

S. L. E. C. O. R. E.

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FROM DAMASCUS TO FOREIGN OFFICE

En Clair

FOREIGN OFFICE AND
WHITEHALL DISTRIBUTION

JE 14211/766

Sir J. Gardener
No: 464
August 14, 1956.

D: 6.10 p.m. August 14, 1956.
R: 7.48 p.m. August 14, 1956.

Addressed to Foreign Office telegram No: 464 of August 14

Repeated for information to: Bagdad. P.O.M.E.F..
and Saving to: Amman. Beirut.
Cairo.

All Damascus Press reports today as follows.

"Muhammed Ayah assured the British Ambassador, in connexion with Akram Haurani's statement, that the Arabs would cut the pipelines in event of aggression against Egypt, that the Government has no knowledge of this statement and that it is the duty of the Government to safeguard security, lives, and property in the country, but in the event of aggression against Egypt the Arab peoples would hasten to support her and then the situation would develop dangerously and no one can foretell the consequences. The Syrian Government will undoubtedly agree with the people in fighting imperialism with the various means which she possesses".

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JE 14211/760

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NASSER'S SUNDAY BROADCAST

Nasser is to speak tomorrow giving his reply to our invitation to the Suez Canal Conference.

JE 2021/580

2. In Beirut telegram No. 685, attached, we have from President Chamoun an indication of what Nasser is likely to say. I submit below some possible lines in reply to the points mentioned by President Chamoun. The Secretary of State may like to see these in advance. Arrangements have been made to telephone to him when the content of Nasser's speech is known, so as to agree on guidance to the press, the B.B.C. etc.

(1) Egypt can never accept an international system to operate the Canal.

What right has Nasser to tear up the existing international system, with which he himself signed an agreement only last May?

(2) Freedom of transit will be guaranteed.

Neither we nor anyone else can trust Nasser's guarantees.

(3) The Canal will be maintained at highest efficiency.

On November 17, 1954 Nasser himself declared "We must prepare for the day on which the concession expires by.... preparing to face the delicate problems raised by the administration of such an establishment". Egypt is still far from being able to run the Canal efficiently alone.

(4) Improvement of the Canal will constitute a first charge on its revenue.

How many charges are there going to be? The whole net revenue of the Canal will not be sufficient to pay for adequate enlargement. But Nasser has promised both to compensate the present owners and to build the Aswan Dam as well. This is nonsense.

/(5) Nasser's

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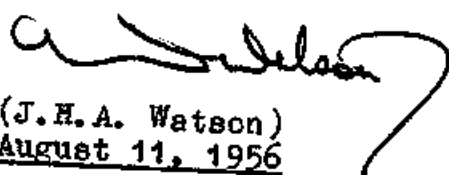
(5) Nasser's refusal to attend the Conference.

The other countries asked have accepted, even though some of them do not agree with our views. Why cannot Egypt come to talk things over?

(6) Extension of Agenda

Nasser has precipitated an international crisis by seizing the Suez Canal. Nothing has happened about the Panama Canal, the Straits of Gibraltar, or the Dardanelles. It is absurd to say that the Suez Canal cannot be discussed without dragging in these unconnected questions.

Agreed with Mr. Ross.
Plc Secretaries


(J.H.A. Watson)
August 11, 1956



STATEMENT ON THE SUEZ CANAL SITUATION

While not condoning the high handed behaviour and provocative language of Col. Nasser, or minimising the vital importance of free passage of shipping through the Suez Canal we are disturbed lest it should be thought that high handed behaviour and provocative action on the part of the British Government commands universal support.

Great Britain, France and the United States have invited 24 Nations to attend a Conference on August 16 next to consider questions concerning the Suez Canal following upon the nationalisation of the Suez Canal Company.

The nationalisation of the Suez Canal Company concerns Egypt alone. The only issue which is of international importance is the continued uninterrupted passage of the Suez Canal in accordance with the 1888 Convention.

It is understood that the inviting Powers will present to the International Conference a plan for the internationalisation of the Canal. No one doubts that if such a plan were agreed and accepted by all the Powers concerned that would be a satisfactory solution. But Great Britain and France have made it clear by action as well as by speech that with or without the consent of all interested Powers they are prepared to put their plan or some modification of it into operation, by force.

Unless recalled Parliament will not be sitting when the Conference meets. There has been no meeting of the Parliamentary Labour Party or the National Executive to consider this matter which may be fraught with the gravest consequences for this country and for the peace of the world.

