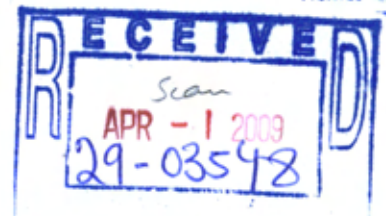


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Note to Mr. Nambiar

**SG STATEMENT AND TELEPHONE CALL ON THE FORMATION OF
THE NEW ISRAELI GOVERNMENT**

1. Further to the elections for Knesset that were held on 10 February, the new Israeli government was sworn in on 31 March. Benjamin Netanyahu officially replaced Ehud Olmert as Prime Minister, and Avigdor Lieberman succeeded Tzipi Livni in the Foreign Ministry. Ehud Barak retained his Defence Ministry portfolio.
2. The coalition formed by Prime Minister Netanyahu brings together far-right, nationalist and religious parties, as well as the traditionally more left Labour party. In the Cabinet, Mr. Netanyahu's Likud Party received 15 seats, while Mr. Lieberman's nationalist Yisrael Beiteinu party, the Labour, and religious parties (Shas and Jewish Home) received five portfolios each. Ms. Livni's centrist Kadima party elected to stay out of the coalition, citing concern that the new Cabinet would not be committed to advancing the bilateral peace track with the Palestinians.
3. Benjamin Netanyahu was previously Prime Minister between 1996 and 1999, a period that saw the negotiations and signing of the Wye River Memorandum with Yassir Arafat in 1998, which committed Israel to redeploy its military forces from parts of the West Bank. However, in recent months he has been vocal in his opposition to the alleged concessions of the Olmert government to the Palestinians and the Arab world, and has refrained from committing to the creation of a Palestinian state. As for Avigdor Lieberman, he is a highly controversial figure, identified with the extreme right-wing nationalist camp and known for his rhetoric questioning the loyalty of Arab Israelis and for his commitment to West Bank settlement expansion. He said in a speech today that Israel was not bound by the Annapolis process.
4. There have been expressions of concern in the international community, in particular Europe, over the potential impact of the new government on the peace process and on regional stability. Most have avoided prejudging what the policies of the new government will be, while making clear their expectations that the Israeli Government abide by previous commitments.
5. In accordance with established protocol, we attach for your review a draft statement for the Spokesperson to the Secretary-General for the noon briefing. We also attach proposed talking points for telephone calls that we suggest the Secretary-General may want to place to the incoming Prime Minister.

B. Lynn Pascoe
1 April 2009

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