



UNITED NATIONS GENERAL ASSEMBLY



Distr.,
RESTRICTED
A/AC.25/SR.290
23 September 1952
ORIGINAL: ENGLISH

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

Held at Headquarters, New York,
on Monday, 22 September 1952, at 3.00 p.m.

CONTENTS

1. Consideration of the statement of the representative of Israel on the question of blocked accounts
2. Letter to the United Kingdom delegation

PRESENT:

Chairman: Mr. ROSS United States of America

Members: Mr. ORDONNEAU France
Mr. BARAN Turkey
Mr. BARCO United States of America
(Alternate)

Also present:

Mr. RAFAEL Israel
Mr. ZINDER
Mr. PRAGAI

Secretariat:

Mr. CHAI Acting Principal Secretary
Mr. REEDMAN
Mr. GAILLIARD

/CONSIDERATION

CONSIDERATION OF THE STATEMENT OF THE REPRESENTATIVE OF ISRAEL

On the invitation of the Chairman, Mr. Rafael (Israel) took his seat at the Commission's table.

The CHAIRMAN welcomed Mr. Rafael. The meeting had been called to enable him to report on his Government's views with regard to certain questions raised at the previous meeting.

Mr. RAFAEL (Israel) made the following statement:

"Mr. Chairman,

"At our last meeting you conveyed to us the views of the Commission on the requests for advice which I had the honour to submit to you and your colleagues in connexion with procedures for the release of Arab blocked accounts. You also raised one or two points requiring further clarification. I am now in a position to give you all the information you required and to respond to your proposals on procedure.

"Your first question referred to the extent and equivalent in foreign currency of the first instalment. At a previous meeting I advised the Commission of the decision of the Government of Israel to release at this stage Arab blocked accounts to the amount of one million Israel pounds. I am now authorized to state that for the purpose of this transaction one million Israel pounds will equal one million pounds sterling. As you know, multiple rates of exchange are now applied in Israel. As far as the blocked accounts are concerned we shall apply the rate of exchange which will be most advantageous to the owners, in order to demonstrate again the importance we attach to our undertaking as a means of alleviating the lot of the Arab refugees and of reducing political tension in the area.

"The amount of foreign currency which the Government of Israel will release as a first instalment constitutes a substantial sacrifice for the treasury and the people of Israel who are living

at present under conditions of severe economic hardship. The two million eight hundred thousand dollars to be transferred would be equivalent to two hundred and fifty five million dollars for the United States on the basis of a mere per capita comparison, yet calculated on the basis of comparative per capita income in Israel and the United States this sum would in terms of the United States amount to approximately one billion five hundred million dollars. This excursion, Mr. Chairman, into comparative mathematics might make it easier for all concerned to appraise the relative magnitude of the undertaking.

"It should be clearly understood that whilst specifying the equivalent as one million pounds sterling, the possibility is not precluded of making other acceptable currencies available which are legal tender in the countries of the present residence of the depositors and can be utilized there. Of course, the equivalent in these other currencies would be based on the value of the pound sterling.

"In our formal discussion with the experts of the Commission it was correctly pointed out by them that the procedures for the release and transfer of the funds must be 'carefully worked out between experts of Israel and the banks to ensure that the currency regulations of Israel would not be violated under cover of the exception made in the course of the release of absentee accounts.' We all wish to avoid unnecessary delay in the completion of this operation. For this reason the Government of Israel intends to apply existing legislation for the release of these assets which would obviate the passing of special legislative and administrative measures.

"Paragraph 9 of the Absentee Property Law of 1950 provides for the release of blocked accounts by monthly instalments not to exceed I£50. The application of this law would result in the immediate settlement of all small accounts up to I£50. Since most of the accounts do not exceed I£100, the great majority of the deposits would be released within two months of the date of the beginning of the banking operation.

/"We accept

"We accept the criterion proposed by the Commission that the smallest accounts should get priority for release. We therefore intend to establish a ceiling amount for each account to be released under the first instalment. The limit of this maximum amount will be determined by the number and extent of deposits so as to ensure that the total amount to be released under the present scheme does not exceed one million pounds. Our experts who will be appointed to discuss the banking procedures will be equipped with all the relevant figures so that a definite time-table and an order of priority for the release of the accounts will be available when the technical negotiations commence.

"Under this procedure the whole operation will be facilitated and expedited and achieve the objective put forward by the Commission and endorsed by us, namely that the greatest possible number of refugees should obtain possession of their assets from the first instalment.

