

CHECK AGAINST DELIVERY

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

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13 February 2007

Mr. President,

When the Quartet met recently in Washington, it underscored the critical need to end the Palestinian/Israeli conflict.

Last week, a very important step forward was taken in the cause of stability and unity among Palestinians, with the agreement to form a National Unity Government reached in Mecca.

Next week, President Abbas and Prime Minister Olmert are scheduled to hold a trilateral meeting with US Secretary of State Condoleezza Rice for the first Israel-Palestinian discussions on the political horizon of the peace process in six years. The Quartet will meet again on 21 February in Berlin.

A newly active Quartet, a more closely involved Arab world, a Palestinian national unity government, and the beginning of political dialogue between the parties have, when taken together, the potential to help restore calm and re-energize efforts to achieve a two state solution.

However, as violence and tension during the last few weeks attest, many immediate and longer term dangers and challenges to stability and peace will have to be overcome.

Mecca agreement

I turn first to the agreement to form a Palestinian National Unity Government reached under the auspices of His Majesty, King Abdullah of Saudi Arabia, whose efforts, along with those of several other Arab leaders to support Palestinian unity, have been widely recognized, including by the Secretary-General.

The process of formation of a new Palestinian government as such has yet to begin. Some names of Ministers were agreed upon in Mecca, including the important ministries of Foreign Affairs and Finance which will be occupied by independents well-known to the international community, but other posts, including the key position of Interior Minister, are still to be finalized.

The agreement incorporates the text of the commissioning letter President Abbas would send to Ishmael Hannieh, which would initiate the process of government formation. The letter calls upon him "to respect ...the agreements signed

by the Palestine Liberation Organization". As the Council would be aware, on 9 September 1993, in a letter to the Israeli Prime Minister as part of an agreed exchange of letters, the PLO Chairman stated: "The PLO recognizes the right of the State of Israel to exist in peace and security. The PLO accepts UN Security Council resolutions 242 and 338.... The PLO renounces the use of terrorism and other acts of violence...".

The commissioning letter also calls upon the new Prime Minister to "respect international legitimacy resolutions". Such resolutions include not only Security Council resolutions 242 and 338, but also resolution 1515 in which the Council endorsed the Roadmap.

The commissioning letter also includes a government commitment to work to achieve Palestinian national goals "as ratified by the resolutions of the Palestine National Council and the Basic Law articles and the National Conciliation Document and the Arab Summits resolutions". As the Council will be aware, a PNC resolution in November 1988 accepted Security Council resolutions 242 and 338, and rejected terrorism in all its forms. The Council would also be aware that among the Arab Summit resolutions is the 2002 Arab Peace Initiative.

I cite these references because they show the *potential* of the agreement reached in Mecca. I use that word advisedly, because the agreement has other aspects that also need to be examined, has yet to be implemented, and has not been the subject of full discussion among Quartet partners. As they indicated in a statement on 9 February, Quartet principals hope that the desired calm would prevail as a result. They are awaiting the formation of the new Palestinian government, and have reaffirmed their support for a government committed to non-violence, recognition of Israel, and acceptance of previous agreements and obligations, including the Roadmap. The Quartet will meet in Berlin on 21 February to give full consideration to developments.

Trilateral meeting

The Berlin meeting will come just two days after the trilateral meeting convened by Secretary Rice on 19 February, which initiative the Quartet discussed and welcomed when it met in Washington on 2 February.

Intensive consultations are continuing between senior US, Israeli, Palestinian and regional officials in advance of this meeting, and Quartet envoys are meeting in Jerusalem this coming Friday. The goal of the trilateral meeting, as stated by Secretary Rice at Luxor, is "to have discussions about the broad issues on the horizon so that we can work on the Road Map and try to accelerate the Road Map and move toward the establishment of a Palestinian state." This would help to define more clearly the Road Map's destination: a Permanent Status Agreement that resolves all outstanding issues, including borders, refugees, Jerusalem, settlements, and security.

Quartet partners are determined to give active follow-up to this and any subsequent trilateral meetings, as well as the continued efforts being pursued bilaterally between Israel and the Palestinians. They intend to remain closely engaged

with each other and regional partners, in an effort to move the parties towards meaningful negotiations.

Challenges to progress

Mr. President,

While we have reason to sound more hopeful today than we have been in previous briefings, no one should under-estimate the enormity of the tasks that would face any new Palestinian government, or the many difficulties in the way of fruitful discussions between Israel and the Palestinians.

Violence

The first challenge is to curb violence of several kinds.

