



**Palestinian National Authority
Office of the Prime Minister**

13 March 2009

**The Honorable John F. Kerry
United States Senate
Washington, DC 20510**

Dear Mr. Chairman:

I am writing to follow up on the meeting we had when you were in the region last month, and in light of the speech you delivered last week at the Saban Center of the Brookings Institution.

Like President Obama's inaugural speech, your remarks at Saban inspire hope for Palestinians and for the entire Arab world that the dawn of a new era has risen in Washington DC. As you say, "[t]here is a window of opportunity that we must seize by showing, with actions more than words, that it will not just be business as usual in the Middle East."

Specifically, your views that Middle East peace has to be approached multilaterally and in a spirit of engagement rather than disengagement, and that economic development alone cannot be the answer to what is essentially a political conflict, are demonstrative of a clarity of vision that we have not seen from Washington for some time.

Of particular import to Palestinians are your views on Israeli settlement activity. As we discussed in our meeting, we, Palestinians, consider Israeli settlements to be *the* single greatest threat to the establishment of a viable and sovereign Palestinian state and, by extension, to the two-state solution. Regrettably, US policy opposing settlement expansion has for decades, as you stated, "existed on paper alone." Therefore, as you rightly concluded, "[n]othing will do more to make clear [the United States'] seriousness about turning the page than demonstrating – with actions rather than words – that [you] are serious about Israel freezing settlement activity in the West Bank."

To this end, I believe there must be real consequences for Israeli non-compliance with its international and Road Map obligation to freeze all settlement activity. The exact nature ~~form~~ of these consequences insofar as the United States is concerned is, of course, up to the US, but, in my view, they need to ~~should~~ be concrete, tangible and immediate in order to have the

desired effect. **[not sure how specific and bold we should be in our suggestions to him. Should we, for example, suggest conditioning release of foreign aid on a freeze? Is there something better to suggest?]** Since Annapolis, the work of the Quartet Road Map monitor has been no more than an accounting exercise ~~of accounting~~ – what is needed now is to convert it into an exercise of accountability.

There are other concrete steps that the US may wish to consider with a view to ensuring that the economic activities of the US government and of US nationals are not contributing to Israeli settlement activity. For example, there may be American companies that are involved in developing and constructing settlements and related infrastructure, such as bypass roads and the Wall, while others may have business operations within settlements or may import, distribute and sell settlement products in the US. Housing fairs aimed at marketing properties in Israeli settlements are known to have been held in major cities in the US.

Such companies exploit, or profit from the exploitation of, land and water resources that have been illegally confiscated from Palestinians and that otherwise could have been productively utilized by Palestinian enterprises. They also promote settlement expansion, some by direct involvement in settlement construction, others by increasing demand for infrastructure, such as water, electricity, telecommunications and roads, for production and distribution of settlement goods.

For these reasons, I urge you to consider measures other steps the US can take to ensure that neither it nor its nationals contribute to Israeli settlement activity, such as:

- ensuring that publicly state-owned or -controlled enterprises cease all dealings with Israeli settlements;
- adopting legislative, administrative and other measures to prevent (or at least create disincentives for) US companies from contributing to Israeli settlement activity, for example by:
 - divesting from such companies if the public authorities state have holdings in them;
 - withholding government loans, credit guarantees and other forms of financial support that could be used to facilitate trade or commerce in settlements or with settlement businesses;
 - withholding protection of any such dealings or investments against claims of a future lawful government of Palestine; and
 - issuing an advisory to US nationals about the legal and financial risks associated with purchasing or leasing property within settlements located within the Occupied Palestinian Territory (OPT), including East Jerusalem. The US has already issued a similar advisory in the case of occupied northern Cyprus.
- banning settlement goods from the US market or, at a minimum, ensuring that such products do not benefit from the US's trade agreements with Israel and that they are properly labeled and identifiable as “settlement” products.

Finally, I would encourage you, Mr. Chairman, to consider convening a hearing of the Senate Foreign Relations Committee on the issue of settlements in order to discuss these and other ways in which the US can show that it is indeed serious about freezing settlement activity in the OPT. I would be most happy to discuss the matter with you further.

Sincerely,

**Salam Fayyad
Prime Minister**