

[Shri H. N. Kunzru]

was also the Vice-President of the Constituent Assembly and for a long time he presided over the Assembly during the absence of the President, Dr. Rajendra Prasad. I think it is highly desirable that we should pay our tribute of respect to the memory of such a man by adjourning today.

**SHRI GOVIND BALLABH PANT:**

Sir, I was myself going to suggest that the House might adjourn for the day after you had made your reference and I entirely agree with what Dr. Kunzru says.

**MR. CHAIRMAN:** I should like to associate myself with the sentiments expressed by the Leader of the House and Dr. Kunzru. I had known Dr. Mookerjee for nearly forty years as a member of the Calcutta University and as a member of the Constituent Assembly. Dr. Kunzru referred to the fact that he served as the Vice-President of the Constituent Assembly also. After that he became the Governor of Bengal. Whatever high offices he held they did not affect his simplicity of manners and his kindness of disposition. Already reference has been made to the gifts he made to the Calcutta University. He used the great prestige which he had as Governor for raising funds for the relief of the sick and the suffering. That is also well known. He was a Christian, a true liberal Christian who had great respect for other religions and for the heritage of this great country. Wherever his influence was felt, he fought for communal harmony and national solidarity. I shall certainly convey the feelings of this House to Mrs. Mookerjee and as a token of our sorrow, let us stand up for two minutes now.

After Mr. Krishna Menon makes his statement, the House will stand adjourned till eleven o'clock tomorrow.

*(The House then stood in silence for two minutes.)*

#### STATEMENT ON SUEZ CANAL QUESTION

**THE MINISTER WITHOUT PORTFOLIO (SHRI V. K. KRISHNA MENON):** Mr. Chairman, with your gracious consent and on behalf of the Prime Minister for External Affairs, I beg to make

the following statement on the Suez Canal question just now.

On the 26th of July President Nasser announced in a speech at Alexandria that the nationalisation of the Suez Canal Company had been effected. The control of the offices of the company at Port Said, Ismailia, Suez and Cairo was taken over by the Egyptian Government following the promulgation of the nationalisation law by Presidential decree.

The assets and obligations of the company were taken over by the State. The law provides for compensation to shareholders at the market value of shares as on the day preceding nationalisation. Such compensation is to be paid after the State has taken delivery of all the assets and properties of the company.

The management of the Suez Canal traffic service was entrusted to an independent authority, with an independent budget and all powers, without being subject to Government rules and regulations.

The funds and assets of the nationalised company were frozen. The new authority was under obligation to retain the existing personnel who, in turn, were not to relinquish their posts without permission. The decree also provides for enforcement of the law and penalties attaching to breaches thereof.

The announcement has had worldwide repercussions. A grave crisis, which if not resolved peacefully, can lead to conflict, the extent and effects of which it is not easy to assess, has developed. In this crisis, the foremost consideration must be to strike for a calmer atmosphere and a rational outlook. When passions dominate, the real issues recede into the background, or are viewed or presented so as to emphasise the differences between the disputants and to rouse or feed the passions already engendered.

It is not easy for anyone, much less for the disputants, to escape this tragic involvement, and even for others, total objectivity is not possible. In crisis of this kind we deal not merely with the issue in dispute, but we witness the upsurge and conflict of mighty forces.

So, we have to deal with the problem as it confronts us or be overwhelmed by it. It is appropriate, therefore, to glance at the facts and the history of this problem.

The Suez Canal Company which is nationalised by Egypt, controls the operation and the equipment, and holds the concession of the Suez Canal. The canal itself is in Egypt and an integral part of Egypt. The sovereignty of Egypt is thus beyond question. This is recognised both in the Charter given to the Company in 1856 by the Viceroy of Egypt under the Ottoman Empire as well as in subsequent agreements and until as late as 1954. The original Charter of 1856 which set out the terms of the canal concession provided that the Canal "shall always remain open as a neutral passage to every merchant ship crossing from one sea to another without any distinction, exclusion, or preference of persons or nationalities....."

