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SECRET

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

Cypher/OTP

MIDDLE EAST SEORET (CABINET) DISTRIBUTION

Sir P. Dixon

No. 977 April 20, 1957 D. 4.20 a.m. April 21, 1957

R. 6.07 a.m. April 21, 1957

immediate Secret

Secret

Addressed to Foreign Office telegram No. 977 of April 20 Repeated for information to Washington and Paris.

Your telegram No. 1911 to Washington: Suez Canal.

So much depends on how the United States are prepared to play the hand that, until Her Majesty's Ambassador at Washington has been able to elicit the State Department's reaction to the views in your telegram, there is little advice I can usefully offer on the tactical questions that arise in connexion with the Security Council operation.

- 2. Sir H. Caccia and I have, however, discussed your telegram on the telephone and have formed the following preliminary views subject to talks which he hopes to have with the State Department on Easter Sunday.
- 5. (a) Since it is I believe essential to the success of the operation that they United States should be visibly in the lead, it would, I am sure, be a mistake to entrust the initiation of the operation to a non-permanent member of the Security Council. It is doubtful whether any appropriate member would in fact be ready to take on this responsibility at short notice.
- an opening round as is suggested in paragraph 5 of your telegram under reference. To judge by their line last week, when they undertook to call a meeting if we insisted, the Americans may not want to set forth in any detail the substance of their negotiations with the Egyptians. Even if they did so, however, members of the Council would, I think, be reluctant to express views on the substantive points at issue until they had heard what the Egyptian representative had to say. As I understand it, our essential requirement is some prompt lead from members of the Council which would enable us to put in hand arrangements.

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UKDEL New York telegram No. 977 to Foreign Office

- 2 -

for British use of the Canal. If this is so, would it not meet our minimum requirements if a number of speeches were made in the Council to the following effect:— more time was obviously going to be required for discussion; since the Canal was now open normal use should obviously be made of it; it was essential that all concerned should approach the practical problems involved in a spirit of understanding; and it would clearly be understood that any arrangements reached at the present stage would be without prejudice to the rights and positions of any of those concerned.

- 4. This presupposes that the Egyptians will not in fact have issued their declaration by the time the Council meets. If they have done so. I should hope that we should be able to persuade members of the Council to strike a balance between disapproval of Egypt's unilateral action and the hope that a trial will be given to the Egyptian system as a <u>de facto</u> arrangement and that the users will not find that their misgivings are realised.
- 5. I have arranged with Sir H. Caccia to give my further views after he has been able to ascertain the United States reactions to your telegram.

Please repeat Priority to Paris as my telegram No. 160. [Repeated to Paris].

ADVANCE COPIES:
Private Secretary
Sir W. Hayter
Mr. Beeley
Mr. Ross
Head of African Department
Mr. Pink
Head of United Nations Department
Head of News Department
Resident Clerk

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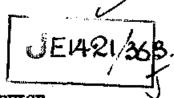
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SECRET



FROM WASHINGTON TO FOREIGN OFFICE

Cypher/OTP

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MIDDLE EAST (SECRET) (CABINET) DISTRIBUTION

Sir H. Caccia No. 952 April 22, 19

1.35 a.m. April 23, 1957 D. 3.20 a.m. April 23, 1957 R.

IMMEDIATE SECRET

Addressed to Fereign Office telegram No. 952 of April 22. Repeated for information to: UKDEL New York Paris

Your telegram No. 1919 - Suez Canal.

I spoke accordingly to Mr. Rountree this morning.

- He teld me that the United States Ambassador in Cairo had seen Fawzi yesterday and had not yet used the discretion given to him to say that the United States Government intended to file a request for a meeting of the Security Council. progress had been made towards amending the Egyptian Draft Memorandum. This is reported in my immediately following telegram.
- Meanwhile Fawzi had stressed that the emendments so far agreed by the Egyptian Gevernment represented a great effort to meet the criticisms advanced by the United States and the Secretary-General. He said that the Egyptians had stretched themselves to the utmost and begged not to be asked to stretch further or something would break. He also gave Mr. Hare a warning that recourse te the Security Council might lead to the withdrawal of these amendments and would seriously affect the prospects of any further \cdot progress. Fawzi had also given Mr. Hare to understand that the Egyptians were going to publish the improved version of their Declaration at an early date. He also gained the impression that Fawzi's decision to publish might be revised if we went ahead in the Security Council before he had done so.

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SECRET

Washington telegram No. 952 to Fereign Office

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- 4. Mr. Hare's comment was that he thought Fawzi had made a genuine effort and that it would be a pity to risk such amendments as had been obtained if a report to the Security Council could be delayed for a few more days. There was even the danger that the Egyptians might refrain from publishing anything if we went to the Security Council at this stage.
- 5. In the light of all this, Mr. Rountree asked me to enquire by telephone whether you would wish the United States Government to go ahead or give Fawzi another day or two.
- 6. After speaking to you, I told Mr. Rountree that you wished the United States Government to go ahead. Mr. Rountree said that Mr. Hare would accordingly see Fawzi temerrow, Tuesday, in order to warn him that the United States Government would on Wednesday be asking for a meeting of the Security Council on Thursday.
- 7. I made it clear that you were not asking Mr. Hare to make this communication in a polemical way. Could he not say that the United States Government felt that they could not delay any further in fulfilling their responsibility to report to an international forum? They had after all been given no mandate to negotiate by the users, by the United Nations or indeed by anyone. Mr. Rountree said that Mr. Hare had already been instructed to speak on these lines and that he would take care to give the Egyptians no valid excuse for withdrawing such amendments as had been offered.
- 8. He premised to let me knew as soon as there was any report of Mr. Here's interview with Fawzi. It would then be urgently necessary that we should concert tactics for the meeting of the Security Council.

Fereign Office pass priority to Paris as my telegram No. 165. [Repeated to Paris].

