ELW BRI

BRITISH EMBASSY

AMMAN

(1429/182/56)

SECRET

September 12, 1956.

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Dean Michael

I mentioned in my telegram No. 1269 of September 12 on the general subject of the evacuation of the British population from Jordan one point in the conversation which General Ali abu Nuwar had with my French colleague on September 11. It may be of interest to you to have some further account of that conversation as it was related to me this morning by M. Faleize.

- 2. The French Ambassador had gone merely to pay a friendly cell on Ali abu Nuwer on his return from leave, expecting to spend ten minutes in general conversation. Ali abu Nuwer, however, kept him for two hours.
- On the subject of the Suez Canal dispute the French Ambassador made the points that the Western Powers had no quarrel with the Arab States generally or even with the people of Egypt, nor were they trying to humiliate Nasser personally. But he said that opinion in France and, he gathered, in London also, was very firm on the necessity of obtaining the essential minimum.guarantees on the lines of the 18 Power proposals and the French Government would not survive if it showed weakness in this metter. In reply to a question from All abu Nuwar as to where the Americans stood in this matter, M. Feleize pointed out that the 18 Power proposals had been based on a draft prepared by Mr. Dulles and he had taken a prominent part in the proceedings at the London conference. Although it was clear what American feeling was on the basic issue, the U.S. Government, perhaps because of the imminence of Presidential elections in America, might not wish to take part in any action which the French and British Governments might feel compelled to take. But this might be no bad thing as if the Americans kept out it would be likely to keep out the Russians elso.
- Ali abu Nuwer started by saying that he did not believe in fact it would come to war. Having said so much, however, he went on to say that the Western Powers should not think that if they did use force against Egypt they would have to reckon with Egypt slone. It would not be sufficient to occupy the Canal Zone or even to occupy Egypt itself. They would have to occupy the whole of the Arab world and that would require 20 Divisions. Did the Western Powers have 20 Divisions available for this purpose? M. Falaize replied that he was no soldier and could not argue with the Chief of the General Staff about numbers of Divisions but he repeated that he did not see any reason why the Western Powers should want to occupy all the Arab States as they had no quarrel with any of them except with Egypt. Ali abu Nuwar replied that although today the Suez Canal belonged to Egypt yet as soon as force was used against Egypt the Canal would be regarded by the Arabe as belonging to all of them.

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E.M. Rose, Esq., C.M.G., Levant Department, Foreign Office.



- 5. Ali abu Nuwer went on to speak on the lines that I summarised in my telegram referred to above and said that all the Arab States would be up in arms and there would be something like a revolution throughout the Arab world. He realised that the Arabs might be no match for Great Britain or France, let alone for both of them. It might be suicide for the Arabs to fight against them, but they would at least perish with honour; they were in any case already in a miserable condition there was permanent insecurity with the constant threat of Israel (this was the day before the Khirbet Rahwa incident), hundreds of thousands of their brethren living in conditions of misery in Refugee Camps and so on, so they had not so much to lose. But even so, the Arabs would not be completely exterminated and those would all turn solidly communist, and Ali abu Nuwar added "I should be the first if I survived".
- 6. All abu Nuwer went on to say that the Western Powers should not count on Iraq keeping out of the conflict. Nuri Pasha might be the only Arab who would wish to but he was controlling Iraq only by the severest repression and in such a case there would be an immediate revolution there which would overthrow Nuri and his régime. He added that the preparations for it had indeed already been made.
- 7. It was in the context of this general picture of revolution and chaos which he phrophesied that Ali abu Nuwar said that the Western Powers should not think that if this came about "we should fight against our own people". He did not define whom exactly he meant by "we", whether the Jordan army or the Jordan Government and King or the rulers of the Arab world generally.
- 8. M. Falsize then said that it was all very well to talk in an emotional way about fighting with Egypt against the Western Powers but what in practice could Jordan really do to help Egypt or to operate against the Western Powers? Ali abu Nuwar replied that he was not prepared to say, but there was in fact quite a lot that they could do. He added that if this conflict started the Arabs would do their best to get the Russians in, to make it a world war. The French Ambassador asked if this was to be the position of Jordan, what happened about such things as the Bagdad Pact and the Anglo/Jordan Treaty? Ali abu Nuwar did not refer to the British Treaty in his reply but said that the Bagdad Pact was finished in any case.
- 9. Ali abu Nuwar went on to urge that there was no reason why the Western Powers should not accept Nasser's proposals and show confidence in his guarantees rather than precipitate such a conflict. The French Ambassador explained that Nasser had destroyed his credit and emphasised in particular how much the manner of Nasser's action against the Suez Canal Company in total disregard of international rights and guarantees had shocked public opinion in the West. Ali abu Nuwar asserted that the British and French had broken their promises to the Arabs in the matter of their independence and over Israel but they still expected the Arabs to regard them as friends. He thought that the French Ambassador's explanation not enough to account for Western excitement over the Suez Canal.

