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Nasser, Gamal Abdel (President of Egypt)

- 1 letter from R. Menzies, Chairman of Suez
- tion committee.
- 1 letter to R. Menzies.

10th September, 1956

TEXT OF THE LETTER ADDRESSED FROM H.E. PRESIDENT
GAMAL ABDEL NASSER TO H.E. THE R.H. ROBERT G. MENZIES
CONCERNING THE DISCUSSIONS ON THE SUEZ CANAL HELD
BETWEEN THE GOVERNMENT OF EGYPT AND THE FIVE NATION
COMMITTEE

Your Excellency,

I have received your letter of September 7th, 1956^N relating to the meetings held between us and the Committee headed by you and representing eighteen of the Governments which participated in the London Conference on the Suez Canal. Your Committee will recall that during those meetings, I took up various basic points and commented upon them. You have referred to the eighteen countries as representing over 90% of the users of the Canal. Besides this being distinctly a statistical exaggeration, our understanding of the term "users of the Canal" includes those countries which, even though they have no ships passing through the Canal, use the Canal for the passage of the bulk of their foreign trade. An illustration of this would be such countries as Australia, Thailand, Indonesia, India, Pakistan, Iran, Iraq, Saudi Arabia, Ethiopia and The Sudan. Furthermore the Principle of Sovereignty, the right of ownership and the dignity of nations are all deeply involved in this problem.

At least in appearance, the starting point of the present crisis was July 26th, 1956, when, in the exercise of one of its prerogatives, the Government of Egypt nationalized the Company which bore the name of "The Universal Maritime Company of the Suez Canal",

That the Government of Egypt was fully entitled to nationalize that Egyptian Company cannot be seriously contested. In nationalizing that company the Government of Egypt stated unequivocally that it considers itself bound by the 1888

.../Convention

Convention guaranteeing the freedom of passage through the Suez Canal and its readiness to give full and equitable compensation to the shareholders. Furthermore on August 12th, the Government of Egypt announced its willingness to sponsor with the other governments signatories to the Constantinople Convention of 1888 a Conference to which would be invited the other governments whose ships pass through the Suez Canal, for the purpose of reviewing the Constantinople Convention and considering the conclusion of an agreement between all these governments reaffirming and guaranteeing the freedom of passage through the Suez Canal. Parallel to this, nowhere and no date could be found where or when the Government of Egypt violated any of its international obligations concerning the Suez Canal. At the same time, for nearly fifty days and in spite of the difficulties created by France and the United Kingdom and by segments of the former Suez Canal Company, the traffic through the Canal has been going with regularity and efficiency.

The crisis and the so-called "grave situation" are therefore artificially created by the above-mentioned quarters as witness, among other things:

- a. Statements containing threat of force.
- b. Mobilization and movements of troops by France and the United Kingdom.
- c. Inciting employees and pilots working in the Suez Canal to abruptly abandon their work, by France and the United Kingdom and some officials of the former Suez Canal Company, and
- d. Hostile economic measures taken against Egypt.

With all this going on, we have been repeatedly made to listen to references to a "peaceful solution" and to "free negotiations" in order to achieve such a solution.

Need one emphasize the contradiction between the

.../palpatating

palpatating reality and the profess~~aim~~? If there is anything which flagrantly violates and disdains the letter and spirit of the Charter of the United Nations it is such acts of attempted intimidation, economic pressure and incitement to sabotage. In distinct contrast to this, the Government of Egypt has announced its full readiness to negotiate a peaceful solution in conformity with the purposes and principles of the Charter of the United Nations. This remains to be the policy and the intent of the Egyptian Government.

We have studied most carefully all the proposals submitted in and outside the London Conference with regard to this problem, including the proposals of the eighteen countries which the Committee represents. We find ourselves in agreement with the eighteen countries when they state that the solution must:

- a. Respect the sovereign rights of Egypt.
- b. Safeguard the freedom of passage through the Suez Canal in accordance with the Suez Canal Convention of October 29th, 1888.
- c. Respect Egypt's right of ownership.
- d. Ensure the efficient and dependable operation, maintenance and development of the Canal.

When, however, we come to consider the ways and means proposed by the Committee to attain these objectives we find that they are self-defeating and that they lead to opposite results from those aimed at.

The "definite system" as proposed by the Committee would, in fact, mean "taking over the operation of the Canal" as circulated by the sponsoring governments immediately before the Conference among the governments invited, and as in substance maintained throughout in spite of the variance of expression.

...The system

The system proposed is bound to be considered and treated by the people of Egypt as hostile, as infringing upon their rights and their sovereignty, all of which precludes real cooperation.

It can, moreover be asked whether it was the Suez Canal Company which guaranteed the freedom of passage through the Canal. Was it not indeed the Government of Egypt who safeguarded and still safeguards that freedom of passage? Would this freedom be or could it in actual practice be safeguarded by the proposed Suez Canal Board? Is it not to be expected that this Board would be, not a source of comfort and help, but a source of misunderstanding and trouble?

In all this we keep constantly in our mind the vital importance of genuine international cooperation as distinct from domination of any country, be it single domination as the one which Egypt just got rid of or collective domination as would inevitably be considered the system proposed by the Committee. Any attempt to impose such a system would indeed be the signal for incalculable strife and would plunge the Suez Canal into the turmoil of politics instead of, as the Committee profess to want, insulating it from politics.

