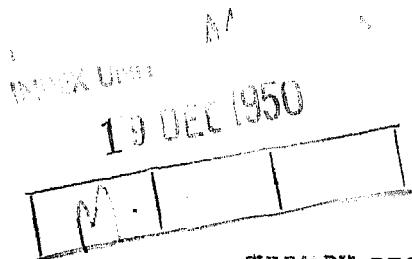


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-UNITED NATIONS CONCILIATION COMMISSION FOR PALESTINE
MIXED COMMITTEE OF EXPERTS ON BLOCKED ACCOUNTS



RESTRICTED

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15 February 1950

Original: FRENCH

SUMMARY RECORD OF THE SEVENTH MEETING

held at the Palais des Nations, Geneva,
on Wednesday, 15 February 1950, at 3 p.m.

Present:

Mr. de Aacarate

Mr. Labbane

Mr. Rafael

Mr. Servoise

Chairman

Arab Member

Israeli Member

Economic Advisor+

The CHAIRMAN declared the meeting open and outlined the present position. During the latter part of the Conciliation Commission's stay at Lausanne, a series of meetings of the Mixed Committee of Experts had been held during which it was decided to take advantage of the forthcoming visit to Jerusalem of the Principal Secretary of the Commission to ask him, and Mr. Servoise, who was accompanying him, to continue at Tel-Aviv and Cairo the technical conversations with the Israeli and Arab experts on the question of the blocked Arab accounts. The results achieved in pursuance of those instructions were described in the Economic Adviser's report (Com.Gen.W/8/Rev.1), which had been communicated to both parties. The latter had agreed to accept the procedure suggested in the report in so far as it related to each of them individually, while reserving the technical questions still requiring final settlement. Thus the document in question had been accepted in principle by both parties.

Two main points nevertheless remained in abeyance. In the first place the Israeli authorities, at the time of drafting of the present report, proposed to guarantee the eventual unblocking of Arab accounts of less than 100 Palestine pounds only.

Following conversations, the favourable outcome of which was noted with gratification, Israeli authorities agreed to guarantee the eventual unblocking up to a 100 pounds on all blocked accounts, irrespective of the size of the account. This step would very considerably improve the position of the refugees, since each account-holder would be able to receive from the State in which he had taken refuge an advance in local currency of 100 Palestine pounds.

There was no point, the Chairman added, in going into the rather technical details of the procedure, which was dealt with in the report with sufficient explicitness,

The General Committee accordingly considered it worth while pursuing every effort on that basis and in accordance with the suggested procedure with a view to assisting in bringing about the successful conclusion of the operation. The purpose of the present meeting of the Mixed Committee was to prepare and transmit 'to the General Committee a report recording' the acceptance by the parties of the procedure so far agreed to by the Committee, and making recommendations for subsequent measures. A draft report on those lines had been prepared by the Secretariat.

Mr. LABBANE (Arab Member) saw no point in recalling the fact that the Technical Committee had been set up in response to a Commisian proposal. In response to the Commission's humanitarian appeal Egypt and the other Arab countries had agreed to its establishment, because of its essentially technical nature and because they saw there an opportunity to assist the Arab refugees. Nevertheless, the present meeting of the Committee, and those to follow, must not be taken as connoting a resumption of contact between the parties. Such an interpretation would be incorrect and must be rejected,

He thanked Mr. Servoise for his efforts and paid tribute to his technical skill. The report for which he was responsible constituted an outstanding working document. There were many points of detail which would require subsequent study. He would be glad to receive confirmation from the other party, he added, that it agreed to unblocking under the conditions indicated by the Chairman,

Mr. RAFAEL (Israeli Member) stated that his Government similarly desired to alleviate the sufferings of the refugees - the victims of the unfortunate hostilities, and it was in that spirit that it had agreed to guarantee the eventual release of 100 Palestine pounds to each Arab refugee holding a blocked banking account in Israel. In recalling the Israeli Government's acceptance, he categorically confirmed the acceptance already notified.

He had two observations to make. Firstly, it should be clearly specified that repayment by the Israeli Government of advances made by the Arab Governments in their local currencies would be made in Palestine pounds to the Trustee to be appointed later; and that appropriate steps would have to be taken to obtain the exchange of the currency in question for transferable sterling by the competent body (the Trustee). That was a preliminary condition which the Arab Governments would consider necessary in view of the fact that they would obviously be unwilling to pay out funds not subject to repayment.

Secondly, the use in the report of the term "the end of hostilities" to denote the time-limit for the operations should be replaced by some such expression as "establishment of a lasting peace", already used in the General Assembly resolution of 3 November 1948. In point of fact, hostilities ceased at the time of the armistice, a year ago, and would not, it was hoped, be resumed.

