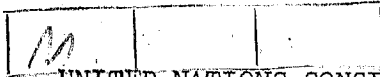


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UNITED NATIONS CONCILIATION COMMISSION FOR PALESTINE

RESTRICTED

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20 April 1950

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SUMMARY RECORD OF THE ONE HUNDRED
AND FORTY-FIFTH MEETING

Held at the Palais des Nations, Geneva,
on Thursday, 20 April 1950, at 10 a.m.

Present:

Mr. PALMER (United States of America) Chairman

Mr. de BOISANGER (France)

Mr. ERALP* (Turkey)

Mr. de AZCARATE

Principal Secretary

* Alternate

Question of Blocked Arab Assets

The CHAIRMAN informed members that the Principal Secretary wished to acquaint them with new developments on the question of blocked assets.

The PRINCIPAL SECRETARY said that the most important development, and one which called for an early decision on the part of the Commission, related to the appointment of a Trustee. It would be recalled that, following the informal sounding of the parties concerned as to their attitude towards the suggested appointment of the Ottoman Bank as Trustee, the Israeli member of the Mixed Committee had given a favourable reply. Similar approaches to Arab banks had, however, led to the conclusion that certain of them would prefer not to have as Trustee a bank with interests in some of the countries concerned, which would itself be taking an active part in the operation.

The Secretariat had thought that, as an alternative, the Commission might select as Trustee the Bank for International Settlements, an institution eminently fitted by its international character to undertake such functions. The suggestion had the further advantage that certain directors of the Bank for International Settlements, being closely connected with the League of Red Cross Societies, would already be familiar with many of the problems relating to the refugees.

He would like to know if the Commission was in favour of asking the Bank for International Settlements whether it would be willing to undertake the rôle of Trustee. If the Commission agreed, the Secretariat would consult the two parties concerned in a more official manner on the question of appointing the Bank for International Settlements as Trustee and would also approach the Bank itself.

He had been informed that for the particular operation in question, the Israeli delegation had agreed that the sums deposited with the Trustee should be payable in £Pal.

Dr. SERVOISE (Secretariat), replying to Mr. de BOISANGER (France), pointed out that the Arab banks had not raised a formal objection but had merely stated their wishes. However, since the Commission would need to have the full support of the banking establishments for a transaction from which they derive practically no profit, it should endeavour to respect their wishes as far as possible. The preference of the Arab Banks for the Bank for International Settlements was based on the fact that the latter institution would not be a party to the transaction and was by its very nature more neutral than any bank operating in the Near East. The fact that the Bank for International Settlements had no agencies in that part of the world was no obstacle since it would be the local banks that would effect the operations on the spot. Although the Bank for International Settlements had been approached through Mr. van ZEELAND, its acceptance of the proposal could not yet be taken for granted.

The CHAIRMAN remarked that the obvious course appeared to be for the Commission to approach the Bank for International Settlements with a view to its possible appointment as Trustee. He enquired whether the Ottoman Bank had already been approached.

Dr. SERVOISE (Secretariat) replied that no approach had been made to the Ottoman Bank. For the information of the Commission, he added that the number of Arabs likely to benefit from the operation totalled 6,300, according to the estimates of the State of Israel, and 5,700, according to those of certain Near Eastern banks. According to the Israeli Government, the total amount involved in the unfreezing operation would be £ Pal. 320,000 and, according to the banks, £ Pal. 350,000. Allowing for the unavoidable margin of error, there was substantial agreement between the figures given by the two sources.

To complete that information, which had been gathered at the request of the British Treasury, it would be necessary to have some data on the distribution among the Arab States of the sums involved in the unfreezing operation. The Secretariat had unfortunately received no reply from the Arab member of the Mixed Committee to the two communications on the matter sent to him on 10 and 22 March. In the absence of a reply and in order to save time, it might be advisable to make an informal request to the issuing houses (Bank of Syria and Lebanon, the Ottoman Bank and the National Bank of Egypt) to be so good as to submit an estimate of the geographical distribution of the refugees possessing blocked accounts in Israel and residing in one or other of the Arab States.

According to a Foreign Office communication to the Secretariat it appeared that the Government of the Hashemite Kingdom of the Jordan had not been informed of the progress of the Mixed Committee's work. It would be advisable to supply it with the necessary information so as to ensure that, when the time came, it would not refuse to take part in the operation.

Question of Compensation

Mr. de BOISANGER (France) drew the Commission's attention to the report on his last conversation with Mr. Sharrett, in the course of which he had seen fit to bring up the question of compensation. The Israeli Foreign Minister, while being at pains to point out that Israel also had claims against the Arab States, had not refused to study and reply to any questions the Commission might put to him.

The members of the Relief and Works Agency had, for their part, stressed the point that, were some progress made on the question of compensation, it would be easier for them to get the beneficiaries of such compensation to accept resettlement on other lands.

Steps should therefore be taken to facilitate a settlement of the compensation question. The Commission should lay its views before the Israeli Government as soon as possible and enquire what the latter's intentions were. He accordingly proposed, provided the Commission agreed, that the Secretariat be instructed to communicate with Mr. Sharrett, reminding him of his (Mr. de Boisanger's) recent conversation, and enquiring whether the Israeli Government was prepared to study the question of compensation. Such a study should be made independently of the question of mixed committees.

The PRINCIPAL SECRETARY announced that the Secretariat was putting the final touches to a study dealing with the problem of compensation and making some concrete suggestions.

Presence of Arab delegations in Geneva

The PRINCIPAL SECRETARY, in reply to Mr. de BOISANGER (France), said that MOSTAFA Bey had intimated that, being back in Geneva, he was at the Commission's disposal. The Secretariat intended to request the Egyptian representative to communicate a copy of the official record of the meeting held in Cairo.

The CHAIRMAN stated that Mr. MIKAOUI appeared to have received instructions to stay in Geneva if the Commission so requested.

Mr. de BOISANGER (France) thought that the Commission should await the reply from the Israeli Government before requesting the Arab representatives to come to Geneva.

The meeting rose at 11.15 a.m.