

INWARD SAVING TELEGRAM

FO
WL

SAVING

JE 14211/1387

E
J

BY RAB

SECRET

Sir Roger Stevens
Saving telegram No. 23
September 4, 1956.

CB

TEHRAN TO FOREIGN OFFICE

Addressed to Foreign Office, Saving telegram No. 23 of September 4; repeated for information Saving to:-

Jedda No. 6 (S)
Cairo No. 10 (S)
Washington No. 59 (S)

SHAH'S MESSAGE TO KING SAUD

My telegram no. 711 / September 17. JE 14211/1313

Prime Minister today gave United States Ambassador following summary of Shah's message:-

- (a) He had instructed his Foreign Minister to make every effort (i) to support Egypt's right to nationalise the Canal Company; (ii) to secure freedom of passage of this international water under international guarantee. He was to stress the Canal's importance to Iran.
- (b) He was to emphasise the danger to Egypt and to her Arab neighbours of the spread of communist influence if a satisfactory settlement were not negotiated.
- (c) The Shah hoped that the King would urge Nasser to adopt a reasonable attitude.

1 SEP 1956
WASH DC
AMEMB
11 11 11

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(JE14211/1388/G)

SECRET

Record of Conversation at lunch at the
British Embassy, Paris with Monsieur Pineau

September 5, 1956.

The Secretary of State said that he would like to clear up with Monsieur Pineau the question of the Canal Company employees. Our view was that we did not now wish to exert any further pressure on the pilots to remain at work. On the other hand we thought it very important that neither the British nor the French Governments should undertake the responsibility for advising or ordering pilots to leave. What we wanted to see was a spontaneous movement on the part of the pilots themselves. We therefore hoped that our two governments would agree there should be no further instructions to the pilots without prior consultation.

Monsieur Pineau agreed that the French Government's position was the same as ours. As regards time he asked whether the Secretary of State's idea was that the pilots should make a spontaneous move to withdraw between the date on which Nasser rejected the 18 power proposals and the date on which the question was brought to the Security Council. The Secretary of State confirmed that this was precisely our position.

Monsieur Pineau was informed that a statement substantially on the lines of the text contained in Cairo telegram No. 1834 would be made to the Egyptian management by the three senior Company officials in Egypt tomorrow and that this had the approval of Her Majesty's Government.

After lunch when the Secretary of State and Monsieur Pineau had withdrawn, Monsieur Joze reverted to the suggestion made privately at the close of the London conference that Mr. Menzies on arrival in Cairo should appeal to the employees to carry on while he was having discussions with Nasser. This had not been done, but it was now for consideration whether the employees should not approach Mr. Menzies and tell him that although they had agreed to assist his mission by remaining at their posts, they could not carry on once it had become clear that there was no longer any prospect of agreement. Mr. Ross suggested that this action would to some extent duplicate the action which the employees were to take tomorrow. There was also a risk that it might not appear altogether spontaneous. Monsieur Joze did not press the point but equally he did not give the impression that he had dropped it.

JE 14211
1390

SECRET

SUEZ CANAL

Implications for Middle East Policy.

The briefs written for the Suez Canal Conference have not explicitly discussed the probable effects of the various courses of action open to us on our interests in the Middle East generally. The following are some first thoughts on this question.

2. I feel sure that the gravest consequences would follow from a failure to deprive Colonel Nasser of control over the Canal. If he were to defy the Western Powers successfully, or if in the search for the largest possible majority at the Conference we were to accept a compromise proposal under which the international board had no effective authority, the blow to British prestige throughout the Middle East would be one from which we would not recover for many years if at all. Resistance to Egyptian propaganda in Jordan would collapse. The present tendency of King Saud to draw away from Colonel Nasser would be reversed. The present delicate balance in Syria would be tilted sharply towards Egypt again. The nationalisation of the oil companies in Iraq would be only a matter of time.

Levident

3. Military action against Egypt would also have very serious repercussions in neighbouring countries. This would be true whatever the circumstances in which such action was taken, but I think Arab indignation would be less widespread and less lasting if the Egyptians had given us an ~~effective~~ provocation, such as the stopping of ships at the entrance to the Canal. Nuri Pasha is confident that he could hold the position in Iraq so long as the Israelis took no action which would enable Colonel Nasser to argue that he was being attacked by a coalition of imperialists and Israelis. On the other hand Tawfiq Suwaidi has expressed the view that Colonel Nasser could "make a shambles" of the whole Middle East. The immediate risks would be denunciation of the Anglo-Jordanian and Anglo-Libyan Treaties and sabotage of the pipelines in Syria and possibly of oil installations on the Persian Gulf.

4. Moreover, Israeli restraint in the event of war in Egypt would be a great deal to ask for. If the Israelis invaded Jordan, we should be faced with extremely difficult decisions both in political and in military terms.

5. If the above is approximately right, we must clearly aim at defeating Colonel Nasser without resort to force. If we can settle the Suez Canal issue in such a way that Colonel Nasser's propagandists are unable to conceal the reality of his retreat, we shall have strengthened our own position in every Arab country and shaken the Egyptian régime to its foundations.

H Beeley

(H. Beeley)
August 18, 1956.

Mr. Ross
Sir H. Caccia

I agree

PR
20/8

N. Wainwright

11/11/88
11/11/88

Naturally I do agree with paragraph 5. But the actual choice may in the end lie between 2 & 3. On that I am inclined to the marked passage 2 & not for M.E. reasons only -

Sir I. Kirkpatrick

K. Maclean
20/8

It seems to me easy to enunciate these views - what are ~~the~~ sound & I think generally accepted ones.

But it is more difficult to draw up a programme which will achieve the end: "Defeat the Nazis without resort to force" (para 5). I shall be grateful for ideas.

