

CONSEIL DE L'ATLANTIQUE NORD
NORTH ATLANTIC COUNCIL

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~~NATO SECRET~~
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Summary Record of a Restricted meeting of the Council
held at the Palais de Chaillot, Paris, XVIIe., on
Monday, 6th August, 1956, at 4.30 p.m.

PRESENT

Chairman: Baron A. Bentinck (Deputy Secretary General)

Baron J. Papeians de Morchoven	(Belgium)	Mr. M. Pinna-Caboni	(Italy)
Mr. K.J. Burbridge	(Canada)	Mr. N. Hommel	(Luxembourg)
Mr. S. Sandager Jeppersen	(Denmark)	Mr. M.J. Rosenberg Polak	(Netherlands)
Mr. A. Parodi	(France)	Mr. K. Raeder	(Norway)
Mr. F. Krapf	(Germany)	Mr. A. Martins	(Portugal)
Mr. M. Melas	(Greece)	Mr. Z. Küneralp	(Turkey)
Mr. H. Krøyer	(Iceland)	Mr. N.J.A. Cheetham	(United Kingdom)
		Mr. E.M. Martin	(United States)

INTERNATIONAL STAFF

Mr. A. Casardi	(Assistant Secretary General for Political Affairs)
Mr. J. Murray Mitchell	(Assistant Secretary General for Production and Logistics)
Mr. J. Orme	(Acting Assistant Secretary General for Economics and Finances)
Mr. J. Starnes	(Acting Executive Secretary)

ALSO PRESENT

General G. de Chassey (Standing Group Representative)

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NATO SECRET

I. PROPOSAL FOR THE ESTABLISHMENT OF AN INTERNATIONAL AUTHORITY FOR THE SUEZ CANAL

1. The UNITED KINGDOM REPRESENTATIVE distributed draft proposals for the establishment of an international authority for the Suez Canal (Annex). He explained that these proposals had been drawn up by the Governments of France, the United Kingdom and the United States. The three sponsoring governments considered that the proposals incorporated the minimum requirements to ensure international non-discriminatory control of the Canal. They were to be sent during the day to the governments invited to the meeting to be held in London on 16th August, but there might be some slight delay in transmitting them to three countries - Egypt, the Soviet Union and Indonesia - which had not yet formally accepted invitations to that conference. He had asked for the present meeting because his authorities had felt that they would be lacking in their duty to NATO not to inform their allies of the proposals. As four NATO countries - Belgium, Canada, Iceland and Luxembourg - had not been invited, he wished to explain that the criteria used to determine the 24 countries to which invitations had been sent were:

- (1) the eight remaining signatories to the Convention of 1888;
- (2) the countries with the most tonnage of shipping passing through the Canal, excluding those under (1);
- (3) the countries with the most volume of trade passing through the Canal, excluding those under (1) and (2).

2. Referring to the reasons why his Government had reacted so strongly to the action of the Egyptian Government, the United Kingdom Representative pointed out that they were convinced that vital interests were at stake, not only for the United Kingdom but for Western Europe and indeed for all countries interested in world trade. For example, in 1955, 67 million tons of oil had passed through the Canal, representing one half the supplies of Western Europe. Moreover, three quarters of the tonnage using the Canal was owned by NATO countries. While it was hoped to avoid making a NATO issue of the matter, it was clear that the Egyptian action was a blow at the political cohesion of NATO and the Western world.

3. The United Kingdom Government had done everything possible to remain on friendly terms with Egypt: they had concluded the Base Agreement, thus entrusting a part of their security to Egyptian goodwill; they had very generously released Egypt's sterling balances, and they had concluded the agreement on the Sudan in order to remove any possible impression that Egypt had an unfriendly power on its southern border. Furthermore, the United Kingdom had offered substantial sums for the construction of the Aswan Dam and had only withdrawn its offer when it became clear that Egypt's economy was not stable enough to support the Egyptian contribution to the scheme. Despite these efforts the United Kingdom had met with nothing but hostility from the present Egyptian Government. It was against this background that the judicial aspects of the Egyptian claim to nationalise the Canal should be examined.

4. The Council would certainly be aware that the rights and status of the Suez Canal Company and the Canal itself were governed by the concession of 1856, the Convention of 1888 and other accords, the latest of which was dated no longer ago than 10th June 1956. Egypt had then endorsed the concession, which was to continue in force until 1968. Nevertheless, shortly afterwards, Colonel Nasser had repudiated all the agreements without exception and it was, therefore, difficult to have confidence in Egyptian statements regarding the maintenance of the freedom of navigation in accordance with the Convention of 1888. While the Egyptian authorities had announced their intention to use the revenue from the Canal for building the Aswan Dam, it was clear that after providing for the normal upkeep of the Canal, the sum remaining would hardly be sufficient to cover capital works and to provide compensation to shareholders. There was no question of funds from revenue being available to finance the Dam. Moreover, the Canal was even now only being kept in operation by non-Egyptian technicians who were being forced to remain in Egypt by the threat of very heavy penalties if they should leave.

5. The United Kingdom Government had decided that it could not risk leaving such vital interests to the caprice of one power which had made such unfriendly gestures in the recent past. It had, therefore, joined the French and United States Governments in drawing up the paper which had been circulated; this paper would be submitted to the conference of 16th August. While his Government was not asking NATO to take a position on the question, it was hoped that the invited NATO countries would study the proposals attentively and be able to support them.

