Mr. President,

1. I am honoured to brief the Council two days after the passage of resolution 1850. The Secretary-General welcomes this timely and important resolution, which embodies the principles on which Israeli-Palestinian peace must rest. The resolution came a day after the Quartet affirmed the need to intensify the political process and address acute challenges on the ground. The Secretary-General also chaired a meeting of the Quartet with members and representatives of the League of Arab States, in a framework of collaboration that is essential to the search for peace in the region. The international community has sent a clear and united message of its commitment to the irreversibility of the process leading to the creation of a Palestinian State living in peace alongside a secure Israel.

2. Preparations for the Israeli general election scheduled for 10 February 2009 have continued, with many political parties holding primaries. A new US administration takes office on 20 January. There are also internal challenges on the Palestinian side.
3. We are therefore in a period of transition. The immediate priority is to sustain the process during transition, by building a solid bridge to carry us through the fragile period ahead. In this regard, a priority must be to ensure calm in and around Gaza and urgently improve humanitarian conditions. The decision of the Arab League to ensure no vacuum on the Palestinian side, support the legitimate Palestinian government and pursue Palestinian unity demands support. It is critically important to pursue specific action items to continue improving conditions on the ground in the West Bank. We must protect, preserve, and where possible advance, the three tracks of the Annapolis process -- negotiations, institution-building, and phase 1 roadmap implementation – and set the stage for a decisive push for peace in 2009.

Mr. President,

4. Let me turn first to the situation in and around Gaza. Six months ago today, a tahdiya or calm brokered by Egypt came into effect. After a period in which civilian casualties had reached alarming proportions, Palestinians and Israelis enjoyed a respite from daily terror and violence, and many civilian lives were doubtless saved.

5. But for the last six weeks, this calm has been gravely challenged. Since Mr. Pascoe briefed you on 25 November, a further four Palestinians have been killed in Gaza, including two children, and 18 others have been injured. Eight Israeli soldiers and four civilians were injured by rocket and mortar attacks, more than 130 of which, including 30 in the past two days, were fired from Gaza toward Israeli towns and at the crossings through which civilians, UN and
other humanitarian workers and all goods entering the Strip must pass. We condemn rocket attacks and call for their immediate cessation.

6. Egyptian efforts to secure the preservation and extension of the calm are continuing. Through ongoing contacts in Cairo, Israel, and Gaza, we are strongly supporting these efforts. There has been heightened rhetoric and continued violence in recent days, with an increase in rocket firing and a resumption of Israeli airstrikes. I am extremely concerned at statements from Hamas stating that the calm expires today and questioning its renewal. A major escalation of violence would have grave consequences for the protection of civilians in Israel and Gaza, the welfare of the Gazan civilian population, and the sustainability of political efforts. On behalf of Secretary-General Ban Ki-moon, I make today a direct and urgent appeal for the calm to be respected and extended.

7. I also strongly appeal for basic humanitarian principles to be continuously observed. During the reporting period, access has been restricted for goods coming into the Strip, as well as for diplomats, UN staff and humanitarian workers and international press. Between 23 November and 17 December, 614 truckloads of supplies entered Gaza – a daily average of 29. The daily average in October was 123; and in May last year was 475. Small amounts of supplies have been brought into Gaza by sea.

8. The unprecedented level of closure of crossing points into Gaza has caused unacceptable hardship to the civilian population. As of today, UNRWA has had to suspend all food distributions. Price
increases have resulted in Gazans now spending approximately two thirds of their income on food. There are also reported shortages of some food items as well as cooking gas. Limitations on cash allowed into Gaza have left beneficiaries of humanitarian organizations, PA employees and pensioners unable to collect salaries, pensions and welfare payments, and forced UNRWA to suspend cash assistance to 94,000 beneficiaries. A one-time transfer of 100 million new Israeli shekels has alleviated this crisis for now, but as stressed in a recent letter by Quartet Representative Blair and the Presidents of the IMF and the World Bank, a predictable mechanism for the transfer of cash is required.

9. Reductions in the import of fuel have resulted in regular power outages across Gaza. Half of Gaza City’s population receives water only once a week for a few hours, and other areas of Gaza receive water for a few hours on alternating days. UN projects worth over $150 million remain suspended due to a lack of materials, including six priority projects identified by the Secretary-General in May.

10. The Secretary-General outlined his concerns on conditions in Gaza in a letter delivered to his Quartet colleagues last week. We welcome the call of the Quartet for the provision of humanitarian supplies, including food, fuel, pharmaceuticals, water and sewage maintenance items to the people in Gaza, to be assured continuously. The Quartet also reiterated its previous call for Israel to allow into Gaza sufficient materials to facilitate the resumption of stalled UN and other donor projects. We continue to seek more effective communication and cooperation with the Government of
Israel, to ensure that the UN is able to execute its mandated programmes to the civilian population.

