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AFRICAN DEPARTMENT

J E 14211/1333

FROM Sir H. Trevelyan,
Cairo.

No. 136. 14211/1416/56
 Dated 1 sept 56
 Received in Registry— 5 SEP 1958

Discusses events leading to the nationalisation of the Suez Canal.

References to former relevant papers

119126

(Print) EGYPT, Sept. 5, Sec 1.
 (PRINT: F.O. Wh. Dept 11)

(How disposed of) 1956

MINUTES

A useful despatch, which should, I think, be printed F.O.W.H.

2. I do not follow the argument in the last sentence of paragraph 3. By concluding the negotiations successfully, and keeping quiet for about 6 weeks thereafter, the Egyptians in fact got £8 million that the Company ^{had} repatriated in accordance with the agreement, before July 26. Had they allowed the negotiations to break down they would not have got this. Similarly, the attempts to get H.C.G. to connive at a circumvention of the Agreement would have been financially profitable ^{they} had ~~it~~ come off. I do not see that they have any relevance

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(Action completed)	(Index)
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References to later relevant papers

REF ID: A66887

relevance to the nationalization issue.

Para 6. According to Heykal, who whatever his reliability was under no compulsion to lie on this point, Nasser also instructed Ahmad Hussein to begin a campaign of denigration of the Company in the U.S., by way of preparation for nationalization should that prove necessary.

Number of copies
Number of copies of enclosures

Mr Phillips v.o.r. J 4/10
 J. Hillon
 6/9.
 [Signature]

An interesting account. I agree with its conclusions, so far as there is evidence available.

On a point of detail I am not sure the Egyptian Government got so much as £8 million from the June agreement before nationalisation (but I am open to correction).
 ? Print Fo & Whi.
 O.K. Shepherd
 7/9.

[Signature]

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JE 142M/1333

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No. 136 ✓
(14214/446/56)
CONFIDENTIAL

BRITISH EMBASSY,
CAIRO.
September 1, 1956.

Sir,

It is unlikely that we shall ever be able to trace definitely the mental processes leading up to Col. Nasser's decision to nationalise the Suez Canal Company. We shall probably get more evidence from time to time, but it is highly improbable that it will be reliable. It is of some interest at this stage to consider the evidence which we already have.

2. The special position enjoyed by the Suez Canal Company had long rendered it a natural target for nationalist agitation. The singular character of the enterprise itself, its evident wealth, the corpus of privilege and acquired rights which it enjoyed, the manner of life in Egypt of its closed community of foreign employees, and the evident disparity between the return received from its operations by its shareholders and by the Egyptian Government, were all calculated to excite the envy and prick the sensibilities of Egyptian nationalists. This was the burden of a now notorious book by Mr. Moustapha el-Hefnawi a young lawyer ~~who~~ ^{who} in touch with the Free Officers, ~~who~~ ^{who} compiled a record of the alleged iniquities of the Company and who has now been rewarded by a seat on the first Board. Disputes between the Egyptian Government and the Company were no novelty. They occurred frequently before the Revolution, but at that time the Company was generally able, in negotiation with successive Ministers of Commerce, to get its way at a price. It was natural that, with the coming of the Revolution, the Egyptian Government's attitude should be visibly stiffened. There is no doubt that from the

/early

The Rt. Hon. Selwyn Lloyd, C.B.E., M.P.,
etc., etc., etc.

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early days of the Revolution its leaders had in mind the desirability from their point of view of getting rid of the Company as soon as possible, but the evidence does not show conclusively that this aim was translated at that time into a definite decision to nationalise the Company before the end of the concession. At his press conference on the 12th of August 1956 Col. Nasser said that they had thought about the Suez Canal Company "more than two and a half years ago" i.e. well before the signature of the Anglo-Egyptian Agreement on the Suez Base, and my Pakistani colleague informs me that what Nasser said to the Pakistani Minister for Foreign Affairs when passing through Cairo before the London Conference was in virtually the same words. On the 17th of November 1954, Col. Nasser announced that preparations had already begun so that Egypt would be in a position to take over the administration of the Canal when the concession expired, emphasising the friendly relations between the Egyptian Government and the management of the Company and expressing confidence that "the Company would continue their assistance so that the remaining period might pass in the best possible manner". In the same passage, however, he referred to the usurpation of Egyptian rights in the Canal and its exploitation by the Imperialists as pretexts for the continuation of the occupation.

3. During practically the whole of 1955 the subject was dropped. Towards the end of the year, however, the Egyptian Government adopted new tactics of sapping at the Company in order to increase Egyptian participation in management and operation to the greatest possible extent and to get as much money out of the Company as possible. The demand was made for investment of all the Company's reserves in Egypt, for the construction of ^athe harbour at Lake Timsah, for the nomination of all Egyptian directors by the Egyptian Government, and for Egyptian participation in the Comité /de Direction.

