

Middle East. Suez Canal clearing, Canal users, Canal financing: Middle East...

HS L 179:129b



National Library
of Sweden

Dag Hammarskjöld's saml.

L 179 : 129 : b

Suez Canal Financing

1956-58



UNITED NATIONS
GENERAL
ASSEMBLY



Distr.
GENERAL

A/3862
1 August 1958

ORIGINAL: ENGLISH

Thirteenth session

THE REIMBURSEMENT OF THE COST OF CLEARING THE SUEZ CANAL

Report by the Secretary-General

1. Under resolution 1212 (XII) of 14 December 1957, the General Assembly endorsed the recommendation of the Secretary-General that, subject to reduction by such resources as might become otherwise available, reimbursement of the advances made by contributor countries to meet the costs of the operations should be effected by the application of a surcharge on Canal traffic and that, under this arrangement, a surcharge of 3 per cent on Canal traffic would be paid by all shipping and trade using the Canal into a special United Nations account, the procedure to govern such payments to be negotiated with the Government of the United Arab Republic and with the other parties to the payments. At the same time, the Assembly authorized the Secretary-General to take the necessary steps to put this arrangement into effect.

..... 2. After completing the required negotiations, the Secretary-General made today the annexed announcement relating to the arrangements to be made for the collection of the surcharge. This announcement has been communicated to Permanent Representatives at the United Nations and to the International Chamber of Shipping. It is being widely published in shipping journals. In accordance with its terms, the arrangements for the collection of the surcharge will come into effect on 15 September 1958.

3. The Secretary-General has signed an Agreement with the Banque de la Société Générale de Belgique, Brussels, appointing the Bank as agent of the United Nations for the collection of the surcharge, in accordance with the terms of the announcement.

A/3862
English
Page 2

4. The Secretary-General will keep all Governments concerned informed of the progress of the collection and will present to them periodical accounts, through their permanent missions to the United Nations.

5. The amount to be recovered, subject to necessary adjustments from time to time, is approximately \$8,200,000.

/...

ANNEX

ANNOUNCEMENT BY THE SECRETARY-GENERAL OF THE UNITED NATIONS
ON THE REIMBURSEMENT OF THE COST OF CLEARING THE SUEZ CANAL

1. Under resolution 1212 (XII) adopted by the General Assembly of the United Nations on 14 December 1957, a surcharge of 3 per cent on Suez Canal traffic is to be imposed in order to repay the advances made by certain countries to the United Nations to meet the cost of clearing the Canal.
2. With effect from 15 September 1958 the following arrangements are made for the payment of this surcharge.
3. The surcharge in each case shall be 3 per cent of the Canal Transit tolls payable in respect of the particular transit in either direction through the Suez Canal. For the purposes of this calculation, only the tolls payable in respect of the actual transit shall be taken into account, and other tolls and dues incidental to a particular transit such as port or lighterage dues, shall be excluded.
4. The surcharge will be payable by the legal entity or person responsible for payment of the Canal Transit tolls or by any legal entity or person paying such tolls on behalf of the entity or person responsible for such payment.
5. The surcharge will be payable in any currency in which such tolls may be paid by the payer, at the time when the tolls are paid.
6. (a) The Banque de la Société Générale de Belgique, Brussels, has been appointed by the Secretary-General to be the agent of the United Nations for the receipt and collection of the surcharge.
(b) The Banque Belge et Internationale en Egypte, at Cairo and Alexandria, the Belgian-American Bank and Trust Co., New York, the Compagnie de Gestion et de Banque, Geneva, the Banque Belge Ltd., London, the Banque de l'Union Parisienne, Paris, and the Banco di Roma, Rome are designated as sub-agents of the Banque de la Société Générale de Belgique for the same purpose.

7. The banks authorized to receive payment of the surcharge will open special accounts for the purpose designated as "United Nations Suez Canal Clearance Accounts". Payment of the surcharge should be made directly to the credit of these accounts either

(a) In one of the banks outside the United Arab Republic noted in paragraph 6 above, or

(b) In the Banque Belge et Internationale en Egypte, at Cairo or Alexandria, the payment being accompanied by the information normally required at the time of the payment of Canal Transit tolls.

8. It is hoped that the expenditure on clearance of the Canal will be recovered by this surcharge within a period of approximately three years from the date of the beginning of the collection of the surcharge.

9. The collection of the surcharge will cease as soon as the amount required has been received. Any excess amount collected will be refunded to those who paid after the date on which it is calculated that the total amount required was fully collected.

1 August 1958

UNITED NATIONS
Office of Public Information
Press and Publications Division
United Nations, N.Y.

(For use of information media--not an official record)

Press Release SG/711
1 August 1958

TEXT OF ANNOUNCEMENT BY THE SECRETARY-GENERAL OF THE UNITED NATIONS
ON THE REIMBURSEMENT OF THE COST OF CLEARING THE SUEZ CANAL

1. Under resolution 1212 (XII) adopted by the General Assembly of the United Nations on 14 December 1957, a surcharge of 3 per cent on Suez Canal traffic is to be imposed in order to repay the advances made by certain countries to the United Nations to meet the cost of clearing the Canal.

2. With effect from 15 September 1958 the following arrangements are made for the payment of this surcharge.

3. The surcharge in each case shall be 3 per cent of the Canal Transit tolls payable in respect of the particular transit in either direction through the Suez Canal. For the purposes of this calculation, only the tolls payable in respect of the actual transit shall be taken into account, and other tolls and dues incidental to a particular transit such as port or lighterage dues, shall be excluded.

4. The surcharge will be payable by the legal entity or person responsible for payment of the Canal Transit tolls or by any legal entity or person paying such tolls on behalf of the entity or person responsible for such payment.

5. The surcharge will be payable in any currency in which such tolls may be paid by the payer, at the time when the tolls are paid.

