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E 14211/154

African Dept.

SECRET

Secretary of State

The French Ambassador told me this morning that the direction of the Suez Canal Company in Paris yesterday issued the following instructions for its employees in Egypt:

- (i) They should consider themselves as remaining under the orders of the original company and not of the Egyptians.
- (ii) They should avoid anything which might be construed as sabotage of transit of the Canal.
- (iii) If they have to follow orders given by the Egyptian authorities, they should do so under protest.

The Ambassador has not got the full text. But he is getting this from Paris, and will let us have this as soon as possible.

A. Lacey

July 28, 1956.

Copies to:

Mr. Nutting
Mr. Dodds-Parker
Sir I. Kirkpatrick
Mr. Ross
African Department

*Tell Truman
when next comes*

see sent to Cairo. No 1496.

A. Lacey

29/7

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The Egyptian Government have promulgated a law purporting to nationalise the Suez Canal Company as from yesterday, July 26, 1956.

H.M.G. protest against this arbitrary action which constitutes a serious threat to the freedom of navigation on a waterway of vital international importance. They reserve all their rights and those of the U.K. nationals as sanctioned by the agreements in force.

The responsibility for the consequences must rest entirely upon the Egyptian Government.

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(1422/2/56)
 H.C. 100/100



British Embassy, *V*
 Beirut.

July 28, 1956.

E14211/157 *INDEXED*

Dear Department,

(in translation) *W. V.*

The following is the text of Prime Minister Naff's speech referred to in our telegram No. 627 of July 23, as quoted by Le Jour.

2. "The nationalisation of the Suez Company is in itself perfectly in accord with the principle of Egyptian sovereignty. Many states, great and small, have resorted to decisions of this nature when their national interest demanded it. I am thinking in particular of the Mexican precedent. In 1928, Mexico nationalised all the oil companies operating on its soil. The principle of nationalisation is juridically admissible on condition that the concessionaries are compensated, and that is what Egypt has announced through its president Abdul Nasser. One must therefore view the question solely from the juridical aspect, and I personally see no justification for the attempt by certain Western powers to give this question an essentially political character....

It is our wish that the Western powers should view the situation in the Arab world with more calm and understanding. It is for them to prove that sincere collaboration between strong peoples and weak peoples is still possible. It is for them to show that their aim is not to humiliate and enslave the Arabs. Any hostile policy practised by the West against Egypt would anger not only the Egyptian people but all the Arabs....

In these difficult times through which Egypt is passing, as in any other circumstances, the duty of Lebanon is to maintain its solidarity with this brother country which is seeking painfully to strengthen its political and economic independence. In the name of the Lebanese Government, I declare that we are body and soul with the Egyptian people in its struggle for its recovery and its dignity."

3. We are sending a copy of this letter to Washington, Paris and F.O.N.E.F.

Yours ever,

CHANCERY.

N

Levant Department,
 Foreign Office, S.W.1.

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INWARD SAVING TELEGRAM
FROM ROME TO FOREIGN OFFICE

By Bag

FOREIGN OFFICE AND
WHITEHALL DISTRIBUTION

Sir A. Clarke

No. 32 Saving
July 31, 1956.

R. August 2, 1956.

Addressed to Foreign Office telegram No. 32 Saving of
July 31.

Repeated for information Saving to Cairo Paris
Washington P.O.M.E.F.

My telegram No. 508 [of July 31]: Suez Canal Company.

Her Majesty's Government's counter-measures and all news concerning Suez have been prominently reported. Practically all papers have commented editorially condemning Egyptian action and stressing gravity of the situation and Italy's interest in the Canal. Most leaders emphasise the extent of Soviet influence on Nasser.

2. The leading Rome daily Messaggero describes Nasser's action as a "direct challenge to the Western Powers" and states that the Kremlin's new policy is to create a neutral bloc from the Adriatic to Africa and to the East. The independent right wing Giornale d'Italia also underlines the anti-Western nature of the move, but adds that Arab countries are unlikely to follow Egypt's lead. Several editorials stress the need for adequate counter-measures. Thus the independent liberal La Stampa states that "the little Pharaoh" has overestimated his power and that the West cannot maintain a passive attitude without losing face. The Western allies must take up the challenge and show a united front in Egypt in spite of their divergencies. A leader by the military correspondent of the leading Milan daily Corriere della Sera urges that account be taken of the grave military consequences of Nasser's move, and Globo, the organ of the Italian Confederation of Industries, points out that reprisals are possible by controlling the sources of the Nile. The only note of indecision is sounded by the Christian Democrat Popolo, which concludes its editorial with a reference to Italy's sincere friendship for Egypt and the hope that "wisdom, prudence and a far sighted policy may prevail over resentment, interest and mistaken questions of principle".

/3. The

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Rome telegram No. 32 Saving to Foreign Office

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3. The statement reported in my telegram under reference followed some speculation by the authoritative Rome correspondents of the Corriere della Sera and Stampa, who were of the opinion that the Italian Cabinet was divided on the subject and that some Christian Democrats especially were "beginning to hold the view that Italy must not abandon her position, which is that of an observer, and that she should do nothing to prejudice her good relations with Egypt". This opinion was based on:

(a) a note by the Christian Democrat Italia newsagency, according to which "Italy appears to be one of the most suitable countries for promoting an improvement in relations between East and West";

(b) a speech by the (Christian Democrat) Under-Secretary for Foreign Affairs, Signor Folchi, which followed Signor Bettiol's statement reported in my telegram No. 31 Saving. In the course of this speech Signor Folchi observed that it was significant that Italian labour was establishing itself "on the banks of the Nile, where the sub of international capitalism is setting" and declared himself convinced that the matter should be the subject of consultation by all Atlantic allies, in the manner originally suggested by President Gronchi in the course of his visit to the United States.

SSSSS

INWARD TELEGRAM

JE 14211/159

ADVANCE COPY

SAVING TELEGRAM

From Rome to Foreign Office

Sir Ashley Clarke
No. 33 Saving
August 1, 1956.

En Clair
By Bag: 1/8/56.

Repeated Saving to: Cairo No. 13
Paris No. 37
Washington No. 53
POMEF No. 13

UNCLASSIFIED

Addressed to Foreign Office, telegram No. 33 Saving of August 1, repeated for information Saving to Cairo, Paris, Washington and Political Office, Middle East Forces.

My telegram No. 508 [of July 31] : Suez Canal Company Nationalisation.

Today's Messaggero publishes extracts from an editorial which is to appear in tomorrow's issue of Esteri, (a fortnightly which reflects the views of the Ministry of Foreign Affairs). After observing that recent Italian legislation on the subject of foreign capital might provide a solution to the purely technical problem of the Egyptian Government's unilateral termination of its contract with the Suez Canal Company, Esteri states that President Nasser's decision raises the fundamental problems of freedom of navigation and of Egypt's relations with the West. On the first point, Italy's interests are perfectly clear: freedom of the seas and consequently of transit through the Suez Canal in accordance with existing conditions and rates are of absolutely vital interest to her. With regard to the second problem, "It is certainly not in Italy's interests to dissociate herself from her Western allies. The only conceivable difference of opinion concerns the manner in which the situation must be faced. Italy does not intend, however, to forfeit her friendship with Egypt. And in the name of this friendship she urges that the situation which has now arisen be viewed calmly. This could be done dispassionately by discussion round a table once feelings have calmed down and a sense of reciprocal confidence and esteem has been restored in the interests of international co-operation."

