

SEPTEMBER 14, 1956

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DULLES NEWS CONFERENCE EXCERPTS.

WASHINGTON SEPT 13 (USIS) -- Dulles opened the conference, reading a statement on the Suez users' association (see foregoing story). Then:

Q. Mr. Secretary, the Director General of the Egyptian Information Department said yesterday in commenting on the association as it was described by Prime Minister Eden, that he regarded it as an "act of provocation with the obvious aim of creating a situation resulting in armed aggression against Egypt and leading to war." In view of this comment, Mr. Secretary, do we intend to go ahead with plans to join this association and hope that the Egyptians will change their minds?

A. May I say that the initial action reflected from Egypt does not deter us from proceeding with this program. We believe that the program is not yet sufficiently understood by the Egyptian Government. We hope that on reflection they will recognize that it is an honest effort to try to achieve on a practical day-to-day working basis a solution of the problem of getting ships through the Canal.

I recall that at a press conference held here two or three weeks ago, I said that the great difficulty with this situation was not that the problems themselves were unsolvable, but that they became unsolvable in the context of great concepts such as "sovereignty" and "dignity" and "grandeur" and the "East versus the West," and things of that sort. The problems should be solvable if you break them down to concrete things, such as who are going to be the pilots; where are they going to be; are they qualified pilots; do we have a right to pilots of our own choosing if they are qualified, or has Egypt the right to impose upon our vessels pilots of its own choosing; what is the pattern of traffic.

Now, our talks at Cairo, talks of the committee on which we were so ably represented by Mr. Henderson for the United States and so ably led by Prime Minister Menzies, the members of the committee were unable to get the problem down to that basis. But but perhaps -- and this is our hope -- if we get operating problems out of the hands of the diplomats, the statesmen, and get it down perhaps into a situation where practical ship operators are dealing with practical people on the part of Egypt, maybe some of these problems will be solvable.

The idea that this is a program which is designed to impose some regime upon Egypt is fantastic. That is not at all the concept.

Q. Mr. Secretary, if Egypt should resist this plan, are there other peaceful alternatives that you envisage?

A. Well, if we can work out, at the working level, a program for getting ships through the Canal on acceptable terms, and if physical force should be used to prevent passage, then obviously, as far as the United States is concerned, the alternative for us at least would be to send our vessels around the Cape. Now, of course, that would involve inconvenience, cost delays. But we have given a very careful study to that whole problem, and we believe that it is solvable.

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Q. Mr. Secretary, did President Eisenhower approve your statement that you just read to us? Did you confer with him about it this morning?

A. Yes, and he has approved it.

Q. Mr. Secretary, in the event that we would have to send our vessels around the Cape because the Egyptians refused to cooperate, would we hope that others of the principal ship users would do the same thing rather than resort to force?

A. Well, we have often said, and the President has most authoritatively said, that in his opinion force, if justifiable at all, is only justifiable as a last resort. So, if there are alternatives to the use of force, we believe that they should be fully explored and exhausted. But, it is not our purpose to try to bring about a concerted boycotting of the Canal. I think under those conditions each country would have to decide for itself what it wanted its vessels to do.

I repeat that we do not feel that the economic situation which would result from sending ships around the Cape would in any sense be catastrophic or beyond our capability to deal with. There has been very careful thinking and study which has been going on in that aspect by the Director of Defense Mobilization in concert with the Secretary of the Interior.

There are certain tankers that are now in mothballs, belonging to the Maritime Administration and military sea transport reserve fleets which are going to be taken out of mothballs. That decision has already been made. And plans are in the making which in our opinion would save the Western world from an economic disaster if, unfortunately, passage through the Canal should be physically interrupted by Egypt.

Q. Mr. Secretary, a detail in connection with just what you have been talking about, obviously you have been studying it, as you indicate, as to what other crisis would develop if traffic through the Canal would stop, including what would happen to the delivery of oil. It has been persistently speculated that we have reached some kind of preliminary agreement with our allies on helping with the delivery of oil, and Mr. Mollet this morning is reported as telling the government in Paris that we have gone so far as to underwrite the purchase of oil with American dollars if that should happen. What can you tell us about that?

