



UNITED NATIONS CONCILIATION COMMISSION FOR PALESTINE
SUMMARY RECORD OF THE TWO HUNDRED AND EIGHTY FIFTH MEETING (closed)
Held at Headquarters, New York,
on Wednesday, 16 July 1952, at 11.00 a.m.

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<i>Chairman:</i>	Mr. PALMER	United States of America
<i>Members:</i>	Mr. ORDONNEAU	France
	Mr. MENEMENCIOGLU	Turkey
	Mr. BARCO	United States of America
<i>Also Present</i>	Mr. RAFAEL	Israel
	Mr. PRAGAI	
<i>Secretariat:</i>	Mr. CHAI	Acting Principal Secretary
	Mr. LADAS	

CONSIDERATION OF [AIDE MEMOIRE](#) FROM GOVERNMENT OF ISRAEL ON THE QUESTION OF ACCOUNTS

On the invitation of the Chairman, Mr. Rafael (Israel) took his seat at the Commission's table.

The CHAIRMAN welcomed the representative of Israel, and read the following statement on behalf of the Commission:

At our last meeting you reaffirmed the substance of your Government's [aide-mémoire](#) as communicated to the Conciliation Commission by the Department of State. The Commission was pleased to note that in the official version communicated to us the 5th paragraph of the original [aide-mémoire](#) was omitted in accordance with the Commission's understanding that the present undertaking is not related to the question of Israeli accounts blocked in Arab countries. The Commission understands the decision of the Government of Israel to be unconditional both as to the release of Israeli accounts and the final settlement of other outstanding issues between Israel and the Arabs. The action is to be a unilateral one towards whose implementation the Commission will lend its good offices.

In your statement to us, you confirmed your Government's decision to release to their legitimate owners all accounts belonging to former residents Palestine and blocked by the application of Defense (Finance) regulations of 1941. You stated that the Government of Israel now waived the previously agreed upon limit of 100 pounds sterling per account and 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. You also informed us that your Government wished the Conciliation Commission to propose methods and procedures by which the Government of Israel would implement the commitment made in its [aide-mémoire](#) to the Commission.

The Commission wishes to express its satisfaction at the undertaking thus assumed by the Government of Israel, which we consider an important step towards the settlement of the differences existing between Israel and her neighbours. Speedy and effective implementation by the Government of Israel of this decision will have the immediate effect of alleviating to some extent the suffering of the Arab refugees.

The members of the Commission have carefully considered the new turn given to the matter of blocked accounts by your decision. We believe that the question has become in the last analysis one between the Government of Israel and the banks concerned. Accordingly, in our opinion, the best method of implementing the Israel Government's decision would be a simple 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 these accounts to correspondent banks accessible to legitimate owners.

In our opinion, such a procedure is consistent with the initiative and responsibility assumed by the Government of Israel in this matter. The Commission, for its part, is ready to lend its good offices and facilitate expert assistance wherever necessary.

In view of the fact that the actual transfer of funds is to be carried out in stages we believe that, in consultation with the Commission, an equitable system of payments by instalment should be worked out. Appropriate instructions would then be given by the Government of Israel to the banks concerned as to the allocation

of the funds which become available at each stage. In the opinion of the Commission this system should aim to terminate the entire operation in as short a time as possible; put the greatest possible number of refugees in possession of their assets at the first instalment; and at each stage provide amounts to the individual account holders large enough to be effective in alleviating their present distress.

The Commission understands that one million pounds sterling out of an approximate total of five million has been mentioned as the proposed order of magnitude of the first instalment. The Commission assumes that the full amount of blocked accounts in former Palestine pounds will be cleared at their sterling equivalent, and that the Government of Israel will provide the necessary means for the banks to meet these obligations.

It is hoped that the transfer of securities and other valuables frozen under the same regulations can be carried out without delay, in as much as this operation would not require the allocation of foreign currency Israel.

The Commission urges the Government of Israel to indicate publicly at an early date that it is working out the details for the release of the accounts and to announce the initial amount it is prepared to release.

Mr. ORDONNEAU (France) had nothing to add to the statement made by the Chairman, which conformed with the view of his delegation. He hoped that the Government of Israel would do its best to make early use of the opportunity which by virtue of its sovereignty in the matter only Israel could exploit.

