

1962: 1011



V

North and East African Department

Vg 1011/1

UNITED ARAB REPUBLIC.

FROM  
 Sir H. Beeley,  
 R. U. S.  
**CONFIDENTIAL**  
 No. 4 (1012/62)  
 Dated Jan 24  
 Received Jan 25.

SUBJECT:  
 Annual review of events in the  
 United Arab Republic for 1962.

References

MINUTES

172857

A copy of this despatch has been sent to Sir H. Caccia as requested. A prepared copy has also been sent to Printing Section to be printed for circulation.

2. The despatch is a useful summary of the events of 1962. It is just about the right length. The instructions originally issued in 1960 and repeated in March of last year stipulated 4 pages of print as the upper limit. This review could ~~have been~~ have been shortened without losing anything essential. Nor does it really convey the Ambassador's personal impressions of the year's events, which is the intention. Sir H. Beeley has, however, not been very well recently and that may be the reason.

3. I submit a draft despatch of thanks.

*P. Laurence*

(P.H. Laurence)

January 30, 1963.

Eastern Department *Strangely dull, 10 min 30*  
 Arabian Department *agree. 2/2 Jan 30*  
 Economic Relations Department

(Action completed) (Main indexed)  
*24 564*

*25/2 Seen by Sir R. Stevens on Jan 31 (all minutes within). P.L. 22/2*

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(B)

You commented that the attached draft despatch acknowledging the Cairo Annual Review was over-complacent and suggested cutting out the offending passage. I do not now think that the second paragraph reads very usefully and it ~~might~~ be better to cut the draft down to a simple acknowledgement, which would suit the Department quite well. However, in the interests of historical truth and accuracy, perhaps we ought to talk to you some time about your view that the despatch as drafted was complacent. It is certainly the Department's view that we usually go through a sticky period with Egypt at the end of the year and that the improvement in Anglo/U.A.R. relations which we have achieved over the past three years has enabled us so far to weather the present Yemeni difficulty remarkably well. To that extent we have a firmer base for dealing with these difficult situations than we had before. I think perhaps your view is that we should expect the Yemeni situation to deteriorate further and that our continued non-recognition will get us into a real dog-fight with the Egyptians. We now suggest a redraft. (A)

*Arabian Dept. first*  
*3/11*

*J.G.S. Beith*  
(J.G.S. Beith)  
January 31, 1963.

Sir R. Stevens

*Many thanks. You have advised, & fully met my point.*

*llh*

*3/11*

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Summary of Cairo Despatch No. 4 of January 24, 1963.

Annual Review of Events in Cairo during 1962.

Relations with the United Kingdom improved in the first part of the year (paragraphs 2 and 3). Her Majesty's Government participated, together with the International Monetary Fund, the United States, Germany and Italy, in assisting the U.A.R. over the balance of payments crisis caused mainly by a disastrous cotton crop, and at the same time made an agreement with the U.A.R. clearing up outstanding questions concerning British property in Egypt (paragraphs 4 and 5). A successful visit by the "Old Vic" crowned the improvement in relations (paragraph 6).

The régime began to revise its political structure, and a National Charter was accepted by a representative body (paragraph 7).

The U.A.R.'s stated aim in Arab affairs was to encourage the establishment of republican and socialist régimes. This explained the U.A.R.'s warm relations with Algeria - alone among Arab States - and its military support for the Republicans in the Yemen. The withdrawal of U.A.R. forces was declared to be dependent on the cessation of Saudi and other external support for the Royalists (paragraphs 7-9). The Yemen crisis caused some deterioration in Anglo-Egyptian relations (paragraph 10).

Institutional change continued with the formation of Presidential and Executive Councils, one effect of which was to diminish the authority of the Vice-Presidents (paragraph 11).

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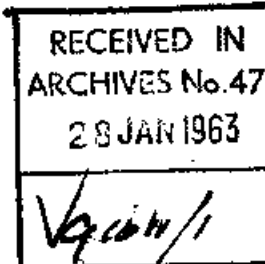
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BRITISH EMBASSY,  
CAIRO.

(1012/63)

Despatch No. ↓

January 24, 1963



My Lord,

I have the honour to submit a review of developments in the United Arab Republic during 1962.