The Convention of Constantinople of 1888 reiterates that the Canal shall always remain free and open.

The position in regard to the sovereignty of Egypt on the one hand and the character of the international waterway is well set out in the Anglo-Egyptian Agreement of 1954, negotiated by the Governments of the United Kingdom and Egypt.

The House would be interested in the formulations in this Agreement, which is a very recent Agreement between Egypt and the United Kingdom, two of the main parties in the present crisis. Article 8 reads:

"The two contracting Governments recognise that the Suez Maritime Canal, which is an integral part of Egypt, is a waterway economically, commercially and strategically of international importance, and express the determination to uphold the Convention guaranteeing the freedom of navigation of the Canal signed at Constantinople on the 29th October 1888."

The sovereignty of Egypt on the one hand and the character of the waterway as one "of international importance" is recognised in a solemn agreement by Egypt and the United Kingdom, and they both have also expressed their determination to uphold the Convention of 1888.

The Suez Canal Company is an Egyptian Company and, in Egypt's view, subject to the laws of the country. The shares are held, except for a small portion, by foreign Governments or nationals. The British Government hold 44

per cent. of the shares. There are 32 Directors on the Board: 9 British, 16 French, 5 Egyptian, 1 American and 1 Dutch.

The concession of the Suez Canal Company would have expired in 1968, and the Egyptian Government, the present and previous ones, have publicly declared that the concession would not be renewed. The assets and obligations would then have reverted to Egypt under the Agreement of 1856.

The present decision of the Egyptian Government therefore would appear to ante-date the taking over by them of the Company. No question of expropriation has arisen since the shareholders are to be compensated at market value. Even if there remain any outstanding differences in this matter, they do not call for developments which lead to an international crisis.

The Egyptian Government have also reiterated that they will honour all their obligations arising from international agreements, and in their reaffirmation have referred both to the Convention of 1888 and to the Anglo-Egyptian Agreement of 1954.

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The French and the United Kingdom Governments reacted to the Egyptian announcement quickly, sharply and with vehemence. Hon. Members of the House have seen press reports of military and naval movements ordered by the United Kingdom and France, and some military measures in Egypt. These have received much publicity and have aggravated the situation. All this has influenced public opinion not only in Egypt but over the Arab world. In Asia as a whole, with its colonial memories, great resentment has been aroused.

I have no desire to add to the passions aroused, but I would fail in my duty to this House and the country and even to all the parties involved in this crisis, and not least of all to Britain and France, if I do not say that threats to settle this dispute, or to enforce their views in this matter by display of use of force, is the wrong way. It does not belong to this age and it is not dictated by reason. It fails to take account of the world as it is today and the Asia of today. If this were all, we could perhaps possess ourselves in patience and reflect that the mood will pass. But it would

[Shri V. K. Krishna Menon.]

be unrealistic and imprudent not to express our deep concern at these developments and point to their ominous implications. We deeply regret these reactions and the measures reported to be taken in consequence, and we express the hope that they will cease and the parties will enter into negotiations and seek peaceful settlements.

We also much regret that, in the steps that have led up to this crisis, there has been no exercise by one side or the other of their respective or common initiative to inform or consult one another.

We have great respect and regard for the sovereignty and dignity of Egypt and for our friendly relations with her. The Egyptian nationalisation decision was precipitated by the Aswan Dam decision of the United States Government in which the United Kingdom Government later joined. More than the decision, the way it was done hurt Egypt's pride and self-respect and disregarded a people's sentiments.

The suddenness of the nationalisation decision and the manner in which it has been implemented may have contributed to the violent reactions. But the terms of the nationalisation itself under the laws of Egypt are within the province of that Government.

As I informed the House some days ago, the Suez Canal issue was not discussed between President Nasser and myself when we met recently. The consideration of it and the concerned decision must have been made later.

The Governments of the United States, United Kingdom and France have held urgent and prolonged consultations and their views are set out in a joint communique which hon. Members must have seen in the press reports.