Without seeking to arrogate to ourselves any right to formulate Party policy we wish to declare quite firmly for ourselves, in the belief that our view would be shared by the overwhelming majority of all sections of the Labour Movement, that:

1. International control of all International waterways including Suez would be an important contribution to world peace.
2. To attempt to carry out such internationalisation of the Suez Canal by force, against the resistance of the Egyptian Government and people, would be an act of aggression under the United Nations Charter.
3. Such action would inflame the Arab nations against us, would have the gravest repercussions in Asia and Africa, and might well be fatal to the peace of the world.
4. In any circumstances to which the Charter of the United Nations applies we are not prepared to support this or any British Government in the use of force not sanctioned by the Security Council in accordance with the Charter.

House of Commons
August 8, 1956.

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COMMONWEALTH REACTIONS TO THE TRIPARTITE STATEMENT
AND THE INVITATION TO THE CONFERENCE.

The following is an interim summary of the reactions of Commonwealth Governments to the Tripartite Statement and to the Conference invitations and of the questions which Commonwealth Governments have asked, either through their diplomatic representatives in London, or through U.K. High Commissioners in Commonwealth capitals.

CANADA

Mr. St. Laurent has sent a nicely worded reply to the Prime Minister's message but he says at the end that if the criteria for attendance at the Conference were to be extended, Canada would naturally expect to have her participation in it reconsidered.

Mr. Pearson has made a useful Statement in the Canadian Parliament in which he expresses the support of the Canadian Government for the principle of international control, preferably, if it turns out to be practicable, under the aegis of the United Nations.

Canada House have, on instructions, delivered a message from the Canadian Government drawing attention to the inconsistency between the decision that Canada would not be invited to the Conference and the terms of the Royal Proclamation published yesterday, one sentence of which read "and whereas the present state of Public Affairs and the extent of the demands on Our Military Forces for the protection of the interests of the Commonwealth and Empire do in Our opinion constitute a case of great emergency." Their point is that no reference should have been made to the Commonwealth as such if Canada was not sufficiently concerned to be included in the Conference. C.R.O. are in touch with the War Office about this and a soothing reply will be ^{prepared} provided for ministerial approval on Tuesday.

AUSTRALIA

Mr. Casey has announced, without reference to his Department,

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that Australia will be represented at the Conference, but that he is not sure who will attend. It is clear that the Australian Government will strongly support the principle of internationalisation.

NEW ZEALAND

Mr. Holland has announced that New Zealand will be represented at the Conference, but does not yet know by whom.

SOUTH AFRICA

The South African Prime Minister agrees that the calling of a conference seems to be the best hope of securing a suitable and lasting solution which would ensure the freedom of the Canal from any form of uni-lateral or discriminatory action. It is hoped that he will issue a public statement on the right lines.

INDIA

No official reply to the invitation has yet been received from the Indian Government, but our High Commissioner has discussed the matter with Mr. Krishna Menon and Sir R. Pillai, who, while emphasising that they were speaking personally, said that the crux of the Conference was whether Egypt would accept the invitation. They asked about the Cairo reaction and about the form of the invitation to Egypt. (The telegram has been repeated to the Ambassador in Cairo, who will, it is hoped, supply information on this point to Delhi.) They hoped that the invitation to Egypt had not laid down any prior conditions which would be not acceptable to her and that it had made clear that the examination of the problem at the Conference would be without prejudice to the stated views of any of the parties about the rights and wrongs of the dispute. They asked for information about the precise terms of reference for the Conference.

See note on India below.

PAKISTAN

The Pakistan Government accept the invitation to the Conference

CEYLON

The Prime Minister of Ceylon accepted the invitation to the Conference as soon as it was conveyed to him. He asked about the expected level of the Conference. (He has since been told that representation will be at Foreign Minister level.)

Subsequently, the Ceylon Prime Minister seems to have been having second thoughts. He has inquired whether the form of the Tripartite Statement and the invitation means that

- (a) those attending the Conference will be committed beforehand to acceptance of the principle of internationalism and that the Conference will merely discuss details for giving effect to it, or
- (b) whether those attending would be free to propose other courses if they thought it proper, e.g. perhaps "nominal Egyptian control subject to effect safeguards for international interests."

The Ceylon Government asked for clarification on these points urgently. (Can the F.O. please provide this?)

