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31 Dec. 56 - 3 Jan. 57

Representative of the U.S.A. to the U.N.

- 1 letter to D.H.
- 1 memo to D.H.
- 1 letter from D.H.
- 1 message to A. Cordier

CONFIDENTIAL

December 31, 1956

MEMORANDUM

This memorandum is written to cover certain points which it did not seem desirable to include in the formal reply made by the United States to the Secretary General's note of December 25th. These points are considered by the United States Government to be important in the working out and implementation of any plan for clearing the Suez Canal. They relate to assurances from some of the Governments most directly concerned with the Suez Canal problem.

In the Secretary General's note of December 25th it was stated that "the Government of Egypt has given its assurance that the United Nations will have the full cooperation of that Government in the execution of its part in the Canal clearing operations". It was also emphasized that the funds being solicited for initial work in Canal clearance were in the nature of an advance. It is the understanding of the United States that the Secretary General will make earnest efforts to secure assurances: (1) that negotiations, under the auspices of the United Nations, will be pursued rapidly for an over-all agreement on the Suez Canal problem in accordance with the six principles approved by the Security Council in its resolution of October 13, 1956, and (2) that there will be included in the over-all

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agreement provisions for the repayment of all advances made by United Nations Members, to the extent that repayment is not otherwise provided for, in order to facilitate the clearance of the Canal and the restoration of its ancillary facilities. It is also the understanding of the United States that assurance will be sought from the Government of Egypt that, pending a final settlement of the Suez Canal problem, any interim operation of the Canal will be in accordance with the six principles set forth in the Security Council's resolution.

The above points are of importance in laying the foundation for a satisfactory financing of the total cost of clearing the Suez Canal. They are also important in regard to the actual reopening of the Suez Canal and its serving as a secure international waterway open at all times to the ships of all nations.

The United States is prepared to make an advance of funds, as indicated in the reply to the Secretary General's note of December 25, under arrangements taking account of the points summarized in this memorandum. The United States understands that the International Bank for Reconstruction and Development has agreed to act as fiscal agent in the handling of all funds advanced.

CONFIDENTIAL



December 31, 1956

The Representative of the United States of America to the United Nations presents his compliments to the Secretary-General of the United Nations and has the honor to refer to his note dated December 25, 1956, regarding advances of funds to defray the expenses of initial work in clearing the Suez Canal.

The Government of the United States is deeply interested in the reopening of the Canal as a matter of urgency in order to contribute to the preservation of peace, the strengthening of the economies of Members of the United Nations, and the free flow of international commerce.

The Government of the United States is prepared to advance, in accordance with terms and arrangements to be worked out with the Secretary-General, funds up to the amount of five million dollars in response to the Secretary-General's appeal for advances to assure the payment of expenses involved in the initial work of clearing the Canal. It is the understanding of the Government of the United States that the Secretary-General is seeking to obtain a maximum of advances on the same basis from the Governments of other United Nations Members, and that the Government of Egypt has given its assurance that the United Nations will have the full cooperation of that Government in the execution of its part in the Canal clearing operations.

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The Government of the United States has noted the offer from the Secretary-General to provide further information concerning the matter of advance of funds, and will wish to confer with the Secretary-General on the terms and arrangements to be made regarding an advance by the United States.

DRAFT

3 January 1957

The Secretary-General of the United Nations presents his compliments to the Representative of the United States of America to the United Nations and has the honour to refer to his note dated December 31, 1956 stating that the Government of the United States is prepared to advance in accordance with terms and arrangements to be worked out with the Secretary-General funds up to the amount of \$5,000,000.00 for the purpose of defraying the expenses of initial work in clearing the Suez Canal.

The Secretary-General has taken note of the understanding of the Government of the United States that he is seeking to obtain a maximum of advances on the same basis from the Governments of other Members of the United Nations and in this connection the Secretary-General is pleased to inform the Representative of the United States that assurances have been received by the Secretary-General from several other Governments that their agreement to participate in making interim advances will be forthcoming.

The Secretary-General has received assurance from the Government of Egypt that such Government supports, and will cooperate with, the United Nations in its undertaking to assist in the clearance of the Suez Canal as effectively and expeditiously as possible, ~~and such Government is ready to negotiate for settlement of the Suez question on the basis of the six requirements set forth in the proposal unanimously approved by the Security Council on October 13, 1956 (United Nations Document S/3675).~~

The Secretary-General has requested the International Bank for Reconstruction and Development to act as the fiscal agent for the United Nations by receiving, holding and disbursing the interim advances to meet expenses of initial work in clearing the Suez Canal. The terms of this designation are set forth in the Secretary-General's letter of January 2, 1957, a copy

of which is enclosed. Accordingly it is suggested that the Government of the United States deposit the amount of \$5,000,000.00 as promptly as convenient with the International Bank for Reconstruction and Development as the fiscal agent of the United Nations. In making this advance to the United Nations the Government of the United States may wish to designate that the proceeds shall be used exclusively for the purpose of meeting payments for costs incurred by the United Nations which relate to the clearance and reopening of the Suez Canal for traffic.

