



FIFTH REPORT FROM
THE FOREIGN AFFAIRS COMMITTEE
SESSION 2008-09

GLOBAL SECURITY:
ISRAEL AND THE OCCUPIED PALESTINIAN TERRITORIES

RESPONSE OF THE SECRETARY OF STATE
FOR FOREIGN AND
COMMONWEALTH AFFAIRS

*Presented to Parliament
by the Secretary of State for Foreign and Commonwealth Affairs
by Command of Her Majesty
October 2009*



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TERRITORIES

RESPONSE OF THE SECRETARY OF STATE FOR FOREIGN AND COMMONWEALTH AFFAIRS

The Government welcomes the Foreign Affairs Committee's inquiry into 'Global Security: Israel and the Occupied Palestinian Territories' and the findings set out in the Committee's report published on 26 July (HC 261). The Middle East Peace Process remains among the Government's top foreign policy priorities. These issues deserve the widest possible engagement, and the Committee's report adds much to the debate.

UK Government policy towards Israel and the Palestinians is focused on making a two-state solution a reality. We judge that the best way to do this is by maintaining a constructive relationship with all parties who have expressed a desire to make peace, including both Israel and the Palestinian Authority. In the case of Israel, we believe that we can exert greater influence as a friend - emphasising that we are committed to Israel's long-term security but also engaging in frank and often critical conversation.

The Government welcomes the detailed work which the Committee has undertaken. This Command Paper sets out our response to each recommendation. The Committee's recommendations are set out in bold while the response is in plain text. Paragraph numbers refer to those in the 'Conclusions and Recommendations' section of the Committee's report.

The December 2008/January 2009 Gaza conflict

- 1. We conclude that the Government took speedier and more robust diplomatic action to try to halt the conflict in Gaza than it did in the case of the war in Lebanon in 2006. We further conclude that this development is to be welcomed, particularly as it appears that the Government may have drawn on the 2006 experience in making policy during the Gaza conflict, in line with criticisms which we made of its earlier policy at the time. (Paragraph 24)**

The Government welcomes the Committee's recognition of the speed and strength of our diplomatic efforts. The UK called clearly and consistently for an immediate ceasefire in Gaza. We tabled and successfully negotiated UN Security Council Resolution 1860. The ceasefire, declared by Israel and Hamas on 17 and 18 January, continues to hold but remains fragile.

We continue to work to help Gazans to rebuild their lives - and also to find a way to ensure that this is the last time they will have to do so - by securing progress towards a Palestinian state living alongside Israel in peace and security.

2. **In light of the FCO's official conflict prevention goals, we conclude that the outbreak of the conflict in Gaza constitutes a disappointment, although we welcome the fact that the Government has acknowledged publicly that it underestimated the risk of the situation escalating into full-scale conflict. We recommend that in its response to this Report, the Government should set out the steps that it is taking to reduce the risk of such a miscalculation occurring again and to work with others to increase prospects of being able to prevent another outbreak of full-scale conflict in Gaza. (Paragraph 29)**

The obstacles to an improvement of the security situation in Gaza remain. Hamas continue to refuse to reject violence. They continue to hold Gilad Shalit without even allowing the basic humanitarian need for correspondence with his family. They continue to rearm themselves. We call on them to embrace peace negotiation and release Gilad Shalit. We are also working with partners to examine ways to restrict arms trafficking into Gaza. Israeli restrictions – as well as exacerbating human suffering in Gaza – serve to increase the tension. We are publicly and privately pressing the Israelis to open the borders for humanitarian aid and longer-term reconstruction supplies.

We are also lending political support to the Egyptians in their efforts both to ensure that Israel and Hamas remain committed to a cessation of hostilities and to work for reconciliation in Palestinian politics, allowing the return of the Palestinian Authority to Gaza.

More broadly, the key to improving the situation in Gaza is an end to wider conflict. The pursuit of a final settlement to the Arab-Israeli conflict remains a top priority for the Foreign Secretary and the Government, to which we devote considerable political and financial resources.