A. There have been exchanges of views as to what would happen in the unfortunate contingency to which I refer. We earnestly hope it will not happen, because if it did happen it would be a very serious blow to many countries. These are not only the countries which depend upon oil, but if the tankers don't go through the Canal and help pay for the expense of maintaining the Canal, then a very heavy burden is going to fall upon other kinds of shipping that is going to go through the Canal. That burden would primarily fall upon countries of Asia rather than upon countries of Europe.

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Now, as to working this out, there have been studies which have taken place at the working level primarily, as between the people on our side who are knowledgeable with reference to this question of oil and the re-routing that would be required, and also they have been in contact with those of other countries who are similarly knowledgeable. Now, obviously, if you shift a certain amount of oil from the sterling area to the dollar area, that will increase the burden on dollar exchange of some countries which are short of dollars. All countries of Europe are not short of dollars, but some are. In that event, there could be made available the loaning capacity of the Export-Import Bank. There have been no commitments of any definitive nature given in that respect. But it has been pointed out that the Export-Import Bank, under its charter, has a responsibility to help finance exports from the United States; and if there should be oil exports from the United States which could not be adequately financed by the buyers, then that financing might be a matter which the Directors of the Export-Import Bank would consider as part of the bank's function in financing exports from the United States.

Q. Mr. Secretary, if Egypt were, as you said, to use physical force to prevent the passage of ships of the Canal users' association through the Canal, would you then regard that as a violation of Egypt's treaty obligations and therefore as an act of aggression?

A. I would say this: It is our view that if the Egyptian Government sought to interfere with the operations of this users' organization, or refused to take the necessary measures for insuring the execution of the convention of 1888, as it is bound to do by that convention, that would be a breach by Egypt of the convention. In this event, the parties to or beneficiaries of the convention would in our opinion, be free to take steps to assure their rights through the United Nations or through other action appropriate to the circumstances.

Q. What do you mean by "other action appropriate to the circumstances", Mr. Secretary?

A. Well, If you will tell me the circumstances, I will try to tell you the appropriate action.

Q. Yes, may I do that, Sir. If they prevent this physical passage and you referred to the United Nations --

A. Yes.

Q. Would you regard the nation whose ships were stopped as entitled under the self-defense provisions of the United Nations Charter to defend itself against the violation of the treaty?

A. Well, I would say if a vessel in innocent passage was attacked and if it had any means to defend itself, it would be entitled to use those means. I don't know whether that answers your question or not, because most of these vessels that go through are in fact unarmed.

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Q. Mr. Secretary, could you explain how it is anticipated that this association would go into operation? For example, is it planned that it would organize a convoy of ships of its own... and approach the Canal and Col. Nasser to go through?

A. Well, I would expect that there would be contact, as I say, not with the head of the Egyptian Government, because the purpose here is to get the operating problems out of the domain of the politicians, the heads of government, and the diplomats and try to get it down to rock bottom. The Egyptian Government has people there who are operating people, concerned with the operation of this Canal. And I suppose there would be somebody representing this association who himself is a qualified person in maritime matters who knows about the Canal and the sending of ships through it, and there would be a practical talk there and the users' agent might say, "now, here we have got a vessel, Mr. X; you haven't got any good pilot to put aboard this vessel. We have got a pilot who is well qualified. He has been working for the Suez Canal Company here for the last 15 years. We would be glad to put him on the boat. And we hope that under those circumstances you will accept him as a qualified pilot to take the boat through the Canal." And I would hope that under those circumstances the Egyptian operating authority would say, "Sir we don't waive our right; perhaps we claim we may have the legal right to hire and fire all the pilots, but let's leave aside the question of legal rights, reserving them. You go ahead and go through the Canal." We hope that is what would happen... ..

Q. Mr. Secretary, it has been reported that the plan for the users' association originated here in Washington. Can you say if that is true?

A. Well, I will say there has been very intensive thought given to this project here in Washington, but not just by the Department of State. There has been very close working cooperation in this matter over the last few days with the British and French governments through their Ambassadors.

