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Middle East

Meeting of Advisory Committee on UNEF

4 Jan. 57

CONFIDENTIAL

MEETING OF ADVISORY COMMITTEE ON UNEF

Held in the Secretary-General's Conference Room
on Friday, 4 January 1957, at 10.00 a.m.

The SECRETARY-GENERAL: The immediate purpose of this meeting is to inform you about present arrangements and the present state of affairs with regard to that most important operation, the clearing of the Canal.

As you know, two representatives of the Secretariat, Mr. Cordier and Mr. Katzin, spent three days in Cairo at the end of last week, and I think that the best way to give you a complete picture of how matters stand would be to invite Mr. Cordier to give an oral report on the situation.

Mr. CORDIER: Mr. Katzin and I left on Christmas day to go to Egypt to talk over questions relating to the clearance of the Suez Canal. Upon our arrival there, we went immediately to Port Said for consultations with General Wheeler. Those consultations were very helpful in terms of defining more clearly the requirements and the current status of the situation at Port Said and in the Canal generally.

On the basis of the British-French withdrawal and the situation that existed at the moment of that withdrawal, it was necessary to reappraise the situation with respect to General Wheeler's needs. As a result, the situation that has emerged is one in which the German ships, already having gone down the Canal, but originally intended to be used in Port Said, made it possible for him to engage in a re-deployment of his resources, with the consequence that, with the British-French ships available in Port Said and with the salvage fleet available for work in the Canal, there could, therefore, be a separation of tasks, in which the salvors would perform the task down the Canal, and the British and French would pursue their task in Port Said Harbour proper. A scheduled phase-out was arranged for the French and British ships, based, of course, upon the completion of their task, except for certain clean-up responsibilities pursuant to their work. In turn, this programme was discussed with General Wheeler's opposite, Mr. Younis of the Suez Canal authority, and was discussed subsequently with the top authorities in Cairo. On the basis of these discussions, approval was given to the initiation of work in the clearance of the Canal and, as we left, the green light was given so that the ships actually did go down the Canal and the work was started.

(Mr. Cordier)

I might say in this connexion that, with this balance which has been established - a balance in terms of the work requirements - General Wheeler feels quite satisfied with the arrangements and quite satisfied indeed with the competence of the salvage fleet.

General Wheeler, in the course of our stay, made an announcement to the press in which he set forth in broad outline the staging of the operation over the next several months. He felt that it was possible to say that by early March the 25-foot draft would have been completed and that by early May the normal 34-foot draft would have been completed.

A considerable number of other problems were looked into, for example, the condition of the workshops, the restoration to full use, the question of the surveys and communications and lighting for the Canal, which represents a part of the responsibility for the restoration of the Canal to normal use. In all of these respects the work was proceeding with great energy and dispatch, so that the feeling which Mr. Katzin and I had was that we, here, at the United Nations had every reason to be satisfied with this operation and that it was of the utmost importance that the work should actually get under way. With a fleet total of some forty or more ships available, it meant that each day in which work was not done the loss of forty ship-days of work. Looking at the problem from that point of view, it was therefore a matter of the greatest urgency to get the work started and, therefore, we came away from Egypt satisfied that, at any rate, after some delays, the work had been started and started in such form as to give some assurance of carrying out a responsibility which all of us had taken very seriously, the responsibility of clearing the Canal at the earliest possible date.

Mr. KATZIN: I do not think there is anything to add by way of general report. That is the situation. It might be well to add only this, that in the clearance of the balance of the work in Port Said by the remaining Anglo-French ships, it was not intended that all that work would be finished by those ships in toto. It is only intended that certain specific work should be completed and the balance finished by the salvage fleet. In case there is any misunderstanding as to the degree of work that has to be finished, I thought that would be a clarification.

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The SECRETARY-GENERAL: I think that you should qualify the clarification to indicate that what will be left over will be without practical significance to the viewpoint, let us say, of the consumers and users. We have, after all, carried the work forward to the so-called phase No. 2.

Mr. KATZIN: Yes, it will not affect the opening date for the main channel.

The SECRETARY-GENERAL: That is the important thing. I think that the members of the Committee can follow these developments from figures which, without being precise, indicate something of the size of the operation - that is to say, the size of the United Nations salvage fleet, and the size of the fleet which will be deployed for most of January in Port Said. These are only general figures.

