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UNITED NATIONS CONCILIATION COMMISSION FOR PALESTINE

TWELFTH PROGRESS REPORT

(For the period from 1 May 1952 to 7 October 1952)

Note by the Secretary-General: The Secretary-General has the honour to communicate to the Members of the United Nations, in accordance with the provisions of paragraph 6 of General Assembly resolution 512 (VI) of 26 January 1952, the twelfth progress report of the United Nations Conciliation Commission for Palestine.

1. In its resolution of 26 January 1952 (resolution 512 (VI)) on Palestine, the General Assembly expressed the view that the governments concerned have the primary responsibility for reaching a settlement and that the Conciliation Commission for Palestine should continue its efforts to secure the implementation of the resolutions of the General Assembly on Palestine and accordingly should be available to the parties to assist them in reaching agreement. It urged the governments concerned to seek agreement and for that purpose to make full use of United Nations facilities.
2. The Conciliation Commission, having examined the situation as it presented itself following the adoption of the above resolution, concluded that the most promising way in which it could lend its assistance to the parties would be by further efforts to solve the questions of compensation for the Palestine refugees and the release of bank accounts blocked in Israel. It will be recalled that at last year's conference in Paris a certain area of agreement had emerged from the general negotiations and that further progress seemed possible on these two specific questions. The Commission therefore determined to concentrate its attention on these problems.
3. The Commission carried out its decision to pursue the matter of blocked accounts further by authorizing the United States member to undertake, on its behalf, a demarche with the Permanent Representative of Israel to the United Nations, urging that the Government of Israel should release the blocked accounts unconditionally. The Commission's demarche led to an Aide Memoire from the Permanent Representative of Israel which was handed to the Commission on 26 June 1952 (annex I). In this communication, the Government of Israel expressed its willingness to discuss measures for the gradual release of accounts held by Arab refugees and suggested that this acceptance in principle of the Commission's request should be followed by discussion of specific arrangements between the Conciliation Commission for Palestine and the Permanent Delegation of Israel to the United Nations. Both in the Aide Memoire and in subsequent pronouncements, the Government of Israel emphasized its desire to make a practical contribution towards the alleviation of the lot of Arab refugees and the advance of peaceful relations between Israel and the Arab countries. IN the course of the discussions which followed the Chairman expressed the Commission's satisfaction at the undertaking thus assumed by the Government of Israel, which it considered an important step towards the settlement of the differences existing between Israel and her neighbours.
4. In the Commission's opinion, the action taken in this case by the Government of Israel conforms with the view expressed by the General Assembly that the governments concerned have the primary responsibility for reaching a settlement of their outstanding differences in conformity with the resolutions of the General Assembly on Palestine. The progressive elimination of the problems which continue to separate the parties, solved on the basis of initiative taken by the parties themselves, can, in the opinion of the Commission, transform the present unhappy circumstances of the refugees and encourage a return to normal relations between the countries of the Near East.
5. It was understood between the Commission and the delegation of Israel that the Government of Israel had decided to release to their legitimate owners all accounts, regardless of amounts, belonging to former residents of Palestine and blocked by the application of the relevant Defence (Finance) Regulations of 1941. This decision was unconditional both as to the release of Israel accounts blocked in Arab countries and the

final settlement of other outstanding issues between Israel and the Arab States. The action of the Government of Israel was to be a unilateral one towards the implementation of which the Commission would lend its good offices. Israel indicated that it was ready at this time to discuss with the Commission the practical aspects of a general release, such release to be made effective in stages determined by the availability of foreign exchange. The Government of Israel requested the Commission to propose methods and procedures by which it would implement the commitment made in its Aide Memoire to the Commission.

6. The Commission considered that the question had now become one between the Government of Israel and the banks concerned. Accordingly, it suggested that the best method of implementing that Government's decision would be a normal banking operation whereby all blocked accounts would be released by Government order and the banks in Israel would be enabled to transfer in stages the value of those accounts to correspondent banks accessible to the legitimate owners. Such a procedure would be consistent with the initiative and responsibility assumed by the Government of Israel in the matter. The Commission, for its part, would be ready to lend its good offices and provide expert assistance whenever necessary.