2. As the year began, President Nasser and his associates were recovering from the shock of Syria's secession from the United Arab Republic in September, 1961. Among the consequences of this setback was the intensification of old resentments and suspicions, from which the principal sufferers outside the Arab world were France and the United Kingdom. The trial of the head of the French Property Commission and other French officials, who had been arrested in November on charges of espionage and subversion, opened in Cairo on the 15th of January. As the régime was by then regaining its balance, there was some hope that the Court would be allowed, or instructed, to spare the prosecution the embarrassing task of trying to sustain an obviously fabricated case by ruling that it was debarred from proceeding because of the immunity enjoyed by the French officials. The Court decided otherwise, however, for reasons not yet made public, and the proceedings pursued their unconvincing course until another way out was provided by the cease-fire in Algeria.

/Shortly

The Right Honourable

The Earl of Home, K.T.,

etc., etc., etc.,

Foreign Office,

London, S.W.1.

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Shortly after this, on the 7th of April, the case was abruptly suspended and the French prisoners permitted to leave Egypt. Contacts have since been made, in neutral capitals, to explore the possibility of a resumption of diplomatic relations between the United Arab Republic and France, but so far without result.

3. The détente with France was matched by an improvement in our own relations with the United Arab Republic. When President Nasser received me (for the first time since I had presented my Letters of Credence eleven months earlier) on the 25th of February, he said that he could not see any necessary conflict of interests between the two countries; and he told Sir Roger Stevens, whom I took to see him on the 17th of April, that he would welcome a visit to Cairo by a British Minister. There thus appeared to be some prospect that he might, however warily, suspend his disbelief in the honesty of British intentions in the Middle East, and that some limited measure of cooperation might become practicable. An opportunity for testing these hopes was shortly provided as a result of the critical financial situation which faced the United Arab Republic following the partial failure of its export crops in the previous year.

4. Conflicting reasons have been given for the exceptional incidence of the cotton worm in Egypt in the summer of 1961. Whatever the causes, its effect was to destroy between 30 and 40 per cent of the anticipated cotton harvest, and to damage other crops as well. Although there had been a substantial carry-over of cotton from the previous season, the damage was reflected in a decline in the value of cotton exports from L.E.121 million in the season of 1960-61 to L.E.74 million in 1961-62. As exports of rice were also affected, the notional loss in foreign earnings to the United Arab Republic may be

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may be regarded as approximately L.E.50 million. At a time when the development programme was expanding, and foreign exchange reserves were exhausted, this misfortune faced the régime with the necessity of invoking external aid. A drawing from the International Monetary Fund had been necessary to enable the United Arab Republic to make certain substantial payments falling due at the turn of the year. This had been agreed on the condition that a mission from the Fund should visit Cairo to study the situation and discuss the terms of a stabilisation programme. The mission was in Egypt from the 15th of January until the 5th of February, and agreement on the programme was concluded when Dr. Kaissouni, then Minister of Economy, visited Washington in April. The Government of the United Arab Republic undertook to abolish multiple exchange practices, and to establish a unified rate of 2.30 United States dollars to the Egyptian pound. This constituted in effect a measure of devaluation, though the term itself was carefully avoided. They also agreed to set a limit to the expansion of internal credit, to raise the bank rate and to embark on the liberalisation of their import policies. On the basis of these undertakings, Dr. Kaissouni obtained the right to draw a further \$42½ million from the Fund over a period of twelve months. It was recognised that this was insufficient to overcome the immediate crisis in the balance of payments, and that direct assistance from Governments would form an essential supplement to the agreement with the Fund. The United States, whose aim of becoming a major factor in the political calculations of the United Arab Republic was steadily pursued throughout the year, immediately made a loan of \$20 million available with a conditional promise of a further \$10 million; and requests for similar aid were addressed to the United Kingdom, Germany, /Italy

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Italy and Japan.

5. Since the United Arab Republic was substantially in default under the Anglo-Egyptian Financial Agreement of 1959, this request presented Her Majesty's Government with both a difficulty and an opportunity. Dr. Kaissouni was told that a settlement of issues outstanding under the 1959 Agreement would be an essential pre-condition of aid from the United Kingdom. In fact the Egyptians themselves were not averse from such a settlement, if they could be assisted to find the necessary sterling and if this assistance did not cut too deeply into the total sum which Her Majesty's Government could make available for lending to the United Arab Republic. They had come to recognise, from the President downwards, that their failure to carry out their undertakings of 1959 was an obstacle to the growth of normal relations with the United Kingdom, and might also be a handicap in their attempt to establish their credit-worthiness with other Western Governments and institutions. The interests of the two Governments were thus fairly evenly balanced, and agreement was reached in principle at the beginning of July. Negotiations continued on this basis, and resulted in the signature of two Agreements, in Cairo on the 7th of August and in London on the following day. Under the first, arrangements were made with the expressed intention that the process of transferring the desequestered assets of British subjects, up to the limits agreed in 1959, should be completed in three years; and at the same time certain conflicting interpretations of the 1959 Agreement were resolved and deficiencies revealed in its operation were rectified. Under the Agreement concluded in London, the United Arab Republic obtained a credit of the equivalent of \$10 million, to be