Our High Commissioner warns us that ^{Ceylon Prime Minister} ~~he~~ may want to make public any answer we can give him on these points. Mr. Bandaranaike is putting these same points to Mr. Nehru.

A.W. Shelving.

COPIES TO:

Secretary of State,
P.S. to the Prime Minister.
Foreign Office.
Sir Gilbert Laithwaite, G.R.O.
Mr. Anderson, G.R.O.

4th August 1956.

LATERINDIA

The U.K. High Commissioner in Delhi has given his impressions of present Indian thinking which can be summarised as follows:-

- (i) First priority should be to get Egypt to attend the Conference, else it will not produce useful results. If Egypt refuses to attend India may not come.
- (ii) India wants to use her influence with Egypt to attend, and is therefore waiting to avoid taking sides or committing herself to accepting the invitation for a few days.
- (iii) India is believed to be taking action in Cairo to ~~prevent~~ ^{persuade} Egypt to attend, but thinks that the latter may not do so on present basis, though she might in different circumstances.
- (iv) India hopes nothing will be done to provoke Egyptian refusal or to alienate public opinion in India, and other non-aligned parts of Asia. Emphasis in the press on U.K. military measures is arousing criticism.
- (v) India does not espouse principle of nationalisation but is critical of Nasser's method.
- (vi) Nasser will ^{not} withdraw from nationalisation.
- (vii) Free navigation, reasonable dues etc. can best be secured by some international agreement and authority.
- (viii) Problem is therefore to reconcile nationalisation with necessary international ~~agreement~~ ^{arrangements}.
- (ix) These are not yet firm conclusions of Indian Government. Their policy is likely to be one of silence for next few days.
- (x) Indian press and public opinion accepts Nasser's word and may swing against us.

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- (xi) Main need at moment is to avoid creation of a "war psychosis", which would bring Arab world and Asia out against us, revive East-West controversy, and bring Russia in, either on side of Arabs or in role of mediator.

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FROM DAMASCUS TO FOREIGN OFFICE

J.

En Clair JE 14211/778 FOREIGN OFFICE AND WHITEHALL
DISTRIBUTION

Sir J. Gardener
No. 466 D:10.04 a.m. August 15, 1956
August 15, 1956 R:11.39 a.m. August 15, 1956

Addressed to Foreign Office telegram No. 466 of August 15

Repeated for information Saving to:
Amman Beirut
Bagdad Cairo



My telegram No. 59.

Demonstrations in favour of Egypt yesterday evening were well organized and well attended. Estimates of crowd were as high as 250,000, but probably nearer 50,000. Strong guards were posted at Embassies and no incidents reported.

2. According to press Ksalid Al Azm, speaking as representative of the Syrian-Egyptian organization, made the following points:-

- (a) Arab countries are united against aggression;
- (b) nationalization of Suez Canal was Egypt's right;
- (c) freedom of navigation can only be guaranteed by Egypt;
- (d) internationalization of Suez would be violation of national right and United Nations Charter;
- (e) London conference is a violation of United Nations rights;
- (f) in event of military action against Egypt, Syria would consider herself at war with the aggressor and cut oil supplies;
- (g) all Arab countries should adopt these decisions and all Islamic States should support Egypt.

3. In a statement on behalf of the Government, Syrian Minister of Education is reported as saying Arabs wished to be friendly with all, and the Western Powers should not lose this last chance. He referred to Western support of Israel and re-affirmed that aggression against Egypt would be considered an aggression against Syria. He asked his audience to be well disciplined and conduct themselves peaceably.

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Damascus telegram No. 466 to Foreign Office

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4. Earlier the Syrian Mufti called for enlistment in volunteer movement named "popular resistance organization".

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FROM CAIRO TO FOREIGN OFFICE

FOREIGN OFFICE AND
WHITEHALL DISTRIBUTION

En Clair

Sir H. Crevelyan

No. 1565
August 14, 1956.



D.5.48 p.m. August 14, 1956
R.7.32 p.m. August 14, 1956.

Addressed to Foreign Office telegram No. 1565 of August 14.
Repeated for information to Washington
P.O.M.E.F.
and Saving to Paris
My telegram No. 1547. Jansen/688

E 14211/779

Wide extent of Afro-Asian and Communist support for Egyptian position was dominant theme in today's press. Labour Party call for public statement that recent military measures were purely precautionary was given prominence, particularly in Ahram and Akhbar. Editorial comment emphasized that Conference proposed by Egypt was more international in scope than London Conference and without any of the latter's legal irregularities as regards membership and venue.