2. So far there has been no reaction in the press to the Government's statement reported in my telegram under reference, but today's Corriere della Sera quotes extracts from an article by Signor Malagodi, leader of the Italian Liberal Party, in which he makes a strong plea for Western unity in the face of an action which damages "the vital interests of the whole Western world".

=CLARKE

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JE1421/161

FROM CAIRO TO FOREIGN OFFICE

En Clair

FOREIGN OFFICE AND WHITEHALL
DISTRIBUTION

Sir H. Trevelyan

No.1356

August 1, 1956

D. 5.33 p.m. August 1, 1956

R. 7.17 p.m. August 1, 1956

PRIORITY

Addressed to Foreign Office telegram No.1356 of August 1.

Repeated for information to: Washington Moscow
P.O.M.E.F.

And Saving to: Paris

My immediately preceding telegram (not to Moscow).

Nasser's statement (my telegram No.1354) and statement by Khrushchev, that nationalization of Suez Canal was action which Sovereign State like Egypt was entitled to take, were given great prominence in today's press. Some prominence was given to news of alleged British fleet movements, which Shaab described as manoeuvre to intimidate Egypt. All papers reported that the United States had decided to freeze assets of the Canal Company and the Egyptian Government. Aham carried London U.P. report quoting Foreign Office spokesman as saying that there was no intention of detaining two destroyers recently sold to Egypt. Reports of continued messages of support from Arab countries were also publicized.

2. Press comment mainly revolved around Prime Minister's statement that Her Majesty's Government could not accept arrangements for future of great international waterway which would entrust it to one State, which might exploit it for its own ends. Aham said this revealed that Britain, France and supporting States had been hatching wicked, criminal conspiracy with the object of not handing the Canal over to Egypt in 1968. Nasser's step had exposed the British Prime Minister's evil intent. Anwar Sadat in Gomhouria made similar point and went on to attack the French Prime Minister for stating that the Western States were custodians of right and justice. The right of assassinating women and children first in Algeria, Kenya, Malaya and Cyprus was what French Prime Minister must have meant. British declarations in several treaties and agreements, that the Suez Canal was integral part of Egypt,

/had

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Cairo telegram No.1356 to Foreign Office

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had really been mere ink on paper. It was clear that Britain and her Allies did not really recognise Egyptian independence. Akhbar asked who really protected freedom of navigation before nationalization and who was going to protect it anyway after 1968. British Prime Minister's talk about the impossibility of leaving responsibility for freedom of navigation in the hands of one country was unforgivable nonsense.

Foreign Office please pass to Washington and Saving to Paris as my telegrams Nos. 177 and 175.

[Repeated to Washington and Saving to Paris]

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FROM CAIRO TO FOREIGN OFFICE

En Clair

JE14211/163

FOREIGN OFFICE AND
WHITEHALL DISTRIBUTION

Sir H. Trevelyan

No. 1354

August 1, 1956

D. 5.04 p.m. August 1, 1956

R. 6.47 p.m. August 1, 1956

PRIORITY

Addressed to Foreign Office telegram No. 1354 of August 1.
Repeated for information to: Washington P.O.M.E.F.
And Saving to: Paris

Suez Canal Company.

Following is full text as published in Arabic press of statement by Nasser issued yesterday at press conference held by Ali Sabry, Director of President's Political Office.

"On the 26th of July, 1956 Egypt nationalized the Suez Canal Company. By taking this measure the Egyptian Government is exercising one of its rights. This, however, has given rise to some opposition by a few Powers, particularly France and The United Kingdom. Such opposition is devoid of all sound action. The Suez Canal Company has been an Egyptian company liable, as all other Egyptian companies to be nationalized. This nationalization does not at all, or in any way, affect the international commitments undertaken by Egypt. We are determined to honour all our international obligations and to maintain obligations which we undertook in the 1888 Convention and the assurances concerning this subject given in the Anglo-Egyptian Agreement of 1954 (Evacuation Agreement). The freedom of navigation in the Canal will not be affected, and is not at all connected with the question of nationalization. Furthermore, no Power could be more interested than Egypt in the freedom of passage and in the flourishing of the movement of traffic through the Canal. We are certain that the movement of traffic through the Canal will, in the coming years, justify all our hopes and those of the whole world. Egypt is confident in the legality of its stand, and will not be deflected from the course it has charted for itself in this respect, but will proceed forth in the service of its own interests and those of the international body.

/Foreign Office

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FROM CAIRO TO FOREIGN OFFICE

En Clair

JE14211/164

FOREIGN OFFICE AND

WHITEHALL DISTRIBUTION

Sir H. Trevelyan

No. 1355

August 1, 1956.

D. 6.44 p.m. August 1, 1956.

R. 9.50 p.m. August 1, 1956.

PRIORITY

Addressed to Foreign Office telegram No.1355 of August 1.

Repeated for information to Washington

P.O.M.E.F.

and Saving to Paris

My immediately preceding telegram.

At press conference Ahi Sabri said it had been noticed that public opinion in certain countries has misinterpreted the Egyptian Government's decision in nationalising the company. Whether this misinterpretation was deliberate or otherwise, Nasser's statement explained the Egyptian Government's views.

There was no international obligation which the Egyptian Government had not carried out. Nationalisation could be summed up in two points.

- (a) It affected Egyptian company.
- (b) 1866 Agreement (sic) stipulated that company was Egyptian company subject to Egyptian law. 1866 Agreement and 1954 Agreement alike stipulated that canal was part of Egypt. Egypt's decision was, therefore, not contradictory to her international obligations.

2. Asked his opinion about Western proposed formation of international committee to supervise canal, Sabri said proposal was repeatedly mentioned in press but he would not comment on what press said. (All Arabic papers had this version. According to Egyptian Gazette, Sabri said if any proposals were made officially they would be answered "in due time. The Egyptian Government has not considered these reports or even studied them yet".

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Cairo telegram No. 1355 to Foreign Office

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3. In answer to questions, Sabri said
- (a) compensation would be paid according to official closing prices of July 25 in cash and in currencies of the shareholders' countries.
 - (b) System of payment of traffic dues, which suited Egypt, would continue as it was. Egyptian Government had laid down no fixed period for application of this system.
 - (c) No company had refused to pay dues in the name of new administering body and no vessel had been prevented from passing through canal.
 - (d) No official had been dismissed and there was no intention of deciding on dismissal as long as each official carried out his duties. No resignation had so far been submitted by any company official. On the contrary, applications for employment had been received, all from foreigners, of what nationalities he did not know. Any company official had right to resign, provided he notified company within terms specified in regulations. British Prime Minister's declaration on this subject that Britain did not approve of her subjects being employed in the company under compulsion - was incorrect. (Egyptian Gazette version quoted Sabri as saying also that penalties laid down were solely to prevent walkouts which would be regarded as "sabotage as we are interested in the canal operating normally").
 - (e) In answer to question whether canal revenue was sufficient to meet costs of projects for widening and deepening canal, as well as for financing high dam, Sabri said that there were certainly other ways whereby the state could carry out its projects, including for example, the floating of foreign loans.
 - (f) He did not know of any troops being stationed around company's offices. A number of police were guarding company establishments, as they guarded public utilities anywhere.