Whatever the system of operation of the Canal is going to be, it will depend on the close, full and willing cooperation of the people of Egypt among whom and through whose country the Canal runs. It is obvious that such indispensable cooperation cannot be had if the people will consider the operating body as hostile and as against their sovereignty, their rights and their dignity.

Strangely enough, those who pose as protagonists of "insulating" the Suez Canal from politics have been the authors of many acts which diametrically contradict this announced
.../purpose.

purpose.

What is the "internationalization" of the Suez Canal, the convening of the London conference on the Suez Canal with, in the most part, tactically selected invitees, the delegating of the five-member committee, the threats, the deployment of armed forces and the economic measures - What are all these if not politics ?

You have mentioned that the delegates of any nation represented in the proposed Suez Canal Board should not be under any obligation to observe political instructions. They will, nevertheless, be nationals of their respective countries and subjects of their respective governments, and it will be extremely unlikely that they will be immune from the influence of such relationship. The similes you have put forth of the International Bank and the International Court of Justice do not in our opinion either hold or convince.

We believe that the real insulation of the canal from politics would best be guaranteed by a solemn and internationally binding commitment in the form of either a reaffirmation or a renewal of the 1888 Convention, either of which, as we already declared, is acceptable to us.

It has been alleged that the Government of Egypt aims at discriminating against one of the countries you represent, namely the United Kingdom, and that the Government of Egypt has among its objectives the disruption of British economy and the interruption of the line of trade and supply of the United Kingdom through the Suez Canal.

It is clear beyond cavil that nothing could be farther from the truth, and no one could validly point out one single reason
.../why and for what

why and for what useful purpose the Government of Egypt should entertain such policy.

International confidence was also mentioned by you. I have in this connection called your attention to the fact that confidence is a two-way proposition and that while the confidence of other nations is important, that of the Egyptian people is at least of equal importance in this respect and it cannot be had if the Egyptian people are as a result of certain acts and policies impelled to doubt and lose faith in the existence of international justice and the rule of law in international relations.

If the real objective is to secure the freedom of passage through the Suez Canal, the answer is there: namely that passage through the Canal has always been and continues to be free.

The only danger to this freedom^{of}/passage stems from the threats, the redeployment of armed forces, the incitation of employees and workers to sabotage the operation of the Canal, and the economic measures against Egypt.

If, on the other hand as it seems, the objective is to amputate and to sever from the very body of Egypt one of its main parts, if the aim is to deprive Egypt from an integral part of its territory. We should be told of it. It should be abundantly clear by now that Egypt, by the very nature of things, is vitally interested in the maintenance of peace and security not only around the Suez Canal but also throughout the area in which it exists and all over the world.

It should be equally clear that, if only by sheer self-interest, Egypt is devoted to the freedom of passage through the Canal and is equally devoted to the concept of an efficient, enlightened and progressive operation of the Canal, without any discrimination or any exploitation whatsoever.

.../I wish to refer

I wish to refer in this last connection to my having mentioned to the Committee that the Government of Egypt is ready to enter into a binding arrangement concerning the establishment of just and equitable tolls and charges.

As for the future development of the Suez Canal to which you referred, I wish to reiterate that the Government of Egypt is determined to do everything possible in this respect, that it has already announced its intention to carry out the development programme which was planned by the former Canal company and other programmes of much wider scope and longer range.

It is our announced policy that the Suez Canal Authority is an independent authority with an independent budget empowered with all the necessary powers, without being limited by Government rules and systems.

We have also announced our intention to earmark an adequate percentage of the revenues of the Canal to its future development and to deviate none of the revenues needed for such development to other channels. Both for the development and for the operation of the Canal, the Government of Egypt does and will always be ready to benefit by the knowledge and experience of highly qualified experts from all over the world.

The crux of the present situation is, in our opinion, that the proposed system, in itself and in what has accompanied it and what it involves aims at securing for a group of the users of the Canal control of it by their taking over its operation.

The paper which was circulated among the countries invited to the London Conference shortly before it was convened, and which seems to be until now a guide as to the still maintained objectives of the sponsoring countries reads:

.../Proposal for the

Proposal for the establishment of an International Authority for the Suez Canal:

I. France, the United Kingdom and the United States are in agreement that at the conference a resolution shall be tabled for setting up an international authority for the Suez Canal on the following lines:

II. The purposes and functions of this International Authority would be

(1) To take over the operation of the Canal;

(2) To ensure its efficient functioning as a free, open and secure international waterway in accordance with the principles of the Suez Canal Convention of 1888;

(3) To arrange for the payment of fair compensation to the Suez Canal Company;

(4) To ensure to Egypt an equitable return which will take into account all legitimate Egyptian rights and interests. Failing agreement with the Company or with Egypt on either of the last two points, the matter would be referred to an arbitral commission of three members to be appointed by the International Court of Justice.

III. The constituent organs of the International Authority would be

(1) A Council of Administration, the members of which would be nominated by the powers chiefly interested in navigation and sea-borne trade through the Canal;

(2) The necessary technical, working and administrative organs.

IV. The powers of the International Authority would in particular include

(1) The carrying out of all necessary works;

.../(2) The determination

(2) The determination of the tolls, dues and other charges on a just and equitable basis;

(3) All questions of finance;

(4) General powers of administration and control.

