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UNITED NATIONS CONCILIATION COMMISSION FOR PALESTINE

SUMMARY RECORD OF THE 313TH MEETING

Held at Headquarters, New York,
on 25 May 1954, at 11:00 a.m.

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1. Meeting with the representative of Israel on the question of blocked accounts
2. Letter to the Secretary-General

PRESENT

<u>Chairman:</u>	Mr. ORDONNEAU	France
<u>Members:</u>	Mr. ASIROGLU	Turkey
	Mr. BARCO	United States of America
	Mr. KIDRON	Israel
<u>Secretariat:</u>	Mr. CHAI	Acting Principal Secretary
	Mr. REEDMAN	

The CHAIRMAN welcomed Mr. Kidron (Israel) and recalled that three months had passed since the Commission had last discussed the question of blocked accounts with the delegation of Israel. At that time the Commission had expressed its gratification that the release of the first instalment had been satisfactorily concluded and had indicated its desire to see the operation completed. Since then the Commission had been informed by Barclay's Bank that the necessary currency could be made available to effect the total release of the accounts. The Chairman recalled that Israel had indicated that it was willing to go ahead but that it was hindered by the lack of foreign currency. The offer by Barclay's had now removed that obstacle and it was now possible for the Government of Israel to complete the implementation of its agreement with the Commission. The completion of the operation would be beneficial to all concerned, he believed, since difficulties between nations frequently arose from individual problems.

Mr. BARCO (United States of America) wished, in the name of his Government, to support fully the points made by the Chairman and the reasoning underlying them. It might seem that a disproportionate emphasis had been placed on blocked accounts in the light of the over-all situation. He was aware that the difficulties standing in the way of an over-all settlement had increased during recent months, but that did not minimize his feeling that a solution to the present problem would be of benefit to all concerned. In fact, an implementation of the agreement between Israel and the Commission achieved in face of the many current difficulties, would be an even greater evidence of the determination to tackle those difficulties.

Mr. ASIROGLU (Turkey) stated that he fully shared the remarks made by the Chairman and Mr. Barco. His Government had been gratified at the measure of good will evidenced by the Government of Israel in connexion with the release of the first instalment and he felt sure that Israel would continue to show proof of its good will by completing the operation, now that the only obstacle had been removed.

The CHAIRMAN then handed to Mr. Kidron an Aide Mémoire addressed by the Conciliation Commission for Palestine to the Permanent Representative of Israel to the United Nations. (See Annex)

Mr. KIDRON (Israel) stated that he would not fail to report to his Government the concern which the members of the Commission had expressed in the question of blocked accounts. He could assure the Commission that the Government of Israel had no intention of keeping the accounts blocked indefinitely. Questions of machinery, technique and foreign currency were involved. Mr. Kidron was not aware of what terms had been discussed with the Bank. He had understood that negotiations had been proceeding in Israel until recently, and he was not sure exactly why they had been interrupted and transferred to New York. He suggested that the best course to follow now would be for the negotiations to recommence in Israel so that some agreement could be arrived at there between Barclay's Bank and the finance officials of the Israel Government. The question, essentially, was a technical one, involving banking procedures.

Mr. Kidron said that he would transmit the Commission's Aide Mémoire to his Government and would inform the Commission of the reply as soon as it was available.

Mr. BARCO (United States of America) stated that Mr. Kidron's expression of Israel's intention in the matter was entirely in accord with the views of the United States Government, which would welcome a procedure for technical negotiations.

Mr. ASIROGLU (Turkey) thanked the representative of Israel for what he had said. He was happy to learn that Israel intended to complete the unblocking of the accounts and that only technical aspects stood in the way. He hoped that the technical negotiations could be resumed quickly and brought to a successful conclusion.

The CHAIRMAN fully agreed with his colleagues. The principle had been agreed upon and all that now remained was to pursue the technical aspects of the problem.

Mr. Kidron then withdrew.

Letter to the Secretary-General

After a brief discussion the Commission approved a revised text of a letter to the Secretary-General concerning a cablegram which had been addressed to him by the Foreign Minister of Jordan and referred by him to the Commission for its consideration.

The meeting rose at 11:50 a.m.

ANNEX

AIDE MEMOIRE

On 17 February of this year, the Conciliation Commission discussed with your Government the question of blocked Arab accounts and indicated its desire to pursue the completion of their total release. The Commission expressed its appreciation for your Government's efforts to ensure the success of the first phase of the release scheme. It stated that if the operation were to be consummated at an early date the results would more than compensate the cost and effort by removing one of the causes of friction and thus helping to bring about the change in attitude so essential to the establishment of friendly relations between Israel and her Arab neighbours. At that meeting, the Commission expressed its hope for an early reply from your Government.

The Conciliation Commission believes that the desirable course is to complete without further delay the total liquidation of blocked accounts, in accordance with the agreement for such total release arrived at between the Commission and the Government of Israel in 1952. The only reservation made by your Government at that time was that the release operation should be made effective in stages subject to the availability to your Government of the necessary foreign currency. At the meeting of 17 February the Commission discussed with your Government means to meet that reservation, through the banks concerned and the good offices of the United Kingdom Government. On 5 May 1954, representatives of Barclay's Bank came from London to New York to meet with the Commission and informed it that an offer had been made by them of a sterling loan sufficient to enable your Government to repay all of the remaining blocked Arab balances. The Chairman of the Board of Directors of Barclay's Bank (D. C. and O.) has now informed the Commission that that offer stands and the Commission is empowered to inform you of that fact. Representatives of Barclay's Bank are ready to enter immediately into negotiations with your Government to give effect to their offer.

The Commission is gratified that a way to remove remaining technical obstacles to the speedy liquidation of all outstanding blocked accounts has been found. The Commission therefore believes that the release operation is thus enabled to be continued without delay and the time lag between the end of the

first stage and the resumption of the scheme need not be further prolonged. The Commission further hopes that a reply from your Government can be received in the near future and that the Commission will be in a position to state in its next Progress Report that the matter has been successfully concluded.

The Permanent Representative of Israel
to the United Nations

25 May 1954