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UNITED NATIONS CONCILIATION COMMISSION FOR PALESTINE

GENERAL COMMITTEE

SUMMARY RECORD OF THE FIFTY-EIGHTH MEETING

Held at the Palais des Nations, Geneva,  
on Thursday, 30 March 1950, at 4 p.m.

Present:

Mr. BARCO (United States of America) Chairman

Mr. TOUSSAINT (France)

Mr. ERALP (Turkey)

Mr. de AZCARATE Principal Secretary

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Report of the Chairman of the Mixed Committee of Experts on Blocked Arab Accounts

The PRINCIPAL SECRETARY, speaking as Chairman of the Mixed Committee of Experts, explained that he had thought it would be a good thing for the General Committee to be informed periodically of the progress of the operations for unfreezing blocked Arab assets in Israel, even if developments during the period under review were not of outstanding importance. The present meeting of the General Committee, which had been convened at his suggestion, would enable the Economic Adviser to give a detailed account of the work recently accomplished.

The CHAIRMAN recognized the desirability of enabling the General Committee to receive periodical reports on that question; at a time when the

Chairman of the Commission and the Principal Secretary were about to leave for the Middle East to take stock of the position would be particularly useful.

Dr. SERVOISE, Economic Adviser, explained that the Chairman of the Committee of Experts, who had been instructed to pursue negotiations with the parties concerned, had concentrated on three points: (1) the collection of the information requested by the Foreign Office and the British Treasury; (2) the appointment of the Trustee; and (3) the choice by the Israeli Government of the currency to be used as cover.

I. The Chairman had written to the Israeli Government enquiring the number of blocked Arab accounts and the total amount involved. That letter had not yet elicited any reply, despite several reminders given orally to the members of the Israeli delegation. The Arab Governments, in letters couched in similar terms, had been requested to supply particulars of the number of refugees holding accounts in Israel and an overall estimate of the sums which each of the Arab States would have to advance.

To facilitate the collection of that information, the suggestion had been made to the Arab member of the Committee of Experts that the work should be divided up between the Governments and the banks. Through the official channels at their disposal, the Governments would merely invite the refugees to send in their statements to the banks. The banks and their local branches would undertake to collect the information thus supplied by the refugees, and after checking, consolidate it at their Head Office.

He himself had sent a memorandum on the matter to Mr. Labbane, who had informed his Arab colleagues of the proposal. Once their reply had been received, the banks concerned would be approached by the Secretariat with a view to compiling those returns expeditiously.

In addition, the Secretariat had obtained confidential information from Barclays Bank and the Ottoman Bank concerning the amount of blocked Arab assets in those establishments and the number of accounts held. The same questions had been put to the Anglo-Palestine Bank. Contact was being

maintained with the Bank of Syria and Lebanon. Furthermore, information had been requested from London concerning the Jordan Currency Board, which it had recently been decided to establish.

With regard to the Trustee, the Israeli delegation had in principle approved of the appointment of the Ottoman Bank. The Arab member of the Committee of Experts had announced that his Arab colleagues would have no objection to that appointment, but that an official reply from each of the Arab States was still required.

The Secretariat had also satisfied itself that, failing the Ottoman Bank, the Commission could as a second choice consider entrusting the duties of Trustee to the Bank for International Settlements, the Statutes of which (Article 22) expressly empowered it to act in that capacity. He (Dr. Servoise) had visited Mr. van Zeeland, Director-General of the BIS, who had already been made conversant with the problem the previous year on the occasion of the Commission's stay in Lausanne. Following a study of the question, it appeared that the BIS might be asked to lend its assistance should it prove difficult to make use of the services of the Ottoman Bank, provided, however, that a certain number of technical questions were settled beforehand.

II. With regard to the currency in which the State of Israel would agree to provide cover, he recalled that at the last meeting of the Mixed Committee of Experts, the Israeli member had indicated for the first time that the currency to be used as cover would be the Israeli pound, whereas hitherto the reference had always been to Palestinian pounds. The Israeli Government, to which the Secretariat had requested Mr. Rafael to explain the difficulties, had not yet given its reply. However, Mr. Rafael assured them that the decision was likely to be favourable.

He pointed out, in conclusion, that the members of the General Committee could give the Mixed Committee considerable assistance in its work, as in the past, by stressing the importance of formal assurances by the Israeli Government on the latter point.

The CHAIRMAN noted with satisfaction that Mr. Rafael had held out hopes of a favourable reply from his Government on the question of the currency to be used as cover. It would be useful, he felt, if the Chairman of the Commission and the Principal Secretary could take up the question with the Israeli authorities. Mr. Rafael had repeatedly informed him that he considered the work of the Mixed Committee of Experts an excellent precedent auguring well for the outcome of work of similar kind which might be carried out in future, and he had spoken of the Secretariat's work in appreciative terms.

The PRINCIPAL SECRETARY was of the opinion that during their stay in the Middle East the Chairman and he himself should preferably confine their activities to the most important aspect of the question - in his view the selection of the Trustee and the reply to the question of the currency in which the State of Israel would be asked to provide cover.

In reply to Mr. de Nicolay, the CHAIRMAN explained that the appointment of the BIS as Trustee had been contemplated by the Commission only as a second choice should it prove impossible to appoint the Ottoman Bank.

The PRINCIPAL SECRETARY recalled that it was as the outcome of a suggestion by the United Kingdom authorities that the Commission had expressed itself in favour of the Ottoman Bank and had instructed him to approach the various parties confidentially to ascertain what attitude their Governments would adopt towards the appointment. With regard to the BIS, it was in connection with a visit by Dr. Servoise to Mr. van Zeeland that the Secretariat had considered it necessary to study that alternative proposal.

The meeting rose at 5 p.m.