3. **We conclude that the conflict in Gaza has confirmed our previously expressed view that it is not appropriate for the FCO to have quantified performance targets in fields such as conflict prevention where the causes of the prospective conflict are likely to be wholly or largely beyond the Government's control. (Paragraph 30)**

There is explicit recognition within the published PSA 30 agreement (*'to reduce the impact of conflict through enhanced UK and international efforts'*) that specific attribution to UK activities is impossible and that the efforts set out are intended to contribute to the PSA's broad objective of delivering a downward trend in the number of conflicts. We have set quantified performance targets at a level that is realistic but challenging and commensurate with HMG ambition.

The PSA framework is designed to include objective, outcome based targets so that we can measure our success over the Comprehensive Spending Review period. We are aware of the limitations of quantitative performance targets, and we have therefore also used qualitative assessments from Posts to provide a more up to date picture of the situation by region/country. For indicator 3 (*'more effective international institutions, better able to prevent, manage and resolve conflict and build peace'*), we also use a challenge panel of external experts to provide independent challenge and validation for the statistics.

Humanitarian aftermath and Gaza access

- 4. We conclude that rocket fire from Gaza by Hamas and other Palestinian groups on civilian targets in Israel is unacceptable. It generates the risk of a renewed escalation in violence, and constitutes a central obstacle in the way of Israeli willingness to move forward towards a two-state settlement. We therefore conclude that the British Government is correct to support Israel's goal of bringing rocket fire from Gaza to an end. However, we are not persuaded that the maintenance of the current regime of restrictions at the official crossings between Israel and Gaza is likely to achieve this. Rather, we conclude that the restrictions at the official crossings help to sustain the system of smuggling under the Egyptian border which itself contributes to the presence of illicit weaponry in Gaza. We recommend that, in its response to this report, the Government should update us on the steps being taken and the results being achieved as part of the international effort against smuggling into Gaza, and in particular on the British contribution. We further recommend that the Government should update us on any discussions which are underway on a possible international monitoring presence at the crossings between Israel and Gaza. (Paragraph 47)**

We agree that the rocket fire from Gaza is unacceptable and a serious obstacle to peace. We have consistently condemned such violent actions against civilian populations and called for Hamas to put an end to them. Clearly the smuggling of weapons into Gaza is a significant contributory factor to these actions. We have been working closely with the US, European and regional partners to co-ordinate and strengthen international efforts. As the Committee notes the 13 March London conference on the prevention of arms smuggling to Gaza built on the first meeting in Copenhagen on 3-5 February and agreed a Programme of Action between the nine participating countries (Canada, Denmark, France, Germany, Italy, Netherlands, Norway, the UK, and the US). Officials attended a follow-up meeting in Ottawa on 10-11 June to develop international efforts further. However, the tools the international community has at its disposal are limited and the challenges of interdiction high.

We also agree with the Committee that Israel's system of closures and restrictions on access to Gaza perpetuate the smuggling trade in general, through the tunnels under the Rafah border.

The EU Border Assistance Mission for Rafah has conducted scoping missions for redeployment at the Rafah border crossing and is currently standing by in Israel ready to deploy if conditions allow. The Committee notes the European Foreign Ministers' readiness to consider the extension of its assistance to the crossings between Israel and Gaza. We remain ready to consider such an option were the Israel and the Palestinian Authority to request it as a means of improving the situation.

- 5. After two years in which we and others have consistently been highlighting the poor humanitarian situation in Gaza, and six months after the end of a damaging conflict, we conclude that Gaza's continued lack of free access to humanitarian and reconstruction supplies is a matter of distress and frustration. We conclude that it is unacceptable that Israel continues to deny unrestricted access for humanitarian assistance to Gaza. We further conclude that there are indications that Israel is seeking to use its control over the**

transfer of humanitarian and other supplies into Gaza partly for political objectives. (Paragraph 48)

We remain deeply concerned about the humanitarian situation in Gaza. More than seven months after the conflict, the situation remains serious. A UN assessment earlier in the year found that nearly 90% population needed some form of humanitarian assistance. There has been little improvement. Although some basic humanitarian aid is entering Gaza, access constraints continue to impede aid efforts as insufficient supplies are getting in. Meaningful recovery and reconstruction remains impossible while there is inadequate access for construction materials and equipment. As winter approaches, we are particularly concerned at the potential for yet further deterioration in the lives of many Gazans.

