

An Egyptian-Soviet Agreement about the Aswan Dam Construction (1959)

Source reference:

Russian State Archive of the Economy (Russian: *Rossiiskii gosudarstvennyi arkhiv ekonomiki*, RGAE), *fond 7590, opis 17, delo 249*.

Source:

[cover sheet]

State Committee of the Council of Ministers of the U.S.S.R. for Foreign Economic Relations
January 9, 1959, No. A6-70/13

To the Chairman of the Board of the U.S.S.R. State Bank, Comrade Korovushkin A.K.

I am sending a copy of the agreement on the provision by the Union of Soviet Socialist Republics of economic and technical assistance to the United Arab Republic in the construction of the first stage of the Aswan High Dam, signed in Cairo on December 27, 1958.

The said agreement is subject to ratification and will enter into force on the day of the exchange of ratification instruments, of which you will be notified additionally.

Additional text: on 7 sheets,

Head of the Contractual and Legal Department

V. Tenliakov

[stamped: Chancellery of the U.S.S.R. State Bank incoming no. 101, 10 1 1959]

[page 1]

COPY

AGREEMENT

ON THE PROVISION BY THE UNION OF SOVIET SOCIALIST REPUBLICS of economic and technical assistance to the United Arab Republic in the construction of the first stage of the High Aswan Dam.

The Government of the Union of Soviet Socialist Republics and the Government of the United Arab Republic,

Proceeding from the friendly relations existing between the Soviet Union and the United Arab Republic,

Striving for the further development and strengthening of economic and technical cooperation based on the principles of equality, non-interference in internal affairs and full respect for the national dignity and sovereignty of both countries, and

Considering the great national economic significance of the construction of the High Aswan Dam for the United Arab Republic,

have agreed as follows:

Article 1

The Government of the Union of Soviet Socialist Republics, in order to promote the economic development of the Impoverished Arab Republic and in response to the wishes of the Government of the United Arab Republic, expresses its consent to cooperate with the Government of the OAS in the construction of the first stage of the High Aswan Dam.

This stage includes the upstream rigging of the dam itself, 50 meters high and 600 meters long, water diversion structures, gates, equipment and mechanisms necessary for these structures. These dimensions are approximate and will be agreed upon by the parties when refining the project or when it is found appropriate during construction.

[page 2]

The first stage of the Aswan High Dam also includes the reconstruction of basin irrigation, the construction of new irrigation systems and the reclamation of lands necessary for the use of

additional water obtained as a result of the construction of the first stage. The volume of technical assistance that will be provided by the Soviet Union in the implementation of these works will be determined by the parties after the completion of the necessary survey work in this area.

It is understood that all expenses of the Soviet Party, both for the construction of the dam itself and for the reconstruction of basin structures and other irrigation works, related to the credit, will be made within the limits of the amount of the credit provided in accordance with Article 5 of this agreement.

Article 2

In order to implement the cooperation provided for in Article 1 of this Agreement, the Government of the Union of Soviet Socialist Republics shall ensure:

- a) the execution by Soviet organizations of the project for organizing the work, the necessary and mutually agreed upon survey and research work, taking into account any improvements in the details of the protector that they may deem necessary and agree with the appropriate organizations of the U.A.R. All of the above must be completed as soon as possible and must correspond to the hydraulic conditions and initial data submitted by the U.A.R., taking into account the requirements imposed on the dam at its final stage:
- b) the delivery, in full coordination, of valves, machines, equipment with sets of spare parts, as well as materials needed but lacking in the U.A.R., for the successful construction and operation of the first stage of the High Aswan Dam and related structures:
- c) the provision of the necessary technical assistance in construction, for which purpose Soviet specialists will be sent in an amount agreed upon by the parties.

[page 3]

Article 3

The U.A.R. Government shall establish a special organization for the administrative and technical management and financing of construction.

The work required by the U.A.R. for the first stage of construction of the High Dam shall be carried out by contractors agreed upon by both parties under this Agreement and using equipment supplied from the Soviet Union and the secondment of Soviet experts and specialists.

The contracts to be concluded between the U.A.R. and the contractors shall stipulate, in addition to the obligation to carry out the work in accordance with the regulations, specifications and all other obligations to be fulfilled by the contractors, as well as the obligation of the U.A.R. to provide auxiliary facilities and services.

