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UNITED NATIONS CONCILIATION COMMISSION FOR PALESTINE  
SUMMARY RECORD OF THE TWO HUNDRED AND EIGHTY-SEVENTH MEETING (Closed)

Held at Headquarters, New York,  
on Friday, 29 August 1952, at 10.30 a.m.

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Chairman: Mr. BARCO United States of America

Members: Mr. ORDONNEAU France  
Mr. DERINSU Turkey

Secretariat: Mr. CHAI Acting Principal Secretary  
Mr. GAILLARD

CONSIDERATION OF THE STATEMENT MADE BY THE REPRESENTATIVE OF ISRAEL

Mr. ORDONNEAU (France) said that he had not received any further instructions bearing on the question.

Mr. DERINSU (Turkey) also had not received any instructions. Study of the record of the meeting between the representative of Israel and the Secretariat, as well as the statement made by the representative of Israel, led to the conclusion that the banking operation would indeed, as Mr. Rafael had said, not prove to be a simple one.

The CHAIRMAN agreed with that view, but considered that the Commission should keep as its goal the greatest simplicity possible in the envisaged operation. Mr. Rafael's suggestion that the Commission conduct the discussions with the banks might involve greater complexity than the Commission would wish to see. Since the Government of Israel would have to participate at some stage, it would be better to have it do so at the outset. He did not think that the Commission, as a United Nations body, should withhold its assistance, but it had taken the position that it envisaged the operation as one which would be started by Israel vis-à-vis the banks, with the Commission furnishing assistance if necessary.

It might be appropriate to indicate to Barclay's Bank in London that discussions with Israel had taken place and that the Commission would do all it could to facilitate negotiations between the Bank and Israel. The Commission might recapitulate what had already taken place and suggest immediate discussions with Israel. That communication might be concurrent with a communication to Barclay's from the Government of Israel. The Commission might make available to the Government of Israel and the Bank a representative, preferably from the Secretariat, to participate in the discussions at a later stage. The principal burden of carrying on the discussions, however, should rest on the Government of Israel, which in any case would have to approve any agreement that might be reached. Another reason why the matter should be initiated by Israel was that the choice of

/Barclay's

Barclay's Bank had been made by the Israeli Government, and he was not at all certain that the Commission should put itself in the position of making the choice.

Mr. ORDONNEAU (France) agreed with the Chairman on the last point. He was not very clear on the rest of the question, however, since the operation contemplated was essentially a simple one. The transfer of assets from one country to another was a perfectly normal function of banks. He feared that the reason why the matter had appeared difficult to the Israel delegation might be due to other considerations: perhaps the rate of exchange into sterling or the availability of foreign exchange. He therefore thought it important to avoid participation by the Commission in the negotiations and agreed with the Chairman that Israel should assume the responsibility for undertaking them. He thought that, at its next meeting with the representative of Israel, the Commission should reiterate its view that the operation would not present any great difficulty and that there was therefore no reason for it to participate in the negotiations.

The CHAIRMAN agreed with the views expressed by Mr. Ordonneau. The Commission should maintain the position that the question was one of a normal banking operation. His preliminary reaction to another question raised by Mr. Rafael, that of determining priorities, was that it was a matter on which the Commission should not lay down any particular rules. In the first place, it probably could not do so from a practical standpoint. He had the impression that the only practical criterion was the size of the accounts. It would be a departure from the Commission's original position to suggest that it work out a system of priorities. There would have to be such a system, in view of the fact that Israel would pay in instalments, but it should be determined by Israel and the banks. The Commission's position might be that such a system should be related to the size of the accounts.

The question of safe deposits and vaults was also, he thought, a matter coming within the normal activities of banks and should therefore be dealt with by Israel in its discussions with the banks. There was no need for the Commission to lay down procedures in that respect, though it could provide such assistance as witnesses for the opening of the vaults, should that be

/requested.

requested.

A further question raised by Mr. Rafael's statement was that it appeared that the first instalment would be devoted to payments to individuals, and that the accounts of corporations, trust accounts, and the accounts of persons not resident in Palestine, and hence not falling under the heading of refugees, would be examined later. He considered that the Commission should assume that Mr. Rafael meant only that the accounts of individuals would be paid first, and that the other accounts would be dealt with in the course of later instalments depending on the availability of foreign exchange.

The question of the rate of exchange was also raised by Mr. Rafael's statement. It was not clear what the "legal" rate, referred to by Mr. Rafael, might be - the rate of \$2.80 to the Israel pound or the Geneva free market of \$.53 to the pound. The difference was considerable.

Mr. DERINSU (Turkey) agreed with the Chairman and Mr. Ordonneau that the Commission should do as little as possible in connexion with the banking operation. While it should offer every assistance, it was up to the banks and the Government of Israel to deal with what was incumbent upon them. Clarification was needed on the other questions that had been mentioned.

The CHAIRMAN observed that the most efficient operation would be one in which the Commission was least involved.

