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12 September 1947

MEMORANDUM FOR THE ASSISTANT DIRECTOR FOR OPERATIONS:

SUBJECT: Status of Reciprocity Negotiations with the British

The present status of the reciprocity negotiations with the British Government for the free exchange of monitored information is as follows:

1. The Foreign Office, representing the British Government, in a letter to me on 14 June 1947 has approved the monitoring reciprocity (TAB 7) proposed by CIG including the transfer of the Cairo post to Cyprus, but not including the payment of communications from Cyprus to London by the British.

2. The Foreign Office has recommended to the British Treasury that it give approval for BBC to pay the cost of commercial communications from Cyprus to London.

3. The British Treasury has concurred with this request if BBC can defray the cost out of its present appropriation.

4. BBC can handle this cost during this fiscal year but cannot make a commitment to CIG for the succeeding fiscal year beginning 1 April 1948 until it receives its appropriation for that fiscal year.

5. On 8 August 1947, I wrote to the Director of the SSG Monitoring Service outlining our proposal for reciprocity between BBC and FBIS (TAB 1) following the receipt of the agreement in principle from the British Government to the general idea. BBC has not replied to this letter to date due to the fact that it can only give agreement for the present fiscal year to the question of paying for commercial communications from Cyprus. Such a reply would be purely academic since we will not be in operation on Cyprus before the expiration of their fiscal year on March 31, 1948. Therefore, BBC desires to postpone an answer to this letter until it receives its allocation of funds for fiscal year 1949. It expects to receive this allocation of funds within three weeks whereupon it will reply to my letter of 8 August and agree to assuming the cost of these communications if it receives sufficient funds from the Treasury.

The financial negotiations described above are tied in with the present British financial plight. The Treasury holds the whip hand over every government operation and will be the agency to make the decision as to whether BBC can pay the fifteen thousand pounds (\$60,000) involved in the Cyprus communications cost.

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I would advise that we make no further move until we receive a reply to my letter of 8 August. I was assured that such a reply would be forthcoming within three weeks and if we make any commitments prior to that time, it may lead them to believe that the United States would assume responsibility for these communications in order to protect any investment made on Cyprus.

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Chief, FBIS

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