Mr. President,

1. There have been positive though fragile developments in the Middle East this month. On other issues, progress has not been sufficient.

2. I turn first to the situation in and around Gaza. Thanks to Egypt’s efforts over the past several months, a cessation of all acts of violence began at 6am last Thursday, 19 June. Egypt’s engagement is a sign of the active role regional countries are playing in pursuing diplomatic solutions to the region’s problems, which we warmly welcome.

3. While calm prevailed for several days, on 24 June, Palestinian militants fired one mortar and three rockets at southern Israel, resulting in the injury of two Israeli civilians. Islamic Jihad claimed responsibility for the rocket fire, stating that it was in response to the IDF’s killing of one of its members in the West Bank. In addition, a Palestinian farmer was injured in Gaza by IDF fire on 23 June and in a separate incident another farmer was reported injured by IDF fire on 25 June. On 25 June, another rocket was fired from Gaza at Israel today, two mortar shells were fired. In response to the rockets, Israel has closed the border crossings for the past three days.

4. In the reporting period before the ceasefire, Palestinian militants had launched 125 rockets and 149 mortars at Israel and at Gaza crossings. These, as well as clashes with IDF soldiers operating in Gaza, resulted in the death of one Israeli civilian, and in the injury of another 12 civilians and four IDF soldiers. On 12 June, direct mortar hits by militants on the Erez crossing terminal caused significant damage and led to the closure of the terminal for a number of days. This attack followed an explosion in Gaza caused by Palestinian militants which killed eight Palestinians, among them a four month old baby, and injured 40 others, including 21 children. Also prior to the beginning of the ceasefire, the IDF had conducted 25 air strikes and a number of land incursions into the Gaza Strip. Thirty Palestinians, including at least six civilians, two of them children, were killed, and 53 others, including at least 25 civilians, five of them children, were injured.

5. I reiterate here the UN’s condemnation of all deliberate or indiscriminate attacks on civilians and crossings, as well as any disproportionate or excessive use of force. We underline, as the Quartet did when it met in Berlin three days ago, the importance of the calm being respected in full.
6. The Quartet noted that a lasting solution to the situation in Gaza can only be achieved through peaceful means. It stressed that it is vital that there is improved security for Palestinians and Israelis alike and a return to normal civilian life. Conditions are extremely grave and need urgent attention. While we were encouraged by the approximately 30% increase in the number of truckloads of supplies into Gaza between 22 and 24 June, there has been no change in the type of commodities allowed in. As noted earlier, on 25 June, Israel closed all commercial crossings in response to the firing of rockets on 24 June, and extended the closure in response to the rocket fired yesterday. Reports indicate that some industrial fuel was delivered today, although fuel restrictions continue to leave the Gaza power plant operating at 70% capacity. While fuel imports increased slightly since mid-May, the supply of diesel and petrol was 50% and 13% of the actual needs respectively. Consequences include major restrictions on water supply, the use of vegetable oil to run vehicles, the accumulation of 600 tonnes of rubbish a day on the streets, and the dumping of 77 million litres of raw or partially treated sewage into the Mediterranean Sea every day.

7. The Quartet has expressed its strong support for the steady and sufficient supplies of fuel to Gaza and for the immediate resumption of stalled UN and other donor projects there. The Quartet further tasked Quartet Representative Tony Blair to urgently develop and promote implementation of measures in coordination with Israel and the Palestinian Authority to improve conditions in Gaza. It also looked forward to the sustained and orderly reopening of the Gaza crossings under the management of the Palestinian Authority, and welcomed the readiness of the European Union to resume its monitoring mission at Rafah within the framework of the 2005 Agreement on Movement and Access.

8. We encourage the parties to pursue intensively discussions under Egypt’s auspices to secure the release of captured Israeli soldier Gilad Shalit. A letter from Gilad Shalit to his parents was passed by Hamas to representatives of former US President Carter on 9 June, but the ICRC has still not been granted access to him after two years in captivity. We also hope that the issue of Palestinian prisoners will be addressed seriously.

9. We also bring to the Council’s attention President Abbas’ statement of 5 June, made after extensive internal consultation, calling for the holding of a comprehensive national dialogue in order to implement the Yemeni initiative on Palestinian reunification. We hope that such dialogue can support the calm in Gaza and the sustained reopening of the crossings, and make progress towards the goal of reunification of Gaza and the West Bank within the framework of the legitimate Palestinian Authority.

