



UNITED NATIONS CONCILIATION COMMISSION FOR PALESTINE  
GENERAL COMMITTEE

SUMMARY RECORD OF THE FIFTY-FIFTH MEETING

Held at the Palais des Nations, Geneva,  
on Thursday, 9 March 1950, at 11 a.m.

Present:	Mr. BARCO Mr. TOUSSAINT Mr. ERALP Mr. de AZCARATE	(United States of America) (France) (Turkey)	Chairman   Principal Secretary
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Report of the Chairman of the Mixed Committee on Blocked Arab Accounts

The PRINCIPAL SECRETARY, speaking as Chairman of the Mixed Committee of Experts, gave a summary of the results of the Economic Adviser's negotiations with the British Treasury. The Treasury had replied that, before going any further, it desired to have information on the total amount in sterling involved in the proposed unfreezing operation and the amounts in sterling which would eventually have to be released to each of the Arab countries in repayment of advances by Arab banks to holders of blocked accounts. The Israeli delegation had already been asked to reply to the first question. So far as the second question was concerned, the necessary enquiries could be undertaken only by the Arab States. He proposed, therefore, to approach the Arab member of the Mixed Committee without delay and for that reason had thought it advisable to give him in advance a verbal account of the result of the London discussions.

It now seemed that the time had come to take steps for the appointment of a *Trustee*. The Bank of England had apparently declined to assume the task, but the name of the Ottoman Bank had been mentioned. As the Commission had already agreed in principle to the idea, he would, provided the Committee itself approved, inform the Arab and Israeli members of the Mixed Committee of the suggestion and ask what the attitude of the interested Governments would be on the question of appointing the Ottoman Bank as Trustee. That he would do by sending each member of the Mixed Committee a confidential letter requesting his views on the principle of the proposal. Once those replies were received, the Arab banks and issuing houses would be consulted.

A very important point still to be cleared up was whether the Israeli authorities would carry out the partial unfreezing of Arab accounts in Palestinian pounds, or, as had been suggested for the first time by the Israeli member of the Mixed Committee at its last meeting, in Israeli pounds. The Israeli Government had been asked by its representative to make that point clear. Should the Israeli Government insist on carrying out the unfreezing operation in non-convertible Israeli pounds the whole operation would be jeopardised unless, thanks to some particularly subtle procedure, yet to be discovered, it was possible to lay the basis of another method. Dr. SERVOISE, Economic Adviser, replying to the Chairman, said it was difficult to forecast what the replies of the various interested parties would be to the proposal concerning the Ottoman Bank.

He felt that, for reasons of expediency, it was preferable to make certain that the Governments had no political objections before taking up the question with the banks from the technical stand-point.

The Palestinian pound, which was the legal currency of Palestine until August 1948, was exchangeable for sterling at par. On that date, however, the provisional government of Israel had introduced a new currency, the Israeli pound, and had effected note conversion, since when bank accounts were considered as being in Israeli pounds. The British Treasury was not statutorily obliged to honour Israeli pounds with £ sterling.

It seemed to him essential that the Trustee should be given either Palestinian pounds (convertible into sterling) or else pounds sterling to cover the advances made by the Arab States. The latter would be unable to make advances against Israeli pounds.

*The General Committee unanimously agreed to adopt the recommendations of the Chairman of the Mixed Committee of Experts and to invite him to obtain the views of the Arab member and the Israeli member of that Committee on the question of appointing the Ottoman Bank as Trustee.*

Establishment of Joint Committees: a Study of the possibility of establishing Joint Committees within the framework of the procedure adopted by the Commission

The CHAIRMAN reminded the Committee that the Commission had invited it to consider what Joint Committees should be set up and how they might be fitted into the new procedure. The Committee had recently come to the conclusion that it would be desirable to proceed by easy stages and begin by endeavouring to set up a Joint Committee for the study of the Egyptian proposals concerning the Gaza refugees, which it thought would serve as an example and encouragement for the establishment of other committees.

The efforts of the Commission and of the General Committee in that direction had not met with success. After several weeks of informal conversations, the fact had to be recognized that the views of the delegations concerned were diametrically opposed. The Israeli delegation was quite agreeable to the establishment of a Joint Committee, on condition that its terms of reference embraced all outstanding questions which needed to be settled before a peace treaty could be concluded; the

Egyptian delegation was anxious, on the one hand, to restrict the Committee's terms of reference to the Egyptian proposals and, on the other hand, to make its establishment conditional on acceptance in principle of those proposals by Israel.

Faced with that setback, the Commission had decided it was necessary to adopt another approach and proposed to hand the parties a document announcing its intention of combining in a common procedure the mediatory activity desired by the Arab delegations and the direct negotiations preferred by the delegation of Israel. This unification of procedure could be accomplished by the establishment of a number of Joint Committees under the chairmanship of a representative of the Commission.

The immediate task of the General Committee was, therefore, to consider what Committees might be fitted into the framework of the procedure and the order of their arrangement so that the Commission might make use of that programme when the moment arrived, and have an answer ready for the questions, of the interested parties.

The programme should, it seemed, be based on two main considerations. In the first place, prominence should be given to the general procedure and, secondly, the study of general problems must be combined with that of particular ones so as to give the greatest possible satisfaction to the desires and concerns of the two parties. That being so, the Committee might advocate setting up bilateral committees each consisting of representatives of Israel and of one of the Arab states for the study of all questions outstanding between them, such as the territorial question, that of refugees etc. The Committee might further propose the establishment of one or two Joint Committees for the study of particular questions such as that of compensation, or of immediate problems. Such committees would include the representatives of the State of Israel and the four Arab countries concerned.

