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CONFIDENTIAL

*Foreign Office and Whitehall Distribution*

EGYPT  
August 14, 1956  
Section 1

JE 14211/823

**RECORD OF CONVERSATION BETWEEN THE SECRETARY OF  
STATE AND THE PRESIDENT OF THE SUEZ CANAL COMPANY  
ON AUGUST 14, 1956**

1. I saw M. Charles-Roux, the President of the Suez Canal Company, on August 14.

2. M. Charles-Roux made three main points.

3. The first point concerned the legality of Nasser's nationalisation of the Company. It was most important that Her Majesty's Government and other Governments should not recognise the legality of this act. The original *firmans* of the Company recognised its international position, and the 1888 Convention mentioned the Company in the preamble and various Articles. If Nasser's right to liquidate the Company were admitted, even the 1888 Convention would fall to the ground.

4. M. Charles-Roux then asked that the old Company should be allowed to play some part in the new arrangements. Some continuity was necessary if the experience, the personnel, the plans and the archives of the old Company, which had a great and irreplaceable value were to be put at the disposal of the new management of the Canal. Any other arrangement would impair the facilities available to users.

5. Thirdly, M. Charles-Roux explained the material and moral difficulties of the pilots and other Company personnel who had remained at their posts in Egypt at the wish of the British and French Governments. It was only thanks to them that the Canal was functioning. How much longer should they continue to serve Nasser's Company? Surely the time would come when they should be called out.

6. On M. Charles-Roux's first point I explained that we did not accept the legality of Nasser's nationalisation. The Prime Minister of Australia had set out the legal position very clearly in his broadcast which had been agreed with Her Majesty's Government. I myself would that evening emphasise the same point in my own broadcast. M. Charles-Roux expressed his gratitude.

7. On the second issue, I explained that we could hardly hope to restore the Suez Canal Company to its former position and M. Charles-Roux accepted this. On the other hand, I recognised the great value of what the Company had to offer; and expected that its experienced personnel and other assets could in some way be brought to play a part in whatever new arrangements were made for operating the Canal. M. Charles-Roux hoped that the Company would survive as an entity in some form; but appeared satisfied with my assurances.

8. I explained to M. Charles-Roux the reasons why Her Majesty's Government had felt it undesirable to bring out the pilots and other Company personnel immediately after Nasser nationalised the Company. For one thing, we needed the Canal to function in order to obtain the necessary oil. For the present, I thought the position should remain as it was. We might be able to see more clearly how things were moving when the Conference had been in session for a few days. The question could be discussed with Canal Company officials, perhaps next Monday or Tuesday. M. Charles-Roux thanked me, and said that M. Georges Picot would be available in London for this purpose, though he himself would return to Paris.

9. Finally, M. Charles-Roux said that he would make exactly the same points to the Prime Minister as he had made to me.

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*[Handwritten signature]*

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PRIME MINISTER

The Foreign Office tell me that Monsieur Charles-Roux will raise the following points with you:-

- (a) He will argue that nationalisation of the Company was illegal. While we do not dispute this, the line recommended in the Foreign Office brief is that we should not play this point up at the Conference because so many countries are anxious to maintain the ~~legality~~ legality of nationalisation.
- (b) He wishes to know what part the old Company will be allowed to play in any new arrangement. The Foreign Secretary has said that, while he could make no promises, he certainly thought that it would be desirable for the archives and personnel of the old Company to be at the disposition of any new body.
- (c) He will express distress at the position of the pilots and other personnel and argue that they should be withdrawn now. The Foreign Secretary has said that this is a subject which could be discussed with members of the

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Company next Monday or Tuesday when we see how the  
Conference is going. Meanwhile ~~Government~~<sup>Company</sup> personnel  
should stay at their posts.

P. de Z.

August 14, 1956

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7.14/8.55

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SECRET

August 12, 1956

*Dear Donald*

The Prime Minister is willing to see the President of the Suez Canal Company while he is in London if the Foreign Secretary thinks that this is desirable.

This would have to be on Tuesday or Wednesday. But perhaps the best procedure would be for the Foreign Secretary to see Monsieur Charles-Roux first, and for us to make whatever further arrangements are desirable subsequently.

*Yours*  
F. A. B

D. A. Logan, Esq.,  
Foreign Office.

On

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10, Downing Street,  
Whitehall,

*Perhaps - see ...  
him ...*  
Prime Minister

The President of the  
Ducy Canal Company, Mr.  
Charles - Reed, is coming  
to London on Monday &  
has asked to be received  
by you and the Foreign  
Secretary. He will be  
staying on Tuesday &

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Wednesday.

The P.O. recommend

that you should see

him if possible.

S. O. W.  
11/8.

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FROM PARIS TO FOREIGN OFFICE

Cypher/OTP

DEPARTMENTAL DISTRIBUTION

Sir G. Jebb

No. 223  
August 11, 1956.

D. 1.51 p.m. August 11, 1956.  
R. 2.00 p.m. August 11, 1956.

IMMEDIATE  
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My immediately preceding telegram.

Following is text of letter referred to:

J'ai l'honneur de vous prier de vouloir bien faire connaître le plus rapidement possible au Gouvernement de Sa Majesté Britannique le désir de notre Président, M. Charles-Roux, d'être reçu avant l'ouverture de la conférence de Londres par le Premier Ministre Britannique et par le Secrétaire d'État aux Affaires Étrangères.

M. Charles-Roux comprend fort bien que, durant la conférence, il sera sans doute impossible à l'un et à l'autre de le rencontrer, et c'est la raison pour laquelle il est disposé à se rendre à Londres un ou deux jours avant, estimant indispensable le contact souhaite. Vous me permettrez d'ajouter qu'il a été de tradition constante, au cours des quatre-vingts années de collaboration Franco-Britannique au sein de la Compagnie, que le Président de celle-ci soit reçu par le Premier Ministre lorsqu'un événement grave menaçait l'avenir du canal.

M. Charles-Roux pourrait se tenir à la disposition de M. Eden et de M. Selwyn Lloyd aussi bien durant la journée de mardi que mercredi prochain. Étant donné qu'il devra prendre des dispositions pour quitter Paris lundi soir, nous attacherions le plus grand prix à recevoir la réponse du Gouvernement de Sa Majesté soit demain, soit dans la matinée de lundi.

[Copies sent to No. 10 Downing Street].

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END

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FROM PARIS TO FOREIGN OFFICE

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Sir G. Jebb  
No. 222  
August 11, 1956

D. 1.47 p.m. August 11, 1956  
R. 1.52 p.m. August 11, 1956

IMMEDIATE  
CONFIDENTIAL

Suez Canal Company.

The Director General of the Company has addressed a letter to the Minister Commercial (text in my immediately following telegram) stating the desire of the President of the Company to be received by the Prime Minister and yourself before the opening of the conference. The President is prepared to travel to London on Monday evening and requests a reply by Monday morning.

2. From the point of view of this post, I feel it is desirable that the President's request should be met.

[Copies sent to No. 10 Downing Street].

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*Note*  
I have written speaker  
to Mr. Logan to say that PM  
is willing to see Mr. C.R. we  
can fix a time when Mr. Logan  
has made arrangements to  
see him.

*AS 12/8*