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Mixed Committee of Experts on Economic Questions

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1. The economic tasks entrusted by the General Assembly to the Conciliation Commission for Palestine are dealt with in a special clause of the Resolution of 11 December 1948:

"Clause 10. - (The General Assembly) INSTRUCTS the Conciliation Commission to seek arrangements among the Governments and authorities concerned which will facilitate the economic development of the area, including arrangements for access to ports and airfields and the use of transportation and communication facilities;"

The situation appears to have evolved sufficiently to enable consideration to be given to the action that might be taken to make it possible for the Commission to comply with the foregoing instructions.

2. The questions involved being of a technical nature, it is difficult to see how they can profitably be examined without the aid of experts and, if necessary, of the representatives of the parties concerned. The question of blocked assets constitutes a useful precedent in this respect.

3. It might perhaps be advisable to examine on similar lines the questions dealt with in Clause 10 of the Resolution of 11 December. The Mixed Committee of Experts already set up to handle the question of blocked assets could be simply transformed into a Mixed Committee of Experts on Economic Questions by widening its terms of reference. This procedure would be facilitated by the fact that even for the examination of the question of blocked assets the Mixed Committee's present terms of reference will have to be modified, the new

procedure suggested⁽¹⁾ for their partial unfreezing being based on principles totally different from those envisaged when the Committee was established.

4. The terms of reference of the Mixed Committee of Experts on Blocked Assets (MCA/1) read as follows:

"In response to the humanitarian appeal of the United Nations Conciliation Commission for Palestine, the two parties have accepted the principle of unfreezing, on a basis of equal and reciprocal compensation, assets blocked both by Israel and by the Arab States.

"Therefore, there has been established a Mixed Committee of Experts, composed of one Arab member, one Israeli member, and a representative of the Commission.

"This purely technical committee is charged with the task of submitting to the General Committee the basis of a procedure which will permit the above-mentioned unfreezing of assets."

5. The terms of reference of the new Mixed Committee of Experts on Economic Questions might be drawn up as follows:

"In conformity with Clause 10 of the General Assembly Resolution of 11 December 1948, there has been established a Mixed Committee of Experts on Economic Questions;

This purely technical Committee shall be composed of one Arab member, one Israeli member, and a representative of the United Nations Conciliation Commission for Palestine".

The Committee shall be charged with the task of:

- (i) pursuing the examination of the problem of unfreezing assets blocked both by Israel and by the Arab States and submitting to the General Committee of the Conciliation Commission the basis of a procedure which will permit the above-mentioned unfreezing of assets and related measures;

(1) Document Com.Gen./W.8/Rev.1

- (ii) studying any other question of an economic nature that the Conciliation Commission or its General Committee, in agreement with the parties concerned, may decide to submit for its consideration;
- (iii) submitting proposals to the Conciliation Commission on ways and means of implementing Clause 10 of the General Assembly Resolution of 11 December 1948.

6. The Committee's tasks might include:

- (a) The immediate task of pursuing the negotiations on the technical plane with a view to permitting the partial unfreezing of Arab assets (negotiations now in progress) and of studying measures for unfreezing the remainder of the blocked assets and related questions;
- (b) The future task, as the need arises, of studying the resumption of certain forms of trade between the Arab States and Israel. In view of the return or prospective return of a number of Arabs, and the presence of Israeli Arabs in Israel, the Committee might perhaps suggest:

to certain Arab countries such as Lebanon, Syria and Jordan that they authorize, under certain conditions, the export of foodstuffs and livestock intended to feed the Arab elements of the population;

to Israel that she authorize the importing of such commodities.

In view of Israel's pressing need for foodstuffs⁽¹⁾ and the difficulties encountered by the Arab countries in exporting them, arrangements might be sought in the first place on the grounds that a certain number of refugees had returned to Israel. Such conversations would enable ways and means to be found for regularizing the trade relations actually existing between the Arab countries and Israel in the form of active smuggling⁽²⁾ and permit the resumption, although on a modest scale at first, of more normal trade flows.

(1) See the "Economist" of 21 January 1950 ("Jordan, Israel and the Arab World"), page 142.

(2) To mention Jerusalem alone, it is estimated that foodstuffs valued at £P150,000 were smuggled from the Arab section to the Israeli section of the city during the one month of November 1949.

(c) The study of arrangements between the parties for access to ports and airfields, the question of creating a free zone in the port of Haifa⁽¹⁾ enabling the Kingdom of Jordan to enjoy special facilities and that of establishing a regime of free transit for Jordan imports and exports through Israel (by rail and road - Haifa/Amman) might come before the Committee. Similarly negotiations concerning access to Lydda airfield, which is of particular importance to pilgrims travelling to Jerusalem during the Holy Year of 1950, might be considered.

(d) The study of any other question that the Commission, in agreement with the parties, might wish to have examined. In the final report of the Economic Survey Mission it was pointed out that certain technical and financial problems could not be broached until there was some measure of co-operation between the Arab States and Israel. This remark referred specifically to the development and utilization of the Jordan/Yarmuk river system, but it might equally well apply to more pressing problems such as, for example, the resumption of operations at the Rutenberg hydro-electric plant (Palestine Electric Corporation Ltd.)⁽²⁾ Other questions of a similar nature exist and are sure to be raised eventually by the party concerned, whether it be Israel or an Arab State, with a view to finding a practical solution for problems which the countries concerned have so far been unable to study jointly owing to the absence of a suitable agency.

(1) The Israeli delegation had expressed its willingness to establish in the port of Haifa a free zone through which the Hashemmite Kingdom of Jordan would be able to import and export goods free of Israeli customs duties (Document IS/21).

(2) In 1926 the Mandatory Power granted the Palestine Electric Corporation Ltd. a 70-year concession whereby it has the sole right to use the waters of the Rivers Jordan and Yarmuk and their tributaries for the production of electricity. This agreement covers rivers situated in Israeli and Jordan territories.

7. The Mixed Committee of Experts on Economic Questions might eventually split up into various mixed sub-committees, composed of an Israeli representative, a representative of the Conciliation Commission and a representative of the Arab State particularly concerned. For instance, the question of the free zone in the port of Haifa would be discussed by an Israeli, a Jordanian and a representative of the Commission, while the problem of sending foodstuffs from Lebanon to Israel would be discussed by an Israeli, a Lebanese and a representative of the Commission, and so on.

8. It should be pointed out that at present there is no other "mixed" body where the parties can meet around the same table to study common problems in the economic and technical spheres. The United Nations Relief and Works Agency for Palestine Refugees in the Near East set up by the General Assembly under its resolution of 8 December 1949 (Document A/1237) has direct relations with each of the Governments concerned, but does not create a link between the Arab States and Israel.
