Mr. President,

1. At the outset, let me congratulate you on Lebanon’s Presidency of the Security Council.

Mr. President,

2. Since the Council last met, Israeli-Palestinian proximity talks, mediated by the United States, have officially commenced. The Secretary-General has been actively supporting the resumption of proximity talks and the Quartet welcomed this development on 11 May.

3. We commend President Abbas’ continued commitment to the two State solution, and his readiness to participate in talks. We welcome the support provided by Arab League Ministers meeting in Cairo on 1 May and from the PLO Executive Committee on 8 May. We also commend Prime Minister Netanyahu’s adherence to the policy he laid last year committing his government to a negotiated two State solution. The leaders have displayed political courage in entering these negotiations. This courage will now be tested anew at the negotiating table -- initially in proximity format, with a view to transitioning to direct talks as soon as possible.

4. Both parties have made specific commitments, and received certain assurances, which have enabled proximity talks to begin. Some of these remain confidential. These commitments must be respected, as must obligations under the Roadmap and international law. We welcome US President Obama’s reaffirmation that both parties would be held accountable for actions that undermine trust during the talks.

5. US Envoy Mitchell is currently in the region for a second round of proximity talks, following the first round in early May. We commend the United States on its readiness to play an active role in the process. Quartet members remain in close touch regarding the ongoing talks. While the issues are complex and sensitive, the goal of the effort underway is clear, as stated by the Quartet on 19 March in Moscow: the resolution of all core issues; an end to the 1967 occupation; and two States living side-by-side in peace and security.

Mr. President,
6. With the start of the proximity talks, it is vital that positive actions are taken on the ground to build confidence -- in both Gaza and the West Bank, including in East Jerusalem.

7. I turn first to Gaza, where the Secretary-General has repeatedly called for a different and more positive strategy, and the UN is seeking to be a catalyst for such an approach on the ground, within the framework of Security Council resolution 1860.

8. We continue to condemn acts of indiscriminate or excessive violence and to urge calm. Militants fired 12 indiscriminate rockets towards Israel, causing no injuries. The IDF conducted 19 incursions and 8 air strikes during the reporting period, injuring nine Palestinians and killing three. Seven Palestinians were killed and 13 injured in tunnel incidents under the border with Egypt.

9. We continue to urge Palestinian unity on the basis of PLO principles. Despite recent efforts by independent Palestinian figures promoting reconciliation, Hamas continues to refuse the unity proposal mediated by Egypt and accepted by other Palestinian factions.

10. We call for access to, and the release of, Israeli Corporal Gilad Shalit, who has been held in captivity for 47 months without third party access. The resolution of this issue, and with it the release of a significant number of Palestinian prisoners, would be in the overwhelming interest of both Israel and the people of Gaza.

11. Above all, we stress the scale of the unmet needs of Gaza’s civilian population after nearly three years of closure and the heavy damage of Operation Cast Lead, and urge an end to the Israeli closure of the Strip. While the Israeli government continues its existing policy, I welcome initial steps that have been taken to ease the impact of Israel’s closure:

   ➢ The package agreed between the Government of Israel and the Secretary-General in March is being implemented. The Tel El Sultan water treatment project will be completed by the end of the month. Construction material began entering Gaza yesterday to begin completion of 151 housing units at Khan Younis within 16 weeks. I received confirmation this morning that the essential waste water treatment facility and pipeline at Khan Younis is now fully approved.

   ➢ 2,469 truckloads entered Gaza between 11 April and 8 May. This represents a modest increase over the previous period, and there was a wider variety of items allowed in. The entry of wood, aluminium and in particular glass into Gaza on the private market has enabled a range of minor repairs. However, import levels are still only about one quarter of pre-June 2007 levels.

12. This can only be a beginning. Much more is needed. The UN, in close cooperation with the Palestinian Authority, is seeking larger and more strategic interventions to address needs in Gaza. These efforts enjoy strong support from Quartet and regional partners. We are in active dialogue with the Israeli authorities in pursuit of this objective. Defence Minister Barak confirmed to me last week that Israel will further engage the UN on the way ahead. I believe we must move forward with urgency on several fronts:

   ➢ First, major water and sanitation interventions cannot wait. The aquifer underlying Gaza is collapsing, and is expected to be completely unusable within
two years. The salinity of water available is reducing agricultural productivity, while raw sewage continues to flow at alarming levels into the sea – as bad for Gaza’s neighbours as it is unacceptable for Gaza itself. The UN has already presented a full program of the work required in this sector, in partnership with the independent water authority in Gaza supported by the Palestinian Authority. We will seek discussion with Israel on its implementation.

