



## General Assembly

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UNITED NATIONS CONCILIATION COMMISSION FOR PALESTINE

### FIFTEENTH PROGRESS REPORT

(For the period from 1 January 1955 to 30 September 1956)

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

#### General

1. During the past year, the Conciliation Commission for Palestine has continued to be guided by the terms of General Assembly resolution 512 (IV) of 26 January 1952, the latest resolution of the Assembly to bear directly upon the Commission's work. This resolution called upon the 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. It also expressed the view that the Governments concerned had the primary responsibility of reaching a settlement of their outstanding differences.

2. The Commission, which has continued to hold its meetings at the Headquarters of the United Nations in New York, must report again this year that, in view of the unchanged attitudes of the parties and their failure to avail themselves of the Commission's services, the Commission has had no opportunity of exercising its general functions of conciliation with any prospect of success. However, since the Commission's conference with the parties in Paris in 1951, at which a general solution was sought, the Commission has felt that there were certain concrete problems on which progress could be made independently of the readiness of the parties to reach over-all agreement, and that, in fact, progress with regard to these problems might not merely be of direct benefit to a great number of individuals but would also assist in preparing the ground for an effective exercising of the Commission's function of conciliation. The Commission has therefore, continued its efforts with regard to the question of blocked Arab refugee bank accounts and is able to state that the release operation in general has been proceeding satisfactorily and that four-fifths of the funds in question have now been released. Considerable progress has also been made with regard to the transfer of safe deposit and safe custody items to their refugee owners. As to the question of identification of Arab refugee property holdings in Israel, the Commission decided, in July 1955, to accelerate this work greatly in view of its importance to the refugee problem as a whole.

#### Identification of Arab refugee property holdings in Israel

3. The Commission has always held the view that, in order to implement whatever solution may eventually be found for the refugee problem and, indeed, for the Palestine problem in general, it will be necessary to know the precise location, extent, value and ownership of Arab property holdings in Israel. At the time of the British Mandate, 35 mm. microfilms were made of the Palestine Land Registers and it will be recalled that the United Kingdom Government made these microfilms available to the Commission so that a copy could be made for the use of the United Nations. In addition, the Commission has had an extra copy made in order to expedite its work. At the end of 1952, the Commission had set up a small office in New York, consisting of the Commission's Land Specialist with two clerks to assist him, to start a pilot project of identification of Arab property holdings in the area. Machines for viewing the micro-photographs were made available at United Nations Headquarters in order to extract from the Land Registers the necessary information regarding ownership, area, description and value of individual parcels. Some of the microfilms proved to be defective or missing and for this and other reasons it was later found necessary to establish a small sub-office in Jerusalem to deal with queries sent by the New York office which had to be answered by reference to information available only in the area.

4. In June 1955, the Commission heard a report on the progress made by this pilot project. From the report

and subsequent discussion it appeared that, at the rate of progress then prevailing, the operation would take about fifteen years to complete; that basing the operation in New York rather than in Jerusalem involved unnecessary expense; and that the value of the operation would be increased and its cost reduced if it were accelerated with a view to its being completed within a period of one or two years.

5. The Commission therefore decided to accelerate its programme and was fortunate in securing the services of Mr. J. M. Berncastle, who had previously served as the Commission's Land Specialist in 1951 and 1952. Mr. Berncastle was asked to go to Jerusalem to recruit the necessary staff, and to set up and take charge of an organization designed to complete the identification project by the middle of 1957. It was estimated that a complement of about twenty persons working in Jerusalem and elsewhere in Palestine, together with a small staff of from two to four members working in New York, would suffice. It is anticipated that by the target date the Commission will have in its possession a record of each Arab-owned parcel of land in Israel, setting out its location, area and description, the names of its owners and their respective shares, together with any other rights such as mortgages affecting the parcel, and any information available from official sources which might indicate its value. It is, of course, realized that this information will be accurate only so far as the official records from which it is being compiled are accurate and up to date; and that, in particular, changes in the description of a parcel might have occurred between the date of the official record and the termination of the British Mandate over Palestine; for example, a building might have been erected. However, it is estimated that the proportion of parcels in which such changes have occurred is comparatively small and will be unlikely to exceed 5 per cent of the total. The Land Specialist was instructed at the same time to make such studies and analyses of available information, particularly the prices realized in sales which took place in 1946 and 1947, as would facilitate the making of a valuation of each individual parcel if the Commission should later decide to embark on such a project.