6. (a) The Banque de la Société Générale de Belgique, Brussels, has been appointed by the Secretary-General to be the agent of the United Nations for the receipt and collection of the surcharge.

(b) The Banque Belge et Internationale en Egypte, at Cairo and Alexandria, the Belgian-American Bank and Trust Co., New York, the Compagnie de Gestion et de Banque, Geneva, the Banque Belge Ltd., London, the Banque de l'Union Parisienne, Paris, and the Banco di Roma, Rome, are designated as sub-agents of the Banque de la Société Générale de Belgique for the same purpose.

7. The banks authorized to receive payment of the surcharge will open special accounts for the purpose designated as "United Nations Suez Canal Clearance Accounts." Payment of the surcharge should be made directly to the

(more)

credit of these accounts either

- (a) In one of the banks outside the United Arab Republic noted in paragraph 6 above, or
- (b) In the Banque Belge et Internationale en Egypte, at Cairo or Alexandria, the payment being accompanied by the information normally required at the time of the payment of Canal Transit tolls.

8. It is hoped that the expenditure on clearance of the Canal will be recovered by this surcharge within a period of approximately three years from the date of the beginning of the collection of the surcharge.

9. The collection of the surcharge will cease as soon as the amount required has been received. Any excess amount collected will be refunded to those who paid after the date on which it is calculated that the total amount required was fully collected.

* * *

Same letter sent to the Permanent Representatives of Italy and Panama.

25 July 1958

Dear Mr. von Broich-Oppert,

The negotiations for the imposition of a surcharge on Suez Canal tolls have been greatly protracted. I quite understand the difficulties which the Governments concerned have in arranging for payment of this surcharge by or on behalf of their nationals responsible under the terms of the arrangements with which you are familiar. At the same time, it is clear that the contemplated arrangements must be put into effect if I am to discharge my duty under the resolution of the General Assembly. Nearly all the Governments concerned have agreed many weeks ago to my proceeding to the execution of the scheme.

I feel therefore that I can no longer postpone the issue of the announcement. As you are aware, this announcement will give a period of six weeks' notice before the scheme comes into operation. This will give plenty of time for all Governments to make their final arrangements and, if they wish to pay in respect of their nationals, to make an agreement to that effect with me. I trust therefore that you will understand the necessity in which I find myself to proceed to a further stage in this matter and that we shall have the co-operation of your Government in carrying out these arrangements. I propose therefore to issue the announcement next week, at the latest on Friday, 1 August 1958. If your Government sees any strong objection to this course, you will no doubt let me know as soon as possible beforehand.

Yours sincerely,

Dag Hammarskjöld
Secretary-General

His Excellency
Mr. Georg von Broich-Oppert
Permanent Observer of the
Federal Republic of Germany
to the United Nations
460 Park Avenue
New York 22, N. Y.

UNITED NATIONS
Department of Public Information
Press and Publications Division
United Nations, N. Y.

(For use of information media -- not an official record)

Press Release IB/732
14 February 1958

DISCUSSIONS ON SUEZ CANAL COMPENSATION

TO OPEN 19 FEBRUARY UNDER INTERNATIONAL BANK AUSPICES

(The following was received here from the International Bank, Washington.)

Arising out of the decree of the Government of Egypt nationalizing the Suez Canal Company, discussions will be opened in Rome Wednesday, 19 February, between representatives of the Egyptian Government and representatives of the shareholders, under the auspices of the International Bank for Reconstruction and Development.

These discussions are directed toward a settlement of the compensation to be paid to the shareholders.

(Further details on plans for the meetings are given in UN Press Release IB/726 of 23 January.)

* *** *

Mr. Bruce Turner, Controller

24 January

8

Sir Humphrey Trevelyan

Canal Clearance Costs

Mr. Bender says that it has been agreed with the United Kingdom and France that repayment to them of the \$500,000 which they spent will be made in proportion to repayment of advances given by other Governments whether spent or not; i.e., the same proportion may be refunded to them now as the surplus funds refunded to the other Governments. The remainder will be refunded to them in proportion as refunds are made to the other Governments of the used money out of the surcharge on tolls.

cc. Secretary-General

TO: Mr. Andrew W. Cordier,
Executive Assistant to the Secretary-General

FROM: Philippe de Seynes,
Under-Secretary, Department of Economic and Social Affairs

SUBJECT: Estimate of Incidence, by countries of importation,
of \$8.6 million surcharge on Suez Canal traffic

30 September 1957

..... 1. Table I attached shows estimates of the incidence, by countries of importation, of a hypothetical surcharge of \$8.6 million levied on Suez Canal traffic at rates proportionate to the present Canal transit dues. The estimates are based on the assumption that the incidence of the surcharge would fall on the countries of importation. The data have been compiled from the external trade statistics of the countries involved, since the published information on Suez Canal traffic does not provide these details. For certain flows of trade (e.g., trade between the United States and Asia) assumptions have had to be made as to the most probable routes followed. These assumptions are not such as would involve inaccuracies large enough to affect the order of magnitude of the main components shown in Table I by any substantial amount.

2. The following study is, therefore, made on the calculation that 100 per cent of the surcharge would fall upon the ultimate consumers. This, of course, will not be the case since shippers and middle men, in ways and degrees which would be impossible to calculate, would absorb some of the cost.

On the assumption that the surcharge would be 5 per cent, the period required to collect the total sum of \$8.6 million would be between one and a half to two years.

