

sent out by UN Secretary General had endorsed project with certain safeguards which Israel would be prepared accept. Pointed out Israel had agreed to "temporary stoppage" of work on project at Security Council request but this "temporary stoppage" had now lasted eleven months.

Jernegan who was present said there must have been misunderstanding. *Démarche* re Banat Yaqub had been made because of report circulated at UN Israel contemplated early resumption work in demilitarized zone and because inquiries made at working level in IG had resulted in non-committal replies. We did not intend oppose project as such but were concerned at political repercussions if work unilaterally resumed without approval UN authorities and in absence overall agreement on Jordan development.

Eban expressed appreciation for clarification but insisted Sharett had obtained different and completely negative impression.

DULLES

¹ Sent by pouch to London, Cairo, Jidda, Amman, Beirut, Damascus, and Baghdad.

² *Infra*.

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641.74/8-454: Telegram

*The Secretary of State to the Embassy in Israel*¹

SECRET

WASHINGTON, August 4, 1954—7:20 p. m.

61. During call on Secretary August 4 Israeli Ambassador made following points:

1. Suez Base Agreement was of revolutionary importance for Israel as well as Near East as whole and IG felt obliged discuss repercussions with US and UK. Circumstances settlement along with other recent developments had produced mood deep concern and apprehension in Israel.

2. Israel however did not oppose Suez Agreement in principle. Considered it triumph of negotiation and could understand its welcome in Egypt, US and UK. Nevertheless it could have by-products damaging to Israel:

a. On military side fact evacuation of Canal Zone by British removed existing restraint on Egyptian forces and destroyed utility Sinai area as buffer zone between Egypt and Israel. Furthermore inheritance by Egypt of base facilities would increase her military power. This would be accentuated if Egypt received military aid from US. Such aid would be especially disturbing following on heels military aid agreement with Iraq.

b. On political side settlement occurs at time when Egyptians have become more threatening toward Israel and high officials

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