This year alone, 137 Palestinians have been killed by fellow Palestinians in internal clashes, including 13 children, while 445 have been injured; this compares with 146 killed in 2006, and 11 in 2005. Before Egypt brokered a ceasefire prior to the Mecca meeting, factional violence in Gaza crossed previous red lines, with assaults on a Presidential compound and convoy, on the Islamic University, and on training camps of rival forces. Rocket propelled grenades, heavy machines guns and other heavy weapons were used by both sides. Schools, shops, and businesses had to close and UN humanitarian operations were interrupted. This violence has taken a terrible toll in civilian lives, living standards, social fabric and psychological well-being.

It is equally important to calm Israeli-Palestinian violence, which has been deeply concerning in the last few weeks. In Eilat, a Palestinian suicide bomber killed three Israelis in an atrocity condemned around the world. At least 36 rockets have been fired from Gaza since 25 January. Israel has shown commendable restraint in the face of these unjustified attacks from Gaza. However, the number of IDF search and detention campaigns in the West Bank has jumped by 58% since the start of 2007, while armed and unarmed clashes between Palestinians and the IDF in the West Bank have risen by 88%. The IDF must, when carrying out operations involving searches and detentions, adhere strictly to all international legal obligations including human rights obligations. This year, 19 Palestinians, including 5 children, have been killed by the IDF, and 72 have been injured.

We are also deeply concerned at continuing tensions over Israeli construction work on a new walkway to restore a broken bridge leading to the Mughrabi Gate of the Haram al Sharif/Temple Mount compound in the Old City of Jerusalem, and accompanying archaeological digging. Israel says its work is purely for safety and access reasons, but there has been a strong reaction in many quarters of the Arab and Muslim worlds. The Israeli Defence Minister also indicated that proceeding with the work posed a security risk. This prediction was borne out late last week, when clashes broke out between Palestinians and Israeli security forces at the site and in other places in Jerusalem. While the cabinet approved continuation of the work on Sunday, the Mayor of Jerusalem has suspended construction, but not excavation, pending a new zoning plan that would involve public consultation.

Economy and institutions

A second set of challenges, also noted by the Quartet on 2 February, is to preserve and build the capacity of institutions of Palestinian governance, as well as the development of the Palestinian economy.

The economy cannot be developed without major steps from both parties to implement all aspects of the Agreement on Movement and Access. Although there have been some improvements this year, AMA implementation remains very patchy. Between 1 January and 10 February 2007, exports through the Karni crossing, which is the primary transit point for goods into and out of Gaza, reached approximately 46 trucks a day – a four-fold increase in the number of trucks exported in November 2006, but still only 11% of the AMA target. Other aspects of the AMA remain completely stalled. The effects of falling so far short of the AMA targets are being seen: factories are closing, farmers are not investing in export crops, and labour markets have contracted. Today, 80% of Gaza residents rely at least to some extent on food aid. Meanwhile, in the West Bank, closures now stand at 529 – an increase of 25% over last year – despite commitments made at the meeting of Prime Minister Olmert and President Abbas in December. Without greater movement and access, trade will continue to drop and reliance on aid will continue to increase.

Palestinian institutions including schools, hospitals, ministries have been badly harmed over the last twelve months. An extended strike over non-payment of salaries has taken its toll. The PA's financial management system has been degraded, with consequent weakening of transparent reporting on fiscal operations. The security sector remains over-sized, factionalized, unevenly trained, and under split command. The PA's fiscal crisis is severe: any new government will face a budget deficit of about 30 percent of GDP unless the currently unsustainable fiscal position is addressed, which would require reducing the wage bill, improving the collection of taxes and utility bills, and streamlining social transfers. Israel also needs consistently to hand over the clearance revenues that it collects on behalf of the PA. At present, PA public expenditures are supported mainly by external funding, and total revenues amount to less than two-thirds of the recurring cost bill.

During the past year, the programme of the current PA government hampered the ability of donors to help to address these issues. Interventions have largely been through parallel mechanisms, which have gradually undermined the very institutions intended to serve as the foundation of a Palestinian state. To facilitate the recovery of these institutions, a resumption of direct support and more holistic approaches to both development and institutional reform is needed. We hope that the new PA government's programme facilitates a return to this approach.

Facts on the ground

A third set of challenges relates to the continued lack of any positive Israeli action to remove settlement outposts, and the continued settlement activity and barrier construction on occupied Palestinian territory in the West Bank despite the provisions of the Fourth Geneva Convention and the advisory opinion of the ICJ. It is vital that

action is taken to ensure that final status issues are not further prejudiced by the creation of facts on the ground.

