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PRESS VERSION OF TEXT OF OFFICIAL STATEMENT
ISSUED ON AUGUST 30 AFTER MEETING BETWEEN
NASSER AND THE UNITED STATES AMBASSADOR

President Gamal Abdul Nasser summoned Mr. Henry Byroade, the United States Ambassador to Egypt, and conveyed to him the regret of the Egyptian Government about the statement made by President Eisenhower on the Suez Canal, in which he said that the 1888 Convention provided for international management of the Canal.

The fact is that the Convention in question was concluded between the countries which signed it for the purpose of respecting freedom of navigation in the Suez Canal. In the preamble of the Convention, it was explained that the purpose was to draw up a system for guaranteeing the freedom of countries to use the Suez Canal in accordance with the Firman issued on February 22, 1866.

The Firman provided that the Suez Canal Company was an Egyptian Company subject to the law and custom of the country. The Convention also stipulated that it would be valid after the expiry of the Suez Canal Company's concession, providing that the Egyptian Government would take over the management of the Canal after the expiry of the concession.

Furthermore, the Anglo-Egyptian Agreement signed on June 19, 1954 provides in article 8 for the following:

"The two contracting Governments recognise that the Suez Canal, which is an integral part of Egypt, is a waterway economically, commercially and strategically of international importance, and express their determination to uphold the Convention guaranteeing freedom of navigation of the Canal signed at Constantinople on October 29, 1888".

Egypt has announced her respect for the 1888 Convention relating to the freedom of navigation, and she is still keeping her word.

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Telephone: Digby 9-2720
Address: NAFTRAC

TO MEMBERS OF

BULLETIN NO. 2435

NATIONAL FOREIGN TRADE COUNCIL, INC.

111 BROADWAY • NEW YORK 6, N. Y.

August 13, 1956

NATIONALIZATION OF SUEZ CANAL

Robert F. Loree, Chairman of the National Foreign Trade Council, submitted on August 10, 1956 to the President, the Secretary of State and appropriate leaders of the Congress a statement regarding the nationalization of the Suez Canal, and its effects, present and potential, on United States international trade and investments. The text of the statement follows:

"The National Foreign Trade Council recognizes with the deepest regret that a principle of broad significance to international trade and investment, namely, the sanctity of contracts, has been violated in the recent nationalization of the property of the Suez Canal Company. The Council affirms the conviction that this action of nationalization and subsequent related events emphasize the need for clarification of the United States Government's policy regarding the sanctity of contracts.

"It is the Council's belief that a clear distinction must be drawn between nationalization of the assets of a company operating in a country without specific written commitments, and the repudiation of a formal international contract freely entered into for the purpose of developing a country's natural resources and industrial capacity.

"The Council, whose membership is composed not only of exporting and importing interests but also of a large majority of private American concerns with investments throughout the free world, reemphasizes its view of the vital importance of trustworthy international commitments. It reiterates that the sanctity of contract is the cornerstone of international confidence and without it neither the individual investor nor our Government can afford to send American dollars abroad to assist in the development of the resources or the industries of underdeveloped countries.

"The sanctity of contracts between governments, between governments and companies, or between governments and individuals is fundamental to the continued growth of world trade and capital investment abroad. Without the assurance that such contracts will be honored, investment in other countries by citizens of all nationalities will be seriously retarded and the material progress of the world, upon which so much depends, will be jeopardized.

"The Council urges that the United States Government unequivocally state that it considers the repudiation of such contracts and agreements as that applicable to the Suez Canal to be illegal, contrary to ethics, and conducive to economic chaos throughout the world."

NOTE: This bulletin to members is not for publication or redistribution.

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THE NEW TIMES OF BURMA (English Daily, Rangoon)

AUGUST 29, 1956

SUEZ AGAIN

Agency news flashed out last night that Egypt's President Gamal Abdel Nasser will agree to interview the five-nation committee which has been cooling its heels in London ever since the London talks ended last week. The Egyptian President will, however, insist that any agreement on his part to meet the London conference delegation does not mean that he is prepared to discuss a settlement of the Suez canal crisis on the basis of the London proposals. Various motives have been ascribed for the delay in Nasser's reply to the request for an interview made by the leader of the five power mission, Mr. Menzies.

Most foreign commentators believe that the Egyptian President is playing for time, hoping that tempers in the West will cool sufficiently before he embarks on any discussion with the Western envoys. They believe also that the Egyptians are stalling for time in order to contact pilots from Italy, West Germany and elsewhere who could be able to replace the British and French pilots in case the latter leave their jobs on orders from their governments or the Universal Suez Canal Company. They believe that the more time Colonel Nasser has to get in the groove, as it were, of managing the Suez Canal the better are his chances of proving to the world the ability to run the Suez Canal impartially.

