

RELEASE IN FULL

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**From:** Mills, Cheryl D <MillsCD@state.gov>  
**Sent:** Wednesday, August 26, 2009 7:28 AM  
**To:** H  
**Subject:** FW: Israel PM: progress made with U.S. on settlements (AP)

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**From:** O'Neill, Douglas S  
**Sent:** Wednesday, August 26, 2009 6:42 AM  
**To:** NEWS-Mahogany; NEWS-NEA  
**Cc:** SES-O\_Shift-I; SES-O\_Shift-II  
**Subject:** Israel PM: progress made with U.S. on settlements (AP)

LONDON (AP) Israel and the U.S. are making headway in defusing an unusually public disagreement over West Bank settlements, Israeli Prime Minister Benjamin Netanyahu said as he met a top American envoy in London on Wednesday. Netanyahu has said ahead of his meeting with U.S. Mideast envoy George Mitchell that he wants an agreement that allows Israel to proceed with some settlement construction while at the same time restarting peace talks with the Palestinians. In the past week, both Israel and the U.S. have been signaling that an agreement could be within reach. Speaking alongside Mitchell before the meeting, Netanyahu said he hoped peace negotiations would resume "shortly." "We are making headway. My government has taken steps in both words and deeds to move forward," he said. But in the days preceding Wednesday's meeting, the key encounter of the Israeli leader's four-day London trip, he also made clear he sees the spotlight on settlements as unfair and insisted the Mideast conflict is rooted in a deep Arab enmity toward Israel that predates them.