Lebanon

Mr. President,

In Lebanon today, at least three people were killed and many others wounded in a double bus bombing that took place near the mainly Christian town of Bikfaya, northeast of Beirut. These bombings occur at a time of acute political tension in Lebanon. The domestic political *impasse* continues, with no change in the position of the parties. The League of Arab States has continued its efforts at mediation. The UN's representative, Geir Pedersen, recently appointed Special Coordinator for Lebanon, has continued to work closely with all the parties to advocate dialogue and consensus on the various issues of contention.

The general calm that has been prevailing in southern Lebanon since the cessation of hostilities last August was disrupted temporarily on 7 February. Mr Guehenno briefed the Council on that day regarding an incident which UNIFIL subsequently had the opportunity to investigate more thoroughly. The IDF had signaled to UNIFIL that it intended to cross the Israeli technical fence to clear a number of mines that they claimed to have identified north of the fence on Israeli territory. While acknowledging Israel's security concerns, UNIFIL urged the IDF to suspend its action and to resolve the matter by relaying its concerns through UNIFIL's liaison channels and through an urgent tripartite meeting so as to avoid an increase in tension along the Blue Line. The UNIFIL force commander, Mr Pedersen and I remained in close touch with the parties to urge restraint and the resolution of this issue through peaceful means.

Despite UNIFIL appeals, the IDF proceeded with the operation later that night. The Lebanese Army opened small arms fire after the IDF made an opening in the technical fence but whilst they were still on the Israeli side of the Blue Line. The LAF intensified fire, using both rifles and machine guns aimed at the IDF bulldozer which by that time had crossed the fence. The IDF responded with at least one missile. No casualties were reported. Subsequently, the IDF bulldozer and excavator carried out earthworks to clear the area of mines and violated the Blue Line in the process.

This incident took place at the same location where the IDF had shot at and destroyed four improvised explosive devices on the Lebanese side of the Blue Line two days before.

The firing by the LAF constituted a violation of resolution 1701 and a breach of the cessation of hostilities agreement. The IDF also violated resolution 1701 by crossing the Blue Line. The exchange of fire posed a threat to the lives of UNIFIL troops patrolling in the area.

These incidents illustrate the continued volatility of the situation in Southern Lebanon and the concomitant need for all sides to respect fully resolution 1701 and continue to act with restraint at all times. In this regard, it is of paramount importance

that concerns are addressed through the tripartite mechanism chaired by UNIFIL, which has proved effective in finding solutions when the parties have chosen to engage in it.

On 6 February, the United Nations signed the Agreement between the United Nations and the Lebanese Republic on the Establishment of a Special Tribunal for Lebanon. The accord was earlier signed in Beirut. The signing was carried out in line with the mandate given by the Security Council to the Secretary-General to proceed, together with the Government of Lebanon, in conformity with the Constitution of Lebanon, with the final steps for the conclusion of the Agreement. The UN remains hopeful that the Lebanese institutions will be able to perform their tasks and responsibilities on the way toward the establishment of the Tribunal.

Conclusion

Mr. President,

With the initiatives now underway on the Israeli-Palestinian track, we have the opportunity to foster a dynamic in which positive developments are mutually reinforcing. This must now be the goal.

The Mecca agreement signals a rejection by Palestinians of internal violence to resolve their differences. It marks a renewed commitment by the Arab world to supporting Palestinian unity and moderation. And, we hope, it will lead to a government that donors can support, for three reasons.

First, because only if the security forces work cohesively rather than face off in the streets can the terrible violence in the occupied Palestinian territory be seriously tackled, and security sector reform be durable. This is as vital for Israel as it is for Palestinians. Second, because further delay in supporting Palestinian institutions and reviving economic life could have devastating consequences. And third, because, while negotiations with Israel remain the province of the PLO and in the hands of President Abbas, the institutions of the PA also have responsibilities to ensure that Palestinian obligations are met under existing agreements.

We are therefore watching developments carefully to see how the Mecca agreement is implemented in the coming period, and what actions are taken by the parties to sustain the new dynamic. Action by Israel to address the long-standing issue of prisoners, and by the Palestinian side to secure release of the Israeli soldier held hostage in Gaza, will be crucial to achieve lasting progress.

We also look forward to next week's trilateral meeting. Excessive expectations should not be placed on one such meeting. But we hope that it will be the beginning of a genuine dialogue, leading to negotiations that can define the end goal for the Israeli and Palestinian peoples, and clarify the path to achieving it. Certainly, all Quartet partners are determined to work together in supporting such an effort.

Our goal is clear: an end to the occupation that began in 1967, and the achievement of an independent, democratic and viable Palestinian State, living side by side in peace with Israel. The overall goal of a comprehensive peace between

Israel and all its Arab neighbours must not be neglected. We must act with the right mixture of firmness and flexibility with all parties to ensure that they move decisively down this path.

Thank you, Mr. President.