The UK, along with our international partners, continues to press the Israeli government for full, consistent and unhindered access to Gaza for aid and aid workers, as well as calling for a relaxation on the restrictions on the types of goods that are allowed across the border.

6. **We conclude that the obstacles to legitimate economic activity and the increased role of unofficial economic transactions in Gaza may have a damaging long-term effect on the territory, which could make more difficult the creation of an integrated Palestinian state including both Gaza and the West Bank. (Paragraph 49)**

We share the Committee's concern. The UK has been actively engaged in economic development in OPTs since 2007, but the ongoing economic separation of the West Bank, East Jerusalem and Gaza can only increase the challenges to establishing a Palestinian State

The Gaza conflict, combined with the Israeli restrictions, has reversed earlier economic and social development gains in Gaza. It is imperative that Israel allows full and unhindered access for humanitarian aid, aid workers and reconstruction materials. Only when legitimate trade is re-established will the economy begin to recover.

We welcome the recent positive moves that the Government of Israel has made in reducing the number of roadblocks and checkpoints in the West Bank. But constraints on movement and access continue to impede growth. We call on the Israeli Government to go further in reducing checkpoints and barriers to the movement of people and goods, and allowing West Bank manufacturers and producers access to international markets.

7. **We recommend that the FCO should press the Israeli government to compensate the Commonwealth War Graves Commission (CWGC) for the costs of repairing the damage to the CWGC cemetery in Gaza which was sustained during the latest conflict there, as Israel did in 2008 for the costs of repairing damage sustained on a previous occasion. We further recommend that the Government should provide an update on this issue in its response to this Report. (Paragraph 53)**

The British Embassy in Tel Aviv raised this issue with the Israeli MOD in the immediate aftermath of Operation Cast Lead and the Defence Secretary has written to the Israeli Ambassador. The Israeli Government has already authorised replacement headstones and cement to enter Gaza and repairs are underway.

CWGC have compiled a report of the incident, including an assessment of the damage. They will present their findings to the Israeli Government which has indicated its willingness to investigate the cause of the damage and, as it did in 2008, consider compensation.

Regional diplomatic follow-up

8. **We are dismayed that, six months after the end of the conflict in Gaza, there remains no ceasefire agreement between Israel and Hamas and no united Palestinian government. There also appears to have been little underlying change regarding several of the key issues which contributed to the outbreak of the conflict, such as Hamas's control of Gaza, weapons smuggling into the territory, and the lack of access through the Gaza border crossings. We conclude that this situation makes for an ongoing risk of insecurity and a renewed escalation of violence. We recommend that, in its response to this Report, the Government should set out what support it has offered to the conclusion of a new ceasefire agreement between Israel and Hamas, and its assessment of the prospect that such an agreement will be reached. (Paragraph 60)**

We agree with the Committee that Hamas' control of Gaza, the smuggling of weapons into Gaza, and the Israeli restrictions on access all contributed to the outbreak of the conflict and continue to threaten the ongoing security of the region.

We have been clear in our calls for Hamas to end weapons smuggling and to release Gilad Shalit, and in our calls on Israel to improve vital humanitarian and trade access. We also fully support Egyptian efforts both to bring about political reconciliation between Hamas and Fatah and to improve the situation between Israel and Hamas. UN Security Council Resolution 1860, which the UK co-sponsored, clearly set out the international community's demands.

Despite the seriousness of the situation and international efforts, we cannot but judge that there is little prospect of an imminent positive breakthrough.

Possible violations of the laws of war

9. **We recommend that in its response to this Report the FCO should state whether it considers that violations of the laws of war were committed during the December 2008/January 2009 conflict in Gaza and southern Israel. (Paragraph 73)**

There are clearly allegations of real concern. We have consistently said that we take seriously all allegations of breaches of International Humanitarian Law by both sides and have made clear that they should be properly investigated.

10. **We are deeply concerned about the high number of casualties, the extent of the damage sustained and allegations of violations of international law during the conflict in Gaza. We conclude that Hamas targets civilians in its armed actions, and that Israel's military action in Gaza was disproportionate. We welcome the establishment of the UN Human Rights Council's inquiry into the conflict under Judge Goldstone, and the fact that it will investigate all violations of international human rights law and international humanitarian**

law that might have been committed during the conflict, by either side. We recommend that the Government should give the Goldstone inquiry its full support and press Israel to cooperate with it fully. (Paragraph 77)

We pressed all parties to co-operate with the Goldstone Mission and regret Israel's decision not to do so. The Mission has completed its report. The report highlights serious issues concerning actions by both Israel and Hamas. Since the conflict, we have made clear that all credible allegations of abuses must be properly investigated. We are currently studying the 575-page report in detail.

