

Opening Statement for the AHLC Meeting

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Excellencies, colleagues and friends, ladies and gentlemen,

This much anticipated meeting of the Ad-Hoc Liaison Committee -- generously hosted by the Government of Italy and effectively organized once again by the Governments of Norway and Italy -- carries with it the hope of a new peace process. The presence of both Israeli and Palestinian officials here in Rome is the most powerful expression yet that both parties have a renewed desire to engage.

Nevertheless, this optimism should not lead us to ignore the divides facing us. The most visible, emotional and intense is, of course, the divide between Israelis and Palestinians. But there are also sharp divides within both these peoples. And even sometimes within those of us in the international community. Some of these rifts will no doubt appear in varying degrees during these meetings here in Rome.

So I would like to emphasize, even plea, that now, when hands are outstretched, is not a time for slapping faces. Instead, let us avoid deepening divides, and use the opportunities before us to bridge them.

With the appointment of Ahmad Qurei as Palestinian Prime Minister, both parties are now working with the expressed intent of restarting a new and vigorous peace process. The time to start it may even be right now, right here, in Rome.

If this nascent peace process is to build momentum and succeed, it must be guided by the Quartet's Road Map -- a framework that has been dormant since Mr. Qurei's predecessor Mr. Mahmoud Abbas stepped down last summer. Critical in this regard is the underlying principle of the Road Map. That principle is parallelism -- or that any successful peace process requires us to address economic, political and security levels in unison -- and not concurrently or based on pre-conditions. But this, of course, does not mean that everything has to arrive simultaneously and in lock-step.

The security level centers on halting terror and military actions. In this context, I would like to seize this opportunity to applaud the Government of Egypt for its relentless efforts working with the Palestinian Authority and a variety of Palestinian groups to secure a ceasefire. Though there has been no agreement reached as of yet, efforts continue which we hope will lead to a full and lasting ceasefire between Israelis and Palestinians.

Progress on security is essential to having a peace process. But I would like to focus on the purpose of this meeting: alleviating the disturbing humanitarian and economic situation of the Palestinian people and to reconstruct the economic pillar necessary to underpin any peace process - which was the very rationale for the establishment of this forum -- the AHLC.

After three years of conflict and intensive closure, the Palestinian economy is on its knees, with money provided from donors here today one reason it has not completely collapsed.

Seen from Israeli eyes, the closure is a catch-22 that comes against the backdrop of murderous terrorist attacks: you are damned if you do and you are damned if you don't. They feel that if the closure system is opened up, the potential of new terrorist attacks is opening as well. But if you keep the closure, the living conditions and livelihood of the Palestinian population will continue to worsen.

The donor community also faces a catch-22: the more than \$1 billion they provide annually undoubtedly helps alleviate the suffering of the Palestinian people. On the other hand, through some eyes, this money helps subsidize an Israeli occupation that increases hardship for the average Palestinian.

For Palestinians, this crisis is about more than the hardship they are enduring. Simply facilitating goods and people and securing donor aid are not enough. From their eyes, this crisis remains much more fundamental – a struggle for their identity and national aspirations.

Donors, Palestinians and Israelis all have to grapple with these dilemmas and find meaningful ways to handle them. The major requirement on the Palestinian side is to secure the oneness and governing authority of the PA. Consistent with the Road Map, they must see that the Authority has a monopoly on the possession and use of arms in order to prevent terror and violence and simultaneously ensure that the reform process is carried out in full.

For Israelis, the utmost should be done to facilitate the free movement of Palestinians and donor access -- no matter the pace and progress of the peace process. This will make it easier for the donors to continue their admirable and extremely generous effort – one working for nearly a decade in support of peace.

The challenges are enormous.

Between 2000-2002, Palestinian economic losses amounted to an estimated \$5.4 billion – one year's worth of total income for the Palestinian economy. Real GDP declined some 33 percent between 1999 and 2002. Total investment fell from \$1.45 billion to \$150 million in the same period.

These figures, which I know several presenters will detail later today, translate into unprecedented poverty, despite occasional improvements with approximately 2.5 million Palestinians under the poverty line – or about 60 percent of the total population. Most Palestinians receive some form of assistance, with approximately 40 percent of the population food insecure, unemployment runs around 30 percent, and around half the population cannot consult their usual health services.

Closures and curfews are the single greatest factor in this enduring tragedy. Last month, there were more than 700 obstacles of different sorts blocking movement on Palestinian roads in the West Bank. This fragmentation of the West Bank has been deepened by the building of the Barrier, which has separated tens of thousands from land, jobs, markets and essential social services.

However, the very fact that we today are sitting at this table gives hope. I firmly believe we must seize this opportunity now and work together to end the misery of ordinary Palestinians. Together we should contribute to the sparks of a new peace process and finally engage the Road Map. But that is not enough.

We must also protect and preserve this process so that we can reach the goal sought by, I believe, everyone here today: a just and lasting peace based on the end of terror, the end of the occupation that started in 1967, and the establishment of a state of Palestine living side by side in peace and security with the State of Israel.

However, a peace process leading to these goals can only be meaningful for people on the ground through positive changes in their quality of life. A future peace process will be critically dependent on such moves.

Thank you Mr. Chairman.