1591 2. Arab League Political Committee Resolution (my telegram No. 1551) received considerable prominence. Expressions of support by Chairman of Iraqi delegation to Arab League, Jordanian Foreign Minister of State, Sudanese Foreign Minister (who said that Sudan had agreed to attend Conference to be convened by Egypt,) Yemeni Deputy Foreign Minister, Libyan Prime Minister and Secretary General of Lebanese Ministry of Foreign Affairs were published in all papers. Gemhouria said Arab League Resolution had turned Bagdad Pact into mere scrap of paper. According to Saab meetings were held by Fawzi yesterday with principal Arab personalities at present in Cairo to consider adoption of active measures to counter any attempt by West to use force against Egypt. Ahram reported that Arab League would resume its meetings in Beirut on August 19 under chairmanship of Lebanese Prime Minister.

3. Reports of Egyptian mobilisation preparations continued to receive prominence. An order calling up all students in Cairo, Ein Shams and Alexandria universities for military training was issued yesterday. Azhar religious leaders began military /training.

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Cairo telegram No.1565 to Foreign Office.

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training. Mass meeting of university graduates adopted resolutions supporting nationalisation and promising to join mobilisation movement. Egyptian Trade Union Federation announced complete stoppage of work except for essential services for August 16.

4. Editorials expressed approval of Conference proposed by Egypt. Ahram said that it offered opportunity for equitable solution because it was consistent with international character of 1888 Convention and did not violate Egyptian sovereign rights. If West opposed Egyptian proposal it would be proof of determination to violate Egyptian sovereignty without any justification. Kahira advised Prime Minister to recognize fact that proper venue was Cairo and appropriate number of members 45. Akhbar said Egyptian proposal, by not closing door in face of peaceful solution but making it clear that Egypt had no objection to further arrangements for ensuring freedom of navigation provided they were made by truly representative body, had sown some confusion in Western ranks. Other editorial emphasized that world public opinion had welcomed Nasser's statement and that all Arabs supported him. In Genhourie, Anwar Sadat said that age old conflict between East and West would continue as long as East possessed natural resources which West wished to exploit and West based its relations with East upon inequitable foundations.

Foreign Office please pass to Washington and Saving to Paris as my telegrams Nos.225 and 214.

[Repeated to Washington and Saving to Paris]

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Tel. Limpsfield Chart 2164

EDGEHILL,
LIMPSFIELD,
SURREY.

CONFIDENTIAL

E 14211/780

10th August, 1956

My dear Watson,

SUEZ CANAL COMPANY

Policy of Her Majesty's Government

Isaacson and I attended the meeting of the Comité de Direction held at 2.30 p.m. on 9th August. In view of the pace at which things move nowadays you will not I think expect any very long or detailed account of what passed at the meeting. It was sparsely attended as well. Edgar-Bonnet and Homolle were absent ill. De Rohan is on holiday as is Max Bahon. The only sentient French member present therefore was Minost who in his quiet way supports, if need be, his British colleagues.

* Handbook
p. 35

2. The first question discussed was what to do about our debentures. The drawing for amortisation of these bonds takes place each year on 1st August and payments (capital and interest) are then traditionally made in Egypt on a gold franc basis* on 1st September. The sum involved on both heads comes this year to about ££500,000. The drawing took place as usual on 1st August and, as explained by the Managing Director, the alternatives available to the Comité de Direction were to declare a moratorium or to go through the usual drill. Ordinarily the sums to be paid each year go as to one half to residents in Egypt and as to the remaining half to residents abroad. I seem to remember having heard at some time or another that a considerable proportion of these debentures is held in Switzerland. Georges-Picot's proposal was that we write as usual to the Comptoir d'Escompte in Alexandria, the bank which has always handled this transaction for us in the past, instructing them to pay out the money on specified bond numbers. The Egyptians had forcibly removed our balances with Comptoir d'Escompte to the National Bank of Egypt so presumably the former would pass our instruction to the latter with what result was anybody's guess. It seemed to Isaacson and myself that the declaration of a moratorium would probably raise more difficulties than it would solve while there was no imperative reason why the Company should abdicate out of its obligation so far as these debentures were concerned. We supported the Director General's proposal therefore and I hope that the Treasury will be able to agree that we did right.

