

UNITED NATIONS CONCILIATION COMMISSION FOR PALESTINE

MIXED COMMITTEE OF EXPERTS ON BLOCKED ACCOUNTS

RESTRICTED  
MCA/SR/3  
27 August 1949  
ORIGINAL: ENGLISH

13. 950

SUMMARY RECORD OF THE THIRD MEETING

held in Lausanne, on Saturday,  
27 August 1949, at 3.30 p.m.

Present:	Dr; Azcárate	= Chairman
	Mr; Labbane	= Arab member
	Mr; Beidas	= Adviser
	Mr; Lifshitz	= Israeli member
	Mr; Arazi	= Adviser
	Mr; Ardstein	= Expert

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Consideration of draft communique

The CHAIRMAN submitted for the Committee's approval the following text of a draft communique prepared by the Economic Adviser following the Committee's instructions at the previous meeting:

" Responding to the humanitarian appeal of the UNCCP the State of Israel and the Arab States have taken the measures necessary to make available, in part or in whole, and at the request of the owners, those assets which as a result of hostilities the owners have not been able to make use of freely;

- I. The persons who could benefit by such measures" are:
- a) the Arabs of Palestine who reside in the Arab States or in Palestinian territory under Arab control;
  - b) the Arabs who reside in territory under Israeli authority as defined by the Armistice Agreements. .

II. The assets affected by these measures are mainly;

A - for the present

- 1) the deposits "in specie" blocked by the Governments in banks;
  - 2) the deposits. "in specie" which are not available to their owners for other reasons!
- and

B - subsequently, other titles and merchandise:!

III. As regards the owners of assets blocked in banks, they are informed that from . . . to . . . they are entitled to submit applications to . . . in order to have their assets transferred in part or in whole to the branch of their bank which is closest to their present place of residence; These applications should be completed on forms which shall be distributed by the banks beginning on . . . .

IV. Payments to interested parties will be made as regards assets deposited in, the form of Palestine Pounds, in the currency of the country of the owners! residence at the rate of exchange prevalent at that date, Nevertheless, owners will be entitled, at their specific request, to be reimbursed in Palestine Pounds,

V. The Governments concerned have undertaken not to prosecute the owners of assets located abroad who have not declared these assets before the . . . .

VI. Furthermore, the Governments concerned undertake to study by means of the Mixed Technical Committee the measures necessary to avoid that these assets should be submitted to double taxation owing to their return from abroad. The taxes which will be levied upon the sums placed at the disposal of their owners shall in no way be retroactive."

The Chairman invited members of the Committee to comment on the text of the draft communique.

Mr; LABBANE considered that since the Committee had before it a purely provisional text, it would be preferable to postpone discussion on it until he and his expert advisers had prepared their full comments on the text as a whole;

Mr; LIFSHITZ agreed that corrections and amendments would necessarily have to be made at some later stage in the light of further discussion, He thought however that the Committee should avail itself of the opportunity offered by the present meeting to make some preliminary comment;

The titles and merchandise referred to under sub-paragraph B of paragraph II constituted a new item which should be discussed in principle later since it had not been agreed as yet that merchandise should be unblocked and the whole question of goods in the Suez Canal zone had not been raised;

With regard to paragraph IV, he understood, after consultation with the Israeli expert, that no law existed forbidding Israeli citizens having currency in Eg'gypt and that they were not required to declare any monies they possessed in that country. Money held in Lebanon and Syria was however considered to be designated currency; Some distinction should be made therefore with regard to the various countries according to Israeli law and account should be taken also of any similar regulations which might also exist in the countries in question;

Mr. LABBANE, replying to the first point raised by Mr. Lifshitz, considered that since agreement had been reached to study the matter phase by phase, the question of currency should be discussed first of all since it was a measure of extreme urgency. In his view, the moment was not yet opportune to discuss the whole question of merchandise,

With regard to the second point made, he preferred to await the arrival of the Arab expert before discussing the matter.

