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FOREIGN SERVICE DESPATCH

FROM : CAIRO

1324

DESP. NO.

461.7441/1-755
+R
474.606

TO : THE DEPARTMENT OF STATE, WASHINGTON.

January 7, 1955

DATE

REF : CERP 6-24-54, D-2, D-29; Embdesp. 1079 of Dec. 4, 1954.

| | | |
|----------------------------|----------------------------------|--|
| 2 For Dept. Use Only | ACTION NEA-4 REC'D 1-10 | DEPT. IN UC/R-2 REP-2 OLI-6 E-5 EUR-5 ARMY FO OTHER Com-10 FOA-10 TR-3 CIA-6 IN-7 OSO-8 NAVY-3 |
|----------------------------|----------------------------------|--|

SUBJECT: EGYPTIAN IMPORTS IN DECEMBER OF SOVIET BLOC PETROLEUM AIR-3 TAR-2

The following shipments of Soviet bloc petroleum products were delivered to Egypt in December, under the Egyptian agreement with the U.S.S.R. and Rumania:

On November 28 the Canopo arrived in Alexandria and discharged 5,140 metric tons of kerosene (of which 2,096 tons went into SVOCE/SEP* tanks and 3,044 tons into Shell* tanks) and 5,036 metric tons of gasoline (of which 1,672 tons went to SVOCE/SEP and 3,364 tons to Shell). The kerosene had been loaded at Tuapse, U.S.S.R., and the gasoline at Constanza, Rumania. (This shipment is included in this report because, although the ship arrived in November, it was still discharging in December.)

On December 11 the Recco arrived in Alexandria and discharged a total cargo of 7,297 metric tons of kerosene from Batum, U.S.S.R. Of this, 3,334 tons went to SVOCE/SEP and 3,963 tons to Shell.

On December 17 the Canopo arrived in Suez and discharged 10,422 metric tons of kerosene from Tuapse, U.S.S.R., of which 3,795 tons went into SVOCE tanks and 6,627 tons into Shell tanks.

- * SVOCE - Socony-Vacuum Oil Co. of Egypt.
- SEP - Société Egyptienne des Petroles
- SHELL - Shell Oil Co. of Egypt.

SVOCE recapitulates deliveries effected through December as totaling 204,800 metric tons of kerosene, 34,590 metric tons of gas oil and 28,500 metric tons of gasoline, a grand total of 267,890 metric tons. The Embassy's figures from its

JFitzgerald:ham

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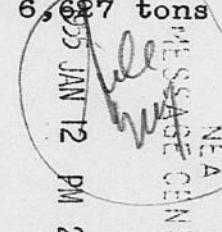
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From _____

monthly reports, which were based on data supplied by SVOCE, show total deliveries to date of 197,541 tons of kerosene, 34,011 tons of gas oil and 29,474 tons of gasoline, or a grand total of 261,026 metric tons, but it is presumed that these differences are accounted for by adjustments made since the monthly figures were originally given by the company.

SVOCE also says that the quantities contracted for were 270,000 tons of kerosene, 34,600 tons of gas oil and 42,200 tons of gasoline, which figures differ somewhat from those understood to be the ones involved at the time Egypt made the agreement with the U.S.S.R. and Rumania (as reported in despatch 2035 of February 25, 1954). In any case, these amounts add up to 346,800 tons, compared to the 350,000 metric ton total originally understood to be called for by the agreement. SVOCE says that no further gas oil shipments are scheduled and that the balance of kerosene and gasoline due will be delivered in January and February, except for one kerosene shipment to follow in March.

John Fitzgerald
John Fitzgerald
Second Secretary of Embassy

Approved by:

Perry Ellis
Perry Ellis
First Secretary of Embassy

cc: Alexandria
Port Said
Rome
Moscow
Bucharest.

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FROM : AmEmbassy, Cairo, Egypt

1695

DESP. NO.

TO : THE DEPARTMENT OF STATE, WASHINGTON

March 4, 1955

REF : CERP 6/24/54, D-2, D-29; Despatch 1324 of January 7, 1955

461-7441/3-455
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|-----------------------|------------------------|----------------------------|---|
| For Dept. Use Only | ACTION NEA-4 3/8 | DEPT. IN FO OTHER | REPR-OC/R-2 OLI-6 E-4 EUR-5 TAR-2 Con-8 FOA-10 TR-3 CIA-6 OSD-4 ARMY-4 |
|-----------------------|------------------------|----------------------------|---|

SUBJECT: EGYPTIAN IMPORTS OF SOVIET BLOC PETROLEUM - JANUARY AND FEBRUARY, 1955

1N-7 AIR 3

The following shipments of Soviet bloc petroleum products were delivered to Egypt in January and February, 1955, under the Egyptian agreement with the U.S.S.R. and Rumania:

On January 2 the Horreya arrived in Alexandria from Tuapse, U.S.S.R. and discharged 8193 metric tons of kerosene, of which 3046 tons went into SEP/SVOCE* tanks and 5147 tons into Shell tanks.

On January 5 the Canopo arrived in Alexandria from Constanza, Rumania, and discharged 5148 metric tons of kerosene (of which 2142 tons went to SEP/SVOCE and 3006 tons to Shell) and 4940 metric tons of benzine (gasoline), which went to SEP/SVOCE.

On January 25 the Horreya arrived at Suez from Tuapse with 8038 metric tons of kerosene, of which 1072 tons went to SVOCE and 6966 tons to Shell.

On February 11 the Horreya arrived at Alexandria from Constanza with 7960 metric tons of kerosene, of which 3222 tons were discharged into SEP/SVOCE tanks, 3771 tons into Shell tanks and 967 tons into Esso tanks.

The Horreya arrived again in Egypt on February 28 but this shipment will be included in March figures.

*SEP - Societe Egyptienne des Petroles
SVOCE - Socony-Vacuum Oil Co. of Egypt
Shell - Shell Oil Co. of Egypt
Esso - Esso Standard (Near East)

Approved by:

Robert M. Carr

Counselor for Economic Affairs

CC: Alexandria, Port Said, Moscow
Bucharest

JFitzgerald:mlb

John Fitzgerald
Second Secretary of Embassy

MAR 18 1955

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FOREIGN SERVICE DESPATCH

FROM Cairo

1915
DESP. NO.

461.7441/4-755
Xc 4 74.60

TO : THE DEPARTMENT OF STATE, WASHINGTON

April 7, 1955

REF : CERP 6/24/54, D-29; Desp. 1695 of March 4, 1955

near due date contact copy

| 11 | ACTION | DEPT. | 161.7441 |
|-----------------------|---------------|------------------|---|
| For Dept. Use Only | NEA-4 | I N F O | Rmkr. ol-6 ex Eur-5 A/Rep-2 |
| | REC'D 4/11 | OTHER | TAR-2 Com-10 FOT-10 TR-3 Cia-5 OSA-4 Army-4 Air-3 INT May-3 Fot-10 |

SUBJECT: EGYPTIAN IMPORTS OF SOVIET BLOC PETROLEUM - MARCH, 1955

W.C.B.
Central
Serial

The following shipments of Soviet bloc petroleum products were delivered to Egypt in March, 1955, under the Egyptian agreement with U.S.S.R. and Rumania:

On March 3 the Herreva (which had arrived February 28) discharged in Alexandria 8033 metric tons of kerosene loaded at Constanza, Rumania; of this, 3025 tons went to SVOCE/SEP* tanks, 4409 tons to Shell tanks and 599 tons to Esso tanks.

On March 8 the Canope discharged at Suez 9814 metric tons of kerosene, also from Constanza, of which 3010 tons went to SVOCE and 6804 tons to Shell.

On March 15 the Horreva discharged 4318 metric tons of motor gasoline in SVOCE/SEP tanks at Alexandria, then went to Suez and on March 20 discharged 3025 tons of the same product into SEP tanks there. The total of 7343 metric tons all came from Constanza.

On March 24 the Canope discharged at Alexandria 10,066 metric tons of kerosene, loaded at Tuapse, U.S.S.R., of which 4938 tons went to SVOCE/SEP, 4173 tons to Shell and 955 tons to Esso.

*SVOCE - Socony Vacuum Oil Co. of Egypt
SEP - Societe Egyptienne des Petroles
Shell - Shell Oil Co. of Egypt
Esso - Esso Standard (Near East)

The original agreement (never published) between Egypt and the two Soviet bloc countries apparently provided for a possible increase of 10 percent in the amount of kerosene contracted for

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Desp. No. _____

From _____

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(260,000 metric tons) and this option has been taken up, making the total amount 286,000 tons. Of this, 262,200 tons has been delivered through March, leaving a balance of 23,800 tons still to be delivered. It is understood that no further deliveries of other products are due under this agreement. The question of a possible new agreement was discussed in the Embassy's despatch 1888 of April 2, 1955.

John Fitzgerald

John Fitzgerald

Second Secretary of Embassy

Approved by:

Robert M. Carr

Robert M. Carr
Counselor for Economic Affairs

cc.: Alexandria
Port Said
Moscow
Bucharest

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1415

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FOREIGN SERVICE DESPATCH

FROM : AmEmbassy, Cairo

1977

DESP. NO.

TO : THE DEPARTMENT OF STATE, WASHINGTON

April 19, 1955

DATE

REF : CERP 6/24/54, D-2, D-24.

| | | |
|-----------------------------|----------------------------------|---|
| 67 For Dept. Use Only | ACTION NEA-4 REC'D 4/26 | DEPT. I N F O MR-2, A/REP-2, OLI-6, E-4, EUR-5 CIA-5, COM-8, IN-7, FOA-10, AG-7, TAR- ARMY-4, NAVY-3, AIR-3 |
|-----------------------------|----------------------------------|---|

SUBJECT: RUSSIAN OFFER TO SUPPLY WHEAT TO EGYPT.

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461 • 7441 / 4 - 1955

An official of the Egyptian Ministry of Supply informed the reporting officer in confidence, during the course of a conversation on other matters, that the Egyptian Government was considering an offer from the U.S.S.R. for the supplying of wheat, presumably in trade against Egyptian cotton. It appears that no decision has been made on this subject, however. 460.7441

A similar wheat-cotton exchange was effected a few years ago but, as the Department is aware, last year Egypt made an agreement with the U.S.S.R. and Rumania for the trading of Soviet bloc petroleum products against Egyptian cotton. Evidence indicates the likelihood that the U.S.S.R. has made an offer relating to the continued supplying of petroleum refined products during the next year, as reported in Desp. No. 1888 of April 2, 1955. It seems apparent that the U.S.S.R. is prepared to engage in any one of several barter deals involving the taking of Egyptian cotton. Such offers are particularly attractive to Egypt at the present time in view of the unsatisfactory conditions in the cotton trade and Egyptian concern over American cotton policy, as discussed in recent reports of the Embassy.

John Fitzgerald
John Fitzgerald
Second Secretary of Embassy

Approved by:

Robert M. Carr

Robert M. Carr
Counselor for Economic Affairs

cc: Alexandria
Port Said
Moscow
Paris

APR 21 1955

MAY 16 1955
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FOREIGN SERVICE DESPATCH

FROM : Cairo

2107

461.7441/5-1055

TO : THE DEPARTMENT OF STATE, WASHINGTON

DESP. NO.

May 10, 1955

DATE

REF : CERP 6/24/54, D-2, D-29; Desp. 1915 of April 7, 1955

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67 ACTION DEPT.
For Dept. NEA 4 I R/P/MA-2, OH-6, E-4, EUR-5, A/REP-2
Use Only REC'D N OTHER
5/14 F O TAR-2, Con-8, TA-10, TR-3, CIA-5, OSD-4

SUBJECT: EGYPTIAN IMPORTS OF SOVIET BLOC PETROLEUM - APRIL, 1955

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The following shipments of Soviet bloc petroleum products were delivered to Egypt during April, 1955, under the Egyptian agreement with the U.S.S.R. and Rumania:

On April 3, the Herreya discharged at Alexandria 7,832 metric tons of kerosene leaded at Constanza, Rumania; of this total, 7,329 tons were discharged into SVOCE/SEP* tanks and 503 tons into Esso tanks.

On April 7, the Canope discharged at Suez 10,429 metric tons of kerosene, also from Constanza, of which 1,974 tons went into SVOCE tanks and 8,455 tons into Shell tanks.

On April 19 the Canope unloaded at Alexandria another cargo of kerosene from Constanza totaling 10,317 metric tons; of this, 3,698 tons went to SVOCE/SEP, 5,854 tons to Shell and 765 tons to Esso.

*SVOCE - Secony-Vacuum Oil Co. of Egypt.

SEP - Societe Egyptienne des Petroles.

Shell - Shell Oil Co. of Egypt.

Esso - Esso Standard (Near East).

April shipments thus total 28,578 metric tons of kerosene. The Embassy is informed that these deliveries complete the agreement between Egypt and the U.S.S.R. and Rumania, signed in March, 1954, including the 10 percent increase in the contracted-for quantity of kerosene reported in the referenced despatch. Recapitulation of the Embassy's monthly reports on deliveries (which have been based on information furnished by Secony) shows the following totals:

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Metric Tons

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|--------------------|---------|
| Kerosene | 283,471 |
| Gas Oil | 34,011 |
| Benzine (gasoline) | 41,757 |
| Total | 359,239 |

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Desp. No. _____
From _____

The official figures on deliveries (net published) may show slightly different totals, due to adjustments and corrections, but the above totals are believed to be reasonably accurate. As mentioned in Despatch 1324 of January 7, 1955, Socony said that the quantities contracted for were 270,000 tons of kerosene (net counting the 10 percent increase agreed on recently), 34,600 tons of gas oil and 42,200 tons of gasoline, which figures differ somewhat from those understood to be the ones involved at the time the agreement was signed (as reported in Despatch 2035 of February 25, 1954).

The matter of a new agreement relating to further deliveries of Soviet bloc kerosene and crude oil has been discussed in separate communications.

Approved by:

John Fitzgerald
John Fitzgerald
Second Secretary of Embassy

Robert M. Carr

Robert M. Carr
Counselor for Economic Affairs

cc.: Alexandria
Port Said
Moscow
Bucharest
Paris
London

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FOREIGN SERVICE DESPATCH

FROM : AmEmbassy, Cairo, Egypt

2237

TO : THE DEPARTMENT OF STATE, WASHINGTON

DESP. NO.

June 7, 1955

REF : CERP 6/24/54; D-2; Embtel. 1766, May 24, 1955; Embdesps. 2179, May 24, 1955,
and previous

DATE

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| 67 For Dept. Use Only | ACTION NEA-4 | DEPT. I N F O | ARMY-4, NAVY-3 AIR-3 |
| | REC'D 6/14 | OTHER | |

*NEA-4 FM/R-2, A/REP-2, E-4, OLI-6, EUR-5
Com-8, FOA-10, TR-3, DSD-4, USIA-10, AG-*

SUBJECT: PROPOSED BARTER OF EGYPTIAN RICE FOR RUSSIAN PETROLEUM

*Rea rep c mshla 460.7441/6-755**P-A-A
on for Cr TR 82d
wade*ARMY-4, NAVY-3
AIR-3

The Cairo press has recently carried stories of new negotiations between Egypt and Russia for the bartering of rice against petroleum products. It is alleged that Russia has offered to take one-half of the 150,000 tons of rice reported to be currently available for export.

An official in the Economic Section of the Egyptian Ministry of Foreign Affairs was unable to confirm that a definite Russian offer had been made, but did state that discussions along the lines of the press report were taking place and that Egypt of course welcomed them as an additional opportunity to dispose of its surpluses. He said that such an agreement, if completed, would take place outside the framework of the general Egyptian-Russian trade agreement and separate from the agreement between the two countries announced in April, 1955 for the barter of cotton for petroleum products.