- Second, UNRWA needs to build 100 schools in Gaza, starting with at least 15 straight away. The student population in UNRWA schools will have increased by 15,000 above the classroom capacity since the imposition of the closure in June 2007. Without new schools, UNRWA cannot meet a rapidly expanding demand for quality education for the next generation of Gazans.

- Third, there are key construction needs in the health sector, along with needs for additional equipment. The Gaza power plant also requires a major servicing and the routine supply of spare parts to ensure continuous operation of the plant and a corresponding reduction in electricity cuts across the Strip. The first step in this regard will be to ensure that all material required for this servicing enters Gaza in the days ahead.

- Fourth, a significant increase in both the quantity and range of commercial traffic through legitimate crossings is required to restore market conditions. At present, the flourishing illegitimate tunnel trade permits smugglers and militants to control commerce. By contrast, international agencies and local contractors who wish to procure goods entering through legitimate crossings too often stand idle due to the Israeli closure. Yet as we have seen with the recent imports of glass, restoring functioning market conditions is the way to meet needs, lower prices, combat smuggling, and empower legitimate business activity.

13. I wish to note that Egypt opened Rafah crossing on 13 May for six days to enable the movement of persons on humanitarian grounds. I also note that Egypt continues its important efforts to combat weapons smuggling, including by installing metal sheeting along its border with Gaza. This only re-doubles the importance of goods being able to enter Gaza through the legitimate crossing points.

14. Within the Gaza Strip, we condemn the extra-judicial execution by Hamas of two Palestinian prisoners on 15 April and a further three executions carried out today, without Presidential authority. We call on Hamas not to carry out any further executions. Hamas demolished approximately twenty homes two days ago in Rafah, which it alleges were built illegally.

Mr. President,

15. We are closely following developments on the ground in East Jerusalem. No demolition orders against Palestinian homes have been implemented during the reporting period, despite official statements threatening further demolitions. No new settlements have been approved or tendered in East Jerusalem. Israel has also publicly stated that there will be no construction in the Ramat Shlomo settlement for two years. However, the government
continues to state its intention to build settlements in Jerusalem, and there is ongoing settlement activity. Construction in existing Palestinian neighbourhoods in East Jerusalem is particularly provocative, such as the start of work on 14 settler housing units within the Ras el-Amud neighborhood. Marches by right wing Israelis into East Jerusalem have also caused tensions, as have settler provocations and clashes in Sheikh Jarrah and Silwan. Palestinian institutions in East Jerusalem remain closed. I urge Israel to implement its Roadmap obligations and respect international law in East Jerusalem. I stress the utmost importance of all parties showing restraint and responsibility in words and actions regarding Jerusalem.

16. In the remainder of the West Bank, no new tenders have been issued or approvals given for construction of settler units during the reporting period, reflecting Israel’s settlement restraint policy. Construction is ongoing due to approvals given prior to the restraint, or due to violations of the restraint policy by settlers. The Israeli government is taking certain steps to address violations. The restraint is a step beyond previous Israeli positions and has not come without domestic challenges. We strongly urge that it be extended beyond September and expanded to cover all settlement activity, including in East Jerusalem, and that action is taken to dismantle outposts erected since March 2001 in accordance with the Roadmap.

Mr. President,

17. Both parties have responsibilities to act to maintain a secure environment, and security cooperation between Israel and the Palestinian Authority continues to be an important enabler of improvements in the West Bank. However, there are also worrying trends, in particular a rise in settler violence. Two mosques were vandalized, one in an arson attack by unidentified assailants on 4 May in a village between Nablus and Ramallah. The Israeli Authorities condemned these incidents and ordered investigations, but no one has yet been held accountable. Following stone-throwing at Israeli vehicles on 13 May, a 15 year old Palestinian boy was shot and killed by unknown assailants believed to be Israelis -- an incident that must be fully investigated. I strongly urge Israel to do more to combat violence by settler extremists.

18. By contrast, Israeli forces conducted a significantly increased number of incursions from the previous period, arresting 286 Palestinians and injuring 96 others. A militant was killed in an IDF operation on 26 April. Weekly demonstrations against the barrier continued, with Israeli security forces using live rounds, rubber coated bullets and tear gas to disperse demonstrators. Following recent amendments to a 1969 Israeli military order which originally authorized the deportation of infiltrators from countries hostile to Israel, there are continuing concerns regarding the number of Palestinians who may be affected by the broad and unspecific terms of the order. The UN is closely monitoring its impact and continuing to seek clarifications.