ADVANCE COPIES

Private Secretary
Sir P. Heyer Miller
Mr. Beeley
Mr. Ress
Head of African Department

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JE.1421/5645

FROM WASHINGTON TO FOREIGN OFFICE

Cypher/OTP

MIDDLE KAST (SECRET)
(CABINET) DISTRIBUTION

Sir H. Caccia No. 953 April 22, 1957 REDEIVED IN C.8, 2-3 APR 1957

D: 2.01 a.m. April 23, 1957 R: 3.49 a.m. April 23, 1957

IMMEDIATE SECRET

Addressed to Foreign Office telegram No. 953 of April 22. Repeated for information to Ukdel New York and Paris.

My immediately preceding telegram: Suez Canal.

Following is Rountree's account of the progress made at Mr. Hare's meeting with Fawzi yesterday. In reply to Mr. Hare's insistence that the United States thought that it was time to bring the present exchanges to a conclusion, Fawzi had said that, in spite of Ramadan, the Egyptian Government was working hard to get out a reply to Mr. Hammarskjold's latest suggestions. This would, he claimed, embody several "concessions" on the part of Egypt. (The State Department have now heard that the reply was in fact sent to the Secretary General yesterday, though they do not yet know what it said.)

- 2. As regards the various points made by the United States and the Secretary General on the Draft Declaration, Fawzi said:
- (a) Registration of the Declaration: The Egyptians were satisfied, after taking legal advice, that it qualified as an international document. It would, of course, be easy for them to secure the agreement of many countries to it, but in their view this would detract from rather than enhance its value;
- (b) Security Council six requirements: Egypt would be prepared to state in a covering letter when forwarding the Declaration to the Secretary General that the Egyptian Government, in making this declaration, did so in fulfilment of their part in the 1888 Convention and noting their understanding of the Security Council Resolution of October 13 and the statement they had made with regard to this Resolution;

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SECRET

Washington telegram No. 953 to Foreign Office

- 2 -

- (c) Cooperation with Canal Users: The Government of Egypt would welcome and encourage cooperation between the Suez Canal authority and representatives of shipping and trade interests. Egypt looks forward to full cooperation with the users of the Canal, since this will be in the interest of Egypt who will be dependent on their oustom:
- (d) Interim character of the Declaration: Egypt would prefer not to have the Declaration described as either "interim" or "final". The former would tend to weaken it, and the latter was too rigid.
- Fawsi said this could be revised to (e) Paragraph 3(b): read:

"differences arising between parties to the said Convention in respect of the interpretation or applicability of its provisions, if not otherwise resolved, will be referred to the International Court of Justice, or by agreement to an appropriate organ of the United Nations, and the Government of Egypt will take the necessary steps in order to accept the compulsory jurisdiction of the International Court of Justice in conformity with Article 36 of its Statute":

- (f) Tolls: The United States had pressed for an undertaking from Egypt that talls should be fixed by agreement with the users as laid down in the six requirements of the Security Council. Fawsi had nothing to say about this:
- (g) Changes in the Canal Code: Fawsi had no further comment to make, except that the great concessions which Egypt had made in their revised draft did not seem to be appreciated by the United States;
- (h) Paragraph 8(b) and paragraph 9: There seems to have been some misunderstanding about the respective Egyptian and United States interpretation of these passages in the Declaration. The United States had, at one point, complained that paragraph 9 did not include a binding undertaking by the Egyptian Government to accept arbitration. Fawzi did not accept this suggestion and has now made it clear that Egypt means that the arbitration procedure should be compulsory.

Foreign Office pass Priority to Paris as my telegram No. 166. [Repeated to Paris]. ADVANCE COPIES

> Private Secretary Sir F. Hoyer Miller Mr. Ross

Mr. Beeley Head of African Department

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JE 1421/368

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Suez Cenel

Before advice is given to British shipping to the effect that it may now use the Canal, we need:-

- (1) A modium of international cover, provided by the Security Council and secondly by SCUA.
- (2) Currency arrangements enabling ship owners to pay their dues.

 It is important that British shipping should not sprear to

It is important that British shipping should not appear to be taking a lead in reversing the present policy of restraint.

On the other hand, if British shipping delays its return to the Canal until most of its competitors are using the Canal Nasser may be tempted to make difficulties for us (and for the French).

The draft letter from the Chancellor of the Exchequor to the Governor of the Bank of England says that "no approach will be made to Egypt until the Government are ready to announce their policy on the payment of Canal dues and on the use of the Canal by French shipping. I cannot yet say how soon this will be. Much will depend on political developments in the course of the next few days, but it seems probable that an approach to Egypt may have to be made at very short notice".

The original timetable has already slipped a day or two. The American Ambassador in Cairo has been instructed to tell Nasser that his Government intend to go to the Security Council but we do not yet know whether he has been able to carry out this instruction. Meanwhile we learn from New York that the Egyptians appear to be taking delaying actions there.

So far as SCUA is concerned, the draft resolution is not yet agreed to by the Executive Group, and it is by no means certain that all members of the Council will be ready to approve it at the meeting on Wednesday afternoon. Against this background, the following questions arise:-

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- (1) Can the approach to the National Bank of Egypt be deferred until a later date?
- (2) Is there any other way of enabling British ship owners to plan for transitting the Canal from a certain date, without the date becoming public immediately?
- (3) When are we to tell the French of our plan for the approach through the Bank? (The French should be given advance information on this, since our action will constitute a precedent for them and they should be given a chance to comment on it).
- (4) When do we inform the other Governments and shipping associations which have co-operated with us in keeping ships away from the Canal hitherto? (Not less than 48 hours notice seems essential).
- (5) Should we make representations to Israel or try to persuade the French to do so, to prevent them from intervening at the outset of the proceedings in the Security Council?

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H. Beeley April 14 1957

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SECRETARY OF STATE.

Sir Harold Caccia rang me up from Washington about 4.15 our He said that he had just had a message from time this afternoon. Dillon to say that the report had just come in of the conversation between Mr. Hare and Masser at which the former had announced the United States intention to go to the Security Council. this communication, Mr. Hare had apparently acted rather on the lines foreshadowed in New York telegram No. 953 - i.e. as well as saying that the Americans intended to go to the Security Council and report on the outcome of the talks in Cairo, he had suggested that the Egyptians should then give their account of the The idea was not, negotiations to the Security Council. Sir Harold Caccia explained, that there should be a joint United States/Egyptian report, but rather that the Americans should give their report first and that the Egyptians should then give their account.