The question now is whether President Nasser will accept the Western demand for an internationalisation of the Canal administration. It is hardly likely that President Nasser will so easily hand over part of Egyptian sovereignty just because some Western powers fear their political influence will diminish if they do not retain direct or indirect control of the Canal. The Suez Canal zone is indisputably under Egyptian sovereignty and the fact that the Canal is an international waterway does not in the least detract the right of the Egyptian government to make the Canal Company a national institution. Egypt would in any case have obtained the job of administering the Canal when the concession of the old Suez Canal Company expired—due under the Constantinople convention in about 12 years.

Never since the end of the last war has the world been faced with such a grave crisis and the threat of war, it is certainly no credit at all to the two Western Governments that they are largely responsible for the existence of this threat. The threat to resort to gunboat diplomacy is one of the most harmful episodes of British and French policy. Surely these two Governments realise that the tremendous upsurge of anti-colonial feeling here in Asia and in the Middle East is no trivial thing that can be kept in check by a threat of force. There is little doubt that the British and French can re-take the Canal through force, but at what cost in life?

There is evidently great need for clear rational thinking on the part of the leaders of these two great nations.

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SUEZ CANAL COMPANY

Please see Mr. Isaacson's letter attached about a notification by the Suez Canal Company to the Egyptian Government, the purpose of which is set out in the second paragraph.

2. As you were not available sooner, I have telephoned Mr. Isaacson to ask him to hold up the issue of this communication for as long as possible and promised that we would try to let him have our views later this afternoon. I told him that my personal reaction was that at all costs this communication should not be issued through the Press or publicised in any way: it would ^(then) be regarded by Nasser and the Egyptians as a plot to put pressure on them while the talks with the Committee of Five are going on. I also said that so far as the text was concerned, my preliminary reaction was that it was all right, except for the last line where it seemed to me that the words "pourra être amené" might be maliciously interpreted as meaning "might be instructed by the Company (with the implied ^{approval} ~~presence~~ of the British and French Governments)". I suggested it would be much better if the words "pourra se décider" were substituted.

3. Mr. Isaacson said that he thought we could not object in principle to a communication of this sort being passed to the Egyptian Government, particularly as the French Government had agreed and the British staff were a minority of the Company's employees. I agree.

4. On further consideration of the text I have no other amendments to suggest.

Recommendation

5. That I should telephone Mr. Isaacson to confirm what I have already told him, and to add that if the Egyptian Ambassador in Paris refuses to accept the communication the Company should inform us and the French Government so that we may consider some other means of transmitting it without publicity.

Mr Bealey

/On.....

A. B. [Signature]
August 31, 1956

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On Mr. Beeley's instructions I telephoned to Mr. Isaacson and asked him to give our views to Monsieur Georges-Picot as follows:

(a) We would very much prefer the Company not to make this communication. The Company had already done too much from our point of view in emphasizing their control over the employees. H.M.G. thought that more emphasis should be laid on the freedom of the individual to choose whether or not he continued to work on the Canal. The greater part of the proposed communication was no more than a recital of facts already known to the Egyptian Government. The last sentence, which was new, looked very like a threat that the Company might at any moment withdraw its personnel and could hardly be worse timed in view of the visit of the Committee of Five to Nasser.

(b) If, however, the Company insisted on making such a communication, we would like them to omit the last sentence completely and as a consequential amendment to add "for a further period" after "travailler" in the previous sentence.

(c) We considered it important that the message should not be published.

2. Mr. Isaacson thought that Georges-Picot would nevertheless insist on sending a message and that he would be loath to leave out the last sentence which, from his point of view, was the essence of the message. The fact that the Quai d'Orsay had already approved it would make it much more difficult to shake him.

3. I subsequently spoke to the Counsellor of the French Embassy and gave him a full explanation of our views. He promised to telephone at once to the Quai d'Orsay and urge them to support us with the Company if they felt able to do so.

H.B. Shepherd
(H.B. Shepherd)
August 31, 1956

We have now heard that Monsieur Georges-Picot has agreed to defer sending the message until Monday, when it will be discussed by the Comité de Direction. Sir F. Wylie will be present, and Mr. Isaacson will brief him.

Bill Kibbey

H.B. Beeley 1/9

Further developments are in Cairo Ltr. 1833 and 1834, and in F.O. Ltr. to Cairo no. 2653 of September 1.

H.B. 2/9

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D. 14222
CONFIDENTIAL



Commercial Department,
British Embassy,
Paris.

August 30, 1956.

Dr. S. Adam

Dear Adam,
Suez Canal Company

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JEN 21/1162

Please refer to our telegram No.265 of August 28 about the instructions to the Company's "loyal" staff in Egypt.