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de Direction. At the same time visas were refused to a number of foreign pilots and determined attempts were made to lower the standards of pilots' qualifications in order to provide posts for Egyptians. Looking back one might surmise that the Egyptians had in mind that getting control of the reserves and Egyptianising the pilots' service was a desirable preliminary to nationalisation. But there was no reason at the time to assume that they had in mind more than the immediate aims of Egyptianisation and extraction of foreign exchange, desirable in themselves from the Egyptian point of view, apart altogether from nationalisation. These negotiations ended in the Agreement of June 1956 by which a sum of more than £20 million was to be invested by the Company in Egypt in return for continued exemption until the end of the concession from the Exchange Control Law, which would enable Canal dues to continue to be paid in London and Paris. The demand for the construction of a harbour in Lake Timsah was not pursued seriously, and the other issues had not yet come to a head by the date of nationalisation. During these negotiations there was a battle over the legal position of the Company. The Egyptians were anxious, as in previous negotiations with the Company, to exhibit its total subservience to Egyptian law, while the Company maintained its old position that it had a régime special and that its position under Egyptian law must be simultaneously regulated by an agreement between the Government and itself. The Company's position was at least partially conceded by the Egyptian Government by an agreement being made between the Government and the Company in the form of an exchange of letters. No sooner was this agreement signed than the Minister of Commerce proposed that H.M. Government should conspire with the Egyptian Government to get round it by arranging for the dues of British ships to be paid in Egypt into a blocked account to be used only for payment of imports from the United Kingdom. During the whole course of these negotiations the attitude of the Ministers in charge and /the

the attempt to get round the Agreement immediately afterwards support the thesis that no immediate nationalisation of the Canal was then contemplated or at least known to the Ministers in charge of the negotiations. If it had been, the obvious course would have been to manoeuvre for a breakdown of the negotiations and to use alleged intransigence of the Company as an added reason for the act of nationalisation.

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4. By the end of 1955 it became clear that very large investments would be needed for the enlargement of the Canal, in order to make it fit for the great increase in tanker traffic which was to be expected during the next few years. Some American oil companies were already in touch with the Egyptian Government, and the Egyptians had general preliminary discussions on the question with the President of the International Bank. It appeared at this time that they were thinking on sensible lines. On the 15th of February 1956, the Minister of Foreign Affairs summoned myself and my French and American colleagues in order to give us a general preliminary view on the question of the enlargement of the Canal. He referred to the conversations with the oil companies and the President of the International Bank, and said that he believed that an enlarged Canal could be an occasion for further co-operation between the Egyptian Government and the Western powers, and would be a further link binding Egypt to the West. He said that though some of the users wished the Egyptian Government to undertake the works of enlargement as soon as possible, they would of course do nothing which in any way would contravene the rights of the Company or the proper functioning of the Canal. I asked him whether they had any firm ideas about the future of the Canal after the end of the concession in 1968, and emphasised the importance of maintaining the goodwill of this most valuable asset, which depended upon international confidence, referring to the danger that that confidence would be diminished as a result of the continued pressure by the Egyptian
/Government

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Government on the Company in recent months. The Minister said that they had every intention of maintaining the efficiency of the Canal at the highest standard and that they intended to maintain good relations with the Company. All this was part of the prelude to your visit and perhaps relatively genuine. At about the same time, Monsieur Charles-Roux insisted, in the face of general scepticism, that the Minister had twice told him that the Egyptians were contemplating the possibility of an extension of the concession, a statement which the Minister now strongly denies having made and which at the time seemed to be due to Monsieur Charles-Roux's wishful interpretation of one of Dr. Fawzi's characteristically oblique remarks.

5. From the 25th of March to about the same date in May 1956, there was a press war between Egypt and the United Kingdom, with the Egyptian press avowedly directed by Col. Nasser to attack H.M. Government. This was a time when Col. Nasser's perpetual suspicions were greatly intensified and it seems likely that they were at this time also directed towards our intentions over the Canal. On the 7th of May the Minister of State made the following statement in the House of Commons: "I am, of course, aware of the importance of making satisfactory arrangements for the future of the Canal when the concession expires in 1968. Before then we shall certainly want to talk to the Egyptian Government, but the first step is to obtain some idea of the physical and commercial nature of the problem which is likely to exist by then. The Suez Canal Company, with the encouragement of the British directors on the Committee of Direction, is now undertaking careful study of this problem". This statement was made in answer to a question by Mr. Peyton suggesting that Col. Nasser's conduct gave nobody any grounds for confidence in him as custodian of an international waterway, and that Her Majesty's Government would be well advised now to raise this matter with the United States Government and others interested in Western Europe in /order