..... 3. Table II provides an illustration of the incidence of the surcharge by categories of commodities in the case of imports into India via Suez, using the same assumptions as in Table I. In Table II, the total amount that would, under these circumstances, be payable by Indian importers and consumers of the goods has been distributed over the main categories of Indian imports in 1955, the year to which the basic data relate, on the assumption that the total of \$8.6 million is collected over a period of one year. The percentages of Table II show the approximate increases in the cost to India of each category of imports. It will be seen that the relation of the total surcharge payable by India to the aggregate of Indian imports via Suez amounts to 0.03 per cent (i.e., \$282,000 levied on imports valued at about \$900 million). The percentage of the surcharge for all countries together amounts to 0.08 per cent (i.e., \$8.6 million levied on imports of \$11,000 million). The relatively lower incidence of the surcharge in the case of India is attributable to the small proportion of imports of low-priced bulk commodities.

Table I.

Approximate distribution of surcharge required to repay
\$8.6 million used to clear the Suez Canal

(Distribution proportional to the physical volume of the
imports via the Canal of each country in 1955)

(In thousands of U. S. dollars and percentages)

South to North					North to South				
Country	Distribution				Country	Distribution			
	Tanker	Dry Cargo	Total	Per cent		Tanker	Dry Cargo	Total	Per cent
United Kingdom	1,496	854	2,350	27.3	India	10	272	282	3.3
France	886	86	972	11.3	Australia	10	239	249	2.9
United States	628	109	737	8.6	Malaya-Singapore	17	117	134	1.6
Netherlands	533	84	617	7.2	New Zealand	-	128	128	1.5
Italy	542	72	614	7.1	Japan	-	115	115	1.3
Germany	209	210	419	4.9	China Mainland	10	87	97	1.1
Belgium-Luxembourg ^{1/}	150	52	202	2.3	Indonesia	-	92	92	1.1
Sweden	144	28	172	2.0	Aden ^{2/}	50	18	68	0.8
Spain ^{3/}	131	8	139	1.6	Saudi Arabia	-	68	68	0.8
Other ^{3/}	166	243	409	4.8	Br. East Africa	10	57	67	0.8
					Pakistan	-	60	60	0.7
					Ceylon	-	53	53	0.6
					Hong Kong	-	50	50	0.6
					Iran	-	50	50	0.6
					Other ^{3/}	31	254	285	3.3
TOTAL ^{4/}	4,885	1,746	6,631	77.1	TOTAL ^{4/}	138	1,660	1,798	20.9

^{1/} The statistics of foreign trade of Belgium and Luxembourg are joint.

^{2/} Includes other British territories on the Red Sea.

^{3/} Countries and territories to which less than \$50,000 is distributed.

^{4/} An additional amount of \$172,000 (2 per cent) is attributable to military transport passing through the Canal in both directions.

Source: Statistical Office of the United Nations.

Table II.

Estimated Commodity Distribution of Surcharge
on Imports into India via Suez Canal ^{1/}

Commodity	Imports via Canal		Surcharge	
	Weight 1,000 m.t.	Value \$1,000 U.S.	\$1,000 U.S.	Per cent of value
Dry Cargo				
Cereals	165	12,000	20	0.17
Sugar	360	42,000	45	0.11
Other food	135	65,000	17	0.03
Other raw materials	288	20,000	36	0.18
Chemicals and fertilizers ^{2/}	565	110,000	70	0.06
Machinery and transp. equip.	310	400,000	38	0.01
Other manufactured goods	370	241,000	46	0.02
Total Dry Cargo		894,000	272	0.03
Tanker Cargo	126	...	10	0.20
GRAND TOTAL			282	

^{1/} Based on Indian trade in January-December 1955.

^{2/} Includes crude fertilizer.

Source: Statistical Office of the United Nations.

UNITED NATIONS



NATIONS UNIES

TO: Mr. Philippe de Seynes, Under-Secretary,
Department of Economic and Social Affairs

FROM: William R. Leonard, Director, Statistical Office

SUBJECT: Estimate of Incidence, by countries of importation,
of \$8.6 million surcharge on Suez Canal traffic

23 September 1957

1. On Friday afternoon the Secretary-General's Office requested that a rough estimate be made of how the \$8.6 million used to clear the Canal would be distributed among countries if:

- (1) the \$8.6 million were raised by a surcharge on Canal dues, and
- (2) the surcharge were assumed always to fall on the importer of the goods.

..... 2. The attached table attempts a distribution, using the pattern of traffic through the Canal in 1955 as a basis because that is the last full calendar year for which data are available. The Canal data do not themselves permit detailed distribution of Canal charges by country of importation and use had to be made of external trade statistics to obtain the degree of detail required by the Secretary-General. The trade statistics, of course, make no specific distinction between goods which have and goods which have not traversed the Canal. Assumptions and estimates had to be made to bring the data into the required form and, therefore, the figures of the table should only be used as illustrative of approximate orders of magnitude.

Approximate distribution of surcharge required to repay
\$8.6 million used to clear the Suez Canal

(Distribution proportional to the physical volume of the
imports via the Canal of each country in 1955)

(In thousands of U.S. dollars)

South to North				North to South			
Country	Distribution			Country	Distribution		
	tanker	Dry cargo	Total		tanker	Dry cargo	Total
United Kingdom	1496	854	2350	India	10	272	282
France	886	86	972	Australia	10	239	249
United States	628	109	737	Malaya	17	117	134
Netherlands	535	84	617	New Zealand	-	128	128
Italy	542	72	614	Japan	-	115	115
Germany	209	210	419	China Mainland	10	87	97
Belgium-Luxembourg ^{1/}	150	52	202	Indonesia	-	92	92
Sweden	144	28	172	Aden ^{2/}	50	18	68
Spain ^{3/}	131	8	139	Saudi Arabia	-	68	68
Other ^{3/}	166	243	409	Br. East Africa	10	57	67
				Pakistan	-	60	60
				Ceylon	-	53	53
				Hong Kong	-	50	50
				Iran	-	50	50
				Other ^{3/}	31	254	285
TOTAL	4885	1746	6631	TOTAL	138	1660	1798
			<u>Military transport, etc.</u>		<u>172</u>		

- ^{1/} The statistics of foreign trade of Belgium and Luxembourg are joint.
- ^{2/} Includes other British territories on the Red Sea.
- ^{3/} Countries and territories to which less than \$50,000 is distributed.

