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SE 11/24/11/92

[Handwritten initials and marks]

Since Mr. Barbour had brought us the President's message to the Prime Minister, I thought it well to ask Mr. Barbour to call this afternoon and let him see the reply.

2. I enlarged on the argument that the real difference between us lay in the difference of assessment. Mr. Barbour accepted this but implied that it was the American public who differed in their assessment and the Administration who felt obliged to follow the public although they did not really dispute our assessment.

3. Mr. Barbour then went over the old ground, pointing out that a military operation would be hazardous. I retorted that we recognised this but that if our assessment was correct, it must be clear that inaction was more hazardous.

4. Mr. Barbour then argued that military action would make enemies of the Arabs. I said that the Arabs today could roughly be classified as those who were already in the ~~anti~~-Nasser camp, and those who hoped that we would knock Nasser off his perch. A policy of appeasement would not alter the view of anti-Westerners. The pro-Westerners would either have become Western or would be engulfed. The consequence, therefore, of appeasement was a certain 100% hostile Arab world. But if we opposed Nasser resolutely, we should at all events keep some friends. And I reminded Mr. Barbour that whereas in 1936 we had a lot of friends in Europe, by 1939 we had no single friend left. I then read him the information given us by the Iraq Petroleum Company local representative in Beirut in regard to the attitude of President Chamoun. Mr. Barbour said that he found this most impressive. But he was not altogether surprised since the American Ambassador in Beirut had reported on similar lines although not so categorically.

5. We then had some discursive and rather unsatisfactory conversation about economic pressure on Egypt. Mr. Barbour said that he believed the attitude of the Administration to be that Nasser should be deflated. But that it was not necessary to use force. He could be deflated by economic measures. I retorted that I found this an interesting and encouraging remark. Hitherto the Americans had taken the line that they could not use economic pressure or even refuse to pay Canal dues to the Egyptians. Mr. Barbour admitted that the Americans had not been able to fall in with any of our suggestions but still thought that economic pressure would do the trick. I then begged him to let me know exactly what economic pressure the Americans had in mind; and Mr. Barbour admitted that he did not think that the Americans had anything in particular in mind. They were only of the opinion that we should deflate Nasser by economic measures. I attempted to sum up the discussion as follows. I reminded Mr. Barbour that when we had told the two Russian leaders that we were not prepared to be strangled, our attitude had earned American approval. We must deflate Nasser if we were to be assured of our existence. If means could be found of achieving this by economic pressure well and good. But if the Americans came to the conclusion that they could not join us in applying economic pressure, there was no alternative but to use force. And I repeated that we were not prepared to perish gracefully in order to give satisfaction to some of our friends.

[Handwritten initials]

September 7, 1956.

/Distribution.

SUEZ CANAL COMPANY

Confidential

E11211/1193

Sir Francis Wylie telephoned from Paris at 2.45 and said that at a meeting of the Comité this morning it had been decided to summon a meeting of shareholders of the Company in order to approve and ratify the action of the Board of Directors so far, and to confirm the grant of powers to them to pursue their present line of action.

2. In the memorandum which would be submitted to the general assembly of shareholders, the Company would argue that the Egyptian so-called nationalisation could not affect the juridical status of the Company or that of its "organ de gestion et de direction". The attitude of Her Majesty's Government and the French Government is stated ^{in the memorandum} in the following terms: "Considerant que la France et L'Angleterre n'ont pas voulu reconnaître ~~l'~~effet à la mesure de nationalization, que des lors et en tout état de cause la Compagnie ne pouvait adopter une attitude différente." They ^{Company} would argue that it was necessary for ~~the Company~~ to continue to exercise its powers except in so far as it was prevented from doing so by actions of the Egyptian Government.

3. Specific approval would therefore be sought for the instructions so far given to shareholders, banks and the Company's staff; ~~and~~ for the action taken in respect of the September debenture coupon, and ~~the~~ further action taken to inform certain banks in Egypt that the Company would be responsible for certain of the debts of its Egyptian staff.