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Cairo telegram No. 1355 to Foreign Office

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- (g) Naval vessels could pass through canal after payment of prescribed dues.
- (h) Egyptian Government had no other schemes of nationalisation.
- (i) As regards reports that some Arab States intended to follow Egyptian Government example and nationalise some oil and pipeline companies, these were internal affairs concerning the Arab States, in which it was not for Egypt to interfere.
- (j) Egypt would not object to foreign naval vessels visiting Egyptian ports, such as Alexandria and Port Said so long as these were goodwill visits.
- (k) Egypt would fight if force was used.
- (l) Article VII of 1866 agreement permitted two naval vessels in canal in peace time. There was no objection to this provided number of ships did not exceed two of any weight, and that visit should be one of goodwill.
- (m) Text of Constantinople Convention of 1888 was distributed to all Powers and was, therefore, applicable to all Powers, even those who did not sign it. (In answer to question whether Egypt would issue guarantees for freedom of navigation to Powers such as the United States which had not signed this convention).
- (n) British had laid hands on Egyptian funds available in London, including those of Egyptian Embassy, and had not so far released them. Egyptian Government did not subject British Embassy funds to any control. Egypt did not violate any international obligations.
- (o) Nationalisation of canal could not be considered international problem, otherwise, British Government's act of nationalisation would be so too.

Foreign Office please pass Saving to Paris as my telegram No. 174.

[Repeated to Washington and Saving to Paris].

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FROM WASHINGTON TO FOREIGN OFFICE

En Clair

JE/4211/166

FOREIGN OFFICE AND
WHITEHALL DISTRIBUTION

J

Sir R. Makins

No. 1632
August 1, 1956.

D. 11.03 p.m. August 1, 1956.
R. 12.28 a.m. August 2, 1956.

IMMEDIATE

Addressed to Foreign Office telegram No. 1632 of August 1.

Repeated for information to: Cairo

and Saving to: Paris

Asked about the Suez Canal crisis at his press conference today, President Eisenhower said

"The only thing I can say is that we are manifestly faced with a very grave issue important to every country in the world that has a sea coast and maybe even by the rest. So it is something to be handled with care, to make sure we are just and fair, but we must make certain that the rights of the world are not abused".

2. One questioner remarked that the United States was being pressed by some nations and some forces in the United States to come out in favour of nationalising the Suez Canal, and asked whether the President thought that this might induce other nations to come forward and say "why don't we have international control of the Panama Canal?"

The President answered "The conditions are not the same, but while the Convention of 1888 recognizes that the Convention itself will run out in 1968, it provides that the Suez Canal will always be an international waterway free to the use of all nations of the world, in peace and war. Right now the great problem is to make certain of the continued efficient use of this great waterway whose importance is not confined to the neighbouring countries of Europe but is vital to our economy and our future welfare".

Please pass to Cairo and Saving to Paris as my telegrams Nos. 102 and 273 respectively.

[Repeated to Cairo and Saving to Paris].

ADVANCE COPIES:-

Private Secretary
Sir H. Caccia

Mr. Ross
Head of African Dept.

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JE/4211/167

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FROM PARIS TO FOREIGN OFFICE

Cypher/OTP

FOREIGN OFFICE AND WHITEHALL
DISTRIBUTION

Mr. Reilly

No.195

August 1, 1956

D. 2. 2 p.m. August 1, 1956

R. 2.18 p.m. August 1, 1956

PRIORITY

CONFIDENTIAL

Addressed to Foreign Office telegram No.195 of August 1.

Repeated for information Saving to: Washington

Cairo

Moscow

Reactions of the French press to Nasser's coup de force have been reported in daily telegrams. My impression is that press has fairly reflected state of mind of French people as a whole.

2. In its usual instinctive 19th century approach to international problems of this sort, French opinion is paying little attention to the long-term future of the Canal or even to the fate of French financial interests. It concentrates on one aspect - the need to make a swift and effective riposte to Nasser. His action is regarded as a direct challenge to the West and it is believed that Western position in the Middle East and Africa will be very seriously harmed if he is not effectively dealt with. This belief is, of course, sharpened by the fear that if Nasser is allowed to score a success, the Algerian problem will become insoluble.

3. But the form such a riposte is to take is not discussed or even, I believe, seriously thought about. For example, there is a clear implication in the press and in conversation that forcible military action ought already to have been taken. But no-one appears to have given any thought to the political difficulty of justifying such action or to its military difficulties and consequences.

4. Criticism about the delay in making any counter-move is becoming general. So far there has been little criticism of Her Majesty's Government, but the impression is growing that France is now taking the lead and that Her Majesty's Government, for reasons which are understood here, but not accepted as

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CONFIDENTIAL

Paris telegram No.195 to Foreign Office

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valid, are beginning to drag.

5. The other main element in French opinion is a very wide-spread and most marked increase in anti-American feeling.

6. If the final outcome of the present conference in London is regarded as weak and ineffectual, the blame will be laid mostly at the American door, but partly also on Her Majesty's Government. I fear it is only too likely that the French Government, for their part, would represent themselves as having pressed for firm action throughout. They would, therefore, not be greatly blamed.

7. Led by chairman of M.R.P. parliamentary group the National Assembly yesterday voted by 416 to 150 (the Communists) a brief adjournment to mark their decision to support the "energetic and severe riposte" of which the French Prime Minister had spoken. In proposing this adjournment M. Lecourt said: "Our allies must realise that Atlantic solidarity must not remain an empty word, that the future of the Atlantic Alliance is perhaps in question, and finally that the Parliament and the whole country are with the French Government when it invites our allies to manifest their solidarity".

Foreign Office please pass Saving to Washington, Cairo, Moscow as my telegrams 301, 40, 56 respectively.

[Repeated Saving to Washington, Cairo and Moscow]

LLL

CONFIDENTIAL

FROM MOSCOW TO FOREIGN OFFICE

Cypher/OTP

JE/4211/169

FOREIGN OFFICE AND
WHITEHALL DISTRIBUTION

Sir W. Hayter

No. 1051

August 1, 1956

D. 2.42 p.m. August 1, 1956

R. 4.47 p.m. August 1, 1956

PRIORITY

CONFIDENTIAL

Addressed to Foreign Office telegram No. 1051 of August 1,

Repeated for information to: Cairo

And Saving to: Washington Paris

My immediately preceding telegram: Suez Canal.

Khrushchev's speech, though strongly pro-Egyptian, reads like a serious attempt to take the heat out of the situation. There is no gloating over the discomfiture of the West, and his appeal to Britain and France to "understand us correctly" carries a hint of Soviet comprehension of the Western attitude. His statement that the Egyptian decree had added to international tension, following immediately after his recital of Soviet efforts to reduce tension, is not far off a reproach. One has the impression that the Soviet Government are somewhat worried about the explosive potentialities of the situation created by the Egyptian Government's action.

2. In emphasizing the Soviet interest in the maintenance of freedom of navigation in the Canal and their confidence that there was no cause for dismay on this score, Khrushchev may have wished to convey a hint to the Egyptians that an unreasonable attitude on this point would not have Soviet support.

Foreign Office please pass to Cairo and Saving to Washington and Paris as my telegrams Nos. 15, 124 and 108 respectively.

[Repeated to Cairo and Saving to Washington and Paris].

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JE/4211/172

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FROM TRIPOLI TO FOREIGN OFFICE

Cypher/OTP

FOREIGN OFFICE AND
WHITEHALL DISTRIBUTION

Mr. Halford
No. 236
August 1, 1956.

E. 2.03 p.m. August 1, 1956.
R. 3.32 p.m. August 1, 1956.

PRIORITY
CONFIDENTIAL

Addressed to Foreign Office telegram No. 236 of August 1.

Repeated for information to: Benghazi Cairo.

Your telegram No. 245. *at 10:00*

Translation of Libyan Prime Minister's statement is enclosed in my letter to Mr. Watson 1051/56 of July 31, which left Tripoli in bag 35 on July 31. Letter gives my estimate of Libyan reaction to the Suez Canal crisis.