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order that the future of the Canal might be satisfactorily settled at an early date. These exchanges gave rise to a strong reaction by Colonel Anwar el Sadat in the semi-official newspaper Al Gomhouria. Colonel Sadat was in the main answering Mr. Peyton. He asserted that the Canal was an integral part of Egypt, and that Egypt would not allow the Canal to "provide a gap threatening the sovereignty and independence of the country". On the 15th of May Mr. Peyton proposed the adjournment of the House on the Canal question reiterating the need for its effective international control, saying that it was an intolerable situation that either now or in the future the body in control of the Canal should fall entirely under the hand of Egypt, and suggesting that the problem of the future use of the Canal should be dealt with at once. On the 26th of May, Colonel Nasser, presumably under the impact of these Parliamentary exchanges, informed the American journalist, Mr. von Weygand, that the "Suez Canal would become Egyptian property after twelve years and Britain was trying to stop this". About this time Mr. Burhan Said, the Egyptian Government representative with the Canal Company, forecast to the Company's management in Cairo that some action would be taken in June which would affect the Company, though I doubt if he was forecasting anything so drastic as nationalisation.

6. On the 30th of July Colonel Nasser told my American colleague that he had discussed the question with Ahmed Hussein, the Egyptian Ambassador in Washington, at Alexandria in early July before he went to Brioni and before Ahmed Hussein returned to Washington. According to Nasser's account, he had said that he was by then convinced that the West would not give any aid for the High Dam and that if they withdrew their offers, he would nationalise the Canal. Ahmed Hussein had attempted to dissuade him and he had said "Keep your nerve and it will turn out all right". We also know that at about this time the Egyptians were preparing "staff studies" of the effects of nationalisation. It was noticeable however that they did not call
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back for consultation Dr. Bahgat Badawi, the Egyptian Government director on the Suez Canal Company Board and the first chairman of the Board of the Suez Canal Authority after nationalisation, who was in Geneva at the time engaged in an arbitration and who would have been the most competent person to advise on the legal and administrative aspects of nationalisation. Colonel Nasser gave no hint of his intentions to Nehru and Tito at Brioni, and has since told the Indians that he only made the decision on the 21st of July after Nehru had left. The Indians naturally wish to believe that he hardly had it in mind before this date, since they do not like to contemplate that he was implicitly deceiving Nehru during their conversations at Brioni and subsequently at Cairo. The embroidered account by Mohamed Hassanein Heykal in Akher Sa'a of the 15th of August 1956, does not in my opinion add any evidence of value. It is designed to show that Nasser is the statesman with the master plan countering the dark designs of the imperialists, rather than the irresponsible dictator lashing out in a tantrum. But whatever Heykal's exact thesis, he is not a source on whom one can rely for anything approaching an objective account of the facts. I have myself little doubt that the decision was effectively taken before Nehru left. At the airport at the time of his departure the Minister of the Interior told me that they were not so worried at the withdrawal of the offer, as they would find other means to finance the Dam. It was the manner of the withdrawal which upset them, since it appeared to conceal some other purpose directed against them.

7. Some tentative conclusions may perhaps be drawn from this evidence, subject to the possible need for later correction. Nationalisation of the Canal has never been a prominent plank in the Revolution's programme, though there is no reason to doubt Nasser's assertion that they had been thinking of it as a vague possibility during the last two or three years. They were going to get it anyway. They certainly could not nationalise it before the British troops left, and meanwhile they were trying to get all the advantages they /could

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could out of the Company on the assumption that it would remain until 1968, and to make quite sure that they would be in a position to run the Canal properly without interference at the end of the concession. Colonel Nasser's suspicions were almost certainly aroused by the exchanges on the subject in the House of Commons, and he may well have begun to think more seriously about nationalisation at this time, both as a result of these suspicions and in the context of the deteriorating relations between the Egyptian Government and the West. But it appears fairly certain that he would not have nationalised the Canal if the offers for the High Dam had been maintained, since the High Dam is a point of immense prestige with the Revolution, and he must have known that nationalisation of the Canal would immediately lead to a cancellation of the Western offers. It is likely therefore that the adoption of nationalisation as ^{an immediate practical} ~~an early potential~~ policy may have begun a month or two before the act, at a time when Colonel Nasser began to be fairly certain that the Western offers for the High Dam would not be maintained and that for various reasons a recourse to the Russians was not an acceptable alternative. I believe that up to the very end he could have taken only a very few of his intimates into his confidence and that this number can have included few, if any, of the civilian Ministers. Colonel Nasser's reaction to the withdrawal of the High Dam offer was significantly exhibited in two stages. At first, in his speech at Mostered, he hit back at the Americans. Then, in his speech at Alexandria, he concentrated upon the British and French and worked up to the announcement of nationalisation, the already prepared retaliation for the withdrawal of the Western offers.

8. It would thus be probably equally wrong to say either that there was a definite and fixed policy to nationalise decided a long time previously or that this was a decision made on the spur of the moment in retaliation for Mr. Dulles' statement. It was something in between the two. Nationalisation had certainly been considered /as

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as at least a possibility, was perhaps shelved for some time, and was brought out again for serious consideration in the new political relations developing in the spring of 1956. We have never had any illusions about the importance to Nasser of the High Dam as a symbol of revolutionary purpose and achievement, nor about the risks which he would be prepared to take in order to achieve this aim. The risk he took was far greater than he had calculated, and the act of nationalisation is not likely to get him much further towards the construction of the Dam.