The report is scheduled to be discussed in the Human Rights Council on 29 September. We are discussing with partners how best to proceed. We continue to urge all parties to ensure that credible allegations are effectively investigated.

British arms exports to Israel

11. **We welcome the Government's investigation into Israel's use of UK-sourced military items during its campaign in Gaza. We conclude that it is regrettable that components supplied by the UK were "almost certainly" used in a variety of ways by Israeli forces during the most recent conflict in Gaza, and that this constitutes a failure of past Government arms export control policy. We recommend that the Government should continue to do everything possible to ensure that this does not happen again. We welcome the Government's decision to revoke some arms export licences to Israel for components for Saar 4.5 naval vessels. We further recommend that the Government should provide its assessment of the impact on the UK-US defence relationship of its decision since 2006 to cease licensing the export of components for incorporation into F-16s and Apache helicopters in the US; and specify any end-use restrictions which it places on exports of components for unmanned aerial vehicles for incorporation in Israel for onward export. (Paragraph 90)**

In light of Operation Cast Lead we conducted a review of extant export licenses for Israel. The Foreign Secretary announced the UK's intention to conduct this review in his statement to Parliament on 21 April 2009. We reassessed these licences against the Consolidated EU and National Arms Export Licensing Criteria. We judged that in a small number of cases Israeli action in Cast Lead would result in the export of those goods now contravening the Consolidated Criteria.

We have not taken a decision to cease licensing: applications continue to be considered against the Consolidated Criteria. There are several pending applications for both F16 and Apache that are under consideration. These cases are complex and will be treated on a case-by-case basis.

Israel has a significant UAV industry and so many UAV related exports to Israel are subject to further work or incorporation there and are then re-exported to another country. Applications for UAV components, like all components, are considered on their individual merits. The Government does not seek to apply end-use restrictions because these would be virtually impossible to enforce. However, we do ask for documentation that confirms the onward transit of exports

from Israel, where that export could breach the Criteria if exported for use in Israel.

Policy towards Hamas

12. **We recognise that success in the Quartet’s strategy—of encouraging Hamas to reject violence and accept Israel’s existence, by bolstering the position of the Palestinian forces which have already done so, and rejecting contact with Hamas itself—could be realised only gradually and over time. However, two years after we advocated a shift to engagement with moderate elements within Hamas, we conclude that there continue to be few signs that the current policy of non-engagement is achieving the Quartet’s stated objectives. We further conclude that the credible peace process for which the Quartet hopes, as part of its strategy for undercutting Hamas, is likely to be difficult to achieve without greater co-operation from Hamas itself. We are concerned that the Quartet is continuing to fail to provide Hamas with greater incentives to change its position. We therefore reiterate our recommendation from 2007, that “the Government should urgently consider ways of engaging politically with moderate elements within Hamas as a way of encouraging it to meet the three Quartet principles.” We further recommend that in its response to this Report, the Government should set out the specific indicators, if any, that would trigger a shift of British Government policy towards engagement with Hamas. We further recommend that the Government should set out the relevant differences between the cases of Hezbollah and Hamas that lead it to conclude that engagement with moderate elements within Hamas is not currently worth attempting. (Paragraph 103)**

We have always made clear our desire to see mobilisation of the widest possible coalition of those who are committed to peaceful progress in the region. We understand the Committee’s desire to see no opportunity missed in this. There is no shortage of contact with Hamas, notably led by Egypt on behalf of the Arab League. They are seeking ‘reconciliation’ among the Palestinian factions. Others from the region, and with a particular interest from outside, are also engaged. These talks have not borne the fruit of an agreement. But they are detailed and comprehensive.

