

**BRIEFING TO THE SECURITY COUNCIL
ON THE SITUATION IN THE MIDDLE EAST**

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Mr. President,

Last Friday, the Secretary-General reported on the implementation of Security Council Resolution 1701, and this Council has been regularly briefed on the situation in Lebanon and northern Israel. Indeed, the Secretary-General's envoys, Terje Roed-Larsen and Vijay Nambiar, are today concluding meetings in Israel, after earlier consultations in Lebanon, as part of the process of preparing the report requested by the Council in paragraph 10 of resolution 1701.

Today's briefing will, therefore, be focused on the Palestinian issue. And in light of the emphasis in paragraph 18 of Security Council Resolution 1701 on the need for a comprehensive, just and lasting peace in the Middle East based on Security Council Resolutions, starkly highlighted by events of the last two months, it is necessary to step back from the events of the past month and consider the state of the peace process in light of the developments of the past year. For this reason I will not report in detail on the events of the past month alone, serious as they have been.

This time last year, Israel was disengaging from Gaza and part of the northern West Bank, and the international community, led by the Quartet, was working to ensure that this step would lead the parties back to the Road Map and to the revival of the economy of the occupied Palestinian territory. These hopes have not been fulfilled. Far from advancing towards the vision of two States, Israel and Palestine, living side-by-side in peace and security, we have seen that vision slip further away during the past year. There are several reasons for this unfortunate development.

The first is the political positions and actions of the parties.

While President Abbas remains firmly committed to his platform of peace, the Hamas-led Palestinian Authority appointed pursuant to the 25 January elections has not fully committed itself to basic principles of the peace process: non-violence, recognition of Israel, and acceptance of previous agreements. Although factional tensions persist, a broad spectrum of political and other Palestinian forces are currently engaged in a dialogue to put in place a national unity government with a new programme. In the meantime, while efforts to strengthen Palestinian border management and the security services that fall under the President continue, the Palestinian reform agenda is largely frozen, and with it, Palestinian compliance with Road Map obligations.

On the Israeli side, the coalition government has stated a readiness to commence negotiations if the Palestinian Authority accepts the basic principles of the peace process, and implement Road Map obligations. But Israel has not transferred approximately half a billion dollars it owes to the Palestinian Authority under the Paris Protocol, and has itself failed to implement Road Map obligations, including freezing settlement activity and removing outposts. Meanwhile, it has been planning for the future based on unilateral moves to disengage from parts of the West Bank while consolidating Israeli presence in other parts.

The second measure of the stagnation of the peace process is the degradation of the Palestinian Authority (PA) – the most tangible symbol of Palestinian hopes for statehood as well as of Israeli hopes for a viable partner.

The PA was already facing serious difficulties at the end of 2005. While the international community praised aspects of the PA response during the disengagement process, PA performance in the months following disengagement was at best mixed. The wage bill continued to grow as the PA recruited more officers into the security forces; security in Gaza deteriorated; and rocket attacks on Israel continued. By December last year, key donors were reconsidering their support to the PA budget, which was already depleted.

Since the January elections, domestic PA revenues have plunged further. The cumulative value of VAT transfers collected by Israel but withheld from the PA will stand between \$480 and \$560 million by next month. PA workers, which support a third of the Palestinian population, have received only a fraction of their salaries over the past six months. Absenteeism in some areas of the civil service has now reached over 40%.

Movement restrictions mean that the Palestinian Cabinet has actually never met in one place, and that ministers are confined either to Gaza or the West Bank. Moreover, several cabinet members including the deputy Prime Minister, and now both the Speaker and the Secretary-General of the Parliament, are in Israeli detention. Other ministers are in hiding or abroad, leaving ministries without policy direction, and creating disillusionment among managers and employees that remain at their posts. In Gaza, several ministry buildings have been damaged by Israeli shelling. Ministries increasingly resort to UN assistance for fuel, transport support and office equipment. As an indicator of the deteriorating position of the PA, no annual budget was published for 2006. The Hamas government's approach to running ministries – for example, its promotion of Hamas members into senior civil service positions – may also have contributed to disillusionment. There have also been constant tensions between the presidency and the government over the security services.

Mechanisms such as the Temporary International Mechanism and the United Nations own Consolidated Appeal have been put in place to ensure that basic goods and services are delivered, and that minimum cash payments are made to the needy. But these mechanisms cannot replace the PA. They do not generate economic growth, and they do not provide hope for Palestinians. The PA has shown major weaknesses in the past, on security and on fiscal management. But today, its capacity to deliver is in rapid decline. The continuation of this trend could lead to the collapse of a key provider, stabilizer and interlocutor in the region, to say nothing of Palestinian hopes for a Palestinian State.

A third measure of the state of the peace process is the most terrible of all – suffering, destruction, and death from violence.

Israeli land, air and sea operations, despite being said to be aimed at militants or military targets, have killed large numbers of civilians, including many children, and caused heavy damage to civilian infrastructure such as private homes, bridges and power plants – particularly in Gaza, where violence is a daily fact of life. In the West Bank, too, Israeli incursions are a regular occurrence, particularly in Nablus and Jenin, often causing fatalities.