Mr. President,

10. Efforts to advance the Annapolis track have continued this month. Prime Minister Olmert and President Abbas met on 2 June, and meetings have continued between the chief negotiators, Foreign Minister Livni and Palestinian Negotiator Ahmad Qurei. US Secretary of State Rice held a trilateral meeting with them when she visited the region on 15 and 16 June, and again in Berlin two days ago. While important issues are under discussion, it is apparent that gaps remain. However, the parties are committed to the process and continue to maintain the confidentiality that
has characterized their efforts to date. The Quartet has expressed its commitment to support the parties in taking and implementing the difficult decisions that must be made in order to achieve an agreement by the end of 2008.

11. During her visit to the region, Secretary Rice also hosted a trilateral meeting with Israeli Defense Minister Barak and Palestinian Prime Minister Fayyad to discuss the implementation of Roadmap commitments as well as continued efforts to improve security and promote movement and access for Palestinians in the West Bank.

12. Construction activity in Israeli settlements across the West Bank, including in East Jerusalem, has continued in the reporting period, and new activity has been announced. The Secretary-General has stressed that continued construction by the Government of Israel in settlements in the occupied Palestinian territory is contrary to international law and to Israel’s commitments under the Road Map and the Annapolis process. He urges Israel to heed the call of the Quartet, repeated in Berlin, to freeze all settlement activity, including natural growth, and to dismantle outposts erected since March 2001. We continue also to be concerned at incidents of settler violence against Palestinians and internationals.

13. Palestinian institutions in East Jerusalem remain closed by Israeli order. Construction on the barrier continues in occupied Palestinian territory, in deviation from the Green Line and contrary to the International Court of Justice advisory opinion.

14. Palestinian security forces have continued taking action to disarm and arrest militants in the West Bank in furtherance of Roadmap commitments. The recent deployment of Palestinian Security Forces in Jenin has produced encouraging results. In Nablus, security forces are enforcing law and order. Palestinian security operations are also taking place elsewhere in the West Bank. The international community offered support to the further development of the Palestinian security sector and judiciary on 24 June at the Berlin Conference on Palestinian Civil Security and the Rule of Law convened by Germany.

15. It is also encouraging that Israel has facilitated the reopening of 12 Palestinian police stations, from a total of 20 agreed upon in May, as well as agreeing to grant amnesty to fourteen members of the AlAqsa Martyrs’ Brigades being held under Palestinian custody. However, we note with concern an IDF raid into Nablus, launched with no prior contact with the Palestinian Authority security forces deployed in the area, which killed two Palestinians including a member of Islamic Jihad on 24 June. Improved Palestinian security performance will only be sustainable through intensified Israeli-Palestinian cooperation with regard to the discharge of Palestinian security obligations, including the curbing of Israeli incursions into areas where the Palestinian forces are operating, and unobstructed delivery of security assistance to the Palestinian Authority as called for by the Quartet.

16. In the West Bank, three Palestinians, including one alleged militant, were killed by the IDF and 126 others, including 17 children, were injured during the reporting period.
17. Quartet Representative Tony Blair continues to follow up on the set of measures he announced in May designed to allow greater movement of people and goods and help the Palestinian economy grow.

18. Since the beginning of June, the IDF has removed approximately 20 obstacles to movement and established two new ones. With the exception of one, which blocked access from a Palestinian village in Hebron to a main road, the obstacles removed were found to be of minor or no significance. The total number of obstacles in the West Bank is approximately 602.

19. New procedures applied to the movement of UN Agencies in the West Bank – including searches of UN property, the refusal to accept UN Identification, and requiring UN Palestinian staff to walk across crossings - are also causing increased operational concerns to our staff on the ground. In Gaza, UNRWA and other UN agencies face significant challenges to their operations. For example, UNRWA is currently negotiating the entry of paper for school textbooks.