Q. Mr. Secretary, you said that you did not favor an organized boycott of the Canal but at the same time there have been these programs and planning going on which in effect is a boycott of the Canal. Can you explain that? I am a little puzzled by that.

A. It is not a boycott of the Canal, as far as I know, to refrain from using force to get through the Canal. If force is interposed by Egypt, then I do not call it a boycott to avoid using force to shoot your way through. We do not intend to shoot our way through. It may be we have the right to do it, but we don't intend to do it as far as the United States is concerned. And to suggest that not to shoot your way through the Canal is a boycott of the Canal, is something which I cannot understand. If we are met by force, which we can only overcome by shooting, we don't intend to go into that shooting. Then we intend to send our boats around the Cape. But that is certainly not a boycott of the Canal.

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Q. Mr. Secretary, has our participation in the users' association been contingent on there being more members than just Britain and France?

A. No. We expressed our position, I think, most carefully in the statement which the State Department gave out yesterday and which was repeated in what I said today. We believe that this project should be developed by the group of 18, possibly others, and that it should not be initiated just as a three-party proposal. If it should happen that nobody else is willing to go along, then we would go along just on a three-party basis. But, I can say to you we already have confidence that there will be others than the three who will go along with this project.

Q. Mr. Secretary --

A. If you will just let me add a word here. If you think in terms of the actual users of the Canal, there are relatively quite a few who play a predominant role in that part. You can count on the fingers of one hand -- and I'm not including my thumb -- the fingers of one hand, the nations whose citizens are equitable owners of two-thirds of the traffic that goes through the Canal. You can count on the fingers of one hand, including the thumb, the countries of ownership of approximately 75 percent of the tonnage that goes through the Canal. So that in fact there is a very high concentration of interest when you think in terms of users.

Now, we hope that others than the big users will join. But when you get down to the problem of practically dealing with this problem, there are a relatively small number of countries who have a large stake in the situation. I say a large stake in the situation directly in terms of shipping. Of course many have a large stake in the situation in terms of their economy.

Q. Could you name the five countries for us, Sir?

A. I thought I had it on a slip of paper, but I don't have. Subject to correction of the record, my recollection is the five countries are the United Kingdom, the United States, Norway, France and Italy.

Q. Mr. Secretary, yesterday the State Department and Japan simultaneously -- there is another area of interest too -- but yesterday Japan and the United States together published an aide memoire on the United States view of the territorial question as involved in a Japanese negotiation with Russia. Can you tell us why that aide memoire was made public ... ???

A. The aide memoire reflected the United States views on certain matters as to which we had been interested by the Japanese Government. The aide memoire was made public because the Japanese Government, and we ourselves, felt that it would be useful at this stage to make it public.

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Q. Mr. Secretary, the British Foreign Office announced this morning that it would be unable to go along with your view on the recognition of the Kuriles as being Japanese territory. I wonder if you have anything to say about that?

A. No. I'm not acquainted with the statement which you allude to.

Q. I'd like to ask you, Sir -- you say you try to take this out of the realm of diplomacy and out of the realm of politicians. Would you give us the names of the companies and the representatives of those companies in this country who have participated in and initiated these talks on the users' association agreement?

A. The plan had been conceived and initiated by diplomats, I would hope statesmen. The execution of the plan would be in the hands, I hope, of operating officials.

Q. Well, now, who are the persons with whom -- you said you have already discussed this with persons outside the State Department in this country. Now, who are those persons?

A. Excuse me. I did not say that I had discussed this plan with persons outside the State Department, other than the British and French diplomats.

Q. You mentioned you could count on your hand, without the thumb, the people who did all the planning. You said you had had discussions with people who own most of the traffic, and then you had had some discussions with people in this country -- now, who are those people?

A. No. I learned those statistics not by discussions with shipping people but by reading books that have been published which gave the statistics of the passage through the Canal.

Q. Have you had any discussions with big business people who were concerned

A. I have had no discussions whatsoever with so-called "big" business people about this project. There have been discussions which have been conducted under the auspices of the Director of Defense Mobilization as to what could be done if the Canal was blocked in order to supply Western Europe with vital oil. Those have involved talks which I think have been going on primarily in New York with representatives of some of the companies.

