I thank you, Mr. President, for inviting the Secretariat to provide this briefing.

The past month has seen major political developments in the Middle East: the establishment of a new Palestinian Government following the elections in January, the conduct of a general election in Israel, and the beginnings of an important national dialogue in Lebanon.

Two days ago, the Palestinian Legislative Council (PLC) approved, by 71 votes to 36, the new Palestinian Government, led by Mr. Ismail Haniyeh and comprising Hamas members and independents. The vote followed two months of discussions on the possibility of forming a national unity Government, which did not bear fruit. Palestinian Authority President Mahmoud Abbas swore in the new Government on 29 March on his return from the Arab League summit in Khartoum, which reaffirmed the commitment of the Arab States to the 2002 Arab Peace Initiative. The summit also reaffirmed support for the road map.

President Abbas had earlier written to Mr. Haniyeh to express his concern at the draft Government programme prepared by Hamas and to ask him to align the programme with that of the Palestinian presidency. The programme subsequently outlined by Prime Minister Haniyeh in his speech before the PLC expresses its respect for the constitutional relationship with President Abbas and its honouring of the relationship with the Palestine Liberation Organization (PLO) on the basis of respect for their respective constitutional mandates. It does not, however, acknowledge the status of the PLO as the sole representative of the Palestinian people or the basic tenets of its 1988 declaration of independence, as requested by Fatah and other parties in discussions on a national unity Government.

The following priorities are identified in the programme: all matters related to the occupation, the provision of security, improvement of the economic situation, internal reform and fighting corruption, reinforcing the status of the Palestinian cause in the Arab and Islamic worlds and developing international relations to serve Palestinian interests.

It will be recalled that the Quartet and the Security Council have called on the new Government to commit to the principles of non-violence, recognition of Israel's right to exist and acceptance of previous agreements and obligations, including the road map. This morning the Quartet principals issued a statement, which included the following:
"The Quartet welcomed President Abbas's call for the new Palestinian Government to commit to a platform of peace and, having carefully assessed the programme of the new Government approved on 28 March, noted with grave concern that the new Government has not committed to the principles spelled out on 30 January 2006.

"The Quartet recalled its view that future assistance to any new Government would be reviewed by donors against that Government's commitment to the principles outlined above. The Quartet concurred that there inevitably will be an effect on direct assistance to that Government and its ministries.

"The Quartet encouraged continued humanitarian assistance to meet the basic needs of the Palestinian people. The Quartet noted in that context the importance of improved movement and access."

The Palestinian Authority continues to be unable to meet its financial obligations. Although the Authority's salary payments were made in February, the Authority was unable to pay $15 million to $20 million in unemployment and other social benefits. Depending on the honouring of pledges made at the Arab League summit, a financing gap of approximately $60 million exists for March salaries.

I now turn to Israeli political developments. Israeli elections were held two days ago. According to provisional results, the new Kadima party, led by Acting Prime Minister Ehud Olmert, emerged with 28 seats in the Knesset, followed by Labour with 20 seats, Shas with 13, Yisrael Beiteinu with 12 and Likud with 11. The remaining seats were shared by smaller parties.

Mr. Olmert stated during the campaign that only parties committed to the so-called convergence plan that he outlined would be invited to join a Kadima-led coalition Government. This plan involves withdrawal from parts of the West Bank, combined with the annexing of major settlement blocs, with the stated goal of setting Israel's permanent borders by 2010. Officials have indicated that important details of the convergence plan remain to be worked out and that Israel would seek international support for it.

According to statements made during the campaign, Israel would stand ready to proceed unilaterally should it judge that negotiations with the Palestinian side were not possible. President Abbas, for his part, has rejected unilateral measures and has indicated his desire to enter into negotiations with Israel at the earliest opportunity. Acting Prime Minister Olmert said on election night that

"if the Palestinians are wise enough to act, then in the near future we will sit together at the negotiating table to create a new reality. If they do not, Israel will take its destiny in hand".
In that context, it remains to be seen whether Israel will adhere to its stated policy holding that the entire Palestinian Authority, including the presidency, has become a terrorist entity. That policy has already led Israel to freeze the transfer to the Palestinian Authority of Palestinian customs and VAT revenues amounting to approximately $50 million per month, notwithstanding the provision of the Paris Protocol on the subject.

Allow me now to report on security developments. Members of the Council have already been briefed on the events in the Jericho prison on 14 March and the reaction in Gaza and the West Bank, as well as on the efforts of the Secretary-General, among others, to ensure that the situation did not escalate and that calm was restored. President Abbas has demanded the immediate return of many of the prisoners. Israel, on the other hand, has indicated that it intends to hold and try them for their alleged crimes.

Israel was on high security alert during most of the reporting period, and both Israelis and Palestinians suffered from violence. An Israeli civilian was killed and another injured in separate shooting incidents in the northern West Bank on 1 March. A 15-year-old Palestinian boy was killed in an operation in the Ein Bitilma refugee camp on 3 March, where another teenager was injured. On 6 March a targeted action by Israel against two alleged Palestinian militants in Gaza killed three Palestinian children, including two brothers, and injured eight other passersby. Rockets continued to be launched by Palestinians from Gaza into Israel throughout the month, including, for the first time, a Katyusha rocket on 28 March, and Israel continued to fire artillery at rocket launching sites and bombarded the access routes leading to them. On March 25, a Palestinian teenager was killed in one such bombardment. Israel reported that its security measures prevented a number of terrorist attacks during the month.