Source: Statistical Office of the United Nations.

DRAFT

23 August 1957

The Secretary-General is under the obligation to present to the General Assembly a plan for the repayment of the advances made to the United Nations for the financing of the clearance of the Suez Canal.

A plan for repayment can be based on any one of the following three considerations:

- a) contributions should be made on the basis of responsibilities for the blocking of the Canal;
- b) contributions should be made on the basis of the scale of assessments applied for the financing of the United Nations budget, as this scale represents the normal allocation of costs caused by United Nations decisions;
- c) the advances should be covered by the levy of a surtax on shipping through the Canal, on the assumption that the clearance operation was undertaken in the interest of the users of the Canal.

It appears to the Secretary-General that the most feasible and equitable system for repaying the advances would be by means of a surtax. This is so because the clearance of the Canal is of direct and immediate benefit to all shipping, using the Canal, and because the repayment, if arranged in this way, would not prejudge the question of the legal responsibility for the cost of clearing the Canal.

Although, in principle, the payment of such a surtax, in order to be fully equitable, should be mandatory, there may be reasons why it should be made on a voluntary basis. One of these reasons is that in such a way it would be possible to avoid the legal problems that might arise in case of a compulsory surtax, imposed by agreement between

the Government of Egypt and the United Nations, on behalf of the United Nations.

The Governments of France and the U.K. have presented claims for the use of British and French ships in the clearing operation. The Secretary-General considers that these claims are legitimate to the extent that they refer to services requested by the United Nations and provided, further, that they cover only overhead costs that reasonably should be allocated to the United Nations operations and that they are based on estimated current unit costs, reasonable in the light of the costs incurred under the arrangements with private contractors.

The claims, if estimated on the basis of these three criteria, may be considered as credits extended to the United Nations, thus ranking equally with the advances. It is obvious that the claims could not take precedence before the advances and that, therefore, what remains of the advances, after paying what is due to the private contractors, can be reimbursed to the advancing countries without reserving any amount thereof for payments to France and the U.K.

The Secretary-General thus proposes that the General Assembly for its part approve of the levy of a surtax, which would raise a total amount corresponding to the advances utilised and the French and British claims, assessed as set out above.

The total sum to be repaid by the levy of the surtax is such that repayment will be achieved in a fairly short time, even if the surtax would be put so low as not to have any impact of significance on freights or prices.

COPY/

New York, January 23rd, 1957

Permanent Mission of Finland
to the United Nations
No. 165

Sir,

I have the honour to refer to Your Excellency's note FI 323/3 (10) of the 25th December last regarding the financing of the clearance of the Suez Canal.

In reply I have been instructed to state as follows:

The Finnish Government have already advanced the substantial amount of 500 million Finnish marcs or \$2.16 million towards the operation of the United Nations Emergency Force in Egypt. This amount is equal to about fiftyeight times the sum, which, according to the scale of assessments for Members' contributions to the United Nations, would be Finland's share in a total of \$10 million.

The Finnish Government, therefore, regret that they are not in a position to bring before Parliament a bill regarding further interim financing of obligations under General Assembly Resolution 411 before an agreement has been reached as to the settlement of their expenses caused by the participation of Finnish volunteers in the United Nations Emergency Force.

I beg Your Excellency to accept the assurances of my highest consideration.

(Sgd) G.A. Gripenberg

Permanent Representative of Finland
to the United Nations

His Excellency
Dag Hammarskjold, Esq.,
Secretary-General of the United Nations,
New York, N.Y.

7 February 1957

....
Enclosed please find an informal working paper which, I think, presents the question about the transitional payments arrangement for the Canal in a manner which facilitates the clarification.

I will get in touch with you one of these days for further discussions.

Dag Hammarskjöld,
Secretary-General.

His Excellency,
Dr. Mahmoud Fawzi,
Minister for Foreign Affairs of Egypt,
Permanent Mission of Egypt to the
United Nations,
900 Park Avenue,
New York 21, N.Y.

(same letter sent to Lodge, Dixon and Georges-Picot)

Working Paper - 7 February 1957

1. An early arrangement of a provisional character for the collection of all payments for transit through the Suez Canal, seems essential in order to avoid a possible conflict when traffic through the Canal is resumed. The arrangement should be such as to avoid any pre-judging of the forthcoming negotiations on the general settlement. It should further take into account the situation established in the course of previous negotiations which have been accepted by the main parties as a starting point for new negotiations.

2. The situation after the London Conference in August was summed up by Mr. Menzies in the following terms:

"From the outset, you will have observed that the eighteen nations have not attempted to arrive at any joint opinion as to the validity or otherwise of Egypt's nationalization decree. The London conference felt that to have a debate on this point would be fruitless, since the conference possessed no authority to make any judicial determination.

It was therefore considered much more practical to work out constructive proposals which assumed that the act of nationalization had occurred and that the problem of the payment of compensation to the Suez Canal Company would be properly dealt with, with provisions for arbitration in the event of difference, and that what was needed was the establishment of principles and methods for the future."

3. It is of interest to note further that Foreign Minister Pineau expressed himself at the London Conference as follows:

"Il y a des points sur lesquels nous considérons que l'accord doit être facilement acquis, encore qu'il comporte pour certains, dont nous sommes, des sacrifices évidents. Ces points sont les suivants:

A) La propriété du Canal et de ses installations est reconnue à l'Égypte, ce qui entraîne en faveur de celle-ci le principe d'une redevance adéquate.

B) La Compagnie Universelle devra être convenablement indemnisée et elle pourra devenir par exemple une sorte de holding gérant son

propre portefeuille."