8. I am sending a copy of this despatch to Her Majesty's Ambassadors in Washington and Paris, and to the Political Officer with the Middle East Forces in Nicosia.

I have the honour to be,
with the highest respect,
Sir,
Your obedient Servant,

Humphrey Jewell



JE 11211/1335

BRITISH EMBASSY,

CAIRO

August 31, 1956.

(1032/42/56)

CONFIDENTIAL

Hydra Ross.

African Dept
HB

You will probably have a report from Labouchère of a conversation between my Belgian and Syrian colleagues here. The Syrian is a landowner of right-wing tendencies and fearful of disorder and Communism in his own country. He is strongly anti-French but reasonably well disposed towards us, though a strong Arab nationalist.

2. The upshot of his remarks in brief was as follows. He was very gloomy about the situation. If it was settled by force, we should have the whole of the Arab world against us with widespread disturbances and Nasser would be a martyr. If Nasser got away with it, his prestige, already enormous in the Arab world, would be even greater. In either case the Communists would profit by the aid which they offered to the Arabs against us. He only saw one hope which was of mediation by the Pakistanis by which Nasser would agree to a régime which went some way to meet Western interests while we agreed to economic aid and a new attempt to improve Western-Egyptian relations, in order to defeat the Communists. During the period of negotiation or mediation we and the French must in all circumstances maintain our military preparations in the Mediterranean, without which we should never get Egyptian agreement to anything.

3. You will perhaps get a more extensive report from Brussels. The moral of it all is that my Syrian colleague is acute enough to realise that this business is not going to be settled easily, but does not apparently realise the extent to which Nasser has lost the confidence of the West.

4. I am sending a copy of this to George Labouchère and to John Gardener.

Yours ever.

Hamphrey Jennings

A. D. M. Ross Esq., C.M.G.,
Foreign Office,
LONDON, S.W. 1.

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FROM CAIRO TO FOREIGN OFFICE

Cypher/OTP

FOREIGN OFFICE (SECRET) AND
WHITEHALL (SECRET) DISTRIBUTION

Sir H. Trevelyan

No. 1919

September 5, 1956

D: 4.31 p.m. September 5, 1956

R: 5.45 p.m. September 5, 1956

IMMEDIATE

SECRET



Addressed to Foreign Office telegram No. 1919 of
September 5.

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

Menzies Mission.

Following is Menzies' account of last night's meeting to
Australian Government.

Begins.

At tonight's meeting Nasser made his response. For the most part he addressed himself to selected clauses in the 18-Power statement. In essence he rejected the proposals as the restoration of collective colonialism and a form of domination or seizure which he would never satisfactorily explain to the Egyptian people.

2. If there is a grave situation it is created by those who threaten violence. Egypt has not violated any international obligations. The 1888 Convention stands intact. Moreover, it is Egypt and not the Suez Company which is the defender of the Canal and the protector of rights under the Convention.

3. As to the provision of physical facilities for passage, Egypt does not need the assistance of international finance. She has proved this in the past forty days. What can a board do without interference with Egyptian sovereignty? If the development of the Canal requires more territory Egypt's sovereignty is involved at once.

4. The concept of insulating the Canal from politics is unreal. The international proposal is an expression of a political conference. The members of the board would inevitably be subject to political direction. On the other

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SECRET

Cairo telegram No. 1919 to Foreign Office

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hand, the fact is that the sovereign territory of the Canal cannot be insulated from Egypt's political life. People living in the Canal area must inevitably be a centre of politics.

5. In Egypt's gradual escape from colonialism, the taking over of the Canal is a further expression of her independence. Egypt must have her sovereignty and be in a position to exercise it.

6. In passing, Nasser said that the question of finance and tolls could easily be arranged.

7. We told Nasser that we would not seek to make a complete rejoinder until we had further considered his reply. Each member of the committee did, however, take him up on various points. All members of the committee responded promptly to his denunciation of colonialism and said firmly that their national policies were entirely out of sympathy with the continuance of colonialism. The Ethiopian Foreign Minister, in particular, emphasized that the Egyptian Government was being asked to make an agreement which would be explained to the Egyptian people as an agreement. In response to Nasser's point that the Canal had already been subject to politics because Egyptian sovereignty had prevailed during the life of the Company, I emphasized that it was only since the disappearance of that international company that the problem of exposure to the politics of a single nation arose.

8. Other points of interest in Nasser's reply were his avoidance of any reference to compensation; his denunciation of the Western Press campaign which was directed at himself, and his claim that it was impossible to have free negotiation under the threat of force.

9. The next meeting with Nasser will be on Wednesday evening. Ends.

Foreign Office please pass Immediate to Paris and Routine to Washington as my telegrams Nos. 148 and 284 respectively.

