

Israeli bulldozers have demolished part of a hotel in East Jerusalem to make way for 20 homes for Jewish settlers. The destruction of the Shepherd Hotel has angered Palestinians, who want East Jerusalem as the capital of a future Palestinian state.

The Palestinian leadership said Israel was destroying any chance of returning to peace. The US called the demolition a "disturbing development". Israel says it has a right to build homes in any part of the city.

The Shepherd Hotel was built in the 1930s and was once home to Amin al-Husseini, the Grand Mufti of Jerusalem who became an ally of Adolf Hitler in World War II. Its current ownership is disputed - Israel says it belongs to a Jewish-American property developer but Palestinians say it was seized illegally after Israel occupied East Jerusalem in 1967.

"By doing this, Israel has destroyed all the US efforts and ended any possibility of a return to negotiations," said Nabil Abu Rudeina, a spokesman for Palestinian President Mahmoud Abbas. "Israel has no right to build in any part of East Jerusalem, or any part of the Palestinian land occupied in 1967."

Attempts by the US to revive peace negotiations stalled last year, after Israel refused to end settlement building on occupied Palestinian land.

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