

Key issues for Israeli-Palestinian peace talks



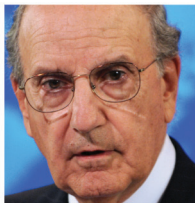
Benjamin Netanyahu
Israeli Prime Minister has pledged to take political risks for peace



Mahmoud Abbas
Palestinian President has threatened to quit talks if Israel restarts settlement construction



Hillary Clinton
U.S. Secretary of State has broken 20 months of political stalemate between Israelis and Palestinians



George Mitchell
Veteran Middle East envoy will try to help Abbas and Netanyahu agree terms for peace deal

■ TWO-STATE SOLUTION

Netanyahu has said any Palestinian state must be demilitarised so as not to threaten Israel. **Abbas does not object to this demand but Hamas Islamists, who govern Gaza, do not recognise Israel's right to exist**

■ ISRAELI SETTLEMENTS

Abbas has called for total freeze of settlement expansion in line with commitment Israel made under 2003 U.S.-backed peace **"road map"**. Ten-month halt to new West Bank settlements imposed by Netanyahu expires on September 26. **Previous Israeli governments have offered to compensate Palestinians by giving land elsewhere**



■ JERUSALEM

Abbas wants East Jerusalem – which includes Old City and sites sacred to Muslims, Jews and Christians – to be capital of Palestinian state. **Netanyahu has said Jerusalem will remain Israel's "indivisible and eternal" capital**



■ **REFUGEES** Palestinians demand that refugees from 1948 war which led to Israel's creation should be allowed to return, along with millions of their descendants. **Israel says resettlement of Palestinian refugees must occur outside of its borders**