/ [Repeated

CONFIDENTIAL

TE 14211 / 1337 (A)

SECRET

FROM CAIRO TO FOREIGN OFFICE

Cypher/OTP

FOREIGN OFFICE SECRET AND
WHITEHALL SECRET DISTRIBUTION

Sir H. Trevelyan

No. 1920

September 5, 1956.

D.5.50 p.m. September 5, 1956.

R.7.39 p.m. September 5, 1956.

IMMEDIATE

SECRET

Addressed Foreign Office telegram No. 1920 September 5

Repeated for information

Washington

Paris

P.O.M.E.F.

My immediately preceding telegram: 'Menzies' Mission.

From Mr. Menzies' account to me it is clear that he handled yesterday's meeting admirably. Nasser's three main points were that the tension was not caused by him, but by external threats, that the Canal could never be taken out of politics, but was a central issue in Egyptian politics, and that the proposals were a form of "collective colonialism". The mission evidently got annoyed at his frequent repetition of this slogan. Menzies felt that he must make a preliminary answer on all these points in order to prevent Nasser making out that he had confounded his visitors. He was particularly pleased with his team because they all spontaneously joined in effectively to rebut Nasser in his "collective colonialism" idea. The Ethiopian was vigorous and direct. The Iranian said that if Nasser's charge had been correct, neither would he have been there, nor would his Government have sent him. Ley Henderson said that the United States had always been anti-Colonialist in its policies, had helped colonies to obtain their independence and had given great assistance to the countries of the Middle East. They certainly would have had nothing to do with a proposal which was colonialist in conception. The Swede said that Sweden had once had a small colony, but that was a very long time ago and they were certainly not colonialist. This counter-attack seems to have

/had some

SECRET

Cairo telegram No.1920 to Foreign Office

- 2 -

had some effect on Nasser. Menzies got into one argument with him when he tried to suggest that Menzies had been threatening him. Menzies did not let this pass and Nasser had to give way. Fawzi did not utter.

2. Tonight the team are going to develop their arguments against Nasser's points of last night and do not expect to reach the stage of counter-proposals from Nasser. They are dining with him afterwards, however, and the position may be considerably clearer by tomorrow. Menzies is not hopeful. He said that he was fully conscious of the point which I had made to him, that though Nasser was not visibly stalling on the pace of the present conversations, his aim would probably be to pave the way for further negotiations without commitment, while consolidating his hold on the Canal. He expects that Nasser will lead with something like the Menon proposals. Above all, he is determined not to allow the proceedings to drift into discussion of alternative proposals as some of the American advisers, though not Loy Henderson himself, appear to favour.

3. Menzies sets great store by the final documents in view of the great importance that the issue should be abundantly clear to world public opinion. He contemplates that the mission's written statement will be answered by an Egyptian reply and that if this seeks to confuse the issue, he will cap it with a final statement saying that the proposals of the 18 Powers are clearly not accepted.

4. Friday is to be a blank day, so his time-table is now to leave by Monday.

Foreign Office please pass Paris and Washington as my telegrams Nos.149 and 285 respectively.

[Repeated to Washington and Paris].

ADVANCE COPIES

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

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Following is text of letter dated 30th August from the Office of the U.K. High Commissioner in Karachi to the Commonwealth Relations Office. Begins.

As promised in our telegram No. 1378 I enclose copies of the Foreign Minister's statement at his press conference on 29th August on Suez.

You will see that Mr. Hamidul Huq has tried to some extent to pull the wool over the eyes of the press here about Pakistan's real attitude to the form of management of the Canal. So far, they have had fair success and most papers feel that Pakistan has played a useful role at the London Conference in "changing the whole spirit, tone and tenor of the Dulles Plan". "From an ultimatum it has become a request for negotiation". ("Times of Karachi.")

As you will see from the Fortnightly Summary for the period ending 30th August, the heat which at the beginning of the fortnight looked like developing over the Suez has largely been dissipated by the Government's brief imposition of Section 114(C) which forbade political meetings. This confirms our earlier impressions that the Suez issue was only a political stunt.

While, however, politicians in West Pakistan seem to have given up the idea of using the Suez as a slogan, latest reports from East Pakistan show that the Awami League are still on this tack. At a public meeting on 27th August ("Protest Day") which was addressed by the League's main leaders, including Suhrawardy and Bashani, a resolution was passed on "Support for Egypt over nationalisation of the Suez". This was the only resolution on a foreign affairs topic. Echoes of this campaign are continuing in the Left Wing press, notably "The Pakistan Times" and "Imroze". "Despite verbally admitting Egypt's claim to nationalise the Canal, the Government of Pakistan regard the Western countries' demand for the internationalisation of the Canal as correct. This attitude can under no circumstances be considered as helpful to Egypt. Yet all the resources of the Government are busy, day in and day out, to prove that it is so It is a pity that some of the Pakistan papers are insulting the intelligence of the people by joining hands with the Government" (Imroze, 26th August)

Ends.