We are convinced that any unbiased study of this circular would leave the reader with but one conviction, namely that the purpose is to take the Suez Canal out of the hands of Egypt and put it into some other hands. It is difficult to imagine anything more provocative to the people of Egypt than this. An act of such a nature is both self-defeating and of a nature to generate friction, misunderstanding and continuous strife. It would be, in other words, not the end, but the beginning of trouble.

I would like, on the other hand, to reaffirm that the policy of my Government remains to be:

A.- The freedom of passage through the Suez Canal and its secure use without discrimination.

B.- The development of the Suez Canal to meet the future requirements of navigation.

C.- The establishment of just and equitable tolls and charges, and

D.- Technical efficiency of the Suez Canal.

We trust that the Suez Canal will thus be insulated from politics and will, instead of being a source of conflict, become again a link of cooperation and of mutual benefit and better understanding between the nations of the earth. Furthermore we are confident that by carrying out this policy and extending its good will in every direction, Egypt will best be able to contribute to the welfare and happiness of the world as well as to its own happiness and welfare.

Texts of Communique by Nasser and the Suez Committee and of Notes Exchanged

CAIRO, Sept. 9 (Reuters)—Following are the texts of a joint communique issued by President Gamal Abdel Nasser of Egypt and the Suez Canal Committee at the close of their talks here and of notes and memoranda exchanged between President Nasser and the five-nation committee:

The Communique

Discussions between President Nasser and the committee consisting of representatives of Australia, Ethiopia, Iran, Sweden and the United States under the chairmanship of the Right Hon. R. G. Menzies, which took place in Cairo between 3d September and 9th September have been concluded.

The committee has presented and explained the proposals of

eighteen of the nations which participated in the London conference on the Suez Canal and in turn has received the views of the Government of Egypt with regard to them.

The discussions have been conducted in a frank and informal manner. The committee is departing from Cairo and will report to its principals the outcome of its discussions.

Menzies' Letter to Nasser

Our discussions have been conducted in an atmosphere of courteous frankness and responsibility. But they have, in our opinion, disclosed deep differences of approach and principle which it seems clear that no repetition of debate can affect. In these circumstances, we consider that it would now be helpful that my committee should now set down, in summary and objective form, the underlying purposes of the 18-power proposals and the nature of the reasons underlying them.

This seems desirable because, as our talks have been conducted in private without records and with great informality, neither you nor we would desire that there should be in future any misunderstanding on the part of our principals or of yourself as to what we were proposing to your Government.

We were authorized to present those proposals on behalf of the following eighteen nations represented at the London conference as follows (I put them into alphabetical order):

Australia, Denmark, Ethiopia, France, the Federal Republic of Germany, Iran, Italy, Japan, the Netherlands, New Zealand, Norway, Pakistan, Portugal, Spain, Sweden, Turkey, the United Kingdom and the United States of America. (Spain, at the London conference, made a reservation which has been conveyed to you.)

Proposals Debated

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 provision for arbitration in the event of difference, and that what was needed was the establishment of principles and methods for the future.

These should be such as would both in law and in fact insure that the Suez Canal would continue to be an international waterway operated free of politics or national discrimination and with a financial structure so secure, and an international confidence so high, that an expanding and improving future for the canal would be guaranteed.

The proposals evolved in this atmosphere have been placed before you and have been much debated between us. We have, as you know, gone beyond the mere presentation of the proposals and have sought to explain and establish what we believe to be the large questions of principle involved.

It would be tedious and unnecessary in this document to recapitulate all the discussions that have occurred on all the points of interpretation that have arisen. The simple truth is that we quite early realized on both sides of the table that there were certain central matters without agreement upon which subsidiary matters could not usefully be determined. The two crucial proposals emerging from London were:

1. That the operation of the canal should be insulated from the influence of the politics of any nation, and
2. That, to enable this to be done, there should be established, under an international convention to which Egypt would be a party, a body charged with

the operation, maintenance and development of the canal. Such a body, we propose, should be constituted of people from various countries, including Egypt, the members would not be subject to political direction, and should be given in the convention, with the free consent of Egypt, wide powers of management and finance so that it could inspire confidence, deal with the future financial requirements of the canal, and insure a non-discriminatory and non-political management of canal traffic. The proposed body would naturally have due regard for the laws and institutions of Egypt. You have with complete frankness made it clear to us that the existence of such a body operating the Suez Canal would, in the view of Egypt, be a derogation from Egyptian sovereignty; that it would in substance represent a reversal of the policy announced by you on July 26.

Egypt's View Disputed

We cannot agree with this view. Nowhere in our proposals is there any denial of Egypt's territorial sovereignty. On the contrary, the London proposals expressly recognized these rights in Paragraph 2 of the resolution. The whole essence of what we have put forward is, to use a homely illustration, that Egypt's position as the landlord of the canal being completely accepted, she should proceed by international agreement to install a tenant so constituted that the future of the canal would be satisfactory both to its owners and to those many nations who use it.

We believe, as we have pointed out, that it cannot seriously be maintained that when a landlord grants a lease of premises that lease derogates from his ownership. The fact is that the lease is an expression of and conditional upon his ownership. On this analogy our proposals would mean that the tenant of the canal would pay to Egypt a substantial rental which must unquestionably grow as the traffic through the canal increases, and that in the meantime the tenant would, in the exercise of its managerial and financial powers, be constantly improving the value of Egypt's asset.