Q. Mr. Secretary, the expression used is "users of the Canal." Now, if the shipping has been prevented by the Egyptians for the past eight years, would this association in any way guarantee or enable Israeli shipping to pass through the Canal under the 1888 treaty?

A. Well, I am afraid that the users' association is not going to be in the position to "guarantee" anything to anybody; we can't even guarantee anything to our own ships. But, certainly, I think that we cannot be oblivious to the fact, in estimating the over-all situation, that the United Nations Security Council has found that Egypt was already in violation of the 1888 treaty with reference to the transit of Israeli ships or cargoes. That was the decision taken in 1951.

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Q. Mr. Secretary, Sir Anthony Eden indicated yesterday that Britain would brook no interference with the users' association taking ships through the Canal. You stated today that if the Egyptians used force to prevent their ships going through, the United States ships will go around the Cape rather than try to force their way through. Does this put us in conflict with the British position on this?

A. Well, I think that each nation has to decide for itself what action it will take to defend, and, if possible, realize its rights which it believes it has as matter of treaty. I do not recall, but perhaps you do recall accurately, just exactly what Sir Anthony Eden said on this point. I did not get the impression that there was any undertaking or pledge given by him to shoot their way through the Canal.

Q. Mr. Secretary, have either you or the President received any communications from the Russians on the Suez Canal matter?

A. No, we have not.

Q. Mr. Secretary, the Suez Canal Company has authorized its pilots to leave this weekend. This would close the Canal -- at least the major part of the traffic that would go through it. It would have a serious affect upon it. Have any steps been taken to keep the pilots on the job until the results of this users' convention proposal are known?

A. Well, there are no "steps," as you put it, that can be taken to keep them on the job. They are free people. They were formerly employees of a company which the Egyptians have purported to liquidate. I don't know of anyone who can compel them to stay on the job.

The United States believes that it would be desirable that those pilots should continue to be available to assist in the navigation of the Canal, and that they might, perhaps, go into the employ of this users' association if and when it is organized. Of course, it can't be organized overnight.

Q. Mr. Secretary, you said in speaking of the organization "if and when it is organized." Is there any doubt in your mind that it will be organized, and have you had any word from Italy and Norway that they will participate?

A. I would not like to comment about particular governments other than my own. I should not have used the words "if and when" -- that was, perhaps, falling into legal jargon which I should have forgotten by now. I would say "when it is organized."

Q. Mr. Secretary, do you favor holding bilateral talks between Germany and the Soviet Union on unification, as suggested by the latest note Bonn sent Moscow, and do you think those talks now would have a chance of being successful?

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A. Well, we have no concrete reason to feel that there is any change of heart on the part of the Soviet Union with respect to the unification of Germany. On the other hand, we do believe that the pressure must be kept up constantly on that situation. It was only because the pressure was kept constantly on the situation that they agreed, finally to the Austrian state treaty and the liberation of Austria. I would have said that shortly before May 1955 we would not have thought that there was any hope of an Austrian treaty. It came, when it did come, as a complete surprise -- their change of position. And I suppose that when we learn, as I hope we shall, that the Soviet Union is willing to do what they said they agreed to at the summit conference; namely, the reunification of Germany by free elections, when that day comes it will come as a surprise. Therefore, the fact that we can't see it coming is no reason at all to expect or to fear that it will never come, and we must constantly keep the pressure one.

Q. Well, Mr. Secretary, you don't believe that the change of government in the Soviet Union following Stalin's death had anything to do with the Austrian peace treaty?

A. Not alone, no. I do not believe that a mere change of government would have brought about the liberation of Austria unless Austria had been made -- by focusing world opinion upon the situation -- a spot and a place where the new government thought that it would gain world-wide credit by withdrawing. And I believe that we must adopt the same tactics as regards Germany.

Q. Mr. Secretary do you have any estimate as to how long it will take to organize this association and when approximately it might be that the first ship of the association would approach the Canal with the request to pass through under the guidance of its own pilot?

