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*Egyptian*

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TO WHITE HOUSE

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FEBRUARY 3, 1974

TO: SECRETARY KISSINGER  
FROM: AMBASSADOR EILTS, CAIRO 109  
HAVE JUST HAD HOUR LONG MEETING WITH DAVID ROCKEFELLER  
AND VISITING CHASE GROUP. THEY SAW HEGAZI, FAWZI, FAHMY,  
MINISTER OF RECONSTRUCTION OSMAN AND HEAD OF SUEZ CANAL AUTHORITY  
MASHOUR YESTERDAY AND ROCKEFELLER IS SEEING SADAT LATER  
TODAY. WE DISCUSSED SEVERAL MATTERS:

ON-FILE NSC RELEASE  
INSTRUCTIONS APPLY

A. SUEZ CANAL CITIES RECONSTRUCTION: ROCKEFELLER  
RECOUNTED THAT IN HIS VARIOUS MEETINGS OF YESTERDAY,  
ONLY FAHMY HAD BEEN A BIT AGGRESSIVE. HE HAD CHARGED  
USG HAS NOT YET DONE ANYTHING TO SHOW APPRECIATION FOR  
WHAT SADAT HAS DONE. SPECIFICALLY, HE SUGGESTED USG SHOULD  
PROVIDE ASSISTANCE OF SOMEWHAT OVER SEVEN BILLION  
DOLLARS TO RECONSTRUCT DESTROYED SUEZ CITIES AND  
CLAIMED HE WAS STILL AWAITING A REPLY TO AN EARLIER  
PROPOSAL THAT HE HAD ALLEGEDLY MADE TO THAT EFFECT. I TOLD  
ROCKEFELLER THAT NO SUCH PROPOSAL HAD BEEN MADE TO ME. I  
RECALLED THAT SOME MONTHS AGO FAHMY, WHEN TURNING DOWN OUR  
REQUEST TO USE A MILLION EGYPTIAN POUNDS FOR UNEF PURPOSES, HAD  
COUNTERED WITH THE OFFHAND REMARK WE SHOULD USE FORTY OR  
FIFTY MILLION OF OUR EGYPTIAN POUNDS FOR SUEZ CANAL CITIES  
RECONSTRUCTION ON GROUNDS WE WERE INDIRECTLY RESPONSIBLE FOR  
THEIR DESTRUCTION. I TOLD ROCKEFELLER I COULD NOT REGARD THIS  
AS A SERIOUS PROPOSAL.

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ROCKEFELLER SUGGESTED THAT IT MIGHT BE USEFUL IF  
WE CHOSE ONE OR TWO IMPACT PROJECTS SOMEWHERE IN SUEZ  
CANAL CITIES FOR USG RECONSTRUCTION ASSISTANCE AND  
SUGGESTED PERHAPS HOSPITALS. I TOLD HIM THAT FROM MY  
VANTAGE POINT I WAS SYMPATHETIC TO SUCH AN IDEA, BUT I  
THOUGHT WE SHOULD ALL RECOGNIZE THAT UNTIL SUCH TIME AS  
OIL EMBARGO IS LIFTED, IT WILL BE EXTREMELY DIFFICULT  
TO THINK IN TERMS OF ANY LARGE SCALE USG ASSISTANCE  
PROGRAM. MOREOVER, HAVING IN MIND THE KIND OF COMMENT

State Dept. review completed

\*\*\*\*\* W H S R C O M M E N T \*\*\*\*\*

HAK, SCOWCROFT, MCFARLANE, RODMAN

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FAHMY AND OTHERS HAVE MADE OF ALLEGED USG INDIRECT RESPONSIBILITY FOR DESTRUCTION OF SUEZ CANAL CITIES, I HAD PERSONAL DOUBTS ABOUT RECONSTRUCTING HOSPITALS. EGYPTIANS WOULD BE LIKELY TO CAST THIS IN TERMS OF COMPENSATORY HELP. IT WOULD BE BETTER TO THINK OF SOMETHING ELSE. TO DO SO, HOWEVER, WE REALLY HAVE TO KNOW A LITTLE MORE ABOUT JUST WHAT IS GOING TO BE DONE IN SUEZ CANAL CITIES RECONSTRUCTION THAN WE DO NOW. WE ARE NOT YET ABLE TO VISIT THESE AREAS AND IT IS DIFFICULT TO TALK ABOUT ANY PROJECTS OF THAT SORT SIGHT UNSEEN.

2. POSSIBILITY OF CHASE BANK OPENING HERE:

ROCKEFELLER TOLD ME THAT IN HIS PREVIOUS MEETING WITH SADAT LAST SEPTEMBER, THE PRESIDENT HAD UNEXPECTEDLY SUGGESTED CHASE OPENING A BRANCH IN CAIRO. HE HAD IN PAST FEW DAYS SOUNDED OUT APPROPRIATE ISRAELI OFFICIALS AS TO THEIR REACTION TO ANY SUCH STEP AND HAD FOUND THEM AGREEABLE. HE INTENDS THEREFORE TO RAISE MATTER AGAIN IN HIS MEETING WITH SADAT TODAY AND ASCERTAIN WHAT PRESIDENT MAYAVE IN MIND IN TERMS OF TIMING. SUCH ACTION MIGHT BE TAKEN IN TWO STAGES: FIRST, ESTABLISHMENT OF A CHASE REPRESENTATIVE HERE, AND SECOND, AT SOME LATER DATE, FORMAL ESTABLISHMENT OF A CHASE BANK IN CAIRO. ONE OF HIS AIDES THEN REPORTED THAT HEGAZY HAD INFORMED HIM YESTERDAY THAT, PURSUANT TO SADAT'S INSTRUCTIONS, ARRANGEMENTS WOULD SHORTLY BE MADE FOR CHASE TO ACQUIRE A 49 PERCENT EQUITY INTEREST IN A JOINT CAIRO BANKING VENTURE TO CONSIST OF THE NATIONAL BANK OF EGYPT, KAISSOUNI'S NEW EGYPTIAN INTERNATIONAL BANK, AND CHASE. ROCKEFELLER THOUGHT THIS WAS ACCEPTABLE.

