

CONFIDENTIAL

FROM TEHRAN TO FOREIGN OFFICE

Cypher/OTP

FOREIGN OFFICE AND WHITEHALL
DISTRIBUTION

Sir R. Stevens
No. 732
September 15, 1956

D. 11.11 a.m. September 15, 1956
R. 1.29 p.m. September 15, 1956

IMMEDIATE
CONFIDENTIAL

TEHRAN 15/9/56

Addressed to Foreign Office telegram No. 732 of September 15.
Repeated for information to New Delhi.

My immediately preceding telegram (not repeated to New Delhi).

Dr. Ardalan tells me that the Indian Ambassador here has discussed with him a proposal he is making to his Government of which the following is the essence.

2. A Suez Canal Company should be established under Egyptian law with an Egyptian chairman and a directorate chosen periodically by the United Nations Assembly to represent user nations under a Convention recognised by Egyptian law. The company would manage canal affairs, guarantee every passage, execute improvements, collect tolls and dispense expenses.

3. Dr. Ardalan considers that this suggestion goes a great deal further than the Indian position at the London Conference. He feels that it would be valuable if India could be brought back into the fold and disassociated from the U.S.S.R. Subject to the views of the Shah he proposes, therefore, to encourage the Indian Ambassador's initiative. He admits that he has little hope that Nehru would act along the lines proposed but believes that, if he were to do so, Nasser might well respond favourably.

4. I made no comment on the substance of the proposal.

Foreign Office please pass to New Delhi as my telegram No. 10.

[Copies sent to C.R.O. Telegraph Branch for transmission to New Delhi]

ADVANCE COPIES

Private Secretary
Sir I. Kirkpatrick
Mr. Ross

Mr. Murray Head of African Department
Mr. Nutting Head of News Department
Mr. Pink Head of General Department
Mr. Mayall Head of United Nations Department

LLL

NEW DELHI

NEW DELHI

TEHRAN

Tehran telegram No. 732.

TEHRAN

I think that the Indian Ambassador's idea should be encouraged.

XXXXXXXXXX
XXXX

2. With certain minor provisions, such as ensuring that the directorate was really representative of user nations, and that the new Company was bound to respect the directorate's decisions, it would ~~be~~ not be far removed from the 18 Power proposals. If the Indian Government put something on these lines to Nasser and he rejects it (as he doubtless would), this would help the Indian Government to understand how unreasonable the Egyptian position fundamentally is.

3. Please therefore give the idea what discreet encouragement, ~~you can~~, saying that it seems to us worth exploring.

4. If a suitable opportunity arises I shall speak similarly to Iranian Foreign Minister.

INWARD SAVING TELEGRAM

JE 1124/1603 lB J

OUTWARD TELEGRAM

FROM PARIS TO THE FOREIGN OFFICE

EMCG.

En/Clair
By Bag

Sir G. Jebb

No. 335 Saving
September 14, 1956

UNCLASSIFIED



770 Whitball

Addressed to Foreign Office telegram No. 335 Saving of September 14.
Repeated for information Saving to:

Moscow No. 80 Washington No. 331 Cairo No. 74.

There is much speculation in today's press on possible developments in Suez Canal situation and in particular.

- (a) Nasser's next move and outcome of next meeting of Arab League;
- (b) Future moves regarding pilots;
- (c) Increased cost of obtaining oil via the Cape and possibility of lease-lend plan from America to meet this.

Relief is expressed at Mr. Dulles' clarification of United States position, and proceedings in the House of Commons are fully reported but largely without comment.

2. Neither Les Echos nor Combat are satisfied with CASU. The first mentioned paper predicts that in the first place it will probably fail to keep the canal open; secondly it does not have sufficient support amongst other user nations and, thirdly, it has so far failed to displace Nasser, which must be primary object of any satisfactory solution. Combat foresees that CASU will be confronted with considerable technical difficulties, but stresses two advantages. It should avoid the lengthy procedure of negotiation by conference and it forces Nasser to say whether he will co-operate or not. Whatever he does, his position will be unequivocal. This will not suit the Russians, who seek to exploit vacillation and uncertainty in the Middle East.

1	2	cms	PUBLIC RECORD OFFICE	ins	1	1	2
Ref: FO 371/119136			87684				
Please note that this copy is supplied subject to the Public Record Office's terms and conditions and that your use of it may be subject to copyright restrictions. Further information is given in the enclosed 'Terms and Conditions of supply of Public Records' leaflet							

Outward Telegram No. 335 Saving

UNCLASSIFIED

- 2 -

3. Figaro remarks that M. Bulganin did not think it necessary to intervene until Nasser found himself in an impasse. Parisien Libere notes that Nasser's latest proposal for a conference has only been supported by Communists and fellow-travellers.
4. Franc Tireur predicts that France and Great Britain will follow the American lead and send ships round the Cape if Nasser refuses to co-operate.
5. Liberation quotes Lord Attlee's remarks describing as unfortunate Her Majesty's Government's association with the French Government.
6. This afternoon's Le Monde feels that if Egypt refuses to allow CASU to operate in the Canal, next step is likely to be discussion at the United Nations.

CONFIDENTIAL

FROM KHARTOUM TO FOREIGN OFFICE

Cypher/OTP

FOREIGN OFFICE AND
WHITEHALL DISTRIBUTION

Mr. Walker

No. 695
September 15, 1956

D. 5.27 p.m. September 15, 1956
R. 7.20 p.m. September 15, 1956

PRIORITY
CONFIDENTIAL

E 14211

Addressed to Foreign Office telegram No. 695 of September 15.
Repeated for information to: P.O.M.E.F. Cairo Bagdad
And Saving to: Washington Paris Jeddah

Suez Canal.

Sudanese Council of Ministers have met to discuss the position and the policy of the Sudan in relation to the Suez Canal four times in the last four days. The Sudanese Prime Minister said to me today that there was no question of the Sudanese Government taking an active part should hostilities break out. Apart from any other reason they had no forces to spare. Half the Army was in the South and the other half in training. Nor did the Sudan Government wish to prejudice its relations with the West.

2. On the other hand the crisis had come at a very bad time for the Sudan. The Sudanese did not like the Egyptians but they could not afford at present to appear anything but friendly. Since major problems such as currency, Nile Water, Customs and Immigration remained unsettled the Sudanese Government must in public support Egypt. There were 350,000 Sudanese in Egypt who, he implied, were hostages to fortune. At the same time the Sudanese Government felt the line taken by Her Majesty's Government and French Government had been unduly tough and the Sudanese support of Egypt was thus made easier. The Prime Minister said that the Sudanese Government had made proposals to the Egyptians as to how the dispute should be settled (Permanent Under-Secretary in Sudanese Ministry of

/Foreign Affairs

SEP 15 1956

1	2	cms	PUBLIC RECORD OFFICE	Ins	1	2
Ref: FO 371/119136			87684			
Please note that this copy is supplied subject to the Public Record Office's terms and conditions and that your use of it may be subject to copyright restrictions. Further information is given in the enclosed 'Terms and Conditions of supply of Public Records' leaflet						

CONFIDENTIAL

Khartoum telegram No. 695 to Foreign Office

-2-

Foreign Affairs flew to Cairo with them on September 14). If the Egyptians refused to have anything to do with these proposals that would be their funeral. The Prime Minister seemed reluctant to explain the proposals in detail but said the Sudanese Government felt the dispute should be taken out of the hands of the British, French and Egyptians in order to prevent an explosion. He said the United Nations must be charged with settling it.

3. The Prime Minister referred to the report mentioned in Cairo telegram No. 2035. He was clearly most annoyed about it and repeated the assurance that it was unfounded. He also mentioned report of troop movements on the Uganda border (my telegram No. 692). He was inclined to take this seriously. I shall, therefore, be grateful if explanation could be provided as soon as possible.

Foreign Office pass Cairo, P.O.M.E.F. and Bagdad as my telegrams Nos. 188, 118 and 4 and Saving to Washington, Paris, Jedda as my telegrams Nos. 63, 25 and 1.

[Repeated to Cairo, P.O.M.E.F. and Bagdad and Saving to Washington, Paris and Jedda].

777777

1	2	cms	PUBLIC RECORD OFFICE	ins	1	2
Ref: FO 371/119136			87684			
Please note that this copy is supplied subject to the Public Record Office's terms and conditions and that your use of it may be subject to copyright restrictions. Further information is given in the enclosed 'Terms and Conditions of supply of Public Records' leaflet						

CONFIDENTIAL

J

FROM JEDDA TO FOREIGN OFFICE

Cypher/OTP

FOREIGN OFFICE AND
WHITEHALL DISTRIBUTION

RETURN/1613

Mr. Parkes

No. 292

September 15, 1956

D. 10.00 a.m. September 15, 1956

R. 2.25 p.m. September 15, 1956

PRIORITY

CONFIDENTIAL

Addressed to Foreign Office telegram No. 292 of September 15.

Repeated for information to:	Bagdad	Cairo
And Saving to:	Amman	Ankara
	Beirut	Bahrain
	Damascus	Paris
	P.O.M.E.F.	Tehran
	Washington	

Suez Canal.

My United States colleague who returned yesterday tells me that whilst in Riyadh he delivered a message to King Saud (presumably from the President) to the effect that the United States was continuing to do all she could to bring about a peaceful settlement of the Suez crisis. King Saud's efforts to the same end had been noted with appreciation and it was hoped that he would continue to do his best here.