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10. Ali abu Nuwar then tried the familiar wedge-driving technique. Why, he asked, should France embroil herself in this metter by siding with Greet Britain? The only quarrel that the Arabs had with the French was over Algeria and that problem the French Government would no doubt themselves resolve in due course. There was no general hostility emongst the Arabs against the French such as there was against the British who had been primarily responsible for the creation of Israel. Indeed, he said that he believed, and so did many other Arabs, that the real reason why the British had reacted so strongly over the Suez Canal affair was not on account of the Suez Canal itself, but to make a pretext for breaking Egypt, which was the strongest Arab country and the only one that would effectively oppose Israel, so the British were doing this in reality to protect Israel and ensure her survival. Why should the French risk everything for the sake of the British with whom after all they were in any case not such good friends? M. Falsize replied that that was certainly not how things were regarded in France; he spoke of Anglo-French cooperation in good times and hard and assured Ali abu Nuwar that there was certainly complete solidarity between them on the Suez Canal issue.

11. My French colleague commented to me that he did not know whether Ali abu Nuwar was bluffing in all this, but if he was he was a good actor. He was perfectly polite and friendly throughout the conversation and smiled from time to time, but he spoke with great vigour and earnestness. From my French colleague's account of the conversation I also find it difficult to assess whether he was merely trying to make the French Ambassador's flesh creep or really believes that the cataclysm which he described would really follow on in military operations which we might undertake against Egypt. His remarks about the general conflagration in the Arab States are, however, similar to those which he has made to me on previous occasions. The main difference, at least in the tone, as I felt it to have been from the French Ambassador's account, was in his assertion that so far from trying to maintain law and order in their countries, Ali abu Nuwar and his associates would take the lead in action in support of Egypt. Whether he really meant by this that the Jordan authorities would not seek to curb violent and destructive demonstrations against the British and French in Arab countries or merely that they would not seek to regist popular demands for the association of Jordan with Egypt in any conflict with the West is not altogether clear. I hope to see Ali abu Nuwar myself in the course of the next day or two and will let you have any further impressions which I may then gain.

12. I am sending a copy of this letter to the Chanceries in Ankara, Bagdad, Beirut, Cairo, Damascus, Jedda, Paris, Washington and POMEF.

> Yours ever Heater Mason

├~ ( C.B. Duke )

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Commercial Department, British Embassy, Paris.

September 11, 1956.

I enclose a letter for the Secretary of State from Georges-Picot which relates to matters discussed at the meeting held by the Secretary of State on September 8 which Georges-Picot attended.

The main purpose of the letter, you will see, is contained in the two final paragraphs, where it is pointed out that, as the instructions given to the staff in Egypt by the Suez Canal Company over the last six weeks have been largely related to requests made to the Company by the British and French Governments, the British and French nationals among the staff will attach great importance to knowing that the messages sent by the Company yesterday and today were approved by the two Governments; so that, in the event of the two Governments deciding not to be too forthright in their public statements of approval of the Company's messages to the staff, it would be desirable that our Consuls in the Canal Zone should be given explicit information in the matter by H.M.G. so as to be able to set at rest any doubts which might arise in the minds of British employees on the Canal.

D.S. Laskey, Esq., Private Secretary, H.M. Principal Secretary of State for Foreign Affairs, Foreign Office, S.W.1.

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Palik, le 48 reptembre 1956.

