Mr. President,

1. Six weeks after direct Israeli-Palestinian negotiations began in Washington, we are at an impasse. The parties have not met since 15 September.

2. On 26 September, despite calls for its continuation from the Middle East Quartet, Israel’s partial settlement moratorium in the West Bank expired and was not renewed. Construction that had been frozen resumed in some settlements. President Abbas indicated he would not continue in negotiations unless Israel freezes settlement activity.

3. The Secretary-General has publicly expressed his disappointment that the moratorium was not renewed, reaffirmed that settlement activity is illegal under international law and contrary to the Roadmap. He has been in direct and frequent contact with regional leaders, including President Abbas and Prime Minister Netanyahu, and urged all to find a way forward.

4. On 21 September, the Quartet met in New York, noted the positive impact of the settlement restraint and urged its continuation. The Quartet reiterated that unilateral actions by either party, including settlement activity, would not be recognized by the international community. It encouraged the parties to work together to find a way to ensure that negotiations continue in a constructive manner to resolve all final status issues within one year.

5. Following consultation with Quartet partners, this position was reiterated in a message that Special Coordinator Serry delivered on behalf of the Secretary-General to the Arab League Summit in Sirte, Libya on 9 October. In Sirte, the League of Arab States Follow up Committee supported President Abbas’ position not to continue in negotiations unless Israel freezes settlement activity, and agreed to reconvene in a month to assess the situation.

6. The Quartet envoys have been in regular contact and Principals are discussing a proposal to meet soon to review developments. We have a brief and crucial window to overcome the current impasse. Intensive diplomatic efforts led by the United States and supported by all members of the Quartet are ongoing to create conditions conducive to the continuation of the negotiations. These efforts were made even more difficult by the Israeli government’s approval on 14 October of construction tenders for 238 housing units in the settlements of Ramot and Pisgat Zeev in East Jerusalem, contrary to international law and running directly counter to the Quartet’s efforts.
7. Time is of the essence and we need progress in the coming weeks. The Secretary-General continues to believe that, if the door to peace closes, it will be very hard to reopen. There is no alternative to a negotiated settlement resulting in the creation of an independent and viable State of Palestine living side by side with the State of Israel in peace and security.

Mr. President,

8. Despite these uncertainties, the state-building agenda of the Palestinian Authority continues to advance. On 21 September, the Ad Hoc Liaison Committee met in New York. The Committee members recognized that the Palestinian Authority's reform agenda had accelerated in 2010, with critical achievements in public finance reform, infrastructure and the provision of social services. They supported Prime Minister Fayyad’s determination to implement the “Homestretch to Freedom” agenda by August next year. The AHLC welcomed Israeli measures to remove some obstacles to movement in the West Bank and to ease restrictions on some imports to Gaza, while urging further steps, particularly in support of greater private sector-led growth.

9. As a symbol of continued support for private sector development - which will ultimately drive the sustainable economic growth that is critical for the future state -- on 11 October, Prime Minister Fayyad broke ground on an agro-industrial park in the Jordan Valley funded by Japan. The Park could create 10,000 Palestinian jobs and provide a major boost to the economy. However, as with other infrastructure in Area C, this park will require that the Government of Israel approve the necessary permits.

10. While in New York, Prime Minister Fayyad briefed AHLC members as well as Arab League Foreign Ministers that commitments of donor funding for 2010 remain critically below what is necessary to ensure that the Palestinian Authority can meet expenses. Reforms have steadily lowered the budget deficit, reducing PA reliance on donor funding for budget support. However, despite continuing generosity from some donors, commitments for 2010 remain insufficient to ensure that the PA can meet expenses in both Gaza and the West Bank, and the Palestinian Authority faces increasing difficulties to borrow from domestic banks to cover this shortfall.

Mr. President,

11. There continue to be tensions and violent incidents in the West Bank. The Palestinian Authority is working to provide security in areas under its authority and to meet its Roadmap commitments to combat terrorist attacks, and reportedly thwarted attempts by militants to launch attacks during the reporting period, underscoring the continuing security challenges on the ground. A sixth battalion of Palestinian National Security Forces is currently training in Jordan, with international assistance, before being deployed in the West Bank.