This communique recognises the sovereign rights of Egypt, but appears to limit these sovereign rights to nationalise only assets, which in the words of the communique are "not impressed with an international interest". If this was the point at variance, the violence of the reactions and the warlike gestures—I would still hope they are not war preparations—were unnecessary and have been grievous in their results.

The three powers also agreed that a conference of the parties to the Convention of 1888 and other nations largely concerned with the use of the

Canal should be held on the 16th of August 1956 in London in which they agreed to participate. The United Kingdom has in pursuance of this decision extended an invitation to 23 countries which are :—

Australia  
Ceylon  
Denmark  
Egypt  
Ethiopia  
Federal Republic of Germany  
France  
Greece  
India  
Indonesia  
Iran  
Italy  
Japan  
The Netherlands  
New Zealand  
Norway  
Pakistan  
Portugal  
Spain  
Sweden  
Turkey  
The U.S.A.  
The U.S.S.R.

The Government of India received an invitation from the United Kingdom on the 3rd of August to a conference in London "on the Suez Canal question". Prior to this, the United Kingdom Government kept the Government of India informed of developments.

Aware as they are of the extreme gravity of the situation that has developed and of the circumstances that obtain, the Government have given anxious and careful consideration to all aspects of this question, including the reply to the invitation. The Government have also been in contact with interested countries, including Egypt.

It has always been quite clear to the Government that they could not participate in any conference which bound its participants beforehand as to the conclusions to be reached. The Government would equally decline participation in any arrangements for war preparations or sanctions or any step which challenged the sovereign rights of Egypt. They have also been concerned at the exclusion from the list of invitees of various countries who should be included in the categories of signatories to the Convention of 1888 or of principal users. Without seeking to make invidious distinctions, I would like to say to the House

that the exclusion of Burma is to us a particularly regrettable omission. Yugoslavia, by virtue of being a succession State in respect of the Convention of 1888 and a maritime power, should have also found a place among the invitees. The Government of India, therefore, do not subscribe to the appropriateness of the list of invitees.

They have sought clarifications from the United Kingdom Government and feel assured that their participation in the conference does not in any way imply that they are restricted to or bound by the approach and the principles set out in the joint communique. They recognise that Egypt could not and would not participate in a conference on the Suez Canal to which she is merely an invitee and in respect of which there has been no consultations with her.

The Government of India had to take a decision in the situation as it confronted them. India is not a disinterested party. She is a principal user of this waterway, and her economic life and development is not unaffected by the disputes, not to speak of worse developments, in regard to it.

Even more, India is passionately interested in averting a conflict. She is in friendly relations with Egypt, and associated with her in the acceptance of the Bandung Declarations and the "Five Principles". India has also good and close relations with the principal Western countries involved. Both these relations are held in great esteem by us, as this House and all the world knows. The considerations and the criteria on which the Government had to base their decision, and not an easy one, is how best they could serve the cause of averting conflict and obtaining a peaceful settlement before it is too late. The

House will appreciate the gravity of the situation as the Government have done. The settlement of this problem, on the basis of the sovereignty and dignity of Egypt, and by agreement amongst all concerned, and the abandonment of postures of threats and violence, and of unilateral action by either party are therefore of the utmost concern to India.

The Government therefore obtained the necessary assurances from the United Kingdom and made their own position quite clear. They have satisfied themselves that their participation in the London Conference will not injure the interests or the sovereign rights and dignity of Egypt. With the sense of grave responsibility that rests on them, the Government have decided to accept the invitation and to send representatives to the Conference.

They have kept in close contact with Indonesia and Ceylon and with others who broadly, have a similar approach and attitude to that of India on this question.

The Government are well aware that this conference can reach no final decisions, for that requires the agreement of Egypt.

Sir, the House, I am aware, shares the grave concern of the Government in this matter. In all humility, I ask it to share with them the hope that the participation of India will assist in the endeavours for a peaceful settlement.

MR. CHAIRMAN: The House stands adjourned till 11A.M. tomorrow.

The House then adjourned at eight minutes past twelve of the clock till eleven of the clock on Thursday, the 9th August 1956.