Mr. President,

1. An extremely worrying impasse persists in efforts to bring about Israeli-Palestinian negotiations, amidst low confidence between the parties, disputes over the terms of reference for negotiations, continued creation of facts on the ground, tensions in Jerusalem, uneven developments in the remainder of the West Bank, and unsustainable conditions in Gaza.

2. Intense diplomatic activity has continued, to try to bring about resumed negotiations between Israel and the Palestinians, including US Envoy Mitchell’s recent visit to the region. These efforts are continuing and the parties have indicated that they are reviewing developments, but a breakthrough has not been achieved.

3. The Secretary-General and his envoy are actively engaged with the parties, regional partners and within the Quartet in an effort to support the initiation of a meaningful process that leads to a clear end-game. The Secretary-General met Envoy Mitchell on 6 January and we welcome Mitchell’s engagement with Quartet envoys and other partners in Europe on 12 and 13 January. We also note the efforts of Egypt, which hosted Israeli and Palestinian leaders for discussions this month. Special Coordinator Serry recently visited Cairo and Amman.

4. We believe that the Quartet can and must play its full role at this crucial juncture, if obstacles are to be overcome and a process is to be resumed with prospects for success. The parties must also assume their responsibilities. Notwithstanding certain steps, Israel can and should do considerably more to build confidence through implementation of obligations on the ground, and by signaling a genuine commitment to negotiate and resolve all core issues, including Jerusalem, within a clear timeframe. And while we do not under-estimate the difficulties and concerns involved, the Palestinians should continue to engage in earnest, as they are doing, in an effort to bring about resumed negotiations.

Mr. President,

5. Despite the political impasse, the Palestinian Authority continues its efforts to advance its state-building agenda. During the reporting period, the Palestinian Authority marked the completion of its 1,000th small project targeting
underserved communities since 2008. On 14 January, Prime Minister Fayyad presented the government’s priority interventions for 2010 -- institution-building, strategic infrastructure and delivery of services. We urge the international community to support this program. The total cost is estimated at $5.5 billion, of which only 50% is fully or partially funded. The Palestinian Authority also faces a recurrent budget deficit estimated at $1.2 billion and is therefore in need of further budgetary support in 2010. In fulfilling outstanding pledges from the Paris and Sharm El Sheikh donor conferences, the Palestinian Authority has requested that assistance is frontloaded and that measures are taken to ensure the predictability of financing.

6. The Palestinian Authority also continues to make progress in both law and order and combating potential terrorism, in accordance with the Road Map. Four hundred newly-trained Palestinian security personnel were deployed in Hebron in early January. Progress has been made in recent months in addressing human rights concerns in Palestinian Authority prisons.

7. We note positively new Israeli measures to facilitate economic activity in the West Bank. On 4 January, the opening hours of the Tarkumiya commercial goods crossing between the southern West Bank and Israel were extended to improve access for goods. On 15 January, a section of a road south-west of Hebron, connecting two major routes, and providing critical access for some villages to service centers, was re-opened to Palestinian traffic for the first time since 2001.

8. We urge Israel to take more far-reaching measures to facilitate Palestinian development in the West Bank, including further easing closures -- which stand at 569 obstacles to movement; facilitating improvements in Area C; and refraining from demolishing Palestinian homes. During this reporting period, demolitions left over 100 Palestinians, including 34 children, homeless.

Mr. President,

9. I would like to reiterate the Secretary-General’s concern about the situation in East Jerusalem. He calls on Israeli authorities to put an end to activities such as settlement construction and expansion, house demolitions, closure of institutions, and the revocation of residency rights.

10. During the reporting period, Palestinian institutions in East Jerusalem, including the Orient House and the Chamber of Commerce, remained closed, contrary to the Road Map – as they have for nearly a decade. Protests by both Israelis and Palestinians against Israeli actions in Sheikh Jarrah – where several families have been evicted and a further 25 face the same threat – continued and now take place most weeks. Seventeen demonstrators arrested on 15 January were released the following day after the Israeli court ruled their arrests illegal, but a further 20 were detained on 22 January. There are also persistent concerns regarding settler-run archeological excavations in the sensitive Silwan neighbourhood adjacent to
the Old City, including tunneling activities. New cracks which appeared in roads after recent heavy rain have been attributed by some reports to these activities.

11. There continue to be official announcements of intent to expand settlement construction within the Israeli-determined municipal boundaries of occupied East Jerusalem, in areas of existing settlement and in Palestinian neighbourhoods. These include 692 new housing units in three existing settlements announced on 28 December, a new project announced on 4 January to house 24 settler families in the Palestinian neighbourhood of the Mount of Olives, and a plan announced on 6 January to establish 50 new settler housing units in the Palestinian neighbourhood of Shuafat. We urge the Israeli government not to finalize approvals of these plans. The international community does not recognize Israel’s annexation of East Jerusalem, and the status of the city remains a final status issue for negotiations, through which a way must be found for Jerusalem to emerge as the capital of two States.