2. Georges-Picot called on me this afternoon to say that the Company felt that, in order that the Egyptian Government should have the least possible excuse for molesting or detaining the staff when (and if) they stop work, a notification should now be sent by the Company to the Egyptian Ambassador in Paris that the staff were liable to stop work at any moment. Georges-Picot added that he had discussed this proposal with Daridan at the Quai d'Orsay, who saw no objection to it.

3. Georges-Picot asked me to obtain your views. I suggested that it would be better if I could send you the draft of the proposed letter, which he has now produced (copy enclosed). The Company feel that this letter should go to the Egyptian Ambassador tomorrow (Friday) afternoon, or at the very latest on Saturday morning. I should therefore be grateful if I could have your views by telephone tomorrow morning on (a) the general proposal and (b) the text.

4. Georges-Picot added that he would suggest to Daridan that he should telegraph his comments on the proposal to the French Embassy in London, in case you wished to discuss it with them.

5. I asked Georges-Picot what the Company would do if the Egyptian Ambassador here refused to accept the letter from them. He regards this as most unlikely, partly on the grounds that the Egyptian Ambassador has already put out unofficial feelers to the Company (about the possibility of sending some pilots back to Egypt). His further thought was that, if the Ambassador did refuse to accept the letter, the Company could always communicate it to the press. I commented that publication of the letter in the Paris press over the week-end would not be helpful to the talks of the Committee of Five with Nasser. I feel, indeed, that we have had enough communiqués to the press by the Company, and perhaps some other channel of transmission of the letter to the Egyptian Government could (if needed) be found.

Yours truly,
R.S. Isaacson
(R.S. Isaacson)

P.S. As the Company's proposal is still under discussion, I am not copying this letter to Cairo or Washington.

J.H.A. Watson, Esq.,
African Department,
Foreign Office,
London S.W.1.

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J
 AFRICAN DEPARTMENT
 EGYPT

JE 14211/1369

FROM Chancery,
 Cairo.

No. 1011/101/56
 Dated 1 Sept 56
 Received in
 Registry - 7 SEP 1956

Reports on the Cairo rally held by the
 Organisation of Struggle for Liberation
 of Moslem peoples on August 11.

References to former relevant papers

-/630

(Print)

(How disposed of)

MINUTES

The fact that a rally advocating the
 liberation of Moslem peoples can include a Greek
 bypriot shows how completely based on emotion,
 not reason, the whole performance is — and
 how dangerous this unscrupulous demagoguery can be.
 There are no present signs of Communist
 penetration, and the only near-Communist
 utterances seem to have been found embarrassing —
 but while these people do the Communists'
 work so ably for them, there is no need for

(Action completed)	(Index)
EB 22/10.	S 6/9/59

penetration.

Off file 11/9

References to later relevant papers

IR Dept 13/11/59
 F.O. Dept 4957
 7/8

19/10



JE 11211/1362

J

BRITISH EMBASSY,
CAIRO.

September 1, 1956.

(1011/401/56)

CONFIDENTIAL

Dear Department,

The Cairo rally held by the Organisation of Struggle for Liberation of Moslem Peoples on August 11 (paragraph 1 of our telegram No. 1519 of August 11 refers) was rather a curious performance. An official in the Ministry of the Interior, when asked about the rally the previous day, said that he knew nothing of the Organisation and that extensive security precautions would be taken. Certainly the security precautions were much in evidence, but as the meeting was held in a large marquee in Tahrir Square, it is difficult to believe that it took place without official sanction. The reticence of the Ministry officials, indeed, suggests that the organising body was either the Islamic Congress or the Liberation Rally. There was nothing which could be identified as Communist about the meeting in spite of the Organisation's Communist-sounding title.

2. Two members of our staff were present at the meeting, which was not well attended. Many people came and went, several hundreds using the call to evening prayer as an opportunity to get up and walk out. The largest number of people present at any one time was twelve or fourteen hundred, and when the resolutions of the conference were read out at its close there were only two or three hundred left. The marquee in which the conference was held was surrounded by a cordon of police and was constructed facing away from the Square, so that the many thousands enjoying the evening air in Tahrir Square could well have been unaware that it was going on. The one loudspeaker was also directed away from the Square.

3. The speakers at the meeting spent most of their time expressing support for the decision to nationalise the Canal. The phrases "nationalisation of the Canal" and "Gamel Abdul Nasser" were applauded every time they occurred. There were some small cliques who occasionally got up and shouted "Arms, arms. Down with Britain. Down with France. Long Live the Struggling Cypriot People. Long Live the Principles of Bandoeng", but speakers and audience soon got bored with them and called on them to be quiet. The speakers included an Algerian; a Palestinian, who was clearly a henchman of the Mufti of Jerusalem; a Lebanese describing himself as leader of the Lebanese Naggada Party; a Syrian lawyer; a Jordanian school teacher speaking for the Jordanian student and teaching body in Egypt; a Yemeni; an Iraqi - a Communist style demagogue who called on the Arab countries to nationalise their oil wealth and use the proceeds for the conquest of Palestine and the establishment of Arab socialism for the benefit of Arab workers and peasants (the Committee on the platform were clearly agitated over this performance and had it cut short); an Egyptian woman representing Arab Motherhood, to whom nobody listened; a representative of the Greek colony in Cyprus whose support for the struggling Cypriots was warmly applauded; a representative

of the/

African Department,
Foreign Office,
London, S.W.1.