Mr. President,
19. The Palestinian Authority should also continue and intensify its ongoing security efforts, in accordance with the Roadmap. On 25 April, Palestinian security forces seized hundreds of kilograms of explosives, ammunition and weapons from a number of Hamas arms caches in Nablus, and arrested some 35 individuals. President Abbas has also recommitted to combating any incidents of incitement.

20. Looking ahead, and building on earlier steps, reduced Israeli incursions and further removal of obstacles to movement – which currently stand at 505 – would be very positive. It is equally important that certain security and development steps by the Palestinian Authority are now permitted in Area C. The UN also awaits an Israeli response to a $5 million plan to address some of the most basic humanitarian needs in education, shelter and water and sanitation in Area C.

21. Let me also draw the Council’s attention to certain funding concerns. Despite the AHLC’s call on donors, only $380 million have so far been provided to the Palestinian Authority out of the $1.24 billion required for 2010. I urge increased support for the Palestinian Authority budget. Private sector growth is critical for sustainable economic growth and in this regard I note that the second Palestine Investment Conference will take place on 2 and 3 June, to facilitate and mobilize investment in Palestinian businesses, including in the tourism sector.

22. UNRWA also faces a financial crisis that threatens the sustainability of essential operations throughout the region from employing teachers to providing medical care to improving precarious camp conditions for Palestine refugees. Even after scaling back requirements to critical levels, UNRWA’s deficit today amounts to $90 million. I urge all those in a position to assist, in particular countries in the region, to provide additional support to UNRWA this year.

Mr. President,

23. While the situation pertaining to Lebanon has remained largely stable on the ground, allegations of arms transfers to Hizbullah created tension between Israel and Lebanon during the reporting period. Israeli officials have reiterated their concern over alleged transfers of sophisticated weaponry through the Syrian border. Lebanese officials, including President Suleiman and Prime Minister Hariri, Hizbullah leaders, and Syrian officials sharply denied these allegations. A number of Arab and European leaders actively engaged with all relevant parties to dispel the tension.

24. Within Lebanon, leaders met to continue their discussions on the development of a national defence strategy in the forum of the National Dialogue on 15 April. They will resume their deliberations on 3 June.

25. Lebanon has also seen the successful conduct of the first two rounds of municipal elections on 2 and 9 May, which took place in an atmosphere of overall calm and stability and without security incidents. The next two rounds will take place on 23 May and 30 May.
26. Concerning the reconstruction of the Nahr al-Bared refugee camp, international support remains of great importance. There is a shortfall of USD 209 million to cover the costs of rebuilding the camp.

27. The situation in UNIFIL’s area of operations remained largely quiet. On 16 April, a local MP led a demonstration in the village of Abbassiyeh, and around 20 demonstrators, including journalists, crossed south of the Blue Line where one person planted two Lebanese flags at the Technical Fence. The demonstration and the Blue Line violation took place in the area where three days earlier the IDF had carried out work north of the Technical Fence but south of the Blue Line. No Blue Line violation had occurred during these works. A week later, on 23 April, demonstrators, led by the same MP, crossed the Blue Line in the Sheba area in violation of resolution 1701. In both instances, the situation was tense but contained. Israeli air violations have continued on an almost daily basis. On a number of days, there were over 30 violations, the majority of which were carried out by fighter jets.

Mr. President,

28. The search for Arab-Israeli peace must be comprehensive. We continue to value close engagement with Arab partners, which have a crucial role to play in supporting efforts on the Israeli-Palestinian track. Moreover, the Israeli-Syrian and Israeli-Lebanese tracks, and indeed the framework provided by the Arab Peace Initiative, must be fully integrated into an overall effort for comprehensive peace, as recognized by the Quartet in Moscow. Efforts must continue to restart regional negotiations, and I take note of recent efforts by Israeli and Syrian leaders to convey messages of peace through international leaders. The situation in the occupied Syrian Golan remained stable, although settlement activity continued.

Mr. President,

29. After many setbacks and delays, we are entering a new phase in the efforts for Israeli-Palestinian peace. These efforts have our strong support, and I am convinced of the united determination of the international community. But let us all realize that we do not have the luxury of time. There is distrust and skepticism among peoples on both sides. Their leaders face multiple political challenges. And there are powerful elements who will seek to derail progress.

30. Negotiations need to address the core issues and cannot be allowed to stagnate. Equally, the process must be sustained by positive actions on the ground – including in Gaza and Jerusalem, and in the further empowerment of Palestinian state-building. The United Nations will continue to play its full role in these efforts, consistent with the resolutions of this Council.