The above-mentioned special organization shall ensure that the contractors fulfill their obligations under the contract and shall also provide the facilities and services stipulated by the contract.

Article 4

The Soviet organizations will be responsible for the technical management of the construction and structures of the first stage of the High Aswan Dam, for the prompt execution of all construction work, the strength of the structures, the installation of equipment and its commissioning within the timeframes agreed upon by the parties, provided that the U.A.R. Special Organization and contractors specified in Article 3 of this Agreement fulfil the schedules of research, construction and installation work agreed upon by the parties.

For this purpose, the Soviet organizations will send to the U.A.R. a highly qualified expert together with an appropriate number of Soviet engineers, technicians and skilled workers by mutual agreement of the parties.

The Soviet expert will provide assistance to the Director General of the U.A.R. Special Organization mentioned in Article 3 of this Agreement and, by mutual agreement, will

coordinate the work of Soviet specialists and U.A.R. specialists in the technical management of the above-mentioned work.

[page 4]

Article 5

To cover the expenses of Soviet organizations associated with the execution of design, survey and research work, the supply of machinery, equipment and materials, determined on the basis of FOB prices to Soviet ports, as well as the costs of travel of Soviet specialists to the U.A.R., the Government of the Union of Soviet Socialist Republics has requested that the Government of the United Arab Republic receive a loan in the amount of up to 400 million rubles (one ruble contains .222168 grams of pure gold).

In the event that the total cost of the above-mentioned machinery, equipment, valves and materials, estimated on the basis of FOB Soviet ports prices, as well as the travel expenses of Soviet specialists and other expenses incurred by Soviet organizations in connection with the provision of technical assistance under this Agreement, exceeds the amount of the credit of 400 million rubles, then such excess must be paid by the Government of the U.A.R. by supplying U.A.R. goods to the U.S.S.R. in accordance with the current Trade and Payment Agreements between the U.S.S.R. and the Egyptian Regions of the U.A.R..

Article 6

The Government of the United Arab Republic shall repay the loan provided to it in accordance with Article 5 of this Agreement in equal annual instalments over a period of 12 years, beginning one year after the completion of the first stage of the Aswan Pipeline and the filling of the reservoir, but not later than January 1, 1964, whereby the date of use of the loan for equipment, machinery and materials shall be considered the date of the bill of lading, and for the payment of engineering, research and survey work, as well as the expenses of sending Soviet singers to the U.A.R. - the date of the invoice.

Interest on the loan in the amount of 2.5% per annum shall be accrued from the date of use of the corresponding portion of the loan and shall be paid within the 11th quarter of the year following the year for which they are accrued.

[page 5]

Article 7

Payments to repay the loan and to pay the interest accrued on it will be made by the Government of the U.A.R. by crediting the corresponding amounts in Egyptian pounds (one Egyptian pound contains 2.55187 grams of pure gold) to a separate account to be opened by the Central Bank of the U.A.R. of the Egyptian Region in the name of the State Bank of the U.S.S.R..

The conversion of rubles into Egyptian pounds will be made based on the gold content of the ruble and the Egyptian pound on the day of payment.

The amounts credited to this account will be used in full by Soviet organizations for the purchase of goods in the Egyptian Region of the U.A.R. under the current Trade and Payment Agreements between the U.S.S.R. and the Egyptian Region of the U.A.R. and/or may be freely converted into pounds sterling or another freely convertible currency that will be agreed upon between the parties.

In the event of a change in the parity of the Egyptian pound, the balance formed in the account of the State Bank of the U.S.S.R. in the Central Bank of the U.A.R. of the Egyptian Region on the day of such a change will be recalculated in accordance with the previous change in the gold content of the Egyptian pound.

Article 8

For the purpose of recording the use and repayment of the credit provided under this Agreement and paying the accrued interest on it, the State Bank of the U.S.S.R. and the Central Bank of the U.A.R. of the Egyptian Region will open special credit accounts for each other and jointly establish a technical procedure for maintaining the said accounts and settlements on the credit.

Article 9

The Government of the United Arab Republic will pay the Soviet Side for the expenses of Soviet organizations associated with the maintenance and transfer throughout the territory of the U.A.R. of Soviet specialists sent to provide technical assistance in accordance with

[page 6]

by this agreement, by crediting the corresponding amounts in Egyptian pounds, stipulated in the contracts, to the credit of the 'general account', opened in the name of the State Bank of the U.S.S.R. in the Central Bank of the U.A.R. of the Egyptian region in accordance with the current Payment Agreement between the U.S.S.R. and the Egyptian region of the U.A.R.

