

No. 1329

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*The Acting Secretary of State to the Embassies in Egypt and the United Kingdom*¹

TOP SECRET

WASHINGTON, April 30, 1954.

CA-6247. Subject: New British Proposals on Suez Base.

To assist in clarifying our thinking with respect to the new British proposals on the Suez Base, the attached draft of a possible "Memorandum of Understanding" has been developed in the Department. The draft is also intended to coordinate the thinking of the Department and the Embassies at Cairo and London.

The document is modeled upon and includes certain language from the British "Heads of Agreement" of January 13, 1954.² The British proposals of March 17, 1954 and current Egyptian views, as far as they are known, have been taken into account. The language, particularly in Section 6, was purposely kept vague in the belief that it would be easier to work out details at a later stage in the negotiations. The references to "third parties" in Sections 7 and 8 are intended to permit the association of the United States.

As we envisage the negotiations, the British and Egyptians would first reach an "agreement in principle," perhaps along the lines of the attached document. Up to this point, United States association would consist of assistance behind the scenes. During the discussions, however, it would be indicated to the Egyptians that if they so desire, the United States is prepared to become a party to the final settlement to the extent provided for in Sections 7 and 8. Once the "agreement in principle" is reached, we would expect a much-publicized initial withdrawal of British troops, extension of United States economic aid, and, perhaps, the dispatch of a survey team as a first step in the extension of military assistance. These moves should enhance the position of the West in Egypt and facilitate the final phase of the negotiations. Only after the "agreement in principle" is signed would we make a definite decision regarding how openly and firmly the United States would associate itself with the final arrangements. We could become a party to a tripartite agreement and exchange notes with Egypt accepting availability rights.

The Embassies at Cairo and London are requested to advise the Department if the attached document reflects their understanding of the current Egyptian and British positions and whether or not

¹ Drafted by Burdett and approved by Byroade.² See telegram 765 to Cairo, Document 1270.