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To: LPU; CD Info; Andrew Kuhn (Compuserve); Maen Areikat

Subject: Meeting summaries: SF

1. Danish FM

- SF has spoken to potential candidates for Obama's team, and he has impression that Obama will dive into MEPP right away.
- We need to preserve 2SS, focusing on RM obligations, and particularly settlement freeze.
- We need to consider a reconfiguration of the monitoring mechanism under the Quartet.
- We have to be careful that we aren't improving the quality of occupation - we need to end the occupation.
- On Egyptian proposal for unity, SF is concerned that the process will be open-ended.

2. EU Parliamentary delegation with links to the PLC

- They tried to visit PLC reps in prison, but Israel denied their request.
- SF thanked them for their efforts to visit them, and for raising the profile of this issue.
- SF also thanked them for placing sett activity in the right light, as an illegal activity. What we need now is action. EU should use conditionality of upgrade to make Israel feel a consequence for sett activity. Or make companies stop working in settlements.

3. William Hague, British Shadow FM

- SF: Pendulum has swung too far, to a point where Pals have to be everything before they get freedom.
- There has not been adequate management of the Annapolis process [by US].
- Sett activity has accelerated since Annapolis.
- We'd like to see stronger partnership within Quartet. It is the guardian of the RM; it should act like it.
- Blair's presence has helped to raise awareness and profile of issues.
- Anyone who knows the conflict understands that there are limits to economic recovery when the economy is shackled. Checkpoints are there to protect the settlers, not legitimate security interests. Check with your own security experts.
- We need a mechanism to back up words with deeds. Eg. conditioning EU upgrade on Israeli good behaviour; withhold favours to companies that are involved in sett activity; issue an advisory to nationals about risks involved in purchasing property in settlements; ending tariff preferences on sett goods; ending sett imports altogether; at least label sett imports as such. This is all about non-violent resistance. *[SF has been using our talking points on third party responsibility and raising the issue regularly now.]*
- Key to improving security environment has been doing better with the resources we have: improving management, holding weekly security mtgs, prioritizing issues.
- Hamas is upset that we were able to deploy in Hebron. They never believed that Israel would let us.
- Don't expect too much from Cairo unity talks, but we should still use it politically.
- Hamas gets stronger every time the Quartet or a western state says something against it. But Hamas would not be insensitive to being isolated by arab states.
- Unemployment is at its lowest rate since 2000, though still high.

4. David Welch, Jake, Schwartz, +1

- SF briefed them on latest in lawsuits against PLO [*Azem, I can brief you more fully if you want.*]
- DW said that the new US admin expects to see the same Pal faces (AM and SF) if it is to continue funding the PA.
- SF raised the issue of house demos. Jake said that Israel's response when the US raises it is that the houses are built in a security zone. SF said that that is not acceptable. The entire JV is a closed zone. They need to be held accountable.
- DW said that Israel's language about Pal security performance has changed. "They are allmost trying to sell it to us."
- Israelis have been telling Turks that SF is not interested in doing Tarqumiya IE. It is not that SF does not want Tarqumiya to happen. It's just that the Turks have to understand that Tarqumiya is an internal IE, and will be run under Pal jurisdiction with no Israeli involvement. SF offered Turks to also enter partnership with developer of Jalame IE because it will be more lucrative for Turks, as it is a border IE, and to get the developer moving on the project. "There is no way this PA will allow an internal IE with special Israeli security arrangements." This is a case where political interests are in direct conflict with economic development.
- SF said that Amos Gilad now acknowledges that he was right about deploying in Hebron.
- There will be another investment conference somewhere in Palestine on Nov 22, and another in London some time in Dec.