Mr. KATZIN: There are, or will be thirty-two vessels in the United Nations salvage fleet down the Canal, and they will be Dutch, Danish, French, German, Belgian, Italian and Swedish in origin. In addition there are eleven salvage vessels of the Anglo-French fleet left in Port Said with five supporting ships, all of which will be phased out at various points as they have completed their allotted tasks. Those, in round figures, are the numbers.

The SECRETARY-GENERAL: That is to say that I guess it is, organizationally, the biggest manoeuvre in this field that has ever been tried. I hope there will not be too many wrecks in other parts of the world because they will not have a chance.

Mr. ENGEN (Sweden): Could I ask a question more in relation to the ships which will be there after the opening for limited traffic in the Canal at the beginning of March, as I understand it? Could anything be said now as to the situation as far as pilots and equipment for the traffic are concerned? What would the situation be in March?

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Mr. KATZIN: There are conversations going on now between General Wheeler and the Canal authority on this question of a standing force of pilots. The problem might be one of vessels rather than pilots as far as I understand the situation now. An inventory of all available vessels is being taken. It might be necessary at some point between now and that date to engage in some hiring of tugs in particular, but that is a matter regarding which we shall have to await a report from General Wheeler.

Mr. ENGEN: Would that affect the situation in so far as being able to take, for example, convoys of pre-war normal size through the Canal?

Mr. KATZIN: Yes, there will be a one way passage for convoys of limited draught ships - 10,000 tons - for the March-May period. Thirty-four-foot draught ships will not be able to go through normally until about mid-May.

Mr. ENGEN (Sweden): I mean the number of ships in any convoy in that period.

Mr. KATZIN: I could not give an answer to that.

The SECRETARY-GENERAL: There will, of course, be enormous traffic pressure in early March, but that is something which will also have to be gone into. I think that it is a little premature - there are so many interests involved, not only shipping interests and ship-owner interests, besides Egyptian interests, but also, of course, the dry-cargo consumer interests, which comes out very, very heavily. That certainly needs to be looked into. I do not see how the United Nations itself could engage in it. On the other hand, I do feel that the United Nations might usefully serve as a kind of catalyst in order to get thinking going in the right direction on this problem.

Mr. MIR KHAN (Pakistan): I was going to ask another question that comes out of the question asked by Mr. Engen. Can anything be said about the attitude of the Government of Egypt after the Canal is cleared, if not for the pre-war traffic rate, but at least for limited traffic, about any possible dues or duties on the side of Egypt? I mean might there be some political hitch or agreement as soon as it becomes possible to put the traffic through? Is it going to wait until there is a political settlement of any kind or will there be any difficulties on that?

The SECRETARY-GENERAL: I have not the slightest indication of any likelihood of such difficulties. It would not be in line at all with the whole tendency of the Egyptian handling of this question, and I think Mr. Cordier and Mr. Katzin will confirm that, on the highest level in Egypt, we have had only the most active co-operation. I should like it to be recorded that their actions all through -- there have been all sorts of technical difficulties which are unavoidable in an operation of this type -- have indicated that it is their wish to get Canal traffic moving.

Mr. CORDIER: That is definitely the case.

Mr. LALL (India): May I just make a comment and ask a question about this. There is, after all, the fact that, while conversations were going on before the hostilities and the armed action in Egypt, traffic was going through the Canal, although there were in fact perhaps no agreements at that time as to the basis of the traffic going through; and there is no reason why Egypt would not continue on that basis. My question, which relates to clearance, is this. These operations are going forward, but has progress been made regarding the agreement on clearance?

The SECRETARY-GENERAL: You mean agreement on clearance, not agreement on the Suez?

Mr. LALL (India): Yes, on clearance.

The SECRETARY-GENERAL: The texts are discussed and ready in Cairo; they are on the way here. There is no change.

Mr. BUNCHE: They have been initialled, have they not?

The SECRETARY-GENERAL: They have been initialled. They are, of course, not signed because they will be circulated here again, as I promised. I hope that they will not cause any difficulty here. In fact, the texts which you have seen

(The Secretary-General)

here are the same, with one slight qualification, which is common sense. I think, therefore, that we can take the approval here rather as a routine matter when we get the paper on the table early next week. And I hope that we shall then be able to sign it right away and circulate it to the General Assembly for information.

Mr. LALL (India): The texts have been initialled?

The SECRETARY-GENERAL: Yes.