Article 10.

The supply of equipment, machines and materials from the U.S.S.R., the execution of construction, survey and research work, the secondment of Soviet specialists to the U.A.R. will be carried out on the basis of contracts to be concluded between the relevant Soviet organizations and the special organization of the U.A.R., stipulated in Article 3 of this Agreement.

In particular, these contracts shall define the volume, terms, cost, guarantees of the quality of the equipment and ours and their compliance with the design capacity, the responsibility of the parties in the event of *force majeure* circumstances and violation of patent rights, as well as other detailed conditions for the fulfilment of the obligations of the Soviet side under this Agreement.

Moreover, the prices of equipment, machinery and materials supplied to the U.A.R. in accordance with this Agreement will be determined on the basis of world market prices.

Article 11

Without prejudice to the provisions of Article 5, which provides for the allocation of the cost of equipment, machinery and materials to credit for the purposes of FOB Soviet ports, the supply of equipment, machinery and materials from the U.S.S.R. will be carried out on the terms of CIF ports of the Egyptian region of the U.A.R. Insurance and freight will be paid by the U.A.R. authorities at the cost of actual expenses separately in accordance with the current Trade and Payment Agreements between the U.S.S.R. and the Egyptian region of the U.A.R.

Sea transportation of the said equipment and materials will be carried out on the basis of an Agreement on Sea Transportation concluded between the contracting parties on 18 September 1958.

[page 7]

Article 12

In the event of any dispute or disagreement that may arise between the Soviet organizations and the Egyptian authorities on any issue arising out of this Agreement or connected with its implementation, representatives of the Government of the U.S.S.R. and the Government of the Democratic Arab Republic will consult each other and make efforts to achieve a mutual settlement of the said dispute or disagreement.

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This Agreement shall be ratified as soon as possible and shall enter into force on the day of the exchange of instruments of ratification, which shall take place in Moscow.

Done in Cairo on December 27, 1958, in two copies, each in the Russian and Arabic languages, both texts being equally authentic.

By authority of the Government of the Union of Soviet Socialist Republics E. Kiselev, P. Nikitin

By authority of the Government of the United Arab Republic A. Amer.

Blurb:

This document, written by the State Committee of the Council of Ministers of the Soviet Union for Foreign Economic Relations' Contractual and Legal Department, conveys to the Chairman of the Board of the U.S.S.R. State Bank an agreement between the U.S.S.R. and the "southern region of the United Arab Republic" i.e. Egypt. The State Committee for Foreign Economic Relations (Russian: *Gosudarstvennyi komitet po vneshnim ekonomicheskim svyaziam*, G.K.E.S.) was created in 1955 and managed foreign aid programs until the end of the U.S.S.R. This document, generated in the third year of the G.K.E.S., describes what can be considered its greatest achievement, the construction of a High Dam at Aswan. The 7-page document and the cover letter that prefaces it govern terms of employment for approximately 34,000 people and a budget of approximately \$7,136,036,160 (current value). This document pegs values to gold, authorizing use of convertible currencies. Soviet Ambassador to Egypt Yevgeny Dmitrievich Kiselev and Vice Chairman of the State Committee of the U.S.S.R. Council of Ministers for Foreign Economic Relations P. V. Nikitin signed on behalf of Moscow; then Vice-President of Egypt and Minister of Defence Mohamed Abdel Hakim Amer signed for Cairo. Let me continue with a note on access to this source. At present, the U.S. International Trade Administration has placed sanctions and exports controls, sunseting research collaborations which limit some historians' access to documents. Consequently, for access to this document, thanks are due to 'The Bridge: Connecting Past and Present Through Archival Research on Russia' of the Monterey Initiative in Russian Studies at the Middlebury Institute of International Studies at Monterey, the National Security Archive at George Washington University, with support from the Carnegie Corporation of New York. While currently located in the Russian State Archive of the Economy (Russian: *Rossiiskii gosudarstvennyi arkhiv ekonomiki*, RGAE), *fond 7590, opis 17, delo 249*, it seems additional copies of this document are in other collections, possibly including a Russian Ministry of Foreign Economic Ties Archive. This archive allegedly contains records of the Ministry's Department for Economic Cooperation with Countries of the Near and Middle East (*fond 365*) duplicated many of those in RGAE, including the State Committee for Foreign Economic Ties, Directorate for Scientific-Technical Cooperation (*fond 9493*), perhaps including this treaty as well.

