

RESTRICTED
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· UNITED NATIONS PALESTINE COMMISSION .

Communication Received from United Kingdom Delegation Concerning the Food Supply Position in Palestine.

The following communication, enclosing a copy of the Agreement between the Government of Palestine and Steel Brothers & Co. Ltd., has been received from Mr. Fletcher-Cooke of the United Kingdom Delegation.

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UNITED KINGDOM DELEGATION TO THE UNITED NATIONS

28th February 1948.

My dear Ralph,

May I refer you to the correspondence relating to the Food Supply position in Palestine ending with my letter of 10th February.

I now enclose for your information a copy of the Agreement entered into by His Excellency the High Commissioner on behalf of the Government of Palestine and Steel Brothers and Company, Limited, in which the Company agreed to serve in the capacity as agents of the Government of Palestine as regards the acquisition and distribution of food supplies.

Reedman may have seen a copy of this Agreement when he was in London but I expect you will find it convenient to have a copy on your files.

Yours etc.

Sd) J. Fletcher-Cooke

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

AGREEMENT

THIS AGREEMENT made this twenty-seventh day of September 1943 between HIS EXCELLENCY THE HIGH COMMISSIONER FOR PALESTINE ON BEHALF OF THE GOVERNMENT OF PALESTINE (hereinafter referred to as "the Government") of the one part and STEEL BROTHERS & COMPANY LIMITED, being a company incorporated in England by registration under the English Companies Act having its registered office at 24, Lombard Street, London (hereinafter referred to as "the Company") of the other part.

WHEREAS the Government is desirous of making provision for the maintenance of the population of Palestine by the acquisition of adequate supplies of certain commodities;

AND WHEREAS the Company has offered to serve in the capacity as agents of the Government in the acquisition and/or receipt and the distribution of commodities as the Government may from time to time deem necessary;

NOW THIS AGREEMENT WITNESSETH as follows:-

1. In this Agreement -

"Agents" mean the Company and also any other company or firm or department thereof by which the business of the Company is now executed and also if the approval of the Government has been obtained any subsidiary company incorporated in Palestine or England by the Company for the express purpose of discharging the functions of the Company as agents under this Agreement.

"Commodities" mean wheat and flour, sugar, barley, millet, maize, rice, dates, beans, evaporated milk, oil seeds, oil cakes, livestock and cereal of all kinds, and includes any other commodities to which this Agreement may from time to time be applied upon notification in writing by the Government to the Company, without regard to the country of origin.

2. THE Government agrees -

(a) To appoint the Company (and provide such specific authorization as may from time to time be necessary) as the sole and exclusive agents of Government for the purpose of purchase and/or receipt and distribution of commodities and the collection of the proceeds of sale thereof in the quantities and as required from time to time by Government;

(b) To prohibit the importation of commodities except by the Company unless the prior consent of the Company to such importation be obtained;

(c) To assist the Company in matters connected with the receipt and/or purchase and distribution of the commodities in so far as such maintenance is essential to the efficient discharge of the Company's obligations as agents under this agreement;

(d) To supply the Company with the funds necessary for the purchase and/or receipt and delivery of commodities, and Government further agrees to act in consultation with the Company to ensure that bank and other credits shall be available as and when required so that no interruption or delay shall occur through the absence of such facilities in the discharge by the Company of their obligations under this Agreement.

(e) To act in consultation with the Company in the placing of orders for commodities.

(f) (1) To pay

(f) (1) To pay the Company a commission to be calculated as stated hereunder on distribution by the Company of commodities in stock at the commencement of the agreement and for receiving and distributing any such commodities after the coming into force of this agreement, at the rate of 1% (one per cent) on the first £P 3,000,000 (Palestine Pounds three million) per annum and $\frac{1}{2}$ % (one half of one per cent) thereafter subject to a minimum total annual payment of commission at the rate of £P 10,000 (Palestine Pounds ten thousand) which would be deemed to cover the remuneration of the Company as Agents and all expenses of the Agency;

(2) Furthermore to pay the Company a commission of $\frac{1}{4}$ % (one quarter of one per cent) to be calculated as stated hereunder on distribution by the Company of any such commodity (except cereals and commodities indigenous to Palestine and Trans-Jordan) in respect of which they may on instructions of Government carry out the operations of purchase in their own name or in Government's name or any combination thereof. Such commission to be in addition to any commission payable as prescribed in the immediate foregoing paragraph;

(3) The commission of the Company referred to in paragraphs (1) and (2) of clause 2(f) hereof shall be calculated in relation to Average selling Price or Conventional Value whichever is the lower.

