

file 641.74. For the text of the October agreement, see British Cmd. 9298, Egypt No. 2 (1954).

No. 1349

7745 MSP/7-2854: Telegram

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

SECRET PRIORITY WASHINGTON, July 28, 1954—7:43 p. m.

144. Caffery authorized inform GOE: 1) US prepared at this time to enter into discussions re extension economic and military assistance in fulfillment commitment President's letter to Naguib July 15, 1953; 2) He is ready provide GOE with draft texts agreements whenever Egypt desires; 3) US aid will be for purpose assisting Egypt in implementing her plans for economic development and in strengthening her armed forces in order discharge increased responsibilities Egypt assuming under Suez Base Agreement; 4) Character, timing and amount US assistance will necessarily be related developments in and including among other factors Egypt's fulfillment Suez Base Agreement; 5) President will be asked determine Egypt eligible for military assistance on grounds among other factors Suez Base Agreement constitutes arrangement which requires Egypt take important part area defense.

Accordance recommendations Embtel 96² we eliminating clauses tying agreements specifically to Egypt's provision of bases. We agree language Article I Para 2 military assistance agreement³ adequate meet requirements US-UK Agreed Minute.

Following telegrams² give changes in texts military and economic agreements which should be made prior presenting them Egyptians and recite problems involved in pending legislative developments particularly with regard economic agreement. Because Congressional action on legislation not yet completed you should make clear Egyptians additional changes texts agreements may become necessary.

We wish avoid difficulties which would arise from citing specific amounts aid. Re economic aid Caffery should state amount will depend on subsequent agreement on specific projects such as those discussed November 1954 (Joint Embassy-USOM Despatch 1359).²

¹ Repeated priority to London as telegram 584. Drafted by Burdett and approved by Byroade.

² Not printed.

³ Not printed; see footnote 2, Document 1343.