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UNITED NATIONS CONCILIATION COMMISSION FOR PALESTINE

FOURTEENTH PROGRESS REPORT

(For the period from 31 December 1953 to 31 December 1954)

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 fourteenth progress report of the United Nations Conciliation Commission for Palestine.

General

1. In the absence of new instructions from the General Assembly, the Conciliation Commission for Palestine has, during the past year, been guided by the terms of [General Assembly resolution 512 \(VI\) of 26 January 1952](#), which expressed the view that the Governments concerned had the primary responsibility for reaching a settlement of their outstanding differences. This resolution called upon the Conciliation Commission to continue its efforts to secure the implementation of previous resolutions of the General Assembly on Palestine and accordingly to continue to be available to the parties to assist them in reaching agreement. Without any formal specific request from the parties, the Commission has again this year felt that it had no opportunity of exercising its unchanged attitudes of the parties. It decided therefore to continue for the present to meet at the headquarters of the United Nations in New York and to pursue its efforts towards the solution of the specific questions of compensation for the Palestine refugees and the release of Arab refugee bank accounts blocked in Israel. These are the two questions on which the commission has felt, since the Paris Conference with the parties in 1951, that progress could be made independently of the readiness of the parties to reach over-all agreement. In the Commission's opinion, a solution of these two questions would assist in the creation of a situation favouring a more general settlement.

The question of compensation

2. The Commission believes that the compensation question holds a most important place in the refugee problem as a whole. It believes that lack of progress on the compensation question impedes progress on other aspects of the refugee problem, a view expressed by the Director of UNRWA in his Annual Report to the Ninth Session of the General Assembly,¹ as well as his statement to the *Ad Hoc* Political Committee on 16 November 1954, in which he said:

"Although UNRWA is not authorized to deal directly with repatriation and compensation, I must emphasize that these matters have a very close bearing on the refugee problem - and thus on the Agency's objectives. In my judgment, the absence of affirmative and constructive action in this field hampers the ability of the Agency to carry out its mandate."

3. As it announced in its [Thirteenth Progress Report](#), the Commission was [informed on 9 October 1953](#) by the Permanent Representative of Israel to the United Nations that the Government of Israel was "actually engaged in preparatory work in implementation of its declared policy to offer compensation for abandoned lands in Israel" and that, once the work was completed, it would be prepared to state its views on the subject in concrete terms.

4. During the first half of the year, the Commission's Representative in Jerusalem was instructed to discuss with the Ministry For Foreign Affairs of Israel the current status of this work. He was informed, in a letter dated 1 August 1954, that Israel would make its views and findings available at the earliest convenient opportunity and that meanwhile the [letter of 9 October 1953](#) remained the basis on which the matter was being handled by the Government of Israel. The Commission hopes that in the near future the Government of Israel will be in a position to discuss in detail with the Commission its intentions with regard to this question.

5. For its part, the Commission intends to issue a special supplementary report on the compensation question, particularly with regard to its work on the listing of Arab property holdings in Israel on which compensation might be claimed.

The question of blocked accounts

6. Since the release of blocked Arab accounts has now reached its final phase, the Commission considers it useful to set forth in the present report a detailed account of its activities during the past year in connexion with this question. It is felt that such an account will also meet requests, received on 1 and 10 December 1954 from the representatives of Iraq and Egypt respectively, for full information on the question.

7. In its [Thirteenth Progress Report](#) the Commission reports its decision to pursue the question of blocked Arab refugee bank accounts until a total settlement has been achieved. Under the agreement reached in 1952 between the Commission and the Government of Israel, the latter's only reservation had been a technical one, namely that the release operation should be made effective in stages, subject to the availability of the necessary foreign currency to the Israel Government. During 1953 a first instalment of some three quarters of a million pounds was turned over by Israel for payment by banks.

8. The Commission felt that once the foreign currency problem was solved there should be no other obstacle to the rapid liquidation of all the blocked accounts still outstanding, nor should there be any serious technical difficulties in working out the necessary procedures. Accordingly, the Commission informed the representative of Israel on 17 February 1954 that it was convinced that the operation should be continued without delay and that it believed that means could be worked out, through the banks concerned and the good offices of the United Kingdom Government, to solve the problem of the availability of foreign currency.

9. In May 1954 the Commission was informed that Barclay's Bank had made an offer of a Sterling loan sufficient to enable the Government of Israel to repay all of the remaining blocked Arab balances. The Commission, on [25 May 1954](#), expressed to the Government of Israel its gratification that means had been found to remove remaining technical obstacles to the speedy liquidation of all outstanding accounts and its hope that it would soon be able to report that the matter had been successfully concluded.

10. The Government of [Israel informed the Commission on 19 August 1954](#) that despite its disappointment at the results of the release scheme so far, it had decided nevertheless to proceed with the implementation of the scheme, provided that procedures were adopted which would exclude the recurrence of obstructive interference and ensure genuine relief to all those entitled to benefit from the scheme. In the view of the Government of Israel it would be necessary to discuss new, suitable procedures with representatives of Arab account holders who were to be the beneficiaries of the scheme. Israel was prepared to conduct such discussions under the auspices of the Conciliation Commission.