Mr. SKAUG (Norway): I should like to refer to the question discussed a little while ago with regard to the problems which may arise at the beginning of March when the Canal is reopened for limited traffic. We understand that it is hoped that ships up to 10,000 tons will then be able to go through. That means, primarily, that dry-cargo ships will come through since in the ocean-going tank fleet there are few ships below the size of 10,000. There are some 4,000-ton ships in the Mediterranean traffic, but not many. These small tankers which are available should properly go through to the fullest extent possible, in our opinion, but the whole question of arranging that traffic, as far as the tanker fleet is concerned, will have to be co-ordinated with the whole system of the allocation of tanker tonnage, which is now being done by the Oil Companies Committee in London, as well as in the OEEC in Paris, on a hardship case basis. There is no normal allocation of the oil supplies to European countries right now. We have all had to cut down our consumption, and the problems arising in different countries are being solved through these London and Paris Committee arrangements on a hardship case basis. Therefore, to the extent that it will be possible to get additional oil supplies through the Canal from the beginning of March in these smaller ships, it is probably reasonable that those supply possibilities should be co-ordinated with the other oil supply possibilities, which are already available through the remaining pipe-lines, to the ships going through the Canal and coming from the Western Hemisphere. I think somebody will have to think a bit about how this should be arranged in order that there will not be any unnecessary confusion.

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(Mr. Skaug, Norway)

The next problem is, of course, the dry-cargo ships. There are many ships up to the size of 10,000 tons, and the question may arise whether there will be a queuing up because there may be more ships than the Canal can take. Although one may be in a position to clear the Canal for ships up to 10,000 tons, it is still not certain that the convoys can be of the same size as they used to be before, because clearing operations will be going on in the Canal and perhaps it will not be possible to take convoys of thirty-five to forty ships. In that case, a priority problem will arise as to what ships should go through, and somebody will have to give some thought as to how that should be done. There is, I might add, considerable interest in these problems in several European countries because they will be affected in this matter and anxious to see a solution which is a fair and just one - that is, taking all interests into consideration.

I understood from what you said, Mr. Secretary-General, that you do not think the United Nations in itself is an organ equipped in such a way that it can properly handle the traffic problem, but since the initiative now lies with the United Nations in the clearing of the Canal, it seems to me that it will be useful if some talks are held about how this whole problem should be tackled. It is not being solved by itself. To solve this problem we shall need, of course, the assistance of the Egyptian authorities to the fullest extent and we shall have to work out a solution with them.

The SECRETARY-GENERAL: May I make it clear that what I meant was that the United Nations as such cannot assume the negotiations and the administrative responsibilities, but, as I added, I felt that the United Nations might well be the catalyst for getting going the kind of talks necessary. And I would say that there is one very strong reason for that, which is that there are so many interests involved. We can mention the dry-cargo interests, the interests of Western Europe with regard to oil, and our friends in Ceylon, India and Pakistan have very strong interests too. And something which is so close to universality as the United Nations certainly does provide the most neutral basis for reaching agreement on how the problem should be tackled. My own feeling is that this is not a matter that should be brought up, so to say, General Assembly-wise, and I think that one of the real contributions which this group can make is to give constructive thought to it, because all the main interests are represented here.

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(The Secretary-General)

What is outside is some of the big shipping interests and the Egyptian interests, but they can be taken care of because the links which we can establish - with the United Kingdom, France and Egypt or others are a matter of course. Therefore my suggestion would be that the members of the Committee would give thought to this, consult to the extent which you feel you should with your colleagues and other delegations, and then that we should try to map out a little how to tackle this problem from here so as to get the proper arrangements going without ourselves assuming primary responsibility for running them.

Mr. SKAUG (Norway): I should like to remark in this connexion that, although Western Europe is vitally interested - and Pakistan, India and Ceylon also - fortunately in this case we have no conflicting interests because the ships which are going from India, Ceylon and Pakistan through the Canal are bringing commodities for Western Europe, and the same ships are going back bringing commodities to those countries. So this is a case where there is every opportunity for these Asiatic exporting and importing countries to find a happy formula for co-operation with the European exporting and importing countries, and our interests are more or less the same with regard to the traffic through the Canal.

The SECRETARY-GENERAL: I did foresee such a harmonious situation round this table.

