The Secretary-General delivered the following remarks during a private meeting of the Security Council this morning. At the request of a member of the Security Council, the remarks are being made public.

STATEMENT OF THE SECRETARY-GENERAL TO THE SECURITY COUNCIL THURSDAY, 20 JUNE 2002

Mr. President,

Your presence among us today, as representative of one of the States most directly involved in the Middle East crisis, gives added weight to the Council's deliberations. It could not be more timely.

The situation in the Middle East remains dangerously unstable. Many of those represented here today are doing their best to help bring peace to this region. However, in the absence of a renewed and sustained political process events will continue to be driven by those who are doing their best to prevent peace. Indeed, the steady intensification of the cycle of death and destruction has become the defining element in the daily lives of Israelis and Palestinians. Each cycle has been deadlier than the one that preceded it. As I have said before, we keep thinking that the situation cannot get worse, but it does. Mr. President.

Since September 2000 the main focus of international efforts has been to identify a path away from violence and back to negotiations. Unfortunately, these efforts have not brought us closer to a permanent settlement.

The political, security and economic dimensions of the problem today are arguably worse than at any time since 1967. Surely, we require no further reminder of this than the deplorable Palestinian terrorist attacks of the past week and Israel's reoccupation of several Palestinian cities and ongoing incursions into other Palestinian areas.

Mr. President,

Allow me to take this opportunity to recall the fundamental issues at the core of the conflict. They are the continuing Israeli occupation of Palestinian territory and the absence of security for Israel. Further, the acts of terrorism against Israel and the dire humanitarian and economic conditions in the West Bank and Gaza Strip must also be addressed. To find a permanent solution, we need to tackle all these issue urgently, in parallel and without

preconditions.

First and foremost, any lasting solution of this conflict can only be based on an end to Israel's occupation of Palestinian territory and the withdrawal of Israel's settlements from it. There will be neither peace nor security as long as the occupation continues. Security Council resolution 242 identified the basic formula for ending this conflict 35 years ago: land for peace.

There is an international consensus on the establishment of a State of Palestine, living side-by-side in peace with its neighbour Israel, with both states enjoying internationally recognised, secure borders. Only an end to the occupation can make such a peace possible.

It is equally clear that there will be no political settlement in the absence of real security guarantees for Israel. The Palestinian Authority has failed to live up to its security obligations freely entered into in the Oslo agreements.

Even recognizing their limited capacity to act at present, the Palestinian Authority and its leadership must do more to de-legitimise terrorism among the public and to stop terrorists from attacking Israel. Israel has a right, like any state, to live within secure and recognized borders. Terrorism must be stopped --- once and for all.

It must also be recognised that the social and economic misery of the Palestinian people is a serious obstacle to achieving lasting peace and security. Living standards among Palestinians have plummeted over the past 18 months ---- more than two-thirds of the population of the Gaza Strip now live below the poverty line, as do about one-half of West Bank residents.

In the West Bank and Gaza Strip, the World Food Programme and UNRWA are feeding half a million people (up from 200,000 a couple of years ago) and have made contingency plans to feed up to 800,000 by late summer. This is in stark contrast to the economic growth that we witnessed only a few years ago.

Sharply declining living conditions destabilise the political environment. They also increase the hopelessness and sense of desperation that are so

successfully exploited by extremists. Reviving the Palestinian economy by lifting restrictions on movements and injecting international assistance is essential if the peace process is to be renewed.

Mr. President,

I appeal to both sides to demonstrate their commitment to achieving the vision of two states enshrined in the Council's resolution 1397. A number of steps have been proposed and the international community should urge both sides to implement them.

The Palestinian Authority should take immediate and specific action to prevent terrorist acts against Israel. It is also important that real progress be achieved in rebuilding and reforming Palestinian security and governance structures and institutions.

The commencement of a reform process within the Palestinian Authority is an important step towards the establishment of effective, democratic national institutions.

The Government of Israel, for its part, should stop all settlement activity in the occupied Palestinian territory, including East Jerusalem. Such activity is a fundamental obstacle to advancing the peace process and is also illegal under international law.

In recent days following further terrorist attacks, Israel has reoccupied a number of Palestinian towns in Area A. Israel should withdraw to positions held prior to 28 September 2000 and lift the increasingly severe restrictions on movement on Palestinians throughout the West Bank and Gaza Strip.

Furthermore, both parties must comply fully with their obligations under international humanitarian law to protect civilians.

Mr. President,

We must not allow progress made elsewhere in the region to be eroded, or still worse, reversed. The Lebanese border remains volatile, and it is possible that even a small incident could spark broader conflict. The United Nations position is clear: any attack across the Blue Line constitutes a violation of Security Council decisions and cannot be tolerated.

In June 2000, the Security Council itself confirmed Israel's withdrawal from southern Lebanon in fulfilment of its obligations under UNSC resolutions 425 and 426. Attacks anywhere across the Blue Line, whether into Israel or the Shab'a farms area located in UNDOF's area of operations, are violations of Security Council resolutions.

I urge all parties, and the international community as a whole, to take all necessary steps to ensure that the Blue Line is fully respected.

Allow me to take this opportunity, in your presence Mr. President, to recall the need for a just, lasting and comprehensive peace on all tracks of the Middle East peace process. Such a peace must be based on the land-for-peace formula enshrined in resolutions 242 and 338 and it requires progress on the Syrian and Lebanese tracks as well as the Israeli-Palestinian track.

It is my profound hope that it will be possible for the parties to renew negotiations on all these tracks in the near future. The regional dimension of peace is no less important than solving the Israeli-Palestinian conflict. The Arab League's Beirut Declaration provides the vision and framework for bringing peace to the entire Middle East.

Mr. President,

Let me conclude by saying that the Quartet (US, EU, Russian Federation and the UN), together with key regional parties are already engaged in intensive efforts to overcome the current deadlock in the Israeli-Palestinian track.

I believe all of us agree that the key lies in <u>both</u> reducing violence <u>and</u> establishing a clearly defined political horizon for resolving the permanent status issues. As the Quartet affirmed in Madrid in early April, these goals must be achieved through parallel efforts on the security, economic and political fronts. We need clear and achievable timeframes.

We do not have time to waste. The trajectory of events is increasingly ominous. We need to act decisively, and act soon to tackle the fundamental issues --- and to solve them. The proposal for an international conference, which I support, should be seen firmly within this context. Let's be clear. Our objective is to arrive at a permanent settlement, and to do so without further delay.

Thank you, Mr. President.