The official commented further that Egypt did not basically prefer the Soviet bloc to the free world as a trade partner, but was forced to sell its rice and cotton wherever possible. He emphasized the role which threatened US cotton export subsidies and lowered price supports played in bringing about Egypt's increasing trade ties with the Communist nations.

Comment. Egypt is this season faced with difficulties in disposing of a bumper crop of rice. In March a barter arrangement was negotiated with Hungary whereby 25,000 tons of rice are to be exchanged for 100 railway cars. The presently reported agreement can be expected similarly to be aimed at alleviating the rice export problem.

GCMoore:mlb

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As reported in Embassy telegram 1766, May 24, 1955, Egypt has protested that U.S. surplus rice shipments to Japan are hindering its trade with that country. Thus, in Egyptian eyes, the U.S. is greatly to blame for many of Egypt's difficulties in disposing of both its major export commodities this season, rice and cotton.

George C. Moore
George C. Moore,
Second Secretary of Embassy

Approved by:

Robert M. Carr
Robert M. Carr
Counselor for Economic Affairs

CC: Alexandria
Port Said
Tokyo
Moscow

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FOREIGN SERVICE DESPATCH

FROM : Cairo

286

461.7441/9-1055

DESP. NO.

September 10, 1955

TO : THE DEPARTMENT OF STATE, WASHINGTON

REF : CERP - 6/24/54, D-2, D-29; Embassy despatch 171 of August 13, 1955

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| 71 For Dept. | ACTION <i>E-5</i> | DEPT. <i>A/REFR R/MR-2 OLI-6 NEA-4 EUR-5 L-2 CIA-10</i> |
| Use Only | REC'D <i>9/16</i> | OTHER <i>Com-10 TR-3 AG-7 M-7 OSD-4 CIA-6 ARMY-4</i> |

SUBJECT: SIGNING OF CRUDE OIL-RICE BARTER DEAL BETWEEN EGYPT AND THE U.S.S.R. NAVY-3

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On September 6 there was signed, in Cairo, an agreement between Egypt and the U.S.S.R. for the exchange of 500,000 metric tons of Russian crude oil, worth LE 2.5 million (LE 1 equals approximately \$2.88) against 60,000 metric tons of Egyptian rice valued at the same amount. The first crude oil shipment under this arrangement is expected to arrive in October.

Press accounts of the conclusion of this agreement were ambiguous and might have been taken to mean that this was in addition to the one announced in August, but this merely represented the formal signing of an agreement covering the transaction reported in despatch 171 of August 13, 1955, at the time the Government announced its acceptance of the Russian offer. This agreement, however, is in addition to the barter deal concluded in April of this year, involving the exchange of Egyptian cotton and cotton yarn against LE 3 million worth of kerosene and crude oil from the U.S.S.R. and Rumania.

In announcing the signature of the September 6 agreement, the Egyptian representative said that "with the exportation of this quantity of rice, all quantities exceeding local consumption needs will have been absorbed. The total surplus this year was 250,000 tons." (Some time ago it was stated that Egypt hoped to export 500,000 tons from last year's bumper rice crop.) An official of the Ministry of Finance also said that the Government was in the process of concluding other agreements for the exportation of 100,000 tons of rice from surplus of the next crop, of which 40,000 tons would go for Eastern Germany, 40,000 tons to Japan and 20,000 tons to other countries. It was stated that the value of rice exported this year had reached LE 11 million, but this presumably includes the transactions just referred to as being under negotiation.

John Fitzgerald
John Fitzgerald
Second Secretary of Embassy

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SEP 13 1955

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1-30-57

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TO Date 1-14-57

(a) File No. from 461.7441/1-1456
to 461.7441/1-1457

(b) Additional information _____

461.7441/1-1456
(OLD FILE NUMBER)

- All cards (other than "name" cards) in the Card Indices have been changed or corrected as indicated above.
- All "name" cards have been changed or corrected, etc.
- All papers have been changed or corrected, etc.
- SOS ACTION papers.

17
(No. of RM/R Analyst)

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FOREIGN SERVICE DESPATCH

FROM : Cairo

48
DESP. NO.

TO : THE DEPARTMENT OF STATE, WASHINGTON, D.C.

July 14, 1956

474.116

REF : CERD 6/24/54, D-2; Embdesps. 1196 of May 22, 1956, and 1233 of June 2, 1956.

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| 15 For Dept. Use Only | ACTION - 5 COM-12 REC'D 7/19 | DEPT. IN RM/R-2 REP-2 OLI-6 NEA-4 EUR-9 P-1 ICA-10 F OTHER O C1A-6 TR-3 TAR-2 OSD-2 AG-8 IN-7 FRB-2 XMB-3 |
|-----------------------------|---------------------------------------|---|

SUBJECT: USE OF SOVIET-BLOC TRACTORS IN EGYPT

In a conversation today, July 14, with the new Minister of State for Agrarian Reform, Mr. Sayed Marei, the Director of the United States Operations Mission to Egypt and the reporting officer were informed that the Ministry is experimenting with 10 or 12 tractors of East German, Russian and Czechoslovakian manufacture. If these tractors prove satisfactory, substantial numbers will be imported for use by some 200 cooperatives which are supervised by the Ministry. Mr. Marei said that both he and the farmers prefer tractors of American manufacture because they have been long in use in Egypt and the farmers are thoroughly familiar with them. He said, however, that he imported the Soviet bloc tractors when the Ministry failed to obtain a dollar allocation from the Ministry of Finance to purchase American tractors.

In connection with the sale of tractors in Egypt, there has been a persistent rumor in Cairo commercial circles for some months that the Minister of Commerce, which now controls import licensing functions, is attempting to limit tractor imports to Soviet bloc sources in order to use credits held by Egypt against the bloc.

James N. Cortada

James N. Cortada
Second Secretary of Embassy

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FOREIGN SERVICE DESPATCH

FROM : AMEMBASSY, CAIRO

54
DESP. NO.

TO : THE DEPARTMENT OF STATE, WASHINGTON.

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July 16, 1956

REF : CERP 6/24/54, D-2.

| 17 For Dept. Use Only | ACTION INFO-4 | DEPT. IN FO OTHER | KM 10-2 EUR-5 OLG R-1 40P-1 Rep-2 E-4 1CA10 CIV 7 USIA10 OCB-1 COM-12 TAR-2 TR-3 |
|-----------------------------|------------------|----------------------------|---|
| REC'D 7/19 | | | |

SUBJECT: Establishment of Soviet Commercial Office. Army-4 Navy-3 TR-3

According to the Cairo press of July 16, 1956, an agreement for the establishment of a Soviet commercial office in Egypt was signed on July 15 by Abdul Fattah Hassan, Egyptian Deputy Foreign Minister, and the Soviet Ambassador to Egypt, Evgueni Dimitrievitch Kisselev, on behalf of their respective countries.

James N. Cortada
Second Secretary of Embassy

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INCOMING TELEGRAM

b3 **Department of State**

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57
Action

NEA FROM: Cairo

Info RMR TO: Secretary of State

SS NO: 599, September 5, 3 p.m.

G SP C EUR L E P UOP OLI
Minister Supply official confirmed press report re Egyptian purchase 200,000 tons wheat from Soviet against rice, cotton, onions. Delivery within 4 months.

OCB USIA CIA OSD

DCL ICA

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Control: 1881
Rec'd: September 5, 1956
12:36 p.m.

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SEP 13 1956

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Control:
Rec'd:

16850
SEPTEMBER 29, 1956
8:03 PM

FROM: CAIRO

TO: Secretary of State

NO: 938, SEPTEMBER 29, 4 PM

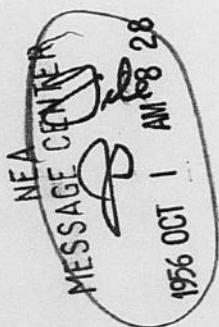
FOR STATE AND AGRICULTURE.

TARAFF, UNDERSECRETARY SUPPLY, CONFIRMS DECISION NOT (RPT NOT) TO BUY 200,000 TONS WHEAT FROM CANADA BECAUSE OFFERING PRICE TOO HIGH. INSTEAD IS PURCHASING EQUAL AMOUNT RUSSIA AT L.E. 28.75 PER TON CIF ALEXANDRIA, DELIVERY NOVEMBER-JANUARY.

TARAFF STATED THIS PURCHASE COMPLETES GOE WHEAT IMPORT NEEDS FOR YEAR JULY 1, 1956-JUNE 30, 1957. SAYS SECURITY REQUIRES DELIVERIES BE COMPLETED BY MARCH 31 RATHER THAN JUNE 30.

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FOREIGN SERVICE DESPATCH

FROM : Cairo

TO : THE DEPARTMENT OF STATE, WASHINGTON.

REF : CERP, 6-24-54, D-16

331
DESP. NO.

DO NOT TYPE IN THIS SPACE

461.7441/10-2456

October 24, 1956

DATE

| | | |
|-----------|--------|---|
| <i>27</i> | ACTION | DEPT. |
| Fr Dept. | E-5 | I REP-2 AM/R-2 NEA-4 EUR-5 OLI-6 CIA-103 |
| Use Only | REC'D | N AIR-1 CIA-22 |
| | 10-30 | F OTHER O COM-12 IN-3 TR-3 OSD-2 4RMx3 NAVY |

SUBJECT: ADVERTISEMENT OF SOVIET PRODUCTS: REQUEST FOR GUIDANCE ON
COMMODITIES OF SPECIAL INTEREST

The following advertisement appeared in Al Ahram, an Arabic language
Cairo newspaper, on October 23, 1956, over the name of George Joseph
ZEIDAN:

"V O SOJUZCHIMEXPORT MOSCOW

"Terpine oil, gums, pine needle oil, naphthalene, anthracene oil, pyridine and other naval stores and coke-oven products; dyes, soda products, solvents, urea, alcohols, accelerators and antioxidants for rubber; acids, salts, alkalis, oxides, oxygen peroxide, fine chemicals, synthetic resins, paints, varnishes, pigments, cinema and photo-chemicals, plastifiers, insecticides, castor oil, drugs, medicines, X-ray apparatus, Tibetan medicine goods, medical instruments, medical equipment, essential oils, aromatics, perfumery, cosmetics and other goods."

A WTD was submitted on this firm under the name of George J. Zaidan on September 6, 1944, as wholesaler and manufacturer of chemical products for the leather industry, glues and gelatines, importing from the United Kingdom, the United States, South Africa and Palestine. Current information in the Egyptian Trade Index describes Georges I. Zaidan as having agencies for:

"Sojuzchimexport, Moscow (Dyestuffs); Hardman & Holden, Ltd., England (Chemicals); Norman Evans & Rais Ltd. England (Chemicals); Marchon Products Ltd., England (Sulphated synthetic Products); Kemtex Ltd., England, (Chemicals); Procter Johnson & Co. Ltd., England (Pigments & Lime colours); Aktiebolaget Supplator, Sweden, (Chemicals); Societe Marseillaise Du Sulfure De Carbone, France, (Chemicals)."

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OCT 25 1956
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Desp. No. 331

From October 24, 1956

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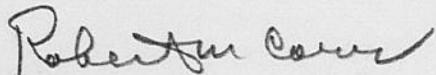
Encl. No. _____

Desp. No. _____

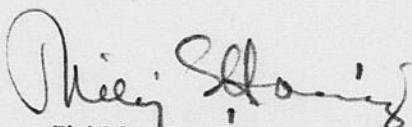
From _____

Aside from the unique interest Tibetan medicine goods will generate, there may be certain chemical products of special technical significance among the products advertised. Any guidance as to the possible industrial indications of such products would be appreciated to assist in studying their availability and use in Egypt.

Approved:



Robert M. Carr
Counselor for Economic Affairs



Philip E. Haring
Second Secretary of Embassy

Copy: Moscow

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DEPARTMENT OF STATE INSTRUCTION

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(Security Classification)

647
647

FOR DC USE ONLY

NO.: A-79, November 8, 1956,

SUBJECT: Advertisement of Soviet Products

TO: The American Embassy CAIRO

REF: D-331, October 24, 1956

461. 9441/10-2456

(21)

Upon reviewing the items advertised by George Joseph Zeidan, Washington technicians find that while some are too broadly labeled to permit full identification most are the products of any beginning chemical industry. These items are generally useful to any economy and have no strategic significance.

If any further information is desired, it would be helpful to us in replying if Embassy Cairo would spell out its request in some detail and also explain the use to which the information will be put.

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(Security Classification)

DRAFTED BY:

ITR:ECD:HHEastman:sbp 11/8/56

APPROVED BY:

Gustavus Tuckerman

CLEARANCES:

Commerce - Mr. Kelston
NE - Mr. Roberts

AIR POUCH
PRIORITY

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FOREIGN SERVICE DESPATCH

FROM : Cairo 483
TO : THE DEPARTMENT OF STATE, WASHINGTON. DESP. NO.
REF : Embdesp 293, 10-11-56; CERP D-Z, 6-24-54

January 14, 1956

DATE

JAN 18 1957
4/01/57 4/01/57 Rep-2

| 17 For Dept. Use Only | ACTION REQ'D 1/22 | DEPT. IN Rep-2 NEA-4 EUR-5 EY oly & P-1 L-2 ICA-10 %C-2 F OTHER O Cir-15 USIA-10 TR-3 TAR-2 OSD-4 FRB-2 OCB-1 |
|-----------------------------|-------------------------|--|
|-----------------------------|-------------------------|--|

SUBJECT: TRADE IN SOVIET BOOKS Moscow-1 Berlin-1
Azmara-1 Damasco-1
Bagdad-1 Jidda-1

There is enclosed a list of 61 books, in English or French as indicated by title, representing current Soviet book distribution of The Egyptian Bookstore to outlets throughout Egypt. The principal store at 22 Abdul Khaliq Sarwat Pasha, Cairo, is the importing center, and its manager outlined purchase and sales arrangements as follows:

1. All orders are filled without deletion or substitution;
2. 50% of each order is on a consignment basis not only to him but to the outlets from which he makes a monthly collection on the basis of books actually sold;
3. 50% is on a firm order basis with 6 months credit and a 40% wholesale discount; and,
4. All postage or freight costs are paid by the Soviet exporting agency.

The final sales prices cited are indicative of the low cost at which books are being made available. Marx's Capital in a binding comparable to the Modern Library edition retails at 33.5 piasters or less than \$1.00; the Modern Library editions, including Capital, come to the equivalent of \$3.25.

In the opinion of this bookseller, there has been an appreciable increase in the reading public though its nature has changed from the small elite class, which spent LE 5 to LE 10 for books monthly or bought fancy-bound collections for display, to a broad group which spends about LE 1 per month. In this group tastes are unrefined, so far as literature is concerned, but a buyer on finding he can get one big book for 30-35 piasters will take three for his pound with little attention to the substance. The bookseller feels that even if the buyer finds satisfaction in only one, he will have his money's worth and be inclined to come back for more.

So far as evidence of buying interest is concerned, neither this bookstore nor some others recently visited show any signs of wide interest by the reading public. The sole other customer then in the Egyptian Bookstore asked for the Reader's Digest only to learn it was not available. The window display this

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Desp. No. _____
From _____

store was entirely of Soviet books while that of another in Zamalek had 16 Soviet books out of a total of 23.

