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

Tuesday, 22 August 2006

Last Friday, the Secretary-General reported on the implementation of Security Council resolution 1701 (2006) (see S/2006/670). The 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 (2006). Today's briefing will therefore be focused on the Palestinian issue. In the light of the emphasis, in paragraph 18 of resolution 1701 (2006), on the need for 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, in our view, to step back from the events of the past month and consider the state of the peace process in the region in the light of the developments of the past year. For that 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. Led by the Quartet, the international community was working to ensure that that step would lead the parties back to the road map, and to the revival of the economy of the occupied Palestinian territory. Sadly, those 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, in our opinion, several reasons for that 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 the 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 purview of 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 implements road map obligations. But Israel has not transferred approximately \$500

million it owes to the Palestinian Authority under the Paris Protocol, and has itself failed to implement road map obligations, including the freezing of settlement activity and the removal of 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, the most tangible symbol of Palestinian hopes for statehood, as well as of Israeli hopes for a viable partner. The Palestinian Authority was already facing serious difficulties at the end of 2005. While the international community praised aspects of the Palestinian Authority's response during the disengagement process, the Authority's performance in the months following disengagement was at best mixed. The wage bill continued to grow as the Palestinian Authority recruited more officers into the security forces; security in Gaza deteriorated; and rocket attacks on Israel continued.

By December of last year, key donors were reconsidering their support to the Palestinian Authority's budget, which was already depleted. The Authority's domestic revenues have plunged further since the January elections. The cumulative worth of value-added-tax transfers collected by Israel but withheld from the Palestinian Authority will be between \$480 and \$560 million by next month. Palestinian Authority workers, who 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 per cent.

Restrictions on movement mean that the Palestinian Cabinet has actually never met in one place, and that ministers are confined either to Gaza or to 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 the managers and employees who remain at their posts.

Several ministry buildings in Gaza have been damaged by Israeli shelling. Ministries increasingly resort to United Nations assistance for fuel, transport support and office equipment. As an indicator of the deteriorating position of the Palestinian Authority, no annual budget was published for the year 2006. The Hamas Government's approach to running ministries — for example, its promotion of Hamas members into senior civil service positions — may have also 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 consolidated appeal of the United Nations itself 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 those mechanisms cannot replace the Palestinian Authority. They do not generate economic growth and they do not provide hope for Palestinians. The Palestinian Authority 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 that 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, that is, 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 have 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 also been several Palestinian suicide attacks in Israeli cities over the past 12 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 by those rockets since disengagement, but there have been injuries. If the attacks continue, it will only be a matter of time before there are fatalities.

The cycle of attack and counter-attack only leads to increased human suffering, which is intolerable, on all sides. As an illustration, 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 2,500 injured, by Israeli violence. One hundred and ninety of those deaths 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 provide. Nor have the long-standing efforts of President Abbas to secure Palestinian prisoner releases yet borne fruit, despite his unrelenting effort. 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 provide. Nor have the long-standing efforts of President Abbas 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 activities continue, with some 3,000 units reportedly under construction within existing settlements. And despite several statements of intent which have been reported to the Security Council, unauthorized settlement outposts have not been dismantled.

The barrier, large parts of which are on occupied Palestinian territory, is now 51 per cent complete, despite the July 2004 advisory opinion of the International Court of Justice. Once it is 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 in the E-1 area, 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, in our opinion, 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 during the period at the height of the second intifada. According to the Office for the Coordination of Humanitarian Affairs, some 70 per cent of Palestinians are living below the poverty threshold, and 85 per cent 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 the emergency job creation programme of the United Nations Relief and Works Agency for Palestine Refugees in the Near East 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 Israel Defense Forces-manned and unmanned physical obstacles in the West Bank has increased by 43 per cent 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, the Rafah and Karni crossings have been only partially operational, at rates far lower than foreseen under the Agreement on Movement and Access, in the 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 per cent of Gaza's minimum daily export targets under the Agreement have been achieved. Rafah has been closed for all but two days of the past seven weeks, preventing people from leaving or entering Gaza. Thousands of Palestinian expatriate workers, who had come 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 Agreement on Movement and Access, 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. It has been in the attitudes of ordinary women and men. 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 action and unilateral measures. Positions may thus be hardening, and they could harden further unless a credible political process is somehow revived.

I have described the reality of the peace process today by seeking to describe what has actually happened in the past 12 months. I have given reasons why, in our view, 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. The purpose is not to assign blame; no useful purpose is ever served by that. I also 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 inaction by the parties themselves, is also partly a cause of some of those decisions, those actions and that inaction. We must also remind ourselves, as the Group of Eight 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. 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 and not bilaterally, but as part of a holistic and comprehensive effort, sanctioned and championed by the Security Council, to bring peace and stability to the region as a whole. The tragedy we have witnessed in the last month should, in our view, be converted to an opportunity to take prompt, concerted action by all parties to resolve the problems and issues in the region, which have confronted us, without resolution, for far too long.