Over the decades this document remained deep within archival collections, it was referenced in the context of such varied political processes as testimony to the U.S. *Congressional Record* (1959, p. 10975); the *Chronicle of United Nations Activities*, vols. 6-7 (1960, p. 2325); and the U.S. Congress, Joint Economic Committee, *Dimensions of Soviet Economic Power* (1962, pp. 462, 469). Yitzhak Oron provided background notes on this treaty in *Middle East Record*, vol. 1 (1960, p. 524), as well as George Ginsburgs and Robert Melville Slusser in *A Calendar of Soviet Treaties: 1958-1973* (1981, p. 887). More recently, Arthur Goldschmidt alluded to this document in the *Historical Dictionary of Egypt* (2023, p. 55); Ray Bush in *Economic Crisis and the Politics of Reform in Egypt* (2019), Alexey Vasiliev in *Russia's Middle East Policy* (2018), P. R. Kumaraswamy in the *Historical Dictionary of the Arab-Israeli Conflict* (2015, p. 101); and John Waterbury in *The Nile Basin: National Determinants of Collective Action* (2002, p. 136).

Content-wise, this document occupies a key role between two reigning paradigms regarding Soviet foreign policy regarding the 'third world', the 'developing world', as well as the 'global South'. It has become a commonly-accepted paradigm that during the period I. V. Stalin was general secretary of the Communist Party of the Soviet Union (C.P.S.U.), the official "two camps" ideology constrained diplomatic and economic relations between Moscow and, for example, Cairo (Amin 2010, p. 224; Henkin 2015, p. 24; Khalidi 2009, chapter 2, n. 1; Leffler and Painter 2005, pp. 44, 54; Natufe 2011, p. 77; and Stevens 1976, p. 11, as well as many others). After Stalin's unexpected death in March 1953, the 20th Congress of the Communist Party of the Soviet Union in February 1956, with the 'secret speech' of N.S. Khrushchev at the 20th Congress that diplomatic and economic relations between Moscow and Cairo began to

flourish (Blackledge 2013, p. 154; During 2009, p. 169; Fursenko and Naftali 2010, p. 87; Ghodsee 2011, p. 197; and Kirasirova 2024, p. 157, as well as many others).

A new paradigm is emerging which identifies origins for diplomatic and economic relations between Moscow and Cairo in deeply rooted cultural practices as well as well-established state institutions which preceded A. A. Zhdanov's 'two-camps' speech of September 1947. Numerous historians acknowledge a role for hero of World War II and Marshal of the Soviet Union G. K. Zhukov as military advisor to Egypt's armed forces (Axell 2003, p. 221; Dawisha 1979, p. 147; Kalinovsky and Radchenko 2011, p. 165; Kyle 2011, p. 400; and Natufe 2011, p. 202, as well as many others). As context for appeals to Moscow on the occasion of arrest, show trials, and torture of Egyptian communists at the hands of President Gamal Abdel Nasser's nominally socialist regime (Ginat 2023), Eileen Kane, Masha Kirasirova, and Margaret Litvin's collection *Russian-Arab Worlds: A Documentary History* includes both eighteenth- and nineteenth-century documents (2023).

Mutual reliance on a concept of *longue durée* which emphasizes the importance of long-term structures and processes in shaping historical events categorize these contributions in a loose grouping. Cited historians derive indirect or direct inspiration from the work of historian Fernand Braudel who is credited with introducing a scale of historical reckoning which exceeds any individual event, specific leader, or brief span of time, preferring those "deep rules and patterns that underwrote social experience over a definite if definitely protracted span of time" (Garrett 2018, p. 13). After World War II, Braudel published his *La Méditerranée et le Monde méditerranéen à l'époque de Philippe II* (1949), followed by an academic article which roughly coincided with the document translated here in which he identified geography and economic systems as structures imposing broad patterns on political and social history (1958, pp. 731-733).

Citations:

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Source selected, translated, and annotated by Elizabeth Bishop.