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applied to purchases from the United Kingdom. Later in the year Germany contributed the equivalent of \$20 million and Italy of \$10 million, thus bringing the total amount of immediate aid for the Egyptian balance of payments to \$112 million.

6. It so happened that the signature of the two Agreements with Her Majesty's Government coincided in time with a visit to Cairo by the Old Vic Theatre Company, who played "Romeo and Juliet" and Shaw's "Saint Joan" in front of the pyramids of Giza. This was not only the most important expression of British culture in Egypt since the resumption of relations, but was also for Cairo the artistic event of the year. The large attendance of Ministers and officials, moreover, was a tribute not only to the prestige of the English theatre and the professional excellence of the company, but also to the belief that Anglo-Egyptian relations had emerged from the depression of the previous winter and were entering a more favourable climate. The months of August and September, 1962, marked in fact the most encouraging phase since 1956 in the undulating course of those relations.

7. Meanwhile the ruling élite continued their lumbering approach towards new political institutions. The long-promised National Congress of Popular Forces, consisting of 1750 delegates representing not geographical constituencies but professional and economic interests, assembled on the 21st of May. Its limited task was to approve the draft National Charter. Having done this, with only minor amendments, it dispersed on the 4th of July. The Charter is not a systematic statement of the basic principles and procedures of the Republic, but rather a diffuse commentary on its origins, history and present /policies.

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policies. Among the more significant passages was one in which the empirical socialism of the United Arab Republic was justified by contrast both with private enterprise which would not have been able to meet the need for rapid development, and with an unnamed but obviously Communist system which would have demanded unacceptable sacrifices from the people. This was followed by a definition of the frontier between the public and private sectors of the economy, and an assertion of the legitimacy of private enterprise so long as it did not involve exploitation. The confidence which it was hoped the remnants of the former middle class would derive from this passage was, however, to some extent nullified by a qualifying reference to the supremacy of the popular will. Also in the context of economic policy, the Charter contained a brief but unprecedented and significant assertion of the need for birth control to limit the alarming growth of Egypt's population. In its political chapters, the Charter announced a further attempt to provide the régime with an organised popular foundation. Little ground was given for supposing that the Arab Socialist Union now projected would differ essentially from its ephemeral predecessors, the Liberation Rally and the National Union. Its title however was expressive, appearing to imply that on a long view the Union was not designed to meet the requirements of Egypt alone. It thus fitted, although the link was not made explicit, the later chapter on Arab unity in which it was stated that the United Arab Republic must broadcast its appeal for unity and its principles to the citizens of other Arab States without hesitating before the traditional argument that this would amount to interference in their affairs. This passage reflected the re-examination of the meaning of Arab /unity.

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unity which had been in progress since the defection of Syria from the United Arab Republic in September, 1961, and which was to find expression in the slogan: "unity of objectives before unity of ranks". In other words, the establishment of republican and socialist régimes of broadly the same character as the United Arab Republic was declared to be the immediate aim and to take precedence over efforts to coordinate the the policies of the Arab Governments, and a fortiori over aspirations to any form of institutional unification. It followed, and was made clear in the Charter, that the Arab League must be relegated to a minor rôle.