DIS DU CANAL DE SUEZ LE DRECTEUR SÉNERAL

Monsieur le Ministre,

Au cours de la conférence réunie le 8 septembre au Foreign Office, à laquelle Votre Excellence a bien voulu me convoquer, vous avez fait savoir que le Gouvernement britannique était d'accord sur le projet de calendrier envisagé pour le départ d'Egypte du personnel non égyption de la Compagnie du Canal.

Ce projet comporte la décision de ne pas étendre au delà du 14 septembrs l'ordre de travail donné par la Compagnie à ce personnel et, par suite, l'autorisation qui lui est donnée de cesser le travail le 15 septembre.

Il prévoit que la Compagnie enversa le lundi 19 septembre à son personnel un avertissement confidentiel pour qu'il demande immédiatément le visa de sortie et procède aux sources formalités nécessaires. Il prévoit également une communication faite par la Compagnie après la réunien du

Son Rue, Manstour Selwyn Lloyd Secréteire d'Etat aux Adalves Etrangères Foreign Giffre, Landzes 1 2 cms PUBLIC RECORD OFFICE ins 1 1 7684

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Conseil d'Administration du mandi II. Il prévoit enfin que les Genvernements feropt, le mercreti 12, une déclaration publique dans le même seus.

Liarrer du travail se produirait, soit le vendredi 14, soit le samedi 15, et les dispositions nécessaires seront prises par les Gouvernements pour le rapatriement du personnei par avion, à partir du hundi 17.

La Compagnie du Canal comprend
fort bien qu'il lui appartient de donner elle-même
ses instructions à son personnel. Mais ce personnel alignore pas que, depuis six semaines, ces
instructions out tenu largement compte des désirs
exprimés par les Convernements britannique et
français. Sarbant par ailleurs que sa sécurité ne
pentres dépendre que des mesures prises par les
deux Convernements, il nous a fait connaître qu'il
attachait le plus grand prix à savoir que les instructions données par la Compagnie étatout approuvées par l'un et l'asitre Convernements.

Si donc, dans leurs déclarations publiques, les Chuvernements estiment devoir être réservés pour ne pas apparaître responsables de l'arrêt du travail, il est du moins indispensable que, par l'intermédiaire des Consuls, notre personnel français et britannique sache que les Convernements ent comm à l'avance les instructions données par la Compagnie et les ont explicitement

approuvées. Je me permets donc d'espèrer que les instructions données sux Consuls par Votre Excellence permettront de dissiper toute équivoque à cet égard dans l'esprit de notre personnel.

Veuillez agréer, Monsieur le Ministre, les nouvelles assurances de ma très haute considération.

J. Georges-Picot

3

Minutes.

SECRET

## MR. BULGALIN'S MESSAGE TO THE PRIES ATLISTER

In the attached letter Mr. de Zulueta gives the following account of the receipt of the various texts of Mr. Bulganin's message.

- (a) Reptember 11. Receipt by the Frime Minister of the first Russian text and the first English translation.
- (b) September 12. Receipt by Er. de Zuleta of the second Russian text and second English translation.
- (c) September 13. Receipt by Ar. de Zulueta of the third Russian text and the third English translation.
- 2. hr. de Aulueta does not say that he sent copies of the first Russian text and first anglish translation to the P.O. He says only that he sent copies of the second Russian text and second English translation on Deptember 12.
- 3. The second English translation was the version which was telegraphed to boscow in a Prisec telegram.

4. I have seen the third Sussian text which im. de Zulueta says he sent over on September 13 or 14, but I have not seen a third inglish translation. In fact, we found when we checked the third Russian text that only one amendment was required in the second inglish translation,

was required in the second English translation,

5. Ferhaps Er. Primelow can confirm whether of not he has received a third English translation from Er. de Eulueta. If he has not we can perhaps assume that Er. de Eulueta's letter is not entirely accurate. We have the third Russian text and we know that the second English translation with one small amendment, corresponds with it exactly. If this is the case, we can assure Er. de Eulueta that the changes made between the two third are of no importance or interest. If, as I think, we have not received the first text, we cannot answer for any changes which may have to be made in that the case which may have

hibbert)

September 17, 1956.

Thoseny 21 9.

TE 14211/1668.