Mr. LALL (India): There have been times before when operations through the Canal have been interrupted and then shipping has been resumed. The point raised seems to me to be largely a matter of wise administration of the Canal facilities, and therefore it links up with the discussions which will soon take place, we hope, regarding the future of the Canal itself. I do not want to try to suggest anything here, but we all are aware of suggestions regarding arrangements for consultations between consumer interests and the Egyptian Canal authority. It seems to me that the point raised underlines the importance and urgency of coming to some arrangement regarding the functioning of the Canal. With great respect, I do not think that very much can be done round this table in that matter at this stage. I think that we can certainly take note of the problems

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that will arise, but they are problems which primarily involve the administration of the Canal, and that means in the last analysis that there will, we hope, be arrangements regarding the administration of the Canal which will allow for consultations between the Egyptian Canal authority and consumer interests so as to reach widely acceptable conclusions relating to priorities and the movement of traffic through the Canal, particularly in the March-May period when facilities will be rather limited.

I would add one point, and that is that, of course, the facilities will be limited during that period, but, as has been remarked, they will be of such character that the normal cargo ship, which is a 10,000 ton ship, will be able to go through the Canal, and the tanker fleets, which begin at 10,000 to 14,000 and then go up, will not be going through the Canal. So the oil problem will not be very much resolved during the period; but it would seem to me prima facie that just because the passage will be limited to 10,000-ton ships, there ought not to be too much difficulty about moving the dry-cargo tonnage through the Canal both ways.

Mr. ENGEN (Sweden): It seems to me that it might be possible to find out whether this is a problem at all, or whether it is not a problem. Somewhere there must be some statistics on a breakdown of size of ships going through the Canal in normal times and, given that, if those figures can be provided, we could perhaps easily see whether the number of ships up to 10,000 tons, which in normal times go through the Canal, is so large as to create any problem at all.

Mr. de FREITAS-VALLE (Brazil): Except that the salvage work is going on. That will disturb the traffic.

Mr. SKAUG (Norway): General Wheeler might estimate how many convoys he thinks could be let through the Canal at Port Said during that period, and then how many ships of that size can go through in normal times. Then we can see whether there is a problem of any importance.

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The SECRETARY-GENERAL: I think that could be done. There are all sorts of basic studies being made, in our Economic Division, concerning Canal traffic. But what could be done, and what might be very useful, would be to get a joint study between our Economic Division and representatives of the Canal authority, based on the kind of statistical analysis which you have in mind. But I should like to make a comment on what Mr. Lall has said. I agree that, of course, the settlement of the Canal issue itself would take care of this problem. We cannot exclude the possibility that those talks, which have to be conducted under unusual circumstances, and the more complicated negotiations between technicians, will not be concluded in time for the reopening of traffic. I do not feel that the situation on the consumer side does give rise to any kind of, let us say, cut-throat situation - first come, first served - that would lead to the most absurd kind of line-up and present the Canal authority with an insoluble problem, for whatever line they took without consultation with consumers would lay them open to criticism of discrimination, etc. That is to say, we may not have the definite form of co-operation between the Canal authority and the users by early March, but we will certainly need some form of co-operation at that stage.

Now, there is only one, so to say, joint organ - at least in being - for the users, and that is, of course, the Suez Canal Users Association. However, that, as we know, fits into the negotiations picture in such a complicated and, in some respects, delicate way that I do not think it can at present be regarded as the natural springboard for any approach to the Egyptians. I do not believe, of course, that this Committee could take the problem in its own hands and present a solution, but I think some constructive thinking could take place here as to how one should best achieve a balanced consumer approach, which is necessary in the contact with the Egyptians and in advance of the reopening of traffic. That is a very limited problem, but one which I think deserves the greatest attention, and we do not prejudge anything by giving it some constructive thought round the table.

I may say, on the general point, that I have the best hopes. However, necessarily, we start out for negotiation with a rather unusual background, and it is unavoidable that it will be more time-consuming than the same negotiations would have been in normal circumstances.

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Mr. KATZIN: May I make a statement on the question of the analysis of the type of vessels - roughly, the comparison between previous traffic in relation to those types and sizes and also the possible arrangement for passage of vessels through the channel. A comprehensive study has been made. It is in the course of being checked in detail by General Wheeler now and will be discussed with the Canal authorities. I believe that within three weeks at the most we can expect a full report on that. The study is comprehensive; it is related to all traffic in the Canal by size of ship and type of vessel and will have to be related also to the position of the remaining obstructions on which salvage work will continue. Based on that report - which has now been checked with a report of the former Suez Canal authority - I think there will be a possibility within about three weeks, of coming up with some definite proposals in relation to the traffic after the reopening of the channel.