of the Italian colony; the head of a Chinese cultural delegation, Burhan Shahidi (who has also been sedulously cultivating the acquaintance of the Rector of al Azhar University; a representative of the Sons of the South, who spoke of the people of the Aden Protectorates as part of the great Yemeni nation; Prince Zakaria bin Khayno of Mauritania; and Eritrean, Somali and Nigerian students. All these expressed their support for Egypt in tirelessly repetitive fashion.

4. At the close of the meeting someone on the platform read to the remaining listeners the resolutions which the conference had "adopted". These resolutions (copy enclosed) were greeted enthusiastically, particularly the one calling for a general strike on August 16. Altogether it was a strange and somewhat farcical performance.

5. We are sending a copy of this letter, with enclosure, to POLREP.

Yours ever,

CHANCERY.

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RESOLUTIONS

1. The conference declares, in the name of the principles adopted by the liberals of the world, its absolute support for President Gamal Abdul Nasser in his firm, historic decision connected with the nationalisation of the Egyptian Suez Canal and for restoring the right to its owners.
2. The conference denounces all imperialistic attempts to interfere in the private affairs of Egypt and which involve violation of international laws and the rights of peoples and the United Nations Charter.
3. The conference warns the imperialistic powers of any threat or aggression against Egypt or against any part of the Arab Moslem world confirming the complete solidarity of their people and their readiness to strive against any attempt of this sort.
4. In response to the desires of the faithful youth who showed readiness to give their blood in defending Egypt and pan-Arabism, the conference proclaims the immediate opening of voluntary conscription to mobilize the youth of the Moslem and Arab Nations, and the youth of the free nations, participants in the conference, and train them to carry arms in the battle for freedom and dignity alongside Egypt.
6. The units of volunteers will be under the command of President Nasser, the Supreme Commander of the Egyptian Forces.
6. The conference decides to announce that August 16 will be a day of general strike throughout the Arab and Moslem countries.
7. The conference entrusts the organisation for the Liberation of the Moslem people, with the setting-up of a committee to carry out these decisions and communicating them to all nations participating in this conference.

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ESECRETFROM FOREIGN OFFICE TO WASHINGTON

Cypher/OTP

FOREIGN OFFICE SECRET AND
WHITTHALL SECRET DISTRIBUTIONNo. 1063

September 6, 1956

D. 8.47 p.m. September 6, 1956

EMERGENCY
SECRET

Addressed to Washington telegram No. 1063 of September 6.
Repeated for information to Paris (Immediate) U.K. Del New York
Cairo

[Cairo only]. Following personal for Ambassador.

My immediately preceding telegram.

Recourse to the Security Council.

I feel that the state of public opinion in the United Kingdom and indeed in the United States and elsewhere makes it necessary that we should, having explored the possibilities under Article 33 of the Charter, now go to the Security Council, preferably under Chapter 7, as you suggest. I discussed this matter with the French Prime Minister and Foreign Secretary in Paris yesterday. They are reluctant to take this course but are prepared to acquiesce. They do however feel, and I agree, that we should have agreed among ourselves a common approach before we embark upon this course which is obviously full of pitfalls.

2. I readily give you the assurance that any recourse by us to the Security Council will be genuinely directed towards a peaceful settlement. We have no idea of using the Security Council proceedings as a cover for military operations. We would regard them as another effort to bring international pressure to bear upon Colonel Nasser to make him conform to the kind of solution which you so admirably expounded at the London Conference. At the same time I take it that we are agreed not to countenance any resolution or wrecking amendment which would tend to limit our

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ESECRETForeign Office telegram No. 1063 to Washington

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respective freedom of action in the last resort if Colonel Nasser continued to be obdurate.

3. The item which we would propose to inscribe would be something along these lines: "the situation created by the unilateral action of the Egyptian Government in bringing to an end the system of international operation of the Suez Canal which was confirmed and completed by the Suez Canal Convention of 1888"

4. The resolution which we have in mind (without prejudice for the moment as to the time at which it would be tabled) is contained in my immediately following message. I procured from the French Prime Minister and Foreign Minister yesterday agreement to the deletion of any reference to the passage of Israeli ships. That I am sure is an improvement.

5. Would you like to join with the French and ourselves in calling for the meeting and/or in sponsoring this resolution? I have no doubt that we are agreed that our resolution should advocate the London Plan and that we should all of us agree not to put forward or support in the Security Council any resolution or amendment involving any significant modification of it.