J.K.
21.8.

From my particular pt. of view I can only heartily endorse the point made in the bracketed passage in para. 2 of the attached. It is important not only from the standpoint of Middle Eastern, but also from the standpoint of world opinion, that we should be definitely much stronger in this SUEZ CANAL

SECRET

JE 14211

Please see your minute below. I regret that more urgent papers have pushed this aside for so long. I did not pursue the argument further in my minute of August 18 because I had already submitted, on other papers, proposals for seeking to defeat Colonel Nasser without resorting to force. Briefly I thought that, if we could persuade a sufficiently large number of countries to deny all Canal dues to the Egyptian authority, Colonel Nasser would eventually be obliged either to capitulate and conclude an agreement or to take some action which would be accepted by responsible opinion everywhere as justifying military measures against him.

2. This, however, would have involved playing the hand slowly. I realise that, for reasons accepted as overriding, we must work to a faster time-table. This being so, I am afraid I have no useful additional suggestions to make. But I still think that we shall need any luck we can get in the way of provocation by Colonel Nasser, and I would suggest that the concerted denial of Canal dues should still have a high priority among our immediate measures.

H. Beeley
 (H. Beeley)
 August 31, 1956.

Sir I. Kirkpatrick

*Sir I. Kirkpatrick has now seen Sir C. Fitzmaurice's minute above. 31.8
 F49*

TOP SECRET

FROM CAIRO TO FOREIGN OFFICE

J.
TE 1421/1392

Gypher/OTP

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

Sir H. Trevelyan
No. 1942
September 6, 1956.

D. 6.13 p.m. September 6, 1956.
R. 7.30 p.m. September 6, 1956.

IMMEDIATE
TOP SECRET

Following personal for Prime Minister from Mr. Menzies.

Begins:

Last night it became admittedly clear that the vital principles of our proposals are rejected by Nasser. I am now drafting, for consideration by the Committee, an aide-memoire designed to set out the essence of our proposals and arguments in a clear and objective fashion so that there may be no dispute hereafter about what was being put and rejected.

Mr. Ross
Ld Reading
Mr. Butler
Sir I. K.
Sir G. Fyfe
Mr. R. G. L.
Mr. P. J.
Mr. P. J.
UN Dept
Africa Dept
Mr. P. J.
JAL
7 IX

My committee will consider this draft tomorrow morning. In the meantime, we will not be conferring with Nasser.

My own strong view is that we should avoid being led into a discussion of any counter-proposals which begin with the complete rejection of our own. To do this would, in my judgment, be to leave the results of our mission obscure and land us into a wilderness of debate in respect of which we have no mandate whatever. I am just a little afraid that one of my colleagues may want to prolong discussions on Nasser's proposals, which are rather worse than those of India and involve an unqualified acceptance of Egypt's complete domination of the affairs of the Canal, subject only to the 1888 Convention. I want to wind our proceedings up quickly so that this danger may be averted. Failing success, about which we were never optimistic, it seems to me best to have a result which shows that Nasser has rejected our proposals in spite of the fairness and generosity of those proposals which will, I hope, be made clear in the aide-memoire.

This morning I suggested through Trevelyan that I doubted the wisdom of a statement at your end about referring the matter to the Security Council because I feared that those who are optimistic

/about our

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TOP SECRET

Cairo telegram No. 1942 to Foreign Office

- 2 -

about our success might then blame you for having encouraged Nasser to resist. Our discussions have been very courteous, quite extensive, close and realistic and some plain things have been said. Ninety percent of the argument on our side has been conducted by me with, I think, the approval of the committee. I have sought to preserve a good atmosphere because I do not want to have it said that we were not genuinely seeking a peaceful and friendly arrangement. But I have at all times insisted that the central principle of our proposals is vital and that agreement would depend upon its acceptance. So soon as our aide-memoire to Nasser is agreed upon, I will have a copy forwarded to you.

Regrets and kind regards.

Ends.

[Copies sent to No.10 Downing Street].

~~XXXXXXXX~~

J

FROM CAIRO TO FOREIGN OFFICE

En Clair

DEPARTMENTAL DISTRIBUTION

Sir H. Trevelyan

No: 1975

D: 12.55 a.m. September 8, 1956.

September 7, 1956.

R: 2.28 a.m. September 8, 1956.

IMMEDIATE

Addressed to Foreign Office telegram No: 1975 of

September 7

Repeated for information to: Karachi, Beirut (for RIO),
 Bagdad, Tehran,
 Ankara, New Delhi,
 Damascus.

Following is text of M.E.N. story.

JE1421/1394

Begins:

Cairo, September 6 (MEN).

Sayed Farid Jafry, the Director-General of the Pakistan Information Department stated at a Press conference held this morning at the Pakistani Embassy in Cairo that if Britain and France used force against Egypt to solve the Suez Canal issue, Pakistan, Iraq and Iran would never condone such action. "Pakistan has joined the Bagdad Pact only because of the Kashmir question", Sayed Jafry said. The Director of the Pakistan Information Department went on to say that the Pakistan Government would not agree to any form of management of the Suez Canal unless the Egyptian Government itself approved of it. "You may tell this to Mr. Menzies" Sayed Jafry said to the newsmen present, Sayed Jafry also told newspaper reporters that his Government objected strongly to the massing of British and French troops in Cyprus and to the movement of British navy units in the Mediterranean. He revealed that the Pakistani delegation at the London Conference had agreed to the Dulles plan "under duress" but made it quite clear that force should not be used if the plan was rejected by Egypt. Finally, Sayed Jafry said that in his opinion another conference was necessary for the solution of the Suez problem.