The key challenge in Lebanon is to develop an effective state and political system, which can bridge sectarian divisions in order to deliver for its people and contribute positively to regional peace. We are determined to encourage progress towards such a goal, and we judge that limited engagement with Hizballah's politicians may make a positive contribution towards this. In such contacts, our objective remains unchanged: to press Hizballah to play a constructive, democratic and peaceful role in Lebanese politics and to reject violence. We have no illusions about Hizballah; those elements involved in violence are proscribed as a terrorist organisation in the UK. We will only have limited and carefully considered contacts with Hizballah’s politicians, including its MPs, who to the best of our knowledge, have no links with acts of violence.

West Bank development

13. **We conclude that some progress has been made on Palestinian economic and institutional development on the West Bank, and that this is to be welcomed. We conclude that the Palestinian Authority government under Prime**

Minister Salam Fayyad has shown improved capacity to deliver increased security and manage the Authority's economy and public finances. We further conclude that international assistance to the Palestinian security sector, including the EU police mission, is fulfilling an important role. (Paragraph 111)

We applaud the Palestinian Authority's efforts to reform its institutions and build a stable economy in what are undeniably difficult circumstances. Last month, Prime Minister Fayyad launched the PA's two-year programme for establishing the institutions of a properly functioning state. We whole-heartedly support this effort; it is a critical part of delivering the bottom-up progress which is vital to reinforce the peace talks that President Obama is working to launch.

We believe that the work Prime Minister Fayyad has undertaken already has laid solid foundations. The World Bank and the IMF have recognised the Palestinian Authority's public financial management systems as among the best in the region. As Prime Minister Fayyad acknowledges, significant challenges remain and international support will be essential in helping to address them. The UK will remain at the forefront of those efforts, including through long-term financial assistance to the Palestinian Authority, supporting refugees through UNRWA and, as the Prime Minister made clear in December 2008, by supporting a number of initiatives designed to boost the Palestinian economy.

We also welcome Prime Minister Fayyad's commitment to eliminate human rights abuses and continue to urge him to ensure that all allegations are properly investigated. We will continue to provide direct support for the development of the Palestinian Authority Security Forces.

14. **We conclude that Quartet Representative Tony Blair is making an important contribution to Palestinian economic and institutional development which will be helpful to a future Palestinian state. However, we further conclude that movement, access and administrative restrictions on the West Bank continue to represent a major obstacle to further Palestinian economic development. We recommend that the Quartet Representative should seek to use the Israeli government's stated wish to further economic development on the West Bank as a lever to press for further and significant relaxation in the administrative and security regime which it operates there. (Paragraph 117)**

The Government cannot respond on behalf of the Quartet Representative, however, we too value Tony Blair's work for positive change in the Occupied Palestinian Territories. While we welcome recent Israeli moves to improve movement and access in the West Bank, there remains a very long way to go fully to free the Palestinian economy there from the weight of the Israeli occupation. We will continue to push the Israeli Government to go further in improving movement and access and we will support the Quartet Representative's efforts towards this goal.

15. **We conclude that Israel's failure to allow the full implementation of the EU-PLO Interim Association Agreement is placing significant obstacles in the way of EU-Palestinian trade and thereby damaging both Palestinian and EU businesses. We further conclude that the EU is correct to make the future nature of its relations with Israel, under the terms of the EU-Israel Association Agreement, partly conditional on Israel's cooperation with implementation of the EU-PLO Interim Association Agreement. We**

recommend that the Quartet Representative should also press Israel on implementation of the EU-PLO Interim Association Agreement as part of his work on Palestinian economic development. (Paragraph 120)

The Government fully supports the EU position for the 9th EU-Israel Association Council adopted at the General Affairs and External Relations Council of 15 June, in which Israel is "invited to improve the daily life of the Palestinian population in accordance with the Roadmap, facilitate the practical implementation of the Association Agreements concluded by the EU with the other partners in the region, in particular the Interim Association Agreement concluded on 17 February 1997 between the European Community and the Palestinian Liberation Organisation, and continue its active participation in the three-way dialogue started with the EU and Palestinian Authority".

16. **We recommend that the Government should continue to do all it can to further the development of plans for a fixed transport link including a road element between Gaza and the West Bank. (Paragraph 125)**

We continue to press for improvement in movement and access, including between Gaza and the West Bank. The restarting of the 2005 Agreement on Movement and Access would make a major contribution to improving the situation in Gaza. And the contiguity of a future Palestinian state is vital in order to ensure its long term success.