6. As an indication of the magnitude of the task it may be stated that the area of Palestine now under Israel jurisdiction, excluding the Negev and excluding the settlements which were known in mandatory times to be wholly Jewish-owned, comprises some 10,480 registration or fiscal "blocks", each of which may contain from half a dozen to five hundred separate holdings. The average area of a block is about 766 dunums, a dunum being 1,000 square metres, or about a quarter of an acre.

7. Generally speaking, two sets of records, namely the land registry and the taxation records, have to be examined to complete the information required for each parcel; but the information from each source is to some extent complementary; and where one source is either non-existent or not available it is possible to extract the minimum facts, i.e. location, area description and name of owner, from the remaining source. In some 8,156 blocks the ownership had been judicially investigated and officially registered in accordance with the Land (Settlement of Title) Ordinance, but for the remainder resort must be made principally to the taxation records for information as to ownership. In these cases the "reputed owner", who was held liable for the urban or rural property tax on each parcel, is entered as the owner.

8. The figures given in the foregoing paragraphs may be translated into terms of areas as follows: the total land area under Israel jurisdiction, excluding the Negev, is some 8,030 square kilometres, in some 4,856 of which the title to ownership has been settled. Included in the total are about 1,068 sq. kms., of which formed part of recognized Jewish settlements in the time of the Mandate and which contained little or no Arab land.

9. The Negev, or former Beersheba sub-district, has a land area of 12,577 sq. kms., almost all of which is under Israel jurisdiction. Most of this area is desert and only perhaps 2,000 sq. kms. were in settled occupation. Even for this small proportion there was no settlement of title and little registration of ownership. It was exempt from the system of land taxation which prevailed elsewhere in Palestine, but occupiers of land were subject to a tithe which was commuted to cash payment. It is, therefore, intended to compile the record of occupied parcels and their areas from the tithe rolls.

10. The Land Specialist was unable to take up his duties until the end of September 1955, and there was a further delay in obtaining equipment for viewing the micro-photographs of the land registers. The project was, however, in full operation by the end of February 1956, and has continued since then at a steadily accelerating pace. At the end of August 1956 there were, in addition to the Land Specialist, twenty employees in Jerusalem and three in New York. All the Jerusalem employees were recruited in the area and three more were being recruited to complete the establishment. In the former Gaza sub-district, comprising 1,563 blocks, the identification is complete. Examination of the micro-photographs of the Land Registers has been completed in respect of the former sub-districts of Jaffa, Ramle, Hebron, Tulkarm, Haifa, Jerusalem, Acre, Beisan and Nazareth. The examination of the micro-photographs in respect of the former Safad sub-district is in progress. There remains only the former Tiberias sub-district in which work has not yet been commenced. The examination of the micro-photographs does not complete the work of identification. Recourse has to be made to the taxation records for information in respect of the "non-settled" blocks, and many queries which arise from the absence or indistinctness of the photographs have to be cleared up by reference to the original records. The progress made in the work can be indicated better in tabular form as follows:

	Settled blocks (rural)	Non-settled blocks (rural)	Urban blocks	Total blocks
Complete save for queries 5,696	104 463	6,263		
Still to be attempted	2,067	1,630	520	4,217

The Israel authorities are co-operating by supplying the necessary maps and plans, by providing some office accommodation, and by allowing the Commission's employees access to land registry and taxation records. The Syrian authorities are co-operating by lending taxation records of the former mandatory government. These are brought from Damascus to Jerusalem in batches, a new batch being made available when the former one is returned. The Egyptian authorities have likewise co-operated by allowing their land registry staff in Gaza to assist the Commission on a part-time basis and, of course, by affording access to

the land registers themselves. The Jordanian authorities are extending to the Commission facilities for examination of land registers and tax records in their possession. It is not too much to say that all the Governments concerned are extending all possible assistance in this operation and the Commission takes this opportunity of expressing its acknowledgements.

