

No. 1076

7745 MSP/1-1063: Telegram

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Department of State*¹

SECRET

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3786. Foreign Office gave Stabler this morning following informal memorandum re possible US interim arms program. Foreign Office official explained this based on Ambassador's aid Byroade's conversation with Eden reported Embtel 3774, Jan 9 and represented UK position this question. Foreign Office was told that Byroade had referred question to Department but that no commitment could be made that Eden's suggestion re phasing would be found practicable.

"If, in spite of the views of the UK, which have been explained to Mr. Byroade, the USG decide to offer the Egyptian military equipment before negotiation of defense start [*start of defense negotiations*], the UKG hope that this would be done on the following lines:

1. The USG would tell the Egyptians that they are ready to make available to them \$5 million worth of arms, of which deliveries would be spread over two or three months, and after that would consider the possibility of supplying material to the value of further \$5 million.

2. In making this offer to the Egyptians, the USG would make it clear that: (a) The offer of further material would be considered in relation to the forthcoming negotiations with the UK about the canal base, which was as important to the Americans as to the British; (b) the USG were most anxious that the Egyptians would reach a settlement with the UK about the base; (c) Egypt would in general look towards her habitual source of supply (i.e. the UK) for arms.

3. The USG would, moreover, give the UKG the opportunity of examining any list of material which it is proposed to offer to the Egyptians before an offer is made, so as to ensure, as far as possible, that it does not include material which could be used against UK forces in guerrilla warfare or which could be better supplied by the UK."

GIFFORD

¹ Repeated to Cairo as telegram 202.