

Britain will maintain its diplomatic presence in East Jerusalem under a new status after Israel moved to end the operation of its consulate there, deepening a dispute between the two countries over British measures targeting Israeli settlements in the occupied West Bank.

The British Consulate General building will remain open as the "UK Mission, Jerusalem," Foreign Secretary Ed Miliband said Thursday, despite an Israeli order for the consulate to close.

Miliband said Britain did not accept Israel's legal right to close the consulate, whose presence in Jerusalem dates back nearly 200 years. He said the renamed mission would remain operational, provide vital services and continue working with Palestinians.

The announcement came as a 30-day deadline imposed by Israel for the consulate to close expired.

Israeli Foreign Minister Gideon Saar said the consulate had ceased to function in its previous capacity and that 20 British diplomats, including the consul general, would leave Israel. Seven diplomats will remain in the building under a more limited mandate, according to Israeli officials.

Workers removed signs identifying the building as the British Consulate General, while the British flag remained flying over the premises, Reuters journalists reported.

The dispute began after Britain announced sanctions targeting Israeli settlements in the occupied West Bank, including a ban on trade in goods produced in the settlements. Israel responded by ordering the British consulate to close.

Miliband said Britain had temporarily withdrawn some staff and their families for security reasons but would work in the coming months to rebuild its presence.

"We will not take reciprocal action while such discussions are underway and credible," he said, amid speculation that Britain could respond by expelling Israeli diplomats from London.

The British mission in East Jerusalem is separate from the country's embassy in Tel Aviv, which handles Britain's diplomatic relations with the Israeli government and is not affected by the dispute.

The East Jerusalem mission has traditionally handled Britain's relations with Palestinians in Jerusalem, the West Bank and Gaza, as well as providing consular services. British officials said those functions would continue under the new arrangement.

Britain maintains that East Jerusalem is occupied territory, a position reaffirmed by Miliband on Thursday. The United Nations and most countries consider Israeli settlements in the occupied West Bank illegal under international law, while Israel disputes that position.

The dispute has added to wider strains in UK-Israel relations, with London having repeatedly criticised Israeli policies in Gaza and the West Bank.

The latest arrangement leaves Britain with a smaller diplomatic operation in East Jerusalem while allowing the building and key services to remain operational. Israel, meanwhile, maintains that the former consulate has ceased functioning as a consulate and has ordered most of its British diplomatic staff to leave.