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UK/106
13 April 1948

D R A F T L E T T E R

To: Mr. J. Fletcher-Cooke,
United Kingdom Delegation.

Dear Fletcher-Cooke,

The Commission has considered your letter of 5 April 1948 and directs me to reply as follows.

The Commission notes with satisfaction that the Government of the United Kingdom is prepared to continue the procurement for Palestine of those foods which it has hitherto procured. It regrets, however, that the Mandatory Power is unable either to provide for the initial financing of those foods needed to complete allocations between 15 May and 30 June or to accept any of the guarantees proposed by the Commission.

The suggestions made in your letter of alternative sources from which the Commission might obtain funds have already been examined by the Commission and have been found to be impracticable to meet the immediate situation. The Commission, therefore, once more appeals to the Mandatory Power to assist in breaking this deadlock and to agree, as an emergency measure and in the interest of the peoples of Palestine, to procure and, if necessary, initially finance bread cereals for Palestine to complete the allocations to 30 June.

I am further instructed to make it clear that, in accepting responsibility for the financing of food supplies for Palestine received after 15 May, the Commission does so within the authority entrusted to it by the resolution of the General Assembly. The Commission regards these costs as a proper charge against the revenues of Palestine. Moreover, it considers that expenditure on food should take precedence over certain of the items of an extraordinary nature which have been charged against the revenues of Palestine. In this respect, the Commission once more directs your attention to

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Part I, E, 2 of the Assembly resolution, which reads as follows:

"During the period between the appointment of the United Nations Commission and the termination of the Mandate, the mandatory Power shall, except in respect of ordinary operations, consult with the Commission on any measure which it may contemplate involving the liquidation, disposal or encumbering of the assets of the Palestine Government, such as the accumulated treasury surplus, the proceeds of Government bond issues, State lands or any other asset."

The Commission also directs me to say that it cannot accept the view relating to the Palestine Currency Board, expressed in paragraph (7) of your letter. The Commission is in no doubt that, under the terms of the resolution, it becomes the successor currency authority on the termination of the Mandate. Therefore the Commission cannot recognize any unilateral action by the Government of the United Kingdom which places the disposal of the assets of the Currency Board in abeyance.

The Commission would also be glad to have further clarification of the statement in paragraph (3) of your letter.

An account of the Commission's difficulties in the question of food supplies for Palestine is to be placed before the Security Council, in a special report, and before the Special Session of the General Assembly. As your Government is well aware, however, this is not likely to produce action in sufficient time to meet the present emergency, and for this reason it is hoped that they will reconsider their position.