

ISRAEL



Treaty Series No. 53 (1965)

Exchanges of Notes

between the Government of the
United Kingdom of Great Britain and Northern Ireland
and the Government of Israel

on the Settlement of outstanding Financial Matters

London, 15 April, 1965

*Presented to Parliament by the Secretary of State for Foreign Affairs
by Command of Her Majesty
July 1965*

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**EXCHANGES OF NOTES BETWEEN THE GOVERNMENT OF THE
UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN
IRELAND AND THE GOVERNMENT OF ISRAEL ON THE
SETTLEMENT OF OUTSTANDING FINANCIAL MATTERS**

No. 1

The Secretary of State for Foreign Affairs to the Israel Ambassador

Foreign Office, S.W. 1,

15 April, 1965.

Your Excellency,

I have the honour to refer to the financial negotiations held in London from the 10th of June to the 28th of October, 1964 between representatives of the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of Israel, and, in particular, to the regret expressed by members of both delegations that certain former employees of the Mandatory Government of Palestine resident in Israel have not hitherto received compensation for loss of office upon termination of the Mandate.

I have to state that the Government of the United Kingdom will remit to the Government of Israel the sum of £100,000 (one hundred thousand pounds sterling) as an *ex gratia* payment to be distributed by the Government of Israel to former employees of the Mandatory Government of Palestine who entered the service of the Government of Israel at any time after the establishment of the State of Israel, in full and final settlement of any claims which such persons may have against either the Mandatory Government of Palestine or the Government of the United Kingdom for compensation for loss of office upon the termination of the Mandate.

The Government of Israel and the Government of the United Kingdom will supply each other with such information and facilities as may be necessary in this connexion.

I have the honour to suggest that if these proposals are also acceptable to the Government of Israel, Your Excellency's reply to that effect, together with my present Note, shall constitute an agreement between the two Governments in full and final settlement of this matter.

I have the honour to be,
with the highest consideration,
Your Excellency's obedient Servant,
(For the Secretary of State)

BARBARA SALT.

No. 2

The Israel Ambassador to the Secretary of State for Foreign Affairs

Sir,

London, April 15, 1965.

I have the honour to acknowledge receipt of your Note of today's date which reads as follows:—

[As in No. 1]

In reply I have the honour to state that the foregoing proposals are acceptable to the Government of Israel who therefore agree that your Note and the present reply shall constitute an agreement between the two Governments in full and final settlement of this matter.

Please accept, Sir, the assurance of my highest consideration.

ARTHUR LOURIE.

No. 3

The Secretary of State for Foreign Affairs to the Israel Ambassador

Foreign Office, S.W. 1,

Your Excellency,

15 April, 1965.

I have the honour to refer to my Note of today's date about former employees of the Mandatory Government of Palestine resident in Israel.

I have to state that the Government of the United Kingdom will, as an *ex gratia* payment, distribute a sum of approximately £40,000 (forty thousand pounds sterling) (the exact sum still to be ascertained), to former employees of the Mandatory Government of Palestine resident in Israel, who have not entered the service of the Government of Israel at any time after the establishment of the State of Israel, in full and final settlement of any claims which such persons may have against either the Mandatory Government of Palestine or the Government of the United Kingdom for compensation for loss of office upon the termination of the Mandate.

The Government of Israel and the Government of the United Kingdom will supply each other with such information and facilities as may be necessary in this connexion.

I have the honour to suggest that if these proposals are also acceptable to the Government of Israel, Your Excellency's reply to that effect, together with my present Note, shall constitute an agreement between the two Governments in full and final settlement of this matter.

I have the honour to be,
with the highest consideration,
Your Excellency's obedient Servant,
(For the Secretary of State)

BARBARA SALT.

No. 4

The Israel Ambassador to the Secretary of State for Foreign Affairs

Sir,

London, April 15, 1965.