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Mr. URRUTIA (Colombia): Coming to the heart of the problem, is there any idea to press now in the Assembly the United States resolution on a general settlement of the Canal situation?

The SECRETARY-GENERAL: Of course, I cannot speak for our United States friends, but my impression is that they are not pressing. They rather expect that the development will take its normal course with more and more extended contacts, where we will really go back to the stand of 24 October and elaborate that without, for the time being, starting any formal negotiations in the strict sense of the word. It is my impression that the parties most directly interested all ought to consider that such an approach is more promising than a formalized approach of a kind which the General Assembly could establish. What the General Assembly might do would be of course to recommend that the matter be pursued in this way. But there is no need for such a recommendation. It will be done all the same. There is no need for pressure. Everybody feels the pressure. To have a debate on this issue at present with all the other burdens and without very much of a possibility to contribute to a positive substantive result has not seemed to me to be very desirable.

As I said at the beginning, I do not speak for our American friends, but I have the impression that this view, on the whole, is shared by them.

Mr. URRUTIA (Colombia): It is better to face the problem. In this case, do you not think it would be better to have it more or less understood that you ought to go ahead by yourself to try to do the best you can? Because one of the problems I would like to avoid is, when we open the Canal, to have any discussion on the payment of the tolls or things like that. I think that somebody must take that problem over. I do not wish to press this solution, but I think the most appropriate thing would be for you to undertake this problem and try to do the best that can be done.

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The SECRETARY-GENERAL: Yes, but there is, for example, the fact mentioned by Mr. Skaug: that there is oil-distribution planning in the OEEC that must somehow be brought into this picture as a matter of course. I am a little bit afraid, so to say, to let the Secretariat develop into a kind of bottleneck, even with the best intentions, to a point where we simply do not suffice for all the practical discussions that should take place. After all, this is not a question which must be decided tomorrow or the day after tomorrow. We have some time to look at it. I would therefore appeal to you to give some further thought to the matter. I think we all see the problem. After we give some further thought to it, we can resume the discussion. We should not exclude any of the possibilities to get this special question going. As a matter of course I will draw this continued contact to the attention of the Egyptian Government. They are certainly already very much aware of it. But it is a natural point on the current agenda.

That, however, does not bring us to a solution because the users, who still are not organized in such a form as to provide a necessary basis for this kind of co-operation, are, so to say, just as important as the other side.

Mr. URRUTIA (Colombia): Anyhow, you have to avoid a problem with respect to the French and British ships - which may be considered as enemy ships because they are still without relations - when they approach the Canal in March. It would be best to try to iron out this thing.

The SECRETARY-GENERAL: On that point, I can only say one thing, which I think is important. As you know, from the Egyptian side there has never been any discrimination apart from the very peculiar case of Israel. In the case of Israel, the conflict was basically a dual one. First of all, was there a state of war or a state of armistice, quasi-peace, so to say? That was the first legal problem, which was resolved in 1951 by the Security Council as a state of armistice; that is to say, according to the Council, no belligerent rights, no war rights, could be exerted.

The second problem is: What really are the rules of war under the Constantinople Convention? That problem remains. I would not like to go into it, although I have my views and there are many views on it, as you know. It has never been resolved in an authoritative way in any definite form.

With this background, however, no discrimination apart from this peculiar case - the state of affairs in relation to Israel - and this peculiar problem -

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(The Secretary-General)

what are the rights of war under the Constantinople Convention? - is apparent and absolutely no background exists for the fear that Egypt will discriminate against British and French shipping. I say this because the matter has been discussed.

Then, however, it has been suggested that Egypt, under international law, would consider itself in a state of war with France and Britain. It has been declared authoritatively by the Egyptian Government in a statement that no declaration to that effect has ever been made. There has been no notification. Under international law, it is definitely not a state of war.

Under such circumstances, there is no reason why we should assume that there would be discrimination. I have to express myself in these rather legalistic terms. You may put more into it than I care to say here for the record, and I think you would not be wrong.

