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SUMMARY RECORD OF THE TWO HUNDRED AND EIGHTY SECOND MEETING (Closed)

Held at Headquarters, New York,
on Wednesday, 9 July 1952, at 3:00 p.m.

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of Israel on the question of blocked accounts.

<u>Chairman:</u>	Mr. MIENEMENCIOLU	Turkey
<u>Members:</u>	Mr. ORDONNEAU	France
	Mr. PALMER	United States of America
<u>Secretariat:</u>	Mr. CHAI	Acting Principal Secretary
	Mr. LADAS	

CONSIDERATION OF AIDE MEMOIRE FROM THE GOVERNMENT OF ISRAEL ON THE QUESTION OF BLOCKED ACCOUNTS

The CHAIRMAN and Mr. ORDONNEAU (France) welcomed Mr. Palmer upon his return and paid tribute to the part he had played in the work of the Commission.

Mr. PALMER (United States of America), reviewing the conversations he had held with Mr. Eban, said that he had assumed that the reply of the Israeli Government would go directly to the Secretariat of the Commission. Through some misunderstanding, however, it had been sent in through the United States delegation. In the conversations, he had stressed the serious consideration given by the Commission to the matter of blocked accounts. Mr. Eban, recalling

that he had felt the moment was not opportune for action in that direction during the sixth session of the General Assembly, had thought that something could be done at the current stage. While the question of blocked accounts in Iraq had been linked with that of those in Israel, Mr. Eban had indicated that the accounts in Iraq should be viewed as a matter for bilateral negotiations. Mr. Palmer therefore thought that the release of the blocked accounts could be taken as unconditional, though the liquidation of the accounts was another matter. After hearing the statement of the Israeli delegation, the Commission should indicate that it felt that the Commission and the competent members of the Secretariat should be given all the necessary information regarding the accounts, as for example the amounts involved and the specific banks in which they were held. Experts from the Secretariat might study the records of the banks so as to ascertain in what manner the first instalments could be divided. The more widespread the benefits were, the better it would be. If the accounts were to be transferred on a proportional basis, the majority of claimants would receive only small amounts. Following the initial instalment, the Commission should keep the situation under review in preparation for the next instalments. He thought that the United Nations should keep out of the banking end of the matter. If, after study, it was determined that accounts up to a certain amount could be liquidated, it would be a simple matter for the Government of Israel to tell the banks to do so. The Commission would have a supervisory relationship to the whole procedure. At the first meeting the representative of Israel ought to be given the opportunity to explain the procedure contemplated by his Government. On that basis, the Commission could indicate that in order to work out a satisfactory basis for the procedure, it would appreciate receiving the necessary information. He thought that the Commission should not agree to any delays in the matter since the information must be available through the banks concerned.

The CHAIRMAN agreed that it would be best to insure that the greatest possible number of accounts were affected by the initial payment. He thought that the first meeting with the delegation of Israel would not involve negotiations. He suggested that the Secretariat might prepare a reference guide of questions on points which the Commission might wish to raise, as for example whether the total amount covered

securities as well as funds.

In reply to a question from the Chairman, Mr. CHAI (Acting Principal Secretary) stated that the working paper A/AC.25/W/R.77 of the Commission seemed to indicate that the blocked accounts covered the categories of current accounts, securities, and valuables in safe deposits. This was a point needing clarification.

Mr. PALMER (United States of America) thought that the representative of Israel might be vague about the question of a second payment. If no indication was provided, the Commission ought to ascertain when the accounts would be finally liquidated.

The CHAIRMAN asked Mr. Palmer whether, according to the last conversation with Mr. Eban, the release was contemplated as involving the Commission or as being an independent action taken by the Government of Israel.

Mr. PALMER (United States of America) said that the Government of Israel had at all times thought that the Commission should have a definite place in the matter. That Government had even brought up the question of a body under the Commission to receive and to distribute the funds, though it was probably realized now that the Commission had not contemplated such a body. The Government of Israel would always be in negotiation with the Commission until the question was finally settled.

The CHAIRMAN asked the views of the members of the Commission as to when the Arab countries would come in to the question. Those countries would be involved at some stage, since the money would be paid in Arab territory.

Mr. PALMER (United States of America) thought that the Commission would have to have the information regarding the accounts before it could study that question. After study, the Commission could inform the Arab countries of what was contemplated, thus allowing them an opportunity to facilitate or oppose the transaction.

The CHAIRMAN thought that the Secretariat might also study the question of what regulations existed affecting the change of any amounts transferred into local currencies in given Arab countries.

Mr. PALMER (United States of America) agreed that it would be of interest to know whether there were laws in a given country prohibiting the holding of accounts

/in pounds

in pounds sterling within that country. The Commission ran the risk of not being able to get the proper amounts into the hands of the claimants.

It was agreed that the Secretariat would prepare a draft list of questions to serve as a reference guide for the Commission in its meetings with the representative of Israel. It was also agreed that the Commission would consider this list at 10:30 a.m. on Friday 11 July, prior to the meeting with the Israel delegation at 11:00 a.m.

The meeting rose at 4:00 p.m.