8. In fact, the United Arab Republic suspended its participation in the activities of the Arab League after its delegation walked out of a meeting of the Council held in the Lebanon at the end of August, on the ground that their Government had been intolerably abused by the Syrian delegation, which had brought charges of subversion and sabotage against it. This suspension was still in force at the end of the year. Moreover, there were then no diplomatic relations between the United Arab Republic and Syria, Saudi Arabia or Jordan. With Iraq they existed in form but were never activated. Libya, and more strikingly Morocco, fell into disfavour in the latter part of the year, largely because of their attitude to the revolution which took place in the Yemen at the end of September. Relations were correct (but in a descending order of cordiality) with Lebanon, Kuwait, the Sudan and Tunisia. Only with Algeria, where President Nasser had backed the right horse in the person of M. Ben Bella and was enjoying the reward of his foresight, and with the struggling Republic in the Yemen, could relations be said to embody the  
/spirit

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spirit of Arab brotherhood. Thus, in practice as well as in theory, President Nasser was turning his back on the traditional façade of Arab unity and seeking to group round Cairo a far smaller but at the same time more dynamic association of States, whose revolutionary example would, he believed, in the long run transform the rest of the Arab world and endow it in the process with a real as opposed to a fictitious solidarity.

9. These ideas, clarified by reflection on the secession of Syria, were put to the test exactly twelve months later by the revolution in the Yemen. To what extent the Egyptians may have had foreknowledge of this, or even some complicity in its origins, is uncertain. The prominence among the Republican leaders of Dr. Abdul Rahman el-Baidhani, who is more Egyptian than Yemeni and is related by marriage to M. Anwar Sadat, suggests at least that Cairo was not taken by surprise. At the same time the immediate commitment of Saudi Arabia and Jordan to support for the restoration of the Imamate enabled the United Arab Republic to assert that its subsequent action was taken in response to an appeal from the new Republic for assistance in repelling external aggression. It was impossible, spokesmen of the Cairo Government declared, that they should permit a revolutionary and progressive régime in an Arab country to be crushed from outside by the forces of reaction. Egyptian troops were sent to the Yemen, in small numbers at first and in the belief that nothing more was required than the elimination of pockets of royalist resistance, which in a context of popular enthusiasm for the new order could be quickly accomplished. It was soon found, however, that the disintegration of authority in the Yemen, stimulated by the flow of arms and money across the frontiers and in some tribal areas by loyalty to the Imamate, imposed a more formidable task /on

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on the Republicans and their allies. By the end of the year not less than 12,000 Egyptian troops were committed in the Yemen, and they were obliged to shoulder the major part of the burden of defending the Republic against its internal enemies. In addition, their ability to hold their own in a terrain favouring the guerilla tactics of their opponents depended on continuous support from the air. Thus the Egyptian Air Force operating from bases in Egypt as well as in the Yemen, was also heavily engaged. In Egypt, anxiety grew at the cost of the Yemen adventure in life and money. The President admitted on the 23rd of December that 136 lives had been lost, but gave no figures for wounded, prisoners or missing. It came to be generally believed in Cairo that he would welcome an opportunity to withdraw his forces, though he would be unable to do so if their departure might involve the collapse of the Republic. It was therefore not surprising that in December he gave ready acceptance to an American proposal aimed at a general disengagement from the Yemen. The withdrawal of Egyptian forces, however, was to be conditional on the cessation of external support for the royalists; and at the end of the year there was no sign of Saudi (or consequently of Jordanian) compliance with this condition.

10. Like the Syrian crisis twelve months earlier, the crisis over the Yemen had as one of its side-effects a deterioration in Anglo-Egyptian relations. The support given by Jordan to the royalist cause was regarded as evidence for the attitude of Her Majesty's Government; similar conclusions were drawn, with greater confidence, from the encouragement (and allegedly material help) given to the royalists by the ruling family of Beihan; and these suspicions appeared to be confirmed when Her Majesty's Government refrained from following the example of the United States

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States, who recognised the Republic on the 19th of December. Four days later, in his annual speech at Port Said, President Nasser delivered an attack against the United Kingdom, as he had done on the same occasion twelve months before. The curious repetition in 1962 of the pattern of the previous year underlined the fact that the now generally favourable trend in the bilateral relationship between the two countries is to a large extent at the mercy of events in other Arab countries, both because official Cairo exaggerates the extent of British influence in those countries, and of the desire to exercise it, and because there may on occasion be an actual conflict of interests.