In reply to these proposals, Nasser had temporized and had said that he must have time to consider the matter. also suggested that if there was to be any question of a report to the Security Council, the Egyptians might prefer to revert to In fact, Nasser had the first version of their memorandum. taken more or less the line foreshadowed in paragraph 3(ii) of New York telegram No. 953 and was obviously playing for time. Mr. Dillon told Sir Harold Caccia that he was about to hold a meeting in the State Department to consider what line the United He asked whether we would prefer States Government should take. the Americans to go ahead and call a meeting of the Security Council forthwith, even though that might mean the Egyptians going back to the first version of their memorandum, or would rather that they continue the negotiations in Cairo for a bit Sir Harold Caccia said that he had told Mr. Dillon that longer. his personal view was that in view of the shortness of time we

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would prefer the Americans to go to the Security Council without further delay. He asked for confirmation on this.

- Mr. Beeley, who was with me, and I told Sir Harold Caccia that this question had been discussed at the Cabinet this morning and that a telegram (No.1782) was on its way to This made it clear that from our point of view the him. sooner the Security Council could meet the better. Sir Harold Caccia had, therefore, been quite right in what he had said to Mr. Dillon, and he should now reinforce this and press the Americans to go ahead and submit the matter to the Security Council as soon as possible. He could also tell Mr. Dillon that we shared his views that the latest Egyptian memorandum was unsatisfactory, more especially since it was still a purely unilateral pronouncement. That being so, we should not lose much even if the Egyptians were to revert to the original text.
- 4. Sir Harold Caccia said he understood all this and would take action in Washington accordingly.
- 5. The French Ambassador had been with Mr. Beeley and me when the Washington call came through. We, therefore, gave him an idea afterwards of what Sir Harold Caccia had said to us and told him that we hoped that as a result the Americans would now go to the Security Council without further delay.

April 15, 1957.

Copies to:

Mr. Ormsby-Gore

Mr. Beeley

Mr. Pink

African Department.

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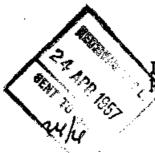
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(United Kingdom Delegation to the United Nations)

Cypher/OTP

(CABINET) DISTRIBUTION

Sir P. Dixon No. 981 April 23, 1957.



D. 6.03 a.m. April 24, 1957. R. 7.40 a.m. April 24, 1957.

CONFIDENTIAL

Addressed to Foreign Office telegram No. 984 of April 23
Repeated for information to:- Washington
Paris

Washington telegram No. 967: Suez Canal.

Although I understand the importance you attach to the Council's meeting at the latest on April 25. I have already found here some resistance to the idea of a meeting taking place barely twenty four hours after it has been called. Apart from the quite elaborate briefing of other delegations which will be necessary, it would certainly be preferable for these delegations to have time to refer to their governments, if they are to make the comments we want. As I see it, the delay involved would only be that between a Thursday afternoon meeting and a Friday morning one. Since this question will arise at my meeting with Mr. Ledge at 10 a.m. tomorrow (my telegram No. 983) I should be glad of your views on this by 9.30 a.m. New York time.

- 2. I am not happy about Mr. Dulles's suggestion that, if the Egyptian memorandum has not been published by the time the meeting takes place, the United States report should be made in restricted session. One of our main aims after all is to elicit public statements from members of the Council in favour of giving the Egyptian proposals a trial. I foresee great practical difficulties in moving quickly from public to private session and back.
- go into detail if the Egyptian declaration had not been published (see paragraph 3(b) of my telegram No. 977) and I still think that if the Americans cannot give a full report, even a very general statement should provide sufficient basis for other members of the Council to meet our minimum requirements as set out in that subparagraph. In short, if we have to choose, short statement in public seems preferable to a fuller one in private.
- United States representative could, it seems to me, without breach of confidence speak publicly on the following lines members of the Council would be aware that the Egyptian Government had notified certain other governments of their intention to issue a

/declaration

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U.K.Del. New York telegram No. 981 to Foreign Office

- 2 -

declaration concerning the operation of the Canal. The United States Government were among those consulted. They had felt that the form and terms of the draft declaration fell short of the requirements set out by the Security Council last October. They had made a variety of suggestions which would, in their opinion, improve the draft. The Egyptian Government had agreed to some of these suggestions. The United States Government, however, felt that the draft did not yet fully meet the Security Council's requirements. They thought that they had gone as far as they could on their own, and that the time had therefore come for them to report back to the Council, where the different points of view could be ventilated.

Please repeat to Paris as my telegram No. 162.

[Repeated to Paris].

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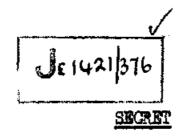
Private Secretary Sir W. Hayter Mr. Ross Mr. Beeley Read of African Department Resident Clerk

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FROM WASHINGTON TO FOREIGN OFFICE

Cypher/OTP

Sir H. Caccia

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No. 967 April 23, 1957

IMMEDIATE SECRET



MIDBLE EAST (SECRET)
(CABINET) DISTRIBUTION

o. 12.01 a.m. April 24, 1957

R. 1.56 a.m. ap#1 24, 1957

Addressed to Fereign Office telegram No. 967 April 23, 1957 Repeated for information to UKDEL New York and Paris.

My telegram No. 952: Swez Canal.