#### Position of the Government of Israel on compensation

11. As indicated in previous reports by the Commission, Ambassador Eban, in a letter to the Conciliation commission of 9 October 1953, stated that the Government of Israel was engaged in preparatory work in implementation of its declared policy to offer compensation for abandoned Arab lands in Israel; that the work was expected to be completed fairly soon and that the Government of Israel would then be prepared to state its views on the subject in concrete terms. The Commission's representative in Jerusalem was subsequently informed on 1 August 1954, following an inquiry, that the Government of Israel would make its views and findings regarding compensation for abandoned Arab lands in Israel available at the earliest convenient opportunity.

12. Since the Commission, as a result of the acceleration of its work on the identification of Arab property, now finds it possible to foresee a time when a new stage in its programme will be reached, it decided, on 2 February 1956, to request its representative in Jerusalem to inform the Israel Ministry for Foreign Affairs that the Commission was now particularly anxious to learn the nature and extent of the Government of Israel's preparatory work on this field. The Commission's representative was also instructed to inquire whether this preparatory work included measures for the restitution to the refugee owners of rents or other income from their property which have accrued since the property was taken over by the Custodian, and if so, what these measures were.

13. The reply of the Government of Israel dated 11 March 1956 (see Annex A) stated, inter alia, that the problem of compensation could not be considered "in disregard of the general context of Arab-Israeli relations..." The letter went on to recall a statement of Ambassador Eban before the Ad Hoc Political Committee to the effect that a discussion on the payment of compensation would require the solution and clarification of related problems. The letter then stated that "it is felt that no practical purpose would be served if, under the present circumstances, the Government of Israel were to come forward with a programme for compensation or if it went into other related details before the conditions are fulfilled under which such plans could come to fruition". The letter concluded by stating that when the Arab Governments "agree to reverse the present trend of tightening their economic blockade against Israel and give tangible proof of their readiness to assume an attitude more in conformity with the Charter of the United Nations," the Government of Israel would be ready to make known its detailed plans for compensation.

14. While the Commission recognizes the difficulties created for Israel by the existing economic blockade, the Commission finds the reply of the Government of Israel unfortunately negative and inconsistent with Israel's previous statements concerning compensation for the Arab refugees who do not choose to return to Israel pursuant to the provisions of paragraph 11 of the General Assembly's resolution of 12 December 1948. The Commission hopes that the Government of Israel will reconsider its expressed position, but under the circumstances is compelled to report the Government of Israel's present attitude as set forth in its letter to the Commission's representative in Jerusalem dated 11 March 1956.

15. The Commission has communicated to the Government of Israel its disappointment and regret over this new attitude. In its letter dated 28 September 1956 (see annex B) the Commission informed the Government of Israel that, in spite of the latter's apparent withdrawal from its previous position, the Commission had nevertheless decided to continue its own work with respect to refugee property on an accelerated basis; that its identification project was expected to be completed by the middle of 1957, by which time the Commission would be able to move forward to a new stage in its programme; and that it was the profound hope of the Commission that in the intervening months the Government of Israel would find it possible to reconsider its position.

#### Question of refugee property rights

16. In its letter to the Government of Israel, the Commission went on to recall that, apart from the over-all question of compensation, it had a responsibility in connexion with the protection of the property rights of the refugees. In this respect, the Commission noted that it had not yet received a reply to its inquiries as to the administration of Arab property. The Commission also stated that it had before it a request from the Governments of the Arab States for information with regard to Arab refugee property in Israel. For these reasons the Commission requested the Government of Israel to provide it with concrete information as to the way in which refugee property was being administered, what measures were being taken to protect that property and safeguard its identity, and what measures might have been taken with regard to the restitution to the refugee owners of rents or other income from their property which might have accrued since the property was taken over by the Israel Custodian.