6. The UNITED STATES REPRESENTATIVE, supporting the United Kingdom Representative, pointed out that what had been done was not merely the nationalisation of an Egyptian company. It was interference with an international waterway previously administered under genuinely international arrangements. There had been no consultation and complete neglect of all the normal procedures for negotiation between countries, resulting in a unilateral denunciation of established agreements. Furthermore, Colonel Nasser had given purely nationalistic and selfish reasons for his Government's action. If he felt himself free to denounce international agreements for selfish ends, he was bound to prejudice the ability of other countries to accept his assurances for the future.

7. The United States was impressed by the importance of the Canal to world commerce. Some 15,000 ships per annum passed through the Canal and these carried a substantial share of world trade. It was not possible for the civilised world to allow one man who had acted in such an abrupt and irregular manner to be in a position to interfere with the free movement of such a large proportion of world commerce. For the present, his Government was acting on the assumption that if the countries invited to the conference formulated reasonable proposals, the Egyptian Government would not oppose them. He did not believe that it was worthwhile contemplating at this stage what should be done in the event that the Egyptians refused to co-operate. In the meantime everything must be done to make the conference succeed.

8. The FRENCH REPRESENTATIVE emphasised the extremely firm position which his Government was taking in the present situation. The unilateral action by the Egyptian Government had been against all established international rules. If it appeared likely to succeed, the Western world would have permitted what might be the first of a series of events which were likely to lead to disaster. Lack of courage had in the past been shown to lead to catastrophe and the present unilateral action of the Egyptian Government in particularly shocking circumstances was clearly an occasion for firm action. In these circumstances the Government of France had conferred with the Governments of the United Kingdom and the United States; the agreed approach to a solution had been explained by the previous speakers and in the paper circulated by the United Kingdom Representative.

9. While his own Government and the others affected had felt it necessary to inform the Council in accordance with the spirit of the North Atlantic Treaty, they did not wish to make it a matter for decision by NATO, as this was likely to have certain disadvantages. They were anxious to avoid the matter developing into an East-West conflict or to give it the appearance of a struggle between Western countries and the Arab powers. The conference which had been called to take place in London on 16th August had been planned with these considerations in mind. It was for this reason that, for example, Israel had not been invited.

10. A rapid solution of the problem was clearly of great economic importance for the immediate future. He therefore believed that all governments with any conscience in international affairs would stand together in the face of a government acting with the irresponsibility shown by Egypt. They could but hope that the conference on 16th August would lead to satisfactory results by peaceful means.

11. The CANADIAN REPRESENTATIVE welcomed the statements made by the representatives of the powers convening the conference on 16th August. His Government hoped that the NATO countries taking part in the conference and directly concerned with the outcome would keep their other NATO partners fully informed, as this was clearly a matter of the greatest importance to the alliance as a whole.

12. His Government believed that, if time allowed, it would be useful to have a discussion of the matter in the Council before the conference began. While the paper circulated by the United Kingdom Representative probably represented the views of the majority, it would be most valuable to know if there were any divergent views. Such preliminary discussions, he suggested, might help to stress the strategic importance of the Suez Canal to NATO, and to eliminate any differences which might exist.

13. The UNITED KINGDOM REPRESENTATIVE was certain that if delegates wished to communicate their views to their NATO partners his authorities would be glad to receive them. At the present stage he could, however, do no more than mention the suggestion to London.

14. The UNITED STATES REPRESENTATIVE pointed out that one purpose of the independent contacts now being made with the countries invited to the conference was to ensure that the NATO countries were in harmony. If it emerged that a Council meeting would be useful, his authorities would, of course, consider it. Time, however, was extremely short.

15. The FRENCH REPRESENTATIVE proposed in the light of the Canadian Representative's remarks that the International Staff might prepare a note indicating the importance of the Canal to the world economy, supported by statistical data. His Delegation would, of course, be prepared to contribute to such a survey.

16. In reply to the Belgian Representative, who enquired whether the Council would be kept informed of events during the conference, the UNITED STATES REPRESENTATIVE explained that it was hoped that the conference would not last for more than one week. The Council would, of course, be kept informed, but it had been envisaged that this would not be possible until after the conference. If, however, it lasted for more than a week, other arrangements might have to be made.

17. In conclusion, the COUNCIL:

- (1) took note of the statements made by the representatives of France, the United Kingdom and the United States and of the proposal for the establishment of an international authority for the Suez Canal circulated by the United Kingdom Representative;
- (2) noted that a document would be prepared showing the importance of the Suez Canal to the world economy (to be circulated later);
- (3) agreed that no publicity should be given to the present meeting.

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II. STATEMENT BY THE STANDING GROUP REPRESENTATIVE

18. The STANDING GROUP REPRESENTATIVE reported that he had spent about twelve days in the United States visiting the Standing Group and SACLANT. He would like to report to the Council, at its meeting on 14th August, 1956, on the scope of the military re-appraisal now being carried out. He would make his report based on the discussions which he had in Washington.

19. The COUNCIL:

took note of the statement by the Standing Group Representative.

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III. FUTURE MEETINGS OF THE COUNCIL

20. The COUNCIL agreed to meet in Private Session on 14th August, 1956, at 10.15 a.m., the agenda to be circulated later.

Palais de Chaillot,
Paris, XVIIe.

NATO SECRET

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 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 ensure 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 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.

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.