UNITED NATIONS — The Obama administration vetoed a United Nations Security Council resolution on Friday condemning Israeli settlement building in occupied territory as illegal, choosing not to alienate Israel and risking the anger of Arabs.

The lopsided vote in the Council, where among the 15 members only the United States voted no, as well as the more than 100 co-sponsors of the measure, underscored the isolation of the United States and Israel on the issue.

But the American ambassador, Susan E. Rice, said the veto should not be misconstrued as American support for further settlement construction, which the United States opposes. The issue should be resolved through peace negotiations, she said, and not mandated by a binding resolution.

Brazil’s ambassador, Maria Luiza Ribeiro Viotti, who holds the Council’s rotating presidency this month, summed up the mood of the body by saying not only that settlements were an obstacle to peace, but also that adopting the resolution, which called for an immediate halt to further construction, would have “sent some key urgent messages.”

Among the messages, she said, were that further settlement construction threatens peace in the region, and that halting construction has been misrepresented as an Israeli concession while in fact international law requires it.

The Obama administration had tried to halt Israel’s settlement building, and failed, but Ms. Rice said the Security Council was not the place to try to halt it, either.

“Will it move the parties closer to negotiations and an agreement?” Ms. Rice said of the resolution. “Unfortunately, this draft resolution risks hardening the position of both sides.”
Ambassador Meron Reuben of Israel said settlements had to be negotiated directly between the Israelis and the Palestinians. He also questioned whether the Council should be discussing the issue now given that the political changes sweeping the Middle East seem more important.

The Palestinians suspended peace negotiations last fall, after Israel refused to extend a moratorium on West Bank settlement construction. The Palestinians say they will not rejoin the talks without a settlement freeze; Israel has refused, despite pressure from President Obama’s administration, and insists on negotiations without preconditions.

The Lebanese ambassador, Nawaf Salam, who introduced the resolution, said the fact that settlements were continuing at an accelerating clip made it imperative for the United Nations to address the issue. “The main objective of this institution is to uphold international law,” Mr. Salam told reporters. “That is why we came to the Security Council, and that is why we will continue to come back to the Security Council.”

The European Union also supported the resolution, saying that continued settlement building threatened the realization of the two-state solution that had been a goal of the peace process for years.

The widespread eruptions of antigovernment protests in the Middle East have focused on domestic issues and have not been tinged with anti-American sentiment. The Obama administration said it hoped that the veto, which it has as one of the Council’s five permanent members, would not change that public sentiment.

Ben Rhodes, a deputy national security adviser, said the United States expected that the protesters knew that Washington supported their aspirations and opposed the use of violence against them.

In Ramallah, Nabil Abu Rudeineh, a Palestinian Authority spokesman, said the American veto would only add complications and “encourage Israel to continue with its settlement activity and dodge from its obligations.”

The administration had hoped to work out a compromise with the Palestinians to avoid using the veto, but a lengthy telephone call on Thursday from Mr. Obama to the Palestinian president, Mahmoud Abbas, failed to persuade Mr. Abbas to call off the vote.

The Palestinian Authority has been under pressure from its constituents to take a harder public line on negotiations since documents leaked recently that showed that it was prepared to make major concessions in negotiations with Israel.