The Egyptian Bookstore has some 200 additional titles on order for delivery within the month but is in the doldrums so far as doing business with the United States is concerned. The manager said he asked his American publishers for credit and could not get it. Another time he was told about a plan (presumably having reference to the Informational Media Guaranty Agreement) whereby payment could be made in Egyptian currency but the publishers did not fill such orders. The bona fides of his assertions about business relationships cannot be verified from here at this time; the fact evident from his bookshop is that he has the remnants of an American stock and a full house of new Soviet books.

Philip E. Maring
Philip E. Maring
Second Secretary of Embassy

Approved:

Robert M. Carr

Robert M. Carr
Counselor for Economic Affairs

Enclosure: *atk*
As stated above

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SOVIET BOOKS IN STOCK - JANUARY 1957

SOCIAL & POLITICAL LITERATURE :

| | |
|---|---------|
| ENGELS, F. : On Marx's Capital | P.T.3,5 |
| MARX, K. & F. ENGELS : Selected Works (2 vols.) | 45 |
| MARX, K. : Capital, Vol. I | 33,5 |
| PLEKHANOV : The Development of the Monist View of History | 21,5 |
| SHEPILOV : The Suez Problem | 3 |

PHILOSOPHY :

| | |
|--|------|
| BELINSKY : Selected Philosophical Works | 36,5 |
| DOBROLUYOBOV : Selected Philosophical Essays | 45 |
| HERZEN 1 Textes Philosophiques Choisis | 50 |

SCIENTIFIC & POPULAR SCIENTIFIC :

| | |
|--|------|
| FIGUROV : Painless Child Birth | 1,5 |
| FILATOV : Tissue Therapy | 2 |
| IVANOV-SMOLENSKY : Essays on the Patho-Physiology of the Higher Nervous Activity | 31 |
| KAZANSKY : Cancer | 4,5 |
| KHALIFMAN : Bees | 28 |
| MAKARENKO : A Book for Parents | 23 |
| NEZLIN : Regimen and Treatment in Tuberculosis of the Lungs | 4 |
| OPARIN : The Origin of Life | 4,5 |
| PAVLOV : Selected Works | 30,5 |
| SERGIYEV : The Achievement of Soviet Medical Science in the Control of Malaria | 1,5 |

ESSAYS & LITERARY CRITICISM :

| | |
|-------------------------------------|------|
| GORKY, M. : Literary Portraits | 17 |
| ULANOVA : The Making of a Ballerina | 13,5 |
| ULANOVA : L'Ecole d'une Danseuse | 13,5 |
| YERMILOV : A. P. Chekhov | 28,5 |

FICTION - RUSSIAN CLASSICS :

| | |
|------------------------------------|------|
| CHEKHOV : Short Novels and Stories | 28 |
| CHEKHOV : The Cherry Orchard | 6,5 |
| GOGOL : Taras Bulba | 8 |
| GORKY, M. : Goma Gordeyev | 28,5 |
| GORKY, M. : Five Plays | 28 |
| GORKY, M. : Selected Short Stories | 25 |
| GORKY, M. : Mother | 28 |
| KOROLENKO : Le Musicien Aveugle | 6 |
| PUSHKIN : The Tales of Ivan Belkin | 15 |
| PUSHKIN : The Captain's Daughter | 17 |

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PUSHKIN : Dubrovsky
PUSHKIN : The Queen of Spade
TOLSTOI, L. : Les Recits de Sebastopol
TOLSTOI, L. : Childhood, Boyhood, Youth
TURGENEV : Rudin
TURGENEV : Three Short Novels

6,5
3,5
22,5
33
20
13

FICTION: SOVIET LITERATURE :

AVDEYEV : The New Proof Reader 3,5
BIANKI : Chance Meetings 12,5
FADEYEV : The Rout 20
FORSH : Pioneers of Freedom 24,5
GRANIN : Those Who Seek 33,5
KAVERIN : The Open Book 43,5
KATAYEV : A White Sail Gleams 41,-
KAZAKEVITCH : Heart of a Friend 20,5
NIKOLAYEVA : The Newcomer 5
NIKILAYEVA : Harvest 30
OSTROVSKY : How the Steel was Tempered (2 Vols.) 33
OSTROVSKY : Et l'Acier fut Trempe 33
PANOVA : Looking Ahead 20
PAUTOVSKY : The Flight of Time 3,5
POLEVOI : Shores of a New Sea 3,5
PRISHVIN : The Sun's Storehouse 3,5
PRISHVINE : Le Cellier du Soleil 3,5
TOLSTOI.A : Ordeal (3 vols.) 90

MISCELLANEOUS :

Russian Folk Tales 17
Contes Populaires Ukrainiens 34
Le Petit Coq d'Or 4
Les Trois Ours 5
Two Stories 4

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INCOMING TELEGRAM

Department of State

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Rec'd: January 25, 1957
3:24 p.m.

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FROM: Cairo
TO: Secretary of State
NO: 2397, January 25.

SENT DEPARTMENT 2397, REPEATED INFORMATION MOSCOW 35.

Cairo press January 25 quotes official source that ~~Lima~~ E 12 million cotton deal concluded with Soviet Union, indicating part Soviet purchase "will be paid in certain foreign currencies required by Egypt."

Soviet vice minister foreign trade told Cairo press his government would accept Egyptian pound as basis of trade dealings with Egypt, however large might be volume of Egypt's purchases from Soviet Union. Also offered to supply Egypt's full requirements of medicines and pharmaceutical products.

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1957 JAN 26 AM 5 59
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FOREIGN SERVICE DESPATCH

FROM : Cairo

TO : THE DEPARTMENT OF STATE, WASHINGTON.

513
DESP. NO.

REF : CERP 6/24/54, D-2; Embtel. No.2397 dated January 25, 1957

461.7441/1-2657
XR 464.7441/RM/R
449.7441 474.9341
462.8.7441
January 26, 1957

| 15 For Dept. Use Only | ACTION E-5V | DEPT. IN RM/R-2 REP-2 OLI-8 NEA-4 EUR-9 FE-4 TCA-10 F OTHER AIR-1 IN-7 OCB-1 USIA-10 ARMY-3 NAVY-3 OCIA-22 COM-12 TR-3 TAR-2 OSD-2 FAB-2 AG-8 | DATE 6 | This Document RMR Central Files |
|-----------------------------|----------------|--|-----------|--|
| | REC'D 2/4 | | | |

SUBJECT: SOVBLOC TRADE ACTIVITIES

In addition to the publicly announced deal between the Soviet Union and Egypt for LE 12,000,000 worth of cotton* and the promise of the Soviet Minister of Foreign Trade to supply Egypt's full requirements of pharmaceuticals and medicinals, reported in referenced telegram, the following Sovbloc activities have been described recently in the Cairo press:

HUNGARY

On January 24, local newspapers reported that Hungary has offered to import American and West German equipment for Egyptian industries and that it will take payment in the form of deductions from Hungary's debts to Egypt. Locomotive engines and equipment for railways will arrive in Egypt next month from Hungary.

U.S.S.R.

The Soviet Vice Minister of Foreign Trade is visiting Egypt in conjunction with the U.S.S.R. industrial fair which opened on January 19, 1957. He told the Minister of Industry that Russia is ready to supply Egypt with machinery and set up factories here. Meanwhile the Minister of Commerce indicated that he was carrying out discussions with the Soviet official to increase commercial exchanges between the two countries.

CZECHOSLOVAKIA

The Czech Deputy Minister of Foreign Trade arrived in Cairo on January 20. Minister of Commerce Nosseir denied rumors that a new Czech-Egyptian trade agreement would be signed and referred to the fact that there is a long-term agreement now in effect. However a high ranking official of the Ministry of Foreign Affairs discussed with the Czech Deputy Minister means of strengthening commercial relations between the two countries, the technical aid agreement between Egypt and Czechoslovakia and Czechoslovakia's participation in Egypt's five year (industrial) project.

* Subsequently denied.

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A Ministry of Finance official was quoted to the effect that reports about Czechoslovakia selling Egyptian cotton for dollars and Swiss francs at 5% less than the price quoted at the Alexandria market have proved incorrect. The official added that the Egyptian Government has taken precautionary measures to avoid such action in the future by stopping cotton barter deals and by allowing the auction of Government cotton stocks to be paid for in hard currency. (i.e. below normal market prices).

COMMUNIST CHINA

An informant described as an official of the Ministry of Supply indicated that 200 tons of tin will be imported from Communist China and that the shipment is due to arrive in Egypt on February 1, along with a large consignment of tea and other essential commodities. More recently the Minister of Supply decided to import 1000 tons of tea per month from Communist China.

Meat from Communist China, reported as the subject of negotiations several months ago, arrived in Egypt early January via Suez. Press reports indicate that the amount received was 7000 tons. Retail sale prices in Cairo for lamb from this shipment was P.T.7 a rotoli* (approximately 20 cents per pound). The 7000 tons "were consumed in 10 days instead of a month and the demand was so great that the quantities allocated for the army were sold to the people". (A single purchase of meat of this type by the reporting officer included so much waste as to make the net delivered price seem higher than the normal retail price of approximately P.T.14 per rotoli). The Minister of Supply, quoted with what appears to be an inaccurate figure, said that steps would be taken to import another "400,000 tons".

EAST GERMANY

11 engineers from East Germany have arrived in Egypt to discuss with officials of the Ministry of Industry the matter of establishing an automobile factory in Egypt.

* 1 lb = 0.4536 kgs. = 1.01 rotoli
1 PT = 3 cents

Approved:

Robert M. Carr

Robert M. Carr
Counselor for Economic Affairs

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Philip E. Haring
Philip E. Haring
Second Secretary of Embassy

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FROM: Alexandria

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TO: Secretary of State

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SENT DEPARTMENT 416; REPEATED INFORMATION CAIRO 10, GENEVA 5

CIA

Reference: CONGEN Telegram 399

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Available information indicates cotton involved bought for shipment to Soviet Union. Soviets have trade agreement with Egypt representing approximately 150,000 bales. 44,000 already bought at regular market prices balance in dollars at 21 percent discount.

Societe MISR seller but business will be divided among other Egyptian firms. Believe financial details being arranged by Sofenco. Understood Sofenco creation of MISR group. Societe MISR agent Switzerland partner this firm.

Egypt need dollars desperate. Soviets in exchange get cotton 10 percent cheaper. Difficult assess which derives greater benefit from deal.

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FROM AGRICULTURE

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Information indirectly from Huri at Alexandria as follows:

Egypt-USSR agreement involves \$60 million cotton (about 100,000 Egyptian bales) with 32,000 already sold. Final destination not U S or France. Sofen Company is Swiss branch of MISR. No information on Moreno.

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CHBarber FAS 2-7-57

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2/7/57

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DIVISION OF COMMUNICATIONS SERVICES
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FEB 7 1957

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FROM: Beirut

Rec'd: February 12, 1957
7:18 p.m.

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TO: Secretary of State

NO: 1954, February 12, 6 p.m.

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SENT DEPARTMENT 1954, REPEATED INFORMATION CAIRO 236.

Paul Parker, Bank of America regional representative, reports that just prior his recent departure from Cairo he was informed by Robert Huri, Alexandria cotton exporter, that GOE had concluded sale in Geneva of 105,000 bales of Karnak and Giza thirty cotton with 70 percent of proceeds to be paid in dollars. Dollar earnings for deal to exceed 30 million. Identity of purchaser being kept secret.

Cairo requested not reveal Parker's source.

HEATH

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6915
February 12, 1957

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FROM: Alexandria

RMR

TO: Secretary of State

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NO: 433, February 12, 10 a.m.

SENT DEPARTMENT 433; REPEATED INFORMATION CAIRO 110, GENEVA 6.

CIA

Reference: Consulate General telegram 416.
T.A. Davis, Nile Ginning, saw Hassan Zaki Director Central Office Exchange Control in Zurich about February 4. Zaki told Davis he was en route Geneva arrange financial details large cotton transaction. CONGEN believes this deal one reported REFTEL.

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FOREIGN SERVICE DESPATCH

FROM : CAIRO

835
DESP. NO.

TO : THE DEPARTMENT OF STATE, WASHINGTON.

February 24, 1958

REF : CERP: Section D, Item I-A-6; Embdesp 780, February 7, 1958

DATE

1958

MAP

7

MESSAGE

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4/22/58

SUBJECT: EGYPTIAN-RUSSIAN ECONOMIC AGREEMENT

AS-8, IV-7

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According to the press, the ratification instruments of the Economic and Technical Cooperation Agreement between Egypt and the Soviet Union were exchanged on February 20. The press reports that Dr. Aziz Sidky, Minister of Industry, expressed confidence "that the aims of the agreement would be achieved through genuine cooperation between the two parties, thus strengthening the relations of mutual friendship and respect between the two countries."

The press also reported that the final contracts relating to the projects to be carried out under the agreement would be carried out within two months from the date of signing, that to date contracts had been signed for three spinning mills, and that the Soviet experts will arrive in Cairo shortly for the signing of 43 contracts covering other projects.

There has been additional newspaper speculation over the plants to be included but no official statement has been released by the Ministry of Industry.

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Despite the statements made by the Minister and the Undersecretary in the Ministry of Industry to the effect that the agreement would be published almost immediately (see Embassy Despatch 780, February 7, 1958) and assurances from the Undersecretary that it would be given to the Embassy, no more official information has been obtained. The latest newspaper reports appear to confirm information the Embassy received from officials in other Ministries before the return of Dr. Sidky from Moscow to the effect that very few contracts have actually been signed. How rapidly the additional contracts will be signed is open to some question, particularly since there may be considerable argument about prices.

The Embassy is still attempting to obtain additional information and

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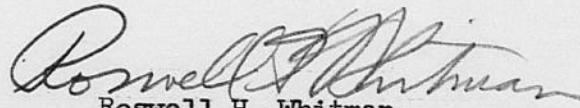
461-7441/2-2458

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(Classification)Page _____ of _____
Encl. No. _____
Desp. No. _____
From _____

will report further as soon as available.


Roswell H. Whitman
Counselor for Economic Affairscc: Damascus
Moscow
Alexandria
Port Said**CONFIDENTIAL**

INCOMING TELEGRAM

Department of State

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58-52

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Control: 17493

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Info

Rec'd: February 28, 1957
2:53 p.m.

RMR

FROM: Cairo
TO: Secretary of State
NO: 2740, February 28, 2 p.m.

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SENT DEPARTMENT 2740, REPEATED INFORMATION MOSCOW 40, ALEXANDRIA
26, BEIRUT 305.

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Highly reputable Egyptian businessman stated he was told February
26 by source he believed well-informed that USSR was paying LE
20 million in gold to Egypt of which LE 5 million to be paid by
March 1st.

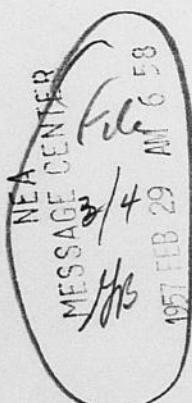
Informant did not relate report to any deal but amount suggests
association with cotton purchase reported Alexandria telegram 416
to Department and Beirut telegram 236.

HARE

HSO/6

461-7441/2-2857

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CORRECTION ISSUED:

~~3-6-57, 5 p.m.~~

Control: 1390

Rec'd: March 2, 1957
5:29 p.m.

**RM/R
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FROM: Cairo-CORRECTED COPY
TO: Secretary of State
NO: 2773, March 2, 5 p.m.

Please send Embassy soonest copy serial intelligence report
7231 part pertaining Egypt-Soviet bloc trade agreements.