Indeed, as the "tenant" in this analogy would be a body which includes Egypt, herself, the position of Egypt would be even stronger. In Paragraph 3A of our proposals, there is a reference to "institutional arrangements." As we felt that this phrase might be regarded as admitting of a variety of applications, we undertook the task

of illustrating what it meant. We pointed out that what we were saying was merely illustrative and was not designed to narrow the broad significance of the proposals themselves.

But as we have said, one form of "institutional arrangement" which comes readily to mind is to be seen by reference to the case of the International Bank for Reconstruction and Development. That bank was created by agreement among a considerable number of nations. It was not incorporated under the law of any one country. It owes its existence to the agreement of many countries. Its powers are defined by an international document. Without being in the technical sense incorporated under some pre-existing law, it has extensive powers, but also because in its capital structure and growth it has enjoyed the unquestioned confidence of a great variety of member nations.

Its existence has not, so far as we know, been regarded as derogating from the sovereignty of any nation, even though it enjoys a wide immunity from national laws. We have become conscious of your firmly held view that there is no occasion for a canal authority possessing an international character, because of Your Excellency's belief that Egypt is herself capable of conducting and ensuring the future of the canal, and has never challenged the 1888 convention or its declarations about the freedom of the canal.

Certain Considerations

To answer this point, we found it necessary to put before you quite frankly and objectively certain considerations which, from the point of view of the eighteen nations we represent, nations who among them represent over 90 per cent of the traffic passing through the canal, are of vital significance.

The traffic through the canal has almost reached what might be described as saturation point. Even to maintain it in its present shape requires the constant services of a highly skilled, experienced and specialized engineering and transportation staff. This staff has been built up over a long period of years. There has been an increasing intake of Egyptian personnel, but the great majority of the key employees are still nationals of other countries.

From the point of view of Egypt herself it is desirable that there should be a continuity of skilled operation. Such continuity, in our judgment, cannot be assured unless there is complete mutual confidence among those actually operating the canal, the Government of Egypt and the users of the canal.

But the matter does not end there. It is clear that as a result of increased traffic Egypt can enjoy substantial and increasing benefits from the canal if the canal can retain the confidence of its principal users. The number of tankers passing through the canal could double or treble in a few years if such confidence exists.

Expansion Held Necessary

To deal with such traffic, expansion of the canal will be necessary. Whether expansion consists of widening, deepening, constructing by-passes or even duplicating the canal, the capital costs will be substantial. If these costs are to be met over a period of time from canal revenues without serious current reductions in Egypt's income from the canal, or without the imposition of burdensome increases of dues, they must be derived from funds accruing from an increase in traffic—an increase which would come only if the users would maintain confidence in the canal.

And it must be remembered the increased dues would impose grievous burdens upon those many millions of people in the world who, in the long run, pay the costs and charges incurred by the cargoes they ultimately buy or sell. If expansion would not be necessary, it would be because the users' confidence would be lacking and many of them would have found good reason to avoid remaining dependent on the canal.

The benefit, therefore, which Egypt might have gained would be materially lessened. We have, therefore, in the interest of Egypt and the users, urged that the structure of the body actually conducting the canal operations should be such as to inspire world-wide confidence and bring about a capacity to raise the necessary capital sums because of a prevailing feeling of security on the part of those who may be asked to provide them.

In short, what we have proposed is that Egypt's sovereignty being fully recognized, the actual operation, maintenance and expansion of the canal should be reposed in a body (established under international convention), which would include people from various nations, including of course Egypt, with extensive financial powers and responsibilities.

As we believe that an international waterway like the Suez Canal should not become an instrument of the political policy of any nation or nations, we proposed that the members of this body should not be the mere delegates of any nation or be under any obligation to observe political instructions.

On the contrary, we proposed that the parties to the convention should select them with regard to their personal qualities of ability, integrity and experience. It is true in a sense that our proposed convention would be an arrangement made between governments and that original appointments to the proposed authority would be made by governments.

Delegates Not Political

But we firmly believe that, with goodwill and good faith, persons so appointed could serve in a nonpolitical manner in this case as readily, for instance, as do the judges of the Permanent International Court of Justice.

As we have throughout emphasized, it is essential that if it is to be a truly international waterway as envisaged by the 1888 Convention, there should be no politics in the Suez Canal, whether those of Egypt or of any other nation. Your Excellency has told us with clarity and frankness that you do not believe that the canal could be excluded from the politics of Egypt, since it is part of Egyptian territory and assets.

To this we have pointed out that, if the canal is to remain fully available for any of Egypt's political purposes, subject only to the 1888 Convention, then the many nations using the canal will have to realize that their pattern of overseas trade will be at any time subject to the decision of Egypt alone.

We are, of course, conscious of your own view that these considerations are adequately met by the guarantee of freedom under the 1888 Convention.

But if that Convention is to contain the only limitation, it seems clear to us, as we have pointed out, that there could be, for political purposes, many discriminations in traffic and marshaling control which did not fall foul of the Convention; that, canal dues being within Egypt's sole control, differences of opinion as to their level will almost inevitably be fixed by reference to Egyptian budgetary needs, with the strong possibility that they would be raised to the maximum that the traffic could bear; and that future development of the canal might well be controlled by local budget considerations; a danger which independent finance by a special international body would entirely avert.