Mr. Bulles asked me to call this afternoon to discuss what line the United States should take at the Security Council mesting on Thursday if the Egyptian declaration had not by then been made public. Mr. Ledge was worried as to how he was to explain the United States reasons for summoning the Security Council without making public what had taken place in confidential exchanges with the Egyptian Gevernment

- 2. As I arrived Mr. Dulles was handed a report from Mr. Hare on his latest interview with Fawzi. This had gone reasonably well. Fawzi had expressed appreciation for being given advance notice of United States intentions, although the notice was admittedly short. He fully agreed that an Egyptian declaration should be made public before the Security Council meeting and his intention was to try to get approval for release of the amended text on Wednesday April 24.
- 3. I said that if Fawzi made good on this, it was for consideration whether more than one round of discussion in the Security Council would be necessary to achieve our objective at this stage (see paragraph 7 of your telegram No. 1840) / Mr. Bulles said he thought there might be merit in restricting the Security Council proceedings in the first instance to an expression of views about the Egyptian declaration, pointing out its inadequacies, but concluding that "the world must go on" and we were prepared to give the Egyptian plan a trial without prejudice to the legal rights of the Users or the terms of a final settlement. No invitation need necessarily be issued then to the Government of Egypt, but the Security Council would remain soized of the matter.
- 4. We then discussed what we should do if the Egyptians did not after all publish before the meeting. I emphasised that in these circumstances our minimum objective would be two-fold:

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Washington telegram No. 967 to Foreign Office

- 2 -

- (i) To obtain a sufficiently substantial report from the United States on their exchanges with the Egyptians for other members of the Council to use as a basis for remarks on the lines of Sir Pierson Dixon's telegram No. 957: and
- (11) A clear expression of opinion that interim arrangements should be made for normal use of the Canal without prejudice to the rights of users under a final settlement and perhaps for payment of tells under protest.
- Mr. Rematree said that the present draft of the United States speech was not in the form of a "report on negotiations". but rather a "statement of position", explaining that the United States thought that the time had now come when the Council should Mr. Dulles said it would make it consider the matter again. much easier for the United States to reveal what had passed between them and Egyptians if the Council were to sit, at any rate for part of the time, in Executive session, but he did not know how you would view this idea. I said that I did not know either, but at first sight it seemed to be better than the United States making no substantial report provided that the crucial statement about interim eperating arrangements were made in epen and not closed I shall be grateful for guidance on this. said that he himself thought that there should be no difficulty about starting in open session, going on for a period in Executive session and returning to open session for this purpose.
- 6. It appears that the Egyptian representative in New York has said that his government have no objection to a meeting of the Council, but would much prefer it to be held Friday rather than Thursday. Mr. Bulles thinks that the United States should nevertheless stick to Thursday afternoon, although the publication of the declaration may give rise to appeals from other members of the Council for time to refer to their governments for instructions before the meeting. In this case Sir Pierson Bixon and Mr. Lodge might, either or both of them, feel that it was difficult to refuse a postponement until Friday morning.

Fereign Office pass priority to Paris as my telegram No. 169. [Repeated to Paris].

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FROM FOREIGN OFFICE TO NEW YORK

(United Kingdom Delegation to the United Nations)

Cypher/OTD

MIDDLE EAST(SECRET) (CABINET)
DISTRIBUTION

No. 1163 April 24,1957

D: 2,20 p.m. April 21,1957

EMERGENCY SECRET

Addressed to United Kingdom Delogation New York telegram No. 1163 of April 21.

Repeated for information to Washington [Immediate]

Paris

We have already lest at least a week on our original plan, therefore I am most anxious to prevent further time slipping. I realize however your point that if the Egyptians have published a memorandum which differs from the original one, Security Council delegations may need time to obtain instructions from their governments.

- 2. If the Egyptians have not published their new memorandum, these arguments would not apply at all events to the first meeting of the Security Council. One difficulty is that you may not knew until too late to call a Security Council meeting for temorrow whether or not the Egyptians have published their memorandum.
- J. It seems to me therefore that you should get the United States to ask for a meeting of the Security Council (if they have not already done so) and you should summen it for Thursday afternoon. If later today the Egyptians publish the memorandum and you are told that Thursday afternoon is too seen, you should reluctantly accept a postpenement until Friday morning. There is always the chance of precedural trouble from the Russians, therefore I would hope that the meeting would be at latest on Friday morning so that the discussion would be certain to be concluded during Friday.
- A. If on the other hand the Egyptians have published nothing today, then the Security Council must have a discussion on Thursday afternoom. At that meeting it is of primary importance to get the Americans to divulge their discussions, / and perhaps

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SECRET

Fereign Office telegram No. 1163 to New York (U.K.Del.)

- 2 -

and perhaps also Hammarakjold. If the Americans still find difficulty in publicly revealing what have been confidential discussions, then I think that Mr. Dulles's idea of beginning in open session, then proceeding to restricted session, then returning to open session is the best that can be done. The fact that they want to do it that way is an added recommendation. In practice a great deal of what transpires in the restricted session will be bound to get out and I would see no harm in reference being made in the open session in appropriate terms to what has taken place in the restricted session.

- 5. I will telegraph separately my ideas of what you should say in your capacity as United Kingdom representative.
- 6. A meeting of SCUA will also be necessary. If the Egyptians publish their new memorandum the SCUA representatives will want time to consider it. If the memorandum is not published and the Security Council has its debate on Thursday, the SCUA representatives will still need time to consider that debate. Therefore I think it unlikely that we will be able to have a SCUA meeting before Saturday at the earliest, more likely Monday.
- 7. A critical matter to time correctly is the discussion of financial arrangements. That will be considered further at a meeting of Ministers tomorrew.
- 8. For your own information, as I have already indicated, the posture which we want to adopt is that after being told about the Egyptian advances and hearing a variety of views that the Canal ought to be used without prejudice to the ultimate position, we should reluctantly accept the Egyptian proposals as a do facto arrangement. This line will be easier for us if the Americans do not embases too enthusiastically the Egyptian advances. I am still approhensive of excessive United States susceptibility for Egyptian feelings. Whatever they do they will not succeed in gesting themselves leved by the Egyptians in fact at this memont Caire Radie is transmitting the most virulent prepaganda to Jordan about the Eisenhower Doctrine and the reception of Mr. Richards.
- 9. I am at present at Chequers. I drafted this telegram before I had seen the actual text of your telegrams Nos. 984 and 985 and Washington telegrams Nos. 962 and 967. The substance of them had however been conveyed to me by telephone and having now seen demilde not wish to revise what I do not wish to revise whet I do not wish I do not

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

Cypher/OTP

MIDDLE BAST (SECRET) (CARINET) DISTRIBUTION Ν

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No.1272 April 25, 1957.

D.5.45 p.m. April 25, 1957.