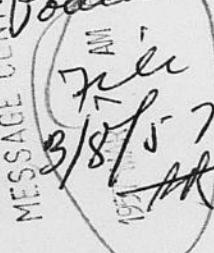
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FOREIGN SERVICE DESPATCH

FROM : Cairo

803
DESP. NO.

TO : THE DEPARTMENT OF STATE, WASHINGTON.

April 24, 1957

REF : Department's OM of February 26, 1957. ADMINISTRATION: ^{DNEA:} Request
for Declassification of Enclosure to Embassy Despatch 483 of January

461.7441/1-1457 974.63 14, 1957

| | | | |
|-----------------------------|--|--|-------------------|
| 13 For Dept. Use Only | ACTION NEA-4 RM/R-0 REC'D 4-29 | DEPT. I REP.2 RM/R-2 OLI-8 EURS.5 E-4 P-2 L-2 U/O-1 U/O-1 IN OTHER F O USIA-10 CIA-12 COM-10 TR-3 OCB-1 OSD-4 TAR-2 FAD-2 | RM/R(MR.AYSCOE)-1 |
|-----------------------------|--|--|-------------------|

SUBJECT: SOVIET BLOC BOOKS ON SALE IN EGYPT

U/W 4/0
CONREP TIER EOL P-2 TCA R/C
CIA COM TO TAN OSD
Files
Central
RAV/R

In accordance with II FSM 961.1, the enclosure of Embassy Despatch 483 of January 14, 1957 is down-graded to UNCLASSIFIED.

Further information as to Soviet bloc books on sale in Egypt and the prices at which they are being sold is provided by enclosure to this despatch.

Philip E. Haring

Philip E. Haring
Second Secretary of Embassy

Approved:

Robert M. Carr
Robert M. Carr
Counselor for Economic Affairs

Enclosure: As stated above

Copies to: Alexandria
Port Said

1957 APR 30 PM 3 29

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MAY 1 1957

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461.7441/4-2457

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(Classification)

Page 1 of
Encl. No. 1
Desp. No. 803
From Cairo

Egyptian Book House - 24 Sh. Abdel Khalik Sarwat - Cairo.

BOOKS IN ARABIC

P.T.

| | |
|--|----|
| IBRAHIM AMER: The National Revolution of Egypt | 15 |
| IBRAHIM AMER: Nationalization of the Canal | 5 |
| AHMED BAHADDIN: A Month in Russia | 10 |
| ANEURIN BEVAN: Instead of Fear - Complete translation and preface by Zeheri | 15 |
| OSCAR LANG: Production Planning in the Socialist State - Translation and preface by A.R. Ezzedin | 25 |
| R. PALINDAT (?): Britain's Colonial Crisis - Translation by Ahmed Tabet | 15 |
| G. PULITZER - The Fundamentals of Philosophy - Tome I | 25 |
| SHAHADY ATTIA EL SHAFEI: Evolution of the Egyptian National Movement 1882 - 1956 | 25 |
| ALY EL-SHALKANI: The Algerian Revolution | 10 |
| CARAGHIALY (?): The Lost Letter - Translation and preface by Edw. el-Kharrat | 10 |
| LUTIFI EL KHOLI: Men and Iron - Stories | 10 |
| LAWSON: The True Story of Akio - Translation and preface by Dr. Baha Eddin Zayan | 10 |
| HAROLD G. LASKY: Trade Unions in the New Society - Translation and preface by Rad. Ezzedin | 15 |
| MAO-TSE-TUNG: The New Democracy - Translation by Yussef Ahmed | 10 |
| ANNETTE (?) ASWAD: Stories - Translation and preface by Mazen el Husseini | 10 |
| Colors from Egyptian Tales - Preface by Dr. TAHYA HUSSEIN - Commentary by MAHMOUD AMIN EL ALEM | 15 |
| True Stories of the Arab World - Preface by MAHMOOD AMIN EL-ALEM and GAYEB TOOMAH FARMAN | 15 |
| ABDEL MAGHTI SAID: A New Socialist Experiment - Yugoslavia | 10 |

BOOKS IN ENGLISH

Social & Political Literature:

| | |
|---|----|
| CHOU-EN-LAI: On Present International Situation | 2 |
| China and the Asian-African Conference | 5 |
| Chinese Workers March Towards Socialism | 5 |
| ENGELS, F.: On Marx's Capital | 3 |
| ENGELS, F.: The Peasant War in Germany | 14 |
| EPSTEIN: From Opium War to Liberation | 7 |
| HU-SHENG: Imperialism and Chinese Politics (Standard Ed.) | 28 |
| LENIN, V.I.: Selected Works (4 volumes) | 90 |
| LENIN, V.I.: Letters to the Congress | 1 |
| LENIN, V.I.: United States of Europe | 1 |
| LIU-SHA-CHI: The Political Report | 3 |
| HOU KIAO-MOU: 30 Years of the Communist Party of China | 7 |

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| MARX, K.: Capital, Vol. I | 33,5 |
| MARX, K. & F. ENGELS: Selected Works (2 vols.) | 67,5 |
| MARX, K. & F. ENGELS: The Holy Family | 24 |
| MAO-TSE-TUNG: On Practice | 2,5 |
| MAO-TSE-TUNG: On Contradiction | 2,5 |
| MAO-TSE-TUNG: A Single Spark can Start a Prairie Fire | 2,5 |
| MAO-TSE-TUNG: Mind the Living Conditions of the Masses | 2,5 |
| MAO-TSE-TUNG: Introductory Remarks to "The Communist" | 2,5 |
| MAO-TSE-TUNG: Why Can China's Red Political Power Exist | 2,5 |
| MAO-TSE-TUNG: On the Rectification of Incorrect Ideas | 2,5 |
| MAO-TSE-TUNG: On the Tactics of Fighting Japanese Imperialism | 2,5 |
| MAO-TSE-TUNG: Investigation into the Peasant Movement in Hunan | 3,5 |
| MAO-TSE-TUNG: Strategic Problems of China's Revolutionary War | 3,5 |
| MAO-TSE-TUNG: Combat Liberalism | 1,5 |
| MAO-TSE-TUNG: The Question of Independence and Autonomy within the United Front | 1,5 |
| MAO-TSE-TUNG: Problems of War and Strategy | 2,5 |
| MAO-TSE-TUNG: On the Protracted War | 5 |
| MAO-TSE-TUNG: Strategic Problems in Anti-Japanese Guerilla | 3,5 |
| MAO-TSE-TUNG: The Chinese Revolution and the Chinese C.P. | 3,5 |
| MAO-TSE-TUNG: Question of Tactics in the Present Anti-Japanese United Front and on Policy | 2,5 |
| MAO-TSE-TUNG: Rectify the Party's Style in Work | 2,5 |
| MAO-TSE-TUNG: Preface and Postscript to "Rural Survey" | 2,5 |
| MAO-TSE-TUNG: On Methods of Leadership | 2,5 |
| MAO-TSE-TUNG: Oppose the Party "Eight-Legged" Essay | 2 |
| MAO-TSE-TUNG: Our Study & the Current Situation | 5 |
| MAO-TSE-TUNG: On Coalition Government | 5 |
| MAO-TSE-TUNG: Analysis of the Classes in Chinese Society | 2,5 |
| MAO-TSE-TUNG: The Question of Agricultural Cooperation | 3,5 |
| MAO-TSE-TUNG: The Situation & Tasks in the Anti-Japanese War | 2,5 |
| MAO-TSE-TUNG: The Tasks of the Chinese C.P. in Period of Resistance to Japan | 3,5 |
| MAO-TSE-TUNG: The Role of the Chinese C.P. in the National War | 2,5 |
| PLEKHANOV: The Development of the Monist View of History | 21,5 |
| On the Historical Experience of the Dictatorship of Proletariat | 1 |
| Once more about the Hist. Exp. of the Dict. of Proletariat | 1 |
| SHEPILOV: The Suez Problem | 3 |
| SOON-CHING-LING: The Struggle for New China | 25 |
| STEPANOVA: Karl Marx - Short Biography | 15 |

Philosophy:

| | |
|--|------|
| BELINSKY: Selected Philosophical Works | 36,5 |
| CHERNESHEVSKY: Selected Philosophical Essays | 40 |
| DOBROLYUBOV: Selected Philosophical Essays | 45 |
| LENIN: Materialism and Empirio-Criticism | 16 |

Scientific & Popular Scientific

| | <u>P.T.</u> |
|---|-------------|
| FIGUROV: Painless Child Birth | 1,5 |
| FILATOV: Tissue Therapy | 2 |
| FRIDLAND: Paths of Science | 31 |
| IVANOV-SMOLENSKY: Essays on the Patho-Physiology of the Higher Nervous Activity | 31 |
| KAZANSKY: Cancer | 4,5 |
| KHALIFMAN: Bees | 28 |
| MAKARENKO: A Book for Parents | 23 |
| NEZLIN: Regimen and Treatment in Tuberculosis of the Lungs | 4 |
| OPARIN: Origin of Life | 4,5 |
| PATON: Reminiscences | 24 |
| PAVLOV: Selected Works | 30,5 |
| SERGIYEV: The Achievement of the Soviet Medical Science in the Control of Malaria | 1,5 |

Essays & Literary Criticism:

| | |
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| CHOU YANG: China's New Literature and Art | 10 |
| GORKY, M.: Literary Portraits | 17 |
| LENIN: Articles on Tolstoi | 1,5 |
| MAO-TSE-TUNG: Talks on the Yenan Forum on Art and Literature | 3,5 |
| YERMILOV: A.P. Chekhov | 28,5 |

Literature (Chinese):

| | |
|--|-----|
| CHAO SHU-LI: Changes in Li Villages | 18 |
| CHAO SHU-LI: Rhymes of Li Yu-Tsai and Other Stories | 10 |
| CHAO SHU-LI & Others: Registration & Other Stories | 12 |
| CHEN TENG-KE: Living Hell | 12 |
| CHOU LI-PO: The Hurricane | 36 |
| HO CHIN-CHIH & TING I: The White Haired Girl | 12 |
| HUNG SHENG: The Palace of Eternal Youth | 12 |
| KUO MO-JO: Chu Yuan | 15 |
| LI CHIH-HUA: Struggle Against Counter Struggle | 2,5 |
| LI CHAO-WEI & Others: The Dragon King's Daughter | 20 |
| LIANG HSING: Lio Hu-Lan, Story of a Girl Revolutionary | 6 |
| LIU CHING: Wall of Bronze | 20 |
| LIU Pai YU: Six A.M. and Other Stories | 10 |
| LIU PAI YU: Flames Ahead | 12 |
| LU HSUN: Selected Stories | 20 |
| LU HSUN: Selected Works (Vol. I) | 36 |

Literature (Rumanian):

| | |
|--|----|
| BARANGA, A.: Ill Weed | 10 |
| BARANGE, A.: For the Happiness of the People | 10 |
| BOGZA: Years of Darkness | 40 |
| BOGZA: Land of Stone | 10 |
| DUMUTRIU, P.: Nights in June | 10 |
| DUMUTRIU, P.: Stormy Petrel | 40 |
| PREDA, M.: In a Village | 25 |

Literature (Rumanian) cont.:

Rumanian Contemporary Authors: Short Stories
 SABASTIAN: Stop News 25
 SADOVEANU, M.: The Hatchet 10
 SADOVEANU, M.: Ancutza's Inn 35
 SADOVEANU, M.: Tales of War 10
 SAHIA, A.: Short Stories 10
 SLAVICI, I.: Short Stories 10
 STANCU, Z.: Hounds 25
 40

P.T.Literature (Russian):

CHEKHOV: Short Novels and Stories 28
 CHEKHOV: The Cherry Orchard 6,5
 DOSTOEVSKY: Poor Folks 14
 GOGOL: Taras Bulba 8
 GORKY: Foma Gordeyev 28,5
 GORKY: Five Plays 28
 GORKY: Selected Short Stories 25
 GORKY: Mother 28
 GORKY: Tales from Italy 15
 KUPRIN: The Garnet Bracelet 28,5
 PUSHKIN: The Tales of Ivan Belkin 15
 PUSHKIN: The Captain's Daughter 17
 PUSHKIN: Dubrovsky 6,5
 PUSHKIN: The Queen of Spade 3,5
 TOLSTOI, L.: The Cossacks 16,5
 TOLSTOI, L.: Childhood, Boyhood, Youth 33
 TURGENEV: Rudin 20
 TURGENEV: Three Short Novels 13

Literature (Soviet):

AVDEYEV: The New Proof Reader 3,5
 BIANKI: Chance Meetings 12,5
 FADEYEV: The Rout 20
 FORSH: Pioneers of Freedom 24,5
 GRANIN: Those Who Seek 33,5
 KAVERIN: The Open Book 43,5
 KATAYEV: A White Sail Gleams 41
 KAZAKEVITCH: Heart of a Friend 20,5
 NIKOLAYEVA: The Newcomer 5
 NIKOLAYEVA: Harvest 30
 NOVIKOV-PRIBOI: The Sea Beckons 30,5
 OSTROVSKY: How the Steel Was Tempered (2 vols.) 33
 PANOV: Looking Ahead 20
 PAUSTOVSKY: The Flight of Time 3,5
 POLEVOI: Shores of a New Sea 3,5
 PRISHVIN: The Sun's Storehouse 3,5
 TOLSTOI, A.: Ordeal (3 vols.) 90

Art:

| | <u>P.T.</u> |
|--|-------------|
| ULANOVA: The Making of a Ballerina | 13,5 |
| Arts in Popular Republic of Rumania (6, 7, 9, 10, 11) each | 70 |
| CORDESCU, F.: Images from Everywhere | 50 |
| Folk Art of Rumania | 175 |
| Masters of Rumanian Painting: N. Gricorescu | 125 |
| Masters of Rumanian Painting: Th. Aman | 75 |

Children Books:

| | |
|-----------------------------|----|
| Russian Folk Tales | 17 |
| The Three Bears | 5 |
| Two Stories | 4 |
| The Goat and her Three Kids | 7 |
| Sleepy Little Songsters | 10 |
| Swallow Chicks | 12 |
| Johny in Africa | 3 |
| Master Heunard the Fox | 12 |
| The Gift | 5 |

PERIODICALS

Multilingual (English, French, German, etc.):

| | |
|--|----|
| Revue de Biologie | 29 |
| Revue de Chimie | 34 |
| Revue d'Electronique et d'Energie | 34 |
| Revue de Physique | 30 |
| Revue de Mathématiques Pures et Appliquées | 34 |
| Revue de Mécanique Appliquée | 34 |
| Revue de Sciences Sociales | 34 |

In English:

| | |
|------------------------------------|-----|
| International Affairs | 8 |
| Soviet Literature | 8 |
| Rumanian Review | 10 |
| New Times | 2 |
| China Reconstructs | 3,5 |
| People's China | 3 |
| China Pictorial | 5 |
| Women of China | 3 |
| Chinese Literature | 8 |
| Chinese Medical Journal | 15 |
| Scientia Sinica | 45 |
| Science Record | 25 |
| Arts in Rumanian People's Republic | 70 |
| Rumania Today | 8 |

In French:

| | |
|---------------------------|---|
| La Litterature Soviétique | 8 |
| Temps Nouveaux | 2 |

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Periodicals (In French) cont.:

| | |
|------------------------|----|
| La Chine | 5 |
| Revue Roumaine | 18 |
| Roumanie Nouvelle | 6 |
| Roumanie d'Aujourd'hui | 8 |

