

## No. 1046

874.00 TA/12-1152 Telegram

*The Ambassador in Egypt (Caffery) to the Department of State*

SECRET

CAIRO, December 11, 1952— 1 p. m.

1407. Re para 1 Deptal 3860, sent London Dec 9, rptd Cairo 1180. Fol is text of Appendix 2 to Naguib's memo Nov 10:

"Most immediate item economic aid which would render tangible benefit to Egypt would be grant of wheat. It is estimated on basis of present calculations that Egypt's wheat requirements for 1953 will be of order of 800,000 tons. During past year most of wheat needs have had to be imported from dollar areas which has involved heavy drain on dollar reserves. With continuing crisis in export of cotton foreign exchange drain involved in meeting essential wheat needs for 1953 will place heavy burden on their financial position. Furthermore as long range objective and with view to furthering projects for economic development and industrialization of Egyptian Govt the sum of \$100 million is needed for fol projects:

Construction of new Aswan dam.

Hydroelectrical installations at new Aswan dam.

Establishment of iron and steel industry utilizing iron ore deposits and electric power from new Aswan dam.

Construction of essential roads.

Rehabilitation of railways.

Improvement of telecommunications facilities.

Land reform scheme.

"On certain of foregoing project surveys have been requested from Tech Coops Admin through Country Director of TCA Amembassy Cairo Egypt. If needed Egyptian Govt may desire avail itself of similar tech asst with respect to other projects."<sup>1</sup>

CAFFERY

<sup>1</sup> In telegram 1409 from Cairo, Dec. 11, not printed, Ambassador Caffery characterized these proposals as "irrealistic" and offered the opinion that the only common-sense project was the request for wheat which would relieve the demands being made on Egypt's dollar reserves and would also be a popular gesture. (874.00 TA/12-1152)