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UNITED NATIONS PALESTINE COMMISSION

Communication Received from United Kingdom
Delegation Concerning Release of Sterling
Balances after 15 May

The following communication, concerning the release of
sterling balances after 15 May, has been received from Mr. Fletcher-
Cooke of the United Kingdom Delegation.

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

14th May, 1948

My dear Bunche,

May I refer you to your letter of 6th May regarding the Commission's views on the release of Sterling Balances after 15th May, 1948.

2. The Commission's views as set out in your letter were duly brought to the notice of His Majesty's Government and I have been instructed to reply as follows:

(i) His Majesty's Government have carefully considered the views of the Commission in this matter but they regret that they are unable to depart from the position set out in my letter of 2nd May.

(ii) In order to clarify the position, His Majesty's Government issued a statement for publication in the press in London at midday today- 14th May.

The text of this statement is as follows: --

"When Palestine's sterling balances were blocked on 22nd February, arrangements were made for seven million pounds to be released to supplement current accruals of sterling and enable Palestine's essential needs to be met during the period up to the 15th May. Later it was agreed that further releases should, if necessary, be made during this period in order to finance private imports of food for consumption during the few weeks after 15th May.

"In view of present conditions in Palestine and in particular of the fact that no effective central exchange control authority will for the time being exist with which the necessary arrangements could be discussed and by which they could be administered and controlled, His Majesty's Government have decided that it is impracticable at present to make further releases of a fixed amount in respect of any period after 15th May.

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

Nevertheless, in order to meet the situation as far as possible, His Majesty's Government will consider applications from individual banks submitted through their correspondents in the United Kingdom to the Bank of England for releases from their blocked accounts of reasonable sums required to make essential payments in sterling. Before approving any such applications, His Majesty's Government will require to be satisfied that the payment is for a purpose for which it is proper that a release should be made and that it cannot be met out of sterling already released or from current accruals which in any cases will be available. His Majesty's Government have expressed their willingness to discuss more permanent arrangements as soon as circumstances render this practicable."

3. There is, of course, no objection to this statement being given publicity in New York.

Yours sincerely,

J. Fletcher-Cooke (signed)