I have the honour to acknowledge receipt of your Note of today's date which reads as follows:—

[As in No. 3]

In reply I have the honour to state that the foregoing proposals are acceptable to the Government of Israel who therefore agree that your Note and the present reply shall constitute an agreement between the two Governments in full and final settlement of this matter.

Please accept, Sir, the assurance of my highest consideration.

ARTHUR LOURIE.

No. 5

The Secretary of State for Foreign Affairs to the Israel Ambassador

Foreign Office, S.W.1.

Your Excellency,

15 April, 1965.

I have the honour to refer to the financial negotiations which took place in London from the 10th of June to the 28th of October, 1964, between representatives of the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of Israel and, in particular, to the discussions between members of the Israel and the United Kingdom delegations relating to claims made by the Jewish National Fund (KKL) and the Hadera Founders Associations in connexion with the re-instatement of land previously occupied by Her Britannic Majesty's Forces and the payment of rent therefor.

I have to confirm that subject to the verification of the factual position in respect of each of the items concerned, the Government of the United Kingdom are prepared to meet such claims as are still unpaid, and to make payments in accordance with and subject to the relevant Hiring Agreements and the provisions of the Financial Agreement of the 30th of March, 1950⁽¹⁾ between the two Governments, such payments to be effected in sterling at the rate of one Pound Palestine to one Pound Sterling.

I have the honour to suggest that if the foregoing proposals are acceptable to the Government of Israel, Your Excellency's reply to this effect, together with my present Note, shall constitute an agreement between the two Governments in full and final settlement of this matter.

I have the honour to be,
with the highest consideration,
Your Excellency's obedient Servant,
(For the Secretary of State)

BARBARA SALT.

(1) "Treaty Series No. 26 (1950)", Cmd. 7941.

No. 6

The Israel Ambassador to the Secretary of State for Foreign Affairs

Sir,

London, April 15, 1965.

I have the honour to acknowledge receipt of your Note of today's date which reads as follows:—

[As in No. 5]

In reply I have the honour to state that the foregoing proposals are acceptable to the Government of Israel who therefore agree that your Note and the present reply shall constitute an agreement between the two Governments in full and final settlement of this matter.

Please accept, Sir, the assurance of my highest consideration.

ARTHUR LOURIE.

No. 7

The Secretary of State for Foreign Affairs to the Israel Ambassador

Foreign Office, S.W.1.

Your Excellency,

15 April, 1965.

I have the honour to refer to the financial negotiations held in London from the 10th of June to the 28th of October, 1964, between representatives of the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of Israel, and, in particular, to the discussions between members of the two delegations in respect of fees and maintenance allowances which were claimed by the Government of Israel to be due to the Hebrew University, Jerusalem and to ex-service students under the Rehabilitation Scheme for Higher Education.

I have to state that the Government of the United Kingdom are prepared to make an *ex gratia* payment to the Government of Israel of £3,500 (three thousand, five hundred pounds sterling) in settlement of these claims.

I have the honour to propose that if this offer is acceptable to the Government of Israel, Your Excellency's reply to that effect, together with the present Note, shall constitute an agreement between the two Governments in full and final settlement of this matter.

I have the honour to be,
with the highest consideration,
Your Excellency's obedient Servant,
(For the Secretary of State)

BARBARA SALT.

No. 8

The Israel Ambassador to the Secretary of State for Foreign Affairs

Sir,

London, April 15, 1965.

I have the honour to acknowledge receipt of your Note of today's date which reads as follows:—

[As in No. 7]

In reply I have the honour to state that the foregoing proposals are acceptable to the Government of Israel who therefore agree that your Note and the present reply shall constitute an agreement between the two Governments in full and final settlement of this matter.

Please accept, Sir, the assurance of my highest consideration.

ARTHUR LOURIE.

No. 9

The Secretary of State for Foreign Affairs to the Israel Ambassador

Foreign Office, S.W.1.