SECRET SECRET

Addressed to United Kingdom Delegation New York telegram
No. 11.72 of April 25,
Repeated for information to Washington
Paris

My telegram No. 1463 [of April 24] paragraph 5. [Suez Canal.]

I hope that in Friday's debate, the Security Council will appear to say in the strongest possible terms that the memorandum does not conform to the six principles. It should be made apparent in the debate that members of the Security Council think that the authority of the Council is involved; that in view of the unanimous resolution of October 13 it is up to the Egyptians to produce a memorandum which clearly conforms to those principles; and that the Security-Council must persevere until those requirements have been satisfied. are various methods by which the Security Council could pursue this aim, e.g. by setting up a negotiating committee, by asking the Secretary-General to talk to the Egyptians, by asking the United States to have another round of negotiations or by a further discussion in the Security Council with or without the Egyptians present. I think on balance the advantage lies in the last course. I do not think that our interests would be served by winding up the matter next Friday.

- 2. As to whether or not the Egyptians should attend a further meeting I have no strong view. Probably that suggestion will be made by someone. It might make an Israeli application to attend more certain, but I do not regard Egyptian attendance as a matter of cardinal importance one way or the other.
- 5. That is the attitude which I want to emerge with regard to the longer term. So far as the interim period is concerned I think that the United States views about a <u>de facto</u> arrangement should be noted together with those of a similar nature of any other members (paragraph 3 of your telegram No.994). It should be stated that time is obviously needed to consider that view and for consultation with users not represented on the Security Council.

/4. No doubt

R E F E

SECRET

U.K. Del. New York telegram No. 1172 to Foreign Office

- 2 -

- 4. No doubt in addition to the remarks you make as Chairman, you will also speak as United Kingdom Delegate. I must leave to you the timing of your speech. If possible I should like your comments to appear in part to be a reaction to what has already been said in the Security Council.
- 5. When you deal with the Egyptian memorandum I would like you to make it clear that our position is that we still stand by the six principles. You should then go on to examine in an objective manner the extent to which the Egyptian memorandum meets these principles along the following lines:
 - (a) So far as the first principle is concerned, the new declaration repeats Egyptian adherence to the 1888 Convention but goes no further,
 - (b) You have no comment on the question of Egyptian sovereignty, which was the second principle.
 - (c) With regard to insulation from politics, it can be said that the arbitration procedures proposed are a step in this direction but the memorandum appears to be deficient on this point in two respects:-
 - (i) The Development Fund would be solely under the control of the Egyptian Canal Authority. It would be much better if this Fund were in some independent bank and not where the Egyptian Government can get at it (I leave you to choose your own words for making this point in an unpolemic manner).
 - (ii) Egypt has the power unilaterally to withdraw or to change any or all of the procedures contained in the memorandum.
 - (d) The Egyptian proposal with regard to tolls appears to be reasonably close to the fourth principle although it is not identical. Also it is not clear with whom the Canal Authority would negotiate about the increases.
 - (e) The proportion to be devoted to development would appear to be satisfactory. I have already made the point about the independence of the Development Fund.
 - (f) On compensation we think that the procedures indicated are a reasonable appraoch, subject to the qualifications that there is no mention of the Suez Canal Company as there was in the sixth principle, nor is there any indication as to the source of the money for compensation.

/(g) The most

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U.K. Del. New York telegram No. 1172 to Foreign Office

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- (g) The most vulnerable aspect of the Egyptian proposals is their form. They are put in such a way that as it appears to us any part of them can be unilaterally withdrawn on the decision of any Egyptian Government at any time. (This point is confirmed by Hammerskjoeld's letter).
- 6. In conclusion you could say that the declaration represents a new development that Her Majesty's Government are studying and you could make the points in paragraph 3 above.
- 7. I think that it would be appropriate to suggest a further meeting of the Security Council to continue the discussion on Thesday or Wednesday of next week.

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PROM WASHINGTON TO FOREIGN OFFICE

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POREIGN OFFICE AND
WHITEHALL DISTRIBUTION

Sir H. Caccia

No. 965 April 23, 1957 D. 11.22 p.m. April 23, 1957

R. 1.12 a.m. April 21, 1957

Addressed to Foreign Office telegres No. 965 of April 23 Repeated for information Saying to Paris.

My telegrem No. 962: Stes Cenel. Following is verbating transcript of Mr. Dulles' remarks.

"Question: Does the United States have any plans to report on the Suez Canal negotiations to the Security Council. What if any progress has been made with the Egyptian Government.

Answer: We have been having discussions with the Egyption Government at its invitation about the régime which will apply to the operation of the Suez Canal. These have been going on for about a month. And also during this same period the Secretary General of the United Nations has been having talks on the same topic. Now that the Canal is generally open for traffic it seems to us that there should be more general public knowledge. In view of the fact that last October the Security Council laid down what it salls six principles or requirements, and in view of the fact that the Security Council remains seized of the matter, as a result of the proposal which I then made it does seem to us appropriate that there should be an early report made to the Security Council and perhaps through the Security Council to the world.

You asked a second question I think as to what progress has been made. That question I cannot answer because we do not yet know what the final decisions of the Egyptian Government will be with respect to certain aspects of this matter and what the declaration of the Egyptian Government when made will contain. I don't know at the present time; therefore I can't appraise the result.

Question: Does the plan as you understand it now embrace any or all of the six operating principles approved by the Security Operation in October.

Answer: As I say, I can't answer those questions because while we have had a rather full exchange of view with the Egyptian Government on these matters we do not yet know and will not know funtil the

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Washington telegram No. 965 to Foreign Office

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until the declaration is made to what extent our point of view will be taken account of.

Question: Do you expect to take the issue to the Security Council temerrow or Thursday perhaps.

Answer: Pessibly, although we are waiting on advices from Ambassador Hare. And I wouldn't like to use the word "issue" .. it is serely keeping the Security Council informed.

Question: Does that mean that no action will be sought and that it will be merely a report to the Security Council.

Answer: That's my thought as to the way it would probably be handled. Of course, I can't assume the responsibility for what other countries may do. But I would not think it was appropriate at this time to take the matter to the Council in a controversial way.