4. The Security Council's decision, 13 October, stated in point 6): "In case of dispute, unresolved affairs between the Suez Canal Company and the Egyptian Government should be settled by arbitration with suitable terms of references and suitable provisions for the payments of the sums found to be due". In the 4th point the Security Council stated that "the manner of fixing tolls and charges, should be decided by agreement between Egypt and the Users". These points make it clear that also the Security-Council worked on the basis of the assumption that Egypt's ownership of the Canal would be respected (an assumption correlated with the Council's own decision, as endorsed by Egypt, that the Company would get full compensation).

5. If a proposal for provisional arrangements is to be put forward by the Secretary-General, it seems necessary for him to base his proposals on the assumption referred to above, as another stand would involve a retreat from the starting point for previous negotiations and the working hypothesis maintained all through the "progress so far made".

6. It follows that a provisional arrangement should meet the three following objectives:

- a) It should eliminate the risks for a collision by being acceptable to the users as well as to Egypt;
- b) It should not prejudice the position of any one party on operational, institutional or general financial questions (beyond the extent to which this may be considered as having resulted, in a provisional way, from previous negotiations;

c) It should be based on the working hypothesis implicit in those negotiations, from London and onwards, that Egypt is owner of the Canal.

7. The preceding argument indicates that payments should be made to an account held in the name of Egypt, but that the disposal over such an account, might be qualified either (a) by an agreement between the parties, or (b) by reserves made in connexion with payments to the account. A general provision for the account would be that no-one, by paying to the account, has committed himself to any specific stand on those questions which were covered by the Security Council and in the exchange of letters between the Secretary-General and the Foreign Minister of Egypt based on the resolution of the Security Council.

8. The immediate question is, on the basis of this argument, what rules for disbursement from the account might be considered acceptable by Egypt and by the users. The simplest solution would be that all disbursements, except those necessary for current expenditures, would be suspended, pending a settlement of outstanding questions. Other formulae are, however, possible.

9. A special question refers to administrative arrangements for the account and for the collecting of tolls and charges. Where should the account be held? Through what agents should payments to the account be made?

6 February 1957

1. From information from various sources I gather that the British Government would like to see an arrangement according to which the International Bank would be recipient and custodian of all tolls and charges paid in the Suez Canal traffic. I gather that they consider it essential that such an arrangement is made before the traffic is resumed, presumably so as to avoid a collision between different norms which might else occur but, in particular, because they feel that such an arrangement cannot be achieved once traffic is re-opened and, if it were not achieved by that time, that Egypt would be in an impregnable position in forthcoming negotiations.
2. As Secretary-General I have continuously tried to promote negotiations concerning the general Canal settlement. I need not here repeat why so far I have not been able to get formal negotiations going. Short of that I have considered it to be my duty to do what I could in order to avoid a conflict concerning the form of payment when the traffic is re-opened. The role of the Secretary-General in that context is, on the whole, one of good offices, as no formal arrangements are made for my contacts with either the users or Egypt. The basis for my approach to this latter problem has been that "a collision" should be avoided by the introduction of a formula which, while respecting the basic Egyptian assumption of Egypt's ownership of the Canal, is strictly neutral in relation to the forthcoming negotiations so as not to prejudge the stand of any party on pending issues. This kind of formula is obviously the only one the Secretary-General, in his position, can put forward. A formula which tips the balance in favour of any party can, of course, be put forward by the party but not through

the Secretary-General, with his endorsement.

3. It does not seem to me that the formula mentioned in point 1) meets the requirements mentioned in point 2), as it would prejudge a final solution of a most important point, establishing, as it does, a financial administration by the International Bank. I do, therefore, not consider it possible to put that proposal forward in the form envisaged by the British Government. A type of formula I can envisage is one which establishes a suspense account - held, if so desired, in the International Bank - to which the payments are made with reservations, e.g. of the American type, aiming at avoiding that a country, by paying, gets committed to the acceptance of any specific arrangement for the administration of the Canal or any specific distribution of incomes from the Canal. I can also envisage that this kind of suspense account, if the payer so wishes, might be blocked pending settlement, but that seems to represent the utmost point reconcilable with the concept of technical neutrality. The difference between this possible approach and the one mentioned in 1) is that the suspense account arrangement does not derogate from the assumption of Egyptian ownership by the establishment of a financial administration, enjoying an independence exceeding what is necessary in order to safeguard freedom of action in negotiations about the final administrative arrangements.

4. I ask myself how the British Government, if they get support for their stand, intend to proceed in order to get an acceptance by Egypt. As I cannot transmit it with my own endorsement, some other channel to Cairo must be sought. It is essential that if and when that is done a

crossing of wires should be avoided. A related question is by what means it is envisaged that Egypt can be induced to accept the formula.

5. It should be observed that the British proposal, if brought up at this stage, may well block progress on the urgent question of a formula to tide us over the 1st of March without a collision. If, by then, we were to run into a conflict for the reason that the British proposal has been launched and an effort made to press it on Egypt, for example via Washington, I think there is reason to fear serious repercussions deeply harmful to other efforts of major scope in the Middle East.

Letter to
Canada.

FI 323/3(10)

17 January 1957

The Secretary-General of the United Nations presents his compliments to the Permanent Representative of Canada to the United Nations and has the honour to acknowledge the receipt of his note of 17 January 1957 in which the Secretary-General is informed that the Government of Canada, on a certain understanding and in accordance with arrangements to be worked out with the Secretary-General, is prepared to advance an amount up to \$1,000,000 in response to the Secretary-General's appeal for interim funds to meet the current costs involved in the initial work of clearing the Suez Canal.

The Secretary-General wishes to inform the Permanent Representative of Canada to the United Nations 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 overall 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.