2. The Prime Minister sent for me this morning to tell me he had received a reply to his message to Nasser. Nasser thanked him for his advice, assured him that despite the irritation of the various measures taken by the Western Powers against him he was keeping calm and repeated that he was determined to keep the Canal open. The message went on to say that reports were reaching Nasser that military preparations were being made against him even in Libya and he would be grateful if the Libyan Prime Minister would make public declaration to the effect that bases in Libya would not be used against Egypt.

3. The Libyan Prime Minister went on to say that he had at once sent back a message begging Nasser to put the idea of force out of his head altogether and saying he was not aware of any unusual British military activity in Libya. In these circumstances he felt that it would do more harm than good for him to make any public statement on the subject and he therefor declined to do so.

4. I applauded the Prime Minister's decision to refuse this request and pointed out that the version of his statement which had appeared in the Egyptian press had already caused some concern in London. The Prime Minister protested that, compared with the congratulatory messages of the other Arab leaders, he was surely most discreet, but he agreed that nothing more

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CONFIDENTIAL

Tripoli telegram No. 236 to Foreign Office

STANDARD
-2-

be said. I rehearsed the arguments set out in your telegrams Nos. 3419 and 3420 to Washington, emphasizing Her Majesty's Government's wish to achieve a settlement based on international control of the Canal. That being so, and in view of Her Majesty's Government's persistent policy of seeking friendship with Egypt, I found it difficult to believe that Her Majesty's Government would attempt to achieve a settlement by military force. Britain was not alone in this and she was sensitive to world opinion in such matters. As regards British forces in Libya, I thought the activity was even below normal in view of the hot weather.

5. I have no (repeat no) reason to believe that this exchange between Nasser and the Prime Minister has not (repeat not) taken place and I hope something of what I have said to the Prime Minister will be relayed to Nasser. The Prime Minister has obviously been put on notice that there will be trouble if our facilities in Libya are allowed to be used against Egypt. If, on the other hand, there has been no such exchange with Nasser, then the Prime Minister is putting us on notice that our bases must not be used against Egypt. There is a widespread fear in Tripoli that we may take some such action, because the natural Arab reaction is that we are bound to retaliate against Nasser with Military force. The Prime Minister is in a difficult position, but seems confident that he can steer a middle course. He has issued stringent instructions against popular demonstrations in favour of Egypt and does not contemplate altering his plans to leave for Turkey with the King on August 4.

Foreign Office pass to Cairo as my telegram No. 13.

[Repeated to Cairo].

TTTT



1. Sir H. Caccia *HC*
2. Mr. Ross *HR*
3. African Dept *AD 347*

Baker *J*
 10 Downing Street
 Whitehall

TOP SECRET

S. S. L. has a copy
30/7/56

29th July, 1956.

E 14211/173

Dear Mr,

... I enclose a copy of a letter from the American Charge d'Affaires with a reply to the Prime Minister's message to the President. The Prime Minister had this at the meeting yesterday morning and there is no doubt that the Foreign Secretary knows its contents. You will, however, wish to have a copy.

Yours sincerely,
Neil Cairns

J.A.N. Craham, Esq.,
 Foreign Office.

20/10/56
 3:45 PM
 T 338/56 J
 July 28, 1956.

My dear Prime Minister,

I have just received through the Department of State at Washington the following message for you from the President:

"Your cable just received. To meet immediate situation we are sending Robert Murphy to London to arrive there Sunday or very early Monday. In view of Foster's long trip, I doubt that he will be able to join in these talks, particularly since he could scarcely reach there Sunday in any event.

"I shall not take time in this cable to outline for you the trend of our own thinking. While we agree with much that you have to say, we rather think there are one or two additional thoughts that you and we might profitably consider. Murphy will be prepared to talk these over with Evelyn Lloyd.

We are of the earnest opinion that the maximum number of Russian nations affected by the Russian action, should be consulted quickly in the hope of obtaining on a real basis of understanding.

Sincerely yours,

Andrew B. Foster
 Charge d'Affaires ad Interim

The Rt. Hon. Sir Anthony Eden, B.C., G.C., M.C.,
 the Prime Minister,
 10 Downing Street.

ABF:DCP G. Mac RT

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E. H. R. 11/175

J

CONFIDENTIAL

INDEX

Soviet Union and the Canal

Mr. Karol Thaler (U.P.), one of the friendliest and most competent American correspondents, told me last night that he had that morning been approached by "one of the Soviet Counsellors" who had insisted on seeing him immediately. The previous time this had happened was when this Counsellor told Mr. Thaler, when the U.S. decision not to finance the dam was announced, that the Russians would not make any counter offer. Mr. Thaler regards him as used to convey the official Russian view.

The Counsellor's statements to Mr. Thaler boil down to the following:-

1. Russia, although sympathetic to Egypt, was still not going to finance the dam.
2. In the event of hostilities between the West and Nasser, Russia would not be found on "that black man's" side.
3. Russia was strongly in favour of a United Nations' solution of the canal dispute.

I thanked Mr. Thaler for this information which I said I would pass on.

G. P. Young

G. P. Young
July 31, 1956

Mr. Ross

Copies to: Sir Harold Caccia
Private Secretary
Mr. Hohler
African Department

Thank you.

Admk
31/7

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FROM THE HAGUE TO FOREIGN OFFICE

Cypher/OTP

FOREIGN OFFICE AND WHITEHALL
DISTRIBUTION

Sir P. Mason

No.154
August 6, 1956

D. 6. 6 p.m. August 6, 1956

R. 7.45 p.m. August 6, 1956

IMMEDIATE
CONFIDENTIAL

My telegram No.151 : Suez Canal.

The Minister without portfolio summoned me this afternoon after the ministerial meeting, to say that the Netherlands Government accept the invitation to the conference on August 16. He said that he himself would probably represent his Government.

2. The Minister without portfolio said that their only fear was that the conference might fail to produce results. I therefore thought it advisable to say that it was the clear intention of the three sponsoring Powers that it should. We did not intend a long drawn-out conference to discuss details. What we planned, and the three of us intended to see this through even if there were some dissenting voices, was that at it the principle of international control should be established. Nor should we in any way weaken in giving effect to this principle. The Minister without portfolio said that he was very glad to hear this and that we might be assured of the fullest backing of the Netherlands in this line.

3. I have today seen both my French and United States colleagues. My French colleague had not received the instructions forecast in your telegrams 286 to Copenhagen and 778 to Rome before I visited the Minister without portfolio, but, by agreement, I told the Minister without portfolio that he would be hearing from the French Ambassador on the subject and that he might take it that this plan had our fullest support. My American colleague is seeing the Minister without portfolio tomorrow and has undertaken, at my request, to impress on the Minister the full solidarity of the United States Government in determination to establish at the conference the principle of international control. I thought this desirable

/since

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CONFIDENTIAL

The Hague telegram No.154 to Foreign Office

-2-

since the Minister without portfolio continually harps on the normal American habit of drawing back at the last minute.

4. See by immediately following telegram.

ADVANCE COPIES

Private Secretary
Sir I. Kirkpatrick
Mr. Ross
Head of African Department
Resident Clerk

LLL

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FROM THE HAGUE TO FOREIGN OFFICE

Cypher/OTP

FOREIGN OFFICE AND
WHITEHALL DISTRIBUTION

Sir. P. Mason
No. 155
August 6, 1956

D. 6.49 p.m. August 6, 1956
R. 8.29 p.m. August 6, 1956

IMMEDIATE
CONFIDENTIAL

My immediately preceding telegram and my telegram No. 152: Suez Canal.