Let me now address the humanitarian situation in Gaza. Citing security concerns, Israel has closed the Karni crossing into Gaza for 46 days since the beginning of the year. As a consequence, stocks of basic food commodities, including wheat flour, have been severely depleted. The crisis peaked between 17 and 21 March, when bakeries were forced to close and food rationing was introduced. Since then, Karni has reopened to allow over 1,300 truckloads of food to enter Gaza, and stocks of basic commodities are stabilizing.

The closure of Karni also seriously affected the export of produce from Gaza, including from greenhouse installations, previously operated by Israeli settlers, that had been preserved with international support. Some $5.2 million in potential exports were destroyed after perishing before they could be exported. On 26 March the export of goods was permitted for the first time in two weeks. The continuous operation of the Karni commercial crossing, as envisaged in last November's Agreement on Movement and Access, remains vital to Gaza's economic viability and social welfare.

As in neighbouring areas of Israel, avian flu has recently been confirmed in two locations in Gaza and is suspected in two other locations in the Strip. An estimated three million birds are affected. The United Nations system is working closely with both parties to
contain this crisis. The Food and Agricultural Organization is dealing with the Palestinian Minister for Agriculture, and the World Health Organization is encouraging and coordinating donor response and is supporting the Palestinian Minister for Health in addressing potential cases of human infection. The United Nations Relief and Works Agency for Palestine Refugees in the Near East and the World Bank are examining options for distributing cash compensation to farmers.

Avian flu is affecting the whole region, including Israel. The Secretary-General welcomes the cooperation among the region's Governments to combat this serious problem and arrest the spread of the disease. He thanks the Government of Israel for the material and technical support it has provided to the Palestinian Authority. Additional assistance from the international community to the Palestinian Authority is required.

Let me now turn to developments in Lebanon. In Lebanon, political leaders have been engaged since 2 March in a national dialogue to address major issues affecting their country, including the implementation of Security Council resolution 1559 (2004). Discussions so far have led to important consensus on certain issues, including the international investigations into the assassination of former Prime Minister Rafik Hariri and 22 others, a court of an international nature to try the assassins, and rebuilding Lebanese-Syrian relations on the basis of non-interference and mutual respect with a view to establishing full diplomatic relations.

Consensus has also emerged on how to address the question of Palestinian weapons. In this regard, Prime Minister Siniora was tasked with making direct contact with President Assad to discuss the way forward. The two leaders had an initial meeting on this issue in Khartoum, on the margin of the Arab summit.

Participants in the dialogue also agreed to initiate a process through which to identify the Shab'a Farms as Lebanese. As the Council is aware, in 2000 the Security Council confirmed the Secretary-General's assessment that the Shab'a Farms lie in an area occupied by Israel in the 1967 war and thus do not fall within the United Nations Interim Force in Lebanon (UNIFIL) area of operation and the purview of resolution 425 (1978), but rather of resolutions 242 (1967) and 338 (1973). However, as is stated in the Secretary-General's report of 22 May 2000 (S/2000/460), the line of withdrawal identified by the United Nations is to be "without prejudice to future border agreements between the Member States concerned".

A national dialogue is now concentrating on the issue of the presidency and on reaching a national consensus on the weapons of Hizbollah. The situation along the Blue Line has remained quiet, although there has been continuing concern regarding the potential for instability. The Israeli authorities reported concern over a possible operation by Hizbollah against Israeli targets. The Secretary-General has appealed to the leaders of Israel, Lebanon and Syria to do their utmost to maintain calm, the importance of which cannot be overstated, particularly at this time.

Allow me to conclude with these brief observations.
First, while the programme of the new Palestinian Government shows signs of evolution from Hamas' deeply disturbing record and covenant, the Government should, as President Abbas has urged, reassess its positions on the Quartet's principles and President Abbas' platform of peace, if the aspirations of the Palestinian people for peace and statehood are to enjoy the strong international support they deserve.

Secondly, as we await the formation of a new Israeli Government, we must recall that if the prospect of a viable Palestinian State in the framework of a two-State solution is seen to dwindle because of unilateral Israeli action, it will become even more difficult to persuade Palestinians that there is anything to be gained from moving toward a compromise. The interest in negotiations recently expressed by both acting Prime Minister Olmert and President Abbas should be seriously explored.

Thirdly, despite the gulf between the parties, they and the international community share a common interest and duty to prevent a security or humanitarian crisis in the occupied Palestinian territory. In this context, and while mindful of Israeli security concerns, we would observe that the extended closure of Gaza has caused real hardships.

Finally, the beginning of the national dialogue in Lebanon is an historic and positive development. All the political leaders of the country have come together without any external prodding for an open discussion of issues of national concern. Notable progress has been achieved. The process underscores the fact that dialogue remains the most effective way to reach consensus, and consensus is in turn the most effective means of ensuring stability and national unity in Lebanon. We encourage the Lebanese parties to maintain their commitment to this dialogue as a means through which Lebanon addresses both its national priorities and international commitments. Let us hope that their efforts will continue to bear fruit, thus sending a message throughout the region that peaceful dialogue is indeed the only way forward.