20. Turning to the economic situation in the Palestinian Authority, Prime Minister Fayyad’s government has established a well monitored and controlled fiscal regime. However, the two basic assumptions underlining the macro-economic framework, namely easing of movement and access restrictions and the rate of implementation of donor-funded projects, have not been undertaken fast enough. Accordingly, macro-economic expectations may have to be revised downwards. On the revenue side, an unjustified delay in the transfer by Israel of clearance revenues in May, as well as a unilaterally decided deduction, led to a postponement in salary payments, and made PA budget planning more difficult.

21. It is crucial that countries step up their commitments and transform some of the project pledges made at the international donor conference in Paris in December into budget support. This was underlined by the Quartet in Berlin, which looked to the next meeting of the Ad Hoc Liaison Committee, to be held here in New York on 22 September, as an opportunity to take stock of progress being made.

Mr. President,

22. The indirect talks between Israel and Syria under Turkish mediation continued this month, with a further round of consultations in Turkey. Special Coordinator Serry was in Ankara yesterday and will visit Damascus tomorrow to underline the UN’s support and encouragement for these important efforts on the regional peace track, which were welcomed by the Quartet in Berlin.

23. Let me now turn to Lebanon. Led by Prime Minister-designate Siniora, Lebanese leaders continue the process of forming a national unity government as agreed upon in Doha. The process has been slow, but we hope that agreement on the composition of the Lebanese cabinet will be reached soon, and lead to the full reactivation of the country’s constitutional institutions and foster a climate of lasting national reconciliation.
24. The need for Lebanon’s leaders to ensure the Doha agreement is completely implemented was underlined by the disturbing security incidents of recent days. Heavy exchanges of fire have taken place between government and opposition supporters in the Bek’a valley, Aley and Batroun regions, and Tripoli, where 10 people were killed on 22 and 23 June. There was also an increase in security incidents in and around Palestinian refugee camps. On 31 May, near the entrance of Nahr el-Barid refugee camp, an explosion targeted a Lebanese Army position and led to the death of one soldier.

25. During the past month UNIFIL’s area of operations has remained generally quiet. UNIFIL and the Lebanese Armed Forces continued coordinated operational activities throughout the area south of the Litani River. It is hoped that the election of President Suleiman and the formation of a national unity government would positively impact on the security situation in general, as well as provide the necessary strategic umbrella and support for Lebanese Armed Forces activities in the region, including its cooperation with UNIFIL. UNIFIL continues to record significant numbers of Israeli air violations, which occur on an almost daily basis, and which are addressed in the Secretary-General’s forthcoming report on the implementation of Security Council resolution 1701.

Mr. President,

26. On 23 June an international conference on the reconstruction of Nahr el-Bared refugee camp took place in Vienna where donors pledged an initial amount of $112 million. In his message to the conference, the Secretary-General encouraged the Government of Lebanon to continue the commendable efforts it has made since 2005 to improve living conditions for Palestinian refugees. He stressed the need for a just and fair solution to the issue of Palestinian refugees in Lebanon and elsewhere, in the framework of a comprehensive peace process in the Middle East. We thank the Government of Austria for hosting the conference, and all donors who have contributed so far for their generosity and commitment and urge all others to remain engaged in the reconstruction process.

Mr. President,

27. It is clear that progress has been made on several fronts compared with this time twelve months ago. The goal of Annapolis remains a peace agreement by the end of the year, and the parties and the international community remain committed to this. We also welcome the ceasefire in Gaza which needs to be sustained and built on during that same period.

28. To turn these fragile, but real opportunities into genuine progress, the bilateral negotiations need to find common ground on the core issues. Measures to support the Palestinian Authority and economy in the West Bank must be intensified, including by donors fulfilling pledges for budgetary support and by Israel easing closure. Roadmap obligations need to be acted upon, particularly an Israeli settlement freeze. Palestinian efforts on security performance and reform should continue and be supported. The Gaza calm needs to be respected by all concerned and to be supported with improved socio-economic conditions and efforts to solve outstanding issues so that there can be
an orderly reopening of crossings under the Palestinian Authority. Internal dialogue to this and broader ends should to be fostered.

29. In conclusion, let me confirm once again that the UN remains committed to the goal of an end of the occupation that began in 1967, the establishment of a sovereign, viable and democratic Palestinian state living side-by-side with Israel, and the attainment of a just, lasting and comprehensive peace in the Middle East, based on Security Council resolutions 242, 338, 1397 and 1515.

31. Thank you, Mr. President.