LIVRES EN FRANCAIS

Litterature Politique et Sociale:

| | |
|--|-----|
| BOGZA, G.: Tableau Géographique de la Roumanie | 3,5 |
| HOU KIAO-MOU: 30 ans du Parti Communiste Chinois | 7 |
| MAO TSE-TUNG: Pour la Parution dans "Le Communiste" | 2,5 |
| MAO TSE-TUNG: Contre le Libéralisme | 1,5 |
| MAO TSE-TUNG: La Démocratie Nouvelle | 5 |
| MAO TSE-TUNG: Sur le Problème de la Coopération Agricole | 3,5 |
| MAO TSE-TUNG: Pourquoi le Pouvoir Rouge peut-il exister en Chine | 2,5 |
| MAO TSE-TUNG: Luttons pour entraîner les masses dans le Front National Anti-Japonais | 2,5 |
| Encore une Fois à propos de l'expérience Historique de la Dictature du Proletariat | 1 |

Litterature Classique:

| | |
|---------------------------------------|------|
| CARAGIALE, I.L.: Prose | 28 |
| CREANGO: Oeuvres Choisies | 75 |
| GOGOL: Tarass Boulba | 8 |
| KOROLENKO: Le Musicien Aveugle | 6 |
| SLAVICI, I.: Nouvelles | 30 |
| TOLSTOI, L.: Les Récits de Sébastopol | 22,5 |

Litterature Contemporaine:

| | |
|--|------|
| ASZTALOV: Pas de Fumée sans Feu | 10 |
| Auteurs Roumains Contemporains: Nouvelles I | 25 |
| Auteurs Roumains Contemporains: Nouvelles II | 35 |
| BARANGA, A.: Pour le Bonheur du Peuple | 10 |
| BOGZA, G.: Au Pays de la Pierre | 10 |
| BOGZA, G.: Années de Ténèbres | 40 |
| GRANINE: Ceux qui Cherchent | 33,5 |
| KOVACS, Gh.: Sans Merci | 40 |
| OSTROVSKY: Et l'Acier Fut Trempé | 33 |
| PETRESCU, C.: Effondrement (3 volumes) | 110 |
| PREDA, M.: Dans Un Village | 28 |
| PRISHVINE: Le Cellier du Soleil | 3,5 |
| SADOVEANU, M.: Récits de Guerre | 10 |
| SADOVEANU, M.: Le Hachereau | 35 |
| SEBASTIAN, M.: Dernière Heure | 10 |

Philosophie:

| | |
|---|----|
| DOBROLYUBOV: Textes Philosophiques Choisies | 45 |
| HERZEN: Textes Philosophiques Choisies | 50 |

of

No.

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(Classification)

Page 7 of

End. No. 1

Desp. No. 803

From Cairo

P.T.

Livres d'Art:

| | |
|---|------|
| OULANOVA: L'Ecole d'une Danseuse | 13,5 |
| L'Art Populaire en Roumanie | 175 |
| L'Art dans la République Populaire Roumaine | 70 |
| CORDESCU, F.: Images de Partout | 50 |
| N. GRIGORESCU: | 125 |
| Th. AMMAN | 75 |
| L'Architecture Roumaine | 80 |
| Images d'un Village | 3,5 |

Livres d'Enfants:

| | |
|------------------------------|----|
| Le Petit Coq à la Crète d'Or | 4 |
| Les Trois Ours | 5 |
| Contes Populaires Ukrainiens | 34 |
| Sommeillants Petits Oiseaux | 12 |

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John Bentley

Department of State

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FROM: Cairo
TO: Secretary of State
NO: 3356, April 26

Control 17149
Rec'd: April 26, 1957
3:36 p.m.

R.M.R.
Central
Files

Reference Department WIROM 3561

Enclosure to Embassy despatch 483 downgraded to unclassified April 24 by despatch 803 which forwarded with additional material of same nature.

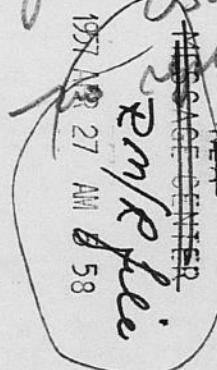
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P.O. BOX 2538
HOUSTON 1, TEXAS

AIR MAIL

Mr. Thorsten V. Kalijarvi
Assistant Secretary
U. S. Department of State
Washington 25, D. C.

Dear Kal:

X P
5/1.74
I enclose copy of an extract from a letter which I have received from a man I greatly respect concerning the tightening of commercial and propaganda relations between the Egyptians and Russians.

The writer of it is a member of a Coptic Christian family which owned and developed a large tract of former desert lands East of the Nile in Upper Egypt, sinking wells and irrigating from them. The people who were on this land before its development practically were nomads; and the sinking of the wells made water available for the establishment of villages. This family wisely furnished water to the villages and small irrigable plots to the villagers, who furnished the labor for the commercial crops. Out of this developed a relationship between the family and the local population which I believe is unique.

With the redistribution of land and other measures adverse to the old land-owning class, the majority of the members of this class have left the land, many of them leaving the country. Other members of this family have left the country.

This man, although dispossessed except for the small maximum acreage allowed to one individual, has stayed with the land and his villagers, I believe more for their sakes than for his own. I am told that, despite the redistribution among the villagers, the operation of the lands in question continues relatively undisturbed, my friend supervising their work for their ~~own~~ accounts in almost the same way that he supervised it when it was for his account. He is so much beloved that, despite his being a Copt, a Christian, and a former landlord, the Egyptian officialdom treats him with respectful attention and has had him serve on the Commission administering the redistribution of land. He is received with consideration and respect in the ministries and government offices in Cairo; although they must know that he does not approve of many of the things that are going on.

The reason for our people's intimacy with him is close personal friendship and the fact that he has served our Egyptian Company for many years as a very active Director.

He and Davis, our Manager, are due to arrive in New York within about a week and will pay us a visit here. I am sure Dave plans to come to see you. I am wondering whether you would like for my friend to do so also. If so, we might want to handle it discreetly, lest he suffer embarrassment when he returns home.

By the way, I had the fortune to sit next to Mr. Dillon in a panel at Arden House last week. Please give him my regards.

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451.7441/5-657

JUN 21 1957

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May 6, 1957

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OUT 6/14

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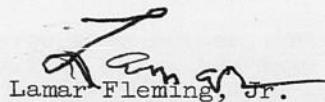
Mr. Thorsten V. Kalijarvi

-2-

May 6, 1957

With kindest regards,

Yours sincerely,


Lamar Fleming, Jr.

LF, Jr./bw
Enclosure

C O P Y

C O P Y

April 30, 1957

Dear Lamar,

I dare say you will be surprised to receive this letter, but I am doing so in obeyance to Livi's advice. Since my arrival in Milan two days ago, I have been seeing Livi in hospital and, naturally, we exchanged ideas about world events in general. He seemed to think that I should write to you and convey some of the opinions I expressed without awaiting the date of May 20th, when Dave and myself were supposed to meet in Houston.

Since our last meeting in Egypt, events have been moving very fast. While the major political issues are being debated on a higher level, there are many reforms taking place internally that many people are not aware of. Russian propaganda, via the cinema, the Press, and Radio broadcasts are being carried out. Students are being given scholarships. Russian goods are being dumped in the Egyptian market, especially agricultural machinery. Many commercial representatives from China, Czechoslovakia, Poland, and other Eastern countries are encouraged to make personal contacts with the Egyptians so as to increase the ties of commercial and friendly relations. I firmly believe that it is to the interest of Egypt and our two countries to increase cultural, commercial, and friendly relations between our two peoples and I fear this angle is being neglected and if nothing is done now to amend this, it may be too late at any other time.

At last I seem to be nearing the day when I will have the chance to come to the States and I am looking forward to that visit, which, I am sure, will be most interesting and instructive.

May 9, 1957

Dear Lamar:

Thank you for your interesting letter of May 6 and the information that your Coptic Christian friend is due to arrive in the United States shortly. We shall, of course, be very pleased to see Mr. Davis and your friend. We shall be happy to handle the situation in any way which will avoid the embarrassment you speak of.

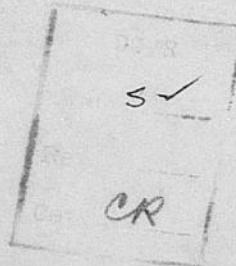
I am passing your letter along to Mr. Dillon for his attention.

With best regards.

Sincerely yours,

Thorsten V. Kalijarvi

Mr. Lamar Fleming, Jr.,
Anderson, Clayton & Co.,
P.O. Box 2538,
Houston 1, Texas.



659-5511446194: m.f

AIR POUCH

PRIORITY

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(Security Classification)

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FOREIGN SERVICE DESPATCH

461.7441/5-2757

FROM : CAIRO

921
DESP. NO.

TO : THE DEPARTMENT OF STATE, WASHINGTON.

May 27, 1957
DATE

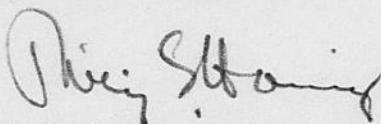
REF : CERP 6-24-54, D-2.

MOSCOW-1

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| <i>13</i> | ACTION | DEPT. | IN RM/R-2 021-8 NEA-4 EUR-5 E-5 ICA-10 LR-* |
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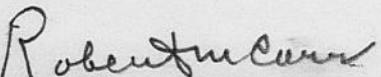
SUBJECT: PUBLICATION ON EGYPTIAN-SOVIET UNION TRADE.
Vd

There are transmitted herewith six copies of a Special Edition of Al Gomhouria released on May 27, 1957, concerning Egyptian-Soviet Union trade. Al Gomhouria has in the past year also published such an illustrated pamphlet on Egyptian trade with Communist China and India.



Philip E. Haring
Second Secretary of Embassy

Approved by:



Robert M. Carr
Counselor for Economic Affairs

Enclosure: *att*
As stated above.

Department please pass to: Moscow

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FOREIGN REPORTING
D. C. Hanning
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PEHaring:hs

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AIR POUCH

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FOREIGN SERVICE DESPATCH

FROM : American Embassy CAIRO

860

DESP. NO.

TO : THE DEPARTMENT OF STATE, WASHINGTON.

February 28, 1958 511.7442

REF : CERP: Section D, Items I-A-6, I-B-2, III-A-2,3; Embdesps 803, 4-24-57; 483, 1-14-57; and 293, 10-11-56; Treaty & Other International Acts, Series

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|-----------------------------|---------|---|------------------|
| 15 For Dept. Use Only | ACTION | WEA 4 DEPT. | UOP-1010-1 1ES-5 |
| | USIA-X5 | N RM/R-2 REP-2 ITC-8 EUR-5 AF-5 E-4 P-5 L-2 | DATE MAR 5 1958 |

REC'D N OTHER
3/17 O CIA-12 COM-10 TR-3 OCB-1 OSD-4 TAR-2 FRB-2

SUBJECT: (2) PROCUREMENT OF AMERICAN BOOKS AND PUBLICATIONS UNDER EGYPTIAN EXPORT ACCOUNT SYSTEM AND THE INFORMATIONAL MEDIA GUARANTY AGREEMENT; EGYPTIAN EXPLOITATION OF IMG PRINCIPLES IN EXPORTING TO TUNISIA

THIS DOCUMENT
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FOR STATE, USIA AND COMMERCE.

Mr. Lutfi Attala, Manager of the Farajalla Press Agency, importers of Time-Life-Fortune publications, Curtis publications and diverse books, called at the Embassy on February 26 to determine what his prospects were of doing more business in American books and publications now that Egypt had adopted an export account system. It developed from his remarks that while immediate prospects of buying American books might be increased, should the export account system prove effective, the selling price of American books would probably be so high as to make them prohibitive and would certainly not bear comparison to English, French and Arabic books being provided by the Soviet Union (see Embdesps 483 and 803 referred to above).

The mechanics of the export account system as applied to Mr. Attala's proposed transactions would be that he would ship, say, LE 1,000 worth of Egyptian published books to Aden and his agent there would transfer to the United States in dollars whatever he could get for the LE 1,000. In analyzing this, Mr. Attala reached the conclusion that as of the moment he would get somewhere between \$1,600-\$1,800 instead of the official rate value of approximately \$2,870 and would, upon importation, have to sell at a mark-up of at least 20 percent above usual profits to protect himself against possibly increased premiums in future transactions. The resulting price would make American books more than three times their cost, if computed at official values.

Mr. Attala inquired whether under these circumstances there was not some possibility of using the procedures of "Informational Media Guarantees." However, since there has been no procurement under the United States-Egyptian Informational Guaranty Program since its inception, May 3-7, 1955, Mr. Attala was advised that this possibility would be explored. USIS Cairo is planning, accordingly, to raise the subject with USIA.

As a matter of incidental interest, Mr. Attala mentioned that "IMG works well between Egypt and Tunisia," and he could not understand why it did not work well between the United States and Egypt. In clarifying his remark, he revealed that he

PEHaring:gm

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M. No. 860
tom Cairo

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(Classification)

Page _____ of
Encl. No. _____
Desp. No. _____
From _____

supplies "all daily Egyptian newspapers, publications and books to Tunis, with the Egyptian Government taking responsibility for the financing and paying him, through the Ministry of Foreign Affairs, in Egyptian pounds."

Philip E. Haring
Philip E. Haring
Second Secretary of Embassy

APPROVED:

Roswell H. Whitman
Roswell H. Whitman

Counselor for Economic Affairs

RHW
cc: Alexandria
Port Said

Cleared in draft USIS-BFMCKEE

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PRIORITY

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FOREIGN SERVICE DESPATCH

FROM : CAIRO

9148
DESP. NO.

TO : THE DEPARTMENT OF STATE, WASHINGTON. COM

March 27, 1958

REF : CERP: Section D, Item I-A-6; Embdes. 910, March 25, 1958, and 835, February 24, 1958

15 ACTION DEPT.
For Dept. NEA-4 I RPM/R-2 REP-2 IRC-8 EUR-5 E-5 ICA-10 L-2 S/EMR
Use Only REC'D F OTHER O CIA-15 COM-10 OSD-4 TR-3 FRB-2 XMF-4 AG-8

SUBJECT: EGYPTIAN-SOVIET ECONOMIC AGREEMENT

THIS DOCUMENT MUST BE RETURNED
THE RM/R CENTRAL FILES

I. THE GENERAL STATUS OF ACTIVITY UNDER THE AGREEMENT.

Despite the fact that the Egyptian-Soviet Economic Agreement has still not been published, the Embassy has obtained copies from the Under Secretary of Industry, which are forwarded as enclosures to this Despatch.

As reported in Despatch 910 (the Weekly Economic Review of March 25, 1958) and previous Despatches, there is a certain amount of progress being made in implementing the Agreement. The Under Secretary of Industry has confirmed that a small delegation of Egyptian experts would go to Moscow shortly for a further study of projects in Annex II of the Agreement (not fully decided) and also would discuss the details of some of the projects in Annex I. The visit of Mr. Dilinka, the Soviet Deputy Minister for Vocational Training, currently in Cairo, is in the nature of a state visit and, while undoubtedly some discussions will take place concerning the assistance to be obtained for setting up vocational education projects, this is not his main purpose for being in Egypt. A few engineers have also come to Cairo, more to transmit the Soviet detailed proposals with respect to specifications and contract terms for the contracts in Annex I than, as reported by the press, to conclude the contracts. So far the only contract which has been concluded covers the three textile mills.

II. THE CHARACTER OF THE AGREEMENT.

The documents which are forwarded bear out most of the information previously reported by the Embassy with respect to such items as: 1) The method and timing of repayment; 2) the provision of experts only as agreed to in individual contracts (the Under Secretary continues to insist that the use of Soviet experts will be minimized, e.g., in the case of the textile machinery there will be only one man to assist in erection). He also indicated that an attempt would be made to reduce the use of Soviet technicians for projects under the Syrian Agreement.