"Dealing with the question of safe deposits you expressed the view, Mr. Chairman, 'that there is no need for the Commission to lay down procedures for the opening of the safe boxes'. This is quite correct and we share your view. My reference to the necessity of establishing a procedure agreed upon by all the parties concerned for the opening of the vaults might have given rise to a misunderstanding. The parties concerned in this case are the banks, the depositors and the Government of Israel. The experts will certainly be glad to take advantage of the Commission's offer to provide assistance in this matter if the circumstances demand it.

"I venture however to differ with the Commission on a minor matter which may be rather a question of principle than of practice. The whole operation of the release of blocked accounts as well as the transfer of the contents of safe deposits is carried out by a decision of the Government of Israel under the laws and administrative practices of the country. It is therefore within the sole competence
/of the

of the Government of Israel to determine whether prevailing legal restrictions must be applied or not. Only the Government of Israel is in a position to grant or to refuse the necessary authorization for the transfer of items, the exportation of which, under our laws, is restricted. The Commission may be assured that the Government will apply the law with the greatest measure of fairness.

"There remains one last issue: the technical discussions concerning the establishment of technical procedures for individual applications of release and transfer of the blocked accounts. In the informal consultations that we had with your experts they suggested Barclay's Bank as the most suitable institution to handle the applications and to carry out the actual transfer of the accounts. At a previous meeting I expressed our agreement with this proposal. I also requested the Commission to facilitate the negotiations by taking a certain degree of initiative in the negotiations with Barclay's Bank.

"From your statement at our last meeting, Mr. Chairman, I take it that the Commission prefers that representatives of the Government of Israel participate from the outset in these discussions with the bank. I note with gratification that the Commission is prepared to use its good offices and approach the British Government with the request that it intervene with Barclay's to expedite the discussions between the bank and the Government of Israel. As I had the opportunity to declare at an earlier meeting, we believe that these technical discussions with the bank could start without delay. Yet before sending experts to London we wish to be assured that Barclay's Bank agree in principle to these discussions. We therefore accept your proposal that the Commission inform Barclay's Bank through the British Government of the situation and request its consent to work out with representatives of Israel the banking procedures for the release and transfer of blocked accounts. Our experts would be available for negotiations in London at the beginning of October.

/"For the

"For the sake of clarity and precision permit me, Mr. Chairman, to sum up the main points of my statement:

- (1) The first instalment of one million Israel pounds will be transferred at the rate of exchange of one Israel pound for one pound sterling, the total amount being one million pounds sterling.
- (2) Small accounts will be liquidated first up to a maximum amount to be fixed by the experts in accordance with the criterion suggested by the Commission and the provisions of the law of absentee property.
- (3) Contents of safe deposits will be restored to their owners in accordance with the provisions of the Israel law. It is not contemplated that the Commission be a party to the establishment of agreed procedures for the opening of the vaults.
- (4) Israel experts will be available for negotiations with Barclay's Bank in London at the beginning of October on the assumption that the bank will have indicated to the Commission by that time its readiness in principle to undertake such negotiations.

"Mr. Chairman, it seems to us that we have now reached the stage where discussion of all the questions and procedures which could usefully be clarified and settled here have been successfully concluded. I wish to express on behalf of my Government my deep appreciation for the understanding, advice and co-operation the Commission has extended to us in these discussions.

"The kind of work we have completed is not only novel to the Palestine conciliation effort but indeed constitutes an innovation in the methods of pacific settlement of international disputes. The persistent refusal of the Arab Governments to establish contact with Israel for the settlement of outstanding differences, aggravated by the continuance of their hostile activities, has not only prevented the restoration of normal peaceful relations but, even worse, tends to undermine the delicate structure of the armistice regime, with its slim margin of security, that regulates at present the relationship between Israel and its neighbours.

/ "The absence

"The absence of progress towards peace in this area vital to security is not only a matter of concern to Israel alone, but arouses the anxiety of all peace-loving Member States of the United Nations. We were advised by friendly Governments that the cause of peace and mutual understanding would be furthered by a renewed demonstration of Israel's willingness to advance with practical steps towards our unreconciled and recalcitrant neighbours. So far they have done nothing to encourage us to accelerate our pace on this road. Yet we are guided in our action by a wider sense of international responsibility. We do not measure with each step the distance we have put behind us, but what we have to watch is whether we are approaching our goal or whether it recedes with each step we make towards it.

"The United Nations has again and again declared that it is the primary responsibility of the parties to settle their outstanding differences by pacific means. We have seized every reasonable opportunity which has offered itself to discuss with each and all the Arab Governments the full or gradual settlement of points at issue. We have used the good offices of this Commission to tackle and to settle one of these outstanding questions, the release of blocked accounts. We hope that the successful consummation of this issue will become part of the peace pattern which Israel and the United Nations are endeavouring to establish in the area. Peace between Israel and its neighbours can be established by a single act of wise and courageous Arab statesmanship. Yet if this courage is lacking it can be attained by a series of actions carried out in the same constructive spirit of honest co-operation and mutual accommodation emanating from direct negotiations which have distinguished these discussions with your Commission.

