

RESTRICTED
M/24
29 March 1948

UNITED NATIONS PALESTINE COMMISSION

Communication Received from Mr. Henson
of the Secretariat Party in London

The following communication was received from Mr. Henson concerning the negotiations with the British Government regarding the food situation in Palestine.

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Room 605,
Hotel Cumberland,
Marble Arch,
London, W.1, 19 March 1948

Dear Mr. Reedman:

I have your letter of 16 March and wish to comment on certain phases of the work. The information given in my previous letter is still unchanged.

RICE:

In discussing the cereals situation with the Cereals Sub-Committee of the Ministry of Food, Mr. Farquarson and others, I had raised the question of rice allocations for Palestine and the British Washington Office have been asked to try and have 5,000 tons of rice allocated to Palestine from Brazil or some other source available to Palestine. IEFC rice allocations are specific as to the area from which the supplies are to come as well as to the amount. It will be desirable first to have the IEFC authorize the procurement of 5,000 tons of rice for Palestine from Brazil and inasmuch as the British are now negotiating for rice in Brazil for their own use, it would be desirable to have them carry on the negotiations for Palestine. In my discussions with them they implied that they would want to buy the rice along with their own. Brazil has "pulled out" of the IEFC allocations work a time or two in the past but are now going along with the IEFC and it would seem that we should do the same in our dealings with them.

The British Ministry of Food are making the presentation to the IEFC for the change of allocation for rice and will buy the rice just as they did the cereals in the event that the Palestine Commission and the Mandatory Power agree on methods of financing. If the Palestine Commission decides to move in other ways in the procurement of cereals and rice and other materials for Palestine, I feel rather confident that the Ministry of Food are still going to wish to be consulted on bread grains and rice.

STEEL BROTHERS:

I conferred with Steel Brothers again and can say that with security established in Palestine, Steel Brothers would be anxious to enter into a

contract with the Palestine Commission to continue to render the services they have been performing for the Mandatory Power. They were quite frank in saying that they don't see at this time just how property was to be protected in Palestine after 15 May. Incidentally, they had been approached quite unofficially by both Jews and Arabs about continuing their services beyond 15 May. I am not at present optimistic about Steel Brothers extending credit in the area unless their operations are thoroughly backed financially. In my discussion with them, this question was raised and they immediately brought up the matter of security and felt that no commercial concern would import materials in there with the only assurance being the resale value of the goods. This would not be true in the case of interested agencies such as the Jewish Agency who may give assurance to firms.

ALTERNATIVE ORGANIZATIONS FOR IMPORTING AND DISTRIBUTING SUPPLIES

1. Proposed Palestine Corporation

It should be noted here that there is in existence now a Palestine Corporation which carries on certain functions under the general direction of the Jewish Agency. The proposed Palestine Corporation is a separate concept. The Anglo-Palestine Bank, the Consumers Co-Operative, Municipal Corporation, and certain private business firms can quickly organize themselves into a corporation which might be expected to finance, import, and distribute goods for the Jewish people. There is a possibility that they would care for the Arab population in the proposed Jewish State, or that they would agree to a joint contract with Steel Brothers, or some other agency, to serve the Arab population. I have raised with advocates of this new organization the problems of assuring the United Nations Palestine Commission that the Arab population and the Christian group in Jerusalem would be adequately cared for. It was their belief that similar types of organizations could be worked up for serving these other segments of the population, or that through sub-contract with an agency such as Steel Brothers this corporation might serve these other areas.

2. Arab Area

I am conferring early next week with Barclays Bank. Representatives from the Near East handling their affairs in Palestine will be in London at that time. We expect to discuss the possibilities of an Arab corporation comparable to the proposed Palestine Corporation. In the event that this does not work out, it is possible that a contract with Steel Brothers for this area can be effected.

3. City of Jerusalem

It may be desirable to consider a third agency built around the consulates, various church groups, and others who handle the import and distribution of materials in Jerusalem. In speaking with a United States Middle East specialist in the Embassy here, he was of the opinion that a special agency could be organized to serve the city of Jerusalem in order to assure a flow of goods into the area.

STORAGE CAPACITY:

I have been unable to find specific information in London on cold storage capacity for the handling of frozen meats. Steel Brothers are wiring to Haifa and I expect to have an answer on the capacity from that source. There are fifteen ice manufacturing plants in Palestine. Their capacity, however, seems relatively low. There was also a plant manufacturing ice boxes and it is possible that electric developments may have provided considerable refrigeration space. Cold storage, however, is not listed as one of the industries of Palestine in the recent industrial survey. I will check further here with the Jewish Agency as well as getting information direct from Haifa.

COCOA BEANS:

I will take up with the Ministry of Food the matter of issuing import licenses for cocoa beans to appropriate traders in Palestine. I feel certain that they will have no objection to including this item along with others under consideration at this time.

ALLOCATION REQUESTS TO IEFC

I am preparing, in cooperation with Imperial Chemical Industries Ltd., information to submit to the Fertilizer Allocation Committee of the IEFC on nitrogenous fertilizers. This would be presented between now and 15 May by the British representatives with the IEFC in Washington. The IEFC are about ready to mail out the questionnaires for cereal allocations for the last half of 1948 and the first half of 1949. They would normally assemble these lists of requirements and make their allocations some time during the summer.

It will be essential that Palestine have some bread grains for July and possibly August. The extent to which imports of cereals will be required is dependent largely on how well the indigenous production flows through the regular channels of trade in Palestine. In view of the situation, I believe that I should confer with the Cereals Committee of the British Ministry of Food and work out an emergency programme which can be presented to the IEFC, either by British representatives, or by myself on my return. With the information I have, it would be possible to make presentations to the IEFC for the summer period. Additional local information would be required later concerning the acreage condition and yield of the crop. Specific information on the local situation would be required for emergency actions in adjusting requirements to unexpected difficulties in distribution. As long as I was in Washington this could be done on a when-actually-employed basis and would require very little time. The Ministry of Food will represent Palestine before the various IEFC committees until 15 May.

I can look into the possibilities of representation with the IEFC in Washington on my return. It is possible an employee of IEFC might be in a position to receive requests from the staff of the Palestine Commission and present the information to the appropriate allocation committee. Many countries merely fill out the questionnaires, which request allocations, and are not represented at all in Washington.

Mr. John Reedman,
Palestine Commission, United Nations,
Lake Success, New York.

Sincerely yours,
Edwin R. Hanson, (signed)
(Consultant)