Your Excellency,

15 April, 1965.

I have the honour to refer to the financial negotiations held in London from the 10th of June to the 28th of October, 1964 between representatives of the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of Israel, and, in particular, to the discussions between members of the two delegations concerning the deposit funds released to the Arabia Insurance Company Limited and El Sharq, S.A. Egyptienne d'Assurance.

I have to state that without any admission of legal liability, the Government of the United Kingdom will remit to the Government of Israel the sum of £3,000 (three thousand pounds sterling). Of this sum £1,981 (one thousand, nine hundred and eighty-one pounds sterling) will be used by the Government of Israel to satisfy the claim of the Levant Bonded Warehouses Limited against the Arabia Insurance Company, and the balance will be used by the Government of Israel to make *ex gratia* payments to such persons as had paid premiums to El Sharq, S.A. Egyptienne d'Assurance under policies of life insurance, which had not matured, when the company withdrew from Israel.

I have the honour to suggest that if the foregoing proposals are acceptable to the Government of Israel, Your Excellency's reply to this effect, together with my present Note, shall constitute an agreement between the two Governments in full and final settlement of these matters.

I have the honour to be,
with the highest consideration,
Your Excellency's obedient Servant,
(For the Secretary of State)

BARBARA SALT.

No. 10

The Israel Ambassador to the Secretary of State for Foreign Affairs

Sir,

London, April 15, 1965.

I have the honour to acknowledge receipt of your note of today's date which reads as follows:—

[As in No. 9]

In reply I have the honour to state that the foregoing proposals are acceptable to the Government of Israel who therefore agree that your Note and the present reply shall constitute an agreement between the two Governments in full and final settlement of these matters.

Please accept, Sir, the assurance of my highest consideration.

ARTHUR LOURIE.

No. 11

The Secretary of State for Foreign Affairs to the Israel Ambassador

Foreign Office, S.W.1.

Your Excellency,

15 April, 1965.

I have the honour to refer to the financial negotiations held in London from the 10th of June to the 28th of October, 1964, between representatives of the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of Israel, and, in particular, to the discussions between members of the two delegations regarding the settlement of the following claims:

- (i) A claim by the Government of the United Kingdom for the return of an amount of £54,729 (fifty-four thousand, seven hundred and twenty-nine pounds sterling) credited in error to the Government of Israel by the Government of the United Kingdom under Article 5(a) of the Financial Agreement of the 30th of March, 1950 between the two Governments (hereinafter referred to as "the Agreement").
- (ii) A claim by the Government of Israel for the release, in accordance with sub-paragraph (c) of paragraph 2 of Letter No. 9 annexed to to the Agreement, of monies (the principal amount of which is approximately, 63,737 (sixty-three thousand, seven hundred and thirty-seven) Pounds Israel) standing to the credit of the Custodian of Enemy Property at Barclays Bank D.C.O., Allenby Square, Jerusalem (hereinafter referred to as "the Bank").

I have to state that the proposals set out below for the settlement of these two claims are acceptable to the Government of the United Kingdom :

The Government of the United Kingdom will instruct the Bank that the monies (in a sum of approximately 63,737 (sixty-three thousand, seven hundred and thirty-seven) Pounds Israel) standing to the credit of the Custodian of Enemy Property at the Bank are to be disposed of as follows :

- (a) In accordance with an agreement reached between the two Governments, the sum of 54,729 (fifty-four thousand, seven hundred and twenty-nine) Pounds Israel, together with a proportionate part of any accrued interest on the principal amount, is be remitted by the Bank to the Government of the United Kingdom in sterling calculated at the Bank's current market selling rate for sterling in terms of pounds Israel.
- (b) In accordance with an agreement reached between the two Governments, the balance of these monies, together with a proportionate part of any accrued interest on the principal amount, is to be transferred by the Bank to the account of the Government of Israel.

I have the honour to suggest that if these proposals are also acceptable to the Government of Israel, Your Excellency's reply to that effect, together with my present Note, shall constitute an agreement between the two Governments in full and final settlement of these matters.

