

Bezalel Smotrich

Sanctioned far-right Israeli minister threatens retaliation

Finance chief Bezalel Smotrich imposes banking penalties on Palestinians and warns five western states over restrictions



The UK and four other states sanctioned Bezalel Smotrich for inciting 'extremist violence and serious abuses of Palestinian human rights' © Kobi Wolf/Bloomberg

Neri Zilber in Tel Aviv and **Ciara Nugent** in Buenos Aires

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Israeli finance minister Bezalel Smotrich lashed out at five western governments a day after they sanctioned him and another far-right minister for incitement against Palestinians, and threatened retaliation in the West Bank and against the states themselves.

The UK, Canada, Australia, New Zealand and Norway imposed sanctions on Tuesday on [Smotrich](#) and Itamar Ben-Gvir, national security minister, for inciting “extremist violence and serious abuses of Palestinian human rights”, primarily in the West Bank.

Smotrich and Ben-Gvir are powerful members of the ruling coalition of Prime Minister Benjamin Netanyahu, and have a big influence on West Bank policy — including a vast expansion of settlement construction in the territory — and on the conduct of the continuing [war in Gaza](#).

Smotrich immediately ordered the cancellation of a crucial waiver that lets Israeli banks provide services to their Palestinian counterparts, in effect cutting Palestinian lenders off from the Israeli financial system. It remains unclear if the contentious move will require a cabinet vote by the Israeli government.

The Palestinian Monetary Authority said it was closely tracking developments,

warning the move could disrupt the supply of essential goods such as food, electricity and fuel to areas of the West Bank administered by the Palestinian Authority. The PMA, however, attempted to calm public jitters by affirming there was no immediate risk of a banking collapse and deposits were secure.



Finance minister Bezalel Smotrich and national security chief Itamar Ben-Gvir, the other sanctioned minister, have a big influence on West Bank policy © Alaa Badarneh/EPA-EFE/Shutterstock

In a speech to the Israeli parliament, or Knesset, on Wednesday, Smotrich threatened to go further, telling lawmakers he was working with [Netanyahu](#) and other senior government officials to “formulate a whole package of steps against these countries [that imposed the sanctions], also against the [Palestinian] Authority, and also in the [West Bank] settlements.”

He also dismissed the impact on him personally of the sanctions — the first such step ever taken by western governments against Israeli ministers — which impose asset freezes and travel bans on the two ministers across the five countries.

Smotrich, an ultranationalist, declared it was because of “Muslim immigration” that the sanctions were instituted in the first place.

Smotrich said: “These sanctions don’t interest me, and I have nothing to find in these antisemitic countries and I don’t intend to enter them. By the way, we have to be careful — it’s not the countries, but left-wing governments in these countries, that were simply Islamicised because of the Muslim immigration there.”

The Trump administration on Tuesday swiftly condemned the sanctions, with secretary of state Marco Rubio calling for their reversal.

“These sanctions do not advance US-led efforts to achieve a ceasefire [in Gaza], bring all hostages home and end the war,” he said.

One person familiar with the thinking of western governments said the countries imposing the sanctions had anticipated a negative reaction from the Trump administration.

“But the pressure to send a message outweighed the possible consequences,” the person said. “The governments felt they had to do something, to demonstrate that [Smotrich and Ben-Gvir’s] words and actions with the West Bank were not acceptable.”

Meanwhile, Argentina’s libertarian president Javier Milei, who is on a trip to Israel, on Wednesday demonstrated his support for the country by pledging to move Argentina’s embassy from Tel Aviv to Jerusalem in 2026.

The status of Jerusalem is contested — Israel considers the city its undivided capital, Palestinians see East Jerusalem as the future capital of Palestine.

In a speech to the Knesset, Milei accused other western leaders of “turning their backs on Israel [because] they have been poisoned by woke ideology and moral relativism”.

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