11. Preoccupation with the Yemen has tended to distract attention from the consequences of a reconstruction of the system of government in the United Arab Republic which was embodied in decrees of the 28th and 29th of September. Under these measures, the powers of the President were to be exercised by a Presidential Council consisting of President Nasser, the five Vice-Presidents, and six others. One of these six, M. Ali Sabri, was also to preside over the Executive Council, which was to have exclusive responsibility for executive decisions. No member of the Presidential Council retained any departmental responsibilities. There was thus, theoretically at any rate, to be a clear-cut separation between policy-making and administration. The new system was justified as an application of the principle of collective leadership, deriving from the National Charter, but it by no means followed that the supremacy of President Nasser was in any way diminished by it. On the contrary, the result was to take executive power from the strong, in the persons of the Vice-Presidents who now lost /their

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their Departments, and give it to the weak. Speculation as to the effect of this on relations between the leading members of the régime centred round Vice-Presidents Baghdadi and Muhyiddin, who lost control respectively of economic planning and the interior, and whose energy and ability seemed no longer to have any adequate outlet. On the other hand, M. Ali Sabri, as the sole link between the Presidential and the Executive Councils, and having undisputed pre-eminence in the latter, appeared to have acquired a position of authority second only to that of the President himself.

12. I am sending copies of this despatch to Her Majesty's Representatives in Beirut, Amman, Damascus, Baghdad, Bahrain, Kuwait, Tel Aviv, Washington, Paris and Nicosia, to the Permanent Representative to the United Nations in New York, and to the Political Office, Middle East Command, Aden.

I have the honour to be  
with the highest respect,

My Lord,

Your Lordship's obedient Servant,

*H. Beeley*

(H. Beeley)

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CHRONOLOGICAL SUMMARY OF EVENTS 1962

January

- 2 Cairo press campaigns against British troop and fleet movements and attempts to link them with the abortive P.P.S. coup in Lebanon.
- 3 Thirty-nine French teachers expelled.
- 5 Arrival of a Soviet Economic Delegation, led by the Minister for Power Stations.
- 9 Saudi Government accused of placing obstacles in the way of pilgrims to the Hejaz.
- 10 U.A.R.-Yugoslav Cultural Agreement signed in Cairo.
- 15 Opening of the trial of members of the French Property Commission and certain Egyptian nationals.
- 16 Promulgation of Law No.34 of 1962 defining the categories of persons to be deprived of political rights for ten years.
- 21 The Supreme State Security Court declared itself competent to hear the case against the French officials.
- 22-27 Visit of an Australian Trade Mission.
- 23 Nationalisation of the major shipping service companies.
- 29-Feb.5 Official visit by Major Gagarin
- 31 Fifty per cent nationalisation of bakeries and flour and rice mills.

February

- 3 Arrival of President and Madame Tito for a sight-seeing visit to the U.A.R.
- 5 Opening of the elections for the National Congress of Popular Forces.
- 12 Opening of the Second Afro-Asian Writers' Conference.
- 13 Signature of agreement with U.S. A.I.D. authorities for American financing of silos and storage accommodation at a cost of \$17 million plus £E.8.8 million from P.L.480 counterpart-funds.
- 14-18 Visit of Mr. Chester Bowles.

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February

- 18 Discovery announced of two Greek "spy rings" working for Israel.  
Death of Major Salah Salem.
- 22 Unity Day (Fourth Anniversary of the Egypt/Syria merger). Speech by President Nasser to a rally in Cairo.
- 25 H.M. Ambassador's first interview with President Nasser since his presentation of letters.

March

- 2-6 Visit of the Yugoslav Foreign Minister.
- 9 Promulgation of a provisional Constitution for Gaza.
- 18 President Nasser's statement on the Algerian cease-fire. Jubilation in Cairo.
- 26 Opening of the Second Economic Conference of Casablanca powers.
- 26-April 1 Visit of the Norwegian Foreign Minister.
- 31-April 5 Triumphant visit of Ben Bella and three Algerian leaders imprisoned with him.

April

- 1 and 3 U.A.R. statements on the Aleppo revolt of March 28, offering to defend the Syrian people from external dangers, and appealing for unity within Syria.
- 7 The "spy trial" of the French officials and others suspended sine die and all the accused released.
- 8-11 Second visit by Ben Bella and the Algerian leaders.
- 13-17 Visit of Sir Roger Stevens.
- 16-May 3 Dr. Kaissouni in Washington (talks with the I.M.F.) and London.
- 17 The U.A.R. applied to join G.A.T.T.
- 26-May 1 Visit of the Prime Minister of Singapore.

May

- 4 Zulficar Sabri, Deputy Foreign Minister, left for a six-weeks' goodwill tour of Western Europe and Scandinavia.