Question: In the meantime, Mr. Secretary, do we have any objections if American ships go through the Canal.

Answer: No, we have no objection. Our position in the matter remains as it was ennounced I think some ten days or two weeks age, where we made a Declaration, I think, or Statement of Advice to the shipping companies which, I think, referred to the use of prudence because of the certain difficulties that still existed. We have not changed that guidance. Of course you will recall that they are under instructions to pay the Egyptian Authority only under protest because of the fact that there may be conflicting claims made by the old universal Sues Canal Company.

Question: Would they be exercising prudence now if they went through the Canal.

Answer: Well I den't know. I think that is a judgment that, each ship owner, ship master or owner of the company will have to decide for himself .. how prudent it is. One of the dangers that we foresew at that time was the danger that there might still be obstructions to navigation. I assume that that danger is somewhat diminished by the fact that a good deal of traffic has already gone through without any untoward incidents. But that does not necessarily prove that the danger is entirely over.

Question: If Egypt rejects the United Nations six points what is the next move from our viewpoint.

/ARSWEY:

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Washington telegram No. 965 to Foreign Office

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Answer: Well, I prefer not to engage in speculation on that point because we do not know to what extent if at all the Egyptian Declaration will reject the six principles.

Foreign Office please pass Saving to Paris as my telegram No. 128.

[Repeated Saving to Paris].

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(Action completed)

FROM

Dated

Received in

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NOTHING TO

JE 1421/383

Minutes

CONFIDENTIAL

Dr. Menne, the Vice President of the German Federation of Industries who was over in this country last week leading an atomic energy party, gave me the following information on Friday evening which he was anxious should be conveyed confidentially to the appropriate department of the Foreign Office. Dr. Menne had been in Egypt three weeks previously with a German Trade Delegation and two matters had come up which he thought would interest us.

2. Egyptian Cotton

The Egyptians have complained to the Germans that the latter were not buying any of the Egyptian cotton crop. The Germans had replied that they were able to buy Egyptian cotton cheaper from other countries - meaning from the satellites. Since then the Egyptians have reduced the price of their cotton by 15%.

3. Canal dues

During their discussions Dr. Menne had met four Egyptian Ministers, the chief among whom was Abu Mosseir and the Managing Directors(?) of two banks including the Misr Bank. He, Dr. Menne, had floated to them the idea that in order to get over the difficulties about payment of Suez Canal dues they should found, with capital put up by King Ibn Saud, a "bank of Arabia" with its Headquarters in some such place as Beirut. All countries should then be invited to pay their Suez Canal dues to this Bank. Dr. Menne had thought Abu Mosseir was attracted by this suggestion.

A. C. Sain work

(H.C. Hainworth) April 15, 1957

Mr. Brenchley (African Dept)

Unless I have fulled to understand it fully, I connet see that Dr. Menne's larainwave really helps us to get over our difficulties

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Minutes

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Director-General: Sir Norman Kipping J.P. General Secretary: D. L. Walker C. B.E.

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Federation of British Industries

21 Tothill Street

London SW1

Whitehall 6711 Fobustry Parl Londo

24th April, 1957.

/ I mentioned to you yesterday a talk I had with Dr. Menne Menne, as you probably know, was over here recently on a German industrial atomic visit and as former President of the German Chemical Association and Chairman of Farbwerke, Hoechst, has been the leading spirit behind German industry's initiative in the exploitation of atomic energy with a particular view to co-operating closely with industry in this country.

- 2 Menne is a cumning, little man with a chip on his shoulder about his exceedingly humble origin which he over-compensates by an aggressive Nevertheless, manner, stimulated by over-indulgence in alcohol. behind his unprepossessing manner and exterior he is a genuine friend Dating back to the years before the war, when of this country. he was a refugee here in a small chemical factory in Watford and to the years immediately after the war when he was used by us in Germany to de-cartelise and de-concentrate the chemical industry and at the same time to build it up, he has always had an affection forthis country. He has a curious war record as he returned to Germany in 1939 to collect his family and his belongings and before he could get out before the declaration of war, he had a serious motor-car accident so that he woke up in hospital on the wrong side with the war having broken out whilst he was unconscious. However, he was creditably insolent to the Nazis who put him inside from time to time, but he weathered the storm and saved his skin.
- Recently, as you are aware, the Germans initiated an industrial exhibition in Cairo and Menne was sent out as the principal speaker Before going, he flew over to the States and on the German side. saw Bedell-Smith and Eugene Black. His talk with Bedell-Smith was a curious one because he was told that Fresident Eisenhower found himself still in a state of acute embarrassment over the Anglo-French intervention in Egypt - not because of the intervention but because we called it off half-way as a result of his pressure. He had

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expected us to carry it through and to discount any representations made by him, or his Administration, in the throes of the election as mere electioneering manoeuvres. This piece of political hindsight is possibly not much more than a re-statement of view in order to bring the difficulties being met by the Eisenhower doctrine into the general stream of historical re-writing which is being indulged in at the moment in order to present the policy of the President and Mr. Dulles in the best possible light.

✓ His talk with Eugene Black was more significant and it echoes certain rumblings I heard in Washington before Christmas. allegedly, with the support of the President, asked Menne to use his good offices to persuade the Egyptians to agree to an interim solution on the Suez Canal whereby they, with the help of wealthier Arab countries, would form an Arab Development Bank to which idea so much lip service has already been paid by the Arab League, with a view to forming an international body for the control of the Canal, pending final settlement with the expropriated company. Black suggested that if the other Arab States, particularly the oil bearing ones, were prepared to set up such a bank and that such a bank were prepared to run the Canal in accordance with the 1888 Monvention, on a non-political basis in line with the six points agreed at the United Nations, the International Bank would be prepared to come in as a partner, with finance, management and the additional inducement of promoting basic development in the The quid pro quo would be that the administration Arab world. of the Canal would allocate funds in reasonable propertions between Egypt, the maintenance and development of the Canal and the payment into a reserve fund for a settlement with the Canal company and its The International Bank would then initiate shareholders. negotiations with the Suez Cenal Company with a view to final. settlement.

Monne then went to Cairo, made what he described a highly provocative speech at the German exhibition and then was closeted for three days with Abou Nosseir, the Minister of Commerce, putting forward the Engene Black proposals as his own, as a basis for negotiation. He found the Egyptians difficult but desperate and anxious to reach a He believed they were worried at settlement without losing face. the extent to which they had become an economic satellite of the Soviet Union and at the extent to which their cotton production, as a result of the splitting up of the big estates into smaller units, had resulted in inferior qualities and potentially even greater losses in world markets than they had suffered already. He also found that they were seriously perturbed at the evidence he gave them of Egyptian cotton being seld by the Czechs. at a discount on the German market, thereby further disturbing their prospects of trade outside the Communist area.

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How much of all this is true and how much should be attributed to Menne's continued desire to make us believe in him as an ally, I do not know but I thought you might be interested in the story in case it has not already been reported to you by our Embassy in Benn.

P. F. D. Tennant

Overseas Director.

D. A. H. Wright, Esq., C.M.G., Foreign Office, Downing Street, LONDON, S.W.1.

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JE1421/386.

FROM NEW YORK TO FOREIGN OFFICE

(United Kingdom Delegation to the United Nations)

Cypher/OTP

MIDDLE EAST SECRET
(CABINET) DISTRIBUTION

Sir P. Dixon

P . 5

No. 994 April 24, 1957

24, 1957

NAB

9. 3.12 a.m. April 25, 1957

R. 5.25 a.m. April 25, 1957

IMMEDIATE SECRET

Addressed to Foreign Office telegram No. 994 of April 24, Repeated for information Paris and Washington.

Your telegram No. 1463: Suez Canal.

My meeting this morning with Cabet Ledge was quite satisfactory. He showed me the draft of the letter calling for a Council meeting (text in my telegram No. 990); he could not show me the draft of the United States statement in the Council, since he said this was being drafted in Washington, but added that he would show it to me when it was available and make sure it was all right. I understand from him this evening that it is now with Mr. Bulles. He asked that we should speak in the first instance to the Colombian, Cuban, Philippine and Swedish members of the Council on the way in which we would like the debate to go, but agreed to follow up our suggestions to them himself and to bring the Chinese into line. We took full responsibility for speaking to the French and Australians.

2. The American letter was deposited at midday, but almost simultaneously the Egyptian permanent representative gave Dr. Fawzi's letter with the text of the Egyptian Declaration (my telegram Nes. 991 and 992) to the Secretary General for registration.

Hammarskjold had warned me in advance that this would probably happen and had strongly urged that the meeting should not take place until Friday merning. Ledge also expressed doubt whether members of the Council would be ready by Thursday afternoon and I found this confirmed in my conversations with other representatives this afternoon. After an initial sounding of opinion through the Secretariat, I therefore thought it best to give my decision, as President of the Council, for a meeting at 10.30 a.m. on Friday 26.



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(UKDEL) New York telegram No. 994 to Fereign Office

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- short list of points which we would hope to see made, welcoming the United States statement and the initiative they had taken, expressing disappointment that, on first examination, the Egyptian Declaration did not seem even new to meet fully the requirements of the October Resolution or the understandings in the Secretary General's correspondence with Br. Fawzi, but remarking that, with the Canal open, no doubt commercial interests want to use it and at least de facto arrangements should be made to enable international shipping to make normal use of the Canal such arrangements being of course purely de facto and without projudice to the stand of the Governments concerned on the principles involved in a final settlement.
- L. These points were generally agreed with the Americans, who have undertaken to press their use on other members of the Council. The reference to commercial interests was inserted after I had put my French colleague into the picture since it was clear that he might have had to come out openly against any suggestions that Governments ought to give even de facto recognition to the Egyptian Declaration. The French will clearly be uncomfortable with the present operation and my French colleague does not yet know what he will be instructed to say. He hoped, however, that any reservations he would have to make would not raise an issue at the meeting. My Australian colleague, whom I have now also put fully in the picture, is reasonably confident that he will be able to go along with the operation, though his instructions from Camberra are very florce.
- 5. In my conversations with the Swedish, Cuban and Philippine colleagues this afternoon, I have, I hope, convinced them of what we think needs saying, though none were prepared to commit themselves without reference to their Governments. Numez-Pertuendo of Cuba is clearly reluctant to give even the most medified recognition to the Egyptian Declaration, and feels there may be some advantage in Cuba keeping itself uncommitted. Urrutia of Colombia, to whom I have only so far been able to speak by telephone in Washington is, on the other hand, willing to be cooperative and follow an Angle-U.S. line.

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(UKDEL) New York telegram No. 994 to Fereign Office

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- 6. I do not propose to speak to my Russian or Iraqi colleagues until temerrow. Iraq is new represented by the Ambassador in Washington, Jawad having apparently been relieved of his job this morning. Sobelev has raised no objection to the Security Council meeting and, since the Egyptians apparently new accept the idea of an undramatic meeting, it is conceivable that he may let things take their course. The Secretary General, who has spoken to him, believes he will. I am prepared, however, for procedural difficulties and possibly for an all-out attack on the French and ourselves, perhaps linked with the correspondence with Mr.Khrushahev which has just been released.
- 7. The Israeli delegation to whom I spoke this evening, have no instructions as yet about asking to attend the meeting.

 Mr. Kidron felt that this could not be ruled out, but he agreed that it might be mechanically difficult to arrange for Israeli participation in a one-day meeting.
- 8. As a result of my first contacts with delegations today, I judge that we should be able to complete the present Security Council operation in the course of a morning and afternoon debate on Friday, provided that the American opening statement is on the right lines and that the Russians do not consume too much time by presedural or propagandist excursions.

Please repeat <u>immediate</u> to Paris as my telegram No. 168. [Repeated to Paris].

ADVANCE COPIES:

Private Secretary
Sir W. Hayter
Mr. Beeley
Mr. Ress
Head of African Department
Head of News Department

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United Kingdom Delegation to the United Nations)

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Sir P. Dixon

No. 992 April 24, 1957 D: 11.47 p.m. April 24, 1957 R: 2.43 a.m. April 26, 1957

IMMEDIATE

Addressed to Fereign Office telegram No. 992 of April 21. Repeated for information to Paris and Washington.

