

Since these agreements will be made pursuant to the Mutual Security legislation, it is believed that they may be entered into as Executive Agreements.

Recommendation:

That you authorize, as prescribed by Department Circular 25, May 15, 1953,⁵ the negotiation of Executive Agreements for grant economic and military assistance to Egypt along the lines of the attached drafts, timing to be determined by progress of the Base talks.

⁵ Not printed.

No. 1344

641.74/7-1554: Telegram

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

SECRET PRIORITY

CAIRO, July 15, 1954—9 p. m.

71. 1. Today's three-hour meeting between British and Egyptian teams resulted, according British Embassy, in "considerable progress on number points of substance, but not on duration period, withdrawal period, nor Iran".

2. Egyptians conceded:

- a. Movement material into and out of base.
- b. Operation base for current British requirements.
- c. British views regarding consultation clause.
- d. "Much improved" air clause (Egyptians agreed to clear flights operationally without recourse to diplomatic channels).
- e. Satisfactory formula regarding visits of inspection.

3. In same category, Egyptians would not withdraw their opposition to phrase "common concern for defense", nor agree to enlargement of contractor's clause to permit use of contractors from other Arab States.

4. British Embassy commented on skillful and serious manner in which Nasir presented Egyptian case regarding three unagreed major points. Concessions by Egyptians listed above intended by him as evidence Egyptian goodwill and willingness to make settlement.

(a) Iran. This was impossible for reasons stated my 57 (Britains say they could leave out Iran, but Iraq has recently made it clear to United Kingdom that it will resent this omission).

¹ Repeated priority to London as telegram 71.