The CHAIRMAN pointed out that, in drafting the announcement, it had been stated that the assets to be affected were mainly "for the present" deposits "in specie" and, only "subsequently", other titles and merchandise; He agreed therefore that the matter would be discussed at some later stage of the Committee's work.

With reference to the point raised in connection with paragraph IV, he emphasized the fact that that was a purely technical question. The Economic Adviser did not at present have full information on the subject. The question could be carefully studied by the experts and discussed later.

Mr. LABBANE said that he would be glad to hear of any details the experts might have as to the accounts blocked by the Israeli Government,

Mr. ARDSTEIN informed the Committee that, for the most part, the Arabs of Palestine had held accounts in Arab banks. They had also, to a limited extent, held accounts in such international banks as Barclays and the Ottoman Bank, or in some banks in Israel of an international character, such as the Anglo-Palestine Bank. Arab merchants, for the most part, therefore had held accounts with the three Arab banks which had transferred their assets to countries outside Israel or to that part of Israel under Arab control,

With regard to the total of Arab assets held in Israel, he would estimate that amount as approximately just over **L.P. 1,500,000.** He drew attention to the fact however that it was extremely difficult to ascertain the precise total of those holdings since there were numerous joint ~~Arab-Jewish~~ accounts hold under the name of one or other of the partners of a business firm; Ho explained to Mr. Labbane who had pointed out that the Committee gavo priority in its work to accounts hold'by individuals over' those held by companies, that the partnerships to which he had referred were not in the nature of limited liability companies or registered societies, but were held, in mixed towns for instance, by partnerships between Arabs and Jews, In view of the difficulties of verifying to whom those accounts belonged, therefore, the Committee might perhaps agree to exclude all business accounts and deal only with ~~private~~ deposits and savings,

Mr; LABBANE thought that the Committee's work should for the present be ~~confined~~ entirely to assisting the refugees;

As for Mr, Ardstein's proposal with regard to joint accounts, he considorod such an interpretation to be not in keeping with the views expressed in the Committee at the previous meeting;

He agreed to a suggestion made at that juncture by Mr, LIFSHITZ, that ~~discussion of~~ the specific nature of the accounts in question should be postponed until the arrival of the Arab expert;

In reply to a question from the CHAIRMAN who asked whether the definition of those persons to be affected by the measures for unfreezing should also be left to the experts, Mr, LABBANE replied that the question had already been decided since it had been agreed to limit the measures to the refugees. Should the experts decide that, whilst fully safeguarding the interests of the refugees, the measures could be extended also to other individuals, that would of course be all to the good;

Tho CHAIRMAN wished to know whether the Committee were in agreement with the drafting of paragraph I of the 'communique;

After considerable discussion, the Committee agreed that; the wording of the draft communique was sufficiently clear since the text was after all to serve only as a working document for the Committee and its experts and 'not as an official document between Governments&

The Committee agreed to wait for the arrival of the Arab expert, before discussing the details of the question further;

With regard to the question as to whether unfreezing should take place as an operation between Governments or on a personal basis, Mr. LABBANE informed the Committee that he had no instructions from his Government on that question. The expert who would be arriving shortly would have instructions and documentation from the Egyptian Government. It would be most useful to hear the Israeli views on the matter so that he might communicate with his Government on the subject which could then give the necessary instructions to the expert:

Mr. LIFSHTZ said his Government would be prepared to accept either procedure and he further stressed the humanitarian considerations involved,

Mr. ARDSTEIN stated that he would consult his Government further and obtain advice from expert banking authorities. It would be desirable to define what type of accounts were to be affected. The most satisfactory method of proceeding would be for individuals to make declarations since not only accounts but liabilities and assets were involved; However, the whole question could be discussed later with the Arab expert.

Dr. SERVOISE ( Secretariat ) indicated to the Committee that a possible method would be for the Governments concerned to decide on the main lines of procedure to be followed and then for transactions to be effected through the banks and their branches,

The Committee agreed to request the Secretariat to prepare a working paper suggesting the procedures to be followed for putting proposals for unfreezing into application;

Furthermore it was decided that the Committee would hold its next meeting on Tuesday afternoon, 30 August.

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