DRAFT

31 December 1956

Dear Mr. Ambassador,

This is to inform you that I have received assurances from the Government of Egypt that this Government supports, and will co-operate with, the United Nations in its undertaking to assist in the clearing of the Suez Canal as effectively and expeditiously as possible.

The Government is likewise ready to negotiate a settlement of the Suez Canal question, having regard for progress previously made. In this context I draw attention to the action of the Security Council and the exchange of letters in elaboration of this action between the Secretary-General and the Foreign Minister of Egypt, circulated as a Security Council document.

In my forthcoming progress report on the Canal clearance I shall inform the General Assembly of the assurance received regarding co-operation in this operation.

The Government is likewise ready to negotiate a settlement of the Suez Canal question, having regard for progress previously made. In this context I draw attention to the action of the Security Council and the exchange of letters in elaboration of this action between the Secretary-General and the Foreign Minister of Egypt, circulated as a Security Council document.

The Government is likewise ready to negotiate a settlement of the Suez Canal question, having regard for progress previously made. In this context I draw attention to the action of the Security Council and the exchange of letters in elaboration of this action between the Secretary-General and the Foreign Minister of Egypt, circulated as a Security Council document.

The Secretary-General of the United Nations presents his compliments to the Permanent Representative of the United States of America to the United Nations and has the honour to refer to his note dated 31 December 1956 stating that the Government of the United States is prepared to finance, in accordance with terms and arrangements to be worked out with the Secretary-General, funds up to the amount of \$5,000,000 for the purpose of defraying the expenses of initial work in clearing the Suez Canal.

As the Secretary-General reported to the General Assembly on November 20, 1956 (A/3376), the Government of Egypt has requested assistance from the United Nations in arrangements for clearing the Suez Canal as a matter of high priority. In accordance with the provisions of Resolution 411 of the General Assembly adopted at its 594th Plenary Meeting on November 24, 1956, the Secretary-General has negotiated draft agreements with private contractors for work involved in clearance of the Suez Canal. For the initial stages of this work, the Secretary-General estimates that an interim advance of approximately \$10,000,000 to \$15,000,000 will be required, as an emergency measure, in order that the United Nations may execute contracts with appropriate contractors so that the clearing operations may be speedily and effectively undertaken.

The Secretary-General has taken note of the understanding of the Government of the United States that he is seeking to obtain a maximum of advances on the same basis from the Governments of other members of the United Nations and, in this connection, the Secretary-General is pleased to inform the Representative of the United States that assurances have been received by the Secretary-General from several other Governments that their agreement to participate in making interim advances will be forthcoming.

It is understood that amounts so made available to the United Nations shall be segregated and separately accounted for and shall be used exclusively for the purpose of making payment for costs incurred by the United Nations which relate to the clearance and re-opening of the Suez Canal for traffic.

The Secretary-General has requested the International Bank for Reconstruction and Development to act as the fiscal agent for the United Nations by receiving, holding and disbursing the interim advances to meet expenses of initial work in clearing the Suez Canal. The terms of this designation are set forth in the Secretary-General's letter of January 2, 1957, a copy of which is enclosed.

.....
In asking for an advance of \$5,000,000 from the United States of America, the Secretary-General wishes to inform the Government of the United States that he will use his best efforts to

- (1) to obtain assurances that negotiations under the auspices

of the United Nations will be pursued rapidly for an over-all agreement on the Suez Canal problem, having regard for progress previously made,

(2) To work out a definitive plan for the financing of the total cost of rehabilitation of the Canal which will include provision for repayment of the interim advances to the Governments concerned.

The Secretary-General will use his best efforts to obtain assurances from the Government of Egypt that, pending a final settlement of the Suez Canal problem, any interim operation of the Canal will be in accordance with the principles of the Constantinople Convention of 1888, and in the light of the progress already made, including the six points set forth in the Security Council resolution of October 13, 1956. The Secretary-General has received assurances from the Government of Egypt that such Government supports, and will cooperate with, the United Nations in its undertaking to assist in the clearance of the Suez Canal as effectively and expeditiously as possible. The Egyptian Government is, likewise, ready to negotiate a settlement of the Suez Canal question, having regard for progress previously made. In this context, the Secretary-General draws attention to the action of the Security Council (see United Nations Document S/3675) and the exchange of letters in elaboration of this action between the Secretary-General and the Foreign Minister of Egypt, circulated as Security Council Document (United Nations Document S/3728).

In accordance with the foregoing, it is suggested that the Government of the United States disburse the amount of \$5,000,000 as promptly as convenient to the International Bank for Reconstruction and Development as the fiscal agent of the United Nations.