Mr. MIR KHAN (Pakistan): Thank you again, Mr. Secretary-General, for saying what actually was the object of my first question. May I say this in support of what both you and Mr. Skaug have said. I see the problem in two parts, and this will be only a problem for a few months when the traffic in the Canal will be rationed and restricted. The first part concerns the Egyptian attitude, about which you have said so well that we should not foresee any difficulties. There, I suggest that you have the time, the occasion and the opportunity to keep to that position and perhaps crystallize it as much as possible. On the second part, I do see that there is a problem during the next few months after March when Canal traffic will have to be restricted. There will be cases of hardship on both sides of the Canal. The consumers - by consumers I mean not only the exporters, the importers, the oil producers, but the ships and ship-owners - will all line up with cases of hardship. And there is certainly a case for knowing the limitations. Perhaps the Secretariat can advise us on what the limitations might be for the consumers in that general sense, who might line up and perhaps try to come to an understanding. There I think the Committee can help, at least in a study of the matter. It would perhaps be in the interest of the Egyptian Government, which would like not to discriminate in a line-up of consumers.

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The SECRETARY-GENERAL: I think that the Egyptian Government would be very happy indeed if the burden of, so to say, choice or the establishment of priorities was taken out of its hands, but naturally on the basis of some kind of undertaking so that it could recognize the priorities established by another side.

I would again appeal to you to give it careful thought and make any suggestions you find might be useful. I have a second appeal to make to you, which refers to the question of financing. Before going into that, we should perhaps say a few words about it. Mr. Turner is here. Would he please tell us what the arrangements are at present. Then we can look at the problem.

Mr. TURNER: The problem which confronted us in the Secretariat was a simple one, though not without its complications and difficulties. In accordance with the resolution adopted by the General Assembly in November, resolution 411, agreements were entered into and arrangements were made with contractors and others with a view to starting clearing operations as quickly as possible and proceeding as expeditiously as possible. This involved the United Nations having to enter into certain financial commitments, obligations. The problem, therefore, becomes one of making at least interim and provisional arrangements that will ensure our having the necessary cash resources with which to meet these obligations. Our present resources are not inexhaustible. The situation is not a critical one as of this moment. But having regard to the necessity of meeting normal current commitments, plus the commitments we have to meet in connexion with UNEF expenditures, we will not be in a position within a matter of some weeks to provide interim financing for Canal clearance.

Accordingly, a note was addressed by the Secretary-General to all permanent representatives of delegations on 25 December and 26 December. I assume that everybody around this table is aware of the contents of that note. Meanwhile, certain informal approaches more or less have been made to a number of delegations, the hope being that we can rather speedily get assurances from Governments that are in a position to give such assurances that

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(Mr. Turner)

an interim advance of funds will be made available exclusively for the purpose of interim financing of Canal operations and strictly on the understanding that any advance so provided would be without prejudice to the nature and extent of a Government's participation, if any, in any such overall financing arrangements that might eventually be agreed upon.

As I indicated, certain conversations have been going on as a follow-up to the Secretary-General's note of 25 or 26 December. I think it is possible to say that reasonably firm assurances have been in fact received from several Governments. We are hopeful that the target of \$10 million and possibly as much as \$15 million will be achieved.

Several Governments, three or four, have given rather firm assurances that they will be in a position to render some assistance on the basis indicated. A number of other Governments, whilst not having made anything that could be regarded as a firm commitment, have reacted in a positive sort of manner and are taking the matter up with their own Governments. They have undertaken to let us know the outcome at a very early date. Other Governments have acknowledged receipt of this request and said that the matter will be pursued.

I said that we are not in too bad shape right now. But with operations starting full blast, our commitments in terms of regular weekly or monthly payments are necessarily inevitably going to be stepped up considerably. Therefore, it is a matter of some urgency that we should be assured of having the necessary resources that will enable the operation to continue without any risk of interruption or delay.

That, in a very general way, sums up the position. I can give more specific details if they are needed.

I might mention that arrangements have been made or are in the course of being made by the Secretary-General with the International Bank for Reconstruction and Development for the Bank to act as the fiscal agent of the United Nations and to assume responsibility for receiving, holding and disbursing funds which may be made available by Member Governments for this purpose.

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The **SECRETARY-GENERAL**: Let me just say a few words in explanation. We all realize, of course, that this as a financing operation is unique. We have never tried anything like it. But the setting is also rather unusual. First of all, we have to get going without blocking this very essential practical operation by any consideration of financing means. We know that even with the strictest criteria, whatever cost might be involved in it was extremely small in relation to the value involved for, I would say, each single country of any significance in the speediest possible clearance operation. In my report of 20 November to the General Assembly I said that for these reasons I had to depart from normal administrative procedures and postpone the whole question of payments. I think that developments have shown that that was wise.

