

project is highly attractive. The attractive aspects of the project were indicated in a memorandum given Mr. Stevens, a copy of which is presented herewith as Enclosure No. 3. In any case, if the public did not take up all the shares in the fertilizer plant which were offered to it, the residual would be taken up by the National Production Council with a view to disposing of them to private persons over a period of time.

Mr. Stevens thought that an expert from the IBRD should come to Cairo to discuss also the fertilizer plant with the Egyptian authorities. He might be the same person as sent to investigate the status of the work on the High Aswan Dam.

Since last seeing Mr. Stevens, the reporting officer met Dr. Selim briefly at a social function. Touching on a number of the points presented above, Dr. Selim was in an optimistic mood and stated that Mr. Stevens' visit had helped to clarify matters, that he should have come sooner, and that Egypt might after all be able to do business with the IBRD.

For the Ambassador:

ROBERT M. CARR

Counselor for Economic Affairs

No. 1270

741.56374/1. 1454: Telegram

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

TOP SECRET PRIORITY WASHINGTON, January 14, 1954--1:49 p. m.

765. Given below is text "Heads of Agreement" British prepared sign. They desire our comments prior determining how use document. Your views requested soonest on both substance and best use of paper.

Verbatim Text. It is agreed between the Egyptian and British Delegations that with a view to establishing Anglo-Egyptian relations on a new basis of mutual understanding and firm friendship, and taking account of their obligations under the United Nations Charter and of their common concern for the security of the Middle East, an agreement regarding the future of the Suez Canal Zone Base should now be drafted on the following lines.

2. The Agreement will last for 7 years from the date of its entry into force.

3. The Canal Zone Base and its contents will be maintained in efficient working order as a Working Base to supply and maintain in peace the forces supported by Her Majesty's Government in the

¹ Drafted by Burdett and approved by Byroade.