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ADVANCE COPIES:

Private Secretary. Sir I. Kirkpatrick.
 Mr. Murray.
 Head News Department.
 Head African Department.
 Resident Clerk.

JJJJJ

J
AFRICAN DEPARTMENT
EGYPT

J E 14211/1395

FROM
Mr Campbell
COLONIAL OFFICE
to Mr Watson
No.
Dated Sept 4, 1956
Received in
Registry— Sept 8, 1956

Suez Canal

Encloses telegram from Aden requesting up to date information on Suez Canal situation and raises question of keeping all Colonial Governors fully informed.

References to former relevant papers

MINUTES

I have explained to Mr Campbell that there ~~are~~ is no ~~series~~ ^{series} of (secret) guidance tels that we send to ports, apart from the normal guidance and intels. We repeat policy tels to our own ports, as necessary.

I also discussed separately the problem of the Governor of Cyprus who is concerned about being kept fully in the picture. We agreed on a draft reply to the Governor, emphasising the guidance that POMEF can give.

We must remember to repeat sufficient telegrams to POMEF to show how policy is forming here.

W.K.P. 249.

Mr Wickett 18/9
Mr Bloothem
Mr Brown 18/9

I have now also spoken to Mr Campbell. He will try to make do for

(Print)

(How disposed of)

(Action completed)	(Index)
<i>[Signature]</i> 16/58	8 9/9/59

References to later relevant papers

Aden, Harjasa, Mainchi & Patta with
the C.R.O. series repeating some of
our reports to their High Commissioners.

Can you please tell someone in C.R.O.
that this has been agreed with Mr Campbell
& ask them to speak to him

Mr Broxton

Ad 19/9

I have spoken to Mr. Anderson (C.R.O.),
who will contact Mr. Campbell. MB 18/9

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J.
 JE 14211/1395

Robertson

COLONIAL OFFICE
 THE CHURCH HOUSE
 GREAT SMITH STREET
 S.W.1

4th September, 1956.

SECRET

Dear Adam

We have had a telegram (copy enclosed) from the Governor of Aden asking us if we can let him have up-to-date information on H.M.G.'s view of the latest situation in Egypt, resulting from the London Conference, and some indication of possible future developments. This was a personal telegram from the Governor to our Parliamentary Under-Secretary of State, and he has replied to it, after consulting the Secretary of State, that there is little he can say except that nothing less than internationalisation of the Canal would be acceptable to H.M.G.

This request from Aden raises a question about which we have been a little uneasy for some time. The F.O. intels and the confidential guidances are sent out to Colonial Governors, and are of course very helpful to them, but what is missing is that at the vital stages of these (what may well be protracted) proceedings there should be an indication of H.M.G.'s assessment of the position and future objectives. We are continually asking Colonial Governors in the Middle East and African area to do things about which their judgment should, we think, be better informed than by the routine means I have mentioned above. You may remember that when we were in Washington we used to get from time to time secret reports from Colonial Governors giving us an inside knowledge of events in their various territories which went far beyond the kind of material that would come out

ADAM WATSON, ESQ.,
 AFRICAN DEPARTMENT,
 FOREIGN OFFICE.



in a confidential guidance or an intel. It seems to me that as we are asking Cyprus and Malta to inconvenience themselves to a very great extent in the planning of operations against Egypt, and also in the reception of evacuees; and as we are asking the Governors of Kenya and Aden to accept risks in regard to internal security which are serious from their point of view, and as these may have repercussions not only there but also in Somaliland, we ought to take them a good deal more into our confidence than we do at the moment.

I should be most grateful therefore if you could let me know whether there is any material which perhaps you yourselves prepare for the secret use of our representatives in various foreign countries, and which we could send to the Governors of our most nearly affected Colonial territories on a top secret and personal basis. (This would stop them being seen by local Ministers). We would not press you at this time to start a special series for our sole use, but we feel sure that something of the nature I have indicated does in fact already exist.

James Linnichy

Declan

(A. Campbell).

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COPY.

F.R.

FROM GOVERNOR, ADEN.

29th August.

PRIORITY.
SECRET AND PERSONAL.
Not numbered.

For Lord Lloyd from Luce.

Since arriving here I have given first priority to a thorough examination of the defence and security arrangements and of situation which may arise if there is war with Egypt. I am satisfied that we shall be as ready as we can be to meet any eventuality. But if our preparations are to be fully effective we must have some foreknowledge of how the Canal situation may develop. You will remember that in conversation with you I stressed the need to be kept as fully informed as possible on this matter. Intels and guidance telegrams are useful and the enclosure to your top secret and personal savingram No. 1175 of 20th August is illuminating. But what I really need is up-to-date information of H.M.G.'s view of latest situation resulting from the London conference and some indication of possible future developments. I should be most grateful for any help you can give me over this.

SECRET

FROM CAIRO TO FOREIGN OFFICE

JE 14211/1396

FOREIGN OFFICE (SECRET) AND WHITEHALL
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Cypher/OFP

Sir H. Trevelyan

No. 1946

September 6, 1956

D: 7.38 p.m. September 6, 1956

R: 8.53 p.m. September 6, 1956

EMERGENCY

SECRET

Sect. My telegram No. 1912a Menzies Mission.

My immediately following telegrams contain the text of Mr. Menzies' draft letter to Nasser which he has not yet discussed with his colleagues. He has asked me to send this to the Prime Minister and would be grateful to know by 11 o'clock Cairo time, tomorrow morning if possible, whether the Prime Minister would like to make any comments at this stage on this document, which is likely to have considerable importance.

2. May I please have a reply at latest by 10 a.m. Cairo time, tomorrow morning.

[Copies sent to No. 10 Downing Street].