12. Despite Palestinian efforts, Israeli security forces, citing security concerns, conducted 353 operations in the West Bank during the reporting period, in which 6 Palestinians were killed, including two leaders of Hamas Izz al-Din al-Qassam Brigades allegedly involved in the killing of four Israelis near Hebron on 31 August. Also 157 Palestinians
were injured and 330 arrested. Incursions on this scale weaken efforts to build genuine security cooperation. One Palestinian laborer was killed while trying to reach East Jerusalem through the barrier, and another suffered a fatal heart attack.

13. A total of 44 violent incidents were recorded between local Palestinians and settlers, in which 6 Palestinians and 4 Israelis were injured. One Palestinian was shot by a settler on 8 October and there were two incidents of Palestinians being run over. In a deplorable act of desecration, there was an arson attack by settlers on a mosque near Bethlehem on 4 October. To defuse tension and promote inter-faith tolerance, six rabbis subsequently visited the mosque and donated new Qurans to replace those damaged in the blaze. There were also attacks by Palestinians on settlers, including on 26 September when Palestinians opened fire at an Israeli vehicle near Hebron, injuring a man and his pregnant wife.

14. Hundreds of olive trees are reported to have been set on fire, poisoned or uprooted by settlers throughout the West Bank in the run-up to the harvest season. Prime Minister Fayyad marked the beginning of the olive harvest on 10 October by participating in olive picking in the Northern West Bank village of Iraq Burin, which has been the scene of repeated attacked by settlers in the past months. Much more needs to be done by Israel to prevent violence by extremists against Palestinian civilians under occupation, and to impose the rule of law.

15. On 13 October, Israel demolished ten outposts in the West Bank. This is a positive development which we hope will be followed by further steps towards Israel’s Roadmap commitment to dismantle outposts erected since March 2001.

16. The wall partly constructed in deviation from the Green Line and in contravention of the advisory opinion of the International Court of Justice, continues to pose significant challenges to movement of Palestinians in the West Bank. Despite efforts to ease restrictions on movement and access, the number of obstacles in the West Bank remained at 508. On 11 October, an organizer of the anti-Wall campaign who advocates peaceful resistance was convicted of incitement and organization and participation in demonstrations, and was sentenced to one year in jail by an Israeli military tribunal.

Mr. President,

17. There were renewed confrontations in sensitive areas of East Jerusalem during the reporting period, underscoring the tensions caused by the presence and expansion of settler communities in the heart of Palestinian neighbourhoods. On 22 September, a Palestinian was shot and killed by an Israeli private security guard in the East Jerusalem neighborhood of Silwan after he was allegedly attacked by Palestinians throwing stones at his car. Violent clashes ensued and spread to other Palestinian neighborhoods. On 26 September, an Israeli court rejected an appeal claiming ownership of a building by two Palestinian families in the East Jerusalem neighborhood of Sheikh Jarrah, leaving a further twenty families living in the area at risk of eviction.
18. The status of the four Palestinian lawmakers from the Hamas-affiliated Change and Reform bloc remains unresolved. This unsustainable situation needs a sensible resolution that ensures they are not expelled from Jerusalem.

Mr. President,

19. The situation in Gaza remains a source of serious concern, and modest gains over recent months must not obscure the need for more far-reaching measures to ease the blockade, including enabling freer movement of people, exports, and a wider range of goods on the commercial market, as part of a broader effort to implement all aspects of Security Council resolution 1860.

20. If we are to make progress, all parties must work to ensure calm. During the reporting period, Palestinian militant groups fired seven rockets and six mortars from Gaza into Israel, while Israeli Security Forces conducted five air strikes and six incursions into Gaza. Three Palestinian militants and one civilian were killed, while 18 civilians and one militant were injured. We urge all parties to respect international humanitarian law and to halt violence.

21. During the reporting period, a total of 2570 truckloads entered Gaza with a weekly average of 857 truck loads entering. 58 % of the imports were food products. In June, prior to the announcement of the new Israeli policy for Gaza, the weekly average was 566 trucks. However, the current imports still represent a third of the June 2007 pre blockade weekly average. We reiterate that the appropriate way to meet needs in Gaza is through the further opening of legitimate crossings.