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FROM FOREIGN OFFICE TO WASHINGTON

Cypher/OTP.

FOREIGN OFFICE SECRET AND
WHITEHALL SECRET DISTRIBUTION

No. 4064

September 6, 1956

D. 9.00 p.m. September 6, 1956.

EMERGENCY

SECRET

Addressed to Washington telegram No. 4064 of

September 6.

Repeated for information to Paris [Immediate]
New York (UKDEL)
Cairo

[Cairo only] Following personal for Ambassador.

My immediately preceding telegram paragraph 4.

Following is text of the Draft Security Council
Resolution.

Recognizing that the unilateral action of the Government of Egypt in relation to the operation of the Suez Canal has disturbed the status quo and, by bringing to an end the system of international operation of the Suez Canal, which was confirmed and completed by the Suez Canal Convention of 1888, has created a situation which may endanger the free and open passage of shipping through the Canal, without distinction of flag, as laid down by that Convention, and has thus given rise to a threat to the peace;

Noting that a Conference to discuss this situation was called in London on August 16, 1956, and that 18 of the 22 States attending that Conference, who between them represent over 95% of the user interest in the Canal, put forward proposals to the Egyptian Government;

Regretting the refusal of the Egyptian Government to negotiate on the basis of the above-mentioned proposals, which offer a just and equitable solution;

Considering that such refusal constitutes an aggravation of the situation;

/1. Finds

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ESECRETForeign Office telegram No. 1061 to Washington

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1. Finds that a threat to the peace exists;
 2. Reaffirms the principle of the freedom of navigation of the Suez Canal in accordance with the Suez Canal Convention of 1888;
 3. Requests the Government of Egypt to negotiate on the basis of the 18 Power proposals with a view to reaching a just and equitable arrangement for the international operation of the Suez Canal.
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ESECRETFROM FOREIGN OFFICE TO WASHINGTON

Cypher/OTP

FOREIGN OFFICE SECRET AND
WHITEHALL SECRET DISTRIBUTIONNo. 4065
September 6, 1956

D. 9.25 p.m. September 6, 1956

EMERGENCY
SECRET

Addressed to Washington telegram No. 4065 of September 6.
Repeated for information to UKDEL New York, Paris [Immediate]
and Cairo.

[To Cairo only] Following personal for Ambassador.

My telegram 4063 paragraph 5.

Following is the text of the letter which Sir P. Dixon would
send to the President of the Security Council asking him to call
the meeting.

Begins.

In accordance with instructions received from Her Majesty's
Government in the United Kingdom I have the honour to request you,
in your capacity as President of the Security Council for this
month, to call an emergency meeting of the Council for
The purpose of this meeting would be to consider the following item:

"Situation created by the unilateral action of the Egyptian
Government in bringing to an end the system of international
operation of the Suez Canal, which was confirmed and
completed by the Suez Canal Convention of 1888".

Since the action of the Egyptian Government created a situation
which may endanger the free and open passage of shipping through
the Canal, without distinction of flag, as laid down by the above-
mentioned Convention, a Conference was called in London on
August 16, 1956. Of the 22 states attending that Conference, 18,
representing between them over 95% of the user interest in the
Canal, put forward proposals to the Egyptian Government for the
future operation of the Canal. The Egyptian Government have,
however, refused to negotiate on the basis of the above-mentioned
proposals, which in the opinion of Her Majesty's Government offer
means for a just and equitable solution. Her Majesty's Government
consider that this refusal constitutes an aggravation of the
situation which, if allowed to continue, would constitute a
manifest danger to peace and security.

Ends.

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Cypher/OTP

FOREIGN OFFICE SECRET AND
WHITEHALL SECRET
DISTRIBUTIONNo. 4066

September 6, 1956

D. 9.12 p.m. September 6, 1956.

EMERGENCYSECRETAddressed to Washington telegram No. 4066 of September 6.

Repeated for information to: Paris [Immediate]

UKDEL New York

Cairo

[Cairo only] Following personal for Ambassador

My telegram No. 4062.

Canal Dues and User Agency

Nasser's rejection of the proposals put forward by Menzies constitutes a major rebuff to the 18 powers. We know that Nasser wants to string us along and meanwhile to strengthen his hold on the Canal. To this extent we are playing his game if we go to the Security Council. There is the danger that whilst we are engaged on discussions there the situation will deteriorate and the pro-Western regimes in the Middle East will be fatally weakened. To avert this it is essential that we should all make it publicly clear that Nasser is not, pending discussion, going to benefit from his act of unilateral expropriation. I should regard our action in going to the Security Council as fraught with even more than the obvious dangers if we have not beforehand reached some agreement with regard to payment of the dues.