4. Sir Francis Wylie and Mr. Isaacson did not resist the proposal that a general assembly be called for this purpose. If H.M.G. thought they should do so, there was still time for them to try to kill the idea. An important consideration, however, was that under French law the responsibility of the Managing-Director was unlimited, and it would be necessary for M. Georges-Picot to be given some form of legal cover

/for

for his actions to meet this situation. Sir Francis Wylie and Mr. Isaacson both felt that if it could be done without embarrassment to H.M.G., the meeting should be allowed to proceed on the lines suggested.

5. Sir Francis Wylie thought it would be a very difficult meeting. It is timed for 11 a.m. tomorrow morning, September 11. He would be grateful for telephonic instructions this evening.



(A.J. Wilton)

September 10, 1956.

Distributions:

Mr. Beeley ✓

Discussed with Mr Beeley, who

Copy to:

Sir G. Fitzmaurice.

sees no objection subject to

your views.

Mr Isaacson informed, 6 pm.






E 14211
 BRITISH EMBASSY,
 CAIRO.

SECRET
 1011/98/56

August 28, 1956. J

Hydax Ross,

Interesting
 1. Mr. Bayley see with Cairo tel 1788 JE 10/8/56
 2. Mr. P. S. Williams Show to Mr. [unclear] [unclear]
 3. Mr. Ross on return [unclear] [unclear]
 AR [unclear]

The Counsellor at the French Embassy told us a few days ago that my French Colleague had gained the impression that following recent developments in the Suez Canal crisis, there had been a very considerable change in Egyptian public opinion. Many people were becoming critical of Nasser's action in nationalizing the Canal. The Counsellor went on to say that we, like the French, would no doubt be wishing to report on the state of feeling here, and it was clearly in the interests of good order that our respective reports should not conflict.

2. I subsequently instructed my Oriental Counsellor to see his French opposite number and to go over the internal situation here in more detail. The picture as it emerged from this talk is as follows:

- (1) The mass of the population is showing little excitement. This is due to the absence of restrictions (rationing of food-stuffs, petrol, etc.), to the attitude of apparent calm and reasonableness studiously adopted by the Government and finally to the fact that the foreign press is not available to the average Egyptian. This calm on the part of the population has not been unduly disturbed by the military and para-military antics of the authorities.
- (2) During the past three or four days there has been in certain circles a greater realization of the gravity of the situation. This has been the case in foreign communities, e.g. the Italian community. As regards the Egyptians, it has not been confined to the limited number who read the foreign press and listen to foreign radio stations. The success (from our point of view) of the London Conference, has been apparent to readers of the Arabic newspapers and there have been some indications of a change of attitude even on the part of people previously favourable to the régime. The French believe that this feeling of uncertainty has also communicated itself to the immediate entourage of Nasser himself, and they are probably right. Elements hostile to the régime are, of course, full of hope and expectancy.
- (3) There have been some reports of shortages, e.g. of rice, and of certain imported articles. There has undoubtedly been a good deal of hearing for some considerable time. But real shortages are clearly not yet developed. Fear of unemployment is, however, making itself felt. Importing firms are doing no business and they are having to carry considerable stocks. New projects are also being held up by the impossibility of getting machinery, etc., from abroad.

3. /

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



3. You will see that the change in public opinion is less far-reaching than the French initially appeared to think. But clearly the subject is not one on which anyone can afford to be dogmatic.

4. I am sending copies of this letter to Gladwyn Jebb at Paris and to John Shattock at Nicosia.

Yours ever.

Hamphrey Sturges.

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SECTION A

-2-

September 2, 1956

PRAVDA

THREATS TO APPLY FORCE ARE OUTLAWED BY
INTERNATIONAL LAW

(By G. Tunkin, Doctor of Juridical Sciences)

The bourgeois press in Western Europe and beyond the ocean continues to reiterate the possibility of the application of force by Britain and France for the purpose of thrusting upon Egypt a colonial system with regard to the Suez Canal.

