

Naguib today and see Creswell privately this evening. Fawzi promised to consider what "colorless phrase" might serve both governments re publicity and at one point said "negotiations must go quickly because the government is in difficulties." (*Embassy comment*: Colonel Nasir told Embassy officer yesterday that while not hopeful for successful outcome, he favors early start of talks. Statement to press by Minister National Guidance published today also indicates Egyptian readiness to talk. Thus on Egyptian side prospects for starting negotiations appear to have improved in past few days).

2. Reading from his notes Creswell quoted Fawzi as having said yesterday that all five points are interrelated and that discussion of evacuation and future of the base would inevitably lead to discussion of the future role of the base in Middle East defense. Egypt's financial capabilities are limited and Egypt will require financial and equipment assistance in order to maintain the base. For these Egypt must turn to others and it is here Fawzi believes the United States should become associated with discussion. (*Embassy comment*: British say that base costs them between 14 and 17 million pounds annually in Egyptian money. When base transferred to Egyptians some part of this sum will be an additional charge on Egyptian treasury unless alternate means for financing base can be worked out. Fawzi knows this but not many Egyptians appear to have considered this point.)

CAFFERY

 No. 1141

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SECRET

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2222. 1. At "cloak and dagger" meeting yesterday with Creswell Fawzi agreed to go ahead on basis suggested by British (Embtel 2216, repeated London 727). They agreed tentatively that talks should begin April 20. They foresaw that at initial meetings UK would be represented by Stevenson, General Robertson, and possibly Creswell; Egypt by Fawzi, Naguib and "some military officers." Purpose early meeting would be to define terms of reference for subcommittees composed of British and Egyptian officers. Creswell said April 20 based on date when Stevenson might be out of hospi-

¹ Repeated to London as telegram 729 and unnumbered to Paris for Reinhardt, to Rome for Unger, to Ankara, and to the Arab capitals.