I have the honour to be,
with the highest consideration,
Your Excellency's obedient Servant,
(For the Secretary of State)

BARBARA SALT.

No. 12

The Israel Ambassador to the Secretary of State for Foreign Affairs

Sir,

London, April 15, 1965.

I have the honour to acknowledge receipt of your Note of today's date which reads as follows:—

[As in No. 11]

In reply I have the honour to state that the foregoing proposals are acceptable to the Government of Israel who therefore agree that your Note and the present reply shall constitute an agreement between the two Governments in full and final settlement of these matters.

Please accept, Sir, the assurance of my highest consideration.

ARTHUR LOURIE.

The Secretary of State for Foreign Affairs to the Israel Ambassador

Foreign Office, S.W.1.

15 April, 1965.

Your Excellency,

I have the honour to refer to the financial negotiations held in London from the 10th of June to the 28th of October, 1964, between representatives of the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of Israel and, in particular, to the discussions between members of the two delegations regarding the settlement of the following claims:

- (i) A claim by the Government of Israel for the transfer to that Government of two deposits of 10,000 (ten thousand) Israel Pounds and 5,000 (five thousand) Israel Pounds respectively, (commonly referred to as the Nathaniel deposits) held to the credit of the Mandatory Government at Barclays Bank D.C.O., Jerusalem (hereinafter referred to as "the Bank").
- (ii) A claim by the Government of the United Kingdom for the remittance, under Article 2(a) (ii) of the Financial Agreement of the 30th of March, 1950, between the two Governments (hereinafter referred to as "the Agreement") of balances held at the Bank to the credit of the Mandatory Government.
- (iii) A claim by the Government of Israel for the refund of certain monies transmitted in error to the Government of the United Kingdom for the purposes of Article 2(a) (ii) of the Agreement.

I have to state that the following proposals for settlement of these claims are acceptable to the Government of the United Kingdom:

- (a) The Government of the United Kingdom will instruct the Bank to transfer to the credit of the Israel Custodian of Enemy Property out of balances held at the Bank to the credit of the Mandatory Government the two deposits of 10,000 (ten thousand) Israel Pounds and 5,000 (five thousand) Israel Pounds respectively, together with any accrued interest on the aforesaid amounts.
- (b) In accordance with Letters Nos. 1 and 2 annexed to the Agreement, the amount of 3,787 (three thousand, seven hundred and eighty-seven) Israel Pounds, together with any accrued interest on that amount, is to be remitted by the Bank to the Government of the United Kingdom in sterling calculated at the Bank's current selling rate for sterling in terms of Israel Pounds, in satisfaction of the claim of the Government of the United Kingdom for balances held at the Bank to the credit of the Mandatory Government.
- (c) The Government of the United Kingdom agree that the sum of £55,000 (fifty-five thousand pounds sterling) is due to the Government of Israel in satisfaction of the latter Government's claims in respect of monies transmitted in error by the Government of Israel to the Government of the United Kingdom for the purposes of Article 2(a) (ii) of the Agreement, and instead of the aforesaid sum of £55,000

(fifty-five thousand pounds sterling) being remitted to Israel by the Government of the United Kingdom, it will be deducted by the Government of Israel from the payment due from them on the 30th of March, 1965 under Article 9(a) of the Agreement.

I have the honour to suggest that if the foregoing proposals are also acceptable to the Government of Israel, Your Excellency's reply to that effect, together with my present Note, shall constitute an agreement between our two Governments in full and final settlement of these matters.

I have the honour to be,
with the highest consideration,
Your Excellency's obedient Servant,
(For the Secretary of State)

BARBARA SALT.

No. 14

The Israel Ambassador to the Secretary of State for Foreign Affairs

Sir,

London, April 15, 1965.