As regards the economic measures, the Minister without Portfolio informed me of his Government's intentions as follows:

(a) The Netherlands Government will refuse, until further notice, any provision of arms or ammunitions to Egypt (this request was not covered in your telegrams Nos. 836 to Bonn and 241 to Oslo, but was apparently put to The Netherlands Government in a parallel approach from the French Government). This would be done by administrative measures and there would be no (repeat no) public statement.

(b) They will not (repeat not) give facilities for credit financing or credits. The Minister indicated, however, that there might be one or two special cases, arising under paragraph 2 (a) of your telegram No. 836 to Bonn of August 2, where the Netherlands Government might feel compelled to relax this.

(c) They will make enquiries as to what, if any, assets of the Universal Suez Canal Company are held in this country. The Minister said, after discussion with the Minister of Finance, that he was certain that Bank of Netherlands would take steps to hold tight to any such assets. I said that I supposed that the bank would be in consultation with the Netherlands Government and that the latter's advice would be against letting any of them go. He said yes.

2. The Minister explained that they could not go so far as to freeze all Egyptian assets in this country because this would be contrary to their bilateral monetary agreement with Egypt (please see my telegram No. 152). He said, moreover, that they had not been able to go so far as this with the Indonesian Government when the latter were defaulting on their payments

/and

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CONFIDENTIAL

The Hague telegram No. 155 to Foreign Office

-2-

and abrogating the state of union with the Netherlands, and that they could not go further with Egypt than they had with Indonesia.

3. In all the circumstances, I think that this is as satisfactory a result as we can hope for, though obviously all these measures will be taken administratively and I imagine that no public statement will be made about them. I therefore think that we should get no more by further pressure and that we should rest content with this.

4. I explained fully the reasons why we ourselves were taking the steps we have taken and the Minister showed himself in full sympathy with them.

ADVANCE COPIES:

Private Secretary
Sir. I. Kirkpatrick
Mr. Ross
Head of African Department

VVV

Minutes.

EXTRACT FROM LE MONDE OF JULY 31, 1956

LA DECLARATION DU PRÉSIDENT DU CONSEIL

Dans l'allocution prononcée au déjeuner de l'Association des Journalistes parlementaires M. Guy Mollet a évoqué en ces termes l'affaire égyptienne :

« Ma position sur les viedes des dirigeants égyptiens est connue. Les événements de ces derniers jours en ont confirmé brutalement la justesse. Qu'a déclaré le colonel Nasser dans son discours à sensation ? « Nous poursuivrons nos efforts pour unifier le monde arabe, de l'océan Atlantique au golfe Persique. C'est la confirmation éclatante, donnée dans une circonstance dramatique, des thèses développées dans sa brochure « la Philosophie de la révolution ».

« Tous les peuples du continent africain, dit-il d'abord, feront converger leurs regards vers nous, gardiens de l'issue septentrionale de ce continent et son trait d'union avec le monde extérieur. Il nous est impossible... de nous dérober à la tâche de répandre notre civilisation (égyptienne) jusqu'au centre de la forêt vierge. »

« Au delà de l'Afrique, dont le sort est ainsi réglé, il précise plus clairement encore ses intentions : « Lorsque j'imagine qu'il y a 80 millions de musulmans en Indonésie, 50 millions en Chine, 100 millions au Pakistan, plus de 100 millions au Moyen-Orient, 40 millions en U.R.S.S., et d'autres millions dans les contrées lointaines ; lorsque j'imagine ces centaines de millions d'hommes unis par une même croyance, ma certitude en une solidarité unissant tous ces musulmans grandit encore davantage. Cette solidarité serait sans aucun doute l'échafaudage gigantesque de notre puissance. » Il y a donc un rôle important dans cette région, « qui attend son héros ». « C'est nous, Égyptiens,

et nous seuls, conclut le colonel Nasser, qui sommes appelés à le tenir, parce que nous sommes unis et disciplinés. »

L'ouvrage que je cite s'appelle « la Philosophie de la révolution ». Ne croyez-vous pas que « Mein Kampf » serait un titre plus approprié ?

Tel est l'apprenti dictateur qui s'adresse en termes insultants aux pays démocratiques de l'O.T.A.N., parce que la France bénéficie de leur compréhension et de leur soutien dans l'œuvre de liberté et de paix qu'elle poursuit en Algérie.

Nous sommes irrésistiblement ramenés à vingt ans en arrière. A une politique qui aterné le chantage et la violation grossière des accords conclus, les nations libres opposeront un front sans fissure. A la violence elles opposeront la détermination impassible de ceux qui sont vraiment forts.

Aujourd'hui, plus que jamais, l'adoption, dans tous les domaines, d'une politique commune des puissances occidentales au Proche et au Moyen-Orient est le meilleur moyen de maintenir la sécurité dans cette région et de garantir l'équilibre de toute la zone de la Méditerranée.

Le gouvernement a déclaré samedi qu'il se concertait avec ses alliés britannique et américain pour arrêter les mesures communes à prendre en réponse au coup de force du colonel Nasser sur le canal de Suez. Depuis hier le ministre des affaires étrangères, mon ami Christian Pineau, en délibère à Londres avec les représentants de la Grande-Bretagne et des États-Unis. Le gouvernement français est décidé à une riposte énergique et sévère, qui devra prendre la forme d'une action conjointe des alliés occidentaux, garants du droit et de la justice. »

NOTHING TO BE WRITTEN IN THIS MARGIN.

Minutes.

EXTRACT FROM LE MONDE OF AUGUST 1 1956

Un communiqué de l'ambassade d'Egypte à Paris

Nous avons reçu de l'ambassade d'Egypte le communiqué suivant, daté du 29 juillet 1956 :

« La nationalisation de la Compagnie du canal maritime de Suez a soulevé dans la presse des commentaires passionnés qui, dans un grand nombre de cas, ne tiennent pas compte de la portée exacte de la décision du gouvernement égyptien et en déforment radicalement le caractère.

« C'est ainsi que certains journaux se sont référés au principe de la liberté de la navigation dans le canal de Suez, qui est garanti par la convention de Constantinople de 1888, et ont prétendu que la nationalisation de la Compagnie constituerait une violation de ce principe et des textes conventionnels qui l'ont consacré.

« L'ambassade de la République d'Egypte à Paris désire, dans ces conditions, rappeler ce qui suit :

« La Compagnie du canal maritime de Suez, entreprise commerciale égyptienne, exploitait, en vertu d'un acte de concession, le canal de Suez, partie intégrante du territoire égyptien, en percevant des droits de passage. Entreprise privée, dépourvue de toute autorité étatique, elle ne pouvait en aucune sorte assurer la liberté de transit du canal. C'est l'Egypte qui, en sa qualité de puissance territoriale, a toujours assuré cette liberté.

« La concession octroyée à la Compagnie venait d'ailleurs à expiration en 1968. Il y était prévu que l'Etat égyptien assurerait à cette date l'exploitation financière et commerciale du canal. En procédant à la nationalisation de la Compagnie le gouvernement n'a fait qu'anticiper sur la date du transfert de l'exploitation.

« Il l'a fait pour des motifs qu'il convient de rappeler parce qu'un grand nombre de journaux paraissent les ignorer dans leurs commentaires récents. Il s'agissait pour le gouvernement égyptien d'assurer à un peuple de vingt-quatre millions d'habitants qui ne cesse de s'accroître son droit légitime à l'existence.

