

difficult from viewpoint of US-UK relations to start economic assistance while negotiations still in process or immediately after a break in negotiations?

(c) *US Position in the Middle East.* Developments in Israeli-Arab matters have seriously affected US position in many of Arab states. Strong measures of US in temporarily withholding assistance to Israel and in taking Qibya aggression before Security Council<sup>2</sup> have not offset reaction against US by acts of what they look upon as US-sponsored state of Israel. We have now announced resumption aid to Israel and would like follow quickly with some assistance on Arab side. Assistance to Arab states takes form of developing projects which are difficult to start. We are therefore some stage away from conclusion of any negotiations and agreements will be of type which do not normally lend themselves to announcement of any specific magnitude of assistance. Query: Is our situation in Arab world as seen from Cairo such that we should adopt different procedure with Egypt, leader of these Arab states, and plan for early announcement of economic assistance to Egypt working out details later?

Request comments Cairo and London without discussion Foreign Offices including appraisal by London real intentions British at this stage re Egypt.

SMITH

<sup>2</sup> For documentation regarding the Qibya aggression, see Documents 947 ff.

### No. 1241

874.08 TA/11-262: Telegram

*The Ambassador in Egypt (Caffery) to the Department of State*<sup>1</sup>

SECRET PRIORITY

CAIRO, November 9, 1953—10 p. m.

543. In reply Deptel 519 I have following comments to make:

(1) British will probably (as they did in case of military aid last year) make every effort to prevent US economic assistance to Egypt at this point.

(2) Up to time of Byroade-Badawi conversation<sup>2</sup> Egyptians had been led to understand that all aid was conditional on Anglo-Egypt-

<sup>1</sup> Repeated to London as telegram 211.

<sup>2</sup> Assistant Secretary of State Byroade and Dr. Bahgat Badawi, the Egyptian Minister of Commerce and Industry, had a conversation on Oct. 20. Byroade asked Badawi if the granting of economic aid previous to the settlement of the Suez base issue would be more advantageous to Naguib than would an announcement, after the settlement, of a single larger package of military and economic aid. The Egyptian answer was that such a step was preferable, and Byroade said he would look into this possibility. (774.5 MSP/10-2053)