On the other hand, we cannot postpone it indefinitely. A financial programme for it all must of course be put before the General Assembly, and the General Assembly must consider what should be the final solution. However, I do not think it is a good idea to bring such a financial plan before the General Assembly until we have fairly reliable cost estimates, which will not run as high as the figures constantly used by the Press, but anyhow will be sizeable. In the meanwhile, we had a choice between two possible ways: either to underwrite, so to say, the loan, to go to a bank and arrange it in that way, or else to rely upon the resources of the Member Governments. The first line is of course always open, but it raises a question, on the one side, of securities and, on the other side, a question that is to a certain extent, not one of prestige but of simple dignity and normal arrangements. The United Nations does not borrow for current expenditure. Even a Government avoids that, and we shall certainly do so. That is to say, the arrangements should be such that we would be able to take care of such limited costs within the family.

Mr. **MIR KHAN** (Pakistan): It would also raise the question of interest.

The **SECRETARY-GENERAL**: Yes. For all these reasons, the proper procedure would be to see if a short-term credit arrangement within the Organization with the Member Governments on a voluntary basis would not provide the solution.

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(The Secretary-General)

From what Mr. Turner said, it seems that we will get such monies in this way to tide us over until we can have the matter considered properly in an orderly way. However, this question of the final financial plan is, as we know, under all circumstances, even if we only talk about \$20 million or \$30 million, a problem which necessarily gives rise to very different views and even to some emotion. The General Assembly may rightly expect that the Secretariat and the Secretary-General put a proposal before it, and of course I will do so. But I feel that in a case like this it would be perfectly in order - more than in order, it would be in the interests of the Organization - that the matter was seriously considered by a group which is representative of the various opinions in the General Assembly before the General Assembly had to face proposals which might be torn to pieces or which might rise to quite unnecessary open discussions. It therefore seemed to me that it would be right and proper for me to use the very welcome arrangements which we have here and thus have the possibility of current consultation with representatives of the General Assembly by raising the question with the Advisory Committee.

Of course, to outline what the possibilities are is quite simple in theory. But when you have to cut it down to what is good in practice, you run into immediate and great problems. There is of course the extreme point that everything should be paid by the "aggressors". There is another extreme point which says that after all most of the obstructions derive from actions taken by the Egyptian Government, whether or not they are said to be in self-defence. There is another view which indicates that after all there is a general users' interest, and this is one of the cases where it is wise to recognize international solidarity, which will naturally lead to the conclusion that at least a major part of this should be carried by the United Nations representing both those who may be considered responsible and those who are interested. There is definitely a case for that kind of theory.

Finally, there are, on the other hand, various ideas concerning the way in which the costs could be carried, let us say, by the traffic, the incidence of which is a little undetermined.

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(The Secretary-General)

Coming to the last point, which, it is my impression, is of very great interest to the General Assembly, we must be quite clear that it is not a very simple problem. If we are to levy a special toll, for example, in payment of this - which in itself is reasonable - it should neither be so constructed as to take away income needed by Egypt for mere maintenance of the Canal or put the whole burden on Egypt - I do not think anybody would consider that in any way to be fair - or, on the other hand, really mean that a limited group of private interests in the world would have to carry the whole cost. I have a feeling that somehow a solution here must be based on some kind of compromise between these various viewpoints.

There are arguments which are valid in all sorts of directions, and no clear-cut solution along one single line is likely to bring satisfaction. For that reason, to register views which have been expressed and attitudes which have been taken, I would suggest to the members of the Committee that they give some thought to this question over the next few days in preparation for a very free exchange of views around the table. This is not meant in any way that you, as representatives or as members of the Committee should take stands, but it is meant that we should discuss together the values of the various possibilities and what chances there are politically to get an understanding on such and such a line; that is to say, to map out the field sufficiently for us to reach at least tentative conclusions. I do not think we should strive to achieve some kind of joint proposal or joint stand with or without voting. I do not think that this kind of clarification, which brings us over the hump to the different views held in the General Assembly, would definitely facilitate the work of the General Assembly or would put me in, let me say, a much sounder position when I have to make formal proposals to the General Assembly. That was my second appeal.