I have the honour to acknowledge receipt of your Note of today's date which reads as follows:—

[As in No. 13]

In reply I have the honour to state that the foregoing proposals are acceptable to the Government of Israel who therefore agree that your Note and the present reply shall constitute an agreement between the two Governments in full and final settlement of these matters.

Please accept, Sir, the assurance of my highest consideration.

ARTHUR LOURIE.

No. 15

The Secretary of State for Foreign Affairs to the Israel Ambassador

Foreign Office, S.W.1.

Your Excellency,

15 April, 1965.

I have the honour to refer to the financial negotiations which took place in London from the 10th of June to the 28th of October, 1964, between representatives of the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of Israel, and, in particular, to the discussions between members of the United Kingdom and Israel delegations regarding the assets referred to in Article 7(a) of the Agreement

of the 30th of March, 1950, between the two Governments (hereinafter referred to as "the Agreement").

I have to state that the following proposals regarding the assets referred to in Article 7(a) of the Agreement are acceptable to the Government of the United Kingdom:

- (a) The Government of Israel will purchase from the Government of the United Kingdom for the sum of £140,000 (one hundred and forty thousand pounds sterling) the site known as Allenby Barracks Married Quarters, Jerusalem (Parcel No. 12, Block No. 30113) together with all structures on that site and the temporary structures on the adjoining site at Allenby and at Alamein, Jerusalem. The Government of the United Kingdom will accept payment of the aforesaid sum in full and final settlement of all their claims in respect of the assets referred to in this sub-paragraph and all the aforesaid assets will be registered in the Land Registry in the name of the Government of Israel, and the Government of the United Kingdom will execute all the necessary documents in this behalf.
- (b) (i) The Government of the United Kingdom will lease the site known as the Orange Plot (Parcel No. 83, Block 30112) to the Government of Israel for a term of forty years; this lease will be registered in the Land Registry as required under the laws of Israel, and the Government of the United Kingdom will execute all the necessary documents in this behalf. The aforesaid term will be deemed to have commenced on the 15th of May, 1948, and upon expiration of this term the lease will continue from year to year unless and until terminated as hereinafter provided, by the Government of the United Kingdom.
- (ii) The rent payable by the Government of Israel under the lease will be a nominal rent of one Pound Sterling *per annum*; this rent will become payable as from the 15th of May, 1964, all payments accruing prior to that date having been waived by the Government of the United Kingdom.
- (iii) The Government of the United Kingdom reserves the right to terminate the aforesaid lease at any time on giving one year's notice, such right to be exercised only if the site is required for a United Kingdom non-commercial use. The Government of Israel will then have the option either to release the Orange Plot, with vacant possession thereof, to the Government of the United Kingdom or to provide, without charge, the Government of the United Kingdom with an alternative site with vacant possession considered suitable by both parties for the particular use for which it is required by the Government of the United Kingdom. In the latter case the Government of Israel will furnish the Government of the United Kingdom with details of proposed alternative sites within six months of the receipt of the notice of termination and of information concerning the use for which the site is required by the Government of the United Kingdom.
- (iv) The Government of the United Kingdom may not without good cause refuse an alternative site proposed to them as aforesaid

by the Government of Israel. In case of disagreement between the parties as to the suitability of an alternative site offered by the Government of Israel and refused by the Government of the United Kingdom, the question shall at the request of either party be submitted to the decision of a single arbitrator whose decision shall be final and binding on both parties. Should the parties be unable to agree on the person of the arbitrator within two months of the date when one of them asked the other to refer the aforesaid question to arbitration, the arbitrator shall be appointed, at the request of either party, by the President of the International Court of Justice at The Hague on behalf of both parties. The procedure before such arbitrator shall be as simple as possible and shall be laid down by the parties in consultation with the arbitrator on his appointment.