*Pl re-issue
as FO (Secret)
Whitehall Secret
2222 (Cabinet)*

As for tel in dev ref

7/ix

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*10 copies sent to
No. 10*

J. MENZIES 11396 (A)

TOP SECRET

FROM CAIRO TO FOREIGN OFFICE

Cypher/OTP

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

Sir H. Trevelyan
No. 1947
 September 6, 1956.

D. 10.15 p.m. September 6, 1956.
 R. 11.20 p.m. September 6, 1956.

EMERGENCY
TOP SECRET

My immediately preceding telegram.

Following is first part of Menzies' draft.

Begins.

Your Excellency,

Our discussions have been conducted in an atmosphere of courteous frankness and responsibility. But they have, as you will agree, disclosed deep differences of approach and principle which it seems clear that no repetition of debate can affect. In these circumstances, I think you will agree that my committee should now set down, in summary and objective form, the purposes of the 18 Power proposals and the nature of the reasons underlying them. This seems desirable because, as our talks have been conducted in private without records and with great informality, neither you nor we would desire that there should be in future any misunderstanding on the part of our principals or of yourself as to what we were proposing to your Government.

*As for
 1946
 J.P.
 7/18*

We were authorized to present those proposals on behalf of the following 18 nations represented at the London Conference as follows (I put them into alphabetical order): Australia, Denmark, Ethiopia, France, The Republic of Germany, Iran, Italy, Japan, The Netherlands, New Zealand, Norway, Pakistan, Portugal, Spain, Sweden, Turkey, the United Kingdom and the United States of America. (Spain, at the London Conference made a reservation which has been conveyed to you).

From the outset, you will have observed that the 18 nations, have not attempted to arrive at any joint opinion as to the validity or otherwise of Egypt's nationalization decree. The London Conference felt that to have a debate on this point would be fruitless, since the conference possessed no authority or

/qualification

*PL re-issue
 as FO Secret
 Whitehall Secret
 Cabinet 7/18*

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TOP SECRET

Cairo telegram No. 1947 to Foreign Office

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qualification to make any judicial determination, it was therefore considered much more practical to work out constructive proposals which assumed that the act of nationalization had occurred and that the problem of the payment of compensation to the Suez Canal Company would be properly dealt with, with provision for arbitration in the event of difference, and that what was needed was the establishment of principles and methods for the future. These should be such as would both in law and in fact ensure that the Suez Canal would continue to be an international waterway operated free of politics or national discrimination, and with a financial structure so secure and an international confidence so high that an expanding and improving future for the Canal could be guaranteed.

The proposals evolved in this atmosphere have been placed before you and have been much debated between us. We have, as you know, gone beyond the mere presentation of the proposals and have sought to explain and establish what we believe to be the large questions of principle involved.

It would be tedious and unnecessary in this document to recapitulate all the discussions that have occurred on all the points of interpretation that have arisen. The simple truth is that we quite early realised on both sides of the table that there were certain central matters without agreement upon which subsidiary matters could not usefully be determined.

The two crucial proposals emerging from London were:

1. That the operation of the Canal should be insulated from the influence of the politics of any nation; and
2. That to enable this to be done, there should be established under an international convention to which Egypt was a party, an international body charged with the operating, maintenance and development of the Canal; that such a body should be constituted of people from various countries, including Egypt, not subject to political direction, but given wide powers of management and finance so that it could inspire confidence, deal with the future financial requirements of the Canal, and ensure a non-discriminatory and non-political management of Canal traffic.

/You

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Cairo telegram No. 1947 to Foreign Office

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You have with complete frankness made it clear to us that the existence of any international body operating the Suez Canal would, in the view of Egypt, be a derogation from Egyptian sovereignty; that it would in substance represent a reversal of the policy announced by you on July 26. We cannot agree with this view. Nowhere in our proposals is there any denial of Egypt's territorial sovereignty. On the contrary, the London proposals expressly recognised those rights in paragraph 2 of the resolution. The whole essence of what we have put forward is (to use a homely illustration) that Egypt's position as the landlord of the Canal being completely accepted, she should proceed by international agreement to instal a tenant so constituted that the future of the Canal would be satisfactory both to its owners and to those many nations who use it. We believe, as we have pointed out, that it cannot seriously be maintained that when a landlord grants a lease of premises, that lease derogates from his ownership. The fact is that the lease is an expression of and conditional upon his ownership. On this analogy our proposals would mean that the tenant of the Canal would pay to Egypt a substantial rental which must unquestionably grow as the traffic through the Canal increases, and that in the meantime the tenant would, in the exercise of its managerial and financial powers, be constantly improving the value of Egypt's asset.

In paragraph 3a of our proposals, there is a reference to "institutional arrangements". As we felt that this phrase might be regarded as admitting of a variety of applications, we undertook the task of illustrating what it meant. We pointed out that what we were saying was merely illustrative and was not designed to narrow the broad significance of the proposals themselves. But, as we have said, one form of "institutional arrangement" which comes readily to mind is to be seen by reference to the case of the International Bank for Reconstruction and Development. That bank was created by agreement among a considerable number of nations. It was not incorporated under the law of any one country. It owes its existence to the agreement of many countries. Its powers are defined by an international document. Without being in the technical sense incorporated under some pre-existing law it has, in fact, by its articles wide powers of borrowing and lending, and banking generally. The International Bank succeeds in its purpose, not only because it has extensive powers, but also

/because

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Cairo telegram No. 1947 to Foreign Office

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because in its capital structure and growth it has enjoyed the unquestioned confidence of a great variety of member nations. Its existence has not so far as we know been regarded as derogating from the sovereignty of any nation, though it enjoys a wide immunity from national laws.