For the purposes of this paragraph -

"Average Selling Price" means the Average Selling Price of the commodity during the calendar year in which the commodity is sold by the Company to a buyer, and is arrived at by dividing the total sum received for the commodity during the year by the total number of tons or other recognised units of quantity sold during the year.

"Conventional Value" means the average selling price for each commodity during the year, 1942, and is arrived at by dividing the total sum received for the commodity during the year 1942 by the total number of tons or other recognised units of quantity sold during the year 1942.

For any new commodity sold the conventional value will be the selling price fixed for the first sale that takes place.

3. The Company agrees -

(a) To act as the sole and exclusive agents of Government for the purchase and/or receipt and distribution of commodities and the collection of the proceeds of sale thereof;

(b) To take all steps necessary to ensure that efficient conduct of the Agency to the satisfaction of Government and in particular to ensure efficiency in the acquisition and/or receipt and delivery of commodities required by the Government upon the best terms of purchase as are from time to time available;

(c) To make the necessary arrangements, if so required, for the shipping and other transport and delivery of commodities in Palestine at such place or places in Palestine as Government may direct;

(d) To place, if so required, orders for commodities in the name of the Government or in the name of themselves as Agents according as the Government may from time to time direct.

(e) To maintain,

(e) To maintain, in addition to their offices and sub-agencies or offices abroad and other business connections a sufficient and efficient office in Palestine to enable the functions and obligations of the Company as Agents under this Agreement to be discharged;

(f) To keep all books of account, vouchers and other documents relating to the activities of the Company as Agents under this Agreement at all times available for inspection by Government and for the purposes of audit by Auditors appointed by the Government;

(g) To keep Government informed at all times of its activities under this Agreement and in particular to keep Government informed of the quantities and approximate date of delivery of commodities and generally to provide Government with all possible and necessary advance information to afford Government opportunity to make arrangements in advance for the acceptance of commodities acquired by the Company as Agents under this Agreement.

(h) To maintain a bank account with Barclays Bank (D.C. & O.) to be designated "GOVERNMENT OF PALESTINE FOODSTUFFS AGENCY ACCOUNT" and to transfer funds therefrom to the General Account of the Government of Palestine as and when required by the Representative of the Government.

4. AND IT IS HEREBY mutually agreed as follows:

(i) That the Government shall be entitled from time to time to appoint such persons or board to represent the Government under the Agreement in relation to directions and otherwise under this Agreement, and until notification in writing by Government to the Company of the appointment of another representative, the Food Controller or his Deputy shall be the representative of the Government for the purposes of this Agreement;

(ii) That the Company shall not in their capacity as Agents, hereunder or with regard to any work done by them in relation to this Agreement be held responsible in respect of any suits, proceedings, claims or demands of any third parties consequent on anything lawfully or in good faith done or omitted to be done by the Company under this Agreement and the Company shall be indemnified by the Government from and against all such suits and proceedings, claims and demands;

(iii) That all work done by the Company hereunder shall be for the exclusive benefit and at the risk of the Government and all profits and losses shall accrue to and be borne by the Government who shall indemnify the Company in respect of any liability or loss whatsoever.

(iv) That this Agreement shall be valid for one year with effect from 1st January 1943, and unless terminated at the end of the first year by three months' prior notice in writing given by either party hereto, it shall continue thereafter until terminated by three months' notice in writing by either party hereto;

PROVIDED that nothing herein contained shall preclude the Government from terminating this Agreement at any time and without notice in the event that the Company fails to carry out their agency obligations under this Agreement to the satisfaction of the Government and PROVIDED FURTHER that this Agreement may be terminated by either party hereto as a result of force majeure or supervening circumstances outside the control of the parties hereto necessitating such termination.

5. AND IT IS

5. AND IT IS HEREBY further mutually agreed that this Agreement shall be in replacement of the Agreement made between the parties hereto and dated the 26th day of July 1942 and upon the execution thereof the said agreement shall cease to be of effect between the said parties;

PROVIDED, however, that the termination of the Agreement dated the 28th July 1942 as aforesaid shall not affect any right, privilege, obligation, or liability accrued or incurred under the said Agreement by the parties thereto.

IN WITNESS whereof the parties hereto have hereunto set their hands and affixed their seals this

day of 1943.

For the Government

Witness:

HIGH COMMISSIONER.

For the Company

Witness: