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UNITED KINGDOM DELEGATION  
TO THE UNITED NATIONS,  
NEW YORK.

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U/1421/298

CONFIDENTIAL

April 5, 1957

1421/298  
-1209

My dear Harold,

When I saw the Secretary General on April 3 he told me that (as reported in Washington telegram No. 747) he had been asked to comment on the Egyptian draft memorandum on the Suez Canal and had given the Egyptian Permanent Representative here his personal comments to be forwarded to Cairo.

J/1217

In these comments he had fastened on what he believed to be the two main defects of the memorandum - its obscure legal status and the absence of any provision for cooperation with the users (paragraphs 1 and 3 of my telegram No. 892). On the first point he had suggested various ways in which the status of the memorandum could be clarified: it could be put forward specifically as an interim arrangement pending a final settlement; it could be submitted to the General Assembly for approval; or it could be declared open to accession by other governments. On the second point he had put forward the personal idea that Egypt might ask a number of prominent shipping companies to appoint experts to serve on a committee to advise the Egyptian Canal Authority. These experts would formally represent shipping companies, not governments, but would in fact advise on behalf of the users. Hammarskjold said he understood that McCloy was in favour of this and had been pressing it upon the Egyptians in Cairo, again as a personal idea. As an alternative Hammarskjold had suggested that Egypt might invite the United Nations to arrange for a group of user governments to be formed with which Egypt could cooperate.

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Hammarskjold said that he had not received and did not expect any reply to these comments. He made it clear that he did not wish to get involved in the negotiations with the Egyptians, and had merely tried to suggest a number of possible ways out of the obvious difficulties.

I am sending copies of this letter to Jebb, Caccia and Scarlett.

Yours truly,

Pearson Dixon

Harold Beeley Esq., C. M. G.  
Foreign Office.

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**SUEZ CANAL TUNNEL ASSOCIATION**  
**AGENCY FOR COLLECTING DUES**  
**Views by Officials**

The purpose of this note is to examine the feasibility, from the purely technical point of view, of the American suggestion that S.G.U.A. should arrange to collect the dues of the shipping of member countries and pay them over to the Egyptian Canal Authority (E.C.A.). It must be emphasized, however, that what follows represents only the views of officials who have not had the opportunity of discussions with the shipowners and others qualified to advise on the technical aspects.

2. The assumptions are possible about the circumstances in which arrangements of this kind might be made:

(a) the Egyptians might be willing to accept the payment of dues through S.G.U.A., in which case the member countries would be unlikely to make difficulties with the result that most of the dues <sup>would be</sup> paid in this way. In such an event, it would be possible to secure sufficient cooperation from the Egyptians as to make it possible for S.G.U.A. to set up local offices in the Canal Zone;

(b) Egypt is not willing formally to agree to dues being paid through S.G.U.A. though in practice she does not refuse to accept dues paid through the agency. In this event, it might be difficult to secure general support in S.G.U.A. for the payment of dues in this way; the arrangements would therefore presumably be confined to British, French and American shipping; and there would be no form of cooperation between the S.G.U.A. agency and the E.C.A.

3. The second possibility in present circumstances seems the most likely and clearly would involve a much simpler form of organization than the first. The requirements of each are examined below.

**Problems involved if Egypt accepts the agency**

4. The main problems to be solved would appear to be as follows:

/(a) Administrative

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(a) Administrative. An office would have to be set up in Europe to collect the dues from shipowners, pass them on to the S.G.A., and inform the S.G.A. of transits. To be effective, this office would have to be ready to function as soon as the Canal opened. It would therefore have to recruit staff familiar with the routines involved in performing an agency service of this kind, and with the currency and accounting problems which might arise if dues were paid in several currencies. Prima facie it seems doubtful whether such a staff could be assembled in the time available. It is not known whether sufficient people could be found with previous experience of this work.

(b) Legal. Shipowners would require assurance that the S.G.A. agency could legally be held responsible for any administrative failures and be used for damages thereby caused to shipowners. (They would also require to be assured that, if they paid to the S.G.A. agency, they would not be sued by the Suez Canal Company but, in any event, some assurance on this point will be required from the Company when dues are paid to any other body.)

(c) Financial:

(1) The agency would be involved in expense under the following heads:

(1) Staff and running: It might however be possible to pass this charge on to the shipowners by way of a commission on the dues. This would seem logical, since the agency would be providing a service which otherwise would be provided by some other agency and be paid for. However, a free service might be necessary to provide some inducement to shipowners to use it.

(2) Initial advance: since the Egyptians require dues to be paid in advance, S.G.A. might need advances from Governments to make sure that it was

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able to make payments to the Egyptians as soon as it had been notified by shipowners that their ships were routed through the Canal.

(3) **Indemnities:** shipowners would almost certainly require indemnities from S.G.E.A. against any losses that might be attributed to administrative failure or mismanagement on the part of the agency, and possibly against the possibility of double payment. This would impose a contingent liability upon participating Governments.

Bearing in mind the difficulties in securing an agreement about sharing the costs of S.G.E.A. that have already occurred, it is possible that Governments might be both unwilling or unable to commit themselves to sharing costs under the three heads above. In any event, some part of the expenditure would fall upon E.M.G. if they were to participate.

(ii) Suitable accounts would have to be opened into which dues could be paid and payments made to the E.C.A. It is unlikely that the Bank of International Settlements would agree to open accounts in the names of the S.G.E.A. agency or the E.C.A., although it is just possible, that, if there was an agreement between the two, the Bank might open an account for the National Bank of Egypt.

Failing this, payments might be made through a No. 5 Transferable Account to be opened at the Bank of England in the name of the National Bank of Egypt, if the Egyptians agreed to accept sterling. This would be the simplest arrangement. However, if Egypt insisted on receiving dues in the currencies of each ship-owning country, the agency would have to open accounts in each and arrange for dues to be transferred to the National Bank of Egypt through normal banking channels. The operation of all these accounts would clearly impose some

/considerable

considerable strain on the agency.

Problems involved if Egypt does not formally agree to payments through the agency

5. It is very doubtful whether, in these circumstances, payments through the agency would be a practicable proposition. Clearly, shipowners would be reluctant to accept the risk that, if they paid in this way, the E.C.A. might refuse them transit. Even if this difficulty could be overcome by 'de facto' acceptance of the arrangement on the part of the E.C.A., the functions of the S.C.U.A. agency would necessarily be very limited in scope. In practice, what would probably have to happen is that shipowners would inform the E.C.A. of their intention to send their ships through the Canal and notify them in the normal way of the tonnage of the ship and of the amount due. When it came to payment, shipowners would, however, pay the money to S.C.U.A. who would transmit it to the E.C.A. This would greatly simplify the administrative problem but, from the financial aspect, shipowners would still require indemnities against the possibility that their ships might be subject to delay, and the S.C.U.A. agency would have to be constituted as a legal entity that could be sued.

Conclusion

6. Even in the unlikely event that Egypt were to agree to the payment of dues through a S.C.U.A. agency, and that, for this reason, a sufficient support for it could be obtained in E.C.A., the practical problems of setting one up in time for the opening of the Canal would be very severe. If the confidence of shipowners in the agency were to be maintained, it would have to be staffed by people experienced and proficient in the work and it might be difficult to find sufficient for this.

7. If the Egyptians did not formally agree, but were prepared de facto to accept payment through the agency, the arrangement would have to be confined to British, French and American shipping. British shipowners might well argue that this would disadvantage them as against their non-participating competitors, and, in any

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event, since the agency would simply function as a post office, it  
would <sup>demonstrably</sup> be a purely face-saving device.

(M. E. JOHNSON)  
14th April, 1997

CONFIDENTIAL

JE 1421/308

FROM WASHINGTON TO FOREIGN OFFICE

Cypher/OTF

MIDDLE EAST SECRET (CABINET)DISTRIBUTION

Sir H. Caccia

No. 878

April 11, 1957

D. 1.26 a.m. April 12, 1957

R. 2.00 a.m. April 12, 1957

IMMEDIATECONFIDENTIAL 12/4Addressed to Foreign Office telegram No. 878 of April 11

Repeated for information to UKDEL New York

Paris  
~~fact~~

Your telegram No. 1714: Suez Canal.

I am grateful for this authority. Mr. Dillon, whom I saw this evening, said at once that he now understood the importance which we attach to discussions in the Security Council not later than April 17. He would bear this in mind and do his best. At the same time, he hoped that we would understand the desirability in this instance of the United States disengaging from their present exchanges with the Egyptians without an explosion. This was not only an American interest, but of wider significance.

2. The State Department had only so far received the preliminary account of Mr. Hare's conversations yesterday with Fawzi whom he saw for two hours in the morning and with both Nasser and Fawzi with whom he was closeted for two and a half hours in the evening. Nasser had in front of him the original Egyptian memorandum with various amendments written in ink. He had spoken from these and at the end of the interview Mr. Hare had asked for and been promised a copy of the amended Egyptian draft. The State Department expected to receive this tomorrow and until they had it, and Mr Hare's full report, they clearly could not determine the exact tenor of their next instructions to Mr. Hare .

3. Meanwhile Mr. Dillon said that the Egyptians apparently claimed to have met some of the American points. But they had not moved on one essential requirement, namely that any arrangement should be a multilateral international engagement. They kept on harping upon the difficulty about Israel.

4. Nasser had also said that the Egyptian Government would not accept cooperation with other user Governments. But he would be ready for cooperation with user shipping companies

/(please see ....

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Washington telegram No. 878 to Foreign Office

- 2 -

(please see my immediately following telegram).

5. Mr. Dillon promised to let me know as soon as they had heard further from Mr. Hare and he arranged for those concerned in the State Department with United Nations matters to go over with us the points in Sir P. Dixon's telegrams Nos. 938 and 939 of April 10.

Foreign Office please pass Priority to Paris as my telegram No. 140.

[Repeated to Paris].

ADVANCE COPIES:

- Private Secretary
- Sir F. Hoyer Millar
- Mr. Ross
- Mr. Beeley
- Mr. Pink
- Head of African Department
- Head of United Nations Department
- Head of News Department

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FROM PARIS TO FOREIGN OFFICE

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MIDDLE EAST (SECRET) (CABINET)  
DISTRIBUTION

Cypher/OTP

Sir G. Jebb  
No. 91  
April 12, 1957

D:12.15 p.m. April 12, 1957  
R:11.20 a.m. April 12, 1957

IMMEDIATE  
CONFIDENTIAL

Addressed to Foreign Office telegram No. 91 of April 12  
Repeated for information to Washington and UKDEL. New York.

Your telegram No. 1714 to Washington and Washington telegram No. 878: <sup>208</sup> Suez Canal.

As our intentions as regards April 17 have now been explained to the Americans, I should be grateful for authority (unless of course you have already done so unofficially) to give similar explanation in strict confidence to the French. I cannot see that it can do any harm and they may well be annoyed if they hear of this detailed arrangement only at the last moment. Please see also paragraph 1(b) of United Kingdom Delegation New York telegram No. 939. <sup>208</sup> <sub>1/301</sub>

2. I should also like to explain to them what has happened to the timetable since you expounded it to M. Pincen (your telegram from Paris No. 87). <sub>1/295</sub>

Foreign Office please pass to Washington and UKDEL. New York as my telegrams Nos. 36 and 22 respectively.

[Repeated to Washington and UKDEL. New York].

RECEIVED IN O.B.  
12 APR 1957  
12/4

- ADVANCE COPIES TO:  
Private Secretary  
Sir F. Hoyer Millar  
Mr. Ross  
Mr. Bealey  
Mr. Pink  
Head of African Department  
Head of United Nations Department  
Head of News Department

12 APR 1957  
12/4

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ENCLOSURE

JR 1421/316

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FROM WASHINGTON TO FOREIGN OFFICE

Cypher/OTP

MIDDLE EAST (SECRET)  
(CABINET) DISTRIBUTION

Sir H. Gaccia  
No. 882  
April 12, 1957

D. 1.34 a.m. April 13, 1957  
R. 3.05 a.m. April 13, 1957

IMMEDIATE  
CONFIDENTIAL



Addressed to Foreign Office telegram No. 882 of April 12.  
Repeated for information to: UKDEL New York

Paris  
My telegram No. 878, paragraph 5: Suez Canal.

The points raised in Sir Pierson Dixon's telegrams Nos. 938 and 939 were discussed with the Deputy Assistant Secretary for United Nations affairs this morning with the following results:-

(i) Title of the Item: The State Department had not thought about this but were inclined to think the best procedure would be to call the meeting under no title, simply referring to the number which the present item has on the Council's standing agenda, at the same time being prepared with an anodyne formula which could be introduced if the Russians started any trouble;

(ii) Consultation: The State Department agreed with paragraph (b) and (c) of New York telegram No. 939 but, with reference to (d), thought the Egyptians would have to be dealt with in Cairo rather than New York;

(iii) Israel: The State Department thought that it would be virtually impossible again to prevent the Israelis having their say and we could take it as a certainty that directly the meeting was called, they would put in an application for a hearing. The manoeuvre suggested in paragraph 3 of New York telegram No. 918 might be useful as a means for delaying the Israeli intervention but would not, they thought, succeed in preventing it. It was worth considering whether we should not try suggesting to the Israelis, through diplomatic channels, that they should confine themselves in the first instance to submitting a written statement to the Council giving their views and formally reserving their right to ask for a hearing later on.

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Washington telegram No. 882 to Foreign Office

-2-

(iv) Consensus Procedure: The State Department were dubious that it would be possible to hold enough of a debate before the Egyptians had spoken to enable Sir Pierson Dixon, as Chairman, to apply the consensus procedure, even in the modified form suggested in paragraph 3 of his telegram No. 939. They had heard that the Egyptian Foreign Minister would himself represent Egypt and it would be difficult enough to prevent the Council following its established custom in similar cases of adjourning immediately after the agenda had been adopted and a decision taken to invite the Egyptian Government to attend. It would obviously suit Egypt to play the waiting game and Dr. Fawzi might take as much as a week to put in an appearance in New York. If we were to get enough into the record to meet the needs of SCUA before April 18, the floor would have to be carefully prepared and a very light touch would be needed if some version of the consensus procedure was to be applied successfully from the Chair.

(v) Timing: Although they appreciated the need for speed, the State Department were frankly worried about the tight timetable confronting us. It now seemed unlikely that we should be ready tomorrow (April 13) to put in a request for a meeting. This could, however, be done on Sunday and they thought a Tuesday morning meeting (16th) might be a better target to aim at than Monday afternoon. Provided we could avoid a prolonged wrangle over the adoption of the agenda, one day (with the possibility of overlapping into Wednesday morning) might be about as much as we could fill up with speeches before Dr. Fawzi's arrival.

2. The State Department thought it essential preparations should be kept between the United States and the United Kingdom for the moment. They would speak to Mr. Herter urgently with a view to sending instructions to their delegation in New York to consult with ours at once on a hypothetical basis. Although their delegation were a little thin on the ground at the moment, they would make sure that a contact man was designated with whom Sir Pierson Dixon and his staff could discuss developments over the weekend as necessary.

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Washington telegram No. 882 to Foreign Office

-3-

3. New York telegram No. 938 - paragraph 7: When, after consultation with Sir Pierson Dixon, the State Department were informed that in default of the United States, we thought the statement would come best from Sweden or Colombia (in that order), they expressed some surprise about the choice of Colombia. Although they saw virtue in selecting a Government which had no major interest at stake, the Colombian representative was somewhat legalistic and might not relish the job.

Foreign Office please pass Priority to Paris as my telegram No. 142.

[Repeated to Paris].

ADVANCE COPIES

- Private Secretary
- Sir P. Gore-Booth
- Mr. Beeley
- Mr. Ross
- Mr. Pink
- Head of African Department
- Head of United Nations Department
- Head of News Department

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SUEZ CANAL: USER CONSULTATION

CONFIDENTIAL

JE14 21/317

The degree of user consultation which Egypt will accept is really the crucial point at the moment. From several quarters recently has come the idea that if governmental user cooperation with Egypt is not possible, something may be achieved by a non-governmental body e.g. of ship owners.

Flag A  
Flag B

2. The Secretary of the SCUA has put out a paper on this subject which is largely the work of the British Shipping Adviser Mr. Keenlyside. The Ministry of Transport preliminary view of this paper is critical. There is also the point that the International Chamber of Shipping is regarded as a predominantly Western body dominated by the United Kingdom. The paper was mentioned but not discussed at the meeting of the Executive Group which preceded the Council Meeting on April 5.

3. The French have also floated the idea in conversation with Mr. Bartels that if Egypt would not negotiate with the Users' Governments, something might be achieved through non-governmental representatives from the ship owners. So far as we know they have not developed this idea further, and are now anxious to go straight to the Security Council. I heard the Norwegian Counsellor tell Mr. Bartels that the Norwegian ship owners were attracted by the proposals in Mr. Keenlyside's paper, but I do not know which of the courses on page 2 of the paper they might favour.

4. We have always thought that the more problems which could be dealt with directly between the Egyptian Canal Authority and the ship owners, the better. The argument that any group associated with SCUA would be prejudiced in the eyes of the Egyptians is a valid one. Similarly any connexion or apparent connexion with the Company would be fatal.

Flag C

5. Mr. McCloy has now made a suggestion to Nasser (New York telegram No. 928, paragraph 5) "that Egypt should accept a Consultative Board of Users which would contain representatives of the shippers and ~~two~~ two or three public figures, which would be appointed by the United Nations, and would not exclude Indian participation. This has not been reported in any detail nor do we know whether the Egyptians will follow it up. But for their part they are reported to be considering a conference in Geneva with Users - unspecified - according to the press. This may be a revival of a former Egyptian proposal for a conference of all User countries. The Secretary General also considers that User representation should be much ~~broader~~ wider than SCUA. (later press reports say the Geneva conference would be with shipping representatives not governments).

*Geneva denied by Ali Sabri  
Khan. Has.  
14/7/4.*

6. Cooperation with non-governmental Users would be a face-saver for Nasser. It would be no good in negotiations but at a later stage, if Nasser proved content to operate the Canal in a reasonable manner after winning his political points, there could doubtless be collaboration on day to day matters, and even on development, between a non-governmental Consultative

/Body

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Body and the Canal Authority. The former would, however, carry no weight in the event of a clash on important matters, and Nasser could mis-use the funds and abuse his powers at will.

7. We cannot take this much further until the Americans have made a full report on the negotiations with Egypt. There is no date fixed for discussion of the SCUA paper, but in view of the interest which it has apparently aroused among Norwegian ship owners, we may hear more of it.

*R. Arculus*  
R. Arculus

(April 6, 1957)

12 APR 1957

*TF Brancheley*  
8/4/57

If, as seems probable, the Egyptians are willing at some point to arrange for consultation with representatives of shipping interests, we should encourage the idea for what it is worth. It may well facilitate day-to-day arrangements on the canal, which has been one of our objectives.

*A. J. Wilson*  
9/4

H. J. 11/4

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Middle East (Secret) Distribution

JE 1421/318

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**RECORD OF A CONVERSATION BETWEEN THE SECRETARY OF STATE  
AND M. PINEAU AT LASCELLE ST. CLOUD ON APRIL 10, 1957**

Present:

Secretary of State  
Sir Gladwyn Jebb  
Mr. Laskey

M. Pineau  
M. Joxe  
M. Chauvel

**Suez Canal**

*The Secretary of State* said that what we now envisaged was that the American Ambassador in Cairo would make one further effort to obtain a satisfactory answer from the Egyptians to the American comments on their Memorandum. If this failed, the Americans would make a report to the Security Council—we hoped at the end of this week or early next. We did not contemplate any immediate resolution or vote in the Council but had been giving thought to the form which a resolution might take if it were later decided to table one. We thought that it should refer to the six principles and to the fact that the Egyptian Memorandum was not in conformity with them. It should then call on the Egyptians to negotiate on the basis of those principles.

*M. Pineau* said that this procedure was entirely acceptable to the French Government. They felt that one of the most important points to emphasise was that a unilateral declaration by the Egyptian Government was not acceptable and that there must be a multilateral agreement. They also thought it important that our ships, so far as possible, should not use the Canal while the negotiations were in progress.

*The Secretary of State* said that, so far as our own position was concerned, we did not of course wish to encourage shipping to use the Canal but we did not think we could forbid our shipowners to do so. And it seemed unlikely that they would refrain from doing so for more than a very few days since the ships of other countries would almost certainly start using the Canal again as soon as it was open. We therefore thought that there should be an arrangement whereby the tolls would be paid to the Egyptian authorities under protest or some form of reservation pending a final settlement.

*M. Pineau* said that he hoped we should only do this as a last resort since the payment of tolls to the Egyptians was one of the few cards we held. Moreover, if there were to be negotiations it would be logical that there should be some interim arrangement whereby the tolls would be paid to a neutral authority. *M. Pineau* hoped that it might be possible to dissuade shipping from using the Canal for the few weeks which would be needed for negotiations. So far as the French were concerned, they were certainly in a position to prevent their shipping from using the Canal.

*The Secretary of State* doubted whether the position really could be held for a matter of weeks. He also thought that our real card was the Egyptian balances, particularly those held by the United States. The balances we held, taking into account the money to be transferred to the Sudan, amounted to some £80-85 million and this would probably all be needed to offset our claims against Egypt. Meanwhile the Secretary of State suggested and *M. Pineau* agreed that it would be useful for there to be public references to alternative means of transport such as big tankers, new pipelines and so on.

*M. Pineau* said that the French Government had decided to help Israel with the construction of a 16-in. pipeline which would carry about 5 million tons of oil a year. The Israelis would like to build a 32-in. pipeline but the French would not be ready to help with this unless support were also forthcoming from the United Kingdom and the United States. *The Secretary of State* said that shortly before

he left for Paris, the Israeli Ambassador had raised the question of United Kingdom financial interests contributing to the pipeline project. He had promised to consider this but we had not yet reached any decision. In general, the danger of an Israeli pipeline seemed to be that it might arouse strong Arab opposition and possibly encourage Iraq—or give her an excuse—to nationalise the I.P.C. This danger was clearly greater if the pipeline were to be a large one which would compete with the lines through Syria. It was therefore very desirable that as little publicity should be given to this particular project as possible but it might be optimistic to count on the Israelis exercising such restraint.

*The Secretary of State* said that we were instituting a thorough study of this whole complex of questions, e.g., big tankers, new pipelines, the availabilities of steel and manufacturing capacity, &c. We thought that some strong impulse was required if alternative methods of transportation to the Canal were to be developed quickly. In our view it was very necessary that this should be done since it seemed likely that we should have continual trouble with Nasser or even with a successor régime in Egypt if this were under Russian influence. *M. Pineau* said that the French were constituting a similar group of officials which would hold its first meeting this week. He thought that it would be most useful if we and they could exchange information. Indeed, he thought we ought to consider the possibility of having a committee of the main maritime Powers to exchange information and undertake any necessary co-ordination of plans. *The Secretary of State* agreed that our two national committees should certainly exchange views and we might consider extending this to other maritime countries.



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JE 421/319

FROM WASHINGTON TO FOREIGN OFFICE

Cypher/OTP.

MIDDLE EAST (SECRET) (CABINET)  
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Sir H. Caccia  
No: 889  
April 13, 1957. *ish*

D: 5.58 p.m. April 13, 1957.  
R: 6.52 p.m. April 13, 1957.

EMERGENCY  
SECRET



Addressed to Foreign Office telegram No: 889 of April 13  
Repeated for information to: U.K., Del. New York, Paris.  
Your telegram No: 1755: <sup>not received</sup> Suez Canal.

The instruction to Mr. Hare was despatched and he was told to see Nasser as soon as he could get an interview. State Department naturally hope that that will be today, but this will depend on what Mr. Hare is able to fix in Cairo. They will inform us as soon as they hear anything.

2. When I asked Mr. Dillon again this morning for a copy of the latest Egyptian memorandum, he said that he would frankly prefer not to give it to us at this stage. It would be difficult for the Americans to let us have it and refuse to give it to the French and others. On the last occasion they had passed it on and it had leaked to the Press at once. They recognized that we were not responsible on that occasion, but he was fairly confident that the same people would leak again.

3. What was more, there was no knowing what Nasser's reaction might be to the latest American communication. The State Department would want to know whether or not the Egyptian Government were going to stand by such amendments as had been made during the United States/Egyptian discussions. Meanwhile, he hoped that it would be enough for our present purposes to know that the memorandum was basically the same document, with a few additions and subtractions. There had been a distinct improvement in the passage about the Canal code and some, though less, improvement over tells. But the sections concerned (a) with turning the memorandum into an international engagement, (b) with cooperation with the users, and (c) with arbitration, all remained essentially unsatisfactory.

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Washington telegram No: 889 to Foreign Office

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4. Now that the United States Government had instructed Mr. Hare to tell Nasser of their intention to report to the Security Council, he saw no objection to taking the French into our confidence on this aspect. He was in fact going to see the French Ambassador in Washington later this morning.

Foreign Office please pass immediate to Paris as my telegram No: 145.

[Repeated to Paris]

ADVANCE COPIES:

Private Secretary.  
Sir P. Gore Booth.  
Mr. Ross.  
Mr. Beeley.  
Head African Department.  
Head News Department.  
Resident Clerk.  
Head United Nations Department.  
Mr. Pink.

JJJJJ

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**SECRET**

JUN 11 1957

**FROM NEW YORK TO FOREIGN OFFICE**  
(United Kingdom Delegation to the United Nations)

Cypher/OTP

**MIDDLE EAST (SECRET) CABINET DISTRIBUTION**

Sir P. Dixon  
No. 953  
April 14, 1957

RECEIVED  
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D. 1.10 a. m. April 15, 1957

R. 2.50 a. m. April 15, 1957

**IMMEDIATE**  
**SECRET**

15 AT

Addressed to Foreign Office telegram No. 953 of April 14.  
Repeated for information to Washington and Paris.

My telegram No. 949: <sup>316</sup> Suez Canal.

It was not possible to speak with the United States Delegation until this afternoon. Mr Wadsworth's latest information was of the instructions sent to Mr. Hare, and pending receipt of Mr. Hare's report on his conversations with Colonel Nasser, the United States Delegation could only discuss plans on the assumption that all would be clear to go ahead with the Council meeting.

2. Mr. Wadsworth had come from an interview with the Secretary-General to whom he had been explaining the current situation on instructions. In repeating this to me he mentioned that Mr. Hare had been told to inform Colonel Nasser that the United States had been conducting these negotiations on their own authority alone. He would say that the United States felt that a report should now be made to the Council. It would be open for the Egyptian Government to join with them in making a joint report, but, even if they did not wish to join, the United States Government would feel obliged to do so without implying that this would mean the end of negotiations. The Secretary-General had apparently expressed misgivings about going to the Security Council feeling that it would end any chance of shifting the Egyptians further.

3. Mr. Wadsworth said that the State Department foresaw four possible reactions from Colonel Nasser:

- (1) he would agree to joining in a report to the Security Council and not publishing a final form of his memorandum meanwhile;
- (2) he would ask for some time to consider joining in making a report and meanwhile not publish the memorandum;
- (3) he would decline to join in coming to the Council but take no further action;
- (4) he would so decline and publish the memorandum in final form, perhaps with some declarations by other governments accepting it as a reasonable basis for Canal operation.

4. The Americans fear most the second alternative which they consider would make it very embarrassing for them to press for an early Security Council meeting. I expressed some surprise that an offer had been made to proceed with the Egyptians.

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UKDel New York telegram No. 953 to Foreign Office

- 2 -

5. As things stood we could only discuss tactics on the assumption that the Council would meet on the initiative of the United States alone. We had a useful discussion on the handling of the debate and agreed on the action necessary to get other members of the Council to make statements on the lines of the penultimate sentence of paragraph 2 of your telegram No. 1864. We felt it would be difficult to get speakers to go further than this until after the Egyptians had spoken. We also agreed on methods to deal with possible moves by the Egyptians or Russians for adjournment before such speeches could be made.

288

6. As regards Israeli attendance the United States Delegation felt this was a great complication and that Washington would not be prepared to go very far in dissuading the Israelis from making a request. We agreed that if the request was made we should try to get a decision on it deferred, as in the initial stages of the debate last October.

7. Our planning was on the assumption that the Egyptians would not have published their memorandum in a final form before the Council met. The Americans felt that, if they did publish, different tactics might be necessary and the temperature of debate would inevitably rise.

8. For our discussion on timing see my immediately following telegram.

Please repeat Immediate to Paris as my telegram No. 151.

[ Repeated to Paris. ]

ADVANCE COPIES

Private Secretary  
Sir F. Hoyer Millar  
Mr. Ross  
Mr. Beeley  
Head of African Department  
Head of United Nations Department  
Head of News Department

.....

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ENCLOSURE

TOP SECRET

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FROM FOREIGN OFFICE TO TOKYO

Cypher/OTP.

PRISSEC

No. 187  
April 13, 1957.

D: 8.30 p.m. April 13, 1957.

EMERGENCY  
TOP SECRET

15 APR 1957  
15/4

15 APR 1957  
YAMAHA

Addressed to Tokyo telegram No: 187 of April 13  
Repeated for information to: U.K.H.C. Canberra [Immediate].

Please pass following personal message to the Australian Prime Minister from the Prime Minister.

1. We are approaching a critical stage in our efforts to obtain a satisfactory arrangement for the Suez Canal. Since in all this you yourself have played a staunch and splendid rôle, I thought I should like to let you know at this point how I see the position.

2. We entirely share Australian views on the shortcomings of the Egyptian draft declaration. The Americans with our approval have been trying to see what scope there is for improving it and bringing the Egyptians to negotiate with the users. The Canal is now cleared. Although our policy of holding off has been followed by a number of governments and comparatively few ships are yet using the Canal, the effect of this temporary expedient really depends on shipping conferences where there is a strong feeling that their ships can continue to hold back only for a very short time. Our own shipowners are very conscious of the fact that their competitors are already accepting cargoes for delivery via the Canal which they themselves are prevented from doing (by Her Majesty's Government's advice and by our present currency restrictions).

3. In this situation I have strongly urged the Americans to bring their exploratory talks in Cairo to a decisive point at once, then if Nasser's final reply is unsatisfactory, we can proceed with the next step.

4. This, as you know, is recourse to the Security Council - the only course open to us (short of a boycott, which could not be complete or decisive and would cause great dislocation to our economy).

5. Mr. Dulles....

TOP SECRET

Foreign Office telegram No: 187 to Tokyo

- 2 -

5. Mr. Dulles himself proposed an American initiative in the Security Council, and this I regard as preferable to a joint initiative involving ourselves, as an interested party. Our Delegations in New York will be in close touch.

6. The tactics which the Americans intend to pursue are to report to the Security Council on the Cairo talks, and seek to bring pressure to bear on Egypt to continue the negotiations with a group of users or with the United States on their behalf. Resolutions, which could be vetoed, would be avoided. We should hope that would cause early discussion on the desirability of an interim arrangement to permit shipping to use the Canal. What interim arrangements could be made if any we do not know. We should of course prefer it to be the plan put forward by the United States, France, Norway and ourselves. But it might have to be the payment of tolls to the Egyptian Canal Authority, without prejudice to existing legal rights or the terms of the future settlement.

7. On timing, we have urged the Americans to arrange for discussions in Security Council not later than April 17. Mr. Hare saw Nasser on April 10 and the full results of the latest position in which Egyptians claim to have met some of the American points (but not the objection to a unilateral instrument and the exclusion of user cooperation) is expected hourly.

8. By way of preparation, our Delegation to S.C.U.A. Executive Group yesterday put forward a suggestion that Member Governments should advise their shipowners that when the time comes to go through the Canal any payment made direct to the Egyptian Authority should be under protest and without prejudice to existing rights or the terms of a final settlement. This of course will have to be put to the Council of S.C.U.A. and the timing must be made to correspond with discussions in the Security Council. As you can imagine from the point of view of the British Government we are anxious neither to take the lead in what may seem a surrender in the short term, nor to get ourselves into the hopeless position of trying to operate a boycott which cannot be made watertight. All this will need rather delicate handling.

9. As....

TOP SECRET

Foreign Office telegram No: 187 to Tokyo

- 3 -

9. As you probably know we also have a rather difficult question about how British shipowners are to pay in sterling. We are studying this and will let you know our plans as soon as we can. Here again the timing is important if it involves arrangements between the Bank of England and the Bank of Egypt. As soon as any attempt to make such arrangements is known of course Nasser will publish it. It is not an easy hand to play but it is a great deal to have the Americans working with us again. I believe they do now realize that Nasser is no good.

10. You will probably have seen the latest news about Anthony. I spoke to him on the telephone yesterday and he seemed in very good heart.

11. I am asking the High Commissioner in Canberra to let Casey know of this message.

[Copies sent to No: 10, Downing Street]

JJJJJ

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UNITED KINGDOM DELEGATION  
TO THE UNITED NATIONS  
NEW YORK

1421/365/57

CONFIDENTIAL

JE1421/326

11 April 1957.

Dear Department,

... We enclose for your convenience a copy of a note we prepared here to remind ourselves of the developments which have taken place since last October in the preparation of a Suez Canal settlement.

Yours ever,  
DELEGATION.

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



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CONFIDENTIAL

CHRONOLOGY OF THE SUEZ CANAL NEGOTIATIONS

- October 13, 1956 Security Council resolution S/5675 agreeing that any settlement of the Suez Canal question should meet six requirements.
- October 24, 1956 Secretary-General writes to Dr. Fawzi summarising the "conclusions from the tentative thinking which will provide the background for further explorations".
- November 2, 1956 Dr. Fawzi replies that, with one exception, "the framework you have outlined in your letter is sufficiently wide to make a further exploration of possible bases for negotiations along the lines indicated in it is worth trying".
- December 1, 1956 Dr. Fawzi, in conversation with the Secretary-General, suggests that Preliminary negotiations should be undertaken on a threestage basis.
- December 11, 1956 Dr. Fawzi tells the Secretary-General that the time has come to try to reach informal agreement on procedure.
- December 22, 1956 Final British and French evacuation from Egyptian territory.
- December 24, 1956 Mr. Crosthwaite gives the Secretary-General an outline of British views on procedure

December 26

- 2 -

December 26, 1956 Secretary-General is given British views on procedure in detail.

January 2, 1957 Dr. Fawzi tells the Secretary-General that "the door is now open" for "bilateral talks".

About January 3, 1957 The Secretary-General asks Dr. Fawzi to get his "five points into focus".

January 9, 1957 The Minister of State and Monsieur Pineau ask the Secretary-General to propose to Egypt that negotiations should be started between Egypt and the U.K., France, Norway, Italy and Israel.

January 10, 1957 Dr. Fawzi, in conversation with the Secretary-General is evasive about the five points and mentions the need for ~~prior~~ Israeli withdrawal.

January 14, 1957 The Italian Ambassador in Cairo is told by the Secretary-General of the Egyptian Ministry for Foreign Affairs that a settlement could be reached either through talks between the Secretary-General and Egypt on the one hand and the U.K. and France on the other, or by a committee

January 16, 1957 The Secretary-General says he has given Dr. Fawzi a letter trying to crystallise formal Egyptian authority for him to start talks.

/January 21

- 3 -

January 21, 1957

The Secretary-General tells Dr. Fawzi that he will send him a formal enquiry about the negotiations (it is not clear whether this is different from the enquiry of January 16).

January 24, 1957

The Secretary-General tells us that his enquiry is "now on Nasser's table".

January 29, 1957

The Egyptians tell the Secretary-General informally that the answer to his formal enquiry, if given at that date, would be "yes" (i.e., that he could initiate negotiations as he thought best), but that time and place were to be agreed later.

February 2, 1957

The Secretary-General receives Colonel Nasser's formal reply, which he subsequently describes to us as "very disappointing".

February 3, 1957

The Secretary-General outlines his ideas on the interim arrangements to a Sub-Committee of the Advisory Committee.

February 7, 1957

Sir P. Dixon and Monsieur Georges-Picot leave with the Secretary-General an aide-memoire on the need for an interim arrangement.

February 19

- 4 -

February 19, 1957

The Permanent Representatives of Norway, France, the U.K. and the U.S. request the Secretary-General to transmit formal proposals to the Egyptian authorities on an interim arrangement.

March 6, 1957

Dr. Fawzi tells the Secretary-General that he expects to have an answer to these proposals in three or four days.

March 18, 1957

The first Egyptian memorandum is issued (and published the following day in Bonn).

About  
March 27, 1957

The Egyptian Government hand copies of the draft second memorandum to the U.S. and other missions in Cairo.

(A. J. Williams)  
April 9, 1957