#### Release of blocked accounts

17. It will be recalled that an agreement was reached in 1952 between the Conciliation Commission and the Government of Israel for the complete release of Arab accounts blocked in banks in Israel. Israel's only reservation was 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. The Government of Israel subsequently agreed to release, as a first instalment, the sum of £1 million at the rate of £1 sterling for £1 Israeli. Details regarding the negotiations leading up to this initial release and the way in which it was carried out will be found in the twelfth and thirteenth progress reports of the Commission.<sup>1/</sup>

8. Backed by the experience gained by this first release operation, and believing that the completion of the release of all blocked accounts was of the greatest importance, the Commission decided to pursue this question

energetically until a total settlement had been achieved. The Commission felt that once the foreign currency problem was solved there should be no further obstacle to the final liquidation of all the outstanding accounts. In May 1954, the Commission was informed that Barclay's Bank had made an offer of a sterling loan to the Government of Israel, sufficient to enable it to repay all the remaining blocked Arab balances. In the subsequent working out of arrangements for the final release, the Commission continued its role of providing its assistance and good offices whenever necessary.

19. Following the successful negotiation of the loan between Barclay's Bank and the Government of Israel, and after a considerable period of discussions regarding the procedures to be employed in effecting the final release, the Government of Israel, on 16 November 1954, issued an announcement setting forth the procedures to be followed by absentee and refugee depositors for securing the payment of their accounts and the transfer of their valuables deposited with the banks.

20. After certain technical difficulties had been overcome, the final release operation went into effect at the beginning of 1955 and has proceeded satisfactorily since then. As of 31 December 1955, a total of £2,538,642 had been released to depositors as follows:

- £ 1,528,400 to depositors in Jordan;
- £ 602,900 to depositors in Lebanon;
- £ 144,000 to depositors in Syria;
- £ 74,900 to depositors in Egypt;
- £ 26,000 to depositors in Gaza;
- £ 162,442 to depositors in other countries.

During the next eight months ending 31 August 1956 an additional £94,533 were released, bringing the total to £2,633,175. The additional amount has not yet been analysed according to country of destination. It should be noted that all the accounts released so far were held by Barclay's Bank and the Ottoman Bank. The total of absentee deposits held by these two banks is estimated to be about £3 million, of which some 87 per cent has been released. None of the absentee accounts held by other banks in Israel have as yet been released by the authorities, although the Commission feels confident that the necessary action to release these accounts will be taken in the near future. The amount involved is comparatively small, being estimated at about £300,000.

#### Transfer of valuables held in the banks in Israel

21. It will be recalled that, when the original blocked accounts agreement was reached between the Commission and the Government of Israel in 1952, the Commission expressed the hope that the transfer of securities and other valuables belonging to refugees and held in the safe deposit lockers 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 matter to be dealt with between the Government of Israel and the banks involved, with the assistance of the Commission as required. The delegation of Israel stated that, after a procedure for opening the boxes had been agreed upon by all the 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. These considerations also held good for items deposited in the main vaults of the banks for safekeeping.

22. Early in 1955, procedures for the transfer of valuables from the banks in Israel to the correspondent banks in Jordan were worked out between the parties directly concerned, with the assistance of the Conciliation Commission and UNRWA. Under this system, which has been and is still functioning smoothly, the absentee depositor completes an application form in which he authorizes a representative of the bank to act on his behalf and gives the necessary instructions for the transfer of his valuables. A single depositor may have both a safe deposit locker and one or more safety custody items, such as a dossier of securities and a number of Palestine Government bearer bonds, but he has to submit separate applications. Once the application has been received by the Joint Control Office which acts as the banks in Israel, it is processed and passed to the Israeli Custodian of Absentee Property for his approval. When a sufficient number of approved applications has accumulated, a session is arranged in the vaults of the bank which the valuables are deposited. This session is attended by the employee of the bank nominated to act for the depositor, by another bank employee representing the bank, by an official of the Israeli customs and one of the Israeli censorship and, finally, by a representative of the Conciliation Commission acting as neutral observer. In the case of safe deposit lockers, the box is either unlocked or forced open depending on whether the key is available. The contents are then taken out, carefully listed and made up into a parcel which is signed and sealed by the bank representative, the customs official and the representative of the Commission. Copies of the lists showing what was actually found in the locker at the time of opening are also signed by these same persons. A similar procedure is followed in the case of items deposited with the banks in safe custody, such as folders containing securities and other valuable documents, as well as boxes and parcels. In this case, however, there is no question of opening lockers and the process of listing consists of a check to establish whether the description of the valuables in the hands of the bank tallies with the actual contents of the folder, box or parcel. When this operation is completed, a United Nations convoy is arranged to transfer the valuables across the armistice lines. The valuables are transported in United Nations vehicles and are accompanied by two bank officials who never lose sight of them until they reach the bank in Jordan in which they are to be consigned in accordance with the instructions of the owner. The United Nations vehicles are escorted from the bank in Israel to the border by Israeli police and from the border to the bank in Jordan by Jordanian police. The valuables are handed over to the correspondent bank against receipt and remain there until they are claimed by their owners.