11. We also reiterate the call of the Quartet for the immediate release of Corporal Shalit. No progress has been reported on efforts to secure his release in exchange for Palestinian prisoner releases, and the ICRC has not been granted access to him during his 28 months in captivity.

12. No Muslim pilgrims from Gaza were able to attend the Hajj in Mecca prior to the Adha holiday this year as a result of internal Palestinian divisions. The Palestinian Authority secured visas for some 3,000 pilgrims, but Hamas denied their exit through Rafah crossing.

Mr. President,

13. I have detailed the security, humanitarian and development dimensions of the Gaza crisis. But it is also a deep political crisis, threatening the unified basis on which a future Palestinian State must rest, and the two State solution itself.

14. Last Sunday, on the occasion of the 21st anniversary of Hamas, Hamas leader Hannieh challenged the continuation in office of President Abbas pending a resolution of the internal divide. While calling for Palestinian reunification, he did so on a basis that rejected signed agreements and PLO commitments. President Abbas has publicly raised the possibility of calling elections if reconciliation is not achieved.
15. When Foreign Ministers of the League of Arab States met in Cairo on 26 November in Cairo, they called on President Abbas to continue his mandate until such time as Palestinian reconciliation is possible and Presidential and legislative elections can be held simultaneously in both the Gaza Strip and the West Bank. They affirmed basic terms for such reunification and their continued support for efforts to achieve it, so as to reunite Gaza and the West Bank within the framework of the legitimate Palestinian Authority.

16. The Quartet noted this position when it met on Monday, reaffirming its well-known principles and stressing that restoring Palestinian unity based on PLO commitments would be an important step forward. Security Council resolution 1850 did likewise. I urge Hamas to respond positively to these exhortations. It cannot be in the interests of the Palestinian people for essential cornerstones of Palestinian legitimacy and national aspirations to be challenged.

Mr. President,

17. I turn to the situation in the West Bank, where during the reporting period 2 Palestinian militants were killed and 79 civilians injured from IDF and settler violence. Most of these injuries were incurred during anti-barrier demonstrations. Despite the adversities on the ground, the efforts of the Palestinian Authority, together with unprecedented donor support and improved Israeli-Palestinian security cooperation, are enhancing security and creating prospects for economic improvements. I continue to work closely with Prime
Minister Fayyad to support these efforts of Palestinian self-empowerment, and to promote more far-reaching measures of Israeli enablement of these efforts so as to produce a paradigm shift on the ground.

18. Palestinian Authority security forces continue their efforts to impose law and order and meet roadmap commitments on security throughout the West Bank. Efforts are continuing in Jenin and Nablus; forces were deployed in Hebron several weeks ago; and deployment in Bethlehem has begun ahead of the Christmas celebrations.

19. Despite the 620 obstacles to movement and access which remain across the West Bank, an easing of restrictions around the Nablus area was instituted on 7 December. We strongly encourage further steps to ease movement and access given the significant improvements in security on the ground. We also welcome the release on 15 December of 227 Palestinian prisoners as a gesture to President Abbas.

20. Between 27 and 29 November, a trade fair took place in Jenin, attended by approximately 200,000 Palestinians. Around 4,500 Palestinian citizens of Israel came into Jenin at this occasion – the largest such influx to Jenin for over seven years. An investment conference in London on 15 December, hosted by Prime Minister Gordon Brown and attended by Prime Minister Fayyad, Quartet Representative Blair and Palestinian and international business people, showcased new business partnerships formed since the
Bethlehem investment conference in May, and forged further business partnerships.

21. The PA has finalized and presented its budget for 2009, which foresees continued fiscal adjustment and reforms, and envisages a shift in expenditure from recurrent items towards development projects, especially community projects. There is an urgent need to secure adequate and predictable financing from donors to finance the recurrent deficit for 2009.

22. The overall challenge is to take the incremental steps that have been implemented, intensify and multiply them, and make them transformative. One key element is further action to implement Quartet Representative Blair’s measures, including full observance of the moratorium on house demolitions; additional steps in the northern West Bank; further removal of specified movement restrictions; actions to build confidence in East Jerusalem; and further measures in Area C.

23. Another key element is action on roadmap commitments. In the reporting period, illegal Israeli settlement activity continued in the majority of settlements in East Jerusalem and the remainder of the West Bank; and Palestinian institutions in East Jerusalem remain closed. And contrary to the advisory opinion of the International Court of Justice, construction of the barrier continues in deviation from the Green Line within occupied Palestinian territory.