Canada note verbal

revised p. 2

-2-

Special note has been taken of the second sentence in paragraph 4 of the note of the Permanent Representative of Canada to the United Nations, and the Secretary-General confirms that it is a correct representation of United Nations policy which he will use his best efforts to implement. The Secretary-General wishes also to assure the Government of Canada that he confirms all other understandings set forth in the note of 17 January 1957.

17 January 1957.

Hannah

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, --

- (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

2 January 1957

Dear Mr. Black,

In view of the importance of the reopening of the Suez Canal as soon as possible for the maintenance of peace and security, for the strengthening of the economies of nations which have been harmed by the Canal's closing, as well as for the free flow of commerce of all nations, I have requested Members of the United Nations to make interim advances, as an emergency measure, of approximately \$10,000,000 to \$15,000,000 in United States dollars and, possibly, other currencies, in order that the United Nations may execute contracts with appropriate contractors so that the operations of clearing the Canal may be speedily and effectively undertaken.

I request the International Bank for Reconstruction and Development to act as the fiscal agent of the United Nations by receiving, holding and disbursing these interim advances. Funds received by you, as the fiscal agent of the United Nations, may be deposited in any of your regular depositaries or in any other depositaries, wherever located, which you may select without responsibility on your part for the performance by the depositaries of their obligations to you. Such funds shall be paid over to the United Nations from time to time upon your receipt of a certificate signed by the Secretary-General or his designee specifying the amount and currency to be paid and certifying that the proceeds of the payment will 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. It is understood that you will not be expected to undertake conversion of currencies or to pay out more funds in any currency than you have received. If so instructed by the Secretary-General, you will return to the Governments making the interim advances such funds as he shall specify. Your sole responsibility and liability with respect to the funds received by you as interim advances will be to make payment of such funds to the United Nations against your receipt of the certificate or certificates aforementioned and to return funds to the Governments making the interim advances in accordance with the instructions of the Secretary-General.

If you are willing to act as fiscal agent of the United Nations

for the purpose of these operations on the basis outlined, please confirm to me your agreement with the above.

Yours sincerely,

Dag Hammarskjold
Secretary-General

Mr. Eugene Black,
President,
International Bank for Reconstruction
and Development,
1818 H Street N.W.,
Washington 25. D.C.

UNITED NATIONS



NATIONS UNIES

NEW YORK

CABLE ADDRESS · UNATIONS NEWYORK · ADRESSE TELEGRAPHIQUE

FILE NO.:

FI 323/3 (10)

et a l'honneur d'appeler son attention sur la résolution 411 que l'Assemblée générale a adoptée le 26 novembre 1956 au sujet du dégagement du canal de Suez, et par laquelle elle a autorisé le Secrétaire général à continuer de rechercher des mesures pratiques et de négocier des accords pour que les opérations de dégagement puissent être entreprises avec rapidité et efficacité.

En application de cette résolution de l'Assemblée générale, le Secrétaire général a contracté certains engagements, notamment vis-à-vis d'entrepreneurs. Il importe de prendre d'urgence des dispositions en vue de financer ces engagements si l'on veut que les opérations de déblaiement s'effectuent sans interruption ni retard. Le Secrétaire général compte soumettre prochainement à l'Assemblée un plan définitif concernant le total des dépenses à engager pour le



déblaiement du canal. En attendant qu'une décision intervienne sur ce plan, il est indispensable de disposer, à titre provisoire, des liquidités nécessaires pour pouvoir faire face aux besoins immédiats. Le Secrétaire général serait donc très reconnaissant au Représentant permanent de bien vouloir lui donner, si possible avant le 1er janvier 1957, des indications sur l'importance de l'aide financière qu'il peut fournir sous forme d'une avance de fonds. Il serait entendu que toute avance provisoire consentie par le Gouvernement de Son Excellence ne préjugerait ni la nature ni l'étendue de la participation de ce Gouvernement au règlement financier d'ensemble qui pourrait être convenu par la suite.

Afin de pouvoir s'acquitter des responsabilités qui lui sont confiées touchant cette entreprise vitale de l'Organisation des Nations Unies, le Secrétaire général compte que les gouvernements des Etats Membres qui sont en mesure de fournir une assistance de la manière et sur la base indiquées et disposés à le faire pourront, d'urgence, avancer provisoirement des fonds s'élevant à dix millions de dollars au moins.

Si, comme il l'espère, le Gouvernement de Son Excellence est à même de donner une suite favorable à la présente demande, le Secrétaire général ne manquera pas de fournir, dans toute la mesure du possible, les renseignements supplémentaires concernant la question que le Représentant du Gouvernement de Son Excellence pourra lui demander.

UNITED NATIONS  NATIONS UNIES

- 3 -

Le Gouvernement égyptien a donné l'assurance qu'il coopérerait sans réserve avec les Nations Unies pour s'acquitter de sa part dans les opérations de dégagement du canal.

Le 25 décembre 1956

OK

UNITED NATIONS



NATIONS UNIES

NEW YORK

CABLE ADDRESS • UNATIONS NEWYORK • ADRESSE TELEGRAPHIQUE

FILE NO.:

FI 323/3 (10)

and has the honour to call attention to resolution 411 adopted by the General Assembly on 26 November 1956 on the subject of the clearance of the Suez Canal, under which the Secretary-General is authorized to proceed with the exploration of practical arrangements and the negotiation of agreements so that the clearing operations may be speedily and effectively undertaken.

In accordance with the above resolution of the General Assembly, the Secretary-General has entered into obligations with contractors and others. For the financing of these obligations appropriate arrangements need urgently to be made, if the clearance operations are to proceed without interruption or delay. The Secretary-General intends to report to the General Assembly at an early date on a final plan with respect to the total obligation for the clearance of the Canal. Pending a decision on such a plan it is essential that immediate cash needs are adequately



- 2 -

provided for on an interim and provisional basis. The Secretary-General would therefore much appreciate any indication which the Permanent Representative is able to give him, if possible, before 1 January 1957, as to the measure of financial assistance it can make available by way of an advance of funds. It would be understood that any interim advance would be without prejudice to the nature and extent of the Government's participation in such overall financial settlement as may eventually be agreed upon.