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REPORT IN "TIMES OF KARACHI" OF 30th AUGUST
OF PAKISTAN FOREIGN MINISTER'S PRESS CONFERENCE IN
KARACHI ON 29th AUGUST

The Foreign Minister, Mr. Hamidul Haq Chowdhury, said yesterday that Pakistan's efforts at the London Suez conference were directed towards finding a peaceful and negotiated settlement of the dispute compatible with the sovereign rights of Egypt.

Addressing a largely attended Press conference at the Foreign Office, the Minister, who led the Pakistan delegation to the conference, claimed that "we succeeded in convincing the Western nations to take up a peaceful negotiating attitude and approach the subject with that point of view only."

He said that all through the conference he kept himself in close contact with the Egyptians, and he was told that they were grateful for what he said at the conference. "We are deeply interested in the welfare of Egypt, and the maintenance of its sovereignty and dignity, and we also made it clear that no settlement can really be achieved if there was a desire to impose a settlement."

Mr. Chowdhury maintained that the proposals put forward by Pakistan after amending the United States suggestions were substantially the same as those of India, which had been approved by Egypt, with this difference that Pakistan did not like dual control of the Canal.

The Foreign Minister denied that Pakistan's stand at the conference was contradictory to its recognition of the right of Egypt to nationalise the Canal, and said that every sovereign State would voluntarily surrender part of its rights in exchange for some rights elsewhere and in the larger interest of the country and the world as a whole.

Mr. Chowdhury also welcomed the readiness of Colonel Nasser to hold discussions with the five-man committee set up by the conference to explore the basis for a negotiated settlement of the dispute.

"The omens are good," he said, and added that "I had from the very beginning I met Colonel Nasser the expectation that it will turn the way it has. My impression after I met him was that he was as much eager for a settlement as the user nations were."

Mr. Chowdhury said that 74 per cent. of the cargo passing through the Canal was oil, and 26 per cent. other commodities. But if the ships had to be diverted around Africa 50 per cent. more ships than available now would be needed.

He also claimed that he tried to reflect the popular opinion in Pakistan as best he could at the conference, and tried to influence the Western countries.

He also made it clear that Pakistan's membership of the Baghdad Pact did not in any way influence her attitude towards the Suez question, but he found it rather hard to answer the question why Pakistan did not press for inviting more countries, particularly from the Middle East, to the conference.

The following are answers given by the Foreign Minister to questions asked at the Press conference:

Question:-/

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Question:- What is your reaction to the deliberations of the London Conference on the Suez Canal?

Answer:- Egypt has agreed to hold discussions with the Committee of Five set up at the Conference to explore the basis for a negotiated settlement of the dispute. The omens are very good and I had from the very beginning when I met Colonel Nasser, the expectation that it will turn the way it actually has. My impression after I met Colonel Nasser was that he was as much eager to have a settlement as the user nations.

I want also to say that on this beginning I will be justified in hoping that the real negotiation would come about to achieve the result which is in the mind of every one. When we decided to attend this Conference we made clear to every body the necessity of removing the atmosphere of tension that was rapidly mounting and to save the area from being the scene of conflict, the result of which would be disastrous for all concerned.

We are deeply interested in the welfare of Egypt and the maintenance of its sovereignty and dignity and we also, from that point of view, made it clear that no settlement could be really achieved if there was a desire to impose a settlement upon Egypt against her will. The basis of all settlement should be a fairly agreed formula which would protect the interests of all without in any way adversely affecting Egypt's sovereign status. When we found that other nations were agreeable to this procedure we thought that we would be able to make some contribution if we did join the Conference and then decide. The proceedings of the Conference which were held in camera though not made public, came to the knowledge of all and you will find that we kept this approach of ours throughout as one of the fundamental attitudes in the settlement of the Suez dispute. We succeeded in influencing most of the Western nations to take up a negotiating attitude and approach the subject from that point of view and that point of view only.

SOVEREIGN RIGHTS

Question:- Have you seen the letter of Egyptian Director of Information pointing out contradiction of our approach?

Answer:- Unfortunately, our papers did not publish my whole speech of August 21st. Therefore, I have to take recourse to some American papers. I read from the New York Times of 22nd August, wherein my whole speech was reported. The original proposal was contained in the 3-Power Declaration. The impression that one had was that it should be something like a declaration of right of user nations. Now take the statement - that was originally drafted by the United States - there it was proposed that there should be an international board for operating the Suez Canal. In order to make the Western nations agree to a solution it was essential that their fears should also be removed and something should be done to bring about co-operation between the users and the owners. We had yet to find out how we could do this keeping intact the sovereign right of Egypt. We ourselves thought of a different formula. Having examined them all we came to the conclusion that any formula that we suggest for a settlement would amount to a unilateral declaration on behalf of the user nations. Therefore, we deliberately chose to introduce the amendment. It was agreed on all hands that there should be some organisation in which all the user nations and the owners should be associated. We proposed that the manner of bringing it into being and the status should be entirely left to be negotiated with Egypt. That is to say, we introduced these words, to achieve this result on a permanent and reliable basis, "there should be established a convention to be negotiable with Egypt." The crux of the whole thing was that
whatever/