« L'indemnisation de quelques milliers d'actionnaires a été prévue. En effet le droit des porteurs des différents titres a été pleinement garanti par le gouvernement égyptien. Tout porteur de titre sera indemnisé et percevra la valeur du titre d'après la cote de la Bourse de Paris à la date du 28 juillet 1956.

« L'attitude de l'ancienne société du canal de Suez, encouragée par les milieux gouvernementaux, ne peut que léser l'intérêt des actionnaires en retardant le règlement de leurs titres. Dans

l'intérêt propre des porteurs de titres, et afin de décourager des manœuvres boursières, il serait souhaitable de ne pas chercher à nuire au bon fonctionnement de la société égyptienne récemment nationalisée.

« Quant aux rumeurs concernant l'augmentation des droits de transit, l'ambassade d'Egypte déclare qu'il n'en a jamais été question, une déclaration officielle du gouvernement égyptien a démenti formellement cette hypothèse. Du reste une telle augmentation du taux de transit ne peut qu'être préjudiciable au volume des passages et porterait ainsi atteinte au but même de la nationalisation.

« La sécurité et la liberté de passage sont des facteurs essentiels pour un rendement optimum de la société nationalisée. Les intérêts des particuliers et les intérêts du gouvernement égyptien sont donc similaires, et il est inadmissible de prétendre que le gouvernement prendrait des mesures qui iraient à l'encontre de ses intérêts vitaux.

« Il est dans ces conditions illogique d'établir le moindre rapprochement entre la nationalisation d'une société privée, acte auquel tout gouvernement peut pour des motifs d'intérêt public légitimement recourir, et qui a de nombreux précédents tant en France qu'ailleurs, et la liberté de passage dans le canal, liberté que seul un Etat peut assurer et que l'Egypte a garantie dans le passé et continuera à garantir dans l'avenir en sa qualité de puissance territoriale. »

Ce communiqué nous paraît appeler, entre autres, les observations suivantes :

1° Il est permis de douter que le retrait d'une concession par une décision arbitraire du gouvernement égyptien, même assortie d'injures à l'égard des puissances occidentales ou de leurs représentants, puisse « assurer à un peuple de vingt-quatre millions d'habitants qui ne cesse de s'accroître son droit légitime à l'existence » :

2° Si une concession solennellement octroyée et confirmée peut perdre toute valeur du jour au lendemain par la seule décision du dictateur local, que peut valoir la promesse de ce même dictateur d'indemniser les porteurs de titres, de maintenir les tarifs, de garantir la liberté du trafic, etc. ?

3° Il est notoire qu'en fait l'Egypte s'oppose depuis huit ans à la circulation sur le canal de Suez, contrairement au droit en vigueur, puisqu'elle en a interdit l'accès aux navires israéliens depuis la création de l'Etat d'Israël et a maintenu cette interdiction malgré une décision du Conseil de sécurité de 1951.

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NATIONALISATION OF THE SUEZ CANAL
TRIP-LITE TALKS BETWEEN THE FRENCH, UNITED KINGDOM,
AND UNITED STATES DELEGATIONS

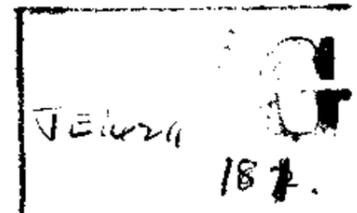
Record of the 4th meeting held in the Council Chamber, Foreign Office, on Monday, July 30th, 1956, at 6.00 p.m.

Delegations were headed by:

<u>France</u>	<u>United Kingdom</u>	<u>United States</u>
Monsieur Fincou	Mr. Selwyn Lloyd	Mr. Robert Murphy

Foreign Office, S.W.1.

August 1, 1956



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RECORD OF A MEETING HELD IN THE COUNCIL CHAMBER,
FOREIGN OFFICE, AT 6 P.M. ON JULY 30, 1956

A draft communiqué was circulated to the conference. (Annex A) Mr. Murphy said that he was not in a position to accept the language of this communiqué and wondered if it was essential to produce it at this stage. Monsieur Pineau mentioned that he wished to discuss it with his Government on the following day. After discussion it was agreed to go through the communiqué paragraph by paragraph.

A redraft of the communiqué (Annex B) was agreed after discussion, in which the following points were made.

Mr. Murphy did not wish to stress that the Egyptian Government's action was solely a measure of retaliation for the United States withdrawal from the Aswan Dam. He considered that the Egyptian Government's action had been under consideration for some time and was not simple retaliation.

Monsieur Pineau said that his Government attached considerable importance to this point, and would wish to emphasise this aspect of the Egyptian action.

A compromise was reached by relating the retaliation to a statement made by the Egyptian Government.

Mr. Murphy said that the action of the Egyptian Government in compelling foreign employees of the Canal Company to continue work under threat of imprisonment could not be said to demonstrate that the Egyptian Government were incapable of running the Canal. The phrase in question was consequently eliminated from the communiqué. Nor could Mr. Murphy accept the statement that the Egyptians by avowing their intention to finance a national undertaking from Canal revenues were showing a disregard for the international purposes for which the Canal was constructed. This sentence was therefore also deleted.

It was also agreed that there should be no reference to dues in the communiqué.

As to paragraph 4 it was decided that there must be some reference to association with the United Nations, although the nature of this association need not be specified. This was particularly important from the point of view of United States opinion.

The general question of the United Nations aspect of the problem was then considered.

Sir Gerald Fitzmaurice said that the Working Party had considered the possibilities both of Egypt going to the United Nations, or the Maritime Powers themselves doing this. The Working Party had considered that Egypt was not likely in present circumstances to refer to the United Nations, except possibly to forestall a move towards the internationalisation of the Canal. The Foreign Secretary asked whether, if we were to stop leave, start troop movements in Cyprus, and send orders to thin out British women and children in Egypt, the Egyptian Government could refer to the Security Council. Sir Gerald Fitzmaurice said that the Egyptian Government might say that there was a threat to peace and security and there would be no way to prevent them referring to the Security Council under these circumstances.

/M. Pineau

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Monsieur Pineau said that any measures taken could be justified by the situation in Egypt. The point was then made in discussion that the outcome of the debate in the Security Council would to some extent depend on whether the question were judged to be a "dispute" or a "situation". If it were judged to be a "dispute" the parties subject to it would have no vote. Sir Gerald Fitzmaurice thought it would be possible to persuade the Security Council that it was dealing with a "situation". The Foreign Secretary said that it would be easier to maintain that it was a "situation" before a note had been sent to the Egyptians, rather than subsequent to the despatch of such a note.

The Foreign Secretary said that a provisional timetable for future action had been agreed with the Prime Minister. This envisaged an international conference of maritime powers from the 7th to the 9th August. There would then be a two day interval, in which friendly powers, such as the members of the Bagdad Pact could be informed of the views expressed by the conference and their support enlisted. A note to Egypt would be sent about August 12. Although a second conference was not excluded, we were not enthusiastic for it, and we should not commit ourselves to such a conference. Mr. Murphy said that his instructions from Washington were that Article 8 of the 1888 Convention should form the basis of a conference and he had understood at the last meeting that there would be a second conference. Monsieur Pineau said that it was essential to prepare a draft plan of action. The Foreign Secretary pointed out the danger of going from conference to conference, while Nasser continued to collect dues wrongfully and consolidated his position. Mr. Murphy said that although the United States were not signatories to the 1888 Convention they nevertheless regarded this as their legal basis for using the Canal.

