

No. 1343

774.5 MSP/7-1554

*Memorandum by the Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Byroade) to the Secretary of State*¹

SECRET

WASHINGTON, July 15, 1954.

Subject: Request for authority to initiate grant economic and military assistance agreement with Egypt.

Discussion:

In accordance with the understanding reached during Churchill's visit we are making arrangements to initiate negotiations for military and economic assistance agreements with Egypt. Tentative drafts have been transmitted to Embassy Cairo pending instructions.² Anglo-Egyptian conversations were resumed July 10.

The draft military assistance agreement (Tab A)³ is substantial along the lines of the Pakistan Agreement. In addition, it includes language incorporated in the Iraq Agreement at your suggestion, i.e. "Such assistance . . . will be related in character, timing and amount to international developments in the area" (Article I, par. 1). The draft is predicated on the assumption that military assistance will be provided not only to maintain internal security and legitimate self-defense, but also to assist Egypt to discharge obligations under the terms of a Base settlement. Language relating, in general terms, United States military assistance to Egypt's obligations will be inserted in the draft following receipt of Caffery's recommendations on this point. Twenty-one million dollars of MDAP funds are available for Egypt.

The draft economic agreement (Tab B)⁴ is generally similar to the agreements recently signed with Jordan and Lebanon. We have in mind a United States contribution during fiscal 1955 of the order of \$25 million.

¹ This memorandum was drafted by Anachuetz. According to the source text, Secretary Dulles initialed his approval of the recommendations appearing at the end of the memorandum.

² Neither printed; the draft agreement for provision of American military assistance to Egypt was sent to the Embassy in Cairo as airgram 6, July 2. (774.5 MSP/7-254) The draft accord for provision of U.S. economic aid to Egypt was sent to the Embassy in Cairo as airgram 3, July 2. (874.00 TA/7-254)

³ Not printed; Tab A was not attached to the source text. Presumably, however, it was the same draft military assistance agreement referred to in footnote 2, above.

⁴ Not printed; Tab B was also not attached to the source text. Presumably, it, too, was the same draft economic agreement referred to in footnote 2, above.