We have become conscious of your firmly held view that there is no occasion for a Canal authority possessing an International character, because of your belief that Egypt is herself capable of conducting and ensuring the future of the Canal, and has never challenged the 1888 Convention or its declarations about the freedom of the Canal.

[Copies sent to No. 10 Downing Street].

TTTT

J
 JELL211
 1345

TOP SECRET
FROM CAIRO TO FOREIGN OFFICE

Cypher/OTP

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

Sir H. Trevelyan

No. 1948
 September 6, 1956.

D: 12.25 p.m. September 7, 1956
 R: 1.25 a.m. September 7, 1956

EMERGENCY
TOP SECRET

My immediately preceding telegram.
 Following is second part.
 Begins.

To answer this point, we found it necessary to put before you quite frankly and objectively certain considerations which, from the point of view of the 18 nations we represent, nations who among them represent over 90% of the traffic passing through the Canal, are of vital significance. The traffic through the Canal has already reached, what might be described, as saturation point. Even to maintain it in its present shape requires the constant services of a highly skilled, experienced and specialized engineering and transportation staff. This staff has been built up over a long period of years. There has been an increasing intake of Egyptian personnel, but the great majority of the key employees are still nationals of other countries. Such a staff could not be replaced suddenly by people inevitably lacking the necessary technical experience without incurring risks to the effectiveness of the Canal. From the point of view of Egypt herself, therefore, it is desirable that there should be a continuity of skilled operation. Such continuity, in our judgment, cannot be assured unless there is complete mutual confidence between those actually operating the Canal, the Government of Egypt, and the users of the Canal. But the matter does not end there. It is quite clear that in the near future the capacity of the Canal will need to be greatly extended. It is estimated that in the case of tankers alone, the next few years will show a doubling or trebling of the tonnage transported. Whether the expansion of the Canal

/needs

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 9/21/56
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Cairo telegram No. 1948 to Foreign Office.

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needs duplication or widening or deepening or the construction of more by-passes, it will still be true that the capital expenditure required over a comparatively short term may well run into hundreds of millions of pounds. As we have pointed out, finance on such a scale cannot be secured out of the current revenue of the Canal, except possibly by such large increases in dues as would impose grievous burdens upon many millions of people in the world who, in the long run, pay the costs and charges incurred by the cargoes they ultimately buy or sell. We have, therefore, urged that the structure of the body actually conducting the Canal operations should be such as to inspire world-wide confidence and bring about a capacity to raise the necessary capital sums with a feeling of security on the part of those who may be asked to provide them. In short, what we have proposed is that Egypt's sovereignty being fully recognised, the actual operation, maintenance and expansion of the Canal should be reposed in a body (established under international convention), which would include people from various nations, including of course Egypt, with extensive financial powers and responsibilities. As we believe that an international waterway like the Suez Canal should not become an instrument of any national political policy, we did not propose that the members of this body should be the mere delegates of any nation or be under any obligation to observe political instructions. On the contrary, we proposed that the parties to the convention should select them with regard to their personal qualities of ability, integrity and experience. We have explained that, as there would be, we hoped, far more nations acceding to the conventions than there would be seats on the proposed authority, it would be doubly difficult for any one non-Egyptian member to regard himself as the mere delegate of any one non-Egyptian nation. It is true that our proposed convention would be an arrangement made between governments and that original appointments to the proposed authority would be made by governments. But we firmly believe that with goodwill and good faith non-political appointments should be as readily made in this case as in the case of the Permanent Court of

/International...

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TOP SECRET

Cairo telegram No. 1948 to Foreign Office.

-3-

International Justice. As we have throughout emphasized, it is essential that if it is to be a truly international waterway as envisaged by the 1888 Convention, there should be no politics in the Suez Canal, whether those of Egypt or of any other participating nations.

You have told us with clarity and frankness that you do not believe that the Canal could be excluded from the politics of Egypt, since it is part of Egyptian territory and assets. To this we have pointed out that, if the Canal must remain fully available for any of Egypt's political purposes subject only to the 1888 Convention, then the many nations using the Canal will have to realise that their pattern of overseas trade will be at any time subject to the decision of Egypt alone. We are, of course, conscious of your own view that these considerations are adequately met by the guarantee of freedom under the 1888 Convention. But if that convention is to contain the only limitation, it seems clear to us, as we have pointed out, that there could be, for political purposes, many discriminations in traffic and marshalling control which did not fall foul of the convention; that Canal dues being within Egypt's sole control, differences of opinion as to their level will almost inevitably be fixed by reference to Egyptian budgetary needs with the strong possibility that they would be raised to the maximum that the traffic could bear; and that future development of the Canal might well be controlled by local revenue and works budget considerations, a danger which independent finance by a special international body would entirely avert.

[Copies sent to No. 10 Downing Street]

XXXXX

TOP SECRET

FROM CAIRO TO FOREIGN OFFICE

DE 14211
1396

Cypher/OTP.

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

Sir H. Trevelyan
No: 1949
September 6, 1956.

D: 12.45 a.m. September 7, 1956.
R: 1.55 a.m. September 7, 1956.

EMERGENCY
TOP SECRET

My immediately preceding telegram.

Following is third part.

Begins:

We have stated and restated that the setting up of such a body as we have proposed would create such a feeling of assurance in the minds of all user nations that the necessary financial provision could be secured, the burden of such matters being no longer the sole responsibility of Egypt herself. We have further emphasized that under our proposals, there would no longer be private shareholders or dividends. The one nation which would secure an annual nett revenue from the Canal would be Egypt, the balance of the revenues being used for the payment of working expenses, for the provision of proper reserves and for the servicing of any capital debt incurred in the course of future finance.