4 January 1957

C O P Y

The Secretary-General of the United Nations presents his compliments to the Permanent Representative of the United States of America to the United Nations and has the honour to refer to his note dated 31 December 1956 stating that the Government of the United States is prepared to finance, in accordance with terms and arrangements to be worked out with the Secretary-General, funds up to the amount of \$5,000,000 for the purpose of defraying the expenses of initial work in clearing the Suez Canal.

As the Secretary-General reported to the General Assembly on November 20, 1956 (A/3376), the Government of Egypt has requested assistance from the United Nations in arrangements for clearing the Suez Canal as a matter of high priority. In accordance with the provisions of Resolution 411 of the General Assembly adopted at its 594th Plenary Meeting on November 24, 1956, the Secretary-General has negotiated draft agreements with private contractors for work involved in clearance of the Suez Canal. For the initial stages of this work, the Secretary-General estimates that an interim advance of approximately \$10,000,000 to \$15,000,000 will be required, as an emergency measure, in order that the United Nations may execute contracts with appropriate contractors so that the clearing operations may be speedily and effectively undertaken.

The Secretary-General has taken note of the understanding of the Government of the United States that he is seeking to obtain a maximum of advances on the same basis from the Governments of other members of the United Nations and, in this connection, the Secretary-General is pleased to inform the representative of the United States that assurances have been received by the Secretary-General from several other Governments that their agreement to participate in making interim advances will be forthcoming.

It is understood that amounts so made available to the United Nations shall be segregated and separately accounted for and shall be used exclusively for the purpose of making payment for costs incurred by the United Nations which relate to the clearance and re-opening of the Suez Canal for traffic.

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The Secretary-General has requested the International Bank for Reconstruction and Development to act as the fiscal agent for the United Nations by receiving, holding and disbursing the interim advances to meet expenses of initial work in clearing the Suez Canal. The terms of this designation are set forth in the Secretary-General's letter of January 2, 1957, a copy of which is enclosed.

....

In asking for an advance of \$5,000,000 from the United States of America, the Secretary-General wishes to inform the Government of the United States that he will use his best efforts,

- (1) to obtain assurances that negotiations under the auspices of the United Nations will be pursued rapidly for an over-all agreement on the Suez Canal problem, having regard for progress previously made,
- (2) to work out a definitive plan for the financing of the total cost of rehabilitation of the Canal which will include provision for repayment of the interim advances to the Governments concerned.

The Secretary-General will use his best efforts to obtain assurances from the Government of Egypt that, pending a final settlement of the Suez Canal problem, any interim operation of the Canal will be in accordance with the principles of the Constantinople Convention of 1888, and in the light of the progress already made, including the six points set forth in the Security Council resolution of October 13, 1956. The Secretary-General has received assurances from the Government of Egypt that such Government supports, and will cooperate with, the United Nations in its undertaking to assist in the clearance of the Suez Canal as effectively and expeditiously as possible. The Egyptian Government is, likewise, ready to negotiate a settlement of the Suez Canal question, having regard for progress previously made. In this context, the Secretary-General draws attention to the action of the Security Council (see United Nations Document S/3675) and the exchange of letters in elaboration of this action between the Secretary-General and the Foreign Minister of Egypt, circulated as Security Council Document (United Nations Document S/3728).

In accordance with the foregoing, it is suggested that the Government of the United States disburse the amount of \$5,000,000 as promptly as convenient to the International Bank for Reconstruction and Development as the fiscal agent of the United Nations.

4 January 1957

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INTEROFFICE MEMORANDUM

TO: The Secretary-General

FROM: Oscar Schachter *OS*

Date 3 January 1957

SUBJECT:

Following his conversation with you this morning, Mr. McCloy asked that I draft a reply to Lodge on the \$5,000,000 advance without reference to the points in Mr. Dulles' confidential memorandum.

..... If you agree with the attached, I shall have it transmitted to Mr. McCloy who will take it up with the State Department.

*The statement about the Gov't
of Egypt follows that in
Mr McCloy's earlier draft.*

From U.S. Mission to Cordia 7 Feb. 57.

1. Payment of all tolls to neutral agency such as IBRD or UN, with at least one-half held to be disposed of according to agreement which will implement six principles and constitute definitive settlement. Designation of IBRD or UN for example by Egypt as agent to receive tolls as above should satisfy Egyptian point that tolls to ^{be} "legally paid to Egypt".

2. Approximately one-half of tolls could at same time be turned over by such agency to Egypt. Prior to closing of the Canal, Egypt was receiving about 45 per cent of tolls, the balance being paid into accounts of the old company.

3. We believe it unwise at this stage to discuss or try to settle the question of repaying advances for Canal clearance, including any question of surcharge.