

UNITED NATIONS CONCILIATION COMMISSION FOR PALESTINE

RESTRICTED

SR/128

16 February 1950

ENGLISH

Original: FRENCH

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SUMMARY RECORD OF THE ONE HUNDRED AND TWENTY-EIGHTH MEETING

Held at the Palais des Nations, Geneva,
on Thursday, 16 February 1950, at 11 a.m.

Present:

Mr. PALMER (United States of America)

Chairman

Mr. de BOISANGER (France)

Mr. YALCIN (Turkey)

Mr. de AZCARATE

Principal Secretary

Report by the Chairman of the Mixed Committee on Blocked Accounts.

The PRINCIPAL SECRETARY, speaking as Chairman of the Mixed Committee, rendered an account of the meeting of that body the previous day. The Committee, in the course of a brief meeting which had proceeded quite smoothly, had adopted a report and submitted it to the General Committee for approval. The report announced the agreement of the Arab and Israeli members of the Mixed Committee with the principles of procedure proposed by the Economic Adviser (Document COM.GEN.W/8, Rev.1), took note of the Israeli Government's proposal to guarantee the eventual release of £PAL 100 per banking account and recommended that the General Committee give the Secretariat the necessary instructions with a view to the implementation of the proposed procedure. The General Committee had approved the report at a meeting following that of the Mixed Committee.

He had thought it advisable to inform the Arab and Israeli members that the General Committee would probably wish to issue a press release on the subject. Mr. Labbane, the Arab member, had said that he wished to see the text before it was published and requested that it should state that the agreement in no way prejudiced the right of Arab refugees to obtain the complete unfreezing of their

bank accounts and other assets. He (the Principal Secretary) had hastened to point out to the Arab member that the contemplated press release would only engage the responsibility of the General Committee and that it was impossible to prejudge the decisions of that body.

Mr. Rafael, the Israeli member, had said that he relied on the General Committee to limit the press release to a statement of the facts.

After he had explained the situation to the General Committee, a press release, so worded as to satisfy the reservation expressed by the Arab member, was drafted and approved. If the Commission agreed, the press release would be communicated to delegations that morning and given to the Press the same afternoon. He added that the Israeli newspapers had just published a news item from the "Palestine Telegraph Agency" stating that Mr. Eban had promised the Conciliation Commission for Palestine that the State of Israel would unfreeze £P.L 100 per account in favour of needy Arab refugees whose assets were blocked in Israeli banks. According to the correspondent, the unfreezing would take place 60 days after the signature of the Peace Treaties and would cost Israel one million pounds.

In pursuance of the decisions adopted by the Mixed Committee and endorsed by the General Committee, he proposed that Mr. Servoise be requested to go to London to discuss with the British Treasury the possibility of exchanging the unblocked Israeli pounds against transferable sterling.

Two other important points remained to be decided: the nomination of the Trustee and the determination of the time limit for the completion of the operation. It seemed difficult to adopt any time limit for the moment, particularly as the date at which the operation would commence was still unknown. The banks, however, would be anxious to have a definite date. He thought the two points might be left undecided until the outcome of the negotiations with the United Kingdom Treasury was known.

Mr. de BOISANGER (France) thought that, if the State of Israel did not intend to commence the unfreezing operation until sixty days after the conclusion

of the future Peace Treaty, its proposal could no longer be regarded as acceptable to the Commission since it took on the character of a kind of pressure on the Arab delegations to bring them to sign the Peace Treaty. The question of date of settlement had indeed been raised, but never decided. It would be advisable, he thought, to lose no time in asking Israel when the settlement in question could take place.

According to information he had received, it appeared that Israel and the United Kingdom were on the point of concluding an agreement for the unfreezing of 12 million pounds sterling in favour of Israel. If that operation were carried out, it should facilitate the working of the procedure under discussion.

Replying to an enquiry by the Chairman whether the operation mentioned was related in any way to the question of the unfreezing of Arab assets, he replied that the operation was an entirely separate one but might facilitate the unfreezing procedure.

Mr. SERVOISE, Economic Adviser, pointed out that Palestine had been outside the sterling area since the end of 1948. Negotiations were in progress for the release of up to 12 million pounds sterling of Israeli credit balances with the United Kingdom. So far no similar release operation in favour of the Palestinian Arabs had been envisaged by the United Kingdom. That was a point worth making, especially in view of the fact that the total amount required for the unfreezing of Arab assets was not more than about one million pounds.

At that moment, it was the Israeli delegation that by its criticism of the term "end of hostilities" was raising the question of time limits. In practice, however, it would be the banks who would insist on time limits being fixed. With that in mind, he had himself proposed the formula "Sixty days from the end of hostilities and not later than 1 January 1953". The point of stating a date, even though an arbitrary one, was to allay in advance the concern which the banks would inevitably show. It was to be expected that, in future, the Arab delegations would insist on the fixing of a definite time limit, since it would be Arab banks who would make the advances. The latter would therefore shortly wish to know the exact date by which repayment would be made by the Trustee who,

himself, would address a similar enquiry to the Israeli authorities with regard to the operations for which they were responsible.