2. Therefore I propose that we should ask all the major user governments to make a statement as early as possible and on the lines suggested by M. Speak in NATO yesterday to the following effect:-

- (a) we do not recognize the nationalisation of the Canal;
- (b) we shall take steps to deny the transit dues to the Egyptian Government or the new Egyptian Board;

(c) we

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Foreign Office telegram No. 4066 to Washington

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(c) we are advising our ship owners accordingly.

3. Your wider scheme for a users agency seems to us to have distinct advantages but I think it unlikely that it will be formulated in time for us to take action as urgently as we think is necessary. The above proposals would however be a first step towards it.

4. In a following message I deal with your proposal in greater detail.

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ESECRETFROM FOREIGN OFFICE TO WASHINGTON

Cypher/OTP

FOREIGN OFFICE (SECRET) AND
WHITEHALL (SECRET) DISTRIBUTIONNo.4069

September 6, 1956

D. 9.30 p.m. September 6, 1956

EMERGENCYSECRETAddressed to Washington telegram No.4069 of September 6.Repeated for information to: Paris [Immediate]
UKDEL New York
Cairo

[To Cairo only] Following personal for Ambassador.

My telegram No.4067.

For your own information, the great tactical advantage of Mr. Dulles' proposal is that, if the Americans were to participate in the actual setting up of an international body after Nasser's refusal, they would have committed themselves much further towards a policy of compelling the Egyptian Government by some means or other to accept international control.

2. Also for your own information at present, I doubt whether Article VIII of the 1888 Convention gives us an adequate juridical basis for the action proposed, for the following reasons:

(a) It merely authorizes the agents in Egypt of the signatory powers to inform the Egyptian Government of any danger threatening the security or the free passage of the Canal, or to demand the suppression of any obstruction which might interfere with the freedom and security of navigation. Before this Article or be invoked it would be necessary to show that some such danger or obstruction existed.

(b) It is difficult to argue from Article VIII that there is any explicit or implied right of the signatory powers, if they are not satisfied with the actions of the Egyptian Government, to take over the operation of the Canal. Indeed, while the 1888 Convention confers on users of the Canal the right of passage and freedom and security of navigation, it does not include the users in any way in the operation of the Canal.

/(c)

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ESECRETForeign Office telegram No.4069 to Washington

-2-

- (c) The meetings envisaged in Article VIII have never been held and the Article is virtually a dead letter.

It is for these reasons that I have suggested in my message to Mr. Dulles that we should base ourselves on the preamble. I am anxious, however, to avoid adopting a critical attitude at present to the legal arguments reported in your telegram No.1804. We do not want to discourage for narrow juridical reasons this promising development.

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SECRET

FROM CAIRO TO FOREIGN OFFICE

Cypher/OTP

FOREIGN OFFICE (SECRET) AND
WHITEHALL (SECRET) (CABINET) DISTRIBUTION

Sir H. Trevelyan

No. 1936
September 6, 1956.

D. 2.02 p.m. September 6, 1956.
R. 3.32 p.m. September 6, 1956.

IMMEDIATE
SECRET

Addressed to Foreign Office telegram No. 1936 of September 6.
Repeated for information to Paris

Washington
P.O.M.E.F.

RE 14/2/11 / 1378

Guard.

Menzies Mission.

Mr. Menzies has now told me the following:-

The mission were agreed that they had come up against a brick wall, though this might not be fully apparent for two or three days. They were not going to have any meeting with Nasser today nor probably tomorrow. He hoped to send Nasser, tomorrow, a written exposition of the mission's proposals and to receive a written reply from Nasser by Saturday. Fawzi has agreed that this would be a suitable procedure.

2. At last night's meeting Nasser said that he was prepared to make agreements with the user States about rates and non-discrimination. He confirmed, in answer to Mr. Menzies question, that these agreements would be within the framework of his [? grp. omitted] of complete ownership, management and operating control of the Canal by the Egyptian Government. At this morning's meeting of the five Mr. Menzies explained his view that the mission had no mandate to discuss Nasser's proposals and that if they did so the situation would be blurred and they would find themselves lost in the sands of the desert. The Ethiopians supported him, but Mr. Henderson was inclined to feel that they should at least elucidate Nasser's proposals at a new meeting, and the Swede and the Iranian were inclined to support him.

Mr. Menzies did not press the issue further this morning and the other four agreed that they should next discuss the document which he was drafting for presentation to Nasser. He told me that,

/apart from

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ESECRETCairo telegram No. 1936 to Foreign Office

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apart from other considerations, he had his own reputation to consider and was not going to get into a bog over this. He went so far as to say that if some of the others insisted on talking to Nasser on these lines, he would reply that they could do it without him, which would fix the matter. He is sending a personal message for the Prime Minister this afternoon.