"Mr. Chairman, we are confident that the Palestine Conciliation Commission will present this achievement of the successful settlement of one of the major outstanding issues between Israel and the Arab States in its full significance and in a manner conducive to furthering and encouraging the solution of other outstanding questions for the sake of the attainment of an early and firm peace in the area."

/The CHAIRMAN

The CHAIRMAN expressed his appreciation of the statement made by Mr. Rafael. They seemed to have reached the end of the preliminary discussions phase, and to be approaching the period of implementation.

Mr. CRUJEAU (France) and Mr. BARAN (Turkey) also expressed their appreciation, but wished to study Mr. Rafael's statement more fully before commenting on it in detail.

The CHAIRMAN had one or two observations to make. He suggested that the Israel representatives in London might inform Barclay's Bank of Mr. Rafael's statement at the same time as the Commission approached the United Kingdom delegation on the matter. He had been encouraged by the indication that Israel was prepared to send its experts to London early in October, and hoped that Barclay's Bank would also be ready to initiate the discussions at that time. He wished to clarify the question of the status of Barclay's Bank in the discussions, since other banks were involved and it was not entirely clear whether Barclay's itself was to perform the operation or whether it was to act as the agent of other banks. That was a point which could not be settled until Barclay's agreed to discuss the matter and one that might well be settled in the course of the discussions. The release of assets in safe deposit boxes would of course have to be carried out in accordance with the laws of Israel on the subject, and he welcomed the assurances given by the representative of Israel concerning the liberal interpretation of those laws in connexion with the transfer of Arab-owned safe-deposits.

Mr. RAFAEL (Israel) agreed that Barclay's Bank could be informed at the same time as the Commission approached the United Kingdom delegation. Regarding the role of Barclay's Bank, he recalled that Barclay's had been suggested to Israel as the most suitable agency during the consultations on the expert level. His Government had agreed to that suggestion because Barclay's apparently had branches both in the Arab countries and in Israel. Whether or not Barclay's would act as an agent for the other banks, was a

/point which

point which would no doubt be settled in the discussions between the experts and Barclay's.

Mr. ORDONNEAU (France) said that if he understood the situation regarding the safe-deposit boxes correctly, the contents would be turned over to the owners. The relevant laws of Israel would be applied, and would involve restrictions on a certain number of items, for example foreign currency and precious stones.

Mr. RAFAEL (Israel) had no detailed information regarding the provisions of the laws in question. He would repeat what he had said on 27 August, namely that the transfer of securities and valuables would be allowed with the exception of such matters as foreign currency, the transfer of which would be subject to special authorization. He raised the question of a communiqué to the press.

The CHAIRMAN thought it best not to issue a communiqué immediately. While he had no reason to believe that Barclay's Bank would not be ready to undertake the matter, he thought that it would be better to wait for the United Kingdom delegation to inform the Commission that the Bank was prepared to commence the discussions in early October.

Mr. ORDONNEAU (France) agreed with the Chairman, pointing out that such a delay would enable the Commission to draw up the text of the announcement with greater care and would permit agreement with Mr. Rafael on that text.

Mr. BARAN (Turkey) expressed his agreement with the views of the Chairman and of Mr. Ordonneau.

At this point Mr. Rafael (Israel) withdrew.

LETTER TO THE UNITED KINGDOM DELEGATION

The CHAIRMAN drew attention to the draft letter to the United Kingdom delegation, prepared by the Secretariat, by which the Commission would request that Government's good offices to facilitate the discussions with the Bank. Apart from one or two other points, he thought that the question of the date of the opening of the discussions was closely related to the issuing of the communiqué and to the timing and contents of the Commission's progress report to the General Assembly.

After some discussion, the Commission agreed in principle that its progress report would contain an account of the consultations with the delegation of Israel and would be released at the same time as the communiqué on those consultations. It also agreed that the Arab delegations should be informed unofficially and on a personal basis of the commitment made by the Government of Israel.

The letter to the United Kingdom delegation was approved with some drafting changes.

Mr. CHAI (Acting Principal Secretary), recalling the Commission's decision at an earlier meeting to make available an expert to assist in the discussions between the representatives of Israel and Barclay's Bank, brought up the question of a letter from the Commission to the Secretary-General to request that such an expert be appointed.

It was agreed that such a letter would be sent by the Chairman of the Commission.

The meeting rose at 4.40 p.m.