As for
tel
1946
7/12

You have repeatedly and vigorously explained to us that the setting up of a Suez Canal authority of the kind envisaged in our proposals would, to the eyes of Egypt, represent either foreign domination or seizure. We have pointed out that from its very beginnings the Canal concession to a company with wide international shareholding was not regarded as domination but as something of great material and political value to Egypt. We have pointed out that the truth is that no arrangement for the tenancy of the Canal can be either domination or seizure if it is freely agreed to by Egypt. And it is, as you know that willing and free agreement which all of our negotiations have been designed to secure. If any agreed arrangement could still be regarded as inimical to the sovereignty of Egypt itself, every concession granted either by Egypt or any other nation to a foreign company or group for the development of national resources and for local employment and financial gain could be so denounced. It remains only to emphasize two other large matters which arise in the course of our proposals.

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The first....

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Cairo telegram No: 1949 to Foreign Office

- 2 -

The first was our proposal that the new authority, having been constructed by international convention, should be brought into relationship with the United Nations. This was done in the case of the International Bank by an agreement with the United Nations which had the effect of making the bank a "specialized agency" under the Charter but which, of course, did not enable the United Nations as such to intervene in the conduct of the business of the bank. Association between our proposed authority and the United Nations in a similar fashion would, we believe, give great satisfaction all around the world and would considerably strengthen to probabilities the international confidence and security.

Finally, we propose an Arbitral Commission to settle disputes (I say finally because, as you know, there were some paragraphs in the London proposals so contingent in their very nature upon agreement on the main principles that our failure to agree upon the main principles has made it unnecessary to carry discussion upon them to finality). There might be disputes as to the equitable return which Egypt should have from the Canal. There might, in the course of the years, be either disputes promoted by one or more of the constituent nations. Any such matter, if they could not be resolved by agreement, should be arbitrated upon by an independent commission enjoying international confidence. Our proposal did not mean that such an arbitral commission would be the authority to deal with the normal problems which arise in the course of management, such as claims which might arise in relation to the employment of people or contracts with subsidiary contractors. To the extent to which contracts might be entered into in respect of such normal matters, they would be contracts made, for the most part, in Egypt and we did not contemplate that in respect of such matters the normal jurisdiction of the Egyptian courts should be excluded. It would be only in any dispute of a genuinely international character that the jurisdiction of the arbitral commission would be invoked.

At the London Conference, it was agreed by all the nations represented that any arrangement entered into must be completely fair to Egypt and must pay scrupulous regard to Egypt's territorial sovereignty. Our whole presentation of the matter to Your Excellency has been made in that spirit and with that desire. It is for this reason that we have repeatedly pointed out that while, representing nations who are users of the Canal, we are deeply and urgently.....

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Cairo telegram No: 1949 to Foreign Office

- 3 -

urgently concerned in securing the highest possible measure of confidence and an effective and practical guaranteed freedom and future for the Canal, there are in our proposals marked advantages for Egypt which we have discussed at length but which we now summarize as follows:

(a) Egypt's sovereign property in the Canal being recognized, it is to her great advantage to have that property maintained and improved and made more profitable as the years go on;

(b) the future financial burdens involved in such maintenance and improvement would be carried and handled by the new authority and therefore Egypt would in fact be relieved of these burdens upon her own revenue and works budgets;

(c) there would no longer be private shareholders drawing dividends and therefore no longer any feeling in Egyptian minds that a waterway on Egyptian soil was being made a source of private profit for overseas citizens or governments;

(d) the practicability of compensating the shareholders of the Suez Canal Company as promptly as possible would be clearly enhanced;

(e) the dangerous tension now existing internationally would be relaxed on terms satisfactory to the user nations and entirely consistent with Egypt's proper dignity and independence.

I think that you will agree that this communication contains a fair and uncoloured summary of the principal views we have put before you. In the light of your considered rejection of the basic proposals put before you, I think you will agree that no good purpose will be served by prolonging our discussion. I say this because, as you knew, the Committee of Five was appointed by the 18 nations for the sole and express purpose of putting before you the proposals of these nations, expounding them and, if possible, securing agreement to them.

I am, Sir,

Yours sincerely,

Ends.

JJJJ

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JE 14211/1398

FROM CAIRO TO FOREIGN OFFICE

Cypher/OTP

FOREIGN OFFICE SECRET AND WHITEHALL
SECRET (CABINET) DISTRIBUTION

Sir H. Trewclyan
No. 1980
September 7, 1956

D: 12.30 a.m. September 8, 1956
R: 1.50 a.m. September 8, 1956

IMMEDIATE
SECRET

Addressed to Foreign Office telegram No. 1980 of September 7.
Repeated for information Washington
Paris

My telegram No. 1969: Menzies Mission.

JE 14211/1397G

After considerable stalling, the Egyptians revealed that Nasser was in Alexandria today. He offered to see Mr. Menzies tomorrow at mid-day but Mr. Menzies decided that this was too late. The letter was therefore handed to Fawzi tonight by my Australian colleague since Mr. Menzies is still unwell.

2. Mr. Menzies feels that he cannot send a reply to your message in your telegram No. 2745 until Nasser has replied or been given a reasonable time to reply to the letter. Members of the Australian delegation are inclined to estimate a reasonable time at 48 hours.

3. Mr. Menzies handling of his own mission has been extremely successful. They unanimously agree on the course to be followed as well as on the text of the letter. Mr. Henderson, who came to see me this evening was firm that they had no authority to discuss any proposition other than the proposals of the 18 Powers. The Mission have decided that they will give no information here to representatives in Cairo of the 18 Powers but will state only that Mr. Menzies will present the report of the Mission to you as chairman of the conference. Mr. Menzies will give no Press statement either on leaving Cairo or on arriving in London.

