

Document symbol: A/AC.21/UK.141

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UK/141

11 May 1948

UNITED NATIONS PALESTINE COMMISSION

Communication Received from United Kingdom
Delegation Concerning Palestine Currency
Board

The following communication, concerning the powers of the
Palestine Currency Board, has been received from Mr. Fletcher-Cooke
of the United Kingdom Delegation.

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UNITED KINGDOM DELEGATION TO THE UNITED NATIONS
Empire State Building
New York 1, N.Y.

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11th May, 1948

My dear Bunche,

May I refer you to paragraph 5 of your letter of the 13th April in which you conveyed to me the views of the Commission relating to the Palestine Currency Board. These views were duly conveyed to His Majesty's Government and I have now been asked to bring the following observations to the notice of the Commission:-

(1) The Palestine Currency Board is not a creature or organ of the Government of Palestine. It is a body resident in the United Kingdom, set up by and responsible to His Majesty's Government and not to the Government of Palestine, for the purpose of supplying and controlling currency in the area served. This area, of course, includes Trans-Jordan as well as Palestine.

(2) The position of the Board is somewhat similar to that of certain British note-issuing banks, which had until recently the privilege of issuing notes in some of the British-administered territories overseas.

(3) The Board has been responsible for maintaining full sterling backing for the currency it has issued and for building up from its income such reserves against depreciation as was considered proper.

(4) The Board has the power to make, and has from time to time made, out of its excess revenue grants towards the revenues of the present Government of Palestine. It has, however, no obligation to make such grants. Similarly the revenues of the present Government of Palestine have borne no liability to make good any losses which the Board may incur.

Dr. Ralph J. Bunche,
Principal Secretary to the United Nations
Commission on Palestine,
United Nations,
Lake Success.

2. It will be clear from the foregoing observations that

(1) The liability of the Currency Board is to redeem its notes in sterling, subject of course to any United Kingdom exchange control regulations affecting the accounts to which such sterling may be credited.

(2) Even if the Commission were to become responsible for the issue of currency for Palestine, it could not claim to take over the existing Currency Board or its assets, nor to issue its notes.

(3) The Commission could, like any other holder, present to the Board for redemption existing notes which came into its possession.

(4) Since the amounts of old currency coming into the possession of the Commission would be very large, if it issued a new currency, special arrangements would no doubt be desirable and His Majesty's Government and the Currency Board would be very willing to discuss these.

(5) In the meantime, as has already been announced, His Majesty's Government have agreed that the Currency Board may continue to operate as far as circumstances permit, pending an orderly transfer to whatever arrangements may be made in due course for the future management of the currency.

3. I am sending a copy of this letter to Mr. Alan Mac, Rapporteur to the Sub-Committee of the First Committee of the General Assembly.

Yours sincerely,

(signed)

(J. Fletcher-Cooke)