There have been several Palestinian suicide attacks in Israeli cities over the last twelve months – the last was in April, but Israeli authorities report that they have foiled many other attempted operations. Israeli civilians living in towns and kibbutzes near Gaza have endured regular Qassam rocket attacks – no Israeli civilians have yet been killed from these rockets since disengagement, but there have been injuries, and if they continue, it is only a matter of time before there are fatalities.

The cycle of attack and counter-attack leads only to increased human suffering which is intolerable on all sides. As an illustration, Mr. President, in the past year a total of 41 Israelis have been killed, and nearly 480 injured, by Palestinian violence. In the same period, over 450 Palestinians have been killed, and over 2500 injured, by Israeli violence. 190 of these deaths have occurred since the capture of Corporal Shalit on 25 June – meaning that the rate of Palestinian casualties is comparable to the rate during Operation Defensive Shield at the height of the second intifada.

Meanwhile, no progress has been made in securing the release of Corporal Shalit, despite calls for his unconditional release. His parents have not even received a “sign of life”, which is the least his captors could do. Nor have President Abbas’ long-standing efforts to secure Palestinian prisoner releases yet borne fruit despite his unrelenting efforts.

A fourth reason for the lack of progress towards a negotiated two State solution is the creation of facts on the ground that would appear to prejudice final status issues. Settlement activity continues, with some 3,000 units reportedly under construction within existing settlements. And despite several statements of intent which have been reported to this Council, unauthorized settlement outposts have not been dismantled.

The Barrier, large parts of which are on occupied Palestinian territory, is now 51% complete, despite the ICJ advisory opinion. Once finished, in addition to the 180,000 Palestinians in East Jerusalem, approximately 60,500 West Bank Palestinians will reside in areas between the Barrier and the Green Line, with restricted access to health, education and employment services in both the West Bank and East Jerusalem.

In East Jerusalem, the combination of settlement activity, including at E-1, Barrier construction and other administrative measures points to the encirclement of the city that is intended to serve one day as the capital of two States, while effectively dividing the West Bank into two separate geographical areas.

A fifth measure is the economic situation, since development is a building block of peace. The impoverishment in the Palestinian territories is more severe now than it has ever been, including the period at the height of the second intifada. According to OCHA, some 70% of Palestinians are living below the poverty threshold, and 85% of the population in Gaza is currently receiving food aid. One simple indicator of increasing Palestinian desperation is the fact that the number of applicants to UNRWA’s job emergency creation program has doubled since December 2005.

The single biggest impediment to Palestinian economic growth, according to the World Bank, is the closure regime. The number of IDF manned and unmanned physical obstacles in the West Bank has increased by 43% since Israel’s disengagement from Gaza, despite the terms of the Agreement on Movement and Access which are designed to achieve exactly the contrary. Meanwhile, Rafah and Karni crossings have been only partially operational, at rates far lower than foreseen under the Agreement on Movement and Access, in light of Israeli security concerns. Although the recent trends have been positive, at least for imports, our monthly reports show that, during 2006, less than 10% of Gaza’s minimum daily export targets under the AMA have been achieved. Rafah has been closed for all but two days for the past seven weeks, preventing people leaving or entering Gaza. Thousands of Palestinian expatriate workers, who came home for family visits, are at risk of losing their visas and jobs if they are not allowed to leave Gaza to return to the countries where they work. Other aspects of the AMA, including the Gaza-West Bank link and progress on the airport and seaport, are dormant.

The sixth measure of the state of the peace process is perhaps the most worrying development of the past year – difficult to quantify, but easy to discern – has been in the attitudes of ordinary men and women. Opinion polls suggest a woeful decline in confidence in the peace process and in the prospects for a negotiated settlement on both sides. This trend, already plain before the recent conflict between Hizbollah and Israel, may well have been strengthened by it. Few people on either side believe that an end to the conflict is in sight. On one side, the result could well be further radicalization and support for violence and terror, while on the other, it could well be support for harsh and excessive military actions and unilateral measures. Positions may be hardening, and could harden further unless a credible political process is somehow revived.

Mr. President,

I have described the reality of the peace process today, by seeking to describe what has actually happened in the last twelve months. I have given reasons why we have reached this sorry juncture in the Middle East Peace Process so that we can reorganize and address the challenges ahead of us all. I recognize fully that making peace is not easy. But the absence of a credible political horizon, while in large part a consequence of decisions, actions and inactions by the parties themselves, is also partly a cause of some of those decisions, actions and inactions. We must also remind ourselves, as the G-8 stated at its summit in July, that the absence of a comprehensive solution is the root cause of the region's problems. Progress towards a two State solution would undoubtedly facilitate the resolution of conflicts elsewhere in the region, and vice versa.

The stalled state of the peace process should therefore be regarded as unacceptable – both on its own merits, and because of its broader regional implications. There are many concrete steps, some immediate, which need to be taken in order to get out of the current crisis and back towards a political path. And as the Secretary-General stressed on 11 August, something more is needed – a renewed international effort, in which the various crises in the region are addressed not in isolation or bilaterally, but as part of a holistic and comprehensive effort, sanctioned and championed by this Council, to bring peace and stability to the region as a whole. The tragedy such as we have witnessed in the last month should be converted to an opportunity to take prompt, concerted action to by all parties to resolve the problems and issues in the region which have confronted us, without resolution, for far too long.

Thank you, Mr. President.