7. The delegation of Israel announced its Government's readiness to implement the release and transfer of the funds under a system whereby the banking operation envisaged by the Commission would be entrusted to a bank which would act as agent for all those banks in Israel holding deposits and for those other banks which would be authorized to accept applications from depositors in Arab countries. Israel was prepared to enter into discussions with such a bank to reach an agreed method of procedure. It was suggested that Barclay's Bank Ltd. (Dominion, Colonial and Overseas) might be approached in the first instance. The delegation of Israel indicated that it was prepared to enter into discussions with this bank in order to reach agreement on a method of procedure. The Commission advised the delegation of Israel that it would be ready to request the good offices of the United Kingdom delegation to the United Nations to facilitate these discussions.

8. The Commission expressed its belief that, in view of that fact that the actual transfer of funds was to be carried out in stages, an equitable system of payments should be worked out. It suggested that a system of priorities should be established tending to put the greatest possible number of refugees in possession of their assets at the first instalment and providing at each stage amounts to the individual account holders large enough to be effective in alleviating their present distress. The application of such a criterion would have the effect of giving priority to the small accounts. The Commission believed that the Government of Israel and the banks should be in a position to work out the practical arrangements on the basis of that principle. It urged the Government of Israel to indicate at an early date the amount it was prepared to release in the first stage.

9. The delegation of Israel subsequently informed the Commission that the first payment would be one million Israel pounds, to be transferred at the rate of exchange of one Israel pound for one pound sterling. It agreed with the criterion suggested by the Commission that precedence should be given to the holders of small private accounts who were in particular distress. Accordingly, in the first stage the smallest accounts would receive priority for release. Since most of the accounts did not exceed one hundred pounds, it was anticipated that the first instalment of one million pounds would allow the release of the great majority of the accounts within two months of the date of the beginning of the banking operation.

10. The Commission expressed the hope that the transfer of securities and other valuables belonging to refugees and held in the safe deposit boxes of banks in Israel could be carried out without delay, inasmuch as the operation would not require the allocation of foreign currency by Israel. It considered the transfer a normal banking activity to be dealt with between the Government of Israel and the banks involved, with the assistance of the Commission, if required.

11. The delegation of Israel stated that, after a procedure for opening the boxes had been agreed upon by all parties concerned, i.e. Israel, the banks and the depositors, the Government of Israel was ready to release and transfer their contents to the owners in accordance with the provisions of the laws of Israel. The Commission might be assured that the Government would apply the law with the greatest measure of fairness.

12. In answer to its request for the good offices of the United Kingdom Government in the initiation of discussions between representatives of Israel and Barclay's Bank, the Commission was informed by the United Kingdom delegation on 7 October 1952 that preliminary conversations had resulted in Barclay's Bank agreeing in principle to undertake the envisaged operation. The United Kingdom delegation further informed the Commission that conversations between Israeli experts and the Bank would begin on 20 October. An economic expert provided by the Secretary-General of the United Nations was instructed by the Commission to be present at these talks and lend every possible assistance. It was anticipated that at a later stage the Ottoman Bank would also participate in the discussions.

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13. As regards the question of compensation it will be recalled that the Conciliation Commission instructed the land specialist of its Refugee Office to proceed to the Commission's headquarters in Jerusalem and follow up the suggestions contained in a statement made by the delegation of Israel at the Paris conference on 14 November 1951. The representative of Israel had reaffirmed at the time that his Government was ready to contribute to the settlement of the question of compensation for Arab property abandoned in Israel and has suggested that concrete discussions on the question of evaluation should be held immediately with the Commission or with any other United Nations body designated for the purpose. The Commission's land specialist was instructed to meet with the competent Israeli authorities with a view to reaching agreement on the form and substance of the proposed discussions. He was also asked to sound out the possibilities of undertaking an examination of individual Arab property holdings on which compensation might be claimed, a step which the Commission considered an indispensable prerequisite to the actual payment of compensation to the individuals to whom it is due.