During the London Conference of 22 states on the Suez Canal question, talk about applying force against Egypt somewhat subsided. However, now the voices of the partisans of the policy "from a position of strength" are again heard quite distinctly. The newspapers report continuing military measures in the area of the Eastern part of the Mediterranean. The London "Daily Mail" on the second day after the termination of the Conference on the Suez Canal question wrote that British troops, tanks and arms had been sent almost daily to the Mediterranean area for the last three weeks. Just on the eve of the demarche of the "Committee of Five", the majority of newspapers again persistently report continuing military preparations of Britain and France.

According to data from the British press, recently the cruiser "Cumberland" and a number of other ships arrived in the Mediterranean from British ports. Units of the 42nd marine regiment have been sent to Malta, where the third assault brigade is already located. New reinforcements have arrived on Cyprus (which like Malta is a large naval base of Britain).

Newspapers also published the report of the British Foreign Office that on the request of the French Government Britain has sanctioned the stationing on Cyprus of a contingent of French troops. It is pointed out in the statement that the French Government's request was motivated "by events in Egypt and in the Suez Canal zone". Commenting on reports of the despatch of French troops to Cyprus, the "Manchester Guardian" not without reason notes that the "Government is drawing the sabre from the sheath. It is even brandishing its arms".

Such threats to apply force are irrevocably condemned by modern international law.

The Charter of the United Nations not only outlaws aggressive war, but establishes a general outlawing of the application and threats to apply force in international relations. "All members of the United Nations," it says in Point 4 of Article 2 of the UN Charter, "shall refrain in their international relations from the threat or use of force against the territorial integrity or political independence of any member or State, or in any other manner inconsistent with the purposes of the United Nations". In

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JOINT PRESS READING SERVICE

SECTION A

-5-

September 2, 1956

PRAVDA (Cont'd)

outlawing the application of force in international relations, the UN Charter obliges all UN members to solve their international disputes by peaceful means in such a way as not to threaten international peace and security.

The UN Charter, as the principal document of modern international law, clearly establishes that the application of force as an implementation of the right to self-defence is permitted only in the event of armed attack.

This thesis of the UN Charter is entirely indisputable. The well-known bourgeois international jurist Kelsen in his extensive work "United Nations Law" writes: "The Charter restricts the right to self-defence, establishing that this right is applicable only against 'armed attack' and only until the Security Council 'adopts measures necessary to maintain international peace and security'".

"The right to individual or collective self-defence," writes the prominent Austrian professor of international law Pherdross, "is strictly limited by the event of armed aggression".

It is clear that Egypt has not committed armed attack on Britain or France, and the issue is not the utilization by Britain and France of the right to self-defence; the issue concerns aggressive actions against Egypt.

It should be added that the application of armed force by one state against another state under the guise of reprisals is also not permitted by modern international law. The British professor Schwartzenberger writes that the UN Charter decides the question of armed reprisals in a very definite manner: "Reprisals, which constitute the threat to apply or the application of armed force in relations between individual states are declared illegal by the UN Charter".

The French professor of international law Rousseau writes that "resort to force is condemned, no matter what form it takes (peaceful blockade, reprisals, armed demonstrations etc.)".

The application to a state of reprisals which are not connected with the use of armed force is permitted only in the event that this state has violated its obligations according to international law, i.e. it has committed illegal acts contrary to international law. However, it is well known that Egypt has by no means violated its international-legal obligations. Consequently, the so-called economic sanctions, applied against Egypt by the Governments of Britain and France, are a crude violation of the norms of international law, the expression of a policy of pressure, threats and blackmail.

Egypt nationalized the private Suez Canal Company which existed on the basis of Egyptian laws and which was a juridical person of Egyptian law. It is well known that the nationalization of enterprises located on the territory of one state or another is the sovereign right of each state. Various states, in particular Britain and France, invariably proceeded from this thesis, adopting in the course of recent decades laws on the nationalization of property, including that with the participation of foreign capital.

