

RELEASE IN FULL

From: Nides, Thomas R <NidesTR@state.gov>
Sent: Friday, March 23, 2012 4:13 PM
To: H
Subject: Fw: U.S. lawmaker releases hold on aid to Palestinians

FYI

From: Holtsnider, James W
Sent: Friday, March 23, 2012 04:02 PM
To: Nides, Thomas R
Cc: Sullivan, Stephanie S
Subject: FW: U.S. lawmaker releases hold on aid to Palestinians

(Reuters) - An influential U.S. Republican lawmaker, Representative Kay Granger, said on Friday she was releasing \$147 million in U.S. development aid for the Palestinians that she had blocked since last August.

But it was unclear whether the money could be spent, because another senior Republican, Ileana Ros-Lehtinen, has also had a "hold" on the funds for months. A spokesman for Ros-Lehtinen could not be reached for comment.

Both Granger and Ros-Lehtinen barred expenditure of the U.S. funds last year because they objected to the Palestinian push for recognition at the United Nations. They argued that the path to Palestinian statehood was via a peace treaty with Israel.

Granger on Friday said she had decided to release the money for humanitarian reasons, and to help stability in the Palestinian territories.

"I have taken a strong position on aid to the PA (Palestinian Authority) to send a message that seeking statehood at the United Nations, forming a unity government with Hamas and walking away from the negotiating table with Israel were not pathways to peace," Granger said in a statement.

"Right now it is in our interest - and the interest of our allies in the region - to allow aid to flow to address security and humanitarian concerns."

Granger chairs the House of Representatives appropriations subcommittee in charge of foreign aid, while Ros-Lehtinen chairs the House foreign affairs committee.

Both Granger and Ros-Lehtinen have been pressured by the Obama administration as well as the international community to release the development aid, which Congress had appropriated for fiscal year 2011.

There have been growing warnings, including from the International Monetary Fund, that the Palestinians are facing a deepening financial crisis due to a drop in aid from Western backers and wealthy Gulf states as well as Israeli restrictions on trade.

The IMF last week urged donors to meet their aid pledges to the Palestinian authority in the Israeli-occupied West Bank, which has a projected 2012 budget deficit of \$1.1 billion.

Ros-Lehtinen earlier this week demanded written justifications for U.S. assistance to the Palestinians from the U.S. foreign aid agency.

Ros-Lehtinen suggested on Tuesday that she might be able to go along with funds for water programs, health, and food, but raised questions about funds for trade, tourism, and road construction in the Palestinian territories.

The United States has committed over \$4 billion in bilateral assistance to the Palestinians since the mid-1990s, the Congressional Research Service says.

Since fiscal year 2008 the annual U.S. contribution has averaged \$600 million, RCS says. Usually, this includes about \$200 million in direct budgetary aid and \$100 million in security aid for training Palestinian security forces, in addition to development aid, the RCS says.

Technically, the Obama administration can override the objections of individual lawmakers and spent aid money once it has been appropriated by Congress.

However, successive administrations have generally deferred to holds on funds by key members of relevant committees.

Congress voted in December to allow aid to the Palestinians to continue in fiscal 2012 - the current fiscal year - as long as they are not admitted as a state to any more United Nations organizations. The Palestinians won admission to UNESCO in October, a move that prompted the United States to cut off funding to that agency.