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UNITED NATIONS CONCILIATION COMMISSION FOR PALESTINE

SUMMARY RECORD OF THE 315TH MEETING

Held at Headquarters, New York,
on 27 September 1954, at 11:00 a.m.CONTENTSConsideration of a press statement of the Government of Israel
concerning the question of blocked accountsPRESENT:

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

CONSIDERATION OF A PRESS STATEMENT OF THE GOVERNMENT OF ISRAEL CONCERNING THE
QUESTION OF BLOCKED ACCOUNTS

The CHAIRMAN announced that during the weekend members of the Commission had received from Mr. Kidron of the Israel delegation the text of a press communiqué relating to the further release of blocked accounts. The communiqué resulted from an agreement reached between the Government of Israel and the banks concerned, and was to be released that afternoon. Mr. Kidron had been instructed to seek the Commission's support for the statement, which, however, was to be released even if such support were not forthcoming. The Chairman noted that the text contained a reference to new procedural adjustments, including the possibility of negotiations between the Government of Israel and the depositors themselves, a plan which had already been set forth in Israel's letter to the Commission of 19 August.

The Chairman then recalled that the Commission's views as to the letter of 19 August had been presented to Mr. Kidron at a private meeting held on 8 September. The then Chairman, Mr. Lucet, had informed Mr. Kidron that the Commission did not believe that the proposed negotiations would be fruitful. The Commission believed, on the contrary, that making such negotiations a condition to the further release of blocked accounts might jeopardize the entire scheme. Mr. Kidron was informed that in the Commission's opinion it was desirable to restore the banks and the refugee depositors to their previous relationship of banker-client. Mr. Kidron was requested to convey the Commission's views to his Government. Mr. Derinsu and Mr. Barco had, on behalf of their Governments, fully supported the Chairman's statement and indicated their belief that in the interest of a successful operation the Israel Government should not insist upon direct negotiations as a condition to the final release of the accounts. Mr. Kidron had agreed to report the Commission's views to his Government and to inform the Commission of their reaction as soon as possible.

Mr. BARCO (United States of America) informed the Commission that when the press release had been handed to him over the weekend by Mr. Kidron, he had informed Mr. Kidron that the real question was still whether the proposed

negotiations with refugee account holders constituted a condition precedent to the release of the blocked accounts. Mr. Kidron replied that he was not certain, but that the Government of Israel was desirous of seeing such negotiations take place. Mr. Barco had informed Mr. Kidron that it was very doubtful whether the proposed negotiations were either desirable or possible. He repeated the arguments which the members of the Commission had communicated to Mr. Kidron during the informal meeting of 8 September, reiterating that in his view the operation should continue to be considered as a pure banker-depositor relationship.

Mr. Barco went on to inform Mr. Kidron that the views of the United States remained unchanged. Direct negotiations between the depositors and the Government of Israel were not necessary or feasible and in view of the history of the blocked accounts question the United States could not advocate such a course. The original agreement had been unconditional, except for the question of the availability of foreign currency. To introduce a new scheme and place new conditions at this stage could only result in unfortunate repercussions.

Mr. Barco then informed the Commission that he had that morning received instructions regarding the text of the Israeli press statement, the final paragraph of which indicated that new procedures would be necessary. The United States did not favour the idea, feeling that the operation should continue to be guided by procedures which had already been worked out and put to use. The United States view was that the Israelis should be commended for the arrangements for release but that it should be made clear that the only condition placed upon the release operation was the availability of foreign currency and that now that that obstacle had been met there was no reason not to go ahead. Negotiations should take place only between the banks and the depositors, not between the depositors and the Government of Israel.

Mr. Barco understood that the release of the Israeli statement was planned for five o'clock that afternoon, with or without the agreement of the Commission and that no changes in the text were possible. He thought that Mr. Kidron should be informed that if such action were taken, the Commission would be obliged to issue a clarifying statement summarizing the past history of the matter and stating what the Commission's position actually was. The situation was a delicate one, in that

the Commission could not appear to be obstructing direct negotiations between the parties to the Palestine dispute. Mr. Barco felt that two alternatives were open to the Commission: first, to let the matter drop and run the risk of serious failure in the release scheme as a whole and, second, to point out to the Government of Israel that they were taking this step on their own responsibility and that the Commission would accordingly have to clarify its own position.

Mr. DERINSU (Turkey) could see no advantages in the new Israeli proposal and said that his delegation could not accept it. Mr. Kidron had informed him that the Government of Israel persisted in its view, which placed the Commission in a delicate situation.

The CHAIRMAN shared the fear of his colleagues that the proposed negotiations could lead only to further difficulties. He thought that the Commission's views should be communicated to Mr. Kidron again, but he had little hope that the Israeli position would undergo any change.

Mr. BARCO (United States of America) thought that Mr. Kidron should be informed that the Commission did not agree that the proposed negotiations were either necessary or feasible; that any relationship with depositors should be carried out in a normal fashion by the banks themselves; that because of these two considerations the Commission could not envisage the introduction of any new procedures and would therefore have to issue a clarifying statement of its own.

It was decided to ask Mr. Kidron to hear the views of the Commission and the Commission recessed at 11.50 a.m. for that purpose.

At 1.10, following the meeting with Mr. Kidron (see A/AC.25/SR.316) the Commission reconvened.

After a brief discussion it was decided to ask Mr. Kidron to inform the Commission to the effect that the reference in the proposed statement to procedure that might be proposed by representatives of the depositors did not constitute a condition for the implementation of the final release of the outstanding balances.

The meeting rose at 1.20 p.m.