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SECTION A

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September 2, 1956

PRAVDA (Cont'd)

Egypt has not violated any international treaties. The 1866 Agreement between the Egyptian Hediv and the private Suez Canal Company on the concession, although it is called a Convention, is not an international treaty, in as much as agreements between states are considered international treaties. Therefore, the termination of this agreement earlier than the established time (1968) is not a violation of an international treaty. The sole international treaty on the Suez Canal is the Convention of 1888 on freedom of navigation along the Suez Canal. Egypt officially stated that it would observe this Convention as also all other of its international obligations. And the Egyptian Government is in fact fulfilling the requirements of the Convention.

Threats to apply force against Egypt are not only dangerous to the cause of peace, but they also undoubtedly inflict damage on the United Nations. One cannot but agree with the well-known commentators on the UN Charter, Goodrich and Hambro, who write in speaking of the obligations of UN members to refrain from threats of force or its application in international relations: "This point establishes one of the cardinal principles of the United Nations. Its success as an Organization, established to maintain international peace and security, evidently depends on to what degree member-states observe this basic principle, and also on the effectiveness of its organs, and precisely of the Security Council, to ensure its observation".

The application of armed force against Egypt in connection with the Suez question would be an indisputable act of aggression. Moreover, in as much as the UN Charter outlaws not only the application of force in international relations, but also the threat to apply force, the acts now conducted by the Governments of Britain and France, which openly qualify as threats to apply armed force against Egypt, are a violation of international law, and, in particular, of those solemn obligations which all members of the United Nations have taken upon themselves.

The principle of outlawing the application of force in international relations, or, in other words the principle of non-aggression has entered the legal consciousness of hundreds of millions of people who consider that the application of armed force against Egypt in connection with the Suez Canal question would be an act of aggression. This attitude is well expressed in one of the letters of readers of the British newspaper "Manchester Guardian", which was published by this newspaper at the beginning of the London Conference on the Suez question. The reader of this newspaper said that if the Government of Great Britain resorted to the application of armed force against Egypt, then British subjects would be compelled to consider their native country an aggressor.

Peoples, including the British people, demand that the Suez Canal question be solved by peaceful means, by means of talks in accordance with the principles of modern international law.

(1½ cols.) (Full text)

PRAVDA 2.9.56

FROM WASHINGTON TO FOREIGN OFFICE

En Clair

FOREIGN OFFICE AND WHITEHALL
DISTRIBUTION

Sir R. Makins

No. 1886
September 11, 1956

D: 9.39 p.m. September 11, 1956
R: 11.19 p.m. September 11, 1956

PRIORITY

Addressed to Foreign Office telegram No. 1886 of
September 11

Repeated for information Saving to: Cairo UKDEL New York
Tel Aviv Paris

My telegram 630 Saving: ^{NVC} Suez Canal: American Press and
Radio Comment.

There is mounting interest in the Prime Minister's "next move in Parliament". It is now widely thought that "in the face of mounting home pressure and American suggestions" he will propose taking the "danger-laden dispute" to the Security Council. Press and Radio comment made it clear that such a move would have their approval, though some have pointed out the danger of a Soviet veto. This move "might not work, but the United States and its Allies cannot, in good conscience, refuse to give it a try".

2. Though Colonel Nasser's September 10 proposals for another conference were disliked generally, the more responsible Press thought that they were "at least an admission by Egypt that the case is not closed...it is an opportunity to keep the case in the realm of discussion rather than have it moved into the realm of force". There is still no enthusiasm whatsoever for the use of force. And there is a fear that the British and French Governments "will take the Suez issue to the Security Council only as a holding operation until Nasser gives anticipated provocation for them to impose international control by force". The general attitude is that "the psychological moment for vigorous retaliation has passed". Now, it is thought, is the time for "caution and diplomacy".

Please pass Saving to Cairo, Tel Aviv and Paris as my telegrams Nos. 122, 74 and 322 respectively.

[Repeated Saving to Cairo, Tel Aviv and Paris]

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JE 14211/1508(2) SUEZ CANAL COMPANY STAFF IN EGYPT

Mr. Isaacson's letter attached.

On Mr. Ross's instructions I telephoned Mr. Isaacson to say that we wanted him to suggest to Georges-Picot that he should consult the Embassy and the Quai d'Orsay before issuing a communiqué. He raised a number of points, which I answered as far as possible, and which are summarized below.