2. Saud's reply was completely satisfactory. And Wadsworth said the King was even more concerned than when he last saw him and obviously determined to do everything he could to bring Nasser to reason. He had shown considerable interest in the extent of financial sanctions taken by the West against Egypt (which I trust reflects Egyptian anxiety in this regard). Saud had asked Wadsworth for details of the United States measures which were duly spelt out to him. Wadsworth had added that in any case the amount of Egyptian funds frozen in America was not great and that if Nasser now wished to use any of the ten million dollars recently provided by Saud for bona fide trade purposes he was at liberty to do so. Saud had been

/pleased with



1	2	cms	PUBLIC RECORD OFFICE	Ins	1	1	2
Ref.		FO 371/119136		87684			
Please note that this copy is supplied subject to the Public Record Office's terms and conditions and that your use of it may be subject to copyright restrictions. Further information is given in the enclosed 'Terms and Conditions of supply of Public Records' leaflet							

CONFIDENTIAL

Jedda telegram No. 292 to Foreign Office

-2-

pleased with this and seemed to see in this situation a useful means of increasing his hold over Nasser.

3. Saud seemed fairly indifferent to the prospect of Western military action against Egypt but greatly perturbed at the possible advent of Communist pilots and "volunteers". He wished at all costs to halt further Communist penetration of the Middle East. Wadsworth also stressed, under instructions, American concern with the situation in Syria which Saud said he fully shared.

4. Wadsworth added that he was more convinced than ever that Saud wished to side with the West. For example this time he had made excellent progress over his Dhahran air base negotiations. Saud had repeatedly said that although he was under considerable pressure from his Arab neighbours to eject them he wished the Americans to remain in Dhahran. The base agreement had expired on [gp. undec. ? June 5] but there was no question of any time limit. Washington could take as long as they liked to reply to this latest exchange. "Can I" said Saud somewhat ingenuously "give any clearer proof of my desire to cooperate with the West?".

Foreign Office pass to Bagdad and Cairo as my telegrams Nos. 21 and 55 and Saving to Amman, Ankara, Bahrain, Beirut, Damascus, Paris, P.O.M.E.F., Tehran and Washington as my Saving telegrams Nos. 9, 18, 24, 24, 13, 27, 48, 13 and 70 respectively.

[Repeated to Bagdad, Cairo and Saving to Amman, Ankara, Bahrain, Beirut, Damascus, Paris, P.O.M.E.F., Tehran and Washington.]

777777

CONFIDENTIAL

FROM CAIRO TO FOREIGN OFFICE

J

Cypher/OTF

FOREIGN OFFICE AND WHITEHALL
DISTRIBUTION

Sir H. Trevelyan

No. 2153

D:1.04 p.m. September 16, 1956

September 16, 1956

R:3.23 p.m. September 16, 1956

PRIORITY

CONFIDENTIAL

JE 11211/1697

Addressed to Foreign Office telegram No. 2153 of
September 16

Repeated for information to: Washington U.K.H.C. Canberra
Paris
and saving to: UKDEL. New York

JE 11211/1428

My telegram No. 2032: Egyptian Note.

My Australian colleague saw Egyptian Foreign Minister yesterday on instructions to enquire what was the status of this document. Egypt was not represented in Canberra and Note had merely been communicated to Australian Legation here as a Press release. Australian Government wished to know whether it was an official communication and whether their comments were invited.

2. Fawzi appears to have been at his vaguest and most elusive and Cutler tells me that nothing emerged from conversation except following points.

3. Fawzi said that a number of nations predominantly Eastern European and Asian had responded favourably. He thought that "negotiating body" might consist of seven or possibly nine nations including Egypt and representatives drawn from the 18, but vouchsafed no clue as to how it should be constituted, saying merely that everything could be worked out through the diplomatic channel.

4. Fawzi observed at one point that without wishing to mention any names he was bound to say that prospects had not been improved by the events of the past week but that in the event good might come out of evil. When Cutler asked whether this meant that Egyptian Government envisaged negotiating with the Users' Association when set up Fawzi returned an evasive reply, but did not rule the possibility out.



/ Foreign ..

1	2	cms	PUBLIC RECORD OFFICE	ins	1	1	2
Ref: FO 371/119136			87684				
Please note that this copy is supplied subject to the Public Record Office's terms and conditions and that your use of it may be subject to copyright restrictions. Further information is given in the enclosed 'Terms and Conditions of supply of Public Records' leaflet							

Nasser's speech at Bilbeis on
September 15.

(Applause). In these decisive days of the history of mankind - in these days in which right is defending its existence against aggression, evil, international anarchy, domination and imperialism - in these days, Egypt, your homeland, is determined to guard her sovereignty. Egypt, your land, is determined to guard her dignity. In these days, when some countries have bared their teeth, have revealed their ambitions and love of domination - in these days Egypt is determined to set a high example before the world and to show it that if small powers wish and are determined to guard their sovereignty, their sovereignty will be preserved for them (Applause) - that small powers, if they wish and are determined to guard their dignity, their dignity will be preserved for them. In these decisive days of world history in which those great powers England and France are rattling their sabres on account of Egypt, seeking to usurp her rights and sovereignty, I announce in the name of the Egyptian people, which has chosen to achieve full freedom and independence - I declare in the name of these people, who have fought throughout the ages against tyranny, aggression and foreign domination from outside - I declare in the name of these people that we will all guard our sovereignty. We will all guard and defend our dignity. Big powers and conspiracies will never intimidate us. Neither conspiracies nor threats will intimidate us. We believe in our right to live and we believe in our right to our country, and we will defend that right and will never allow an imperialist, or despot, to diminish our right to life, or to diminish our sovereignty. These are our aims from which our revolution sprang - the major aims which we called for and which we have tried to establish. These are the aims which we called for since the revolution began, namely the defence of dignity and freedom. We will never fear aggression. We will never fear threats. We will never falter. We will never weaken. We will stick to our principles and aims, in spite of the threats of the Big Powers, because we believe that right is on our side, and we will defend that right to the last drop of our blood (Applause).

I, brothers, when I speak thus, know for sure that I am speaking for every Egyptian. I speak for every son of Arabism. I speak for every individual of the free States who believe, practise and call for freedom. I speak in the name of the principles which they proclaimed in the Atlantic Charter, but later ignored - the principles which call for freedom, sovereignty and self-determination. These principles, which they proclaimed during World War II, but today ignore, we uphold, so as to establish and strengthen them in the land of Egypt, our homeland, and in our skies. Today, brothers, after achieving for the first time complete evacuation of the forces of imperialism, after purging the soil of our fatherland from the troops of occupation, today, after seeing the real, free and independent Egypt, we will always try to keep dear Egypt a free and independent land to live in in spite of the intrigues of the plotters and in spite of the threats and ambitions of the threatening powers. Today, brothers, after seeing conspiracies woven around us, and attempts made to diminish our sovereignty, we exercised this right. They said that sovereignty was one thing and exercising sovereignty another. Selwyn Lloyd said in the London Conference that we are living today in an age in which states could have the right of sovereignty, and yet voluntarily relinquish it. I say that such a statement could only be made by states exercising the sovereign rights of other states as well as their own sovereignty as an excuse for exercising those rights of other states. But states which aim at being really independent, those states which have no ambition to violate the independence of others, always uphold their sovereignty and insist on exercising it.

/Brothers

1	2	cms	PUBLIC RECORD OFFICE	Ins 1	1	2
Ref: FO 371/119136			87684			
Please note that this copy is supplied subject to the Public Record Office's terms and conditions and that your use of it may be subject to copyright restrictions. Further information is given in the enclosed 'Terms and Conditions of supply of Public Records' leaflet						

Brothers, we are a state which has tasted and felt sovereignty. We have no ambition to exercise sovereignty over others. We have no ambition to attack others and for this reason we uphold our sovereignty and will never let any state violate this sovereignty.

Brothers, we have today tried by all means to co-operate with the states who claim to be anxious to raise the standard of other states. Those states told us that they would co-operate with us to raise our standard, but we noticed that we had to pay the price in terms of our sovereignty and we refused to pay it. After that we were opposed, and instead of helping us they began to fight us. After telling us that they would finance the High Dam they retracted and filled the world with their slanders on the economy of Egypt Would we weaken and renounce the exercise of this sovereignty? Egypt, which was determined to be free and independent, Egypt, which was determined to have her sovereignty in full, refused to cede part of her sovereignty at any price, be it little or great. Egypt realised that her sovereignty should be (Apparent cut in E.S.B. recording here) ... After that the Suez Canal Company was nationalised, - the Egyptian Suez Canal Company (Applause). When Egypt gave the concession for the Suez Canal Company to Ferdinand de Lesseps, she stipulated in that concession, (which was not contracted between Governments but between the Egyptian Government and an Egyptian company) that the Suez Canal Company was an Egyptian company subject to Egyptian law, and that any disputes should be settled before Egyptian Courts.

Egypt has nationalised the Suez Canal Company and announced that she will honour her international obligations relating to the freedom of navigation. After this, the imperialist states started to stir - England and France. They said "Egypt has taken our Canal; Egypt has stolen our Suez Canal; Egypt has attacked our Suez Canal". As if the Suez Canal was a part of British or French soil. As if the British Prime Minister had forgotten that he signed in 1954 the Evacuation Agreement which says that the Suez Canal is an inseparable part of Egypt. He has forgotten, or neglected, these words which are only two years old, not 80 or 90 years. They said that they have rights in the Suez Canal, and that the Suez Canal (word inaudible). Egypt said that she was ready to negotiate about what concerned the states, namely freedom of navigation. The Suez Canal belongs to us. But international anarchy, international despotism, provocation and threats, began. On August 2 England held a conference between herself, France and America. They said that they would call a conference for the internationalisation of the Suez Canal. They said: "We will never let Egypt obtain the dues which are collected from the Canal". They were aiming at preventing Egypt from progressing.