I do believe that in this case, after the first discussion, there is a reason for widening somewhat the contacts with delegations. All of you have contacts with various groups. You can find your opportunities for consulting them.

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(The Secretary-General)

At a later stage, I think that you may also wish to invite this or that country which has taken a special interest in the problem to take part in our discussion. I leave that entirely in your hands. I would feel, for example, that at a certain stage - to take extreme cases again - it would be very reasonable to invite our Egyptian colleagues to present whatever views they may have on the matter so we would get them first hand. In the same way but in the opposite direction, it would be quite reasonable to try to find out how the United States, which is likely to be the biggest initial advance contributor, looks at this repayment problem.

These are vague suggestions; they are not formal proposals. They are for your consideration. For my own part, I am entirely in your hands.

The only point on which I am personally determined is that I do need and need badly your advice and assistance in mapping out the ground.

Mr. MIR KHAN (Pakistan): May I just say a word, Mr. Secretary-General. You suggested that we might consult delegations which have shown an interest and which have an interest in this matter. At one time, the British and French had offered to clear the Canal themselves with their own equipment. That, I suppose, implied that they were going to bear the cost. Does that offer to bear the cost in whole or in part exist? Has any consultation been had? Or would it be worthwhile to ask them? I suppose you have an indication of what their view is because part of their fleet equipment is still being used, and nothing has yet been said about their first offer, which we take did imply bearing the cost themselves.

The SECRETARY-GENERAL: I have to speak a little in the dark. I do not think that any bill would be presented to the United Nations for the work the British and French are doing and have done in Port Said or for any work that they will do in Port Said. That is to say, from the British and French viewpoint, the considerable cost they have taken on themselves during this time should at least be taken into account. At one stage - it was in fact as early as 7 November - the offer to do the whole job was registered with gratitude but with full realization of the fact that a few political considerations had to come into play.

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I do not think for a moment that we can conclude from the fact that they made this offer or from the fact that they are not likely to present any billings for what they did in Port Said, that they have assumed payment responsibility for more than their own contribution so far.

Mr. MIR KHAN (Pakistan): With regard to the fleet and the equipment which is being used, I do not think they are expected to be reimbursed.

The SECRETARY-GENERAL: I would not expect that. The matter has never been discussed, and I have taken it for granted that the old offer stood.

That means that we have two points to consider at a future meeting. That may also be the occasion when I can show you the final text concerning the Canal agreement. This is simply an exchange of letters, as you know, which, as I said, does not in my view give rise to any difficulties. That occasion may also be the right time to report on how far we have got on the UNEF agreement. It is too late to take up that matter now.

Mr. SKAUG (Norway): Mr. Secretary-General, do you think it is feasible or possible at all to get the final agreement on the financing of the work which has now been undertaken or to get final agreement on the possible expansion of the Canal before the General Assembly finishes its session at New York toward the end of February? These are rather delicate and complicated negotiations, and there probably will be many ideas forthcoming as to how these problems should be solved. I just wonder whether you think it will be possible to get these things thrashed out in January or February.

The SECRETARY-GENERAL: It is rather dangerous guesswork. I would say myself that I can very well see the reason for your doubts. On the other hand, it seems to me obvious that the General Assembly should have considered the matter in such a form before it leaves New York as to leave us in a

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(The Secretary-General)

position to follow it up without any financial snags; that is to say, the General Assembly must at least reach an interim solution which would make it possible to follow up this operation. I think everybody is perfectly agreed on one thing: We can never stop because of lack of cash.

Mr. SKAUG (Norway): I understand that there is a small group of experts discussing the matter right now. I wonder whether we can receive anything in writing from them as a basis?

The SECRETARY-GENERAL: What group have you in mind?

Mr. SKAUG (Norway): I have in mind Mr. McCloy's group.

The SECRETARY-GENERAL: So far, we have concentrated our energies at the first stage to tide us over. We have not made any proposals or discussed anything in detail in the Secretariat. I really open that discussion by my appeal to you because Mr. McCloy, like myself, has felt that this matter is so loaded politically that it is useless to discuss it only as technicians. As technicians we could provide quite a few solutions, but again political considerations do come into play.

The other question you raised with respect to maintenance and similar matters should be covered in the general settlement. It has always been understood that the general settlement should include rules concerning tolls and charges which would also provide the basis for financing of expansion. But that will certainly not be ready by the end of February.

The meeting rose at 11.15 a.m.