11. The Commission's view with regard to the Israeli proposal was that it would represent a departure from the agreement between Israel and the Commission for a settlement, which had been unconditional except for the question of the availability of the necessary foreign currency. That question had now been settled by the Bank's offer of a Sterling loan. The Commission felt that the proposed negotiations between Israel and the depositors would introduce a step which was unnecessary and which would, in all probability, prove unfruitful. The most desirable course, in the Commission's view, was to restore the banks and the refugee depositors to their previous relationship of bank-client. The Commission further believed that to make the proposed negotiations a condition to the ultimate payment of the remaining blocked accounts might jeopardize the entire scheme. The representative of Israel was informed of these views in a meeting on 8 September 1954.

12. The Government of Israel, however, maintained its view that negotiations with refugee depositors were necessary to the success of the scheme. On [27 September](#) it announced publicly its readiness to proceed with the completion of the release and at the same time stated that it was ready to consider "the necessary procedural adjustments, including such as may be proposed by the representatives of the depositors themselves".

13. In a [letter dated 1 November 1954](#) the Commission was informed that the Government of Israel had reached agreement on a set of proposals for the implementation of the release scheme which had been submitted to it by the General Refugee Congress of Ramallah.

14. The Commission received no further information from the Government of Israel on the subject for several weeks. It learned meanwhile, however, that Israel's agreement with the General Refugee Congress, when it had been made known in the area, was met with an unfavourable reaction on the part of the Government of Jordan, which voiced objections to negotiations entered into with the Government of Israel by individuals who were not authorized to undertake such negotiations on behalf of the refugees.

15. The Commission subsequently learned that on 16 November 1954, a [public radio announcement](#) was made by the Government of Israel in which procedures to be followed by absentee and refugee depositors for securing the payment of their accounts were set forth. The Commission noted that there were certain important differences as to the procedures contained in the [public announcement of 16 November](#) and those contained in the agreement with the Ramallah group. In that agreement, as set forth in the [Israeli letter of 1 November](#), there were, *inter alia*, provisions for the participation of the Ramallah group as regards the exclusive handling by them, on behalf of the refugees, of the application forms and the authorizations for payment. No such specific provisions appeared in the [announcement of 16 November](#).

16. Accordingly, on 25 November, the Commission asked the representative of Israel for clarification of his Government's position. Specifically, the Commission sought to learn whether the [announcement of 16 November](#) rendered obsolete the [letter of 1 November](#), or whether the procedural proposals of the Refugee Congress contained therein remained in any way in force.

17. After having considered the information supplied by the representative of Israel and having received from him an official notification of the [16 November announcement](#), the Commission felt justified in assuming that the announcement represented the entire extent of the procedural agreement between Israel and the banks concerned, that it was therefore acceptable to the banks and that it superseded the conditions set forth in the [letter of 1 November](#). The Commission further considered that it was now in a position to assist in any procedural arrangements which fell within its competence.

18. In a letter dated 7 December 1954 the Commission informed the representative of Israel of its understanding of the situation and at the same time transmitted to the representative of the Arab Governments, for their information, the text of the [Israeli announcement of 16 November](#), together with the text of the Commission's letter to the representative of Israel.

19. The Commission now feels confident that the final release of the remainder of the blocked accounts will be effected without further difficulties, and that arrangements for the release of safe custody items and the contents of safe deposit lockers will shortly be completed. The Commission is gratified that the difficulties which presented themselves during the past months have been successfully overcome. Despite the differences of opinion which arose during the course of the deliberations on the blocked accounts question between the Commission and the Government of Israel, the Commission derives satisfaction from the knowledge that those differences were ultimately resolved through the very process of conciliation which constitutes the Commission's principal task.

Co-operation with UNRWA and TSO

20. As announced in its [Thirteenth Progress Report](#), the Commission decided to send a Representative, Mr. Alexis Ladas, to Jerusalem at the beginning of the year to represent it in the area, with particular regard to the questions of blocked accounts and compensation. In deciding to send a Representative to Jerusalem, the Commission considered that one of his most important functions would be that of maintaining close contact with the Truce Supervision Organization and the United Nations Relief and Works Agency. The Commission is pleased to note that during the past year useful contact has been maintained, both informally and by means of several tri-organizational meetings held at Beirut and Jerusalem. For its own part, the Commission has held meetings in New York during the past year with the Director and Deputy Director of UNRWA, at which matters of mutual interest were discussed. The Commission has taken note of [resolution 818 \(IX\)](#) adopted by the General Assembly on 4 December 1954 which, *inter alia*, requests the Agency "to continue its consultation with the United Nations Conciliation Commission for Palestine in the best interests of their respective tasks with particular reference to paragraph 11 of [resolution 194 \(III\)](#)".

¹ See [Official Records of the General Assembly, Ninth Session, Supplement No. 17](#), document A/2717, paragraph 32.