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whatever formula had to be worked out, it should be one acceptable to all and to which Egypt also agreed. That is why I said, "to be negotiated with Egypt." The convention by which this will be established shall have to be negotiated with Egypt. Then we spoke about a board. The original formula was that the board shall be "international". We succeeded in inducing the United States to drop the word "international" from their own text and they agreed. Even then it did not satisfy us. Therefore I introduced these words, "the status of the board would be defined in the above-mentioned convention to be negotiated with Egypt." Therefore, the answer to the question is, it is not paradoxical. It is understood that every sovereign nation has got a right to stick to its point of view, as also to part with some in its own interest and that too is also in exercise of its sovereign right. Therefore, whether Egypt will part with some powers, which is absolutely within her fold or to keep them all is also a matter of decision for Egypt. Every day we are surrendering some rights, and acquiring some rights by treaties. Egypt will have to decide whether it is to her interest to part with some rights which now belong to her absolutely in order to make arrangement which is ultimately to her benefit. There has been left no doubt Egypt's right in this respect.

INDIAN PLAN

Question:- Can you tell us the basis of difference between our proposal and that of India. If there was no difference why did not Pakistan support India's proposals?

Answer:- The proposal that was put forward by Mr. Menon, which was reported to be one which was acceptable to Egypt, contain these things:-

"That consideration be given without prejudice to Egyptian ownership and operation to the association of international users' interest with the Egyptian Suez Canal managing body. Therefore, the plain meaning of this, as he himself explained to the conference, is that he also intended that the international users shall be associated with the management. He never said that it would be purely an Egyptian body. This is the same formula which we accepted and in which Mr. Dulles made certain changes. In my speech of August 21st I quoted the proposal of the Indian Delegation, viz., "that consideration be given without prejudice to Egyptian ownership and operation to the association of the international users' interest with the Egyptian corporation and then I would also like to quote from the proposal which has now been placed as modified that "there should be established by the convention institutional arrangement for the co-operation between Egypt and other interested nations in the operation, maintenance and development of the Canal." It has the same purpose. Therefore, I say this is the basis of all the plans whether of India, or of the United States and ours. We made this particular proposal subject to the approval and agreement of Egypt, but here of course, in Mr. Menon's proposal you have got a second clause. He further says that a consultative body purely of users of the Canal be formed on the basis of geographical representation and interests to advise the management. The mistake which was committed was that attention was paid to clause (iv) and no attention was paid to clause (iii). In the Indian proposal there has to be a consultative body in which the users' interests only will be represented. This was to be an additional body which shall advise the other body regarding all matters concerning users of the Canal. In point of fact there is practically no difference whatsoever in the body proposed in Mr. Dulles's statement as amended by us except that India wanted an additional body. Mr. Menon's proposals have visualised the setting up of the consultative body in addition to the association of the international/

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national users' interests with the Egyptian co-operation. I said at the Conference: "It is the opinion of my delegation that the association of these interests in the body set up for the management would be the best solution as it would ensure the restoration of confidence among the maritime users of the Canal and would have none of the fundamental disadvantages of dual management as proposed in the Indian proposal, and eliminate interruption in the smooth functioning of the machinery.

Question:- What are your reactions to the Soviet allegation that Pakistan lined up with Western Powers because she was a member of the Baghdad Pact?

Answer:- Our appeal throughout had been not to introduce other political disputes in this Conference and complicate the solution of this problem. Russia has, and it is a well-known fact, openly criticised Baghdad Pact. Therefore, it would not be surprising if she used this occasion to discredit the Baghdad Pact and to incite some body against the Baghdad Pact, though I say most unjustly and improperly. We always said that the Arab-"Israel" dispute should also not be involved and "Israel" should not be allowed or encouraged to fish in troubled waters.

Question:- Has the crisis finally passed?

Answer:- Crisis will pass when there is a complete settlement of this trouble.

Question:- Did Egypt ever ask you to press for the inclusion of all the nations signatory to the 1888 Convention?

Answer:- We did not express any opinion on this question. If there were more nations in this Conference we would have been happier. We had to bring our influence to use the Conference for the restoration of a peaceful atmosphere to a situation pregnant with dangerous possibilities. We were anxious that if anything has to be done now let us do it. Naturally we could not talk to everybody. True, there were more nations who were also interested. When the Conference came up our anxiety was to remove from the minds of everybody that there was no other way but recourse to force for the solution of the problem. We did succeed in removing from the Conference all these fears.

Question:- Has your attention been drawn to the Egyptian Government's declaration that in 1919 Britain herself was opposed to the internationalisation of the Canal?