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May

- 5-25 A delegation of five leading U.A.R. scientists visited the U.K.
- 7 De facto devaluation of the Egyptian Pound.
- 9 King Saud refused the carpet which is customarily sent each year from Egypt to cover the Kaaba in Mecca.
- 14 Announcement of the arrival of Abdul Hamid Serraj in Cairo.
- 20-26 Visit of Mr. Per Jacobsson, Director of the I.M.F.
- 21 President Nasser presented the National Charter to the National Congress of Popular Forces.

June

- 2 Large naval manoeuvres attended by President Nasser.
- 15-17 Meeting in Cairo of the Casablanca Political Committee (Heads of States).
- 18 Evacuation Day.
- President Nasser opened the U.A.R. Industrial Fair in Cairo.
- The 150th Anniversary of the Military Academy.
- Emergency Meeting of the Arab League on Algeria.
- 29 Vice-President Baghdadi announced a record budget (£E.2,351 million) for 1962-1963.

July

- 2 President Nasser spoke to the National Congress of Popular Forces on Algeria and the Arab Socialist Union.
- 3 Ali Sabri returned from trying to mediate between the Algerian leaders. Unexpected arrival of Ben Bella in Cairo.
- 4 Final session of the National Congress of Popular Forces.
- 8 Ben Bella left for talks in Rabat.
- 9-18 Meeting in Cairo of the non-aligned Economic Development Conference.

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July

- 21 Four U.A.R. rockets launched in the presence of President Nasser and journalists.
- 21-23 Visit of the Sardauna of Sokoto.
- 22-27 Celebration of the Tenth Anniversary of the Revolution.

August

- 7 Signature of U.K.-U.A.R. exchanges of notes supplementary to the Financial Agreement.
- 8-11 "Romeo & Juliet" and "St. Joan" performed by the Old Vic at Gizeh.
- 8 Signature in London of a \$10 million E.C.G.D. credit for the U.A.R.
- 15 Renewal of the U.K.-U.A.R. Scientific Agreement.
- 19 Prince Tallal of Saudi Arabia arrived in Cairo in voluntary exile.
- 22-31 Emergency Meeting of the Arab League Council at Shtaura. The U.A.R. walked out in protest against Syrian "insults".
- 27 Defection to Syria of the U.A.R. Military Attaché in Beirut. A number of people suspected of having been in contact with him or with the Abul Fath family were subsequently arrested in Cairo.

September

- 15 Hassouna re-elected Secretary-General of the Arab League for 5 years.
- 24 President Nasser's speech announcing the formation of a Presidential Council and the transfer of civilian ministerial responsibilities to an Executive Council headed by Ali Sabri.
- 25 Nationalisation of shipping and stevedoring companies.
- 27 News of the Yemeni revolution reached Cairo.
- 27-29 Re-organisation of the U.A.R. Government.
- 29-30 Visit of Mr. Nehru.

/October

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MAY

- 5-25 A delegation of five leading U.A.R. scientists visited the U.K.
- 7 De facto devaluation of the Egyptian Pound.
- 9 King Saud refused the carpet which is customarily sent each year from Egypt to cover the Kaaba in Mecca.
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- 8 Ben Bella left for talks in Rabat.
- 9-18 Meeting in Cairo of the non-aligned Economic Development Conference.

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October

- 2 Defection to the U.A.R. of a Saudi aircraft carrying arms to the Yemeni border.
- 2-Nov.22 Visit of an I.B.R.D. Mission to assess the U.A.R.'s economic situation.
- 3 First contingent of U.A.R. troops left for the Yemen.  
Defection of a second Saudi aircraft to the U.A.R.
- 4 President Nasser's assurance to Brigadier Sallal that the U.A.R. continued to observe the Jeddah Pact of 1956.
- 8-14 Visit of Jamila Bouhreid and Zahra Bouzarif.
- 8 Defection of two more Saudi aircraft to the U.A.R.
- 11-16 Official visit of the President of the Cameroun Republic.
- 13-14 Visit of Kamaluddin Rifaat and Anwar Sadat to the Yemen.
- 15-27 Visit of a Soviet Military Delegation to the U.A.R.
- 17 Arrival of the Cypriot Minister of the Interior on a goodwill visit to the U.A.R.
- 18 Central Bank returns revealed that holdings of foreign currency were at a very low level. Severe restrictions on imports.
- 23 President Nasser's message to Mr. Nehru on the Sino-Indian conflict (to propose non-aligned mediation).
- 25 Dr. Kaissouni returned from a lengthy tour of the U.S.A. and Eastern Europe during which a long-term P.L.480 agreement was signed involving \$390 million of agricultural commodities to be shipped within the following three years.
- 25-29 Field Marshal Amer's visit to the Yemen.