Before that they said that they would never help Egypt to build the High Dam and would never give her a loan, or a grant. After that they said that they would never allow Egypt to get the revenues of the Suez Canal Company to construct, to develop or to raise the standard of living. The Prime Minister of Britain stood up and declared: "We have nothing against Egypt; all that we are after is Gamal Abdel Nasser". The fact is that he is really very interested in Egypt, interested in the army of Egypt. He is anxious not to see Egypt have a strong army, a proud army which takes its orders from Egypt and not from Britain or any other state. He is anxious not to see Egypt progress. They also said that they did not want us to get the revenues of the Suez Canal, and that they would deprive us of this money. What does this mean? This means that they want to deprive Egypt of progress, industrialisation and advancement. At the same time they took economic measures against Egypt. What could be the reason for these hostile economic measures? Is it not to bring pressure to bear on the Egyptian people so that they may not progress /but

1	2	cms	PUBLIC RECORD OFFICE	ins	1	1	2
Ref: FO 371/119136			87684				
Please note that this copy is supplied subject to the Public Record Office's terms and conditions and that your use of it may be subject to copyright restrictions. Further information is given in the enclosed 'Terms and Conditions of supply of Public Records' leaflet							

but submit? I here declare, and in this declaration I feel what every Egyptian feels, that we shall never succumb to this threat. We will never bow to this pressure. We can depend on ourselves; we can depend on our resources and we can depend on our agriculture. After this the London Conference was held. What happened at the London Conference? Resolutions were drafted on August 2, and they said that they would convene a conference for the internationalisation of the Suez Canal, and some of the states which attended the London Conference approved the resolutions, which were laid down beforehand. The Menzies Committee came to us and Menzies told us that he came to reach an understanding with us. Menzies came to Egypt bearing conditions, for us either to accept or refuse under threat of aggression and of the use of force. Menzies said: "We are prepared to negotiate with Egypt on these bases and on these conditions - to negotiate with Egypt on the basis of handing over the Canal and the revenue of the Canal to them, and of giving them part of the territory of Egypt and the money which derives from the Canal!" Naturally we can never accept these bases as they affect our sovereignty and independence and usurp our livelihood. How could this be negotiated and on what basis could such negotiations be conducted? This would never be negotiation but a dictation of terms. This would never be negotiation, but the imposition of conditions and the imposition of demands by the imperialists and the usurpers to violate our rights, our sovereignty and our fatherland. Such could never be free negotiation. This is not the way in which states should deal with each other. This is not the way provided for by international law. It is the way of imposing terms. I said, in this connexion, that were they willing for international co-operation, we were ready for it, but that if their purpose was collective domination we would never accept such a domination. If their aim was to preserve the sovereignty of Egypt we were with them. If their object was to secure freedom of navigation in the Canal we were with them. If their object was to co-operate as regards the revenues of the Canal we were with them. If their object was to develop and maintain the operation of the Canal we were with them. If their object was to prevent discrimination between states using the Canal we were with them. We agreed with them in all that, but if their object was to usurp the Canal and seize it from Egypt, this is another matter and we will never accept it (Applause).

The conversation which took place with Menzies, the Australian Prime Minister, was frank and clear. Its significance was that Egypt refused to look at any international organisation under any name for the usurping of part of its territory and the exercising of part of its sovereignty. To usurp the land and practise the sovereignty under the eyes of Egypt - this is something we shall resist with all the means in our power. The resistance shall not be on the part of the Government alone, but from the people. The people will not agree, after ridding themselves of imperialism and occupation in the form of British armed forces, to see imperialism again in another form - imperialism under a new name, a joint imperialism, in which states participate in a new way. Egypt declared to the whole world that she was prepared to negotiate and is prepared to reach an agreement on what interests them, freedom of navigation, passage dues, maintenance of the Canal, non-discrimination between states. But what was the result? The result was that the states which were saying that they were concerned about the freedom of navigation in the Canal - these states, Britain and France, pressed the officials of the Canal to leave their work so that navigation in the Canal might be disrupted. I accuse the British and French Governments. Today, Selwyn Lloyd says: "Never. Such a thing did not happen. It was they who wished to leave". I accuse Selwyn Lloyd personally because he met M. Picot, the President of the Company, eight or ten days ago and agreed with
/him

1	2	cms	PUBLIC RECORD OFFICE	ins	1	1	2
Ref: FO 371/119136			87684				
Please note that this copy is supplied subject to the Public Record Office's terms and conditions and that your use of it may be subject to copyright restrictions. Further information is given in the enclosed Terms and Conditions of supply of Public Records leaflet							

him to send a message to the foreign staff of the Canal to leave, with the object of disrupting navigation in the Canal and with the object of making world propaganda to the effect that Egypt failed to operate the Canal and to preserve the freedom of navigation in it. In recent declarations in the House of Commons, Eden said that operations relating to the Suez Canal affected the life of every individual in Britain. If traffic stopped for a long period, European economy would be in danger - this was a pretext to justify intervention in the freedom of navigation and traffic in the Canal. In spite of this, they issue orders and bribe foreign employees to leave the Canal. What is the purpose of this? What is the purpose of this international anarchy? What is the purpose of such an action? The purpose is to show the world that Egypt is unable to operate the Canal, that Egypt is not able to take charge of the administration of the Canal, and so that they might come to take over the Canal, its operation and its administration. A most horrid picture of international dealings; a most horrid picture of international confidence; a most horrid picture of international plotting, plotting by responsible people against their own interests so as to accuse Egypt of affecting and disrupting those interests. Eden stood in the House of Commons to declare that if freedom of navigation was suspended and vessels were delayed this would affect their economy. After that Selwyn Lloyd went to meet the Director of the Company with whom he agreed that pilots should leave their jobs on the 15th (apparent cut in E.S.B. recording). Today work was carried on without foreign pilots (Applause). Do you know what they did yesterday? For the first time during recent years the number of vessels which arrived in the ports of Suez and Port Said was bigger than ever before. This is a proof of the organised conspiracy, a proof of the premeditated plot. Never did vessels arrive in such numbers. What are Britain and France aiming at by this? They wanted to show the world that after the departure of the pilots Egypt was unable to operate the Canal. Again this is a most horrid picture of international conspiracy. This number of vessels arrived yesterday and were able to pass through. For the first time yesterday fifty vessels passed through (Applause).

Fifty vessels passed through the Suez Canal yesterday. Has Egypt surrendered to these international conspiracies? Has Egypt surrendered to the Canal Company? Seventy Egyptian pilots - we all know, of course, that they did not allow a large number of Egyptian pilots - seventy Egyptian pilots, together with the Greek pilots who rejected the bribe and decided to uphold our dignity (Applause) have been able to carry out the work in the Canal. The Egyptian and Greek pilots decided to carry out the work in the Canal. There are seven Greek pilots and seventy Egyptian pilots today (Applause). The first day for the execution of the Anglo-French plot in the Canal is today. Today is the first day for the execution of the plot for the withdrawal of foreign pilots from the Suez Canal. Today forty-one ships have arrived and the Egyptian and Greek pilots have been able to carry out the work in the Canal for all the ships. As I talk to you now, brethren, all the ships which have arrived in Port Said and Suez are proceeding through the Canal, thanks to those Egyptian and Greek pilots (Applause). Today we have gained victory over the plot of the big states, over the plot of Selwyn Lloyd, England, France and M. Pineau. Today we have proved to the whole world that if a nation wants to insist on its freedom, dignity and independence it will have dignity, freedom and independence. Today we prove to the whole world that the Egyptians are able to carry out the work in the Canal after Britain and France have withdrawn all the foreign employees in the Canal. Today, brethren, in the name of the people and in the name of every son of Egypt, who looks on at this business with his heart full of sympathy for those working in the Canal, I present to these men the Egyptian Order of /Merit

1	2	cms	PUBLIC RECORD OFFICE	Ins	1	1	2
Ref: FO 371/119136		87684					
Please note that this copy is supplied subject to the Public Record Office's terms and conditions and that your use of it may be subject to copyright restrictions. Further information is given in the enclosed 'Terms and Conditions of supply of Public Records' leaflet							

Merit from the Egyptian nation (Applause). Today, brethren, we have won the battle of intrigue, the battle of treachery. Today, brethren, the plotters are defeated, moral and international anarchy are defeated. Today as we gain victory in this battle, the moral victory, thanks to faith and determination, we proceed forward to gain victory in other battles. Today we are more determined and have more faith. We must also win the battle of treachery with which they are deceiving world opinion. They are saying that navigation in the Canal is very important to them and that their economy depends on it, and then they are the first to delay navigation in the Canal, in order to make this a pretext for robbing us of one of our rights. International anarchy - avarice which has possessed the great powers - but we shall safeguard our interests. Mr. Eden said in the British Parliament that they insist that the states which use the Canal should have the use of it without discrimination. We also insist that the states using the Canal should have the use of it without discrimination. We have said this. We have said that we are ready to reassure whomsoever wants reassurance in this respect but are not ready to give way to those who have other objects and other demands tending to dominate, control and steal the Canal from its real owners. But Eden declares: "We will never let Egypt succeed because were Egypt to succeed it would be a success for Arab nationalism. If Abdel Nasser was to succeed this would mean the realisation of the aims of Arab nationalism and we could never be able to stand against it. The next objective would be Israel". Eden said this in Parliament. Eden disclosed his real intentions; he was no longer after Gamal Abdel Nasser as he declared last month, but Arab nationalism. His aim is to humiliate Arab nationalism and destroy it. His aim is to stop it from flourishing and to disintegrate Arab nationalism. Eden answers himself and corrects the facts by himself. He stood last month apologetically addressing the Egyptian people, thinking that past conditions still prevailed. He said that their object was Gamal Abdel Nasser, and that they did not want Gamal Abdel Nasser. In the past when they said such a thing they could carry it out. The situation has changed today. It is not Gamal Abdel Nasser who is feeling strong, but it is the Egyptian people which feels that it is strong and that it exists. It feels its sovereignty. Not only that, but the Arab nation also feels its strength and its renaissance. Eden gave himself away today in Parliament when he said that if Egypt was to succeed in this move, it would encourage and enflame Arab nationalism and he would not be able to stand in the way of its achieving full sovereignty, nor would he be able to protect Israel which will be the next objective of Arab nationalism.