A. I would hope that steps to get this thing organized would be well under way next week. I cannot answer this question in terms of actually creating an operating personnel. I have spoken here of my hope that we could get ship people, operators, perhaps, from some power that is not one of the so-called great powers. I can't say how quickly that can be done. It takes time to get such people and to get them on to a new job. But I would hope that what you might call the legal and diplomatic work with reference to organizing this thing would be well under way by next week.

Q. Mr. Secretary, would you give us your candid assessment as to whether our policy on Suez and the execution of that policy has been made more difficult by the fact that this is an election year, and that the Administration, understandably, wants to stress its policy of peace?

A. Well, I do not think that the stressing of a policy of peace is anything which is a new conversion of this Administration. I think we started stressing the policy of peace four years ago. We have carried it on consistently. I can say this with all sincerity and honesty; I am not conscious that the slightest political motivation has entered into our thinking on this matter whatsoever. And, ... we would have taken precisely the same action that we have taken if this issue had arisen a year ago, two years ago, or three years ago.

(more)

Q. Mr. Secretary, with the United States announcing in advance it will not use force, and with Soviet Russia backing Egypt with its propaganda, does that not leave all the trump cards in Mr. Nasser's hands?

A. Well, what are the trump cards? Let's look at the situation from a moral standpoint; I do not feel that adequate appreciation has been given to the fact that great powers with vital interest at stake, possessed relatively of overwhelmingly material and military power, have exercised, so far at least, a very great measure of self-restraint. I think that, even if contemporary opinion does not judge it, history will judge it, that the exercise of that self-restraint, although possessed of great power, in deference to the obligations undertaken under the United Nations Charter, adds more from a moral standpoint to the so-called "great" nations who exercise that self-restraint than if they had used their force.

Now let's look at it from the standpoint of the economics of the situation; I don't think anybody can claim that Egypt is economically in a stronger position today than it was before it undertook to nationalize the Suez Canal Company.

I do not know precisely what are the so-called "trump cards" that you refer to other than the fact that there has been, and I hope will be, a continued loyalty of the great nations to their obligations under the Charter of the United Nations.

Q. Mr. Secretary, the British Press today says that Britain plans to use an armed convoy to go through the Canal if the users' association ships are stopped by Col. Nasser. Would the United States support Britain in such a venture?

A. Well, I don't know what you mean by "support". I have said that the United States did not intend itself to try to shoot its way through the Canal. But if by "support" you mean would the United States then go to war -- I don't know if that's the impact of your question -- if so, I think that was answered very fully by President Eisenhower at his press conference this week.

Q. Thank you, Mr. Secretary. (END EXCERPTS)

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U.S. WILL JOIN SUEZ USERS' ASSOCIATION,
ESCHEW FORCE.

WASHINGTON SEPT 13 (USIS) -- Secretary of State Dulles said today the United States will take part in the projected users' association as part of the effort to get a Suez settlement on a practical basis. He reiterated President Eisenhower's declaration earlier in the week that the United States continues to aim for a peaceful solution and would not use force to get its ships through the Canal.

"It is our hope that perhaps practical on-the-spot arrangements for cooperation can be achieved without prejudice to the rights of anyone," he said in a prepared statement to a crowded press conference. He made it clear the projected users' association "provides no permanent solution."

The Secretary said he expected that steps to organize the association would be under way next week.

Answering questions, he stated that if Egypt moves to prevent passage of U.S. ships through the Canal, such ships would be routed around the Cape of Good Hope. This re-routing problem has been carefully studied, Dulles said, and can be carried out with a minimum of economic dislocation. In this connection, he cited the possibility of reactivating oil tankers now in the "mothball" fleet and the possibility the U.S. Export-Import Bank could extend credits to certain Western European countries who would have to buy more oil from dollar areas.

As for Egypt's initial negative reaction to the users' association idea, Dulles said this would not deter plans for the association. He said he hoped that when Egypt studies details of the plan, it will realize its practicality.

He recalled to the newsmen his previous remarks expressing hope the Suez issue could be divorced from slogans and be brought down to specific, practical problems.

He said his prepared statement on the users' association was approved by President Eisenhower with whom he talked earlier in the day.