3. The management, as you must have heard from Reilly, were anxious to start a hare that the concerned Governments could appeal to the Hague against the nationalisation of the Company under the terms of the Montreux Convention. The legal experts at the Quai d'Orsay have turned this down flat. An appeal under the Montreux Convention, if it lay at all, had to be preferred within a twelve year period dating from 1937. In 1956 any such appeal was altogether out of time.

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J. H. A. Watson, Esq.,
Foreign Office.

4. Charles-Roux is going to send a letter to the President of the London Conference, due to open on 16th August, suggesting that the Suez Canal Company, suitably internationalised, both as to the composition of its Board and the countries of origin of its personnel, be made the operating agent under the proposed International Authority. You will not expect me to comment now on this proposal.

5. The Management are sending letters to the British, American and French Governments arguing that a case exists - on suits brought privately or otherwise - for freezing all assets of the Egyptian Government, wherever held outside Egypt, presumably so that the value of these assets could later be added to the Company's own possessions held outside Egypt for eventual distribution to the Suez Canal Company's shareholders. Various shareholder organisations were quoted as being willing to bring declaratory suits for this purpose if they were given the slightest encouragement.

6. Copies of the famous instruction to our personnel in Egypt have been distributed to the missions in Paris of all the countries invited to attend the London Conference.

7. Georges-Picot in the Comité de Direction produced a plan for broadcasting to our servants in Egypt on the French radio. Both in the meeting and afterwards Isaacson and I resisted this - in our view mischievous - suggestion. Apparently all the Canal employees in Egypt have been alerted to listen in to the French news service beamed to Arab countries each evening at 6 p.m. and Georges-Picot intended to put a message - including a personal message from himself - across to them on Friday the 10th and Sunday the 12th August. Having done what we could to kill this plan Isaacson and I hastened to report it to you by telegram. We take a serious view of the proposal and we are both strongly of the opinion that it should if possible be suppressed. The wisdom of sending the original instruction, in the terms in which it went out, was dubious enough. A direct radio broadcast is in our view infinitely worse.

8. Shipping companies are beginning to have second thoughts about payment of dues. The P and O Company for instance have written to the management saying that they have decided to go on paying their dues to the old company but that they do so under reserve and subject to a claim for a refund later if such claim proved to be justified. One French shipping firm is paying its dues to the old company but into a blocked account with Hippolyte Worms the shipping agents.

9. Suez securities were quoted as under on the Paris Bourse on 9th August:-

	Fr.
Actions de capital	69,500
Actions de jouissance	44,700
Parts de Fondateur	42,000
Debentures	48,900

10. De Grièges told the Comité de Direction about his talks in London with Johnston at the Treasury and with the Westminster Bank. He claimed to have made a considerable impression with the

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latter by developing the well known argument that the Suez Canal Company is only an Egyptian Company in name and that it is really a sort of international utility. According to de Grièges that was an aspect of the Company's status which had never occurred to the Bank's legal advisers.

11. I am handing to the Foreign Office separately a copy of the Company's case which is intended for distribution to the delegates attending the London Conference on 16th August.

12. The next meeting of the Comité de Direction has been fixed for Monday August the 20th.

13. Copies of this letter are being sent to Johnston, Bird, Stock, Isaacson and Cadogan.

Yours sincerely,

Francis Wylie

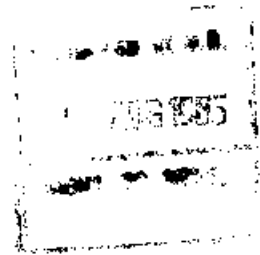
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SUEZ CANAL