14. Definite progress has yet to be made towards initiating the full discussions suggested by the delegation of Israel in Paris. The Commission's land specialist has, however had a number of meetings with the competent Israeli authorities during which the methods used by the Refugee office in arriving at its global valuation figure of abandoned Arab property were carefully examined. Discussions on other technical aspects of the compensation question are continuing. The land specialist has also held numerous conversations on the subject with various representatives of the refugees and the representative Arab leaders.

15. As regards the identification and assessment of individual Arab property holdings on which compensation may be claimed, the land specialist's discussions both with Israel authorities and with the interested Arab circles have led the Commission to decide that the work of assessing these potential claims should be started without delay. In the Commission's opinion, the first step in identifying and evaluating individual Arab property holdings should be the examination of the Land Registers of the former mandatory administration pertaining to territory within the State of Israel, as well as the study of the Rural Tax Distribution Lists and the Urban Field Valuation Sheets prepared by the mandatory administration and now in the hands of the Government of Israel. Microfilm copies of the majority of the Land Registers required have been secured from the United Kingdom Government. The Government of Israel has been requested to make available to the land specialist the necessary documentation in its possession and has agreed in principle to do so. The land specialist has been instructed to return to New York, there to set up the necessary machinery for processing the above documents with a view to extracting the information desired.

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16. In its eleventh progress report (A/2121) to the Secretary-General, the Conciliation Commission stated that it had addressed a letter on 28 April 1952 to the Governments of the seven Arab States and to the Government of Israel informing them of its decision to continue to meet at United Nations Headquarters in New York. The Commission came to this decision because it was satisfied that it could at present best discharge its obligations under the resolutions of the General Assembly at United Nations Headquarters where it was able to convene without delay and where the Governments concerned could readily make full use of United Nations facilities. The Commission informed the parties that it was prepared to meet at its Jerusalem headquarters and elsewhere if and when there should be a recognized need for such meetings.

17. In announcing this decision, the Conciliation Commission pointed out that it had been guided by the resolution adopted by the General Assembly on 26 January 1952 and the emphasis therein both on the responsibility of the Governments concerned to reach a settlement of their outstanding differences and on the obligation of the Conciliation Commission to be available to the parties to assist them in reaching agreement.

18. On 12 May 1952, the Government of Yemen replied to the Commission's communication in a letter, the text of which is attached hereto as annex II. A simple acknowledgment of the Commission's letter was sent by the Government of Jordan on 11 January 1952. No replies have been received from the Governments of the five other Arab States or from the Government of Israel.

19. In the absence of a specific request from the parties, the Commission has had no opportunity of exercising its general function of conciliation. In the past three years, the Commission has successively employed all the procedures which were at its disposal under the relevant General Assembly resolutions, without tangible results. Since there was no evidence during the past year that the attitude of the parties towards these efforts of the Commission had changed, the Commission did not believe that any attempt on its part to undertake again one or another of these procedures would be fruitful. The Commission, however, is encouraged to believe, by the success achieved in the problem of blocked accounts, that further progress can be made in the elimination of the differences which separate the parties by concentrating in a constructive way on individual issues and thus gradually reducing the area of disagreement. It is to be hoped that such an approach will yield favourable results in the field of compensation. In the Commission's opinion, a successful solution of these questions will eliminate important causes of friction and may well generate sufficient goodwill to lead eventually to the undertaking of negotiations between the parties themselves. As was indicated in the Commission's progress report to the General Assembly at its sixth session,^{1/} the Commission considers that further efforts towards settling the Palestine question could yet be usefully based on the principles underlying the comprehensive pattern of proposals which the Commission submitted to the parties at last year's Conference in Paris. The Commission continues to believe that if and when the parties are ready to accept these principles, general or partial agreement could be sought through direct negotiations, with United Nations assistance or mediation.