Instructions to Canal Company employees

2. I told Mr. Isaacson that we could not tell him what line we would like the Company to take over the employees until after Ministers had considered the future of the employees this afternoon. Mr. Isaacson said that if what we proposed is at all likely to run contrary to the wishes of the Company Directors, he would hope to have instructions as to the line he should take at the Management Committee meeting on Monday, either tonight or tomorrow morning so that he could try to get the French Government to support him with Georges-Picot.

3. Mr. Isaacson thought that unless Mr. Menzies returned early or made some public announcement that his talks had failed, Georges-Picot would not on his own account put into effect the plan of ordering the Company's employees to stop work. He thought that the position was held until the meeting of the Management Committee.

4. He particularly asked that we should brief Sir Francis Wylie; or if this was absolutely impossible, put our instructions in writing.

Communiqués

5. Mr. Isaacson thought that the best moment to tell Georges-Picot that we and the French wanted to be consulted about communiqués would be when he had received his instructions for the Monday meeting. He wanted to ~~discuss~~ ^{but my view} them in advance with Georges-Picot, particularly if there was any likelihood of a clash of interest. He did not think Georges-Picot would have any reason to want to issue a communiqué before he saw him.

H.B. Shepherd

(H.B. Shepherd)
September 7, 1956.

Mr. Beeley.

Copies to: Mr. Ross
Mr. Watson

H.B. 11/9

← ? nothing added on receipt in C.B.

CD. 14222/168/56

~~SECRET~~



Commercial Department,
British Embassy,
Paris.

September 6, 1956.

Ans. Watson

E 1122/1508

Dear Archie,

Thank you for the copy of the record of the Secretary of State's talk with Pineau about the Suez Canal Company staff in Egypt, in which he stated, inter alia, that H.M.G. hoped that our two Governments would agree that there should be no further instructions to the pilots without prior consultation, and that what we wanted to see was a spontaneous movement on the part of the pilots themselves.

2. As you will know from Cairo telegram No. 1835 of September 1, the message which has been given to the staff (or which should have been given, though it is clear that Vignau has not been sticking very closely to his instructions) is that they should continue at work until a date after September 1, but not later than September 15, which would be notified to them two or three days in advance.

3. If there is a clear break between Menzies and Nasser in the next day or two, it is possible that the staff will spontaneously down tools en masse, or drift away from work in batches; this, of course, is what we would like to see.

4. But there is also the possibility that Company discipline will continue to hold and that on Monday the staff will still be on the job awaiting the notification to cease work which I have referred to above.

5. In this case there will be discussion in the Comité de Direction on Monday, and also at the Board Meeting on Tuesday, on the making of this notification.

6. I should be grateful if you could let me have instructions (possibly by telephone on Monday morning before 10.30) as to what line the British Government Directors should take in this matter. There would, I am sure, be strong objections from the French members of the Committee if we put forward the view that it was now up to the staff to decide things for themselves and that no further instruction should go from Paris; and, indeed, if Company discipline has held good it would seem necessary that some message should be sent. Clearly we would not want it to be an instruction to down tools, but Wylie and I might be pressed hard to agree that at least the staff should be given permission to do so. If any message is sent, we would, of course, need to insist that the Company should issue no communiqué of any sort to the press on the matter.

7. This letter has been written after discussion with the Ambassador, who has asked me to point out (with particular reference to paragraph 5 of Wylie's letter of September 3 to Adam Watson) that it is undesirable that Wylie should come to Paris with views in his mind substantially at variance with the policy thinking of H.M.G. Perhaps he could be "briefed" before he returns to Paris on Sunday.

8. One other point. In your minute covering the record of the Secretary of State's talk with Pineau, you say that it is still our hope that the Company will refrain from making any further statements to the press which have not been cleared first with the two Governments, and you asked me to do whatever I think best to ensure this. As Pineau was apparently unreceptive to the idea of asking the Company that they should consult the two Governments for their agreement before issuing further press statements, I am not sure whether what you want me to do is to put this idea again to the Quai d'Orsay at "desk level", or alternatively to suggest to Georges-Picot that he should consult the Embassy and the Quai d'Orsay before issuing any communiqué. Perhaps you could telephone me on this point tomorrow morning.