We have stated and restated that the setting up of such a body as we have proposed would create such a feeling of assurance in the minds of all user nations that the necessary financial provision could be secured, the burden of such matters being no longer the sole responsibility of Egypt herself.

We have further emphasized that, under our proposals, there would no longer be private shareholders or dividends. The one nation which would obtain an assured annual net revenue from the canal would be Egypt. Your Excellency has repeatedly and vigorously explained to us that the setting up of a Suez Canal body of the kind envisaged in our proposals would, to the eyes of Egypt, represent either foreign domination or seizure.

We have pointed out that the truth is that no arrangement for the tenancy of the canal can be either domination or seizure, if it is freely agreed to by Egypt. And it is, as you know, that willing and free arrange-

ment which all of our negotiations have been designed to secure.

Ties to U. N. Weighed

It remains only to emphasize two other large matters which arise in the course of our proposals. The first was our proposal that the new body, having been constructed by international convention, should be brought into relationship with the United Nations.

This was done in the case of the International Bank by an agreement with the United Nations which had the effect of making the bank a "specialized agency" under the Charter, but which, of course, did not affect the freedom of the bank in the conduct of its business.

Association between our proposed body and the United Nations in a similar fashion could, we believe, give great satisfaction all around the world and, if adopted, would considerably strengthen international confidence and security.

We also proposed an arbitral commission to settle disputes. There might be disputes as to the equitable return which Egypt should have from the canal. There might, in the course of the years, be other disputes involving one or more of the constituent nations. Any such matters, if they could not be resolved by agreement, should be arbitrated upon by an independent commission enjoying international confidence.

Our proposal did not mean that such an arbitral commission would be the authority to deal with the normal problems which arise in the course of management, such as claims which might arise in relation to the employment of people or contracts with subsidiary contractors.

To the extent to which contracts might be entered into in respect of such normal matters, they would be contracts made, for the most part, in Egypt and we did not contemplate that in respect of such matters the normal jurisdiction of the Egyptian courts should be excluded.

It would be only in any dispute of a genuinely international character that the jurisdiction of the arbitral commission would be invoked.

Fairness to Egypt Noted

At the London conference it was agreed by all the nations represented that any arrangement entered into must be completely fair to Egypt and must pay scrupulous regard to Egypt's territorial sovereignty.

Our whole presentation of the matter to Your Excellency has been made in that spirit and with that desire. It is for this reason that I have repeatedly pointed out that while representing nations who are users of the canal we are deeply and urgently concerned in obtaining the highest possible measure of confidence and an effective and practical guaranteed freedom and future for the canal.

There are in our proposals marked advantages for Egypt which we have discussed at length but which we now summarize as follows:

- (a) Egypt's ownership of the canal being recognized, it is to her great advantage to have the canal maintained and improved and made more profitable as the years go on.
- (b) The future financial burdens involved in such maintenance and improvement would be carried and handled by the new body and therefore

Egypt would in fact be relieved of them.

- (c) Egypt alone would draw profit from the canal.
- (d) A just and fair method of compensating the shareholders of the Suez Canal Company would have been agreed upon.
- (e) The dangerous tension now existing internationally would be relaxed on terms satisfactory to the user nations and entirely consistent with Egypt's proper dignity, independence, and ownership, and thus a world contribution would be made to the peaceful settlement of international problems.

It is the understanding of the committee that you have taken the position that you are unable to accept the basic proposals put before you. I would be grateful if Your Excellency would inform the committee whether or not its understanding is correct, supplementing your statement with such views as you may care to express.

If, unfortunately, the understanding of the committee is correct, the task entrusted to the committee by the eighteen powers of presenting and explaining these proposals and ascertaining the attitude of the Egyptian Government with respect to them would have been carried out.

In such an event, there would appear to be no alternative other than for the committee to request Your Excellency to receive it at your early convenience so that it may be prepared, after final conversation with you, to take its leave.

Committee Memorandum to Nasser

We have been authorized by eighteen nations, which are the major users of the Suez Canal, to approach the Egyptian Government on their behalf, to present to it certain proposals relating to the future operation of the canal and to explain to the Egyptian Government the nature and objectives of such proposals. The text of these proposals is attached hereto.

It will be readily understood that the nations for whom we speak regard their vital economic interests as being deeply affected by the future of the canal. They have a clear belief that, if the canal is to be maintained and developed as a waterway open to the use of vessels of all nations, it should be detached from politics, and the management of its operations should be placed on such a basis as to secure the maximum of international confidence and co-operation.

Benefit of All

At the same time, we wish to make it clear that those whom we represent have not approached this problem in any spirit of hostility. There is a long history of friendly relations with Egypt. In two great wars, several of the nations we represent have had a direct and mutually helpful association with Egypt. We have all welcomed Egypt's attainment of complete self-government and we would desire that anything done or proposed now should be regarded as containing no derogation from Egypt's sovereignty and national dignity. These two points of view were indeed clearly illustrated by the whole temper and tone of the discussions at the London conference.

It is our deep conviction that the negotiation of a convention along the lines suggested in our proposals would be for the benefit of Egypt and of all nations and individuals using the canal

and would certainly help to restore the kind of peaceful international atmosphere which the world at present so desperately needs.