In his view he regarded the unfreezing agreement as a first step along the path of co-operation, and trusted that it would be possible, with the Commission's help, to achieve a better agreement,

Mr. LABBANE (Arab Member) thought that the remarks by the representative of the other party did not altogether come within the scope of the present technical conversations. He, himself, had reserved the right to take up various points at a later stage, and had confined himself to the study of the draft report with which the Mixed Committee had been called upon to deal,

The Committee's work, he contended, should be conducted step by step. He did not share the views expressed by the "other party" as to the nature of the hostilities. The Mixed Committee should scrupulously avoid any considerations of a political nature.

The CHAIRMAN, detailing the points of the preceding discussion on which agreement had been reached, noted that the Mixed Committee had decided to transmit the report to the General Committee and had agreed to its terms in order to allow the procedure to be pursued with a view to arriving at a settlement. The main thing now was to try to ascertain whether the United Kingdom Government would agree to provide transferable sterling in exchange for the Palestine pounds of the Arab banking accounts to be unblocked by the Israeli Government. If the Treasury were to afford the necessary facilities, the Way would be open for the subsequent stages of the procedure; the selection of the Trustee, the determination of the time-limit etc. Once the United Kingdom reply was known the Mixed Committee could be duly informed.

Mr. RAFAEL (Israeli Member) announced his acceptance of the Chairman's proposal and the draft report. Certain details would require examination at a later date.

Mr. LABBANE (Arab Member) re-emphasised the technical nature of the meeting. There should be no attempt to vary its basis, even by innuendo. He accepted the Chairman's proposals on the express proviso that the procedure permitting partial unblocking should in no way be taken to imply that the Arab refugees thereby renounced their right to request the total repayment of their blocked assets, whether liquid or fixed.

The CHAIRMAN announced that Mr. Servoise would be going to London to discuss the question of exchanging Palestinian pounds for transferable sterling with the British Treasury. He would report to the next Committee on the result of the negotiations, as in the case of the conversations conducted in Tel-Aviv and Cairo. The Mixed Committee would thereupon decide on subsequent stages of the procedure.

The Chairman having intimated that the General Committee, which was due to meet in a few moments, proposed to issue a communiqué to the press, a discussion ensued during which Hr. LABBANE (Arab Member) asked to be informed of the contents of the communiqué prior to its issue to the press, and requested the Chairman to transmit to the General Committee his wish 'that the text should mention his reservation regarding the retention by the Arab refugees of the rights to the remainder of their assets. On his side, Mr. RAFAEL (Israeli Member) relied on the General Committee to publish a communiqué confined to a "statement of fact". He did not reject the Arab Member's reservation as to the subsequent rights of holders of bank accounts, but pointed out that the Israeli Government also had claims for damages which it wished to submit. The original idea had been to carry out a partial "reciprocal" release of blocked Israeli and Arab accounts, but that procedure had had to be temporarily abandoned in view of the insignificant volume of Israeli accounts in the Arab countries.

Mr. LABBANE (Arab Member) pointed out that since the press communiqué in question would be brought to the notice of all the refugees, it must not omit to inform them that the rights of those concerned to receive their assets in their entirety were reserved.

The CHAIRMAN explained that he could not bind the General Committee in advance, it being the sole judge of the manner in which the communiqué should be worded. He would certainly acquaint it with the requests just submitted.

Mr. LABBANE (Arab Member) reiterated his point that a communiqué published without the reservation suggested by him would give rise to ambiguity, and persisted in his request that he be shown the text before publication.

Mr. RAFAEL (Israeli Member) was prepared to accept, as far as he was concerned, a purely factual communiqué.

The meeting rose at 4 p.m.

UNITED NATIONS CONCILIATION COMMISSION FOR PALESTINE

Mixed Committee of Experts
on Blocked Accounts

Draft Report

The Mixed Committee of Experts on Blocked Accounts met on 15 February 1950 at Geneva. The Arab and Israeli members of the Committee, to whom the report' of the Economic Adviser on his conversations in Cairo and Tel-Aviv (Com.Gon.fiJ.8,Rev.1) had previously been communicated, declared themselves in agreement with the principles of procedure proposed in that document,

The Committee takes note of the Israeli Government's proposal to guarantee the eventual release of £ Pal. 100 to each Arab refugee holding a blocked banking account in Israel.

The Mixed Committee of Experts recommends to the General Committee that the Chairman of the Mixed Committee of Experts should begin conversations immediately with the institutions concerned for the purpose of studying the appropriate technical measures for the implementation of the proposed procedure,