In a campaign of deceit, they say that they want to practise so and so by virtue of the 1888 Agreement. What is this 1888 Agreement? It provides for the security of freedom of navigation in the Suez Canal. From 1888 till 1956 Egypt and an Egyptian Company which has since been nationalised saw to this. The 1888 Agreement provides for freedom of navigation. We declared that we had guaranteed the freedom of navigation from 1888 till 1956. Vessels used to pay the dues to the body managing the Canal. From 1888 till 1956, the ships used to follow the orders, measures and system of the Company. Today what is happening is that they say they will set up a new organisation under the name of the users of the Suez Canal. The purpose of this organisation is to collect the dues and prevent Egypt from exercising its sovereignty. This purpose is a three-stage affair. The first purpose is to usurp the Canal and prevent Egypt from practising its sovereignty in the Canal. The second purpose is to prevent any sum from the Canal dues from reaching Egypt, because this, of course will help her economy. This proposal which Eden put forward in the British Parliament, the proposal which France and America sanctioned, is a violation of the 1888 Agreement. There cannot be two organisations running /navigation

1	2	cms	PUBLIC RECORD OFFICE	ins	1	1	2
Ref: FO 371/119136			87684				
Please note that this copy is supplied subject to the Public Record Office's terms and conditions and that your use of it may be subject to copyright restrictions. Further information is given in the enclosed 'Terms and Conditions of supply of Public Records' leaflet							

navigation in the Canal. There cannot be two organisations organising navigation in the Canal. It is impossible that a number of states should come along and say they are going to set up an organisation of the users of the Egyptian Suez Canal (with its seat abroad) which will collect the money and organise the traffic. Likewise, we could assemble a number of states and say that we were going to set up an organisation for the users of the Port of London which would collect the dues from the vessels without any member of that organisation going there. (Applause) Anyone could say such a thing and the result would be international anarchy. Any number of states could gather and decide to take any measures they liked. Such a thing would be the end of international relations and the end of international law, and we should be living in a state of international anarchy.

As to the attitude of America, I cannot understand it. The American President calls for peace while her Secretary of State puts forward proposals meaning war. We sent our Ambassador in America to the Secretary of State to tell him that his proposal meant that America was helping Britain to provoke the Egyptian people and to clash with them. This proposal could never be accepted by Egypt in any way. How would it be put into effect? Egypt would reject it; so this proposal was aimed at provoking and providing a pretext for a clash. The President calls for peace. Had America been actually aiming at peace why should she then support such a proposal? It is a proposal which seems to be not for the formation of an organisation of the users of the Canal, but for the formation of an association for the declaration of war - an association for looting the rights of small nations; an association for the violation of the sovereignty of small nations. This organisation can never be one for the users of the Canal, but an organisation for the usurpation of the rights and sovereignty, an organisation for the declaration of war.

A decision was taken similar to that taken at first, and after taking it states were called to go to sign as they signed at the London Conference. If international affairs were to be conducted in this way and if the Great Powers come along today brandishing threats in order to affect our sovereignty, or our independence We believe in our cause and our right. We are convinced that every action we have taken is part of our integral sovereignty and our economy. Our obligation to the other states is to secure the freedom of navigation and we are securing the freedom of navigation now. We asked them to negotiate, but they refused. They want to dictate terms and impose conditions which would affect our sovereignty and our independence. They are threatening force, but we will defend this sovereignty. We will defend our land and our dignity.

In no way will we ever cede any of our rights to the big imperialist powers which are plotting and threatening. We will meet aggression with aggression and will fight whoever attacks us (Applause).

There are today in Algeria, brothers, eight millions. Ten thousand Algerians are exasperating half a million Frenchmen. Today every Egyptian will be a soldier. We have enough weapons for every individual able to carry arms (Applause). We will fight the aggressors. Anyone who attacks Egypt will never come out alive (Applause). When I say this I am aware of the feeling of every Egyptian. We will fight a regular war, we will organise guerilla war and whoever attacks Egypt will soon learn that he is bringing disaster on himself. Whoever attacks Egypt will be attacking the whole Arab nation. Whoever attacks Egypt should realise that his
/interest

1	2	cms	PUBLIC RECORD OFFICE	ins	1	1	2
Ref: FO 371/119136				87684			
Please note that this copy is supplied subject to the Public Record Office's terms and conditions and that your use of it may be subject to copyright restrictions. Further information is given in the enclosed 'Terms and Conditions of supply of Public Records' leaflet							

interest and resources in this area will have come to an end forever (Applause). Whoever attacks Egypt should know that he will fight a bitter total war. I read in the papers that they are able to carry an operation in Egypt within 48 hours. They are dreaming, or they lack information. They are acting without information; a regrettable thing (Applause).

Brothers, we believe today in our right to live. We believe in international justice and international law. We will resist international anarchy and collective international imperialism and will never bow. We will set the whole world an example; as I told you before, we are passing through a decisive stage in the history of the world. We will set the whole world an example of how a small state can stand up to the big and great powers which threaten the use of force and the sword, and threaten to cut off our heads. (Applause)

If Egypt as a state is small in size, she is big in her self-confidence and believes in her right. I believe what I say now is the feeling of every Egyptian. We shall defend our sovereignty, our right, our freedom and independence to the last drop of our blood. We shall fight an organised war if we are attacked. We shall engage in total war. Every son of this Fatherland will fight. The Arab nations will support us and stand shoulder to shoulder with us. We shall all fight against aggression and domination. The free nations - not the free world - the real free nations stand by our side and support us against injustice and oppression (Applause). In this way, brethren, we go forward. Today we have triumphed and we have mobilised all the world Powers, those Powers which have no axe to grind. Has a state like India any special interests in the Canal? Has a state like Indonesia any special interests in the Canal? We have triumphed and are facilitating for the world the means of trade and prosperity through those Egyptians who chose to work continuously and redouble their efforts to enable ships to pass through the Canal. Today we have been able to defeat the plotters, and forty-one ships have crossed the Canal, the same or more than used to pass through with foreign pilots. Today we go forward, having faith in God, the fatherland and ourselves, and by the will of God we shall triumph in all the coming battles, and will achieve for Egypt, dignity, independence and freedom. May God grant you success and peace be upon you (Applause).

1	2	cms	PUBLIC RECORD OFFICE	ins	1	1	2
Ref: FO 371/119136		87684					
Please note that this copy is supplied subject to the Public Record Office's terms and conditions and that your use of it may be subject to copyright restrictions. Further information is given in the enclosed Terms and Conditions of supply of Public Records leaflet							

J

FROM CAIRO TO FOREIGN OFFICE

En clair

FOREIGN OFFICE AND WHITEHALL
DISTRIBUTION

Sir H. Trevelyan
No. 2143
September 15, 1956

D: 8.03 p.m. September 15, 1956
R: 10.15 p.m. September 15, 1956

Addressed to Foreign Office telegram No. 2143 of September 15
Repeated for information to Washington, P.O.M.E.F.
and Saving to Paris.

My telegram No. 2125. JE 140

JE 1421/1535

Despite press concern today over latest Israeli attack on Jordan, Canal news predominated and the departure of the Company's non-Egyptian staff received the greatest attention. Shaab reported that 225 foreign employees, including 148 pilots had been given exit visas and would not be allowed to return. Akhbar El Yom gave slightly lower figures. Gomhouria and Akhbar El Yom reported that the majority of the pilots had left unwillingly. They had been threatened with the risk of losing nationality and with not seeing their families in Europe again unless they left. One British pilot allegedly stated that the British and French pilots on leave had been unable to return because they were called up for military service. Yunis was reported to have thanked all resigning employees for their services and to have told them that the Egyptian authorities quite understood that most of them had left for reasons beyond their control. All papers also reported responsible source as stating that some pilots had admitted that the company had been offering them "bribes" of £10,000 - £20,000.

2. Prominence was also given to the following press items emphasizing Egyptian efforts to keep traffic moving:

(a) circular issued by the Egyptian Administrating Authority stating that pilots would henceforth work as single team without distinction between one navigation section and another. Akhbar El Yom explained that this means pilots would do double shift and not be relieved half way at Ismailia as in the past. The Administering Authority was taking the necessary steps to restore normal conditions as soon as possible.

(b) announcement that the 10 a.m. convoy from Port Said had been cancelled. Henceforward one convoy would leave Port Said at 2.30 a.m. and another from Suez at 8 a.m.

/ (c)

1	2	cms	PUBLIC RECORD OFFICE	Ins	1	2
Ref: FO 371/119136			87684			
Please note that this copy is supplied subject to the Public Record Office's terms and conditions and that your use of it may be subject to copyright restrictions. Further information is given in the enclosed 'Terms and Conditions of supply of Public Records' leaflet						

Cairo telegram No. 2113 to Foreign Office

- 2 -

(c) Reported arrival at Cairo Airport last night of 25 Soviet pilots who would take up duties immediately.

(d) Reports that the Greek and Yugoslav pilots had not resigned. The Greek Consul in Port Said had given Greek pilots to understand that the Greek Government wanted them to stay.

(e) Announcement that record number of 50 vessels passed through the Canal on September 14 as compared with the daily average of between 30 and 40.

3. Following press items also received prominence.

(a) Nehru's proposed talks with Colombo Power representatives.