17. **We conclude that the Israeli-Palestinian conflict must now be understood as essentially a three-way situation, comprising Israel, the West Bank and the Palestinian Authority, and Gaza and Hamas. We further conclude that the continued split in political authority between the West Bank and Gaza represents a central obstacle to progress towards a two-state solution—because of the way in which it weakens the willingness and ability of both the Palestinian and the Israeli sides to make deliverable commitments in peace negotiations, and because of the divergent paths of institutional and economic development on which it sets Gaza and the West Bank. We therefore recommend that the UK Government and the Quartet should reject any idea of a ‘West Bank first’ approach, and make the ending of the West Bank-Gaza split an explicit and urgent objective and work more actively to achieve it. (Paragraph 127)**

The Government shares the Committee’s concern about the potential impact on progress towards a two-state solution of the split between Gaza and the West Bank / East Jerusalem. We support Egyptian efforts to facilitate discussions between Palestinian factions and the reinstatement of Palestinian Authority control over Gaza. However, we reject any suggestion that Hamas should be able to exercise a veto over negotiations, and we support the right of the PLO to negotiate on behalf of all Palestinians, whether in the West Bank, East Jerusalem, Gaza or elsewhere.

Palestinian elections

18. **We conclude that the current contested constitutional situation in the Occupied Palestinian Territories creates an obstacle to the development there of a united and democratic state. We therefore conclude that the holding of free and fair elections according to procedures accepted by all parties presents an important potential opportunity for Palestinian state-building, with the possible prospect of bringing the West Bank and Gaza back under a**

single political authority. However, the elections could also become a source of further political division and institutional break-up. We recommend that the Quartet should do everything possible to facilitate the holding of polls which are accepted by all parties, and should make careful preparations for them so that its stance in light of the results furthers its stated two-state goal. (Paragraph 132)

The Palestinian Authority, its Prime Minister Fayyad and the Fatah party have all told us that they wish to hold elections within the constitutional time-frame – this means by February 2010. The onus is now on Hamas to support the democratic process. We agree with the Committee about the potential benefits of elections, the inherent risks and the need to ensure a poll commands widespread support.

Administration of the West Bank and East Jerusalem

- 19. We recommend that the Government should continue to do its utmost to prevent further changes with respect to East Jerusalem, such as its physical separation from the West Bank, and Palestinian housing evictions, that prejudice the prospects of it becoming the capital of a future Palestinian state. (Paragraph 139)**

We strongly support the Committee's recommendation. East Jerusalem is not part of Israel. East Jerusalem is occupied territory under international law, and must be the capital of a future Palestinian state should they so wish. We condemn any action to change the composition of the population in East Jerusalem, or to divide East Jerusalem from the rest of the West Bank. Any such action is unacceptable both for its immediate impact on Palestinians and because it makes peace harder to achieve. We will continue to call on Israel to halt all house demolitions, evictions and settlement activity in East Jerusalem, and vociferously to oppose any proposals for such activity. We also continue to urge Israel to move the route of the separation barrier, so that it does not stand on occupied territory.

Settlement policy

- 20. We conclude that expansion of Israeli settlements on the West Bank prejudices prospects for a two-state outcome, and that, as such, continued settlement activity must call Israel's commitment to such an outcome into doubt. We further conclude that a settlement freeze is a previous commitment of the kind that Israel calls on the Palestinian side to fulfil, and that there are fewer security-related obstacles to Israel's fulfilment of its commitment on settlements than there are to progress on some other issues. We therefore support the British Government in its call on Israel to freeze settlement activity. We welcome the new willingness of the US under President Obama to call on Israel publicly to cease activities which appear unhelpful to a negotiated two-state solution. (Paragraph 146)**

We thank the Committee for its support, which will reinforce the message which we have made consistently clear in the most robust terms: settlement activity is illegal and makes peace very much harder to achieve. Both the Prime Minister and the Foreign Secretary have reiterated this to their counterparts and will continue to do so. We welcome the fresh impetus adopted by the Obama Administration and will continue to support their efforts.