^{1/} A/1985, Official Records of the General Assembly, Sixth Session, Supplement No. 18.

ANNEX I

AIDE MEMOIRE BY THE PERMANENT REPRESENTATIVE OF ISRAEL

On May 1952, Ambassador Ely Palmer, representative of the United States of America in the United Nations Palestine Conciliation Commission, conveyed to the Permanent Representative of Israel to the United Nations the desire of the Conciliation Commission to make progress towards the release of bank accounts in Israel

owned by former Arab residents of Palestine, who had left the country during the hostilities in 1948. The Conciliation Commission had considered this matter at its recent meeting in New York and had empowered Ambassador Palmer to make an official approach on its behalf. The Commission considered that some 20,000 to 30,000 Arabs might eventually be affected by such releases, and that opinion towards Israel in the Arab States would be perceptibly affected by an act of goodwill in this matter.

2. The Permanent Representative of Israel to the United Nations expressed appreciation of the desire of the Palestine Conciliation Commission to improve the relations between Israel and the Arab States, and undertook to convey to his Government a full report of the observations presented by Ambassador Palmer. At the same time the Permanent Representative of Israel to the United Nations pointed out that there were many Israel residents who had left Arab countries, especially Iraq, and whose bank accounts were still held by Arab governments and banks. It would be reasonable to expect that the interests of these refugees from Arab countries should be treated with no less concern than those of Arab refugees from Israel.

3. It will be recalled that, on 15 February 1950, representatives of Israel and of Egypt (the latter representing all the Arab States) signed an agreement on this question in Geneva during the meetings of the Palestine Conciliation Commission. Subsequently, the Arab governments all declined to give effect to this agreement, which would have resulted in immediate benefits for many thousands of refugees and of other former Arab residents of Palestine.

4. The Government of Israel has now given consideration to the request submitted on behalf of the Palestine Conciliation Commission. It wishes, wherever possible, to alleviate the position of Palestine refugees and assist their resettlement. Accordingly, the Government of Israel now expresses its willingness to discuss measures for the gradual release of accounts held by Arab refugees in Israel subject to the over-all foreign exchange position of the country. The Government of Israel suggests that this acceptance in principle of the request made by the Palestine Conciliation Commission be followed by discussion of specific arrangements between the Palestine Conciliation Commission and the Permanent Delegation of Israel to the United Nations.

ANNEX II

LETTER DATED 12 MAY 1952 ADDRESSED TO THE CHAIRMAN OF THE
CONCILIATION COMMISSION FOR PALESTINE BY
THE REPRESENTATIVE OF YEMEN

I have the honour to acknowledge receipt of your letter of 28 April, 1952, concerning the decision of the Conciliation Commission for Palestine to continue to meet at the United Nations Headquarters.

In this connexion, the delegation of Yemen to the United Nations wishes to urge the Conciliation Commission for Palestine to act in the light of the various resolutions of the General Assembly which justly recommend the repatriation and indemnification of the Palestinian refugees as well as the compensation of those refugee who do not wish to be repatriated. Those resolutions, which do not stand any kind of bargaining or compromise, are, in the view of the delegation of Yemen, the only just way to settle this problem.

The desire of the Arab States to carry out those resolutions and their repeated requests to the United Nations that they must be carried out relieve them of any responsibility and leave the responsibility on the shoulders of the Conciliation Commission and Israel. Therefore, we believe that we are no longer responsible for the delay in settling the Palestinian problem, and what we repeatedly hear, that the Arab States and Israel share the same responsibility, is unjust to the Arabs.

The delegation of Yemen conveys to the Conciliation Commission for Palestine its best wishes for the success of the task delegated to it by the United Nations and hopes that the Commission will recall the causes of its failures during the past years, those failures which made many members of the United Nations question the efficiency of the Commission.

(Signed) Abdurrahman A. ABUTALEB,
Charge d'Affaires,
Representative of Yemen.
