

GENERAL
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UNITED NATIONS PALESTINE COMMISSION

THE CASE FOR DOLLAR CREDITS TO FINANCE THE IMPORT OF
ESSENTIAL FOODS INTO PALESTINE

1. The Palestine Commission will assume full governmental authority in Palestine on 16 May. One of the tasks which the Commission will take over from the previous Administration is that of maintaining imports of essential foods.
2. Palestine is dependent on imports for all its supplies of sugar and rice, half its bread cereals, about half its oils and fats and more than half its meat.
3. Some of these essential foods - for example, cereals and oils and fats - are subject to allocation by the International Emergency Food Council. Others, including sugar, meat, butter and cheese, are allocated in British administered areas by the British Ministry of Food.
4. During 1946 the total value of imported foods purchased by the Palestine Administration amounted to more than £P 9,000,000, or approximately \$37,000,000. The final figure for 1947 is not yet available, but it is certain that it will be considerably in excess of the 1946 figure, owing to higher prices and increases in quantities. A tentative estimate for the year 1947 received from the Palestine Administration sets the amount of government purchases at about £P 12,000,000, or approximately \$48,000,000.
5. During and since the war the Palestine Administration has secured a large proportion of these essential food imports by direct purchase on funds advanced from the revenues of Palestine.
6. The present Palestine Administration will, according to its declared policy, substantially supply these needs only to 15 May, on the basis of the allocation programmes.
7. On this basis, on 15 May, Palestine will have on hand stocks of bread cereals for about fifteen days' needs, stocks of sugar for about one month's needs, practically no imported oils and fats, no rice and no imported fresh meat.
8. In order to supply needs during June and July, shipments of most imported products must be laid on not later than early April.
9. The Commission

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9. The Commission has no means of financing such supplies and will in any case not control any Palestine revenues before 16 May. Moreover, even, then, owing to:

- (a) a fall in internal revenue, and
- (b) heavy claims on revenue as a result of winding-up operations of the Palestine Administration,

it will be necessary for the Commission to seek finance for immediate needs outside the ordinary revenue.

10. The ability of private traders to supply needs at short notice is diminished by the following circumstances:

- (a) private importation machinery has in recent years been supplanted to a considerable extent by Government;
- (b) political uncertainty;
- (c) the difficulties created by the British Treasury Order of 22 February, blocking Palestinian sterling balances.

11. Thus, in order to avert a serious food crisis in Palestine after 16 May, the Commission must be able to make immediate financial arrangements for the supply of essential foods. In order to safeguard essential food supplies in Palestine between 16 May and 1 October, the Commission needs a loan of \$10,000,000, as a minimum working fund.

The statistical considerations upon which this request is based are appended, together with an estimate of the quantities of specific products which should compose the direct purchasing programme of the Commission between 15 May and 1 October.