12. The policy of partial temporary settlement restraint in the remainder of the West Bank, announced in November by Prime Minister Netanyahu, is broadly being implemented. Teams of Israeli inspectors have visited settlements to verify that stop-work orders are being put into effect. However, due to the exemptions in the policy and, in some cases, construction continuing contrary to the policy, construction activity has been reported in several settlements. Defence Minister Barak upgraded to university status a college in the large settlement of Ariel in the occupied West Bank on 20 January, while Prime Minister Netanyahu planted trees in Gush Etzion and Ma’ale Adumim on 24 January. Settlement activity throughout the territory occupied in 1967 is illegal and its continuation is contrary to the Roadmap. We once again strongly urge full implementation of Israel’s obligations to freeze all settlement activity, including natural growth, and to dismantle outposts erected since March 2001. On 12 January, Prime Minister Fayyad announced that the Palestinian Authority is seeking to implement a boycott of settlement products within Palestinian areas.

13. Palestinian, Israeli and foreign protestors continued demonstrating in the villages of Nil’in and Bil’in, where the barrier is built on occupied Palestinian territory contrary to the advisory opinion of the International Court of Justice, and there have been clashes between protestors and Israeli security forces.

Mr. President,

14. During the reporting period, there was a substantial increase in Israeli military operations in the West Bank in response to alleged security threats – 143 in total. Three Palestinians were killed, 87 injured and over 300 arrested -- 12 of whom were found to be carrying explosives. In a serious episode, Palestinian gunmen killed a settler on a road near Nablus on 24 December, and Israeli forces entered Nablus on 26 December and killed three Palestinians alleged to be the perpetrators, in an action strongly denounced by the Palestinian Authority.
Palestinian security forces arrested several individuals in the course of their own investigations into the killing of the settler.

15. In total during the reporting period, there were 107 violent incidents between settlers and Palestinians, which left 22 Palestinians and 18 settlers injured, partly due to the “price tag” policy to protest the Israeli government’s policy of settlement restraint. Following the evacuation of the Givat Menachem outpost yesterday, settlers attacked Palestinians and their property in the neighbouring village of Bitilu. We note that the Israeli police detained a number of settlers on suspicion of involvement in the mosque arson at Yassuf, reported in the last briefing. However, more needs to be done to impose the rule of law on violent settlers.

Mr. President,

16. Turning to Gaza, as the Secretary-General stated on the first anniversary of “Cast Lead” on 27 December, he remains gravely concerned that neither the issues that led to the conflict, nor its worrying aftermath, are being addressed. This has created an unsustainable situation and a sense of hopelessness for the civilian population in Gaza, more than half of whom are under eighteen.

17. Hamas remains in de facto control of Gaza, asserting security control and pushing forward its social and institutional agenda. We regret its refusal to sign the Egyptian reconciliation proposal, accepted late last year by PLO factions following an extended process of discussions, and urge Hamas to reconsider this position. We continue to support the reunification of Gaza and the West Bank within the framework of the legitimate Palestinian Authority, and to express the hope that free and fair elections throughout the Palestinian territory can be held as soon as possible. In the meantime, with the passing of the 25 January 2010 date by which the legislature would ordinarily have been renewed by elections, the Presidency and legislature have been extended by PLO decision until elections can be held, though the legislature is unable to meet due to the internal divide.

18. Efforts to secure the release of Israeli captive Gilad Shalit in exchange for a number of the 9,000 Palestinians in Israeli jails have not so far achieved a breakthrough.

19. There was a notable increase in the number of projectiles fired from Gaza by militant groups during the earlier part of this reporting period. Over 70 projectiles of different calibers were fired, 19 of which reached Israel. There were 20 Israeli incursions and 11 air strikes against targets in the Strip, leading to 11 Palestinian fatalities, including 6 civilians, and 6 injuries. This spike in violence is worrying and underscores the fragility of the current situation. However, we continue to believe from our contacts that major constituencies wish to maintain calm. We urge all parties to refrain from violence and respect international humanitarian law.
20. Reports of weapons smuggling continue to cause concern. Egyptian efforts to combat smuggling have continued, including through the use of tunnel detecting sensors and the insertion of metal sheeting in parts of the ground along the border. Goods smuggled through tunnels are both sustaining and distorting the Gaza economy. There is an urgent need for all crossings into Gaza to be opened as foreseen in the Agreement on Movement and Access.

21. On 6 January, during a demonstration by Palestinians in Rafah (Gaza) demanding the entry of a solidarity convoy of humanitarian aid, an Egyptian soldier was shot and killed on the Egyptian side of the border with Gaza. As the incident evolved, at least 13 Palestinians were injured on the Gazan side of the border. The Egyptian authorities have called on Hamas to ensure that those involved in the killings are brought to justice.