In order that he may be enabled to discharge the responsibilities entrusted to him in connexion with this vital United Nations undertaking, the Secretary-General trusts that Member Governments who are able and willing to assist in the manner and on the basis indicated, can urgently provide interim financing to the extent of not less than \$10 million.

If, as the Secretary-General hopes, His Excellency's Government is able to react favourably to this request, he will be glad to provide, to the extent possible, such further information concerning this matter His Excellency may require.

The Government of Egypt has given its assurance that the United Nations will have the full co-operation of that Government in the execution of its part in the Canal clearing operations.

25 December 1956

BRK

UNITED NATIONS  NATIONS UNIES
NEW YORK

CABLE ADDRESS · UNATIONS NEWYORK · ADRESSE TELEGRAPHIQUE

FILE NO.:

FI 323/3 (10)

y tiene el honor de señalar a su atención la resolución 411 aprobada por la Asamblea General el 26 de noviembre de 1956 sobre las operaciones para despejar el Canal de Suez, en la cual se autoriza al Secretario General a tratar de encontrar medidas de orden práctico y a negociar acuerdos de modo que dichas operaciones puedan emprenderse con rapidez y eficacia.

De conformidad con la citada resolución de la Asamblea General, el Secretario General ha contraído obligaciones con contratistas y otras personas. A fin de financiar estas obligaciones, se necesita con urgencia efectuar arreglos adecuados de manera que las operaciones para despejar el Canal se realicen sin interrupción ni demora. El Secretario General tiene la intención de informar próximamente a la Asamblea General sobre un plan definitivo para hacer frente al total de las obligaciones que



resulten de despejar el Canal. En espera de que se llegue a una decisión sobre ese plan, es esencial que se adopten, por el momento y provisionalmente, las disposiciones indispensables para satisfacer las necesidades inmediatas de numerario. Por lo tanto, el Secretario General recibirá con gran reconocimiento cualquier indicación que pueda darle el Representante Permanente, de ser posible antes del 1^o de enero de 1957, sobre el grado de asistencia financiera que podría proporcionar en forma de adelanto de fondos. Quedaría entendido que cualquier adelanto provisional se efectuaría sin perjuicio de la naturaleza y amplitud de la participación del Gobierno de Su Excelencia en el arreglo financiero completo que pudiera acordarse en definitiva.

A fin de estar en condiciones de cumplir la misión que se le ha confiado en relación con esta tarea esencial de las Naciones Unidas, el Secretario General confía en que los Estados Miembros que puedan ayudar en la forma indicada y sobre la base propuesta y estén dispuesto a hacerlo, podrán suministrar un financiamiento provisional que ascienda, por lo menos, a 10.000.000 de dólares de los Estados Unidos de América.

En caso de que, como el Secretario General lo espera, el Gobierno de Su Excelencia reaccione favorablemente ante esta solicitud, el Secretario General tendrá mucho gusto en proporcionar, hasta donde sea posible, la información adicional sobre este asunto que solicite el Representante Permanente.

UNITED NATIONS



NATIONS UNIES

- 3 -

El Gobierno de Egipto ha dado sus seguridades de que las Naciones Unidas contarán con la plena colaboración de dicho Gobierno en la ejecución de su parte de las operaciones para despejar el Canal.

25 de diciembre de 1956

BRK

THE PERMANENT OBSERVER
OF THE
FEDERAL REPUBLIC OF GERMANY
TO THE
UNITED NATIONS

~~XXXXXXXXXXXX~~
~~XXXXXXXXXXXX~~

460 PARK AVENUE
NEW YORK 22, N. Y.

TELEPHONE:
~~XXXXXXXXXXXX~~
MURRAY HILL 8-2333

January 21, 1957

Sir:

With reference to your communication of 10 January 1957 (FE 525/5 (10)), concerning the participation of the Federal Republic of Germany in making available funds to cover the costs of the initial stages of the work involved in clearing the Suez Canal, I have the honour to advise you that my Government decided on 9 January to make an interim advance of \$ 1 million for the purpose set forth in your letter.

This payment is being made voluntarily without recognition of any legal obligation on the part of the Government of the Federal Republic of Germany, and it does not imply any obligation for further financial advances.

It is the understanding of my Government that this payment of \$ 1 million is being made on the basis of the assurance given in your communication to the effect that repayment of the interim advance will be secured within the framework of the plan for the financing of the total cost of rehabilitation of the Canal. This repayment should, in the opinion of the Federal Government, at least be undertaken by charging the interim advance against future Canal fees.

I am taking the liberty of transmitting a copy of this communication to Mr. McCloy since consultations in this matter have been conducted so far with him.

Accept, Sir, the assurances of my highest consideration.

Georg von Broich-Oppert
Ambassador

His Excellency
Mr. Dag Hammarskjöld
Secretary-General of the United Nations
United Nations
New York



CANADIAN DELEGATION TO THE UNITED NATIONS
NEW YORK

The Permanent Representative of Canada to the United Nations presents his compliments to the Secretary-General of the United Nations and has the honour to refer to the Secretary-General's note dated December 25, 1956, regarding advances of funds to meet immediate cash needs for the clearance of the Suez Canal pending agreement on a final plan with respect to the total obligation for the clearing operation.

While Canada is not directly concerned as a user nation with the operations of the Suez Canal, the Canadian Government recognizes and appreciates the urgency of reopening the Canal and restoring secure freedom of navigation as provided by the General Assembly Resolution No. A/Res/390 of November 2. The Canadian Government views the reopening of the Canal as a vital condition for the re-establishment and preservation of stability in the Middle East and for the strengthening of the economies of all interested states.