Mr. ORDONNEAU (France) said that the Chairman had brought out another matter with regard to which the representative of Israel seemed to foresee more difficulty than was apparent, namely, the question of safe deposits and vaults, which at first sight seemed to be one of the simplest questions. The Custodian of Absentee Property in Israel must be aware of the location of the deposits, and Israel had laws bearing on the matter. Why did not Israel simply apply its national laws? There was no reason for the Commission to make any suggestions in that connexion. It should of course be willing to witness the opening of the vaults, but he would be somewhat surprised if the Government of Israel should desire that since the question of national sovereignty was involved.

/The question

The question of priorities had been moved by Israel to a dangerous level, namely, that of need. Determining needs would involve a very long time, and he felt that in no case should the Commission become involved in it. The Commission must hold itself to the simplest criterion, as suggested by the Chairman. In that question also the Israel delegation appeared to discern difficulties which were not otherwise apparent. The best solution would be to have another meeting with the representative of Israel so that the Commission could present its views on the matter.

The CHAIRMAN agreed with the views stated by Mr. Ordonneau and suggested that the Commission continue its consideration of Mr. Rafael's statement at another meeting at 3 p.m. on Wednesday, 3 September, when it could formulate what it would say to Mr. Rafael and determine what assistance it could give, either in the form of a letter to the Bank at the time of the opening of the negotiations or of a representative who might participate in the negotiations at a later date. If that formulation could be accomplished on Wednesday, a meeting with Mr. Rafael could be held on Thursday, 4 September.

#### CONSIDERATION OF THE REPORT OF THE COMMISSION'S LAND SPECIALIST

The CHAIRMAN, recalling the discussion of that matter at the previous meeting, repeated his delegation's view that the Commission should initiate study of the tax distribution lists and of the micro-films of the Land Registers, as well as its preference for having the study undertaken in New York. The Acting Principal Secretary had indicated that if the Commission so decided, Secretariat officials could be made available for the work.

Mr. DERINSU (Turkey) had still not received any instructions on the question. At the previous meeting, he had understood the Chairman and Mr. Ordonneau to agree that the study should be undertaken in New York. As a preliminary view, he saw some danger that such a course might lead to criticism from both sides on the question of representation of refugees.

/Mr. ORDONNEAU

Mr. ORDONNEAU (France) had also not yet received instructions. His Government would certainly agree, he thought, that the work should be undertaken. On the question of whether it should be in Jerusalem or in New York, however, he had no opinion, though there was the view of the French representative on the Consultative Committee of UNWRA that it would be better to have it done in New York. To do it there, as had been noted, would involve saving money.

The CHAIRMAN thought that discussion should be deferred until the members of the Commission had received instructions. The point made by Mr. Derinsu was important: the Commission must take into consideration the possible criticism that might result from moving the operation out of the area to Headquarters, where, it might be felt, the work would not be carried on with all the rapidity that the refugees would wish to see. A fact of importance in that connexion was the opinion that greater progress could be made in New York. Convincing arguments could in fact be made for moving the study to New York on the merits of the question. Further consideration was obviously required. He reiterated that the matter was of some urgency, both from the point of view of obtaining the services of an expert who would not be available much longer and of getting the study under way.

Mr. DERINSU (Turkey) feared that the work would be weakened, and that some of its value would be lost, if the operation were to be exposed to criticism by one quarter or the other from its inception.

The CHAIRMAN agreed with Mr. Derinsu, but thought that the criticism and difficulties would be magnified if the study were undertaken in Jerusalem. There would be criticism in any case, but it would be minimized if the study were made in New York. They were all aware of the difficulties which arose when a new task was undertaken in Jerusalem, which was a centre of rumours and of agitation from both sides. The Commission would do its best to deal with the matter at its next meeting, and, in the meantime, the Secretariat might indicate to Mr. Berncastle that there was a real disposition on the part of the Commission to get on with the work, and that the only question was one of arrangements to be made.

/Mr. CHAI

Mr. CHAI (Acting Principal Secretary) raised the question of what might be said to the Press.

The CHAIRMAN thought that as soon as possible a statement should be made to the effect that Israel had undertaken total release of the blocked accounts. The Arab delegations should also be informed of the progress of the discussions. However, he thought that it was still too early for either action to be taken.

Mr. ORDONNEAU (France) agreed that it would be very difficult to inform the Arab delegations at that stage. The members of the Commission, however, might inform them of progress on a personal basis, without going into too much detail.

The CHAIRMAN agreed that the Arab delegations might be informed of progress on the basis of the Aide-Memoire of Israel, which had already been released, with a general statement to the effect that the Commission was considering the technical details involved.

#### LETTER OF APPRECIATION TO AMBASSADOR PALMER

It was agreed that the members of the Commission would sign a letter of appreciation to be sent to Ambassador Palmer.

The meeting rose at 11.45 a.m.