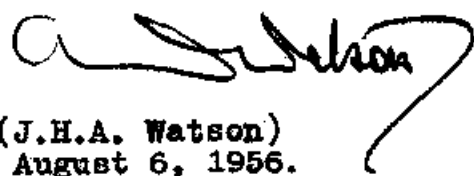
Possible Actions by Nasser

1. Nasser will probably draw closer to Russia. He has nowhere else to turn. There is already much evidence that the two Powers are concerting policy. Russian advice is likely to be in favour of outward moderation and reasonableness so as to justify himself with world opinion and avoid military measures if possible.
2. Nasser will try to keep the Canal going. His whole case depends on showing that he can do this. His propaganda boasts that more ships have passed through the Canal since nationalization than during the same period last year.
3. Nasser will probably temporize about attending the Conference, suggesting that other nations should be asked (Syria, Saudi Arabia, Sudan and Poland in particular) and that it should be held in a neutral place under a neutral chairmanship.
4. Nasser told Byroade that he is ready to sign a new agreement guaranteeing international use of the Canal and freedom of passage (either by bringing the 1888 Convention up to date or signing a new agreement with a group of nations or through the United Nations).
5. Nasser told Byroade that he was thinking of taking the issue to the United Nations as quickly as possible. The Russians may advise him against this. He would have to admit that his nationalization had caused an international situation, and would presumably be faced with the United Nations demand to allow Israeli shipping through with which he cannot comply. (Sir Pierson Dixon thinks the Security Council might suit the Russo-Egyptian purpose better than the General Assembly).
6. Nasser has considered broadening the issue to include other waterways like the Dardanelles and Panama. The Americans have warned him strongly against this; but the Russians are likely to recommend it for their own reasons.
7. Nasser will doubtless use the Arab League to rally Arab opinion. For this he must show that he has acted reasonably and in the interests of all Arabs. He will encourage other Arab States to: declare themselves for Egypt against the West; make difficulties for Great Britain and France and other nations taking sanctions against Egypt; if possible "nationalize" oilfields, refineries etc.
8. Nasser will doubtless make the most of his visit to Moscow later this month.
9. We must expect Nasser to abrogate the base agreement of 1954. Here he has little to lose (the most we can do is to re-occupy the base by force, which he rather expects us to do anyway) and will gain prestige.
10. Nasser will also presumably incite the Jordan Government to demand revision of the Anglo-Jordan Treaty and incite the Jordan mob against Britain and France, which we know he can do effectively.
11. Nasser will also take similar action in Libya.

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- 12. Nasser is likely to ask Syria and even Lebanon to hold up deliveries of oil.
- 13. Cairo Radio will stir up trouble throughout the Arab world and Africa for both France and Britain. This may have a considerable cumulative effect. Radio Cairo is probably Nasser's most effective single instrument.
- 14. Nasser is less likely to:-
 - (a) Break off diplomatic relations.
 - (b) Nationalize all British and French interests in Egypt.
 - (c) Cancel the residence permits of British and French nationals.
 - (d) Incite feelings against British and French nationals.
 - (e) Withdraw air transport facilities.


(J.H.A. Watson)
August 6, 1956.

Mr. Ross
—

H.B. 9/8

Thank you.

Admiral
9/8

Campbell

TOP SECRET

JE 14211/782G

(No. 596. Top Secret)
Sir,

Foreign Office,
August 13, 1956.

I asked Mr. Barbour to call on me to-day to discuss arrangements for the Suez Canal Conference. I started off by asking what he thought Mr. Dulles's plans would be for Wednesday. I had suggested to M. Pineau that there might be a Tripartite meeting on the afternoon of that day, but I thought that it might be valuable if Mr. Dulles and I were to meet beforehand. I knew also that the Prime Minister wished to see Mr. Dulles, and we should have to consider how this could be arranged without publicity. Mr. Barbour promised to find out what Mr. Dulles had in mind and to let me know.

2. We then discussed the procedure of the Conference. Mr. Barbour said that he understood that Mr. Dulles had it in mind that the Tripartite resolution should be tabled immediately after the opening speeches, after the adoption of the Rules of Procedure. I queried whether opening speeches would be necessary and suggested that the resolution might be tabled as soon as we started to discuss the substance of the matter.

3. I said that I myself was proposing to entertain the leaders of each delegation to dinner on the opening day of the Conference. The Prime Minister would probably give a dinner and a reception on the Monday, and we hoped very much that no other delegations would give dinners but would confine themselves to cocktail parties.

4. We discussed the times of the sessions, and agreed that, after opening at 11 a.m. on the first day, we should aim to sit from 2.30 p.m. to 7.0 p.m. with a half-hour break at 4.30 p.m., but I added that I thought that once we had got going the times of meetings would be regulated in the course of the discussions. In reply to my question, Mr. Barbour said that the United States were having second thoughts about the wisdom of my taking the Chair. If our purpose was to enlist the maximum support both within the Conference and in public opinion, a Chairman drawn from one of the less directly concerned delegations might help. They favoured either Mr. Lange or Mr. Menzies. I said that I thought that it might possibly redound to our credit if the meeting should be seen to have been conducted impartially with the United Kingdom in the Chair. I doubted if Australia would be regarded as more neutral than us and I should like to see Mr. Lange's reactions before being sure that he would be firm. We agreed that this question could be left for decision until the end of the first day.