23. The same system was adopted later in 1955, after prolonged negotiations, for the transfer of valuables to Lebanon. There, too, the operation is now functioning without complications.

24. In the case of Palestine Government bearer bonds, there is no need for a physical transfer of valuables. These bonds were issued by the Palestine Government and are still being honoured by the British

Colonial Office. Those of the bonds which were deposited for safekeeping with the banks in Israel had to be registered with the Israeli authorities and their value was converted into Israeli pounds. Under the release scheme the banks are authorized by the Israeli Custodian, upon approval of each application, to pay the value of the bonds to the owner in sterling. The total value of the bonds held by the two principal banks was estimated at £120,000, and a special additional sterling loan to cover that amount was made to Israel by Barclay's Bank. The actual transfer of the sterling to the depositors is made through London, as in the case of the blocked accounts.

25. At the end of August 1956, the situation with regard to the transfer of the valuables was as follows:

Total of safe custody items	1,135
Boxes and parcels released	24
Dossiers of Palestine bearer bonds redeemed	250
Dossiers of other bonds etc. released	203
Total of safe deposit lockers	143
Lockers released	102

Most transfers of valuables have been to Jordan and Lebanon. In general, the operation is making slow but steady progress. Applications for release are dealt with promptly and at no time is there any considerable number outstanding. In the last six months of the period under review, 111 safe custody dossiers were released and redeemed and eight safe deposit lockers were released.

26. The Commission is pleased that arrangements for the transfer of safe deposit and safe custody items have thus been worked out with the Governments of Jordan and Lebanon, with respect to owners residing in those countries, and are operating smoothly. It is hoped that similar arrangements will shortly be concluded with the Governments of Egypt and Syria. Agreement in principle has been reached, but it still remains to settle the details.

27. The Commission is gratified to be able to report such satisfactory progress in these fields. It is to be hoped that whatever problems remain in connexion with the release of the accounts and the transfer of valuables will shortly be overcome and that the entire operation will then proceed towards its successful conclusion without further difficulty. The Commission has no doubt that the release scheme, which has benefited so many people in so direct and tangible a manner, has clearly demonstrated the way in which international action, coupled with the co-operation and goodwill of the parties directly concerned, can assist in solving some of the many problems which beset the region, thereby gradually reducing the area of disagreement.

#### ANNEX A

LETTER DATED 11 MARCH 1956 ADDRESSED BY THE DIRECTOR,  
DIVISION FOR INTERNATIONAL ORGANIZATIONS, ISRAEL  
MINISTRY FOR FOREIGN AFFAIRS, TO THE REPRESENTATIVE  
IN JERUSALEM OF THE CONCILIATION COMMISSION FOR PALESTINE

I am writing in reply to your letter of 14 February 1956 regarding the question of compensation for Arab property in Israel. You refer to a letter from Ambassador Eban to the Conciliation Commission on 9 October 1953 and to my letter to you of 1 August 1954 on the same subject.

The problem of compensation for abandoned Arab lands cannot be considered in disregard of the general context of Arab-Israeli relations. Since the above-mentioned communications were made, the Arab Governments have intensified their economic warfare against Israel and have used every conceivable opportunity to weaken our economic position. Nevertheless, the Government of Israel has shouldered the burden of alleviating the position of Arab refugees in releasing bank accounts and deposits to the value of well over four million Pounds Sterling. This transfer of hard currency from Israel to the neighbouring Arab States has in no way mitigated their ruthless efforts to strangle Israel's economy which include machinations in other countries to obstruct Israel's economic relations with them.