In case it should be thought that what we are proposing conflicts with the sovereign rights of Egypt with regard to the canal, which flows through Egyptian territory, we should at the outset of our discussions make it clear that we do not believe that the Convention of 1888 and a convention of the kind we are suggesting supplementary to that of 1888 affect Egypt's sovereign rights at all. It is, indeed, the existence of those sovereign rights and their continued recognition which afford the whole basis of our proposals. It is our desire and need that there should be a definite system for the operation, maintenance and development of the canal which, while it recognizes Egyptian sovereignty, will serve dependably, for a long time to come, the manifest interests not only of Egypt but of all users of this most important waterway.

We trust that our discussions will proceed amicably on this basis. Though superficially it may be thought by some that there is on this matter an irreconcilable difference of principle, we do not believe this to be so. It would be a grave misfortune for the world if it were so. It is because we are confident that there is a basis of principle for the negotiations of an agreement which will properly protect the interests of all that we have come to Egypt, have sought conference with the Government of Egypt, and will in a reasoned way do our best to secure a peaceful settlement upon a basis of justice to both sides, and such a consolidation of the future of the canal as will take it out of the area of political conflict and so enable it to serve the peaceful purposes of many millions of people all over the world.

Proposals Submitted to Egypt

The following is the final text of the proposals submitted by the United States delegation, as amended by the delegations of Ethiopia, Iran, Pakistan and Turkey and endorsed in addition by the delegations of Australia, Denmark, France, the Federal Republic of Germany, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Spain, Sweden and the United Kingdom:

The Governments approving this statement, being participants in the London conference of the Suez Canal:

Concerned by the grave situation recording the Suez Canal:

Seeking a peaceful solution in conformity with the purposes and principles of the United Nations; and

Recognizing that an adequate solution must, on the one hand, respect the sovereign rights of Egypt, including its rights to just and fair compensation for the use of the canal, and, on the other hand, safeguard the Suez Canal as an international waterway in accordance with the Suez Canal Convention of Oct. 29, 1888;

Assuming for the purposes of this statement that just and fair compensation will be paid to the Universal Company of the Suez Maritime Canal, and that the necessary arrangements for such compensation, including a provision for arbitration in the event of disagreement, will be covered by the final settlement contemplated below;

Join in this expression of their views:

[1.]

They affirm that, as stated in the preamble of the Convention of 1888, there should be established "a definite system destined to guarantee at all times and for all the powers, the free use of the Suez Maritime Canal."

[2.]

Such a system, which would be established with due regard to the sovereign rights of Egypt, should assure:

(a) Efficient and dependable operation, maintenance and development of the canal as a free, open and secure international

waterway in accordance with the principles of the Convention of 1888.

(b) Insulation of the operation of the canal from the influence of the politics of any nation;

(c) A return to Egypt for the

use of the Suez Canal which will be fair and equitable and increasing with enlargements of its capacity and greater use.

(d) Canal tolls as low as is consistent with the foregoing requirements and, except for (c) above, no profit.

[3.]

To achieve these results on a permanent and reliable basis there should be established by a convention to be negotiated with Egypt:

(a) Institutional arrangements for cooperation between Egypt and other interested nations in the operation, maintenance and development of the canal and for harmonizing and safeguarding their respective interests in the canal. To this end, operating, maintaining and developing the canal and enlarging it so as to increase the volume of traffic and of Egypt, would be the responsibility of a Suez Canal board. Egypt would grant this board all rights and facilities appropriate to its functioning as here outlined. The status of the board would be defined in the above-mentioned convention.

The members of the board, in addition to Egypt, would be other states chosen in a manner to be agreed upon from among the states parties to the convention with due regard to use, pattern of trade and geographical distribution; the composition of the board to be such as to assure that its responsibilities would be discharged solely with a view to achieving the best possible operating results without political motivation in favor of, or in prejudice against, any user of the canal.

The board would make periodic reports to the United Nations.

(b) An arbitral commission to settle any disputes as to the equitable return to Egypt or other matters arising in the operation of the canal.

(c) Effective sanctions for any violation of the convention by any party to it, or any other nation, including provisions for treating any use or threat of force to interfere with the use or operation of the canal as a threat to the peace and violation of the purposes and principles of the United Nations Charter.

(d) Provisions for appropriate association with the United Nations and for review as may be necessary.

Documents on Spanish Delegation

Menzies' Letter to Nasser

At the Suez conference in London, the Spanish delegation requested that, in the event the Suez committee was unable to reach agreement with Your Excellency on the matter of an international board for the Suez Canal, the committee should bring to your attention the Spanish proposal at the conference. The Suez committee has, accordingly, asked me to direct your attention to the Spanish proposal, the text of which is enclosed.

Nasser's Letter to Menzies

I have received your letter of Sept. 7, 1956, relating to the meetings held between us and the committee headed by you and representing eighteen of the Governments which participated in the London conference on the Suez Canal. Your committee will recall that during those meetings, I took up various basic points and commented upon them.

You have referred to the eighteen countries as representing over 90 per cent of the users of the canal. Besides this being distinctly a statistical exaggeration, our understanding of the "users of the canal" includes those countries which, even though they have no ships passing through the canal, use the canal for the passage of the bulk of their foreign trade. An illustration of this would be such countries as Australia, Thailand, Indonesia, India, Pakistan, Iran, Iraq, Saudi Arabia, Ethiopia and the Sudan. Furthermore, the principle of sovereignty, the right of ownership and the dignity of nations are all deeply involved in this problem.