Other points to which the attention of Washington agencies is called include the following: The provision for payment of shipping costs and technical services under the regular Egyptian-Soviet Trade Agreement rather

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Desp. No. 948
From CAIRO

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Page _____ of
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Desp. No. _____
From _____

than under the loan agreement; the provision for the obtaining by Egypt of all necessary drawings and documents covering the technical processes; the various provisions, under the section entitled "General Conditions", to protect the Egyptians against poor quality, poor performance, etc. The Egyptian officials with whom this has been discussed are quite satisfied with the terms they obtained and believe them superior to those in other Soviet agreements. The delivery dates and prices, which are of course extremely important, are to be stipulated in the individual contracts.

III. RELATION OF THE AGREEMENT TO THE EGYPTIAN FIVE-YEAR INDUSTRIALIZATION PLAN.

The Embassy has begun a study of the relationship between the Agreement and the Five-Year Industrialization Plan, but has found that the information in the available documents is inadequate and is requesting the Ministry of Industry for further clarification. An initial study of the documents indicates that the Soviet loan program, particularly in Annex I, is heavily concentrated in the fields of mining, petroleum, and metallurgy. The Under Secretary in the Ministry of Industry claims that the value of the equipment provided under Annex I amounts to 25 million Egyptian pounds out of a total loan of 60 million pounds. The Embassy will forward the results of a more detailed analysis of the economic significance of the Agreement as soon as the necessary additional information becomes available.



Roswell H. Whitman
Counselor for Economic Affairs

Encs: *gt* As stated

Cc: Moscow
Damascus
Aleppo
Alexandria
Port Said

CONFIDENTIAL

A G R E E M E N T
on Economic and Technical Co-Operation between
the Union of Soviet Socialist Republics
and the Republic of Egypt

The Government of the Union of Soviet Socialist Republics and the Government of the Republic of Egypt mutually desiring to further consolidate friendly relations and develop economic and technical co-operation between the two countries have agreed to the following:

Article 1

The Government of the Union of Soviet Socialist Republics, meeting the wishes of the Government of the Republic of Egypt, expresses its consent to co-operate with the Government of Egypt in carrying out plans for national economic development of Egypt in geological work, mining, oil exploration and production of oil products, metallurgical, engineering, electric, chemical, textile, food pharmaceutical and light industries.

This co-operation shall be carried out in establishing new industrial enterprises as well as in extending the production of existing enterprises through increasing their productive capacities or by adapting them to manufacture new products.

Annex 1 to this Agreement enumerates the Industrial Enterprises which will be established or extended by the Egyptian Party with the cooperation of the Soviet Party and indicates the manner in which this cooperation will be carried out in each Industrial Enterprise.

Annex 2 to this Agreement enumerates the Industrial Enterprises which all or some of them will be established or extended by the Egyptian Party with the cooperation of the Soviet Party. The two Parties will agree upon the industrial enterprises of this list which will be established or extended with the cooperation of the Soviet Party and upon the scope of this cooperation.

Industrial enterprises and other projects, which are to be established by the Egyptian Party in co-operation with the Soviet Party under this Agreement shall be hereinafter referred to as "Industrial Enterprises".

Article 2

In order to carry out the co-operation in establishing and extending the industrial enterprises, as stipulated in Article 1 of this Agreement the Soviet Organizations shall:

1. fulfil projecting work to the extent which will be agreed upon by the two parties;

2. deliver machinery and equipment with standard set of spare parts for industrial enterprises as well as some materials which are not available in Egypt and are needed for establishing the said enterprises;
3. render technical assistance in:
 - a) selecting the construction sites;
 - b) collecting the initial data necessary for projecting work in connection with Industrial Enterprises;
 - c) establishing the Industrial Enterprises by author's inspection and advice;
 - d) mounting of machinery and equipment (supervision of mounting);
 - e) adjustment of equipment and putting these enterprises into operation;
 - f) reaching projected capacities of the Industrial Enterprises;
 - g) carrying out geological and exploration work;
 - h) the proper training, (practical and theoretical), of the Egyptian specialists for the said Industrial Enterprises whether in Egypt or in the U.S.S.R. This includes training on processes and operations of machinery and equipment of said Industrial Enterprises.

In order to render technical assistance stipulated in this item, Soviet Organizations shall depute to Egypt their specialists.

4. render technical assistance in organizing the training of skilled personnel for Egyptian industry and for these purposes, work out and hand over to the Egyptian authorities schemes and plans for vocational training of Egyptian nationals, as well as depute to Egypt Soviet specialists-instructors for the purpose of rendering assistance to Egyptian authorities in training.

Number of Soviet specialists, to be sent to Egypt in accordance with this article, their specialities, periods and conditions of their deputing as well as numbers of Egyptian personnel to be received in the USSR for training, their specialities, periods of training and other terms and conditions shall be mutually agreed upon, in each case, by corresponding Soviet Organizations and Egyptian authorities.

Article 3

The Government of the U.S.S.R. shall hand over through Soviet organizations to the Government of the Republic of Egypt drawings and documents of technological processes required for the production of the industrial enterprises as stipulated in the project reports prepared by the soviet organizations.

The said documentation shall be handed over free of charge but for actual expenses involved in their reproduction and handing over. It is understood that this documentation shall be used only for the said production within the territory of the Republic of Egypt and shall not be transferred to any foreign judicial or private persons.

Deviations from this provision may only be allowed with the approval of the corresponding Soviet Organization in each case.

Article 4

The Government of the U.S.S.R. and the Government of the Republic of Egypt agree that for the execution of this Agreement the Soviet Party may cooperate with the corresponding organizations of People's Democratic countries in projecting work, deliveries of equipment, machinery and materials as well as in rendering other kinds of technical assistance stipulated under this Agreement.

Article 5

In pursuance of cooperation, provided for in Article 1 of this Agreement the Egyptian authorities shall, on dates to be mutually agreed upon, hand over to Soviet organizations all initial data necessary for designing the industrial enterprises, design and execute all building work and auxiliary services on the basis of the project reports agreed upon, install the machines and equipment of the industrial enterprises and provide all the necessary public utilities inside and outside the premises of the Industrial Enterprises.

Article 6

The Government of the Union of Soviet Socialist Republics shall extend credit to the Government of the Republic of Egypt to the amount of Seven Hundred million Roubles (0,222168 grammes of fine gold in one rouble), interest accruing at the rate of $2\frac{1}{2}$ per cent per annum. This credit shall be utilized during the period of four years from the date of entry into force of this Agreement, to pay for:

- a. Cost of equipment, and machinery, as well as some materials necessary for establishment of Industrial Enterprises which are not available in Egypt on the basis of F.O.B. prices soviet ports.
- b. Cost of projecting and geological and exploration work, as well as cost of preparation of plans and schemes for training of skilled personnel, carried out by Soviet organizations;
- c. actual expenses involved in the reproduction and handing over of technical documentation in accordance with Article 3 of this Agreement.

Should the gold parity of the rouble change before the full utilization of the credit mentioned above, the balance of the credit will be adjusted accordingly so as to assure that the Gold value of the balance will remain the same.

In case the cost of above services provided by the Soviet Party exceeds the sum of the credit of 700,000,000 Roubles, the excess shall be paid by the Egyptian party by deliveries to the U.S.S.R. of Egyptian Goods in accordance with Trade and Payments Agreement in force between the U.S.S.R. and Egypt.

Article 7

The Government of the Republic of Egypt shall repay parts of credit used under Article 6 of this Agreement for each industrial enterprise in 12 equal annual instalments one year from the date of completion of delivery from the U.S.S.R. of complete equipment stipulated in corresponding contracts, for each Industrial Enterprise.

The date of use of credit for delivery of machines, equipment and materials shall be considered the date of the Bill of Lading; for designing and geological, and exploration work as well as for other kinds of technical assistance the date of the Invoice.

Interest shall accrue from the date on which each particular part of credit is used, and shall be paid within the first three months of the year, following the year for which it is accrued.

Article 8

Repayment of credit and payment of interest accrued thereon shall be made by the Government of the Republic of Egypt by means of transferring of corresponding sums in Egyptian Pounds, to a separate account opened by the National Bank of Egypt in favour of the State Bank of the U.S.S.R.

Roubles shall be recalculated into Egyptian pounds basing on the gold parity of the rouble and the Egyptian pound on the day of such repayment.

Amounts transferred to this account will all be utilized by Soviet organizations for purchase of Goods in Egypt, in accordance with Trade and Payments Agreements in force between the U.S.S.R. and Egypt; and/or may be freely converted into pounds sterling or any freely convertible currency which will be agreed upon between the two Governments.

In case of any change in the parity of the Egyptian pound, the balance of the account of the State Bank of the U.S.S.R. with the National Bank of Egypt on the date of this change shall be revalued proportionally to the change of the gold value of Egyptian pound.

Article 9

In order to keep record of the utilization and repayment of the credit provided by this Agreement and payment of interest accrued thereof the State Bank of the U.S.S.R. and the National Bank of Egypt shall mutually open special credit accounts and shall work out financial technical arrangements necessary for the implementation of this Agreement.

Article 10

The Government of the Republic of Egypt shall pay to the Soviet party all expenses of the Soviet organizations in connection with deputing Soviet specialists to Egypt for rendering technical assistance provided for under this Agreement, as well as all expenses of Soviet organizations connected with training of the Egyptian specialists in the U.S.S.R.

The payment in question shall be made by transferring corresponding sums in Egyptian pounds to the credit of "the collector account" opened with the National Bank of Egypt in favour of the State Bank of the U.S.S.R. in accordance with Payments Agreement in force between the Government of the U.S.S.R. and the Government of the Republic of Egypt.

Article 11

Fulfilment of projecting work, delivery of machinery, equipment and materials from the U.S.S.R., geological and exploration work, training of Egyptian specialists in Egypt and the U.S.S.R., vocational training of Egyptian nationals, deputing of Soviet specialists to Egypt and rendering other kinds of technical assistance provided under this Agreement shall be effected according to Contracts to be concluded between appropriate Soviet organizations and Egyptian authorities.

Volume of deliveries, dates, prices and guarantees for quality of equipment and machinery and their conformity with respective projected capacities, liabilities of the parties in circumstances beyond control of either party, infringement of patents as well as any other details concerning fulfilment by the parties of obligations under this Agreement are to be determined in the Contracts mentioned above. Prices of equipment, machinery and materials delivered to Egypt under this Agreement shall be based on world market prices.

Article 12

Without prejudice to Article 6 stipulating the utilization of the credit to cover cost of machinery, equipment, and materials at the price F.O.B. Soviet Ports, delivery of machinery, equipments and materials to be supplied by the U.S.S.R. shall be C.I.F. Egyptian Ports. Insurance and freight shall be paid by the Egyptian authorities separately as actual rate in accordance with the Soviet-Egyptian Trade & Payments Agreements in force.

Article 13

The Government of the U.S.S.R. express its willingness to fulfil the requirements of the Government of the Republic of Egypt concerning the purchase in the U.S.S.R. of spare parts (in addition to standard sets delivered with the equipment) and some kinds of raw materials necessary for normal operation of Industrial Enterprises to be established with the help of the U.S.S.R. Deliveries of spare parts and raw materials shall be effected in accordance with Soviet-Egyptian Trade and Payments Agreement in force.

Article 14

The Government of the U.S.S.R. and the Government of the Republic of Egypt, in the shortest possible time after entry into force of this Agreement, shall mutually inform each other as to the Soviet organizations and respectively the Egyptian authorities which will be authorized for signing Contracts pursuant to this Agreement.

Article 15

In case any dispute or difference may arise between the Soviet organizations and the Egyptian authorities relating to any matter connected with this Agreement or its execution, the representatives of the Government of the U.S.S.R. and the Government of the Republic of Egypt shall consult each other and take possible steps to arrive at a solution of the said dispute or difference.

Article 16

The present Agreement is subject to ratification in the shortest possible time and shall come into force on the date of exchange of ratifications that will take place in Cairo.

Done on the 29th day of January, 1958, at Moscow in two original copies in Russian and Arabic, both texts being equally authentic.

ON BEHALF OF THE GOVERNMENT OF THE
UNION OF SOVIET SOCIALIST REPUBLICS

ON BEHALF OF THE GOVERNMENT
OF THE REPUBLIC OF EGYPT

ANNEX I
To the Soviet-Egyptian Agreement

List

Of Industrial Enterprises which will be established by the Egyptian Party with the cooperation of the Soviet Party

Name of Industrial Enterprises and their brief description

Scope of the work to be carried out by the Soviet Organization

Geological Research Work & Mining Enterprises

1. Central Mineral research laboratory Delivery of equipment, instruments and some materials according to mutually agreed specifications
2. Laboratory of sample testing Delivery of equipment, instruments and some materials according to mutually agreed specifications
3. Chemical laboratory for field work (20 sets) Delivery of equipment according to mutually agreed specifications
4. Geological research and survey work Delivery of equipment, transport facilities and some materials according to mutually agreed specifications.
5. Geophysical work Delivery of equipment, transport facilities including two aeroplanes and some materials according to mutually agreed specifications
6. Core drilling machines on vehicles (14 sets) Delivery of equipment according to mutually agreed specifications
7. Research work in experimental dressing of black sands containing different minerals (ilmenite, monozite, zircon, etc.) Research work according to mutually agreed programme
8. Research work in possibilities of dressing iron ores with 30% Fr; from deposits of the Western and Eastern deserts Research work according to mutually agreed programme
9. Research work in possibilities of dressing manganese ores 15-25% Mn. Research work according to mutually agreed programme

| <u>Name of Industrial Enterprises and their brief description</u> | <u>Scope of the work to be carried out by the Soviet Organization</u> |
|--|---|
| 10. Organization of ilmenite production | Delivery of different equipment, transport facilities and some materials according to mutually agreed specifications. |
| 11. Manganese ore production from the Elba deposit | Delivery of different equipment and transport facilities and some materials according to mutually agreed specifications. |
| 12. Phosphate enterprises | Delivery of equipment according to mutually agreed specifications. |
| 13. Research work in possibilities of concentration and dressing of rock phosphate | Research work according to mutually agreed programme |
| 14. Geological work, exploration and mining of lead and zinc deposits | Delivery of machines, mining equipment and some materials according to mutually agreed specifications. |
| 15. Marble production | Delivery of quarry equipment and transport facilities according to mutually agreed specifications |
| <u>Enterprises of Metallurgical Industry</u> | |
| 16. Extension of the existing plant No.63 for production of non-ferrous metals | Delivery of equipment according to mutually agreed specifications; Deputing specialists for supervision of mounting and adjustment of equipment. |
| 17. Extension of production of non-ferrous rolled sheets at the existing plant No.63 | Preparation of the technological part of the project report; Delivery of equipment according to the specifications of the technological part of the project report for production of cold rolled sheets and delivery of furnaces for heating aluminium billets according to agreed specifications; Deputing specialists for collection of initial data needed for designing, supervision of mounting and adjustment of equipment and technological process. |
| 18. Sintering plant for sintering 1,000 tons of iron ore per day | Designing work; Delivery of equipment; Deputing specialists for supervision of mounting and adjustment of equipment. |