Mr. MENEMENCIOLU (Turkey) said that the Chairman's statement reflected the views of his delegation in the matter. He hoped that the Government of Israel's proposal would be a step towards the stability and security of a part of the world whose peace and security was of particular concern to his Government. He also expressed the satisfaction of his Government at the promising turn which the positive step by the Government of Israel represented, and trusted that results from that step would not be delayed.

The CHAIRMAN observed that the statements made in the two meetings with the representative of Israel would undoubtedly lead to further discussions, especially on the export level.

Mr. RAFAEL (Israel) said that his Government deeply appreciated the reception which its offer had been given by the Commission and hoped that a similar reception would be extended by the countries directly concerned with the matter. Like the Commission, his Government hoped that the proposed measure would have a definite effect on the tension existing within the area since that tension was a matter of deep concern to Israel. He assured the Commission of his Government's fullest co-operation in attaining that objective. The statement made by the Chairman was very important. It not only touched upon questions of principle but also went into detail regarding the measures to be taken. He would need a short time to study that statement so as to be able to comment on it. He assured the Commission that his Government's comments would deal mainly with the practical aspects of the problem under consideration. He hoped that on the expert level it would be possible to find the necessary methods which would be most conducive to the implementation of his Government's offer after an understanding had been reached on the general line of policy which would be followed jointly.

As a preliminary comment, Mr. Rafael drew attention to the following requirements of the situation. The Government of Israel had blocked in various banks the accounts of former residents of Palestine. The practice of his Government and of the banks was not to disclose the accounts held or the identity of owners of accounts. It would be necessary therefore for the claims of the absentee account holders to be registered. All the accounts came under the custodian of absentee property. He therefore suggested that as a first step the Commission should initiate action to ascertain the legitimate owners of the accounts and their claims. That would require registration of applicants in the countries of their present residence. That step was necessary to enable the operation to take place as a banking operation in Israel. A system of registration of applicants should therefore be worked out in order to accelerate the course of the release of the blocked accounts. He enquired whether summary records were being kept and whether such records could be transmitted to the participants in the meetings with the Commission.

Mr. CHAI (Acting Principal Secretary) stated that the summary records of the Commission were usually prepared the same day and were circulated to the participants in provisional form on the following day, with a three-day period for the submission of corrections. He noted that there had been some difficulty with regard to the record of the previous meeting with the representative of Israel, since that representative had not been present at the first part of that meeting. However, the section of the record dealing with the representative of Israel would be transmitted to Mr. Rafael.

The CHAIRMAN said that all knew how difficult it was to reach the stage when the principles governing such a matter as the offer of the Government of Israel were clearly defined. It was a great step to reach such a stage. At the current meeting the Commission had been given some understanding of the practical problems involved. In that connexion, he had referred to expert assistance because the necessary procedures could best be worked out by those having practical knowledge of the problems involved with regard to the banks and the securing of necessary information. He was sure that it would not prove difficult to agree on technical problems. An important aspect of the question, he felt, was to ensure that the distribution of the payment of the first instalment would obtain the greatest possible effect both in alleviating the situation of the refugees and upon the general atmosphere. He thanked the representative of Israel for his informal and preliminary response and expressed confidence that it would not be long before the matter was carried forward. The member of the Secretariat and experts who were consultants to the Commission or always available, and he suggested that there might be preliminary discussions between the representative of Israel and the Secretariat so that the Commission could have the fullest understanding of the technical problems.

Mr. RAFAEL (Israel) thought that it was an excellent suggestion that there should be preliminary clarification of the issue, but he also wished to have an opportunity to comment on the Chairman's statement. The two matters, he thought, were complementary.

The CHAIRMAN thought that preliminary and informal discussion with the Secretariat need not delay the representative of Israel's comments on the statement made by the Chair. They all knew the need to avoid the delays which could result if all such aspects of the problem were not tackled together.

Mr. CHAI (Acting Principal Secretary) raised the question of a press communique.

Mr. ORDONNEAU (France) felt that it was too early to issue a statement in connexion with the statement made by the Chairman and thought that the press might be informed that the Commission was continuing its meetings with the representative of Israel.

The CHAIRMAN agreed with the views expressed by Mr. Ordonneau.

Mr. RAFAEL (Israel) also agreed with those views. It would be premature to discuss the procedures and proposals being discussed and it would be better to wait until a joint statement could be made.

The meeting rose at 11.45 a.m.