(b) Announcement by responsible source that Afghanistan, Bulgaria, China, Czechoslovakia, East Germany, Hungary, Jordan, India, Indonesia, Lebanon, Libya, Pakistan, Panama, Poland, Rumania, Saudi Arabia, the Soviet Union, Syria and Yugoslavia had approved the Egyptian proposal for the formation of negotiating body.

(c) Expressions of support for Egypt from Lebanon, the Ruler of Kuwait and the leader of the Sudanese Umma Party.

(d) Interview given by Nasser to Mexican writer Siqueiros in which he said that if Latin America adhered to the Bandung principles convening of conference similar to but larger than that of Bandung could be expected in near future.

4. Editorial comment used resumption of Israeli attacks on Jordan to emphasize Arab solidarity. Shaab linked these attacks with reports of Turkish concentrations on Syrian border, reinforcement of British troops in Libya, massing of French troops in Cyprus and of British troops on southern frontiers of Sudan, as being one of series of Western conspiracies against the Arabs. These conspiracies, however, would only strengthen Arab unity and convince the Arabs that the Canal issue did not concern Egypt alone. Gomhouria continued to emphasize Egyptian ownership of Canal and to criticize the proposed Users' Association. Akhbar El Yom called upon heroic young Egyptian pilots to prove to world that liberated Egypt could work miracles.

Foreign Office please pass to Washington and Saving to Paris as my telegrams Nos. 315 and 299.

[Repeated to Washington and Saving to Paris].

4444



W
 Secretary of State UNITED KINGDOM DELEGATION
 TO THE UNITED NATIONS,
 NEW YORK.

Mr Nutting
 SECRET *Sir Kirkpatrick* August 31, 1956

Dear Sir, *BR.*

14/11/59 1592

Yesterday afternoon I called on the Secretary General at his suggestion. After an informative talk on Palestine matters which I am recording separately, Hammarskjold turned to the Suez question. He clearly very much hoped that my account of what he had to say about this would be seen by the Secretary of State himself.

2. I have never known him so friendly, and he was, as always, perfectly calm. But he was clearly gravely concerned.

3. He began by referring to the latest developments, in particular the spy charges in Egypt and our agreement with the French about the use of Cyprus; these had, he said, increased his uneasiness about the prospects before us all. He was of course out of touch. He did not complain about that, and indeed he could not even put his own thoughts on paper. For inevitably he looked at the problem from several points of view; as a Swede, for instance, and as a Western European, as well as from the standpoint of the United Nations to which we had helped to give birth but which, once it had been born, had inevitably taken on a life of its own. This was one of the factors in the situation with which we must reckon, and of course in the last instance his responsibilities as Secretary General must prevail over any other consideration. But it was unfortunate that London was geographically so far away from New York. He would have given a great deal to have been able to have a quiet talk with the Secretary of State.

4. After this explanation of his own position, Hammarskjold turned to the prospects before the Suez Canal Committee. In a recent conversation with a member of the Secretariat who was passing through Cairo (Andie Cordier) Fawzi had spoken optimistically of the possibilities of a settlement, and Hammarskjold thought that Fawzi would see to it that the discussions were held in a very civilized atmosphere. But he feared that the Egyptians might be tempted to drag out the discussions. That would, he thought, have the most undesirable consequences.

5. On the other hand there was, it seemed to him, a terrain vague which he very much hoped that the members of the Committee would be prepared to

/examine

A. D. M. Ross Esq., C.M.G.,
 Foreign Office.

1	2	cms	PUBLIC RECORD OFFICE	ins	1	1	2
Ref: FO 371/119136		87684					
Please note that this copy is supplied subject to the Public Record Office's terms and conditions and that your use of it may be subject to copyright restrictions. Further information is given in the enclosed 'Terms and Conditions of supply of Public Records' leaflet							



examine with the Egyptians. This terrain vague lay between international control and sovereign rights, and he made an analogy with the problems of public and private interest inside a sovereign state. If, for instance, an organisation was being set up in Sweden to develop atomic energy, the Government might conceivably decide that this should take the form of a private company but with Government directors on the board; these directors might not have the right of veto, but they could report to the Government. Of course this would be only one solution out of many, and the parallel between national and international relationships could not be pressed too far. Nevertheless he thought that an imaginative exploration of this terrain vague might prove valuable. After all the Five Power proposals had not gone further than that the status of the board should be defined in the Convention, and it might even, he thought, be that the "appropriate association" with the United Nations might help to bridge the gap. Fawzi had said to Cordier that the whole problem was "a natural for the United Nations", and since the Egyptians had taken no steps to bring the matter to the United Nations, this might, Hammarskjold supposed, mean that Fawzi was thinking of the role that might be attributed to the United Nations in an agreed solution.

5. In the course of these remarks Hammarskjold developed, in a way which he found some difficulty in putting into words and which it was therefore not at all easy for me to follow, how such an exploration could be made by members of the Committee without going beyond their terms of reference. But his final point was this:- of course there were "musts" for Her Majesty's Government, but he was sure that the Prime Minister and the Secretary of State would adopt the pragmatic approach, in the sense that they would be interested in the realities of a solution rather than in its forms. This might not be the case with the French, and in it lay the best hope for a settlement.

6. Hammarskjold was of course speaking throughout on a strictly personal basis, but as his views may be of interest to them I am sending copies of this letter to Trevelyan, Jebb and Coulson.

Juss evr
1000 Rostwick

1	2	cms	PUBLIC RECORD OFFICE	ins	1	1	2
Ref:		FO 371/119136		87684			
Please note that this copy is supplied subject to the Public Record Office's terms and conditions and that your use of it may be subject to copyright restrictions. Further information is given in the enclosed 'Terms and Conditions of supply of Public Records' leaflet							

FOREIGN OFFICE,

LONDON, S.W.1.

September 11, 1956.

Chamberlain

Reply to Chamberlain

Let me make one or two personal remarks on your useful letter of August 31 recording a conversation with the Secretary-General about Suez.

Hammerskjold is quite right in one thing. We are more interested in the realities of a solution rather than its forms.

But the problem is roughly this. How do we have a Suez Canal régime which does not give Nasser the power to take administrative measures against the ships of one country. The Russians blockaded Berlin successfully just by doing this and we cannot afford to repeat now the mistake which we made in 1945 over Berlin. There is really no analogy between the situation in Suez and a Swedish Atomic Energy Authority with Government Directors having no veto. The latter would be quite all right in Sweden because the Swedish Government would know that if the Atomic Energy Authority tried to hold the community to ransom the Government could cope. But if we placed the control of the traffic at Suez under Nasser we shall deserve all we get. And Nasser has warned us what we shall get. In an interview with the Sunday Times three weeks ago he declared that our only real assurance of free passage through the Canal was the goodwill of Egypt. In other words if we do not earn the goodwill of Egypt we cannot expect free passage.

I am also slightly puzzled at Hammerskjold's implicit acceptance of Fawzi's alleged dictum that the problem of the Suez Canal is a natural for the United Nations. Is there any precedent in the history of the United Nations or of the League of Nations for that matter, which could justify that belief?

IVONE KIRKPATRICK

F. M. Crestwaite, Esq., C.M.G.

1	2	cms	PUBLIC RECORD OFFICE	ins	1	1	2
Ref: FO 371/119136		87684					
Please note that this copy is supplied subject to the Public Record Office's terms and conditions and that your use of it may be subject to copyright restrictions. Further information is given in the enclosed 'Terms and Conditions of supply of Public Records' leaflet							

J

FROM CAIRO TO FOREIGN OFFICE

En Clair

FOREIGN OFFICE AND
WHITEHALL DISTRIBUTION

Sir. H. Trevelyan

No. 2125

September 14, 1956

B. 5.22 p.m. September 14, 1956

R. 7.42 p.m. September 14, 1956

Addressed to Foreign Office telegram No. 2125 of September 14.
Repeated for information to Washington and P.O.M.E.F.
and Saving to Paris.

My telegram No. 2102. JE1421/551

In highlighting reports of Commons' debate and vote of confidence, Press today continued to emphasize Opposition criticism under such headlines as "violent attack on Eden in Parliament; Socialists oblige him to promise to go to Security Council if Egypt rejects his plan". (Ahram).

Akhbar and Shaab noted your remarks about practical difficulties of carrying out plan for Users' Association. Ahram pointed out that plan had not been officially communicated to Egypt. Probably because Britain was awaiting results of consultations with London Conference Powers.

2. Following Egyptian moves were given prominence.

(a) Nasser's declaration to Daily Herald Correspondent that Egypt could run Canal and meant to do so.

(b) Egyptian Foreign Ministry communiqué reporting that Egyptian delegate at United Nations had been instructed to inform Secretary-General of statement issued by Company authorizing non-Egyptian staff to quit, and of British and French approval of this move. Egyptian Government would carry out previous plans to maintain traffic through Canal. If navigation was hindered responsibility would lie on those who had plotted to hinder it.

(c) Reported declaration made to Dulles by Egyptian Ambassador that to put Users' Association scheme into effect meant war.

3. Dulles press conference was given mixed reception. Ahram emphasized his remark that United States, would not force way through Canal and commented that this revealed isolation of Anglo-French position. Gombouria however, under headline "Dulles /announces

1	2	cms	PUBLIC RECORD OFFICE	ins	1	1	2
Ref:		FO 371/119136		87684			
Please note that this copy is supplied subject to the Public Record Office's terms and conditions and that your use of it may be subject to copyright restrictions. Further information is given in the enclosed 'Terms and Conditions of supply of Public Records' leaflet							

Cairo telegram No. 2125 to Foreign Office

-2-

announces formation of association for declaration of war" emphasized remark that initial Egyptian reaction did not deter us from proceeding with scheme. Anwar Sadat said that by hastening to approve Users' Association, United States, which was not signatory of 1888 Convention, was proving more rapacious than Britain or France.