Name of Industrial Enterprises
and their brief description

Scope of the work to be carried
out by the Soviet Organization

Enterprises of Engineering Industry

19. Shop for production of welding electrodes,
25,000,000 pieces per year
Preparation of projecting targets and technological section of the project report;
Delivery of equipment;
Deputing specialists for supervision of mounting, adjustment of equipment and participation in putting it into operation.
20. Plant for production of 8,000 tons of forgings per year
including 1,150 tons of forgings for wagon details and 3,000 tons for automobile details
Projecting work;
Delivery of equipment;
Deputing specialists for authors' inspection, supervision of mounting, adjustment of equipment and participation in putting into operation.
21. Shop for production of aluminium cables for electric lines with total capacity of 3,600 tons per year
Projecting work;
Delivery of equipment;
Deputing specialists for authors' inspection, supervision of mounting, adjustment of equipment and participation in putting it into operation.
22. Shop for production of metal cutting machine tools (lathe, milling, turret drilling and shaping) within the existing plant No. 99 with total production of 725 pieces per year.
Handing over of design drawings.
Working out of the technological part of the project report.
Delivery of lacking equipment and of one set fittings & tools;
Deputing specialists for supervision of mounting, adjustment of equipment and participation in putting it into operation.
23. Plant for production of emery & polishing paper for treating metals and wood with annual capacity of 300 tons.
Preparation of the technological part of the project report and of drawings for not standard equipment (to be produced by the Egyptian party);
Delivery of equipment;
Deputing specialists for supervision of mounting, adjustment of equipment and participation in putting it into operation.
24. Five radiostation for telegraph communications within mining areas.
Delivery of equipment according to mutually agreed specifications.

| <u>Name of Industrial Enterprises and their brief description</u> | <u>Scope of the work to be carried out by the Soviet Organization</u> |
|---|---|
| <u>Enterprises of Oil Industry</u> | |
| 25. <u>Lubricating oil plant</u> in Suez with total capacity of 60,000 tons per year. | Carrying out of necessary investigations and research work and preparation of project report; Delivery of equipment; Deputing specialists for supervision of mounting and adjustment of equipment and participation in putting it into operation. |
| 26. <u>Plant for production of aromatics and high octane number gasoline in Suez;</u> total capacity of 300,000 tons of crude oil per year. | Carrying out of necessary investigations and research work for preparation of project report; Delivery of equipment; Deputing specialists for supervision of mounting and adjustment of equipment and participation in putting it into operation. |
| 27. <u>Plant for purification of gas oil and diesel fuel (hydropurification)</u> in Suez; annual capacity of 240,000 tons of raw materials. | Carrying out of investigations and research work and preparation of project report; Delivery of equipment; Deputing specialists for supervision of mounting and adjustment of equipment and participation in putting it into operation. |
| 28. <u>Plant for primary processing of oil</u> (atmospheric unit) with total capacity of 1 million tons of oil per year. | Necessary investigations and research work and preparation of project report; Delivery of equipment; Deputing specialists for supervision of mounting and adjustment of equipment and participation in putting it into operation. |
| 29. <u>Plant for primary processing of oil</u> (atmospheric - vacuum unit) with total capacity of 1 million tons of oil per year. | Necessary investigations and research work and preparation of project reports; Delivery of equipment; Deputing specialists for supervision of mounting and adjustment of equipment and participation in putting it into operation. |
| 30. Geophysical and exploration work for oil. | Delivery of equipment according to mutually agreed specifications; Deputing specialists for adjustment of equipment and putting it into operation. |

Name of Industrial Enterprises and their brief description

Scope of the work to be carried out by the Soviet Organization

31. Complete electric desalting unit with annual production of 1,000,000 tons of crude oil.

Necessary investigations and research work and preparation of project report; Delivery of equipment; Deputing specialists for supervision of mounting of equipment and participation in putting it into operation.

32. Drilling work for oil wells for depth up to 3,000 meters and up to 5,000 meters

Delivery of drilling equipment according to mutually agreed specifications.

Enterprises of Chemical Industry

33. Coke chemical plant in Helwan including:
Shop for coal preparation, one cooking battery of 45 furnaces, shop for catching chemical products, section for rectification of benzol and auxiliary shops.

Investigation work and preparation of project report (extended projecting targets and working drawings); Delivery of equipment; Deputing specialists for authors' inspection, supervision of mounting and participation in adjustment of equipment and putting it into operation.

Enterprises of Pharmaceutical and Medical Industry

34. Chemical pharmaceutical plant with annual production of:
sulphamide compounds - 100 tons;
Chloramphenical (leveamezitimum) - 2.5 tons;
salicylic compounds - 156 tons;

Preparation of projecting targets, technical project report and working drawings; Delivery of equipment; Deputing specialists for authors' inspection, supervision of mounting, adjustment of equipment and participation in putting it into operation.

35. Antibiotic plant with annual capacity of:
penicillin - 4 tons
streptomycin - 2.5 tons
Dextran - 25 tons

Preparation of projecting targets, technical project report and working drawings; Delivery of equipment; Deputing specialists for authors' inspection, adjustment of equipment and participation in putting it into operation.

Enterprises of Food Industry

36. Three milk processing plants for production of pasteurized milk, butter and cheese with total capacity of 25 tons of ready production per day for each plant.

Design work (project reports for mounting and draft project report for construction work); Delivery of equipment; Deputing specialists for supervision of mounting and adjustment of equipment.

Name of Industrial Enterprises
and their brief description

37. Onion dehydrating plant of total capacity of 1,000 tons of dehydrated onion per season.

Scope of the work to be carried out by the Soviet Organization

Design work (project reports for mounting and draft project report for construction work);
Delivery of equipment;
Deputing specialists for supervision of mounting and adjustment of equipment and participation in putting it into operation.

Enterprises of Textile Industry

38. Three Cotton spinning factories of comb spinning for production of yarn with average number 134/2 of total capacity of 15 thousand spindles each.

Technological layout of equipment;
Delivery of equipment;
Deputing of specialists for supervision of mounting, adjustment of equipment and participation in putting it into operation.

Vocational Training

39. Centre for training workers for mining industry.

Preparation of technological part of project reports;
Preparation and handing over of training methodical documentation;
Delivery of equipment;
Deputing specialists for rendering assistance in organization of training and supervision of mounting.

40. Centres for training workers for the following industries:
engineering 3 training centres
wood working 2 " "
power and radio 2 " "
textile industry 2 " "

Delivery of equipment according to mutually agreed specifications.

ANNEX 2
To the Soviet-Egyptian Agreement

List

of Industrial Enterprises which all or some of them will be established or extended by the Egyptian Party with the cooperation of the Soviet Party. The two parties will agree upon the Industrial Enterprises of this list which will be established or extended with the cooperation of the Soviet Party and upon the scope of this cooperation.

Geological Research Work and Mining Enterprises

1. Research work for Baharia Oasis Project for construction of iron ore mine with annual production of 500,000 tons of ore and for construction of railway or rope-way from Baharia to Helwan (about 300 Km. long).
2. Delivery of mining equipment, power installations, transport facilities and some materials for production of manganese ores in Sinai.
3. Projecting work and delivery of equipment and some materials for two factories for separation and refinement of different minerals of Egyptian black sands; ilmenite, magnetite, sircon and monazite capacity of 30,000 tons per year as well as projecting work and delivery of equipment for one factory for production of thorium nitrate, uranium fluoride and rare earth salts from monazite capacity 250 tons per year.

Enterprises of Metallurgical Industry

4. Delivery of equipment and carrying out of projecting work for construction of zinc plant in Suez with annual capacity of 5,000 tons.
5. Research work in development of processes for iron ore dressing at the dressing plant in Aswan.
6. Delivery of equipment and projecting work for annual production of 1,200 tons of cast iron fittings.
7. Projecting work and delivery of equipment for the Helwan Iron and Steel Plant:
 - a) strip mill with annual capacity, in two shifts, of 70,000 tons of sheets 200-550 mm wide and 2.75 mm minimum height from 530 x 60-100 mm and 450 x 15 x 40 ingot bars;
 - b) strip mill for cold rolled sheets with annual capacity, in two shifts, of 25,000 tons of sheets for tinning of 550 mm wide and 0.25 mm minimum height to be produced from hot rolled sheets of 550 mm wide.

Enterprises of Engineering Industry

8. Organization of production of sewing machines at the existing plant No. 54 with annual production of 20,000 pieces.
9. Organization of production of surgical instruments at the existing plant No. 54 with annual production of 200 tons.
10. Plant for production of complete textile equipment (beginning from cotton soutching, including spinning) with annual capacity of 100,000 spindle sets.
11. Delivery of equipment for production of electric welded chains (from 6 mm to 25 mm) according to mutually agreed specifications.
12. Delivery of equipment for dry dock in Alexandria for repair of sea-going ships according to mutually agreed specifications.
13. Delivery of equipment for construction of five aerodromes in mining areas according to mutually agreed specifications.
14. Plant for production of details and groups for radio-sets with annual production of 100,000 sets of details and groups.
15. Organization of production of cutting tools at the existing plant No. 54:

| | |
|-----------------|-------------------------|
| drills | 600,000 pieces per year |
| dies | 17,000 " " " |
| milling cutters | 90,000 " " " |
| saw blades | 200,000 " " " |
| cutters | 20,000 " " " |
| reamers | 4,000 " " " |
| screw taps | 6,000 " " " |

Enterprises of Oil Industry

16. Investigation of economical ways of extraction and utilization of oil shales with 10% of oil.
17. Delivery of complete land seismic station, electric research and logging parties.

Enterprises of Chemical Industry

18. Plant for production of double superphosphate with annual capacity of 25-50,000 tons.
19. Calcium carbide plant in Aswan with annual capacity of 5,000 tons.

20. Plant for annual production of 3,000 tons of 75% ferrosilicon.
21. Investigation and projecting work and delivery of equipment for chemical plant in Alexandria with annual production of caustic soda by electrolytic (mercury) method, 24,000 tons; of 20,000 tons of chlorine; of 6,000 tons of ferric chloride; of 1,000 tons of KCLO₃; of synthetic HCl (100%) 3,000 tons and of 5,000 tons of liquid chlorine.
22. Projecting work and delivery of equipment for factory of writing and printing paper of rice straw and bagassa with annual production of 24,000 tons of paper, 16,000 tons of bleached cellulose and 8,000 tons of commercial not bleached cellulose (including cellulose plant and district heating power plant).
23. Delivery of equipment according to mutually agreed specifications for sugar beet factory to process 1500 tons beet/22 hours.

Enterprises of Textile Industry

24. Investigation, projecting work and delivery of equipment for flax enterprise of total capacity of 10,000 spindles for production of tarpauline and suit fabrics (spinning, weaving and finishing) with annual production of 7,200,000 meters of tarpauline and 7,000,000 meters of suit fabrics. The enterprise is to include thermal power station for the needs of the enterprise.

Vocational Training

25. Delivery of equipment according to mutually agreed specifications for:
 - 1 leather training center
 - 2 printing training center
 - 2 glass training centers.

NOTE

Should the cost of the services rendered by the Soviet Organizations after entering into Contracts for projecting work delivery of, machines, equipment, materials and other kinds of technical assistance for establishing and extending of Industrial enterprises listed in annex 1 and those which will be agreed upon from those listed in annex 2 prove to be less than the sum of credit - 700 million Roubles, both parties will agree upon additional Industrial Enterprises which will be established or extended under this Agreement.

GENERAL CONDITIONS

OF RENDERING TECHNICAL ASSISTANCE PROVIDED FOR IN THE
AGREEMENT ON THE ECONOMIC AND TECHNICAL COOPERATION
BETWEEN THE REPUBLIC OF EGYPT AND THE UNION OF
SOVIET SOCIALIST REPUBLICS DATED
29th JANUARY, 1958

The General Organization for Executing the Five Year Industrial Plan of the Republic of Egypt and the State Committee of the Council of Ministers of the USSR for Foreign Economic Relations, considering it advisable to determine general terms and conditions for all deliveries of equipment, machinery, and some materials as well as rendering technical assistance provided for in the Egyptian-Soviet Agreement dated "29th January, 1958," have agreed that the aforesaid deliveries and rendering of technical assistance shall be carried out in conformity with the following general terms and conditions:

CLAUSE I

The Egyptian and Soviet organizations duly authorized to sign contracts in accordance with Article XIV of the Egyptian-Soviet Agreement of 29th January, 1958, shall be referred to in the present General Conditions as the Customer and the Supplier respectively.

CLAUSE 2

In accordance with Article V of the Egyptian-Soviet Agreement of 29th January, 1958, the Customer shall perform the following work:

- a) transfer to the Supplier in the time stipulated in the Contract all data which will be necessary for the Supplier to prepare designing documents of the Industrial Enterprise;
- b) undertake to work out the Detailed Project Reports and Working Drawings of Enterprise Buildings, settlements, transport, roads, power and water supply, sewage system and other erections outside the area of the Industrial Enterprise, necessary for its regular operation as far

as they are not included in the Project Report to be worked out by the Supplier; the initial data for the Customer's project reports shall be prepared upon mutual consultations between the Contracting Parties;

- c) work out according to the project reports prepared by the Supplier; the Working Drawings of such sections and parts of the Industrial Enterprise as shall be mutually agreed upon. The Customer shall be responsible for conformity of the Working Drawings prepared by him with the requirements of the Project Report of the Industrial Enterprise;
- d) ensure execution, in due time, as agreed upon, the construction of the Industrial Enterprise, provision of necessary specialists, workers, materials, power, water, mounting work of equipment and machinery of the Industrial Enterprise under supervision of the Supplier's specialists as well as ensure timely construction of necessary railway stations, roads, railway tracks and all other necessary erections outside the premises of the Industrial Enterprise.

CLAUSE 3

In case of the Customer's request, the Supplier shall carry out necessary studies and surveys enabling the Customer to accept the most economic solution prepared upon mutual consultations, on the basis of which the Industrial Enterprise shall be projected.

After that, the Supplier shall, basing on the Customer's Memorandum on projecting, elaborate designing work to the extent and in the time stipulated in the Contract.

The designing documentation shall be worked out in accordance with the norms, standards and technical specifications, adopted in the USSR and/or as stipulated in the Contract. The dimensions on the drawings shall be indicated in the metric system and inscriptions and texts shall be made both in Russian and English.

The Project Report shall be handed over in 4 copies, and the prints of the drawings in 6 copies.

The Project Report shall show characteristics of the Industrial Enterprise including its capacity, range of production and specification of manufactured goods, layout showing all shops and departments and transport means for their connection, materials which are needed for production, storing, water, steam, compressed air, power and other power resources requirements, necessary machines and equipment, jigs and tools specifications, schedule of production including control and storing procedure, list of materials for production and man power number of workers, engineers and technicians.

The Project Report shall also include data regarding construction of the Enterprise-schedule of construction, principal construction solutions, scope of construction and erection, main building and other special materials / such as insulation materials, refractories etc/ requirements, man power number for construction.

The Customer shall consider, with or without comments, and approve the Project Report in the time stipulated in the Contract. The Supplier shall comply with all the Customer's comments while making out the working drawings.

To hand over the Project Report and give the Customer explanations he may require connected therewith, the Supplier shall send, when necessary, some of his specialists to Egypt, at the Customer's expense in numbers and for periods stipulated in the Contract.

The handing over of the Project Report as well as all modifications and comments thereof which may be made by the Customer shall be set forth in a statement to be signed by the Contracting Parties.

CLAUSE 4

The working drawings and technological documents shall be handed over to the Customer in six copies in the time stipulated in the Contract and according to the schedule to be agreed upon while the Project Report is being considered by the Customer.

Drawings and technological documents on original transparent copies necessary for reproduction shall be stated in the Contract.

Upon completing the handing over of the working drawings, the Customer shall give the Supplier an Acceptance Receipt to that effect.