No. 973 17/5

NOTHING TO BE WRITTEN IN THIS MARGIN

TO (Akana) Wr. 37801/271 F00 608 16/32 A.B E.W.LTO.

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Minutes.

There were two changes in the

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July to No. 10.

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NOTHING TO BE WRITTEN IN THIS MARGIN.

MINISTER OF STATE

E14211/1610

## MR. ROSHCHIN'S VISIT

Mr. Ippolitov of the Russian Embassy telephoned this morning to ask if Mr. Roshchin could call on you this afternoon. This was agreed.

When I asked Mr. Ippelitov whether he could give me any indication of what Mr. Roshchin wanted to talk about, he at first said that he could not say. However, he then went on to say that, as I would no doubt be aware, Mr. Roshchin had recently called on the Prime Minister to deliver the text of a letter from Mr. Bulganin to the Prime Minister. He inderstood that the text of this had been received by telegram from Moscow. He gave me to understand that the original document signed by Mr. Bulganin had now been received at the Embassy and that Mr. Roshchin wished to deliver it. In view of the fact that he had already been to No. 10, however, he thought it unnecessary to trouble them again.

The history of Mr. Bulganin's letter is briefly as follows:

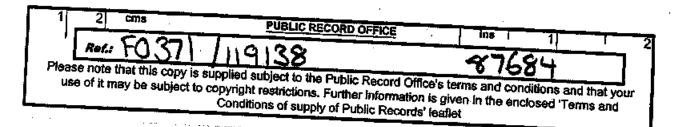
- (a) On September 11th Mr. Roshchin called on the Prime Minister and delivered to him the Russian text together with the English translation of a message from Mr. Bulganin to the Prime Minister about the Suez Canal.
- (b) On September 12th Mr. Ippolitov called on Mr. de Zulueta to deliver a revised Russian text and a revised English translation of the message.
- (c) On September 13th Mr. Ippolitov gave Mr. de Zulueta a third text together with a third English translation of the message.

No. 10 have suggested that the various changes made in the text might be of interest. The Department have looked into them but find that in fact they are of no importance. They were presumably designed to make the text legally and factually accurate.

The text which was sent to Moscow in Foreign office telegram No. 1454 as amended by Foreign Office telegram No. 1465 is the authoritative version.

(D.S.L. Dodson) September 20th, 1956

Flag A Flag B





Mr Brindow Mr African Deft

10 Downing Street Whitehall

September 14, 1956.

Secret.

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E 14241 /1670

My dear John,

In the rush of the Suez Debate, I have not yet had time to send you a letter about my rather peculiar dealings with the Russians about Bulganin's latest message.

As you know, we first got the message when the Charge d'Affaires, Roshchin, came to call on the evening of Tuesday, September 11. On this occasion, Roshchin was accompanied by Ippolitov. When he had read Bulganin's message, the Prime Minister asked if it was to be published. Mr. Roshchin said that he had no instructions on the point but that his understanding was that it was a private communication. The Prime Minister said that he asked this question because if the message was to be published, he would wish at once to make some reply. If it was a private communication, he would like to think it over and send a considered reply in a few days. Mr. Roshchin said that he quite understood the point. I think, therefore, that we can take it that the Russians are more or less committed not to publish the note, at least, without our agreement.

On September 12, I received a call from Mr. Ippolitov to say that there were some changes both in the Russian and English texts and that he would like the old texts back. I said that we could not let him have the old texts back as we had worked on them and Mr. Ippolitov then came round and gave me the new texts which I sent to you.

Yesterday, I had yet a further call from Ippolitov

- 2 -

to say that there were some small further changes, this time only in the English translations. He came to give me another text of the English translations and of the Russian. There appeared to be only four changes in the English text. I did not check the Russian. Mr. Ippolitov again asked for the original texts back and I again said that I was afraid I could not let him have them. I have sent the latest text over to Brimelow.

As I said on the telephone, it occurs to me that the various changes, at least in the Russian text, may conceivably be of some interest and you agreed that we should have this point looked into.

> yours every Philip

J.A.N. Graham, Esq., Foreign Office.

