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1. The evening of 31 July, 1952, preparing officer and wife and the wife of a U.S. Air Attache and wife (Colonel David WANG) attended a dinner party at the residence of Major and Mrs. Richard Georg MERTINS. It was apparent that the purpose of this dinner party was to provide an opportunity for the U.S. Attache to meet selected members of the German expert group in Egypt. The guest list included Dr. and Mrs. Wilhelm VOSS, Chief of the group of experts; Colonel Kurt FERCHL, Chief of the Infantry Branch and Operations Advisor to the Egyptian General Staff; Colonel Karl Hans NOELLE, Chief of the Artillery and Anti-Tank Branch; Colonel and Mrs. Heinrich MULLER, Engineer Advisor; Mr. Karl STEINSL, Assistant Paratroop Advisor; Colonel and Mrs. H. DRUECK, an Engineer Advisor; Major and Mrs. Gerhard Georg LERTZ, Chief of the Paratroop Branch; Mrs. BAYERLIN, wife of Colonel BAYERLIN who is Chief of the Engineer Branch; Mr. and Mrs. HANSON, rank and duty unknown, but it is believed the HANSON's have been in Egypt for many years and have given assistance to various experts; Mr. and Mrs. Alfred DITTMAR, military rank and duties unknown; Mr. and Mrs. Ali RUSHTI, Turkish-born Egyptian now engaged in public relations work. Mrs. RUSHTI when he married three years ago is a pro-German American from SIOUX CITY, IOWA.

2. Preparing officer spent the greater part of the evening talking to Dr. Wilhelm VOSS, Colonel FERCHL and Colonel NOELLE. Among other matters which will be presented in separate reports, Dr. VOSS mentioned that a very high person in the Egyptian Government had given him a solution, which he most enthusiastically believed would be acceptable to the Egyptian Government. VOSS strongly indicated that this high Egyptian official was most anxious that VOSS pass this "acceptable solution" to preparing officer.

3. Since presentation of this solution, preparing officer has had two long private conferences with Dr. VOSS regarding details of their proposed solution.

4. At our meeting on 6 August, Dr. VOSS claimed that he received the proposed solution from Dr. Mahmoud FAWZI, the Minister of Foreign Affairs. According to VOSS, FAWZI, at frequent intervals, calls VOSS to his office and their conversations cover a great deal of territory. On Friday morning, 31 July, FAWZI called VOSS to his office and the discussion came around to the Canal Zone problem. Both VOSS and FAWZI came up with ideas on how it could be solved. Finally after a long talk, without FAWZI realizing what had happened, they came up with a solution over which FAWZI became most enthusiastic. VOSS claims that he inserted the idea of a joint committee to provide technical administration, but that FAWZI immediately took it and believes it is his (FAWZI's) idea. VOSS insists that FAWZI was most enthusiastic, and there is no question in VOSS' mind that FAWZI wanted this solution to be presented immediately to Mr. Lewis JONES (VOSS says that FAWZI knows that VOSS and JONES had lunch together recently). The VOSS-FAWZI conversation began with a general agreement that British troops must be evacuated, Egypt must have full sovereignty over the Zone, and a MEDO was essential for the protection of the Middle East. The conversation then became more definitive by a general agreement that the two major points to be solved were (1) settlement of the SUEZ basic issues, and (2) formation of a MEDO. Their conclusion regarding the settlement of the basic issues was sub-divided into four points, the priority of which both FAWZI and VOSS considered most important. The priority VOSS and FAWZI arrived at is as follows:

- a. Evacuation of British troops.
- b. Military aid for Egypt and modernization of her Armed Forces.
- c. Proclamation of Egyptian sovereignty.
- d. The establishment of a joint committee for the "technical" administration of the Base which committee would be the nucleus for a MEDO High Command.

FAWZI told VOSS that this was a very real and acceptable solution.

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5. When I asked VOSS about his and FAWZI's conclusions as to the responsibilities of the joint committee and its composition, he replied that "b" and "d" should be tied together and that by technical administration he meant the Egyptians would be charged with sovereignty, and housekeeping responsibilities for the bases while the technical committee would be charged with supervising the technical aspects of the bases. For example, the British would be charge with maintenance of stocks, stock records, raising and lowering inventory, and receipt and issue of equipment. The joint committee would supervise these activities to see that they are not contrary to Egyptian sovereignty and interest. However, VOSS pointed out that the important thing, since Egypt will not discuss technicalities on implementation until general principles have been agreed upon, the finding of general principles acceptable to both sides is the essential problem of the moment. He and FAWZI felt that the general principles contained in "a", "b", "c" and "d" are acceptable. Their implementation such as phasing of evacuation, the amount and phasing of military aid, and the exact details of the functions of the technical joint committee can be worked out by negotiation committees. VOSS is of the opinion that Egypt will want some of the Arab States represented on the joint committee as well as INDIA, and the UK may want the US to join the UK in membership.