CLAUSE 5

Number of Soviet specialists to be deputed to Egypt to render technical assistance, their qualifications and job descriptions as well as the periods of their stay in Egypt shall be stated in each relevant Contract.

The Customer shall pay to the Supplier for the services of his specialists the following:

- a) monthly salaries at the rates provided for in the Contract beginning from the date of the specialists' departure from their country and until the date they leave Egypt after termination of work;
- b) travelling expenses of the Supplier's specialists from the USSR to Egypt and back and transportation cost of luggage to be stipulated in the Contract. The specialist who shall be deputed for more than one year shall be entitled to the travelling expenses of his family from USSR and back and will be granted a sum of one month salary paid immediately after the arrival of his family;
- c) insurance expenses of the Supplier's specialists with Ingosstrakh USSR against professional risks while they stay in Egypt;
- d) leave allowance for specialists at the rate of 2.5 day for each month of work.

Note: In case the specialist is deputed for less than one calendar month, payment shall be effected at the daily rate of 1/30 of the salary indicated in the Contract and he shall be entitled to a leave allowance according to the terms defined above.

CLAUSE 6

In case the Supplier's expert falls ill while staying in Egypt, the Customer shall continue payments stipulated in clause 5 of the Present General Conditions, at the rates indicated in the Contract for the whole period of illness on condition that the period of illness shall not exceed 6 weeks for every year of service.

CLAUSE 7

The Supplier can recall, on his decision or at the Customer's request, his specialists to the USSR and replace them by others. The Supplier shall inform the Customer in every case in writing. The expenses connected with recall and replacement of specialists for reasons beyond the Customer's control, shall be borne by the Supplier.

CLAUSE 8

The Customer shall provide, by his own means and at his own expense, the Supplier's specialists with accommodations, offices, beddings, kitchen and other house-hold utilities, drinking water, accessories for work (desks, paper, pencils, etc.), medical attendance, qualified interpreters whenever necessary and transport facilities for business trips.

CLAUSE 9

The equipment, machinery and some materials necessary for execution of the obligations of the Soviet Party for geological work, mining, oil exploration as well as for establishing the Enterprises in Egypt by the Egyptian Party with the assistance of the Soviet Union, shall be delivered by the Supplier on C.I.F. Alexandria or other port, indicated in the Contract terms.

The Supplier shall insure the equipment, machinery and materials against all marine risks excluding war risks with the Ingosstrakh USSR until the date of delivery in destination port. The insurance policy will be made in favor of the Customer and in his name.

Description of the equipment, machinery and materials, quantity, price and delivery time to be indicated in the contract.

Note: The equipment, machinery and materials shall be shipped in accordance with the procedure established by the exchange of letters of the 27th March, 1954 to the Egyptian Soviet Trade Agreement.

CLAUSE 10

Changes in equipment, machinery and materials within the value of the Contract as well as any additions or reductions shall be effected by mutual consultation and within the fixed time of delivery agreed upon previously. They shall only be valid if they are in written form and signed by authorized representatives of both parties.

CLAUSE 11

All goods to be shipped by the Supplier to the Customer's address shall be sea worthy packed to insure its forwarding safely to destination port and should have the following markings in English:

1. Made in USSR or other countries as agreed upon
2. Supplier - V/O "Technoexport"
3. Contract No. and shipping mark
4. Case No.
5. Gross and net weight
6. Port of destination - (stipulated in the Contract)
7. Consignee (mentioned in the Contract)

Package No. shall be written in the form of a fraction, the numerator of which shall be the serial number of the package and the denominator - the total number of packages in which the complete unit of equipment is packed.

Moreover, all packages whenever necessary are to be specially marked, such as "Top", "Do not turn over", "With care", "Keep dry" etc.

CLAUSE 12

The Supplier shall forward to the Customer with the goods the following documents both in Russian and English:

1. Second copy of original Bill of Lading - 1 copy
2. Shipping specification - 1 copy
3. Packing list - 1 copy
4. Whenever it is required:
Drawings of general views of
equipment, erection drawings,
maintenance and operation
instructions - 3 copies

When the equipment, machinery and materials are shipped, the Supplier shall notify the Customer by cable not later than 2 days after the ship's sailing date of the following: name of the ship, ship's sailing date, port of destination, approximate date of arrival, description of the goods, quantity and/or weight, Bill of Lading and Contract Numbers.

CLAUSE 13

The Customer shall secure the unloading of the equipment, machinery and materials supplied under the Contract at the port of destination, at the rates stipulated in the Contract as well as their transportation from the port to the construction site of the Enterprise or to the place of geological work in due time.

In case of failure to fulfil the unloading rates, stipulated in the contract, the Customer shall pay to the Supplier demurrage for detention of the ship at the rates of the Charter-Party, and in case of unloading the ship in shorter time, the Customer is entitled to a remuneration at the rate of half of the demurrage from the Supplier.

CLAUSE 14

The quality of the equipment, machinery and materials, delivered complete with standard accessories, shall be in conformity with the State standards of the USSR or technical specifications of the manufacturing plants and/or as stipulated in the Contract.

The Supplier shall guarantee the quality and the proper functioning of the equipment delivered within 12 months from the date of putting the machines and equipment into operation but not more than 18 months from the date of its complete delivery unless longer period is specified in the Contract.

Should any equipment prove to be defective within the guarantee period, the Supplier is to eliminate the defects in the shortest technical possible time by means of making good or replacing the defective parts. The guarantee period for the corresponding part of the Enterprise is to be prolonged by the period required for making good or replacement should this part of the Enterprise stop to function during this period.

The replacement is to be delivered by the Supplier at his expense to the port of destination indicated in the Contract.

At the Supplier's request the Customer shall return the replaced defective equipment to the Supplier not later than 6 months after its replacement on F.O.B. Egyptian port indicated in the Contract, terms.

The Supplier's guarantee does not cover the fair wear and tear of the equipment or parts thereof as well as damage caused by improper storage or negligence in storing, improper or careless

maintenance or overloading, and also breaching by the Customer of the Supplier's technical instructions on mounting, assembling, putting into operation and operation of the equipment.

The Supplier guarantees that the Enterprise shall fulfil reaching the projected capacity in quantity and quality within a period to be agreed upon. The details of this guarantee shall be stipulated in the contract.

CLAUSE 15

Claims for the quality of the equipment, machinery and materials shall be submitted to the Supplier within the guarantee period but not later than 30 days from its expiration.

The claim should specify the description and the quantity of the defective equipment, the defects and their probable causes, as well as specific claims of the Customer.

The claims are to be sent by a registered letter with all necessary relevant documents and prepared with the participation of the Supplier's authorized representatives in Egypt.

The date of the postal stamp of the country of dispatch shall be considered the date of submitting the claim.

As long as the Supplier guarantees immediate replacement of defective equipment, the Customer shall not refuse to accept and pay for the equipment both with regard to the claimed consignment and other consignments, shipped under the Contract.

CLAUSE 16

Technical training for the Industrial Enterprises of Egyptian specialists will be in Russian with the help of interpreters if necessary and according to the programmes agreed upon with the Customer's representatives. The programmes to be agreed upon include acquaintance with projecting, production of equipment and its testing.

Egyptian specialists are to be sent to the USSR for training without their families.

CLAUSE 17

The Supplier shall provide Egyptian specialists at the Customer's expense with living accommodations with necessary utilities or rooms in hotels and with three meals a day for the whole period of their training.

The cost of training and of services mentioned is to be fixed in the Contract.

The Supplier at his own expense shall provide Egyptian specialists with medical care for the whole period of their training excluding cost of drugs.

CLAUSE 18

All expenses connected with the travelling of Egyptian specialists to the USSR and back are to be paid by the Customer himself.

Expenses involved in business trips of Egyptian specialists within the territory of the USSR and supply of winter clothes are to be borne by the Customer or provided by the Supplier at the Customer's expense.

CLAUSE 19

Soviet and Egyptian specialists shall observe all the regulations and safety rules in force at the enterprises and offices where they are deputed to work or where this training takes place.

CLAUSE 20

The Customer shall secure the arrival of his specialists at the place of training on dates stipulated in the Contract.

The Customer is to inform the Supplier of the date of departure of Egyptian specialists for the training, 10 days before they leave Egypt.

CLAUSE 21

In order to effect payments for deliveries and services from the credit as stipulated in the Agreement the Customer shall authorize, through the National Bank of Egypt, the State Bank of the USSR to pay the Supplier's invoices presented as follows:

- a) For the delivered equipment, machinery and materials, the invoices are presented for each consignment together with the following enclosure: Original Bill of Lading, shipping specification, certificate of quality, insurance policy or certificate;

- b) For the projecting and geological work carried out by Soviet organizations, schemes and plans for vocational training of Egyptian nationals, for actual expenses involved in reproduction and handing over of drawings and documents of technological processes-invoices are presented with the enclosure of acceptance receipts or other documents certifying performance of the work.

The invoices paid by the State Bank of the USSR together with all documents attached thereto shall be forwarded to the Customer through the National Bank of Egypt.

CLAUSE 22

Payments for freight and insurance of delivered equipment, machinery and materials, and for all expenses involved in deputing Soviet specialists to Egypt, as well as all expenses of training Egyptian specialists in the USSR shall be effected according to the procedure established by Payments Agreement between the Government of the Republic of Egypt and the Government of the USSR of the 18th August, 1953 and in conformity with technical arrangements in force between the State Bank of USSR and the National Bank of Egypt.

The Supplier shall, through the State Bank of the USSR, present invoices to the Customer's name in Egyptian pounds in 3 copies, at least every three months indicating the amounts reckoned in accordance with the rates stipulated in the Contract. The Customer shall, within 7 days beginning from the date of receipt of the invoice, remit the amounts due to the collector account of the State Bank of the USSR with the National Bank of Egypt in favor of the Supplier.

CLAUSE 23

If the execution of the Contract is infringed for any period by war, hostilities, embargo, blocades or any other cause beyond and Party's control, the representatives of the Supplier and the Customer shall immediately consult each other and shall agree upon the measures which are to be taken.

CLAUSE 24

In case any infringement of patents in Egypt for any part of equipment or machinery delivered by the Soviet organizations or produced according to the technical specifications handed over by the Supplier is revealed and civil action resulting from this is arised against the Customer, the Supplier shall assume responsibility for all claims, actions and liabilities resulting thereof. The Supplier shall reimburse all the expenditures connected with juridical costs.

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CLAUSE 25

All disputes or differences which may arise out or in connection with the Contract are to be settled in accordance with the procedure provided for in Article XV of the Egyptian-Soviet Agreement of 29th January, 1958.

CLAUSE 26

All duties and fees including custom, port and stamp and bank charges as well as other expenses under the Contract or in connection with its execution on the territory of the USSR are to be paid by the Supplier and those on the territory of Egypt by the Customer.

CLAUSE 27

Each party shall be responsible for timely issue of entry and exit visas from Egypt and the USSR for the Egyptian and Soviet specialists, as well as obtaining of import and export licenses and exchange permits.

CLAUSE 28

Any amendments or supplements to the Contract are valid only if made in writing and are to be signed by the authorized representatives of the contracting Parties.

CLAUSE 29

All correspondence connected with the execution of these Conditions shall be in English.

CLAUSE 30

The present General Conditions are signed in Moscow on the 29th January, 1958, in 2 original copies, each in English.

On behalf of

The General Organization for
Executing the
Five Year Industrial Plan
of the Republic of Egypt.

A. SIDKI (sgd)

On behalf of

the State Committee of the Council
of Ministers
USSR, for Foreign Economic
Relations

A. SHEREMETIEV (Sgd)

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DEPARTMENT OF STATE
BUREAU OF INTELLIGENCE AND RESEARCH

3129

APR 18 1958

TO : Acting Secretary

VIA : S/S

FROM : INR - Hugh S. Cumming, Jr. *MR*

SUBJECT : Intelligence Note: Egypt's Increased Dependence upon Sino-Soviet Bloc Cotton Purchases

The continuing weakness in the Free World demand for Egyptian cotton during the 1957/58 marketing year that began on September 1, 1957 has compelled Egypt to rely more heavily than ever upon purchases by the Sino-Soviet Bloc. As of April 2, 1958 total cotton exports amounted to approximately 138,000 metric tons, of which 63 percent (or about 86,000 tons) went to Sino-Soviet Bloc countries. During most of the corresponding 1956/57 period the Suez crisis, and especially the blockage of the Suez Canal, seriously hampered the shipment of Egyptian cotton to some Free World markets. Nevertheless, during that period exports to the Free World were actually larger than during the current year, and the Sino-Soviet Bloc share did not exceed 50 percent of the total.

Traditionally major buyers of Egyptian cotton, such as France, the United Kingdom, Italy, West Germany, Switzerland, India, and Japan, have in general sharply reduced their purchases of Egyptian cotton over the past two years. So far as the current year is concerned this decline is partly explained by the strong stock position of some textile manufacturers, especially in Western Europe, and partly because some manufacturers have found it possible to shift to less expensive American or American-type cotton. Bloc resales of Egyptian cotton to Western Europe do not seem to be a major factor. Sales of American cotton under H 480 to India and some Western European countries, however, apparently have encouraged smaller purchases from Egypt. Political factors growing out of the Suez crisis have specifically limited exports to France and the United Kingdom. In India there has been a conscious effort on the part of the government to limit imports of extra long staple cotton available in Egypt. It is interesting to note that with the decline in Egypt's cotton exports to most Free World countries the United States, next to Japan, has become the most important importer of Egyptian cotton outside of the Bloc.

S981-11/16/1958

Although cotton exports to the Bloc have been substantial during the current year, Egypt faces large carryover stocks on September 1, 1958 unless the rate of exports to the Bloc increases significantly or unless there is a sharp increase in sales to the Free World. According to final estimates just released, Egypt's 1957 cotton output amounted to about 408,000 metric tons. Allowing for domestic consumption and reasonable

CONFIDENTIAL

carryover

- 2 -

carryover stocks, the quantity available for export during the year approximated 325,000 metric tons. As noted above, exports up to April 2, 1958 amounted to only 138,000 tons, leaving a residue of roughly 185,000 tons to be exported during the next five months. A further complicating factor is that from 40 to 50 percent of this exportable cotton is probably extra long staple, for which Free World demand is relatively weaker at the present time.

The Egyptian Government has recently endeavored to stimulate cotton sales to the Free World through establishing a flexible export pound rate that amounts to a partial devaluation of the Egyptian pound. Unfortunately, this effort has not yet been rewarded with any major success. It seems likely that Egypt may be able to make some important sales to India, and possibly to France and the United Kingdom, but large carryover stocks still seem likely unless the Bloc increases its rate of imports from Egypt. In view of this situation it is not unlikely that Egyptian cotton may come up for discussion during Nasir's imminent visit to Moscow.

Copies to: G, C, S/P, EUR, FE, W, E

Central File: Decimal File 461.7441, International Trade And Commerce. Trade Relations, Treaties, Agreements. Customs Administration., Trade Between Union Of Soviet Socialist Republics And Egypt, Import Tariff. Import Duty., Trade Relations. Trade Agreements, Treaties, Conventions. Commercial Relations., January 7, 1955 - April 18, 1958. January 7, 1955 - April 18, 1958. MS Commercial and Trade Relations Between Tsarist Russia, the Soviet Union and the U.S., 1910-1963: RG 59, State Department, Central Files, Commercial Relations (411.61 and 461.11), United States-Soviet Union, 1950-1963. National Archives (United States). Archives Unbound, link.gale.com/apps/doc/SC5106463725/GDSC?u=camb55135&sid=bookmark-GDSC&pg=1. Accessed 1 May 2024.