My telegram No. 991: Suez Camal.

Fellowing is text of Egyptian Declaration.

Begins.

In elaboration of the principles set forth in their memorandum dated 18 March 1957, the Government of the Republic of Egypt, in accord with the Constantinople Convention of 1888 and the Charter of the United Nations, make hereby the following Declaration on the Sucz Canal and the arrangements for its operation.

1. Reaffirmation of Convention.

It remains the unaltered policy and fire purpose of the Government of Egypt to respect the terms and the spirit of the Constantinople Convention of 1888 and the rights and obligations arising therefron. The Government of Egypt will continue to respect observe and implement them.

2. Observance of the Convention and of the Charter of the United Nations.

While reaffirming their determination to respect the terms and the spirit of the Constantinople Convention of 1888 and to abide by the Charter and the principles and purposes of the United Nations, the Government of Egypt are confident that the other signaturies of the said Convention and all others concerned will be guided by the same resolve.

- 3. Freedem of mavigation, tells and development of the Canal.
 The Government of Egypt are more particularly determined:
 - (a) to afford and maintain free and uninterrupted mavigation

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Ukdel New York telegram No. 992 to Fereign Office

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for all nations within the limits of and in accordance with the previsions of the Constantinople Convention of 1888;

- (b) that tells shall continue to be levied in accordance with the last agreement, concluded on 28 April 1936, between the Government of Egypt and the Suez Canal Maritime Company, and that any increase in the current rate of tells within any twelve menths, if it takes place, shall be limited to 1%, any increase beyond that level to be the result of negotiations, and, failing agreement, be settled by arbitration according to the precedure set forth in paragraph 7 (b).
- (6) that the Canal is maintained developed in accordance with the progressive requirements of modern mavigation and that such maintenance and development shall include the 8th and 9th programmes of the Suez Canal Maritime Company with such improvements to them as are considered necessary.

4. Operation and Management.

The Canal will be operated and managed by the autonomous Suez Canal Authority established by the Government of Egypt on 26 July 1956. The Government of Egypt are looking forward with confidence to continued cooperation with the nations of the world in advancing the usefulness of the Canal. To that end the Government of Egypt would relcome and encourage cooperation between the Suez Canal Authority and representatives of shipping and trade.

5. Financial Arrangements.

- (a) Tells shall be payable in advance to the account of the Suez Canal Authority at any bank as may be authorized by it. In pursuance of this, the Suez Canal Authority has authorized the National Bank of Egypt and is negotiating with the Bank of International Settlement to accept on its behalf payment of the Canal tells.
- (h) The Suez Canal Authority shall pay to the Government of Egypt 5% of all the gress receipts as revalty.
- (c) The Sucz Canal Authority will establish a Sucz Canal Capital and Development Fund into which shall be paid 25% of all gress receipts. This fund will assure that there shall be available to the Sucz Canal Authority adequate resources to meet the needs

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Ukdel New York telegram No. 992 to Fereign Office

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of development and capital expenditure for the fulfilment of the responsibilities they have assumed and are fully determined to discharge.

Canal Code. 6.

The regulations governing the Canal, including the details of its operation, are embedied in the Canal Code which is the law of the Canal. Due notice will be given of any alteration in the Gode, and any such alteration, if it affects the principles and desmitments in this Declaration and is challenged or complained against for that reason, shall be dealt with in accordance with the precedure set forth in paragraph 7(b).

- Discrimination and complaints relating to the Canal Code. 7.
- (a) In pursuance of the principles laid down in the Constantinople Convention of 1888, the Suez Canal Authority, by the terms of its Charter, can in no case grant any vessel, Company or other party any advantage or favour not accorded to other wessels, companies or parties on the same conditions.
- (b) Complaints of discrimination or violation of the Canal Code shall be sought to be resolved by the complaining party by reference to the Suez Canal Authority. In the event that such a reference does not resolve the complaint, the matter may be referred, at the option of the complaining party or the authority, to an arbitration tribunal composed of one nominee of the complaining party, one of the authority and a third to be chosen by both. In case of disagreement, such third number will be chesen by the President of the International Court of Justice upon the application of either party.
- (c) The decisions of the arbitration tribunal shall be made by a majority of its members. The decisions shall be binding upon the parties when they are rendered and they must be carried out in good faith.
- (d) The Government of Egypt will study further appropriate arrangements that could be made for fact-finding, consultation and arbitration on complaints relating to the Car
- 8. Compensation and claims.

The question of compensation and claims in connexion with the matiemalization of the Suez Canal Maritime Company shall,

/ unless

Ukdel New York telegrem No. 992 to Fereign Office

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unless agreed between the parties concerned, he referred to arbitration in accordance with the established international practice.

- 9. Disputes, disagreements or differences arising out of the Convention and this Declaration.
- (a) Disputes or disagreements arising in respect of the Constantinople Convention of 1888 or this Declaration shall be settled in accordance with the Charter of the United Nations.
- (b) Differences arising between the parties to the said Convention in respect of the interpretation or the applicability of its provisions, if not otherwise resolved, will be referred to the International Court of Justice. The Government of Egypt would take the necessary steps in order to accept the compulsory jurisdiction of the International Court of Justice in conformity with the provisions of Article 36 of its Statute.
- 10. Status of this Declaration.

The Government of Egypt make this Declaration, which re-affirms and is in full accord with the terms and spirit of the Constantinople Convention of 1888, as an expression of their desire and determination to enable the Sues Canal to be an efficient and adequate waterway linking the nations of the world and serving the cause of peace and presperity. This Declaration, with the obligations therein, constitutes an international instrument and will be deposited and registered with the Secretariat of the United Nations.

Buds.

Please repeat to Paris as my telegram No. 166.

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[Repeated to Paris].

ADVANCE COPIES

Private Secretary Sir W. Hayter

Mr. Ress

Mr. Beeley

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Head of African Department Head of United Hations D Department

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