Answer:- During the last War, passage was denied to some ships. I do not say that British attitude at that time was right.

The present proposal does not include the words 'International control'. The word 'international' has been excluded. What the British did at that time was no concern of ours.

Question:- Some American papers claim that Pakistan completely aligned herself with the American proposals.

Answer:- We influenced Americans more than the Americans influenced us. We had to use our influence to bring about a peaceful settlement and we succeeded in radically changing the atmosphere of tension. We secured the American co-operation for using their maximum influence against any use of force against anybody and they modified their proposals to meet our points of view. Having secured that and U.S.A. having accepted our amendment by which the whole settlement was made dependent upon a negotiation with Egypt. Speeches that were delivered by some of the delegates unfortunately were to make a settlement impossible. Our main objective was to bring about a settlement by removing all tension or irritations. Unfortunately some delegates did use
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this opportunity for the purpose of making settlement impossible Egyptians views every day practically and I had been under the impression throughout during the Conference that the amendments we were proposing and the changes that were ultimately made to the American proposal were those which would make them acceptable to Egypt.

Question:- What are the main functions of the Negotiating Committee of the London Conference?

Answer:- This Committee's primary function is to convey to the Egyptian Government the point of view of the principal user nations in regard to the settlement of this dispute and suggest to them that the Conference expects that the negotiation should be started with Egypt to settle this dispute keeping this as a basis of the settlement.

Question:- Can the Committee make any new proposals to Egypt by itself?

Answer:- They have no right to change but the question is they are not going to come to a settlement finally. They want just to arrange for negotiations. I am going to give you the formula. It should be kept free for everybody during peace and war as was laid down in the Convention of 1888. No discrimination regarding rates etc. against any nation. This is the objective which each nation wants, it should be available to everybody as of right and to use it without interruption by anybody.

Question:- Will there be any difference between the operation of 1888 Convention and any future settlement over the issue with Egypt?

Answer:- The 1888 Convention speaks of every kind of vessels, warships, battleships, etc. The only thing is that no ships shall be allowed to enter into the Canal to have warlike activities within the Canal. That is the Convention of 1888 to which Egypt says she is absolutely committed. She wants to ensure it by declaration of its own, viz., that there shall be freedom to all nations during war and peace. The second point is that the efficiency of this Canal must be maintained. Unless it is maintained it cannot serve the purpose of the International Waterways which it has been serving for so long a time and for that purpose technical knowledge and financial support is essential. The Canal at present has to be extended very substantially because larger ships are now coming in carrying oil, which can only use the Canal provided the Canal is substantially extended. Seventy-four per cent. of the traffic is oil. Twenty-six per cent. is other merchandise. The Western nations fear that if any discrimination is used by the country which is actually controlling the Canal or if freedom is denied to anyone for other reasons there will be a very serious danger to that country's economy.

Question:- Did Colonel Nasser give you any counter proposals for the settlement of the dispute?

Answer:- Colonel Nasser did not give me any proposal. He said that we wanted to have a discussion with 45 countries and that Egypt was ready to have an Advisory Body. Egypt would herself guarantee by her own declaration. And for the purpose of giving confidence to the user nations they agreed to an Advisory Body being set up for that purpose.

Question:- It has been said that you did not reflect public opinion of Pakistan at the Conference?

Answer:- So far as public opinion is concerned what I did was that I tried my level best to influence West as also other delegates and impressed upon them that whatever has to be done can only be done with the consent of Egypt. There was a feeling in some countries to take unilateral action against Egypt. We succeeded in preventing that. To that extent, I did reflect public opinion of Pakistan and other Middle Eastern countries.

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Amir Khan 3/6
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British Embassy,
TEHRAN.

August 28, 1956.

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Dear Riches,

Dr. Ardalan gave me this morning a few impressions of the London Conference. He was obviously delighted with his reception and with the hospitality and courtesy extended to him both by the Prime Minister and the Secretary of State. He was full of praise for the Secretary of State's skilful and fair-minded chairmanship. Menzies' air of authority and clarity of thought had obviously made a great impression on him. He was very critical indeed of Menon and the Indian delegation generally. He described how the former had attempted to suborn him in advance of the Conference; and he seemed a little sorry that efforts to detach Indonesia and Ceylon from India had not been completely successful. (Incidentally, he mentioned that Dr. Soekarno, who passed through Tehran yesterday, seemed to live in a world of his own and be remarkably ignorant about Suez). As regards the future he spoke rather optimistically of the prospects of being able to persuade Nasser to accept international control; and he clearly felt that as the only Moslem member of the Committee he was in a special position and he might be able to make the most effective appeal. He said that he fully shared our views about the desirability of deflating and if possible getting rid of Nasser. He thought, however, that we should not get confused between the two objectives. The first essential was to get a workable and effective settlement of the question of the Canal. Once that had been obtained and whatever its effects on Nasser's prestige we could then work together on undermining his position.

Yours ever
Roger Lissner

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