24. We continue to call on Israel to implement its Roadmap commitments. We urge any new Israeli government to decisively
address the question of settlement expansion, which threatens the
two state solution itself. Israel must also refrain from unilateral
actions in Jerusalem which alter the status quo or undermine trust.

25. We welcome the evacuation by Israeli security forces of settlers
from a house in Hebron on 4 December. We urge further action by
Israel to remove settler outposts in accordance with the Roadmap,
and address the growing threat of settler extremism. This threat
was made clear in the aftermath of the evacuation in Hebron, when
settlers and their supporters rioted through areas of the city under
Israeli and later Palestinian security control, attacking Palestinian
civilians, torching and damaging cars, houses and public buildings,
desecrating mosques and graves, and uprooting olive trees. We
unequivocally condemn this violence, which injured 14
Palestinians. I welcome the reaction of the Security Council on this
issue, and remind Israel of its obligation to protect the civilian
Palestinian population under occupation.

26. I was in contact with the Governor of Hebron and the Israeli
authorities during the crisis to support efforts to end the violence. I
commend the restraint of PA security forces and the efforts made
by the parties to ensure that this incident was contained, and note
the forceful denunciation of the settler attacks by Israeli Prime
Minister Olmert.

Mr. President,
27. I turn to the search for regional stability and peace, on which I have held consultations in the reporting period in Damascus, Amman and Cairo.

28. No further rounds of indirect Israeli-Syrian talks have taken place, but we look forward to their continuation and intensification. The situation in the occupied Syrian Golan remained quiet, but Israeli settlement activity continues.

29. Important efforts to promote comprehensive regional peace were made in the reporting period, including a joint letter from Prince Saud al Faisal and Secretary-General of the League of Arab States Amre Moussa to US President-Elect Obama underscoring the commitment of the Arab world to the comprehensive proposal made in the Arab Peace Initiative.

30. In Lebanon, the situation has been relatively quiet during this past month. The various initiatives taken by political leaders at national and local levels to bring a measure of stability to the country have, in general terms, continued to hold. Notwithstanding this, a limited number of isolated security incidents took place throughout the country. All of these incidents were contained and did not spark further violence.

31. On 11 December Lebanon and Syria exchanged official documents on the locations of their future respective embassies in Damascus and Beirut. Visits by Lebanese officials and party leaders to Syria have continued. On 10 November, the Lebanese Interior Minister held talks with his Syrian counterpart in Damascus on matters of
security coordination. The two ministers agreed to establish a committee to follow up and coordinate security issues between the two countries. On 28 November the Army commander, General Kahwaji, paid a visit to Syria and discussed cooperation between the armies of both countries with his counterpart and with President Assad. MP Michel Aoun, leader of the Free Patriotic Movement, went on a five-day visit to Syria.

32. As called for by the Election Law adopted earlier this year, the ten members of the Supervisory Commission on Election Campaign, charged with ensuring compliance with regulatory provisions on campaign spending and media coverage, were appointed during a cabinet session on 13 December. In the context of the run-up to the 2009 legislative elections, prominent Lebanese political leaders have continued reaching out to each other, in an effort to ease tensions. For instance, on 27 October, a meeting took place between the leader of the majority bloc, MP Hariri, and the Secretary-General of Hezbollah for the first time in 30 months.

33. While rubble removal and reconstruction in the Palestinian refugee camp of Nahr el-Bared are continuing, under-funding of the current appeals for relief of the displaced and for reconstruction of the camp remains a serious concern. Recent pledges include $1 million from the UN's Central Emergency Response Fund.

34. The situation in the UNIFIL area of operations has been generally quiet during the past month. UNIFIL and the Lebanese Armed Forces have continued coordinated operational activities throughout the area south of the Litani River. Israeli air violations continued during the past month.
Mr. President,

35. After nearly a year as the Secretary-General’s envoy based in Jerusalem, I and my team at UNSCO continue to actively pursue contacts with the parties and in the region, and with Quartet colleagues, in order to contain crises and find solutions to immediate concerns on the ground, particularly in Gaza. We are continuing to promote compliance with commitments and obligations, support dialogue and negotiations on the core issues, and advance the implementation of Security Council resolutions 242, 338, 1397, 1515 – and, now, 1850.

36. An important platform for peace has been established in 2008, due to the efforts of the parties and the support of the international community. The challenge now is to build on this platform and turn the promise of peace into a reality. I am convinced that this can and must be done. The diplomatic process and improvements on the ground most reinforce each other and move swiftly forward. A comprehensive peace in the region, with an end of occupation and the creation of a Palestinian State living at peace with Israel at its heart, is possible, necessary, and urgent.

Thank you, Mr. President.