

No. 1340

641747-1154 Telegram

*The Ambassador in Egypt (Caffery) to the Department of State*¹

SECRET

CAIRO, July 11, 1954—9 p. m.

43. I saw Fawzi a few minutes ago and told him that we highly recommended the British proposals to the Egyptian Government. I remarked (as Stevenson asked me to do) that the proposals were not a rock bottom ultimatum and that I was sure that Stevenson would listen with interest to any observations they would have to make.

Fawzi said that there are three points to which Egyptians would take exception.

First they take high exception to suggestion of a 20 to 30 year availability program. He said they were not prepared to go beyond 7. I urged him to go beyond that. He finally said that in no event could they go beyond the expiration of Arab Collective Security Pact in 1962 in view of Article 4 (D) of draft heads of agreement. I urged him to reconsider that.

Second he said they must stand on the 15 month evacuation period. I said that as the British are going to move more material than they originally planned to move, they would need a longer time. He admitted that that argument had merit.

Third they were willing to include Iran for consultation but not for automatic availability. (Stevenson told me this morning that if necessary he could accept that.)

Fawzi took occasion to express high appreciation and much gratitude to President Eisenhower and Secretary Dulles for our part in this. He remarked, "I admit that it has taken courage on the part of the British to go this far but on our side we have our own public to consider too." He said finally that Egyptians were prepared to work hard for agreement which he admits they badly need.

In course of conversation with Fawzi, I gave him to understand clearly that only if Anglo-Egyptian talks proceed satisfactorily will we be prepared to initiate conversations regarding cover agreements for military and economic aid (Department's telegram 1602).

CAFFERY

¹ Repeated to London as telegram 9.