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E11211/1685

## <u>From tehran to poreign office</u>

En Clair

POREIGN OFFICE AND WHITEHALL DISTRIBUTION

Sir R. Stevens

No.711

D. 5.26 p.m. September 18, 1956

September 18, 1956

R. 7.55 p.m. September 18, 1956

Addressed to Fereign Office telegram No.741 of September 18.

Repeated for information to Bagdad

Beirut (for R.I.O.)

Iranian Press comment. Suez Canal.

"Post-e-Tehran" of September 17 writes "It should be noted that Iran is not participating in the Landon conferences to please other countries but in order to safeguard peace and In taking part in these the interests of our own country. conferences we have wished to find out how our interests will be respected in this intermetional waterway called the Sucz Canal. Every consumer in the world has his rights and our country is among the users of the Camal. The 18-Pewer conference represents 95% of the osers, while that which Colonel Nasser wishes to call represents only 5%. of 5% cannot prevail over those of 95%.

Morseyer, the guarantee which the Egyptian Government has given that it will ensure the maintenance of traffic through the Canal either by its own pilots or by Russian pilots has not yet begun to be put into effect. It is hard to believe that Egypt can ensure the passage of the Canal with so few pilets, which incidentally, is the reason why freight and insurance charges are searing to such a point that already the cost of imported goods has appreciably increased.

It is quite clear that in these conditions we cannot everlook our own interests, however strong may be the feelings of oriental solidarity which incline us towards the side of Egypt and Colonel Nasser. Now that the Iranian Government has given proof of its good intentions and its conciliatory policy in respect of the Suez Canal, it must be shown that the Iranian nation cannot commit suicide for Egypt's sake. national problems must be considered with calm and studied in a logical way. It must not be forgotton that in the present day world no country can live in isolation or with a limited group of nations and forget the existence of others. "

JE14211/1685

The Noble Lord Winster asked yesterday why Her Majesty's Government cannot agree to negotiate on the basis proposed by Colonel Masser. As far as I know, my lords, Colonel Masser has not as yet stated the terms on which he is prepared to negotiate. In the Note which the Egyptian Government have addressed to us, in common with numerous other foreign governments, they revert to the proposal put forward in their statement of August 12, of a conference to which all nations using the Suez Canal would be invited, the purpose of which would be to negotiate some arrangement for preserving the rights of the parties to the 1888 Convention. But the views of 18 principal users of the Canal, who between them count for well over 90 per cent of the traffic through it, were expressed at the London Conference, and have been rejected by Colonel Nasser. I do not see what useful purpose would be served by repeating that exercise. If Colonel Nasser is now willing to accept the proposition that there must be international guarantees for the users, such as those provided by the Convention of 1888, he will perhaps be ready to make arrangements with the Users Association set up for the purpose of exercising these rights. This proposal provides a significant opportunity for a peaceful settlement, which would adequately safeguard the rights of the users of the Canal.

September 13, 1956

Pifrican Dept. 18/9 (Mr. Blackham)

Sh. 14

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Legal Advisers

JE11211/1690

In the admirable paper on the illegality of nationalisation of the Canal circulated under M.E.(0)(S.C.)(56) 9, one point occurs to me under

JE14213/77

On the argument that nationalisation is a generic rather than a specific operation I wonder what happened in the Argentine, when President Peron took over such utilities as the Tramway companies in Buenos Aires and the Primitiva Gas Company. Were they included in a general measure of nationalisation within their respective spheres of activity? Or were they subjected to particular discrimination as being foreign-owned? Did H.M.G. make any protest at the time, and if so, on what grounds? And what was the basis of the (still unpaid) compensation to shareholders?

On the Company's paper concerning the legal position, (56)15 in the same series, there is also a point as to which I am unsure. It is stated at the top of page 2 that the Company was never registered in Egypt. Was it ever registered anywhere else? Presumably not, since it is an Egyptian Company. Does Egyptian law not require registration of such a Company? On what grounds was inclusion in the Commercial Register refused? Where is the "siège social" thought to be? These matters all seem to have a possible relevance to the main argument.

12.

August 17, 1956.

These points raise questions of fact which I must refer in the first place to American and African Departments.