There was some discussion of the basis on which countries should be invited to participate in the forthcoming conference. Sir Gerald Fitzmaurice said that the application of the 1888 Convention was not limited to its signatories. Her Majesty's Government maintained that the Convention simply indicated the rights of maritime powers with regard to the Canal and had become a part of general international law. We ought to start on the principle that the first countries to invite to a conference were the principle maritime powers. Sir Harold Caccia said that a good basis was the International Chamber of Shipping, to which these powers belonged. Mr. Murphy did not like the idea of taking the International Chamber of Shipping as a basis for invitations. This would exclude the USSR and Egypt. Monsieur Pineau said that he did not exclude the possibility of asking the opinion of signatories of the 1888 Convention, after the conference had met. The Foreign Secretary saw advantage in the host country, the United Kingdom, taking the responsibility and issuing invitations to 15 countries, who would in fact be the members of the International Chamber of Shipping.

/Mr. Murphy

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Mr. Murphy asked what there would be to prevent it being said that we should have had recourse to the United Nations. He thought the United States would attend the proposed conference, but we would be subject to attack and criticism, particularly for omitting a major world power like the U.S.S.R. The Foreign Secretary said that, as a basis for the conference, we were taking the point of view of the users of the canal, that was the shippers of the world. We accepted the United States contention that the problem should not be tackled as a tripartite one but that the base should be broadened. We were doing this by inviting the users. Mr. Murphy said that he regretted the absence of Pakistan. The Foreign Secretary said that he had seen the Prime Minister of Iraq and the representatives of the Bagdad Powers that afternoon. He had pointed out the reasons for the conference and said that he hoped our friends would be associated with its conclusions. It would be better if they were to do this unilaterally, rather than as members of the Bagdad Pact. The Pakistan High Commissioner had emphasised the importance of associating India with the conclusions of the conference. Mr. Murphy asked how the absence of the U.S.S.R. could be explained, not that he wished them to participate. Sir Harold Caccia said that this could be explained on a user basis. The Foreign Secretary recollected an argument he had had with the United States at the time of the Korean crisis. At that time the United States Government wished to keep the Korean Conference limited so that it should be as reliable as possible. It was now the aim of Her Majesty's Government to make the conference of Maritime Powers as reliable as possible. He stressed that the powers principally concerned were those with major shipping interests. *It was Mr. Murphy who finally agreed that the United Kingdom should issue invitations to the conference, which would be held in London, he would have no objection.*

Such a
Payment of Dues

Mr. Proctor said that the Minister of Transport had met ship owners that afternoon. No decision had been taken as to what advice they should be given, and the Minister had said that he would inform them of this later, after he had consulted his colleagues.

The present situation in the Canal was that ships were passing through normally. Ships concerned had already paid their dues to the Suez Canal Company, and the Egyptians were accepting this. Some time in the afternoon of July 31 the first British ship which had not paid its dues would reach the Canal. This situation was unlikely to arise for a French ship until August 2, but matters were likely to come to a head within the next few days.

The ship owners had come to the conclusion that it would not be desirable for British ships to boycott the Canal unless other leading countries were to do the same. The Foreign Secretary expressed concern that United States ship owners might already be accepting the new Egyptian Suez Canal authority and making payments to it. If this were the case it represented a most unfortunate schism between United Kingdom and United States policy.

Mr. Murphy said

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TOP SECRET

Mr. Murphy said that United States ship owners had been in the habit of making payments in Egypt. He was unable to say whether the ship owners would be able to reserve their position when making payments in the future. Sir Harold Caccia said that the German Ambassador had called that afternoon and had pointed out the legal difficulty which would arise if German shippers were to pay their dues to the new Canal authority instead of to the Suez Canal Company. The Foreign Secretary said that it was most important that the International Chamber of Shipping, which was meeting in London on August 1, would work out a common policy for ship owners. Monsieur Pineau summed up the position as follows. A ship would arrive at Suez and refuse to pay to the Egyptian authority. The agent would then probably be informed that, if he did not pay, his ship could not pass through the Canal. The next stage would be to pay, but without prejudice, and to make a protest. It then remained to be seen whether the Egyptian authorities would allow the ship to pass.

In reply to a question from the Foreign Secretary, Mr. Proctor pointed out that it would not be possible to have a queue of ships at the end of the Canal, because of lack of berthing space. The Foreign Secretary asked Monsieur Pineau and Mr. Murphy for their views on the question of a re-routing, which had been raised by the Prime Minister at lunch. Mr. Murphy said that he doubted if the United States Government would agree to do this. He thought the situation could be covered by a decision of Governments to say that payments were made under duress. Monsieur Pineau said that while it might be desirable to keep Canal traffic as low as possible at the present, there were a number of ships which, for economic reasons, it would be better not to divert. Mr. Murphy said that re-routing would be very expensive. The Foreign Secretary stressed the great importance he attached to a common declaration on the principle that any payments by ship owners were made without prejudice. Tripartite solidarity on this point was vital. Monsieur Pineau said that the Suez Canal Company had instructed its employees to ask for repatriation. If consulted on this question, the French Government would say that it was best, in the circumstances that French nationals should return home. In view of the difficulty of getting such a message to all members of the Company, the French Government were going to arrange for it to be broadcast. Sir Gerald Fitzmaurice pointed out that if the employees of the Company left Egypt it would no longer be possible to claim that the Egyptians needed these employees to run the Canal. They would then have to use their own personnel.

Mr. Murphy said that the Egyptians would then be able to claim that the free passage of the Canal was being obstructed, as a result of the withdrawal of the Canal Company's employees.

After discussion it was agreed that guidance issued to the press should be non-committal.

The conference then adjourned and the next meeting was fixed for 3.15 p.m. July 31.

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ANNEX A

Draft Communiqué

- (I) The Governments of France, the United Kingdom and the United States regard the Suez Canal as an international waterway of vital importance and an essential factor in the whole world economy and consider that it should continue to be operated in accordance with the principles laid down in the Convention of October 29, 1888.
- (II) The three Governments note with grave concern that the Egyptian Government as a measure of retaliation, have, by their action on July 26, 1956, arbitrarily and unilaterally purported to abolish a régime which afforded all the guarantees necessary to ensure the respect of these principles. The fact that the Egyptian Government have been obliged to have recourse to what amounts to a denial of fundamental human rights by compelling foreign employees of the Suez Canal Company to continue work under threat of imprisonment, demonstrates that the Egyptian Government are incapable of ensuring the proper functioning of the Canal. Moreover, the Egyptian Government's statement that the object of their action is to assist in financing an Egyptian national undertaking of colossal proportions shows a complete disregard for the international purposes for which the Canal was constructed and for the relevant provisions of the Convention of 1888.
- (III) In order that all countries concerned may have confidence that the principles enshrined in the Convention of 1888 will be respected, it is necessary to establish operating arrangements under international control, guaranteeing free navigation, reasonable dues and continuity of efficient administration.
- (IV) Such arrangements should preferably be established under the auspices of the United Nations.
- (V) It does without saying that the legitimate interests of Egypt, including a fair financial return from the operation of the Canal, should be fully respected.

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ANNEX B

First Redraft of Communiqué

- (I) The Governments of France, the United Kingdom and the United States regard the Suez Canal as an international waterway of vital importance which is an essential factor in the whole world economy, and consider that it should continue to be operated in accordance with the principles laid down in the Convention of October 29, 1888.
- (II) The three Governments note with grave concern that the Egyptian Government in proclaiming that they were acting in a spirit of retaliation, have given a political character to their action of July 26, 1956, and have, by that action, arbitrarily and unilaterally, purported to abolish a system which afforded all the guarantees necessary to ensure the respect of the principles. They deplore the fact that the Egyptian Government have had recourse to what amounts to a denial of fundamental human rights by compelling foreign employees of the Suez Canal Company to continue work under threat of imprisonment.
- (III) In order that all countries concerned may have confidence that the principles embodied in the Convention of 1888 will be respected, it is necessary to establish operating arrangements under international control, guaranteeing free navigation and open use of the Suez Canal and continuity of efficient administration.
- (IV) Such arrangements should preferably be associated with the United Nations.
- (V) The legitimate interests of Egypt would be fully respected.