5. After discussing the draft of my broadcast for August 14, we turned to the possible courses of action after the Conference was over. Speaking personally, Mr. Barbour thought that a working group might be established to fill

His Excellency
Sir Roger Makins, G.C.M.G., K.C.B.,
&c., &c., &c.,
Washington.

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out the proposal for the establishment of an international authority. Speaking personally, he agreed that an alternative would be the establishment of a three or four nation negotiating group, which would have to include India. To support them and to bring pressure on Nasser, we might set up a suspense account—under the International Bank or another neutral banking house—into which all shipping dues would be paid. If Nasser then stopped a ship we should be free to regard that as interference. It was essential to have some sanction to back up the negotiating group. Mr. Barbour, again speaking personally, agreed that it would be wise to keep Russia out of the Middle East in this. He thought we should have to consider the danger that by our action the Canal might silt up. He agreed, however, that we could not back out without some concession from Nasser, who, confronted by Tripartite firmness, had appeared in his recent utterances to have withdrawn from his more extreme position.

6. I am sending copies of this despatch to Her Majesty's Representatives at Cairo, Moscow and Paris, and to the Head of the Political Office with Middle East Forces.

I am, with great truth and respect,
Sir,

Your Excellency's obedient Servant,
(For the Secretary of State)

C. O. I. RAMSDEN

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Translation of a Paper handed to the Secretary of State
by the French Ambassador on August 15

While the reactions of several powers interested in the Suez Canal seemed to indicate that there is a large measure of agreement on the need to maintain the principle of free passage and to assure in some positive way respect for this principle by establishing a system of control, there appear to be certain hesitations over what can be properly called the operation of the Canal which, according to the Tripartite Proposal, should be directly in the hands of an international authority.

The present paper is designed to discuss certain ideas which could be submitted to the Three Powers in the course of the Conference in London and which suggest that the international operation of the Canal is not absolutely indispensable.

- I. The system to be put into effect must answer the following essential points.
- (a) It must ensure free passage for all in time of peace and in time of war.
 - (b) It must guarantee the maintenance of the dues at a reasonable level.
 - (c) It must guarantee proper management of the Canal.
 - (d) It must guarantee the modernization of the Canal.
 - (e) It must ensure the payment of compensation to the Company.

II. As regards freedom of passage the principles of the 1888 Convention must be reaffirmed and reinforced, in the

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case of a breach, by an injunction to the Egyptian Government followed by refusal or failure to follow out the terms of that injunction by direct intervention by a group of powers designated in advance for that purpose.

III. As regards the dues there might be a stipulation that they might be fixed, not by the Egyptian Government, but by the representatives of the powers principally concerned after consultation with the users.

IV. As regards the preparation and modernization of the Canal and the payment of compensation to the Company, guarantees might be furnished by the system of payment of dues such as existed before July 26.

Since nearly 70 per cent of the dues were paid outside Egypt British and French banks could seize an irrevocable mandate to pay over at regular intervals a percentage to be determined of the receipts thus received to the Company as compensation; and another percentage, to be determined, to an account in which would accumulate sums necessary for the modernization, it being understood that these would not be placed at the disposal of Egypt except in sums approved by an international committee set up to supervise the work of improvement.

V. Guarantees of the daily technical operation (for example the standard and number of pilots etc.) could be worked out in the same way.

VI. A Consortium on the Iranian model would allow the Egyptian Government to delegate the direct running of the Canal and entrust the daily management to a body which might be an international authority which would take over the technical services of the Company.

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The Powers who accept these ideas would doubtless see that a superintending Council composed of representatives of the States concerned, assisted by consultative bodies and invested with the powers necessary to ensure the carrying out of the purposes described above, would be sufficient. This system does not provide guarantees of the efficient daily operation, but does meet a number of the anxieties of the Tripartite Powers.

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TOP SECRET

JE 14211/783G

(No. 601. Top Secret)
Sir,

*Foreign Office,
August 13, 1956.*

The French Ambassador called on me to-day after his return from Paris to report on development in the preparations for the Suez Canal Conference.

2. M. Chauvel said that the Quai d'Orsay had been working on a paper setting out the sort of international authority which might be established. This paper was an exercise designed to clear their minds and not for tabling. It had been approved by M. Pineau and would be discussed at the Tripartite Working Group on August 14.