Foreign Office pass Washington and Paris as my telegrams Nos. 293 and 156. [Repeated to Washington and Paris]

ADVANCE COPIES:

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

G G G G

J

FROM CAIRO TO FOREIGN OFFICE

En Clair

Sir H. Trevelyan

E1421/1399

DEPARTMENTAL
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No: 1976
September 7, 1956

D. 10.50 p.m. September 7, 1956
R. 12.22 a.m. September 8, 1956

IMMEDIATE

Addressed to Foreign Office telegram No. 1976 of
September 7.

Repeated for information to: Karachi,
Beirut (for R.I.O.)
Bagdad,
Tehran,
Ankara,
New Delhi,
Damascus.

According to Gombouria, which gave fullest version
Jafri made following points.

- (a) Pakistan had always sided with Arab States. Particularly Egypt, notably as regards Israel which she did not, and would not, recognize.
- (b) Pakistani amendments of Dulles' proposal at London Conference had affirmed Egyptian sovereignty over Canal and caused eight participant Powers to renounce policy of violence
- (c) Pakistan had declared, and still insisted, that any solution not voluntarily accepted by Egypt must be excluded. Negotiations were guaranteed to solve any international problems.
- (d) As a result of Pakistans efforts, Menzies committee had been sent to Egypt to hold discussions with Nasser with a view to reaching peaceful solution.
- (e) Pakistan Foreign Ministry spokesman commenting officially on Nasser's remarks to an Indian newspaper, had said that Pakistan supported Egypt regarding legality of nationalizing Canal Company, that Pakistan /believed

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Cairo telegram No. 1976 to Foreign Office.

-2-

believed in Egypt's right to run Canal in a way consonant with her sovereignty, and that all credit was due to Pakistan for diverting the Western Powers from policy of violence they originally announced.

- (f) News of resignation of Mohamed Aly's ministry was not yet confirmed. If true, it was due to internal party affairs in answer to question whether resignation was connected with Pakistan's position at London Conference.
- (g) Pakistan was opposed to military pressure and disturbed at United Kingdom calling for assistance of French forces in Cyprus.
- (h) Former Pakistani Ambassador in Cairo had resigned for family reasons, not in protest at Pakistan's attitude at London Conference.
- (i) Was optimistic about current discussions between Nasser and Menzies committee.
- (j) Counter proposals put by Nasser to committee were at present subject of discussion hence talk of possibility of holding another conference in Geneva was premature in answer to question about possibility of holding such a conference.
- (k) He regarded use of force as improbable, but said that Pakistan would separate from Commonwealth and Bagdad Pact if Western Powers used force (in answer to direct question on this point).
- (l) Pakistan had been invited to take part in Menzies committee but Hamid el Haq had refused because he believed that Egypt must have first and last word and that Pakistan should not participate in any negotiations involving embarrassment for Egyptian Government.

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Cairo telegram No. 1976 to Foreign Office.

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2. Asram's account, brief and less comprehensive, contained following additional points.

- (a) Jafri expressed wish to speak frankly because he noticed existence in Egypt of considerable misunderstanding of Pakistan's position.
- (b) Pakistan's efforts at London Conference had resulted in important delegation coming to Egypt instead of British warships.
- (c) Asked about Pakistan's position if force was used, Jafri said "I think in that case we would withdraw from Bagdad Pact and pact would immediately collapse and cease to exist, if Britain set about such an aggression".
- (d) Pakistan, like Egypt, was following independent policy. It was not bound by London Conference and disapproved of any political, economic or military pressure on Egypt to impose solution of Canal problem against Egypt's will. Entire people of Pakistan stood by Egypt.
- (e) Jafri hoped Pakistan would find support from Arab Powers in her problems.

3. No other newspapers reported Press conference.

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Private Secretary
Mr. Murray
Mr. Ross
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Resident Clerk

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SECRET

FROM WASHINGTON TO FOREIGN OFFICE JE 1424

Cypher/OTP

FOREIGN OFFICE SECRET AND
WHITEHALL SECRET (CABINET)
DISTRIBUTION

Sir R. Makins
No. 1831
September 7, 1956

D: 3.25 a.m. September 8, 1956
R: 5.10 a.m. September 8, 1956

IMMEDIATE
SECRET

Addressed to Foreign Office telegram No. 1831 of September 7.
Repeated for information to U.K. Del. New York

Cairo
Paris

My immediately preceding telegram.

Following are Mr. Dulles's comments on your telegram No. 4066.

Begins.

We are, as you know, sympathetic to the idea of the principal users of the Canal agreeing upon their rights under the 1888 Treaty and taking concerted action to exercise their rights. This action, in our opinion, should comprehend the development of a uniform system for handling the dues to be paid by ships passing through the Canal. Also, we believe it should deal with the question of the pilots and perhaps some other matters such as arranging the pattern of traffic and the system of signals and aids to navigation, perhaps also, the dredging of the Canal. It seems to us that the Treaty of 1888 [grp. undec. ? creates] a sort of an international easement and that those entitled to benefit therefrom have the right, and perhaps the obligation, to maintain and operate their easement.

It does not seem to us that we should acquiesce in the exercise by Egypt of functions which are more properly those of users than of the sovereign through whose territory the easement passes. Obviously all this would take time. Also, it might lead to a clash with Egypt which, while it would provide a clearer basis for Security Council action, would also entail major economic consequences.

/ I do

JE 1424/12976
10/11/56
received
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Washington telegram No. 1831 to Foreign Office

- 2 -

I do not feel at all confident that we are prepared for these economic consequences. It may take as much time to make preparations for these as it will to achieve some programme of concerted action by the users.