Quartet policy towards Israel

21. **We conclude that efforts at diplomatic persuasion have to date been ineffective in securing Israeli compliance with a number of Quartet demands. We further conclude that the apparent shift in the US approach to Israel under President Obama constitutes an important and potentially effective change in the external pressures facing the country. We further conclude that it is appropriate and potentially effective for the EU to make the planned “upgrade” of its relations with Israel conditional on Israel halting practices which are prejudicial to the achievement of a two-state solution. This could be through a settlement freeze and an easing of Israeli restrictions on access into Gaza. We recommend that in its response to this Report, the Government should specify the conditions that the EU is setting for Israel for securing the “upgrade” in relations. (Paragraph 151)**

The EU-Israel Association Council met on 15 June and reconfirmed the importance of the EU's relationship with Israel, particularly in light of the economic and security interests that the EU and Israel share, but it did not approve an upgrade in relations. The EU emphasised that an upgrade in the relationship must be set against the context of our shared interests and objectives, including progress on the Middle East Peace Process.

22. **We conclude that flourishing ties between the UK and Israel are welcome and are in the interests of the people of both states. (Paragraph 153)**

We agree with the Committee's conclusion.

23. **We conclude that the Government is to be commended for seeking ways of giving concrete expression to its position that Israeli settlements violate international law. We recommend that in its response to this Report, the Government should update us on its work on the issue of the labelling of settlement produce and the enforcement of the EU-Israel Association Agreement, and provide an assessment of the impact of this work on UK-Israeli relations. (Paragraph 158)**

As the committee notes, officials held a meeting at the end of March to bring together retailers, Government departments and other interested parties to discuss labelling of settlement produce. The meeting addressed how changes to labelling practices could provide consumers with improved clarity about the origin of products from the Occupied Palestinian Territories. We are now considering on how best to take the process forward to enable the finalisation of voluntary guidance on labelling best practice that complies with our European and international law (including WTO) obligations.

As part of enforcement of the EU-Israel Association Agreement, the UKBA and HMRC undertake risk-based post clearance documentary checks on agricultural and industrial products. Any claim to Israeli preference which is accompanied by a proof of preferential origin indicating that the production/process conferring originating status has taken place in an area brought under Israeli Administration since 1967 is immediately refused, without a verification enquiry being undertaken. The full rate of customs duty is payable on the products concerned.

The Israeli Government has made very clear that it does not welcome the steps the Government has taken. There has also been significant and negative coverage in

the Israeli press. Despite this our relationship with Israel remains strong and we continue to believe that an end to settlement expansion serves Israeli interests.

Iran

24. **We conclude that a realignment is underway in the Arab world against Iran which gives some Sunni Arab states and Palestinians some shared interests with Israel, and which therefore has significant implications for the dynamics of Middle East peace-making. We recommend that the Government should not allow the urgency of addressing Iran's nuclear programme and regional role to diminish efforts to tackle pressing Israeli-Palestinian issues. (Paragraph 172)**

We agree that the urgency of addressing Iran's nuclear programme and regional role should not diminish efforts to bring about a lasting peace in Israel and the Occupied Palestinian Territories. Both are important foreign policy priorities in their own right, and the Government continues to treat them as such. We believe that the two issues can be mutually reinforcing: progress on the MEPP could enhance the international community's ability to influence Iran and progress with Iran could help lessen the influence of those opposed to progress on the MEPP.

Lebanon

25. **We recommend that in light of Israel's provision of relevant maps, and the concerns that have been raised about a funding shortfall, the Government should in its response to this Report provide an update on the progress of—and prospects for—the de-mining operation in southern Lebanon, including information on the UK's contribution. (Paragraph 176)**

The Government welcomes the provision by the Israeli authorities of data relating to cluster bomb strikes as requested under UN Security Council resolution 1701. This has helped identify remaining potential sites in Lebanon. So far over 1,073 individual cluster strike locations have been confirmed which cover an estimated 48.1 million sq. metres. The UN Secretary General reported in March 2009 that 43 million sq. metres has been cleared. The Lebanese Armed Forces have taken responsibility for future work.

We have been engaged on this issue in Lebanon from the immediate aftermath of the conflict in Lebanon in 2006. We have provided through the Department for International Development more than £2 million to the UN Mine Advisory Service in the immediate aftermath. We have spent around £4 million on mine and unexploded ordnance clearance since the end of the conflict and spent around £1.5million through the Mine Advisory Group since 2006. Our current Mine Advisory Group Programme runs until April 2010. It will receive £350,000 this year. Decisions on future funding are yet to be made.