22. We repeat our call for an end to the blockade of Gaza. During the reporting period a weekly average of 534 truckloads of imports entered the Strip, a 10% decline in quantity from the last reporting period, although it is positive that in December there was a slight expansion in the types of allowed imports, with goods such as candles, brooms, eye glasses and blankets entering. There was a 13% increase in the amount of cooking gas entering Gaza, although shortages remain. There has also been a limited response to the UN’s call for a winterization package for Gaza. In particular, since 29 December, and following an appeal to the Israeli government by the Secretary-General, 57 truckloads of glass have entered the Gaza Strip as part of an Israeli clearance for a total of 100 truckloads. This has enabled more ordinary families to repair some of the smaller damage caused during operation Cast Lead. In addition, Israel has permitted the export of 41 truckloads comprising nearly two million carnations and over 40 tonnes of strawberries during the reporting period, with approximately 300 tonnes of strawberries expected to be exported by the end of the season.

23. The Gaza power plant faces fuel shortages, largely as a result of funding shortfalls, and efforts are continuing to resolve this important issue to prevent a shutdown of the plant, which would have worrying humanitarian consequences. It is also vital that the entry of materials for repair of electricity infrastructure is facilitated by Israel, together with sufficient quantities of fuel.

24. On 1 January, citing concerns over tunneling and the risk of attack, the Israeli authorities announced that the Nahal Oz crossing, which is used for the transfer of fuel from Israel to Gaza, will no longer be operational. The bulk of fuel imports will now pass through the much smaller capacity Kerim Shalom crossing. With the exception of a conveyer belt at the Karni crossing used for the import of grain, it is very concerning that Kerim Shalom is now the only operational crossing for the import and export of goods into and from Gaza.

25. There has still been no satisfactory Israeli response to the UN’s proposal to complete stalled projects for housing, schools and health facilities. This is
extremely disappointing and the Secretary-General intends to continue to pursue this matter. We note with concern restrictions that appear to be preventing senior international visitors from entering Gaza.

26. Towards the end of 2009 there was an increase in impediments within Gaza due to demands from Hamas for information from aid agencies, leading to several incidents involving the confiscation or interference with aid supplies. Following interventions by the UN, the goods have been released and operations resumed. We will continue to insist on non-interference with international aid operations in Gaza.

27. On 15 January 2010, an arrangement was concluded whereby the Government of Israel made a payment of US$ 10.5 million to the United Nations in respect to losses sustained in the nine incidents investigated by the Gaza Board of Inquiry. In the light of this payment, the United Nations has agreed that the financial issues relating to those incidents have been brought to a satisfactory conclusion. As members of the Council are aware, the Secretary-General has written to the President of the Council informing of this arrangement. We hope that Israel will allow the entry of sufficient materials to allow the rebuilding of the damaged UN buildings and facilities, now that funds are available.

Mr. President,

28. We continue to support all efforts toward a resumption of Israeli-Syrian negotiations, and comprehensive regional peace. US Envoy Mitchell visited Lebanon and Syria on 19 and 20 January in the course of consultations on a comprehensive regional peace, and met with the leaders of both countries. On the ground the situation in the occupied Syrian Golan remains stable, although settlement activity continues.

29. Progress in Lebanese-Syrian relations was highlighted by Prime Minister Hariri’s first visit to Damascus on 19 December 2009, where he met Syrian President Bashar al-Assad for extensive talks. The Prime Minister has also visited Turkey, Jordan, the UAE, Egypt and France during this reporting period. President Sleiman held talks with French President Sarkozy in Paris on 30 December.

30. On the security front, an explosion took place in the evening of 26 December 2009 inside a building used by Hamas in Beirut’s southern suburb of Dahiye. The explosion left two Hamas members dead and wounded three others. The investigation into the incident is ongoing. Progress, albeit slow, continues to be made towards the reconstruction of the Nahr el Bared refugee camp, which commenced on 25 November 2009.

31. The situation in the area of operations of the United Nations Interim Force in Lebanon (UNIFIL) remains quiet but fragile. On 26 December, in the vicinity of Sarda, a UNIFIL patrol observed several men digging a hole, where 250
kilograms of explosives were found by UNIFIL; the men fled as the patrol approached. Israeli air violations have continued on a daily basis during the reporting period, with a marked increase in early January 2010.

Mr. President,

32. We remain deeply concerned at the current stalemate. If we cannot move forward decisively towards a final status agreement, we risk sliding backwards, with potentially profound and negative implications. We continue to urge the parties to implement their Roadmap obligations, build confidence, resume negotiations on all final status issues, and see them through to a two State solution, and we believe the Quartet must play its full role in support of the process. We remain committed to an end to the occupation that began in 1967 and an end to the conflict, through the creation of a Palestinian State living side-by-side with Israel in peace and security, and comprehensive regional peace, in accordance with Security Council resolutions, previous agreements, the Roadmap, and the Arab Peace Initiative.