- (v) If an alternative site is provided in accordance with the foregoing provisions, it will be registered by the Government of Israel in the Land Registry as the property of the Government of the United Kingdom, and the Orange Plot will then be registered in the Land Registry as the property of the Government of Israel. Both parties will execute all the necessary documents in this behalf.
- (vi) Should eventually no acceptable alternative site be found, the notice terminating the lease will remain effective. In case arbitration is resorted to as provided for above, that part of the period of the Notice of Termination which remained unexpired at the time when the Government of Israel first suggested an alternative site to the Government of the United Kingdom will be suspended pending the decision of the arbitrator.
- (c) The Government of the United Kingdom will retain the deposit of £5,000 (five thousand pounds sterling) which was paid to the United Kingdom Air Ministry in respect of the sale of the asset known as Qataman to the Palestine Land Development Corporation in April, 1948. The Government of Israel will receive any outstanding balance which exists in respect of the sale of this asset.

I have the honour to suggest that if the foregoing proposals are acceptable to the Government of Israel, Your Excellency's reply to this effect, together with my present Note, shall constitute an agreement between our two Governments in full and final settlement of these matters.

I have the honour to be,
with the highest consideration,
Your Excellency's obedient Servant,
(For the Secretary of State)

BARBARA SALT.

No. 16

The Israel Ambassador to the Secretary of State for Foreign Affairs

Sir,

London, April 15, 1965.

I have the honour to acknowledge receipt of your Note of today's date which reads as follows:—

[As in No. 15]

In reply I have the honour to state that the foregoing proposals are acceptable to the Government of Israel who therefore agree that your Note and the present reply shall constitute an agreement between the two Governments in full and final settlement of these matters.

Please accept, Sir, the assurance of my highest consideration.

ARTHUR LOURIE.

No. 17

The Secretary of State for Foreign Affairs to the Israel Ambassador

Foreign Office, S.W.1.

Your Excellency,

15 April, 1965.

I have the honour to refer to the financial negotiations held in London from the 10th of June to the 28th of October, 1964, between representatives of the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of Israel, and, in particular, to the discussions between members of the two delegations regarding the settlement of a claim by the Government of the United Kingdom for the release to them of the sum of 97,299 (ninety-seven thousand, two hundred and ninety-nine) Pounds Israel standing to the credit of Steel Brothers in Barclays Bank D.C.O., Haifa (hereinafter referred to as "the Bank") in an account known as account "M" which Steel Brothers have instructed the Bank to hold at the disposal of the British Embassy in Israel or the Colonial Office, London.

I have to state that the following proposals for the settlement of this claim are acceptable to the Government of the United Kingdom:

- (a) The Government of Israel will release to the Government of the United Kingdom the aforesaid monies together with any accrued interest thereon.
- (b) The Government of the United Kingdom will instruct the Bank to pay to the Government of Israel out of the aforesaid monies the sum of 33,782 (thirty-three thousand, seven hundred and eighty-two) Pounds Israel, together with a proportionate part of any accrued interest on the principal amount and to pay to the Government of the United Kingdom out of the aforesaid monies, the sterling equivalent of the sum of 63,517 (sixty-three thousand, five hundred

and seventeen) Pounds Israel, together with a proportionate part of any accrued interest on the principal amount, calculated at the Bank's current market selling rate for sterling in terms of Pounds Israel.

I have the honour to suggest that if these proposals are also acceptable to the Government of Israel, Your Excellency's reply to that effect together with my present Note shall constitute an agreement between our two Governments in full and final settlement of these matters.

I have the honour to be,
with the highest consideration,
Your Excellency's obedient Servant,
(For the Secretary of State)

BARBARA SALT.

No. 18

The Israel Ambassador to the Secretary of State for Foreign Affairs

Sir,

London, April 15, 1965.

I have the honour to acknowledge receipt of your Note of to-day's date which reads as follows:

[As in No. 17]

In reply I have the honour to state that the foregoing proposals are acceptable to the Government of Israel who therefore agree that your Note and the present reply shall constitute an agreement between the two Governments in full and final settlement of these matters.

Please accept, Sir, the assurance of my highest consideration.

ARTHUR LOURIE.

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