At least in appearance, the starting point of the present crisis was July 26, 1956, when, in the exercise of one of its prerogatives, the Government of Egypt nationalized the company which bore the name of "the Universal Maritime Company of the Suez Canal."

That the Government of Egypt was fully entitled to nationalize that Egyptian company cannot be seriously contested. In nationalizing that company the Government of Egypt stated unequivocally that it considers itself bound by the 1888 Convention, including the proposals of the countries which the committee represents. We find ourselves in agreement with the eighteen countries when they state that the solution must

(a) Respect the sovereign right of Egypt;

(b) Safeguard the freedom of passage through the Suez Canal in accordance with the Suez Canal Convention of Oct. 29, 1888;

(c) Respect Egypt's right of ownership;

Spanish Statement

The Spanish delegation agrees that the proposal of the United States, as amended, should be submitted to Egypt as a basis for negotiation. The Spanish delegation requests that, in the event of an agreement not being reached with Egypt on the formula for an international board for the Suez Canal, negotiations should proceed on the basis of the Spanish proposal, that is to say, along the lines of an international participation on the Egyptian body administering the canal.

(d) Ensure the efficient and dependable operation, maintenance and development of the canal.

Ways and Means Issue

When, however, we come to consider the ways and means proposed by the committee to attack these objectives we find that they are self-defeating and that they lead to opposite results from those aimed at.

The "definite system" as proposed by the committee would, in fact, mean "taking over the operation of the canal" as circulated by the sponsoring Government immediately before the conference among the Governments invited and in substance maintained throughout, in spite of the variance of expression.

The system proposed is bound to be considered and treated by the people of Egypt as the hostile infringing upon their rights and their sovereignty, all of which precludes real cooperation.

It can, moreover, be asked whether it was the Suez Canal Company which guaranteed the freedom of passage through the canal. Was it not, indeed, the Government of Egypt who safeguarded, and still safeguards, that freedom of passage? Would this freedom be, or could its actual practice be, safeguarded by the proposed Suez Canal board? Is it not to be expected that this board be not a source of comfort and help, but a source of misunderstanding and trouble?

In all this we keep constantly in our mind the vital importance of genuine international cooperation as distinct from domination of any country, be it single domination as the one which

Egypt just got rid of, or collective domination, as would inevitably be considered the system proposed by the committee. Any attempt to impose such a system would indeed be the signal for incalculable strife and would plunge the Suez Canal into the turmoil of politics, instead of as the committee professed to want, insulating it from politics.

Whatever the system of operation of the canal is going to be, it will depend on the close, full and willing cooperation of the

people of Egypt, among whom and through whose country the canal runs. It is obvious that such indispensable cooperation cannot be had if the people will consider the operating body as hostile and as against their sovereignty, their rights and their dignity.

'Internationalization'

Strangely enough, those who pose as protagonists of "insulating" the Suez Canal from politics have been the authors of many acts which diametrically contradict this announced purpose.

What is the "internationalization" of the Suez Canal, the convening of the London Conference on the Suez Canal within the most part tactically selected invitees, the delegating of the five-member committee, the threats, the deployment of armed forces and the economic measures—What are all these, if not politics?

You have mentioned that the delegates of any nation represented in the proposed Suez Canal board should not be under any obligation to observe political instructions. They will, nevertheless, be nationals of their respective countries and subjects of their respective Governments and it will be extremely unlikely that they will be immune from the influence of such relationships. The similes you have put forth of the International Bank and the International Court of Justice do not, in our opinion, either hold or convince.

We believe that the real insulation of the canal from politics would best be guaranteed by a solemn and internationally binding commitment in the form of a reaffirmation or a renewal of the 1888 Convention, either of which, as we have already declared, is acceptable to us.

It has been alleged that the Government of Egypt aims at discriminating against one of the countries you represent, namely the United Kingdom, and that the Government of Egypt has among its objectives the disruption of British economy and the interruption of the line of trade and supply of the United Kingdom through the Suez Canal.

It is clear beyond cavil that nothing could be farther from the truth and no one could validly point out one single reason why, and for what useful purpose, the Government of Egypt should entertain such policy.

International confidence was mentioned by you. I have in this connection called your attention to the fact that confidence is a two-way proposition and that, while the confidence of other nations is important, that of the Egyptian people is at least of equal importance in this respect; and it cannot be had if the Egyptian people are, as a result of certain acts and policies, imperiled to doubt and lose faith in the existence of international justice and the rule of law in international relations.

If the real object is to secure the freedom of passage through the Suez Canal, the answer is there, namely that passage

through the canal has always been and continues to be free.

He Demands Clarity

The only danger to this freedom of passage stems from the threats, the redeployment of armed forces, the incitement of employes and workers to sabotage the operation of the canal

and the economic measures against Egypt.

If, on the other hand as it seems, the objective is to amputate and to sever from the very body of Egypt one of its main points, if the aim is to deprive Egypt from an integral part of its territory, we should be told of it. It should be abundantly clear by now that Egypt by the very nature of things is vitally interested in the maintenance of peace and security, not only around the Suez Canal but also throughout the area in which it exists and all over the world.