The views of the Government of Israel on compensation were expounded by Ambassador Eban before the Ad Hoc Political Committee of the United Nations General Assembly on 18 November 1955. The relevant sections of this statement read as follows:

"It is recognized that the payment of compensation for abandoned lands could be an important contribution to Arab refugee settlement. But the acceptance of such a burden at any one time would involve our population in a commitment beyond its powers. We were therefore interested in a proposal made recently by the Secretary of State of the United States under which an international loan would be made to enable Israel to discharge this undertaking. My Government has, in recent weeks, responded formally and affirmatively to this suggestion.

"It is evident, of course, that a discussion on the payment of compensation would require the solution and clarification of the related problems to which Mr. Sharett has referred in the Knesset. In particular, the Arab Governments cannot attempt to stifle Israel financially by blockade and boycott - and at the same time expect Israel to assume heavy financial burdens for this and future generations of its citizens. The Arab Governments will one day have to decide whether the pleasures of an illicit blockade are more to be cherished than the virtuous duty of enabling the refugees to receive

compensation."

It is felt therefore that no practical purpose would be served if, under the present circumstances, the Government of Israel were to come forward with a programme for compensation or if it went into other related details before the conditions are fulfilled under which such plans would come to fruition.

When the Arab Governments agree to reverse the present trend of tightening their economic blockade against Israel and give tangible proof of their readiness to assume an attitude more in conformity with the Charter of the United Nations, my Government will be ready to make known its detailed plans for compensation.

(Signed) H. A. CIDOR  
Director,  
Division for International  
Organizations

ANNEX B

LETTER DATED 28 SEPTEMBER 1956 ADDRESSED BY THE CHAIRMAN  
OF THE CONCILIATION COMMISSION FOR PALESTINE TO THE  
REPRESENTATIVE OF ISRAEL

I have the honour to refer to the letter dated 11 March 1956 addressed by your Government to the Conciliation Commission's representative in Jerusalem, in reply to representations made by him on 14 February 1956 on behalf of the Commission. It appears from this letter that the Government of Israel has now altered its previous position with regard to the question of compensation for Arab refugee property holdings in Israel, as set forth in Ambassador Eban's letter to the Commission of 9 October 1953.

Since receipt of the Government of Israel's letter, the Conciliation Commission has given long and careful consideration to the Government of Israel's position. It regrets the stand that your Government has adopted, a stand which it considers inconsistent with Israel's previous statement concerning compensation for the Arab refugees who do not choose to return to Israel pursuant to the provisions of paragraph 11 of the General Assembly's resolution of 11 December 1948. Nevertheless, the Commission, after further deliberation, has decided that in spite of this apparent withdrawal of your Government from its previous position in the matter, the Commission's own work with respect to refugee property shall continue on an accelerated basis. The Commission expects that by the middle of 1957 the identification project dealing with refugee property will have been completed and that the Commission will then be able to move forward to a new stage in its programme. It is our profound hope that in the intervening months the Government of Israel will find it possible to reconsider its position.

It will be recalled that, apart from the over-all question of compensation, the General Assembly resolutions of 11 December 1948 and 14 December 1950 gave the Commission a responsibility in connexion with the protection of the property rights of the refugees. In this respect, the Commission's representative on 14 February 1956 made certain inquiries of your Government as to the administration of Arab refugee property, to which no reply has been received. The Commission also has before it a request submitted by the Governments of the Arab States for information with regard to Arab refugee property in Israel. The Commission requests that the Government of Israel provide it with information as to the way in which Arab refugee property in Israel is being administered, what measures are being taken by the Government of Israel for the protection of this property and what steps have been taken to safeguard its identity. The Commission also wishes to know what measures the Government of Israel may have taken with regard to the restitution to the refugee owners of rents or other income from their property which have accrued since the property was taken over by the Israel custodian.

The Commission would be grateful for concrete information from the Government of Israel on these specific points.

(Signed) Pierre ORDONNEAU  
Chairman,  
Conciliation Commission  
for Palestine

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1/ A/2216 and Add.1, A/2629 and Corr.1.