Please pass to Paris and Washington as my telegrams Nos. 154 and 289.

[Repeated to Paris and Washington].

sssss

ADVANCE COPIES:-

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

African Dept.

JE14211/1381

SECRET

Record of a Meeting in M. Pineau's Office
at 11.45 a.m. on September 5, 1956

Present:

Secretary of State	M. Pineau
Sir G. Jebb	M. Chauvel
Mr. Ross	M. Joxe
Mr. Watson	M. Daridan
Sir G. Young	etc.
Mr. Beith	
Mr. Laskey	

1. Security Council

M. Pineau raised the question of taking the Suez issue to the Security Council. He was aware of the British desire to do this; and Anglo-French solidarity would obtain. But he would not go with much pleasure. French public opinion would regard this as a psychological retreat which would push us further back than we wished to go. Was this course absolutely necessary?

The Secretary of State said that the state of British public opinion was such that there would be difficulties if force were used without first referring this issue to the U.N. in some form. The Trades Union Congress and the Labour Party inside the country, and the United States and the Scandinavians also, all felt this way. He shared entirely M. Pineau's views about the dangers. But he felt that so soon as Nasser said no, we should set up some authority to which the Canal dues could be paid, and go to the Security Council at the same time: both in order to satisfy opinion and to prove that the U.N. cannot solve this problem. M. Pineau asked whether the time taken by this and attempts at other peaceful means would not delay matters until it was too late to take military action. The Secretary of State agreed that we must guard against this.

2. New Canal Authority and future of Pilots

Turning to the situation on the Canal, Monsieur Pineau said that if Nasser's answer was negative, most of the pilots would go. The Secretary of State said that Mr. Dulles had in this connexion just made an interesting proposal to Sir R. Makins. The signatories of the 1888 Convention plus certain users should constitute a new authority to run the Canal and hire the pilots. If the U.S. went so far as to set up a new authority in this way Nasser might be brought to agree. Mr. Dulles thought that there was a

/juridical

juridical right to do this, because Nasser's refusal would be a breach of the 1888 Convention. Mr. Dulles had not cleared this idea with his Government, and a knowledge of it should be limited to those in the room. But it seemed a useful idea if it did not involve delay. M. Pineau said that Mr. Dulles's ideas were good but that they kept changing.

The Secretary of State said that what was not clear was what we should then regard as a casus belli. Should we say to Nasser that he must accept this or be invaded? Or was an ultimatum wise?

Sir G. Jebb said that we must consider what to do if Nasser did not return a plain negative but spun negotiations out. The Secretary of State said it would be much better to have Nasser shoot at a British ship. But he was perhaps too cleverly advised to do this. Nevertheless if he got no money and ships went up and down the Canal this would be a big loss of face to him.

M. Pineau said that three problems arose from this idea:

- (i) Would the new authority be able to hire the pilots it needed?
- (ii) What would be the relations between the Egyptian authority and the proposed new authority in practice?
- (iii) How would this plan fit in with reference to the Security Council?

M. Chauvel said that pilots based on Cyprus or elsewhere could perhaps take the ships through, but it was not clear what would happen about maintenance and dredging.

See statement transcript herein about amendment
Mr. Ross explained that ^{it might be argued} the ~~legal argument~~ was that the 1888 Convention provided for freedom of navigation and for the Suez Canal Company as the instrument of this, at any rate till 1968. If Nasser purported to abolish the Company we could reassert the right to some other executive organ. ~~The Committee of local agents in Article 8 of the Convention might also play a part.~~ The Secretary of State thought that we should try to reach agreement on some such plan in the next 72 hours so that when we get Nasser's reply we will have a plan.

3. Security Council: U.S. attitude

Sir G. Jebb said that unless there was some positive incident on which to peg our case, we should find things very difficult in the Security Council. M. Pineau asked what was Mr. Dulles's position about reference to that body. The Secretary of State said that Mr. Dulles

But Mr. Dulles's reference to the Agents of the signatories seemed acting as a committee under Article 8 needed clarification.

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seemed to be in agreement about going. He preferred Chapter 7 to Chapter 6 as being less "milksop" and giving greater precision. He would come himself; and would help to keep the debate short. But his condition was that this must be a genuine attempt at a peaceful settlement. We could give him that assurance. We would mobilise opinion by explaining that we had attempted a solution under Article 33 and that we were now referring to the supreme authority. The argument against Chapter 6 was that it implied a further process of negotiation. M. Pineau said the advantage of Chapter 7 was that there would be better justification for our military measures. The Secretary of State said that our line must be that we must retain the power to protect our lives and shipping, and therefore must maintain forces ready in the Mediterranean at this time.

M. Pineau said that a very important factor was not paying dues to Nasser. Would the United States declare before the end of the week that they would not do so? The Secretary of State thought this an encouraging feature of Mr. Dulles's new plan.

c Mr. Ross said that there were three stages in such action. Stop paying dues to Nasser; put ships through the Canal; pay dues to the new Company.