The Government of Canada understands that the implementation of the clearing of the Suez Canal which the United Nations has agreed to undertake in response to a request from the Government of Egypt will be carried out solely under the instructions of the Secretary-General who has

been authorized by the Government of Egypt to carry out the task as effectively and expeditiously as possible. The Government of Canada notes that the Government of Egypt has given its assurance that it will co-operate fully in the execution of its part in this United Nations enterprise.

The Canadian Government recalls that the principle of free transit through the Suez Canal without discrimination by ships of all nations was reiterated in the Security Council's Resolution No. S/3765 of October 13 and again in the Resolution adopted by the General Assembly on November 2. Any participation of the Canadian Government in the financing of the clearance operations, therefore, would be on the understanding that the above Resolution will govern the operation of the Canal for the shipping of all nations, and that the advances which the Secretary-General has requested will assist in promoting this common purpose of the members of the United Nations.

On this understanding the Government of Canada is prepared to advance, in accordance with arrangements to be worked out with the Secretary-General, an amount up to \$1,000,000 in response to the Secretary-General's appeal for interim funds to meet the current costs involved in the initial work of clearing the Suez Canal. The Canadian Government notes the assurances of the Secretary-General that the funds now advanced are intended exclusively for the purpose of interim financing of Canal clearance operations and understands that

this interim advance will be repaid as soon as funds become available under a general financing programme to be arranged by the Secretary-General.

New York, January 17, 1957

CAH

January 8, 1957

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 the Secretary-General's note of January 4, 1957 regarding advances of funds to defray the initial costs of rehabilitating the Suez Canal.

The Government of the United States previously indicated that it was prepared to advance to the United Nations five million dollars for this purpose, in accordance with arrangements to be worked out with the Secretary-General. The Government of the United States has taken note of the provisions, understandings, and statements set forth in the Secretary-General's note of January 4 and in accordance with these arrangements transmits herewith a check (29,890,377) to the order of the United Nations in the amount of five million dollars, these funds to be transferred to the International Bank for Reconstruction and Development as fiscal agent of the United Nations. A receipt for this enclosure would be appreciated.

Enclosure:

United States Treasury
check in the amount of
\$5,000,000.

UN-2184/555

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
WASHINGTON 25. D. C.

OFFICE OF THE PRESIDENT

January 5, 1957

Dear Mr. Hammarskjold,

I have your letter of January 2, 1957, informing me that you have requested members of the United Nations to make interim advances, as an emergency measure, of approximately \$10,000,000 to \$15,000,000 in United States dollars and possibly other currencies, in order that the United Nations may execute contracts with appropriate contractors so that the operations of clearing the Suez Canal may be speedily and effectively undertaken, and requesting this Bank to act as fiscal agent of the United Nations by receiving, holding and disbursing these interim advances.

I am glad to confirm the agreement of this Bank to act as fiscal agent of the United Nations for the purposes and on the basis outlined in your letter. I understand that funds may also be made available by Governments which are not members of the United Nations and I can assure you that the Bank is willing to receive any such funds as fiscal agent of the United Nations for the same purposes and on the same basis. You will understand, I am sure, that if any funds are to be turned over to this Bank in currencies for which we have no regular depositaries, our acceptance of them must be subject to our ability to make appropriate depositary arrangements.

Yours sincerely,

Eugene R. Black

Mr. Dag Hammarskjold
Secretary-General
United Nations
New York, N. Y.

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.

UN-2184/547

- 2 -

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.

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

CONFIDENTIAL

CONFIDENTIAL

-2-

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

Copy

Permanent Mission of Sweden
to the United Nations

New York, 31 December 1956

Sir,

In addition to my letter of 31 December 1956, regarding interim advance payment, I would like to make an explanatory remark and ask for certain clarification.

The Swedish contribution, if approved by the Swedish Riksdag, cannot be available until some time after January 11th, when the Riksdag will be convened for its new session.

Furthermore, in order to prepare the proposal to be laid before the Riksdag, my Government would be most grateful to obtain before January 11th as complete information as may be possible in particular regarding the total amount of interim advance payments required, and also regarding offers and/or contributions from other Member Governments.

With the assurances of my highest consideration, I have the honour to be, Sir,

Your obedient Servant

s/ Gunnar Jarring
Permanent Representative.

The Honourable Dag Hammarskjöld,
Secretary-General of the United Nations,
New York, N.Y.

New York, 31 December 1956.

Sir,

In reply to your letter FI 323/3 (10) of December 25, 1956, I have the honour to inform you that I have been instructed by my Government to communicate the following.

The Swedish Government is prepared to propose to the Riksdag that an interim advance payment towards covering obligations outlined in your letter be approved. It is understood that the amount of this interim advance payment, the acceptance of which the Swedish Government is prepared to propose to the Riksdag, should be proportionate to the total need of interim advance payments. It is furthermore understood that the Swedish interim advance payment should be in reasonable proportion to the interim advance payments of other Member Governments.

With the assurances of my highest consideration,
I have the honour to be, Sir,

Your obedient Servant

/Gunnar Jarring/
Permanent Representative.

To: Honourable Dag Hammarskjöld,
Secretary-General of the United Nations,
New York, N.Y.

3/1/1

MT/MM

30 December 1956

The Permanent Representative of New Zealand to the United Nations presents his compliments to the Secretary-General of the United Nations and has the honour to acknowledge the receipt of the note FI 323/3 (10) of 25 December 1956 in which the Secretary-General referred to the action taken by him in accordance with resolution 411 adopted by the General Assembly on 26 November 1956 in regard to the clearance of the Suez Canal, and enquired whether the New Zealand Government would be able to assist in the interim financing of the obligations entered into by the Secretary-General:

The Permanent Representative has the honour to inform the Secretary-General that this matter is at present under consideration by the New Zealand Government.

H. J. C. TERPINGTON
30 December 1956