6. VOSS appears to be concerned over the incentive for both Egypt and UK to carry out in full the terms of such an agreement. He made an analogy by saying that if Egypt purchases an aircraft factory from England such a contract should provide for penalties against each side for failure to properly live up to their contractual commitments. In the case of the Canal Bases, VOSS sees adequate incentive for Nourani to live up to the terms of its contract but feels that England should very carefully insure that emoluments to Egypt be such as to insure an Egyptian incentive.

7. FAWZI indicated to VOSS that Egypt cannot step out openly with this or any other plan for opening the negotiations. VOSS was convinced in no uncertain terms that FAWZI wanted JONES to receive this solution, and VOSS gave it to me in the hopes I would pass it to JONES. VOSS reiterated that FAWZI was most enthusiastic over this idea which he considers as being his own brain child.

8. VOSS received a call on the afternoon of 4 August from FAWZI urgently requesting that VOSS visit him in his office at 4 p.m. on 5 August. FAWZI knew that VOSS is leaving for a six-weeks leave in LEBANON on 6 August. VOSS says his curiosity is aroused because FAWZI never makes appointments at such a time in the afternoon and something important must have come up. He promised that if the conference pertains to this solution for the Canal Base negotiations, he will call me and arrange another meeting.

9. On the evening of 6 August, Dr. VOSS called preparing officer at his home stating that because of the illness of his 8-months old baby he had been forced to delay his departure for his vacation in the LEBANON until 11 August and that he was most anxious to see me as soon as possible. I spent four hours with Dr. VOSS at his home on the evening of 6 August, at which time he presented the following additional information regarding this proposed solution:

a. At his meeting at 4 o'clock on 6 August, the Foreign Minister (Dr. Mahmud FAWZI) stated "I am sure this plan would be accepted by Egypt." VOSS added that there was no doubt in his mind that FAWZI had discussed the plan with NAGIB and/or General Abdel NASSR and that they approved the plan.

b. The technical joint committee, in addition to supervising the technical activities of the Base would also supervise implementation of the other three points.

c. As is well known, neither Egypt nor GREAT BRITAIN have any faith in each other and FAWZI made it clear that the speed and method of providing military aid, as well as the amount, will be the only yardstick Egypt will have for an indication of BRITAIN's good faith.

d. Point "b" as pertains to "modernization of her Armed Forces" should be changed to read "help Egypt's industrialization."

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On 5 August, Dr. VOSS had dinner with Baron Dietrich Von LIRBACH, the Counselor of the German Embassy in Cairo. Von LIRBACH told VOSS that MAGUIE had presented a plan for the SUZL EASE solution also to the German Ambassador PANELLE with a request that he communicate it to the American Ambassador. VOSS went on to say that Von LIRBACH had said PANELLE had discussed it with the American Ambassador who suggested it be sent to the British Charge d'Affaires. Von LIRBACH also said that he had taken the plan, as given by MAGUIE to PANELLE, to Mr. Lewis JONES, American Counselor of Embassy. Since VOSS had not heard before of this contact through the German Ambassador, he asked Von LIRBACH to describe this solution and according to VOSS it differed too far from the plan PANII and VOSS had developed. VOSS mentioned that one of the differences was in the order of priority of the four specific points. (Comment: preparing officer has seen the plan allegedly given by MAGUIE to PANELLE and finds that to differ in that it makes no mention of HEDD other than to say its formation. By this plan, cannot be considered and it discusses in some detail the time limit for the operation of the joint committee.)

Full details of the plan presented by Dr. VOSS to preparing officer, by way of the above-mentioned contacts thus far had between preparing officer and the German Embassy, and a copy of information obtained by preparing officer as a result of this contact, have been provided the Ambassador and passed by the Embassy to the British Ambassador. (Cairo Embassy Message 246 dated 7 Aug 50.)

[The following section of the document is extremely faint and largely illegible due to heavy noise and low contrast in the scan. It appears to contain several paragraphs of text, possibly including a list of points or a detailed description of the plan mentioned in the previous sections.]

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