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BY BAG

JFK 21/186

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Sir R. Makins

FROM WASHINGTON TO FOREIGN OFFICE

No. 553 Saving
of July 31, 1956.

D. 11.00 a.m. August 1, 1956.

UNCLASSIFIED

Addressed to Foreign Office telegram No. 553 Saving of July 31, Repeated for information Saving to: Tel Aviv No. 59 Cairo No. 93 P.O.M.E.F. No. 104 Paris No. 271 UKDEL New York No. 210

My telegram No. 551 Saving of July 30. SUEZ CANAL: AMERICAN PRESS AND RADIO COMMENT.

JFK 21/76

The Prime Minister's speech of July 30 in the House of Commons and reports about the three-power discussions in London were given wide publicity in this morning's newspapers. Editorial comment is increasing; the mounting volume has already surpassed comment on any other foreign topic in many months.

2. It has been widely reported that "the main official concern in Washington at the moment is that Egypt might use control of the Suez as an economic weapon and that Egypt's seizure of the canal might prompt other Arab nations to seize and nationalise the oil resources of the Middle East which are being developed with Western help. This morning the United States Government was reported "authoritatively to be sympathetic to the idea of a broad new international agreement which would protect the legitimate interests of Great Britain, France and Egypt in the Suez Canal and at the same time guarantee a free flow of world commerce through the waterway" (New York Herald Tribune). The Tribune went on to report that the United States government's "official position in the Suez dispute was outlined in these terms:

(i) President Nasser has the sovereign right to nationalise the Suez Canal Company

/(ii) But the

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(ii) But the canal itself is a free waterway by international treaty and President Nasser has no right to block the flow of traffic through it."

3. Editorial comment continues to fulminate at Colonel Nasser's seizure of the Suez Canal Company; "violent and unexpected reprisal" (Reno Gazette); "an act of pure plunder, a flagrant defiance of international law and order" (Oakland Tribune), etc. At the same time a number of papers, mostly Democratic, but including the usually pro-administration Scripps-Howard press, have been critical of past Western policies: "Nasser's latest challenge is a dramatic climax to four years of steadily deteriorating relations between Egypt and the West. Nowhere else have American and Western policies failed so consistently"; "the Pyramids had just about to fall on Dulles' head before there was an end to the appeasement notion that Nasser was a pretty good fellow" (Sacramento Bee), and "Nasser's audacious plan is a direct result of America's negative policy toward Egypt" (Minneapolis Tribune, Cowles chain).

4. The general view has been that "France and Britain, as the most interested parties, must stand firm against this act of international brigandage", and that the United States, "and all others who value freedom and harmony in the world, must stand with them, cautiously, but firmly" (Cincinnati Times Star). Though a few of the more isolationist papers maintain that they want no part of the quarrel (the United States "has no business rushing headlong into this controversy to defend British or French rights in the canal company"), a more typical view was that "the United States is in this Suez crisis up to its diplomatic ears" (Bancroft, C.B.S.); "for a situation that is comparable, those Americans who do not yet realize our heavy dependency upon Middle Eastern oil should think about the Suez crisis in the same terms as a crisis involving the Panama Canal" (Boston Post).

5. Colonel Nasser's "promise to keep the waterway open" has been regarded with the greatest of suspicion; "this is something like having a highway robber, after stealing your car, permit you to ride in it for a price, just so you don't call the cops what possible assurance is there that Nasser and his underlings can run the canal properly?" (Philadelphia Inquirer). Few believe his remarks about the feasibility of financing the Aswan Dam from canal tolls; "far from having a high dam at Aswan and a great revenue-producing canal, he may end up, in his present course, with a languishing waterway and no dam at all" (Baltimore Sun). Many are asking "where will he act next?". "He might turn on Israel. And then the whole Middle East might be on fire It is about time the free nations of the West got together to stop this unfolding tragedy" (Canham, Editor, Christian Science Monitor, and ABC commentator). Her Majesty's Government's actions (since July 28) have been accepted as the right and justifiable things to do by the majority of papers and commentators, though some believed that "whatever the outcome of the British retaliatory measures, the Soviet stands to gain" (Philadelphia Bulletin).

6. It has now become widely agreed amongst the responsible press that "a constructive diplomatic solution of the Suez problem would begin with the recognition that who owns the canal is not so important as keeping it open on equal terms to the peaceful traffic of all nations" (St. Louis Post-Dispatch); "the first requirement of a realistic approach is for the West to keep the issue straight It is the possibility of capricious closing of the canal, rather than the status of British investment, that

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is the real threat to Britain and Western strategic interests (and here Nasser's record in respect of the blockade against Israeli shipping is not encouraging)" (Washington Post). Some papers have observed that "it would be difficult to make much of a case before world opinion against the expropriation of a company that was due to go to Egypt in twelve years anyhow". Of the few papers to comment about the three-power talks in London, the Richmond Times-Dispatch thought that any proposal to give the Soviet Union a seat on an international control board would be "a dangerous step" and deserving of "a lot of sceptical consideration". Several radio commentators, also, were sceptical; "this reverts to big power politics with no assurance that the Soviet Government will play the game by our rules" (Howe, ABC). Otherwise, many papers, even the usually anti-United Nations Hearst press, have suggested that "the crisis over the Suez is a matter for the United Nations" (Kansas City Star); "the United Nations must act not to arbitrate a dispute but to rescue Egypt herself from the folly of her dictator" (New York Times).

7. A number of leading and widely-read syndicated columnists have now commented. Lippmann, who was convinced that Colonel Nasser "has for some time had it in his mind that he might seize the Suez Canal", thought that "the Western nations will have to assume that the Suez Canal is not the only trump which Nasser has up his sleeve. In all probability the plan for the seizure of the canal is only one in a series of plans prepared by Nasser and the revolutionary leaders of the Arab world. All of them, we must suppose, are aimed at the liquidation of Western power and influence in North Africa and the Middle East." Lippmann concluded by saying that the "object of sanctions should not be the recovery of the Western position in the Suez Canal Company, but an international regime for the canal, preferably under the aegis of the United Nations". The Alsop brothers, in a very gloomy article in which they maintained that "if Egypt successfully defies Great Britain then it is no exaggeration to say that Britain is through, once and for all, as a great power", speculated that "the British probably will not use force without American backing. This is an election year. Thus the betting is about ten to one on a policy of waffling, and the grumbling acceptance of another major setback for the weakening West". Lawrence (who keeps in line with right-wing Republican thought) believed that "it's a military as well as a political crisis that the world faces..... It's a military move which Nasser has made - instigated by the Soviet dictators For Nasser's seizure of the canal isn't an isolated episode. It is part of the 'cold war'".

8. The Associated Press reported this morning that Senator Mansfield (Democrat, Montana, and member of the Senate Foreign Relations Committee) had "called for a United States protest against Egypt's seizure of the Suez Canal to the World Court and to the United Nations General Assembly". And Representative Richards (Democratic Chairman of the House Foreign Affairs Committee) is reported to have said that "there is no doubt as to Nasser's right to nationalise the canal, subject to treaty obligations. But any effort on his part to impede traffic or trade could bring very serious repercussions".