As regards the first point, according to my recollection, H.M. Government certainly protested in the two cases mentioned, but I cannot recollect on what exact grounds. The classic case of the expropriation of an industry which was foreign-ewned but incorporated as a local company was the case of the Mexican Eagle Oil Company in 1938. This was part of a general measure of expropriation of oil properties in Mexico, but at the same time affected in

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practice only the Mexican Eagle Company. The position was not unlike that of the Anglo-Iranian Company. We protested very strongly in the Mexican Eagle Company, and the whole correspondence will be found set out in Cmd. 5758 of 1938. After protracted negotiations, which were resumed after the war, I think, a scheme of compensation was worked out.

With regard to the second question, I had certainly thought that the Company was registered in Egypt, but in any case the Company is declared, by its Concession, to be an Egyptian company, and Article 3 of its Statutes provides that its "siège" (presumably "siège sociale") should be at Alexandria, and its "domicile administratif" should be in Paris.

In my opinion, the Note furnished by the Company's lawyers, which, from its tenor, seems to be of French origin, goes too far in denying the Egyptian nationality of the Company altogether, or I think the better line is that taken at any rate pretty nearly. in the Opinions given some years ago by two well-known international jurists, Professors Gidel and Sauser-Hall, which admit the Egyptian nationality of the Company under Egyptian law but take the view that the Company also has an extra Egyptian and international character, in particular that French law was to govern its constitution and powers (this is provided for in the Statutes approved by the Egyptian Government), and that in these matters, the Company has never been regarded as directly or automatically subject to Egyptian law, the application of Egyptian law to the Company always having been negotiated by a series of special agreements between the Egyptian authorities and the Company.

American Department.
African Department.

(G.G. Fitzmanrice) August 20, 1956.

In brief, the answers to the four questions asked in paragraph 2 of Lord Reading's minute of August 17 are as follows:-

- (i) Primitiva and Argentine Tramways were nationalised as a general measure.
- (ii) They were not subjected to particular discrimination as being foreign-owned.
- (111) H.M.Government did not protest because of the act of nationalisation; Anglo-Argentine Tramways handed over its assets voluntarily in 1939 to the Argentines and H.M.Government have since been supporting the Tramways in their claim for equitable compensation for breach of contract. (The Argentine Government, so the Company maintain, did not allow them to raise their fares although the Argentines had given an undertaking to this effect and thus forced the Company into bankruptcy). As regards Primitiva, here again we did not protest at the actual act of nationalisation by the Argentines. Our action has been to press the Argentines to give a fair amount in compensation to the Company, which they have so far not done.

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In the case of Primitiva the Argentine Government valued the assets at a fixed price which the Company did not accept. The Company asked for a better price. After much wrangling the position has been reached that Primitive has offered £2.4 million and the Argentines have countered with £2.0. million. In the case of Argentine Tramways similar disagreement over the amount to be paid arose and the Company took the matter to the Courts. They have been hoping to arrive at some out of court settlement, but so far without success. The Company's case for compensation is that in 1939 they owned transport undertakings, installations, properties, etc. which had been valued at 217 million pesos; today they have nothing but worthless shares in a bankrupt corporation. In the meantime their assets have passed into the ownership of the Argentine Covernment without any payment whatsoever.

meman

(M.C.G.Man) August 23, 1956.

I am sorry to have delayed these papers. I consulted the Suez Canal Company about the grounds on which inclusion in the Commercial Register was refused to the Suez Canal Committee by the Egyptian Government.

- 2. The Egyptian Companies Law of 1947 does require registration of Egyptian Companies, and Sir Francis Wylie informs me that the grounds on which the Egyptians refused to accept the registration of the Sues Canal Company were that the Company's "Siege Sociale", which was supposed to be at Alexandria, did not exist. As the Company did not see any great advantage in being registered in Egypt they did not pursue the matter.
- These are not very good grounds on which to argue that the Egyptian refusal to accept registration constituted a regognition on their part that the Company had a special position. It would appear that they did no more than accuse the Company of a false declaration concerning the whereabouts of its Siege Sociale. Had the matter been pressed, or if it were to be taken up now, it would presumably be open to the Egyptians to argue that the Company was in breach of its concession agreement in not having provided for a headquarters in Alexandria.

(A.JY Wilton) September 10,1956

Lord Reading has seen.

Dhr. 14