4. Prominence was also given to the following items:-

(a) Reported statement by Nehru in Indian Parliament that action proposed by Prime Minister and prospective departure of foreign pilots did not appear to be in interest of users.

(b) Circular issued by Mahmoud Yunis giving assurance that non-Egyptian members of staff who wished to remain in service would continue to enjoy full rights in conformity with terms of their contracts with old Company. Authority wanted all employees to continue working in calmness and confidence to public interest. New identity cards would be issued to employees continuing in its service. From Saturday, only bearers of such cards would be admitted into Canal offices and installations.

(c) Reports that a number of non-Egyptian employees, including two British, were remaining.

(d) Ahram report that more than a hundred Spanish pilots had applied for jobs.

(e) Continued expressions of Arab support for Egypt by Secretary-General of Arab League, Arab diplomatic circles in Cairo, Syrian, Lebanese, Jordanian and Iraqi personalities.

5. Editorials. Ahram said that there had been a clear swing in British policy. Because of internal opposition and recent statements by Dulles and Nehru, Prime Minister in speaking of future action in event of Egyptian refusal to cooperate with Users' Association, had talked only of recourse to Security Council. Akhbar said that any attempt to carry out plan to form Users' Association meant war. It implied recognition of that internationalization which Egypt had already rejected. Gemhouria criticized Prime Minister for concluding that 18-Powers' support for Dulles proposals tacitly implied their support for his scheme. Shaab called for Arab people's conference to supplement Arab League political committee meeting in co-ordinating Arab efforts and convincing opponents of existence of unified

/Arab

1	2	cms	PUBLIC RECORD OFFICE	ins	1	2
Ref: FO 371/119136			87684			
Please note that this copy is supplied subject to the Public Record Office's terms and conditions and that your use of it may be subject to copyright restrictions. Further information is given in the enclosed 'Terms and Conditions of supply of Public Records' leaflet						

Cairo telegram No. 2125 to Foreign Office

-3-

Arab front. West should be made to realize that its vast interests in the area would quickly be exposed to complete destruction. This would strengthen these sections of western public opinion which opposed their Governments misguided policies.

Foreign Office please pass to Washington and Saving to Paris as my telegrams Nos. 314 and 298 respectively.

[Repeated to Washington and Saving to Paris].

VVV

1	2	cms	PUBLIC RECORD OFFICE	ins	1	2
Ref: FO 371/119136			87684			
Please note that this copy is supplied subject to the Public Record Office's terms and conditions and that your use of it may be subject to copyright restrictions. Further information is given in the enclosed 'Terms and Conditions of supply of Public Records' leaflet						

TOP SECRET

Outward Telegram from Commonwealth Relations Office

53

TO: U.K. HIGH COMMISSIONER IN CANADA
U.K. HIGH COMMISSIONER IN AUSTRALIA
U.K. HIGH COMMISSIONER IN NEW ZEALAND
U.K. HIGH COMMISSIONER IN SOUTH AFRICA
U.K. HIGH COMMISSIONER IN INDIA
U.K. HIGH COMMISSIONER IN PAKISTAN } (ACTING)
U.K. HIGH COMMISSIONER IN CEYLON }

(Sent 00.45 hours 12th September 1956)

CYPHER
PRIORITY

JE
1421 1591

Y. No. 236 TOP SECRET

S U E Z

I had meeting this morning with the High Commissioners for Canada, New Zealand and South Africa and the Acting High Commissioner for Australia.

2. I explained to them that we still had not reached final decision about the line to be taken in Parliament tomorrow but that one of possible courses of action which was under consideration was reference to Security Council. Four High Commissioners were unanimous in thinking that we should bring matter in some way before United Nations. Though they were without instructions they believed that their Governments would share this view. They recognised, Canada in particular, that results might be uncertain and that there was danger that our future freedom of action would be impaired. But nevertheless they thought these difficulties must be faced. As the New Zealander put it "We have world opinion on our side and we run a severe risk of getting offside if we bypass the United Nations". The Canadian said emphatically that Charter of United Nations prevails over any rights in earlier treaties that may be in conflict with it, and therefore we can never rely on the 1888 Convention to use force. High Commissioners had different views about procedure and are not well informed on it. But on the whole they hoped that it would be possible to bring matter up in the Security Council in such a way as to give support to our stand.

3. I read to the High Commissioners the last two paragraphs of the statement Mr. Dulles issued last night which drew attention to the rights of the beneficiaries of the 1888 Convention and which suggested those rights should be pursued. I said that we were discussing this possibility with Americans and French and asked the High Commissioners what they thought. They all had doubts whether this was a fruitful line of approach and indeed how the beneficiaries could assert their rights. Would this not amount to technical aggression? If friendly pilots were put on to ships at either end of the Canal and those ships sailed through it disregarding shore instructions (e.g. in respect of customs) would this not be defying Egyptian sovereignty? In any case they all thought that any such arrangement could only be very short-lived. Nor did they think that any action on these lines ought to rule out some approach to the United Nations.

4./

RECEIVED O.C.B.
11/15/9
14/9

- 2 -

4. I said that it seemed likely that pilots would come out in a few days. As to oil, if tankers had to be diverted there would be shortages in Western Europe but the United States would be able to make this good from the Western Hemisphere though at heavy dollar cost.

5. All above is solely for your own information.

Copy to:-

D. I

SUEZ CANAL DISTRIBUTION

U.K. Embassy Washington	Mr. J.R.A. Bottomley
U.K. Delegation to U.N. New York	Mr. T.W. Keeble
Accra, Governor's Office	Mr. F.E. Cumming-Bruce

SOUTH ASIA AND MIDDLE EAST DEPT.

1	2	cms	PUBLIC RECORD OFFICE	ins	1	1	2
Ref:		FO 371/119136		87684			
Please note that this copy is supplied subject to the Public Record Office's terms and conditions and that your use of it may be subject to copyright restrictions. Further information is given in the enclosed 'Terms and Conditions of supply of Public Records' leaflet							

Enter 9
JE
11XQ11
159

SECRET

RECORD OF A MEETING AT THE FOREIGN OFFICE

ON SEPTEMBER 8

SUEZ CANAL

Present:

Foreign Secretary
Minister of Transport
Mr. Nutting and
Advisers

French Ambassador
M. Georges-Picot and
Advisers

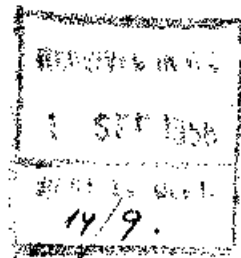
The Foreign Secretary said that he wished to discuss two questions. First, the position of the Company's employees in Egypt and the action which should be taken in regard to them by the United Kingdom and French Governments and by the Company. Secondly, there was the question whether the users could operate the Canal on their own. If the foreign pilots left Egypt they might be gathered at Malta or Aden or possibly on ships nearer to the Canal and would then be available to take ships of user countries through the Canal. In this way the Canal would be kept going and we should be able to answer any accusation that we had called out the pilots and thus brought the Canal to a standstill. Such a system was no doubt open to many difficulties but we did not contemplate that it would be more than temporary and, if it could be established, it would have considerable political advantages.

M. Georges-Picot said that he thought such an arrangement would be very difficult. Too much emphasis had perhaps been put on the position of the pilots. In fact the operation of the Canal depended not only on them but on the ground organisation. Ships had to be marshalled in convoys and throughout the transit of the Canal the pilots were in constant touch with the shore organisation and could not well operate without this. The difficulties would of course be less if traffic through the Canal were reduced to about 50 per cent of normal. M. Georges-Picot did not know what volume of traffic the Egyptians could maintain if the foreign pilots withdrew, but he thought they might manage to keep up to about 40 - 50 per cent of the present level. The Egyptian Authority would presumably be organising convoys through the Canal with such pilots as remained in their service and this would make it the more difficult for British or French ships to transit the Canal with their own pilots taken on board outside the Canal. Moreover, if the British and French pilots were to be based at any distance from the Canal, this would of course reduce the number of ships they could take through. It would also be necessary to have two pilots on each ship since one man alone could not manage the 15 hours transit.

The Minister of Transport thought that the pilots could operate from depot ships of the British or French Navies stationed just outside Egyptian territorial waters. We could also hope to obtain the 50 or so pilots who were now outside Egypt on leave. The Secretary of State agreed that the arrangement would obviously not be perfect and the volume of traffic we could get through in this way might well be considerably

/reduced.

1	2	cms	PUBLIC RECORD OFFICE	ins	1	2
Ref: FO 371/119136			87684			
Please note that this copy is supplied subject to the Public Record Office's terms and conditions and that your use of it may be subject to copyright restrictions. Further information is given in the enclosed Terms and Conditions of supply of Public Records' leaflet						



reduced. Nevertheless, it would have the great advantage of demonstrating that it was not we who wished to bring the Canal to a standstill. It might well be necessary for our ships to rely on the Egyptian shore organisation but if the Egyptians refused to co-operate they would put themselves in the wrong. From a practical point of view it was also of great importance to us that as much oil as possible should continue to come through the Canal. M. Picot said that on this basis it might be possible, though it would certainly be very difficult, to work out some such arrangement. For instance the United Kingdom and French pilots might concentrate on the south to north route. This was the most difficult since it involved handling loaded tankers. The southbound route, when the tankers were in ballast, was less difficult and might be left to the pilots working for the Egyptian organisation.

It was agreed that the practical possibilities of the arrangement suggested by the Foreign Secretary should be further considered.