The PRINCIPAL SECRETARY, replying to the Chairman, explained that the date under discussion was not that of the payment of advances to the holders of Arab accounts but that of the reimbursement of the Arab banks making those advances. The Trustee was, as a matter of fact, the party chiefly concerned, since he would receive the Israeli funds and place the sums released by the British Treasury at the disposal of the Arab banks. The question of time limits should therefore be settled only in collaboration with the Trustee or even by the Trustee himself.

The CHAIRMAN asked the other members of the Commission whether they shared his opinion that the news item communicated by the Principal Secretary should be brought to the attention of Mr. Eban.

After some discussion, the PRINCIPAL SECRETARY proposed that he himself should raise the matter with Mr. Eban.

This was agreed.

(Note: Mr. Eban has denied he ever made such a communication to the press.)

The CHAIRMAN considered that there was no need for the Commission to study the press release approved by the General Committee. It was understood that it would be confined to a statement of the facts and would avoid anything likely to offend the parties concerned.

Mr. SERVOISE, replying to Mr. de BOISANGER, stated that he considered an interval of three or four months would be required before the advances could be made to Arab holders of blocked accounts, since a number of agreements would have to be concluded both between the Trustee and the Arab banks selected and between the Trustee and the Israeli Treasury, before the operation could be set in motion.

Mr. de BOISANGER considered that the Commission should inform all the bodies concerned that it was anxious to see the operation completed in the

shortest possible time. He recognized the fact that the details of implementation would be the Trustee's concern, and that the object of the Commission would have been attained once the agreements were concluded.

The CHAIRMAN observed that the time the operation would take would depend on the industry of the Trustee and the extent of his powers. He was likewise of the opinion that, to ensure that the Commission should not be held responsible for any delay, it should intimate to all the parties to the future agreements that it wished to see the various phases of the unfreezing procedure progress as rapidly as possible.

Report by the Chairman of the General Committee on the question of setting up a Joint Committee on questions relating to the Gaza area.

Mr. BARCO, Chairman of the General Committee, outlined the three points of the Egyptian proposal with regard to the Gaza area. The General Committee, having been requested by the Commission to study the question of setting up a Joint Committee, had felt it advisable to ascertain whether the Commission had empowered it actually to set up such a Committee. The Committee had also wondered whether the prospective Joint Committee should be integrated in the wider programme envisaged by the Commission.

The terms of reference of the Committee, its membership and the manner in which the Commission should be represented were also problems which should seemingly be approached in the light of any decisions taken on the question of Mixed committees as a whole. In any case, the General Committee would like the Commission to give its views on those various points.

The General Committee had also come to the conclusion that the Joint Committee should preferably be set up by the Commission, since the prestige of the latter would enhance the Committee's chances of success.

The CHAIRMAN stated that he had met Messrs. Bell and Johnson, members of the Friends' Service Committee, who had expressed concern at the fate of refugees in the Gaza area. They considered that the Gaza question was definitely a matter for the United Nations and should be accorded special treatment. It did

seem that the problem offered an ideal basis for the setting up of a Mixed Committee, since one of the interested parties had submitted concrete proposals to the Commission. Public opinion in Europe and the Arab countries, as well as in the United States, was becoming more and more preoccupied with the Gaza question and the Arab delegations, during their conversations with members of the Commission, had made frequent references to the distressed condition of the refugees in the Gaza area.

The Joint Committee envisaged should be given fairly restricted terms of reference, which might however be broadened later on, and should include representatives of other Arab delegations besides that of Egypt.

Mr. YALCIN (Turkey) was also in favour of at first giving the Committee limited terms of reference which might subsequently be extended.

Mr. de BOISANGER (France) thought it desirable to restrict the work of the future Joint Committee to local questions of concern to Egypt and Israel. Since the steps taken by the Commission to set up a series of Mixed Committees had not yet progressed very far, there was much to be said for first setting up the Joint Committee for the Gaza area.

Mr. YALCIN (Turkey) pointed out that the Commission could furthermore take advantage of the precedent thus created in order to persuade the other Arab countries also to commence separate negotiations with Israel.

The CHAIRMAN drew attention to the fact that, according to the General Committee, it was for the Commission to determine the membership of the Committee and to set it up.

Mr. de BOISANGER (France) was also of the opinion that the Committee should be set up by the Commission. As far as its membership was concerned, the General Committee could, in collaboration with the Secretariat, draw up a draft proposal for submission to the Commission.

Mr. YALCIN (Turkey) wanted the Committee to be constituted under the direct supervision of the Commission. It was clear that all the Committee's work could not be carried out in Geneva and that some would have to be done on the spot. Under those circumstances, a difficulty would arise if the Chairman of the General Committee, who could not leave Geneva, were made Chairman of the Joint Committee as well.

Mr. de BOISANGER (France) thought that the General Committee and the Secretariat might study the problem.

Mr. YALCIN (Turkey) accepted that suggestion and requested that the General Committee's draft proposal should be submitted to the Commission for approval.

This was agreed.

The CHAIRMAN announced that Mr. Bell would appreciate an opportunity of being heard by the General Committee. The General Committee could take the opportunity thus offered of asking him for further information.

Mr. BARCO, Chairman of the General Committee, stated that he concluded from the discussion that the Commission requested the General Committee to undertake a preliminary study of the setting up of the Joint Committee and that the said study should be submitted for approval to the Commission, which would then approach the parties concerned. He emphasized that the latter step should be taken by the Commission itself, if the contemplated Committee were to have every chance of success.

The meeting rose at noon.