26. **We welcome the Government's decision to open contacts with the political wing of Hezbollah, in line with the recommendation which we made in 2007. (Paragraph 179)**

We welcome the Committee's support. Our objective with Hizballah remains unchanged: that they reject violence and play a constructive, democratic and peaceful role in Lebanese politics, in line with UN Security Council resolutions. We believe that occasional and carefully considered contacts with Hizballah's

politicians, including its MPs, can help advance this objective. We have no illusions about Hizballah and those elements involved in violence are proscribed in the UK. We will only have contact with known moderate political figures who, to the best of our knowledge, have no links with acts of violence.

These contacts will take place on a case by case basis. We are only interested in talking to those that value the political process, not those that seek to undermine it.

27. **We welcome the fact that Lebanon's general election has passed off peacefully and yielded results which appear to be accepted by all parties. We recommend that in its response to this Report, the Government should provide its assessment of the impact of the election results on Syria's position vis-à-vis Hezbollah and Lebanon. (Paragraph 180)**

Like the Committee, we welcome the way in which the Lebanese elections have been handled. We continue to work to support democracy and stability in Lebanon.

We have been engaging Syria to encourage it to play a constructive role in the region. Syria has made clear that it fully accepts the result of the Lebanese elections and welcomes the peaceful manner in which the elections were held. We welcome the positive steps Syria has taken, and continue to urge Syria to improve further its bilateral relations with Lebanon, following the establishment of diplomatic relations between Syria and Lebanon earlier this year.

However, we judge that Syria continues to support the provision of weapons and finance to Hizballah. The Foreign Secretary urged the Syrian Foreign Minister during his July 2009 visit to London stop this support. The Minister of State, Ivan Lewis, also raised the issue during his August 2009 visit to Damascus. Supplying arms to Hizballah is destabilising the region.

Obama Administration

28. **We conclude that the Government is correct to continue to regard a two-state solution as the only outcome which holds out the prospect of sustained peace between Israel and the Palestinians. We recommend that in its response to this Report the Government should set out the progress that has been made towards a peace settlement on this basis that has arisen from the Gaza conflict and the change of Administration in the United States. (Paragraph 192)**

The Government welcomes the determination with which the Obama Administration has approached the search for Middle East peace. In his Cairo speech of 4 June, President Obama clearly outlined the urgency for a peaceful solution. We believe any solution should involve a comprehensive peace based on a two-state solution, involving a viable Palestinian state, living alongside Israel in peace and security. Barely eight months into President Obama's term in office, we judge that there is a renewed focus on both the solution and the steps needed to get there. We judge that that the approach of the Obama Administration represents a real opportunity and are determined to support it in every way we can.

Arab League Initiative

29. **We conclude that the reinvigoration of the Arab Peace Initiative, and the Initiative's promotion by members of the Quartet, are greatly to be welcomed. We further conclude that the Government is correct to support the Initiative. (Paragraph 200)**

We welcome the Committee's conclusions. For any peace plan to succeed it must be comprehensive: a 23-state solution encompassing Israel and the 22 members of the League of Arab States. This is the vision set out by the Arab Peace Initiative. However, the Arab Peace Initiative must only be a start. Both Israel and the members of the Arab League must take the further courageous decisions necessary to build confidence.

Israeli position

30. **We conclude that Israeli Prime Minister Netanyahu's acceptance of the prospect of a Palestinian state is a necessary condition of any two-state settlement under his government and, as such, is to be welcomed. We recommend that the Government should continue to press him on other issues vital to progress towards a two-state outcome, such as those concerning a freeze on settlements as a first step. We recommend that in its response to this Report, the Government should inform us of any discussions it has had about possible international involvement in providing security assurances to Israel in connection with the conclusion of a two-state settlement. (Paragraph 206)**

As the Committee recommends, we are continuing to press the Israeli authorities to freeze settlement construction and take other steps to build confidence and bring peace closer.

We are also exploring with partners what the international contribution to any peace deal should be, including how the international community can assist in ensuring the security of all sides.



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