This
Ad

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

Yours,
Bob Isaacson
(R.S. Isaacson)

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F. O. secret
Whitehall secret

S E C R E T

S U E Z

Following is text of telegram No. 37 dated 5th September (received from Australia House) from the Australian Legation in Cairo to the Government of Australia, repeated to Australian representatives in London, Karachi, Washington, Paris, Rome, Bonn, The Hague, Tokyo and Wellington. Begins.

From Tange.

Committee met Cairo representatives of countries supporting the Dulles proposals at 5 p.m. 5th September. Prime Minister spoke for approximately 15 minutes with the object of bringing them into the picture. He said the Committee had become as well knit a team as one could possibly find. In view of intensity of feeling speed was essential. There was fortunately no indication of anything but a desire on both sides of table to bring discussions to a conclusion - although what conclusion was as yet guesswork. It was not the Committee's task to engage in negotiations but to present expound explain and discuss the proposals worked out in London. Committee had a restricted jurisdiction and had no power or desire to depart from it. Within its mandate it was however still possible to clarify and illustrate. The Committee and the 18 nations believed it was quite vital to take politics out of the Suez Canal. It had become subject of acute political considerations only of late with confusion of opinion extreme statements and slogans. We should get away from slogans and come back to practical considerations. Nobody contests Egypt's sovereignty. If Egypt were to participate in an international agreement setting up an operational body on which it would itself be represented operating as a tenant on Egypt's soil this could not derogate from her sovereignty. By nationalising the Canal President Nasser had destroyed the confidence of users and of world finance. A body with corporative powers under international guarantee would produce confidence. There was a useful analogy in the International Bank. Setting up of such a body was essential to getting politics out of the Canal. The proposed board should be composed of men who would not be mere servants of governments but whose very presence would be an assurance of honest and non political action. Each one of them might for instance represent a group of nations. There was in some quarters a belief that anyone politically appointed must be a politician. If this were true the whole juridical system in the world would fall to the ground. The board might be established by an international convention to which Egypt would be a free and willing signatory. Ends.

Copy to:-

D.I

C.R.O.

Mr. Anderson

Foreign Office

Mr. J.A. Wilton (20)

SOUTH ASIA AND MIDDLE EAST DEPT.

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22/14211/182

CONFIDENTIAL

OUTFILE

FROM FOREIGN OFFICE TO CAIRO

Cypher/OTP

FOREIGN OFFICE AND WHITEHALL
DISTRIBUTION

No. 2968

September 12, 1956

D. 9.12 p.m. September 12, 1956

IMMEDIATE
CONFIDENTIAL

Your telegram No. 2081: [Pilots.]

Following are comments of legal adviser.

Our position being that the Egyptian action in respect of the Suez Canal Company, even if it has any validity at all, is effective only in respect of the Company's undertaking in Egypt, leaving the identity of the Company intact, we maintain that the employees continue to be under contract to the Company and not to the Egyptian Authority. Furthermore, there is legally no right of succession to contracts of personal service.

2. On this basis, we should maintain that the employees were entitled to leave Egypt at any time, that if they gave any notices it would be to the Company and not to the Egyptian Authority, and that they were not subject to any fines or other penalties at the hands of the Egyptian Authority.

3. Under ordinary domestic law, it might perhaps be argued that by remaining on and actually working under the orders (if such is the position) of the Egyptian Authority, the employees have entered into a sort of implied contract with the Authority, and must therefore give reasonable notice before going. The employees could, however, maintain (a) that what they have really done is to remain on in the service of the Company at its request and subject to its general instructions - in short, that it is always the Company and not the Egyptian Authority that they have been working for; or, alternatively (b) that in so far as they have been working for the Egyptian Authority, this has been under duress, and not of their own volition, so that no contract can have been set up between them and the Authority.

LLL