal settlement enterprise. Canada's approach should utilize the Special Economic Measures Act and be modelled on existing area-based sanctions on trade with individuals and entities involved in Russia's occupation and annexation of Ukraine.
4. Canada should negotiate directly with Palestine regarding measures to promote trade in the OPT, including East Jerusalem. Trade with Palestine should not be an 'add-on' to Canada's trade with Israel, but should be approached on its own terms. Only direct negotiations can ensure that Canadian trade policy supports, rather than undermines, Palestinian aspirations.
5. Canada should protect Palestinian economic development by imposing consequences against Israel for any closures and restrictions on the movement of people and goods in the OPT, including the brutal and illegal blockade of the Gaza Strip, and for illegally withholding customs revenues collected on behalf of the State of Palestine. Israel should face penalties for any practices that infringe upon the livelihoods of Palestinians and undermine the economic development of Palestine.





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