Have you any precise formulation of how you propose to handle the matter of transit dues?

Ends.

Please pass to Cairo and Paris as my telegrams Nos. 124 and 138 respectively.

[Repeated to Cairo and Paris]

ADVANCE COPIES:

Private Secretary

Sir I. Kirkpatrick

Mr. Ross

Mr. Murray

Mr. Pink

Head of African Department

Head of United Nations Department

Resident Clerk

G G G G

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JE 14211/1404-9

FROM WASHINGTON TO FOREIGN OFFICE

Cypher/OTP

FOREIGN OFFICE SECRET AND
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Sir R. Makins

No. 1832

September 7, 1956.

D. 3.50 a.m. September 8, 1956.

R. 5.25 a.m. September 8, 1956.

IMMEDIATE

SECRET

Addressed to Foreign Office telegram No. 1832 of
September 7.

Repeated for information to: U.K. Del. New York

Cairo

Paris

My immediately preceding telegram. — JE 14211/1397 G

Following are Mr. Dulles' comments on your telegram
No. 4067. — JE 14211/1397 G

Begins.

Our suggestion for a Users Agency is, we would say, an effort to implement the 1888 Treaty rather than to implement the London proposal of eighteen.

That proposal frankly sought a new treaty with Egypt. It gave Egypt rights and advantages which Egypt could not demand under the 1888 Treaty. On the other hand, the Users would gain greatly by thus obtaining Egyptian cooperation.

It may not be practical in the long run to use the Canal without Egyptian cooperation, but it seems to us that since our basic rights flow from the 1888 Treaty, we should not assume that Egypt can and will nullify those rights or that there are no alternatives other than to accept Egyptian terms or to seek by force to impose our own.

It does not seem to us that it carries much conviction to say that we have rights under the 1888 Treaty unless we try in good faith and reasonably to use those rights. If we do try to use them and Egypt takes forcible action to prevent such use, then, and perhaps only then, will Egypt be an aggressor or guilty of a threat to peace.

/Theoretically,

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Washington telegram No. 1832 to Foreign Office

-2-

Theoretically, of course, each nation having rights to use the Canal could attempt to use these rights without concerting its action with others as a practical matter, this would lead to confusion and a breakdown of the Canal operation which could be attributed to the users rather than to Egypt. Therefore, we should act as though we had rights, and, having them, concert for their effective use.

You speak of "future Egyptian membership". We think of our proposal for a concert of users as a provisional arrangement and not a substitute in the long run for another arrangement which would involve Egyptian participation. But this, when it came about, would probably be something quite different than the interim User agency which might now be adopted as a makeshift.

As previously indicated, it is our thought that the User Agency would be set up to perform functions broader than the mere collection of dues.

Ends.

Please pass to Cairo and Paris as my telegrams Nos. 125 and 139 respectively.

[Repeated to Cairo and Paris].

ADVANCE COPIES

Private Secretary	Sir I. Kirkpatrick
Mr. Ross	Mr. Murray
Mr. Pink	Head of African Department
Head of United Nations Department	
Resident Clerk.	

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FROM FOREIGN OFFICE TO WASHINGTON

Cypher/OTP

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No. 4102
September 8, 1956.

D. 3.47 p.m. September 8, 1956.

EMERGENCY

SECRET

Addressed to Washington telegram No. 4102 of September 8.
Repeated for information to Paris [Immediate]
New York (UKDal) [Immediate]
Cairo.

Your telegrams Nos. 1828 - 1832 [of September 7] Suez Canal.

Mr. Dulles' response is most disappointing. We seem to be further apart than at any time since July 26. I cannot accept the present United States thinking that the two problems of settling the Canal issue and deflating Nasser can be separated either as to timing or method and there appears to be little common ground between us at the moment as to how to achieve either of these objectives.

2. Please convey to Mr. Dulles my grave anxiety at the present state of our consultations and seek to impress upon him the absolute necessity for effective action urgently. Any further dawdling along will be fatal since

(a) with every day that passes Nasser is strengthening his hold on the Canal;

(b) the Western powers will lose further face rapidly unless we can show some clear and speedy reaction to his rejection of the 18 power proposals (it seems reasonable to assume that he is going to reject them);

(c) the friendly régimes which still exist in the Arab world are in great and increasing peril.

3. We all share dislike for military measures. It has been repeatedly stated over here that they are the last resort but acceptance of that proposition makes all the more necessary urgent alternative action, both with regard to the Security Council and payment of transit dues. We have said that we are attracted by Mr. Dulles' idea of a Users club. I cannot however understand how Dulles having himself suggested the scheme outlined in your

/telegram No. 1804.

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SECRET

Foreign Office telegram No. 4102 to Washington

- 2 -

telegram No. 1804 can now argue that the users of the Canal have a doubtful right to refuse payment of transit dues to the Egyptian authority.

4. With regard to the Security Council we have no hard and fast views about the text of a resolution. If Mr. Dulles has other concrete ideas by all means let him put them forward and let us discuss them urgently. But it seems to me exceedingly difficult to avoid going to the Security Council as the next and urgent step unless some satisfactory alternative has been agreed and publicly indicated. What precisely is Mr. Dulles' alternative? With regard to the suggestion of a letter to the President of the Security Council, see my telegram No. 774 to UKDel New York.

5. In short I must ask you to make a further attempt to impress upon Mr. Dulles the urgency and gravity of the present situation and the grave dangers if we do not continue to act resolutely together. I feel at the moment that I do not know where the United States Government stands on any of these matters.

6. In view of the probability that Mollet and Pineau will be here for consultations on Monday, the sooner you can send me the result of Mr. Dulles' further lucubrations the better.

SSSSS