M. Pineau wondered whether this plan was intended as something to enforce on Nasser, or to gain time, which would be less good. The Secretary of State said that Mr. Dulles seemed reasonably determined to impose the will of the 18 nations on Egypt. But he wanted to stop us doing so by force, at all events before the U.S. elections. One could sympathise with his difficulties. He had said that it would be hard to get even subsidiary economic help to us through Congress before then. Until the elections, Mr. Dulles wanted no force used, unless there was a clear excuse. On the other hand, if we went on with futile negotiations, our friends in the Middle East would suffer; Nasser's conspirators might upset Nuri in Iraq and others. Therefore the Secretary of State himself preferred earlier action but in the right international atmosphere. Perhaps we could fit in the Security Council between the sailing of our slow ships and the sailing of our fast ones.

4. Security Council: Timing

M. Pineau asked how the Security Council meeting could be brought to an end. The Secretary of State said that after a few days, the Foreign Ministers should leave. M. Spaak would be there, and could be counted on. M. Spaak did not like very much the idea of going to the Security Council; he favoured the maximum economic pressure. He thought that force might ultimately have to be used but he did not see how a good case could be made for doing so.

/M. Pineau

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M. Pineau said that our thesis was that the Canal must be kept open; but it would be closed when the pilots went. There were also two blockships being prepared by the Egyptians. The Secretary of State said that it was a principle of our law that you could use such force as was necessary to get a man out of your house. If Nasser stopped a ship and we sent a destroyer, people would understand.

M. Pineau said that we must fix a definite timetable. How could we go to the Security Council under Article 39 without an incident first? The Secretary of State said that the words "a threat to peace" in that Article referred to a danger in the future. It was this threat we could not accept. M. Pineau asked what would happen if the Security Council passed a resolution forbidding the use of force. The Secretary of State said that we must make it clear that force was only a last resort. The ships must go through, most of them not paying Nasser. If he lost enough face that way, military measures might not be necessary. But we could only keep our military forces hanging around ready for the attack for about a week or so. Mr. Dulles' plan altered the timetable. We had never imagined a new body trying to run the Canal before Nasser gave in. But it was a possible line of approach.

5. Security Council: Agreement with Mr. Dulles

M. Chauvel asked whether the U.S. were definitely willing to go to the Council next Tuesday if Nasser said no by Saturday.

M. Pineau said that if we accepted Mr. Dulles's idea, and agreed to using Article 39 in the Council, which he preferred, we must agree with him beforehand on two points which we would not accept in the resolution:-

- (i) Mr. Dulles must not support anything implying that we are a threat to peace (Mr. Dulles might put in an amendment calling on both sides not to use force), or any resolution that would inhibit us or tie our hands;
- (ii) he must not support a compromise solution which went beyond what was agreed by the 18 in London.

The Secretary of State agreed. If we told Mr. Dulles that an alternative to force was pressure on Egypt to accept a plan like his, he would assist. Sir G. Jebb pointed out that there was no need to raise the issue in the Security Council under any specific Article. M. Pineau recognized this. The best course was perhaps to see Mr. Dulles the day before and agree on procedure. The Secretary of State agreed. We could not avoid hurrying the U.S. on this issue because we had not the time to waste.

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6. Acceptance by Nasser

The Secretary of State said that all this planning was on the hypothesis of a clear-cut no from Nasser. Suppose we did not get this but a request for more time to think? Nasser might say that he would give his answer later or perhaps meet again after an interval.

M. Pineau said that Mr. Menzies' attitude would be capital. We must try to establish that Nasser had refused if Mr. Menzies left Cairo without Nasser having approved our proposals.

The Secretary of State said that if Nasser accepted our proposals as a basis for negotiation, which was being asked of him, we might spend six months on it. M. Pineau said that if he agreed to negotiate on that basis we could legitimately pay the dues to some exterior body on a provisional basis, letting this body pay the pilots during the negotiations. This was in effect the Dulles Plan.

7. Various Sanctions

The Secretary of State said that he agreed with M. Pineau that payment of dues was a critical issue. We must line up the powers concerned on this. M. Pineau agreed.

The Secretary of State also thought the blocking of Egyptian funds and current accruals was important. We had received no reply from Mr. Dulles on this point. We must continue to press him.

M. Pineau said that our trade with Egypt did not lend itself to sanctions. There was no merchandise going to Egypt on which a ban was necessary. The Secretary of State said that economic measures probably did less harm to Egypt than to the imposers of them. We therefore considered that the crux of the issue was that he should get no revenues from the Canal.

The Secretary of State then handed over to M. Pineau a reply to his letter about the indemnity for the Company and its assets abroad.