It should be equally clear that, if only by sheer self interest, Egypt is devoted to the freedom of passage through the canal and is equally devoted to the concept of an efficient enlightened and progressive operation of the canal without any discrimination or any exploitation.

I wish to refer in this last connection to my having mentioned to the committee that the Government of Egypt is ready to enter into a binding arrangement concerning the establishment of just and equitable tolls and charges.

As for the future development of the Suez Canal to which you referred, I wish to reiterate that the Government of Egypt is determined to do everything possible in this respect that it has already announced its intention to carry out the development program which was planned by the former Canal company and other programs of much wider scope and longer range.

It is our announced policy that the Suez Canal authority is an independent authority with an independent budget empowered with all the necessary powers without being limited by government rules and systems.

We have also announced our intention to earmark an adequate percentage of the revenues of the canal to its future development and to deviate none of the revenues needed for such development to other channels. Both for the development and for the operation of the canal, the Government of Egypt does, and will always be ready to, benefit by the knowledge and experience of highly qualified experts from all over the world.

The crux of the present situation is, in our opinion, that the proposed system, in itself and, in what has accompanied it, and what it involves, aims at securing for a group of the users of the canal control of it by their taking over its operation.

The London Conference Call

The paper which was circulated among the countries invited to the London conference shortly before it was convened, and which seems to be until now a guide as to the still maintained objectives of the sponsoring countries, reads:

Proposal for the establishment of an International Authority for the Suez Canal:

France, the United Kingdom and the United States are in agreement that at the conference a resolution shall be tabled for setting up an international authority for the Suez Canal on the following lines:

2. The purposes and functions of this International Authority would be

(I) To take over the operation of the canal;

(II) To insure its efficient functioning as a free, open and secure international waterway in accordance with the principles of the Suez Canal convention of 1888;

(III) To arrange for the payment of fair compensation to the Suez Canal Company;

(IV) To insure to Egypt an equitable return which will take into account all legitimate Egyptian rights and interests. Failing agreement with the company or with Egypt on either of the last two points, the matter would be referred to an arbitral commission of three members to be appointed by the International Court of Justice.

3. The constituent organs of the International Authority would be

(I) A Council of Administration, the members of which would be nominated by the powers chiefly interested in navigation and sea-borne trade through the canal;

(II) The necessary technical, working and administrative organs.

4. The powers of the International Authority would, in particular, include:

(I) The carrying out of all necessary works;

(II) The determination of the tolls, dues and other charges on a just and equitable basis;

(III) All questions of finance;

(IV) General powers of administration and control.

Nasser's Conclusions

We are convinced that any unbiased study of this circular would leave the reader with but one conviction, namely, that the purpose is to take the Suez Canal out of the hands of Egypt and put it into some other hands. It is difficult to imagine anything more provocative to the people of Egypt than this. An act of such a nature is both self-defeating and of a nature to generate friction, misunderstanding and continuous strife. It would be, in other words, not the end, but the beginning of trouble.

I would like, on the other hand, to reaffirm that the policy of my Government remains to be:

(a) The freedom of passage through the Suez Canal and its secure use without discrimination.

(b) The development of the Suez Canal to meet the future requirements of navigation.

(c)—The establishment of just and equitable tolls and charges; and

(d)—Technical efficiency of the Suez Canal.

We trust that the Suez Canal will thus be insulated from politics and will, instead of being a source of conflict, become again a link of cooperation and of mutual benefit and better understanding between the nations of the earth. Furthermore, we are confident that, by carrying out this policy and extending its goodwill in every direction, Egypt will best be able to contribute to the welfare and happiness of the world as well as to its own happiness and welfare.

Menzies Vehement as He Denies Report of Split With U. S. Official

By SAM POPE BREWER

Special to The New York Times.

CAIRO, Sept. 9—Prime Minister Robert G. Menzies of Australia vehemently denied tonight reports of disagreement with Loy W. Henderson of the United States during talks here with President Gamal Abdel Nasser of Egypt on the Suez Canal crisis.

Mr. Menzies said with great emphasis that, as far as talk of "divergence and disagreement" went "there had been none." "That can be wiped [out] completely," Mr. Menzies declared. "This one is the most unanimous committee I have ever seen."

Mr. Menzies made flat statements on two important controversial points. He emphatically denied the reported split between him and Mr. Henderson, a Deputy Under Secretary of State, and he said the committee had neither asked for nor received any counter-proposal from President Nasser.

He remarked "the situation is a very, very grave one and has been ever since it arose." He would not enlarge on that remark.

There have been reports from

widely different sources that Mr. Menzies supported the idea of solving the crisis by military occupation of the Suez Canal Zone and thus was in conflict with Mr. Henderson, who supported the United States' policy of moderation. It was these reports that produced Mr. Menzies' denial.

One rumor was that Mr. Menzies was angry because of official statements made in Washington indicating the United States would not back armed action by the British if Egypt refused to compromise on the canal question.

On the other hand, it was rumored Prime Minister Menzies encouraged premature reports that the talks were a "failure" because he wanted to justify possible use of force by the British.

Asked whether President Nasser had "conceded any points," Mr. Menzies again declared that this was not a case of negotiations but an exchange of viewpoints.

Of the Egyptians, he said "we have been greeted with great courtesy" and "there have been no delays."