Regarding the possibility that Egypt might interfere with ships of the users' association or otherwise not live up the provisions of the 1888 Suez convention, Dulles said the individual parties would have to take whatever steps they deemed, through the United Nations or otherwise, appropriate to the circumstances.

The steps would depend on the circumstances, he said. As for the United States, he reiterated routing of ships around the Cape was indicated if passage through the Canal was blocked.

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Asked about the question of Israeli shipping, Dulles said the users' association could not guarantee anything, but the parties involved could not be oblivious to the UN Security Council's finding against Egypt in the matter.

A reporter asked whether the U.S. emphasis on peace in the Suez situation was influenced by the impending national elections in this country. Dulles replied that he could not see how peace could be described as a domestic political issue. He said he felt that the U.S. position would have been the same two or three years ago.

Asked whether the U.S. attitude left Egyptian President Nasser holding the "trump cards," Dulles answered by asking what are the trump cards.

For one thing, he pointed out, Egypt has not gained economically in the situation.

Also, he emphasized the big powers have demonstrated admirable self-restraint. He said this self-restraint by countries with great power in relation to Egypt has not been properly appreciated.

Following is the text of Dulles' prepared statement:

(TEXT) - "The United States, as has been made clear, seeks a just and peaceful solution to the Suez question. Within this context, we gave wholehearted cooperation to the London conference of 22 nations. There, 18 countries, including the United States, representing over 90 percent of the ownership of vessels passing through the Canal, joined in an expression of views designed to furnish, we thought, a proper and reasonable basis for working out the question of the operation of the Canal in accordance with the 1888 convention. These views were presented and explained to the government of Egypt by a five-nation committee under the chairmanship of the Right Honorable Robert Menzies, Prime Minister of Australia. The government of Egypt was unwilling to agree to negotiate on the basis which the overwhelming majority of the users suggested. In these circumstances, it had to be considered what further steps could be taken toward a just, yet peaceful, settlement.

"Prime Minister Eden in his speech yesterday set forth the concept of an association of users of the Suez Canal. Prior to his making that speech, the United States had informed him that if the United Kingdom alone or in association with others should propose a users' association to be organized by the 18 sponsors of the London proposals, or such of them as were so disposed, and perhaps others, the United States would participate in such a users' organization. We assume that such an organization would act as agent for the users and would exercise on their behalf the rights which are theirs under the 1888 convention and seek such cooperation with Egypt as would achieve the results designed to be guaranteed by that convention.

"The 18 nations, meeting in London, joined in a common approach to the problem, feeling that it was in their best interest to concert their efforts.

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"Certain things, I think, are clear:

- "1. The user nations have rights under the 1888 treaty;
- "2. These rights cannot legally be nullified by unilateral Egyptian action;
- "3. It is normal for users to seek to work in association when rights which they possess jointly are in jeopardy;

"So we think that it is wise that voluntary cooperation among the users of the Canal should continue. We do not believe that their rights can be adequately safeguarded if each nation, much less each ship, fends for itself. We believe that, under the present circumstances, practical cooperation with Egypt can be effectively achieved only if the users are organized so that they can deal jointly with Egypt and Egypt deal with them jointly.

"We are thus prepared to participate in a users' organization on the basis which I have indicated. It is our thought that the users' association would, among other things, provide qualified pilots for the users' ships; would initially receive the dues from ships of members of the association passing through the Canal, which sums would be used to defray the expenses of the organization and to pay appropriate compensation to Egypt for its contribution to the maintenance of the Canal and for the facilities of transit; and so far as practical arrange for the pattern of traffic of member vessels through the Canal.

"It is our hope that perhaps practical on-the-spot arrangement for cooperation can be achieved without prejudice to the rights of anyone. This may provide a provisional de facto working arrangement until formal arrangements can be reached.

"Of course, we recognize that what is now suggested provides no permanent solution. We shall be unremitting in our efforts to seek by peaceful means a just solution giving due recognition to the rights of all concerned, including Egypt.

"It is in that spirit that the United States and, we hope, other Suez Canal users, will seek association with each other." (END TEXT)

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