ROCKEFELLER NOTED THAT AT THE APPROPRIATE TIME AN ANNOUNCEMENT WOULD HAVE TO BE MADE AND THOUGHT THIS SHOULD BE AS SOON AS POSSIBLE SINCE THE NEWS IS BOUND TO LEAK OUT. I SUGGESTED HE DISCUSS TIMING OF ANY SUCH ANNOUNCEMENT WITH SADAT AND BE GUIDED BY HIS VIEWS. IN ANSWER TO ROCKEFELLER'S SPECIFIC QUESTION, I EXPRESSED MY PERSONAL VIEW THAT AN ANNOUNCEMENT A CHASE REPRESENTATIVE WILL SHORTLY BE ESTABLISHED HERE WILL BE A FURTHER PLUS IN OUR EFFORTS TO STRENGTHEN US-EGYPTIAN RELATIONS.

3. SUMED DISCUSSIONS: ROCKEFELLER ASKED ABOUT CURRENT STATUS OF SUMED TALKS. ONE OF THE MEMBERS OF THE BECHTEL NEGOTIATING TEAM, DORMAN, HAD APPARENTLY BRIEFED A CHASE REPRESENTATIVE A FEW DAYS AGO. CHASE, ROCKEFELLER INDICATED, IS CONSIDERING PROVIDING THE EGYPTIAN SIDE WITH SOME FINANCIAL ASSISTANCE ON THIS PROJECT. SINCE THE CHASE PEOPLE APPEARED TO HAVE THE IMPRESSION (I SUSPECT FROM HEGAZY RATHER THAN DORMAN) THAT THE PRINCIPAL OUTSTANDING PROBLEMS WERE VIRTUALLY SOLVED, I OUTLINED FOR THE GROUP PRESENT STATE OF PLAY. I POINTED OUT BECHTEL TEAM HAD BEEN TOLD THERE WAS NO ONE AVAILABLE TO DISCUSS THE

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CONTRACT AND OUTSTANDING ISSUES UNTIL THE SUMED BOARD MEETS LATER THIS MONTH AND ORGANIZES ITSELF. AT SAME TIME, EGYPTIANS HAD ASKED BECHTEL TO EXTEND THE CONTRACT WITHOUT ANY SATISFACTORY ASSURANCES THAT THE OUTSTANDING ISSUES WOULD BE EXPEDITIOUSLY RESOLVED. I UNDERSTOOD THE BECHTEL GROUP WAS NOW IN TOUCH WITH STEVE BECHTEL, JR., TO OBTAIN A HIGH LEVEL DECISION AS TO WHETHER TO ACCEDE, AND NOTED I HAD RECOMMENDED WE URGE STEVE BECHTEL TO BE AS FLEXIBLE AS POSSIBLE. ROCKEFELLER SAID HE WILL ALSO GET IN TOUCH WITH STEVE BECHTEL SOME TIME TOMORROW AND SUPPORT PROJECT. HE PLANNED TO SUGGEST TO STEVE BECHTEL THAT HE COME TO CAIRO AT APPROPRIATE TIME TO HELP RESOLVE ISSUE AND ASKED IF I THOUGHT SADAT WOULD SEE HIM. I NOTED THAT INITIAL POINT OF CONTACT OUGHT TO BE HEGAZY, BUT TOLD HIM I WAS SURE MEETING WITH SADAT COULD AND SHOULD ALSO BE ARRANGED.

4. OIL EMBARGO: IN A BRIEF DISCUSSION OF THE URGENCY OF LIFTING THE OIL EMBARGO, I POINTED OUT THAT SADAT HAS TRIED TO BE HELPFUL. THERE HAVE NEVERTHELESS BEEN SOME RECENT STATEMENTS BY VARIOUS OTHER ARAB STATES THAT THEY MIGHT BE DIFFICULT ON THIS POINT. I SUGGESTED THAT ROCKEFELLER MIGHT SAY A WORD TO SADAT ON THE CRITICAL IMPORTANCE OF THE EARLY LIFTING OF THE OIL EMBARGO IF OUR EFFORTS TOWARD WORKING OUT A JUST AND DURABLE MIDDLE EAST PEACE SETTLEMENT ARE TO BE CONTINUED. I ALSO POINTED OUT THAT OUR ABILITY TO BE OF HELP TO EGYPT IN SOME OF ITS ECONOMIC PROBLEMS MUST DEPEND UPON THE EXPEDITIOUS LIFTING OF THE EMBARGO. I REITERATED THAT SADAT HAS SOUGHT TO BE HELPFUL, BUT SUGGESTED THAT A REMINDER OF THE IMPORTANCE OF THIS ISSUE FROM SOMEONE AS PROMINENT AS ROCKEFELLER WOULD NOT HURT.

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