

Re urtel 1606 Jan 10^{*} notwithstanding Embtel 1518, no further action will be taken re expansion Cabot mission pending consultations urtel 1606. As you aware Dept had conceived expanded Cabot mission as immed indication US interest and evidence our taking action on econ annex Naguib message Nov 10.

ACHESON

^{*} Not printed.

No. 1078

874.00 TA/1-1552 Telegram

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

SECRET

WASHINGTON, January 15, 1953—3:55 p. m.

1412. Further 1388. In amplification but not modification of 1388, and in order avoid any misunderstanding of word "counterpart" fol is put forward for Emb consideration:

Landed price wheat Alex today at market about \$108 per ton, allowing \$95 for wheat fob US port and about \$12 freight US flag vessel, plus insurance. Important to understand that proposal reftel envisages Egyptian deposits equivalent Egyptian pounds at current exchange rates. If wheat cannot move in Egyptian markets at such prices in Egyptian currency, what substitute materials might be sold readily with resultant realization for counterpart funds full value of dollars expended at current exchange?

Wld appreciate Emb views on whether wheat likely realize full commensurate dollar value; if not, whether GOE wld in any case deposit full commensurate value, or whether other items might be substituted for wheat.

Another detail requiring your comment is whether counterpart fund shld be assessed for local currency costs of US administrative expense at time general agreement re \$10 million is reached, or later, when individual project agreements covering counterpart fund are negotiated.²

ACHESON

¹ Repeated to London as telegram 4694. Drafted by Stabler and by Arthur Z. Gardiner, Politico-Economic Adviser, Bureau of Near Eastern, South Asian, and African Affairs, and approved by Gardiner.

² Ambassador Caffery replied in telegram 1650, Jan. 16, not printed, that the wheat would be sold for local currency at prices approximately 39 percent below cost, but the Embassy was confident that the Egyptian Ministry of Finance was prepared to deposit the full commensurate value of \$10 million to the counterpart fund by employing funds already appropriated in the budget. Caffery also said that if an

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