The first group, that of the bilateral committees, should be able to make quick decisions, since the only delegations represented would be those of the two interested parties and there would be no risk of a third party intervening and holding up progress. The second group of committees, specialized from the point of view of the questions dealt with, but general from the point of view of their composition, were intended to forestall any accusation that the Commission was trying to split the Arab block.

With regard to the representation of the Commission on the Committees, there could be no doubt that it must be by persons of authority and then naturally restricted to the members of the Commission and the Principal Secretary.

The PRINCIPAL SECRETARY, while agreeing that the establishment of bilateral committees was the ideal to be aimed at, wondered whether it might not be too ambitious a venture, in view of the state of mind of the parties, to propose to them the establishment of bodies which would become in fact veritable peace conferences. That remark, however, was only concerned with the question of tactics, and he saw no substantial objection, in fact quite the contrary, to the proposal itself.

As for setting up committees to deal with special questions, should the Arab delegations not be agreeable to that ideal, the result would be that the whole broad outline of procedure submitted to them for their prior approval would prove impossible to implement, since, apart from the two formulae of bilateral committees and specialized joint committees, no other practical solution could be devised.

The Committee might consider whether a start should be made by setting up bilateral committees or by setting up multilateral committees for the study of special questions, or even whether both types should be set up simultaneously.

As for the question of compensation for damage to Arab property, he had always considered that it was not a matter to be treated by a body on which both Israel and Arab States were represented. The State of Israel had so far steadily maintained that the question of compensation should be settled in conjunction with that of war reparations and its delegation would therefore be likely to raise that question of principle as a prior condition to any negotiation. If, on the contrary, the question of compensation were studied as between the Commission and the Israeli delegation alone, it would always be possible to point out to the Israeli representatives that, whereas the terms of reference of the Commission authorized it to study the problem of compensation, it was not competent to undertake that of war reparations. The CHAIRMAN replied that experience had shown that too modest attempts on the part of the Commission involved it in dilatory procedure, and even led to setbacks. He thought the time had come for the Commission to throw off its extreme caution, which could only lead to its continuing a vegetative existence, and resort to desperate remedies. In any case, an attempt of that kind should only be abandoned if, after due examination, the Committee was convinced that it was doomed to failure.

In his opinion, the proposal to be submitted to the parties concerned should be in the nature of an ideal, but the Commission should not rule out the possibility of getting the implementation of the procedure started by the establishment of a committee on some particular problem. That would not prevent it rounding off the programme at a later stage by setting up other bodies.

Since any plan, whatever it might be, would be valueless without the support of the Governments represented on the Commission, he thought that, in spite of possible objections of which he was very well aware, it would be preferable to lay the foundation of an ambitious programme. He would welcome the opinion of the other members of the Committee on the desirability of setting up a Committee to study the question of compensation.

Mr. ERALP (Turkey) was in favour of drawing up plans for as many joint committees as possible so as to cover all the questions requiring study and of leaving it to the Commission to judge at what juncture any particular committee should be set up and what reaction was to be expected from the parties concerned.

He thought it advisable that the question of compensation should be studied by the Commission and the Israeli delegation alone.

Mr. TOUSSAINT (France) thought that they should endeavour to set up, if possible, bilateral committees to deal with all outstanding questions. On the question of compensation, he shared the view of the Turkish representative that it should be dealt with by the Commission and Israel alone.

The CHAIRMAN explained that his reason for advocating the establishment of a joint committee on the question of compensation was to avoid giving the impression that the Commission was trying to drive a wedge between the Arab states. His proposal had been inspired by purely tactical considerations.

He would like, in any case, to know whether the Committee was in favour of the idea of recommending the establishment of bilateral committees for the study of all outstanding questions and which would include a representative of Israel and a representative of the Arab State concerned.

The Committee unanimously agreed to the Chairman's proposal.

The PRINCIPAL SECRETARY, replying to the French representative, thought that some of the Arab countries might accept such a proposal. If the Commission sent a written communication to the various delegations outlining the principle of the proposal, it would no doubt be able from their replies, to form an opinion as to the likelihood of their accepting such a procedure.

Meanwhile, study might be commenced forthwith on the subject matter and the details of the various questions which would provide the substance for the work of future mixed committees. A working paper prepared by the Secretariat in connection with the Commission's efforts to set up a committee on the question of the Gaza refugees ([Document W/38](#)) might serve as a basis for such a study. A thorough examination of the question would not only enable it to be seen whether the various outstanding questions justified the establishment of joint committees to deal with them but would also arm the Commission beforehand with information on which it could draw at the right moment.

The CHAIRMAN, summing up the discussion, admitted that only when the replies of delegations to the initial proposals of the Commission had been received, would it be possible to draw up a definite list of the joint committees to be set up and of the tasks to be entrusted to them. The Committee's report to the Commission should outline the various possibilities that had been considered and indicate which one the Committee itself recommended. It should, however, be borne in mind that the solution chosen by the Committee and subsequently by the Commission would not necessarily be the one adopted when the time came. It would be very useful if the Secretariat were to go thoroughly into the question of the problems to be entrusted to the various joint committees, beginning with a study of the substance and then examining them in relation to the actual joint committee to be set up.

He therefore invited the Secretariat to prepare to submission to a forthcoming meeting of the Committee a draft recommendation to the Commission taking account of the views expressed during discussion, and mentioning the intended study of the various questions which would make up the programme of the mixed committees.

Letter and Memorandum from the Palestine Arab Refugee Congress

The CHAIRMAN asked the Secretariat to point out in the draft report to the Commission the desirability of setting up a committee to assess the value of damage done to Arab property.

*The meeting rose at 1 p.m.*