Turning to the other main question, the Foreign Secretary asked M. Georges-Picot what the Company's position was in regard to instructions to their employees. M. Picot said that he had discussed this on the previous day with M. Pineau. The latter thought that the Company should send instructions on Sunday so that the foreign employees would cease work on Wednesday. It might be left to the Company's agent in Egypt to decide whether all the employees should stop work together or whether this should be spread over two days. M. Pineau's plan was then to send in planes on Friday to bring out the employees, either to France or perhaps to Cyprus.

The Foreign Secretary said that there were two aspects to the question. There was first the part to be played by Governments. Her Majesty's Government's position was that they did not wish to offer any further advice to the Company either that the employees should stay on or that they should come out. As regards the Company Her Majesty's Government hoped that any action they took would be primarily designed to ensure that whatever decision the foreign employees took it should be their own initiative. M. Picot said that he thought the Company must tell its employees what its plans were for their future. The Company's staff would also wish to be assured that any instructions they received were in conformity with the views of the British and French Governments. M. Chauvel suggested that the views of the two Governments might be made known through their Missions in Egypt. The Foreign Secretary thought that a public statement might be considered to the effect that Her Majesty's Government had used their influence to keep the foreign employees at work but that they could now no longer ask them to stay in Egypt against their will. If there was to be a public statement Wednesday would be the most convenient day to make it in the course of the debate in Parliament.

/(At

1	2	cms	PUBLIC RECORD OFFICE	ins	1	1	2
Ref:		FO 371/119136		87684			
Please note that this copy is supplied subject to the Public Record Office's terms and conditions and that your use of it may be subject to copyright restrictions. Further information is given in the enclosed 'Terms and Conditions of supply of Public Records' leaflet							

(At this point the Foreign Secretary left the meeting).

The Minister of Transport asked when instructions would have to go to the pilots if they were to stop work on Wednesday as the French Government apparently wanted. M. Georges-Picot said that the Company officials would have to be evacuated by air without their effects and that two or three days would be needed after the warning. He therefore personally preferred to stick to Saturday, September 15, as the closing date. There were also questions such as exit visas, and tax exemption certificates, which had to be extracted from the Egyptians. The Minister of State said that this would have to be discussed between Her Majesty's Government and the French Government. The question of flying aircraft to Cairo was also difficult. The Egyptians might say that other officials could go but not the pilots. Would they then arrest some? Up till when had they paid the pilots? M. Georges-Picot said that payment was always made on the 20th for the whole of that month. The Egyptian Company had paid on August 20 up till the end of August but not beyond (out of money taken over from the Company). The Egyptian Government might refuse a clearance for the aircraft, exit visas, etc. But the pilots would refuse to work even if they remained in Egypt.

2. The Minister of State asked what defence of our advice we should make in Parliament next Wednesday. Mr. Ross suggested that we could say the British pilots were free men who did not want to serve the new Company. We had twice asked them to stay, during the Conference and the Menzies talks, but these reasons no longer existed, and the men must now decide for themselves. The Minister of Transport thought it would help if the Company had made a public statement on Tuesday evening after their Board meeting. M. Georges-Picot said he was sure that a statement must be made by then. There must be an end to the problems created by contradictory orders, weariness of over-worked staff, and the dangers caused by Egyptian employment of new and inexperienced pilots. The Minister of State asked whether M. Pineau would agree to the Company simply accepting the desire of the pilots to stop work when they wished. M. Georges-Picot thought he would. But in practice, the two Governments must authorise their Embassies and Consulates to say that they agree with the orders given by the Company.

3. IT WAS AGREED that, subject to the agreement of the French Government, the time-table for the withdrawal of the Canal Company staff should be as shown in the attached Annex.

Users Club

4. M. Chauvel said that the idea of a Users Club had two advantages. It was a demonstrable answer to charges that we were depriving the Canal of pilots, and it would enable us to convoy our own oil from south to north. The Minister of State read out a list of headings under which the functions of the Users Club might be considered, as follows:

/(i) should

- (i) should Governments offer facilities?
- (ii) should there be a provisional international authority?
- (iii) Should all dues be payable to it?
- (iv) Will it hire some pilots?
- (v) Will the company lend pilots to international authority?
- (vi) Should the Authority confine itself to putting through northbound oil tanker convoys in practice?
- (vii) What should be the extent of cooperation with e.g. shore organisation?

The essentials of the scheme were:

- (i) Company offers pilots.
- (ii) French Government and Her Majesty's Government offer facilities.

M. Georges-Picot thought that a wider scheme, bringing in Governments as "Users", was more practical than a "Pilots Club". The Minister of State asked whether the Club should be based on the rights in Article 8 of the 1888 Convention. It would only be an ad hoc arrangement. M. Chauvel said that we could make an offer to Nasser and if he refused this offer, the onus of obstruction would be on him. The Minister of Transport agreed. If Nasser refused the offer we should still make pilots available and attempt to navigate the Canal. This would also need a minimum of cooperation by the Egyptians about timing of passage, ships joining convoys and so on. The Minister of State said that it would be unwise to make another offer to Nasser. He favoured more limited arrangements to transit the Canal. This provisional scheme could then ultimately be broadened into the Board proposed in the 18-power plan. M. Georges-Picot thought it would be a major political error to admit that we depended on Nasser to run the Canal.

/The Minister of Transport

1	2	cms	PUBLIC RECORD OFFICE	Ins	1	1	2
Ref: FO 371/119136			87684				
Please note that this copy is supplied subject to the Public Record Office's terms and conditions and that your use of it may be subject to copyright restrictions. Further information is given in the enclosed 'Terms and Conditions of supply of Public Records' leaflet							

SECRET

The Minister of Transport said that we had two conflicting objectives. We wanted Nasser to lose face by revealing his inability to operate the Canal but we also wanted to ensure at least a minimum flow of oil through to Europe. M. Georges-Picot said that oil traffic from south to north of the Canal accounted for only 30-40 per cent of the whole. If a pilots' club were set up, it should be possible to arrange for pilots to be put on board each tanker going northward through the Canal. This would involve stationing a ship in the Red Sea to act as headquarters for the pilots and a service of planes flying them back from the north. The Minister of Transport thought the possibilities should be examined. If this plan were feasible convoys of tankers and other essential ships could arrive at Suez with qualified pilots on board and request the Egyptian authorities for facilities.

Mr. Proctor thought that we should have to make pilots available for north/south journeys also, otherwise we would be open to the charge of discrimination against the Asian countries. There was general agreement on this although M. Georges-Picot thought it would be difficult to keep ships waiting at Port Said without port facilities. It was also agreed that it would not be feasible to restrict the services of the pilots to countries which paid dues to the Suez Canal Company rather than to the Egyptian Government.

M. Georges Picot thought that the biggest practical difficulty would not be shortage of pilots but the fact that with two different bodies attempting to control traffic through the Canal chaos would inevitably result.

The Minister of Transport suggested that a technical committee, consisting of representatives of the Governments of the United Kingdom and France, the Suez Canal Company and the Chamber of Shipping, should be set up to examine this plan and see whether it was feasible. After some discussion it was agreed that the Ministry of Transport should over the weekend produce a skeleton plan which could be discussed in detail on Monday by the proposed committee, including technical experts from the Company who could be sent over from Paris. The Minister of Transport suggested that since the situation was changing rapidly, the committee should meet every day in order to watch the position with regard to the flow of traffic through the Canal and advise governments when required.

Mr. Nutting said that, assuming the plan was workable, its primary purpose would be political, to answer the charge that by withdrawing the pilots we had deliberately sabotaged the operation of the Canal. We could place the pilots at the disposal of ships of any country wishing to use them and we could then say that, despite the obvious inconveniences, we were doing everything in our power to keep ships moving. This would seem to some extent to be playing Nasser's game in helping him to keep the Canal working. Our real pressure on Nasser, however, would be the announcement that we would continue to deny dues to him. M. Georges-Picot said that withholding dues would not affect Egypt's economy for a long time. He doubted whether shipping companies would go on indefinitely paying dues to an organisation which was not really operating the Canal. Mr. Nutting said that the

/pressure

1	2	cms	PUBLIC RECORD OFFICE	ins	1	2
Ref: FO 371/119136			87684			
Please note that this copy is supplied subject to the Public Record Office's terms and conditions and that your use of it may be subject to copyright restrictions. Further information is given in the enclosed 'Terms and Conditions of supply of Public Records' leaflet						

pressure applied by non-payment of dues was moral rather than economic. If Nasser accepted the situation he was bound to lose prestige in the eyes of the Arab world.

The Minister of Transport said that ideally what we hoped for was:

- (a) that as many shipping nations as possible would deny dues to Egypt;
- (b) that there would be a sufficient muddle at both ends of the Canal to show that Nasser was not competent to run the Canal; and
- (c) that sufficient tankers would nevertheless get through to ensure our essential oil supplies.

Nasser would be at pains to show that he could keep the ships moving and the plan of the pilots' club would demonstrate our desire to do this also. What he feared most from the point of view of the West was that Nasser might, by various measures (e.g. organising convoys with a qualified pilot only in the leading ship), manage to run the Canal at, say 75 per cent efficiency with the promise of gradual improvement. Mr. Gorick said that, in view of the many obvious hazards for ships trying to pass the Canal in the present uncertain situation, many shipping companies would divert ships so that Nasser would have much less than the ordinary traffic to handle. The Minister of State said that it would not greatly matter if Nasser managed to run the Canal unaided since pressure was being applied with regard to dues. The pilots' club would only be necessary if there was a serious breakdown or reduction of traffic in the Canal.