22. I am pleased to report the completion of the 151 housing units in Khan Younis; which on Friday 15 October began to receive their new inhabitants. Further approvals for United Nations projects have been received from the Government of Israel. While these are only a portion of the total package presented to Israel, they are, nevertheless part of an expanding flow of UN recovery/construction work which will begin to address Gaza’s immense recovery and reconstruction needs. In this regard, the UN will present additional programmes of work, before the end of the year and will also continue to work with the Government of Israel to streamline implementation arrangements. One immediate step would be for Israel to expand the working hours and days for which the Karni crossing is open.

23. The de facto Hamas authorities closed down several civil associations during the reporting period, including a journalist syndicate and a farmers union. Some civic groups, including partners in the UN implemented projects, have suspended their operations in Gaza claiming they experience increasing pressure from the authorities. In addition, on 19 September unknown assailants set ablaze a recreation water park in Gaza.

24. We are also concerned that, on 22 September, a Palestinian man was sentenced to death by firing squad after a military tribunal convicted him of collaboration with enemy parties.

25. We reiterate our concern over the continued captivity of Staff Sergeant Shalit and call to release him immediately. Humanitarian access to him should be granted without
further delay. We note reports of a resumption of efforts to conclude an agreement that would secure his release in exchange for the release of a number of the more than 9000 Palestinian prisoners in Israeli jails.

26. We continue to support efforts to advance Palestinian reconciliation based on PLO commitments. These efforts have been stalled following Hamas’ refusal to sign the Egyptian-brokered draft reconciliation proposal. Senior Fatah representatives met with Hamas leader Khalid Mash'al in Damascus on 23 September and a further session of talks is expected on 20 October.

27. As mentioned at the last monthly briefing to the Council, the Secretary-General’s Panel of Inquiry on the 31 May 2010 Flotilla Incident will discuss and review the interim reports, once it had also received a report from Israel. The Israeli Commission to examine the maritime incident of 31 May 2010 continues its proceedings which are now at an advanced stage. We look forward to the continued cooperation of the parties with the Panel and to the Panel's further progress and substantive work.

Mr President,

28. It remains essential – and, indeed, urgent – that serious steps are taken to restore the regional tracks of the peace process, in particular between Israel and Syria. Only a comprehensive approach to peace will be sustainable, and has the potential to ease tensions in the region. On the ground, the situation in the occupied Golan remained stable but settlement activities continued.

29. Turning to Lebanon, tensions generated by speculation and allegations related to potential indictments by the Special Tribunal for Lebanon grew steadily in recent weeks. This was accompanied by a sharp increase in the use of belligerent rhetoric and challenges to state institutions, raising fears of sectarian violence. Against this background, the Special Coordinator for Lebanon, Michael Williams, held meetings with Lebanese officials and political leaders and called on all sides to tackle difficult issues in an atmosphere of calm. The Secretary-General expressed his support for the work of the Special Tribunal stressing that it is independent, with a clear mandate from the Security Council, through its resolutions 1664 (2006) and 1757 (2007), to uncover the truth and end impunity, and that no one should prejudge the outcome.

30. On 13 and 14 October, the President of the Islamic Republic of Iran conducted an official visit to Lebanon, including to the South of the country. The visit sparked serious concerns in many quarters.

31. The living conditions of Palestinian refugees in Lebanon remained of serious concern. UNRWA continues to face funding shortfalls both for its regular programmes, aimed at delivering basic services to the Palestinian refugees, and for the reconstruction of Nahr al-Bared camp. We reiterate our call to donors, including countries in the region, to provide vital financial support for the reconstruction efforts as well as for UNRWA’s work.

32. The overall situation in the UNIFIL area of operation remained generally quiet. During the past month Israeli air violations took place on an almost daily basis.
33. The 12th report of the Secretary-General on the implementation of resolution 1559 (2004) will be released today.

Mr. President,

34. We must remain collectively committed to the goal of a peace agreement within a year from the start of talks in September. We must overcome the current impasse, and – more importantly – ensure that when talks resume, they move intensively and definitively to seek resolutions of the key core issues – including borders. The Secretary-General will continue to work closely with Quartet and regional and international partners, and the parties themselves, to support this agenda.

35. The United Nations remains committed to an end to the occupation that began in 1967 and to the goal of establishing an independent, democratic, contiguous and viable Palestinian State living side by side in peace and security with Israel and its other neighbours.