

**RELEASE IN FULL**

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**From:** Abedin, Huma <AbedinH@state.gov>  
**Sent:** Thursday, October 7, 2010 6:32 AM  
**To:** H  
**Subject:** Fw: (Haaretz) Israeli Labor party expects new settlement freeze as payoff for loyalty oath

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**From:** Hsiang, Margaret E  
**To:** NEWS-NEA; NEWS-Mahogany  
**Cc:** SES-O\_Shift-III; SES-O\_OS; SES-O\_Shift-I  
**Sent:** Wed Oct 06 22:53:57 2010  
**Subject:** (Haaretz) Israeli Labor party expects new settlement freeze as payoff for loyalty oath

(Haaretz) Labor party ministers angered by Prime Minister Benjamin Netanyahu's snap decision to back a controversial citizenship loyalty oath said late October 6 that they expected a new freeze in settlement building as a payoff. Netanyahu neglected to inform his Labor coalition partners that he had approved a right-wing minister's draft of a new oath that would require anyone taking Israeli citizenship to swear allegiance to Israel as a "Jewish and democratic state."

The move paves the way for a vote in the Knesset and was hailed as victory by ultra-nationalist Foreign Minister Avigdor Lieberman's Israel our Home party, Netanyahu's major coalition partner. But the prime minister must perform a balancing act. Allies at both ends of the political spectrum and the Labor party hope that his latest concession is a sop to right-wingers ahead of a decision to renew a ban on settlement building in the West Bank – a key demand of the left.