M. Georges-Picot said that, in view of the uncertainties and hazards of the situation, many of the pilots might not wish to operate under the proposed plan. He thought it was necessary to find out the state of mind of the pilots and suggested that the proposed technical committee could consult with some pilots who were on leave to find out whether the majority of pilots would be willing. It would also be necessary to find out from the pilots what would be the minimum contact necessary with the Egyptian authorities while passing through the Canal. The Minister of Transport suggested that a coordinator would be needed at each end of the Canal to organise the pilots. Perhaps the Company could select two men for this job and send them over to London to take part in the discussions of the technical committee. In case of serious difficulties in the Canal there would perhaps be need for some coordinated scheme by which certain ships would be diverted and others perhaps sent forward as guinea-pigs. IT WAS AGREED that these points would be examined by the technical committee.

Mr. Gorick said that shipping companies should be given careful instructions either before or at the same time as the announcement that pilots were being withdrawn, otherwise some companies might arrange to send their ships through without pilots on the responsibilities of the ships' captains.

/IT WAS AGREED

1	2	cms	PUBLIC RECORD OFFICE	ins	1	2
Ref: FO 371/119136			87684			
Please note that this copy is supplied subject to the Public Record Office's terms and conditions and that your use of it may be subject to copyright restrictions. Further information is given in the enclosed 'Terms and Conditions of supply of Public Records' leaflet						

IT WAS AGREED that, in view of the flexibility of the situation, the only decisions that could be taken at the moment were:

- (i) to proceed with the withdrawal of pilots, and
- (ii) to set up a technical committee to examine the feasibility of an international pilots' club.

CONFIDENTIAL

FROM FOREIGN OFFICE TO HAVANA

Cypher/OTP
and By Bag

FOREIGN OFFICE AND WHITEHALL
DISTRIBUTION

No.53

September 15, 1956

D. 3.15 p.m. September 15, 1956

CONFIDENTIAL

Addressed to Havana telegram No.53 of September 15.

AND TO: Lima No.51

Belgrade No.477

Repeated for information Saving to UKDEL New York No.905

Washington No.4209

Paris No.3304

My telegram 68 guidance CASU.

Since Her Majesty's Government have announced their intention of taking this issue to Security Council it is important that Government to which you are accredited should understand legal basis of proposed association and peaceful intentions of its founders.

2. Extract from my speech in House of Commons on September 13 setting out legal position goes to you by air mail. Further arguments by bag.

3. Other points to make at your discretion, in addition to those in my telegram under reference, are:

A. A Users' Association seemed to United Kingdom, United States and French Governments best way of providing necessary facilities after departure of pilots and other staff who after two requests to stay on the job were too weary and dissatisfied with conditions in Egypt to continue.

B. CASU is a genuine attempt to obtain a settlement. Despite allegations to the contrary, Her Majesty's Government are exceedingly anxious for a peaceful solution.

C. Far from seeking to provoke an incident, we believe that only by united action can Users assert their recognized rights under 1888 Convention in order to avoid resort to force.

/D.

1	2	cms	PUBLIC RECORD OFFICE	ins	1	1	2
Ref:		FO 371/119136		87684			
Please note that this copy is supplied subject to the Public Record Office's terms and conditions and that your use of it may be subject to copyright restrictions. Further information is given in the enclosed 'Terms and Conditions of supply of Public Records' leaflet							

CONFIDENTIAL

Foreign Office telegram No.53 to Havana

-2-

- D. We intend to remunerate Egypt by paying her rent for use of the Canal and reimbursing cost of services rendered.
- E. Nasser's attitude towards proposals expounded by Menzies Mission shows that even a compromise solution is unattainable at present. CASU is temporary expedient based on rights which even Nasser has so far recognized, designed to keep Canal going in practice without raising certain issues of principle.

LLL

1	2	cms	PUBLIC RECORD OFFICE	ins	1	1	2
Ref: FO 371119136		87684					
Please note that this copy is supplied subject to the Public Record Office's terms and conditions and that your use of it may be subject to copyright restrictions. Further information is given in the enclosed 'Terms and Conditions of supply of Public Records' leaflet							

INWARD SAVING TELEGRAM

FROM STOCKHOLM TO FOREIGN OFFICE

By Bag.

E 14211/1588

FOREIGN OFFICE AND
WHITEHALL DISTRIBUTION

Sir R. Hankey

No: 30 Saving

R: September 14, 1956.

September 12, 1956.

Addressed to Foreign Office telegram No: 30 Saving of
September 12

Repeated for information Saving to: Copenhagen,
Oslo,

Suez Canal.

Minister for Foreign Affairs returned to Stockholm yesterday expressing unconcealed disappointment at Nasser's rejection of internationalization proposals.

2. At a Press conference yesterday evening Mr. Undén expressed his great regret at failure of Cairo negotiations. We were advocating an ideal programme perfectly adapted to the spirit of the times. We pointed out to Nasser that if the Suez Canal was given international administration it would be easier for Egypt to take up considerable loans for its expansion ... But the Egyptian President only made general remarks - talked about Egypt's sovereignty and interference in the affairs of another state etc.. Obviously the economic advantages of the proposal of the London Conference for international management had no effect upon Nasser, and he did not in his turn submit any counter-proposals which we might have had a chance of analyzing. "President Nasser definitely rejected an international executive that would be without self-interest and without partiality to the interests of individual nations".

3. Mr. Undén denied that there was any split within the five-power Committee during the Cairo negotiations.

4. Minister for Foreign Affairs refused to speculate what would happen next, except to say that "a very difficult situation may arise if the number of competent pilots is reduced; this might give rise to political measures being adopted by some country because its ships are prevented from passing through the Canal". He however referred to speculation in world Press that the problem in some form or another would probably go before the United Nations. 5. Mr. X.

1	2	cms	PUBLIC RECORD OFFICE	Ins	1	1	2
Ref: FO 371/119136			87684				
Please note that this copy is supplied subject to the Public Record Office's terms and conditions and that your use of it may be subject to copyright restrictions. Further information is given in the enclosed 'Terms and Conditions of supply of Public Records' leaflet							

15
JE 14211/1574

Center J

The Netherlands Chargé d'Affaires called on me yesterday evening to ask about the news from Cairo.

2. I told Herr Hasselman that the outlook was extremely gloomy. To all practical intents and purposes Mr. Menzies' mission was at an end, though I supposed one could say that the last meeting had not yet taken place. Colonel Nasser had riddled Mr. Menzies' proposals with holes. The only point on which he seemed to some extent to contemplate an international situation was the fixing of tolls.

3. I tested Herr Hasselman's reaction by showing him a draft paragraph on the illegality of Nasser's nationalisation. The Chargé d'Affaires expressed the view that public discussion on this point would be sterile and politically unwise. It might be suggested that if we had such a good legal case we should have gone to the International Court. I did not press the point.

4. In conclusion I asked Herr Hasselman not to be surprised if we quoted to other Governments the example of the Netherlands Government in avoiding payment of dues to Nasser while observing the terms of their Payments Agreement with Egypt.

A. D. M. Ross

(A. D. M. Ross)
September 18, 1956.

Copies to:

Mr. Nutting
Mr. Beeley
Mr. Reilly
Western Department
African Department

JK
10.9.

Minutes

23 Sep 1956

The question is whether the agreement of the Suez Canal Company is "juridically indispensable" to enable Canal dues to be paid legitimately to CASU.

2. An answer might be given on the following lines. Payment to CASU will not involve a denial that the Company may ultimately have the right to receive the dues. The intention is that CASU should receive dues with respect to ships using its services and that, after meeting expenses connected with the maintenance of transit facilities (of CASU and the Government of Egypt), to hold the balance in trust pending a permanent settlement. Payment in these circumstances will be without prejudice to the right to receive dues payable in accordance with the Company's Regulations. From the point of view of the Company this arrangement will have the merit of avoiding payment of dues to the new Egyptian Authority, the legality of which both we and the Company decline to recognise.

3. As a practical matter, it would be possible for the Company's rights to be expressly reserved in any agreement that may be made between it and CASU.

F.A. Vallat

(F.A. Vallat)
September 18, 1956

Copy to Sir G. Fitzmaurice.

luter *AK 19/9*

AB 26/9

C) C.R.O (cd) Canberra Tel No 989 Sep 19

D) Chancery, CAIRO, 14216/365/56
28/9

E) C.R.O. (cd). Ca. Tel. Y. 256 of Sep. 17.

16/9

NOTHING TO BE WRITTEN IN THIS MARGIN

JE 14211/1572 (B)
Minute

Confidential

The attached letter from the Chairman of the Suez Canal Company was discussed at the M.E.(O) Committee this morning. It was agreed that the Secretary of State could probably only send an interim reply, and that it should be discussed with officials of the U.S. and French delegations pending receipt of ~~the~~ longer memorandum from the Company which we have been warned to expect.

2. Meanwhile the Chancellor of the Exchequer is seeing M. Georges-Picot tomorrow afternoon. The Treasury will be briefing him on the question of payments to the Company raised in the 6th paragraph of the memorandum. The line will be that we cannot support a plan for CASU to make payments to the Company other than direct (and generous) payments for services rendered by the Company.

3. The Foreign Office have undertaken to advise on what the Chancellor should say on paragraph 4. CASU, if it is to function, will need pilots and staff from the Company, whose cooperation is therefore essential. On grounds of expedience therefore we must support the Company's request for a formal agreement with CASU. However, ~~what~~ the Company are getting at in this paragraph is a reaffirmation of their juridical rights under the Acts of Concession which ~~we~~ we are ready to acknowledge, but which not all governments at the London Conference will acknowledge. It has been suggested that the Chancellor might simply say on this point to M. Georges-Picot that H.M.G. are ready to support the Company's juridical rights when the arrangements for setting up CASU are being discussed at the London Conference.

4. I should be glad to know if you agree.

H.B. Shepherd
(H.B. Shepherd)
September 18, 1956.

Mr. Vallat.

Copy to Mr. Beeley

The question is whether

NOTHING TO BE WRITTEN IN THIS MARGIN