November

- 3-6 Visit of Dr. Hastings Banda.
- 6 Saudi Arabia broke off diplomatic relations with the U.A.R.
- 8-17 Further visit to the Yemen by Anwar Sadat.
- 9-13 Visit of the Prime Minister of Trinidad and Tobago.

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November

- 10 U.A.R.-Yemeni Defence Agreement signed in San'a.
- 12 Commander of the Royal Jordanian Air Force defected to the U.A.R.
- 13 Two more R.J.A.F. pilots, with "Hunter" aircraft, defected to the U.A.R.
- Announcement of a £E.1 million interest-free loan to the Yemen.
- U.A.R. admitted to provisional membership of G.A.T.T.
- 14 Tottenham Hotspur beat Zamalek F.C. 7-3.
- 14-22 Official visit by Princess Margrethe of Denmark.
- 25 Arrival of a British parliamentary delegation en route to the Yemen.
- 27 Arrival of Mr. R.K. Nehru (and later of the Indian Minister of Justice) to explain India's case against China.
- Arrival of the Yugoslav Foreign Minister.
- 29 Severe sentences imposed by the Alexandria Supreme State Security Court on a number of Greeks convicted of spying for Israel.

December

- 4 Detention of a consignment of British-owned silver bullion from a Swedish ship (the S.S. "Nippon") at Port Said.
- 5 Announcement of a £E.10 million interest-free loan to Algeria.
- 6 Arrival of the Chinese Deputy Foreign Minister to discuss the Sino-Indian conflict.
- 7 Publication of the statutes of the Arab Socialist Union.
- Ali Sabri left for the Colombo Conference on the Sino-Indian conflict.
- 11 Detention of a second silver bullion consignment aboard the S.S. "Minikoi", another Swedish ship.
- 18 U.A.R. statement announcing readiness to withdraw forces from the Yemen on certain conditions.

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December

- 19 U.S. recognition of the Yemen.
- 23 Victory Day at Port Said. Speech by President Nasser attacking the U.K. and "Arab reaction".
- 27 Signature of a \$10 million Italian loan to the U.A.R.

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FOREIGN OFFICE, S.W.1.

February 1, 1963.

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(VG 1011/1)

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Sir,

I have received your despatch No. 4 of the 24th of January in which you reviewed developments in the United Arab Republic during 1962, and thank you for a useful summary which has been read with interest in the Department.

2. You mentioned that the Yemen crisis had caused some deterioration in Anglo-United Arab Republic relations towards the end of the year, and observed that this deterioration repeated the pattern of the year before. It certainly appears that there is a curious rhythm in Anglo-United Arab Republic relations, with a downturn at the end of the year and an improvement in the early summer. This may be partly due to the various anniversaries connected with the Suez episode which take place between October and December, since these tend to culminate in a demagogic speech by President Nasser at Port Said. There was also of course, in 1961 the United Arab Republic touchiness occasioned by the Syrian secession of September and, in 1962, the Yemeni revolution and the widespread impression that Her Majesty's Government were antagonistic to the new Republican Government. It would seem however, that in spite of such setbacks there has been solid progress in the normalisation of our relations with the United Arab Republic during the last three years, and that this has enabled us so far to weather the present

/strains

His Excellency  
Sir Harold Beeley, K.C.M.G., C.B.E.,  
etc., etc., etc.,  
CAIRO.

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strains over the Yemen somewhat better than might have been expected. But there are no grounds for optimism. It is likely that the present relative calm, as you have suggested elsewhere, is due in part to Egyptian and Yemeni expectation that Her Majesty's Government are about to recognise the Yemeni Republican Government. If this expectation is disappointed we may become the object of a very sharp propaganda offensive. Even in this eventuality, however, I trust that sufficient progress has been made in consolidating our relations to withstand this without sliding back to the position before 1959, and that you will be able to maintain your contacts with President Nasser and his Ministers with a view to keeping the areas of disagreement between us to the minimum and exploiting any opportunity of removing the remaining difficulties in Anglo-United Arab Republic relations, such as the effect on British subjects of the nationalisation and sequestration measures of 1961, on which I propose to address you more fully in the near future.

I am, with greath truth and respect,  
Sir,  
Your Excellency's obedient Servant,  
(For the Secretary of State)

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