3. M. Pineau was concerned at the delay in our precautionary military movements and wondered if it might not be possible to tide this over to some extent by adjourning the Conference after about three days for a short time. M. Chauvel said he would be grateful for my reactions. Apart from this, M. Pineau had no precise ideas on how to handle Egypt or the United Nations after the Conference.

4. I said that I too had been considering possible methods of carrying on the Conference so as to keep action going. One possibility would be to appoint a sub-committee which could put our resolution to the Egyptian Government and negotiate with them. Another possibility might be a committee of experts which would continue working up our draft of the international authority, while the negotiations with the Egyptian Government were going on. All this would need further exploration and would depend very much on how far the United States were willing to go.

5. To M. Chauvel's question I replied that I had not quite worked out my plans for Wednesday, but I thought that I would have to spend the morning seeing the leaders of other delegations. I did not think that it would be desirable for Mr. Dulles, M. Pineau and me to meet until about 3 or 4 p.m. on that day. M. Chauvel thought that there would none the less be advantage if M. Pineau arrived on Wednesday morning and himself saw leaders of some of the delegations, including Signor Martino.

6. We then spoke about the Conference itself. I said that we were drafting a resolution which would, I understood, be given to the Tripartite Working Group on August 14. We hoped that it might be possible to persuade the Americans to table this resolution as soon as the Rules of Procedure had been adopted and the President elected. M. Chauvel agreed that if the Americans were firm and prepared to go some way with us in the resolution there would be advantage in Mr. Dulles moving it.

His Excellency
Sir Gladwyn Jebb, G.C.M.G., C.B.,
&c., &c., &c.,
Paris.

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7. I said that subject to minor alterations I had approved the Rules of Procedure and that we hoped to circulate copies of them to all delegations on Wednesday morning. This I thought would save time in the Conference Room. The Americans, I had been told, were wondering whether there might not be advantage in electing a President from some other delegation than the United Kingdom. For myself I was inclined to leave this decision until we saw the form of the other delegates. If it seemed that there was a suitably resolute alternative it might indeed be a good idea for me to stand down. M. Chauvel agreed, but said that as far as the French Government was concerned all their thinking had been on the basis of my taking the Chair.

8. Thinking beyond the Conference and beyond a possible Egyptian refusal of our proposal, I said that we might perhaps proceed by requiring all our ships to pay their dues into an entirely new suspense account. Refusal to let ships which had paid in this way pass would amount to interference. I emphasised that this was very tentative and asked M. Chauvel to treat it in the strictest confidence. The key to it all was how far the United States would go and we must await Mr. Dulles' arrival before we could decide that. M. Chauvel then handed me a paper which he said represented thinking at the official level in the Quai d'Orsay of possible alternatives to our present proposals. M. Pineau had not approved it and was himself opposed to any watering down of the international control. He was in any case absolutely firm that there could be no return to some other form of company which would lay us open to the charge that we were working merely for the benefit of the shareholders. In this connection M. Charles-Roux was conservative in his outlook and not as realistic as M. Georges-Picot.

9. Discussing military measures the Ambassador emphasised that it was important to reassure participants in the Conference that voting for a resolution on the lines of our draft would not commit them to the use of force. Only thus would they be prepared to vote for a strong draft. I agreed and said that we must also in private reassure them that we should not make any resolution of the Conference our excuse for using force in the future; the Conference must be a genuine attempt to get a settlement. Later, if any others were willing to join us in any military measures that might be necessary, we should be glad of their help.

10. The Ambassador said that although Parliament and the Government in Paris were resolute, the Paris public did not yet seem to realise the seriousness of the situation. The possibility that force might have to be used did not seem to occur to them. In Algeria he had heard privately that there was a certain panic among the settlers at the thought that we might in the end be compelled to give way to Nasser. In a private conversation the Soviet Ambassador in Paris had told M. Pineau that the three Western Powers should have consulted Russia earlier—"the four should have settled this together." He passed this on for what it was worth.

11. I am sending copies of this despatch to Her Majesty's Representatives at Cairo, Moscow and Washington, to the Head of the Political Office with Middle East Forces, and to the Permanent United Kingdom Representative to the United Nations, New York.

I am, with great truth and respect,
Sir,
Your Excellency's obedient Servant,
(For the Secretary of State)

C. O. I. Ramsden