

# Egyptian Nationalization of the Suez Canal Company and Initial Western Reactions, July 26–August 2, 1956

Speech by President Nasser, Alexandria, July 26<sup>1</sup>

[Extract]

[Speaking of a meeting with Mr. Eugene R. Black, President of the International Bank for Reconstruction and Development, with which Egypt had been negotiating for a loan to help finance the construction of a high dam on the Nile at Aswan, Mr. Nasser said:]

## *The Suez Canal*

I began to look at Mr. Black sitting in his chair imagining that I was sitting before Ferdinand de Lesseps.

I recalled the words which we used to read. In 1854, Ferdinand de Lesseps arrived in Egypt. He went to Mohamed Said Pasha, the Khedive. He sat beside him and told him "We want to dig the Suez Canal. This project will greatly benefit you. It is a great project and will bring excellent returns to Egypt."

While Black was speaking to me, I felt the complexes which his words revived. I was again carried back to Ferdinand de Lesseps.

I told him we have complexes from such matters, and we do not want to see another Cromer governing us again. Loans and interests on these loans have ended in the occupation of our country. I requested him to take this into consideration. We have complexes from De Lesseps and from Cromer, and from political occupation through economic occupation.

That was the picture I had in mind, the picture of De Lesseps who arrived on November 7, 1854. He arrived in Alexandria and began to work cautiously and treacherously. On November 30, 1854, he had already contacted the Khedive and obtained the Concession for the

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<sup>1</sup>Translation transmitted by the American Embassy at Cairo, based on the Arabic press text, which in turn was checked against a tape recording of the speech itself.

Canal from him. The Concession said: "Our friend De Lesseps has drawn our attention to the benefits which will accrue to Egypt by joining the Mediterranean and the Red Sea by a waterway for the passage of ships. He informed us of the possibility of forming a company for this purpose to comprise the investors of capital. We have approved the idea and have authorised him to form and to operate a company for the digging of the Suez Canal and to exploit it between the two seas."

This was in 1854. In 1856, a hundred years ago, a Firman was issued whereby the company was formed. Egypt got 44% of the shares and bound herself with certain obligations to De Lesseps. The De Lesseps company is a private company! It has nothing to do with governments, domination, occupation or imperialism! De Lesseps told the Khedive "I am your friend, I have come to benefit you, and to dig a canal between the two seas for your advantage."

The Suez Canal Company was formed, and Egypt got 44% of the shares. Egypt undertook to supply labour to dig the Canal by corvee, of whom 120,000 died without getting paid. We also paid De Lesseps in order that he might give up some concession. We gave up the 15% of the profits which we were supposed to get over and above the profits of our 44% of the shares. Thus, contrary to the statements made by De Lesseps to the Khedive in which he said that the Canal was dug for Egypt, Egypt has become the property of the Canal.

Article 16 of the agreement concluded on February 22, 1866, stipulated that in view of the fact that the Suez Canal Company is an Egyptian company, it is subject to the country's laws subject neither to the country's laws nor its regulations.<sup>2</sup> It considers itself a state within a state. The disputes which arise between Egypt and the Company or between individuals of any nationality are to come before Egyptian courts in accordance with the regulations set forth by the laws of the country. Egyptian courts are competent in giving their verdict with regard to disputes which may come up between the Egyptian government and the company according to Egyptian laws.

The result of the words of De Lesseps in 1856, the result of friendship and loans, was the occupation of Egypt in 1882.

Egypt then borrowed money. What happened? Egypt was obliged, during the reign of Ismail, to sell its 44% of the shares in the company. Immediately, England sent out to purchase the shares. It bought them for 4 million pounds. Then, Ismail gave up his 5% of the company's profits against the ceding of some concessions by the Company which were granted to it.

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<sup>2</sup> Apparently garbled. For the text of the agreement, see *ante*, pp. 9-16.

The [n?] Ismail was obliged to pay to Britain the 5% profit which he had relinquished. This amounted to over 4 million pounds. In other words, Britain got Egypt's 44% of the Company's shares free. This was the history which took place a century ago.

Is history to repeat itself again with treachery and deceit? Will economic independence [words omitted?] or economic domination and control be the cause of the destruction of our political independence and freedom?

Brothers, it is impossible that history should repeat itself.

Today, we do not repeat what happened in the past. We are eradicating the traces of the past. We are building our country on strong and sound bases.

Whenever we turn backwards, we aim at the eradication of past evils which brought about our domination, and the vestiges of the past which took place despite ourselves and which were caused by imperialism through treachery and deceit.

Today, the Suez Canal where 120,000 of our sons had lost their lives in digging it by corvee, and for the foundation of which we paid 8 million pounds, has become a state within the state. It has humiliated ministers and cabinets.

This Canal is an Egyptian canal. It is an Egyptian Joint Stock Company. Britain has forcibly grabbed our rights, our 44% of its shares. Britain still collects the profits of these shares from the time of its inauguration until now. All countries and shareholders get their profits. A state within the state; an Egyptian Joint Stock Company.

The income of the Suez Canal Company in 1955 reached £E. 35 million, or 100 million dollars. Of this sum, we, who have lost 120,000 persons, who have died in digging the Canal, take only £E. 1 million or 3 million dollars! This is the Suez Canal Company, which, according to the Firman, was dug for the sake of Egypt and its benefit!

Do you know how much assistance America and Britain were going to offer us over 5 years? 70 million dollars. Do you know who takes the 100 million dollars, the Company's income, every year? They take them of course.

It is no shame that I may be poor and borrow money to build my country. It is no shame that I should attempt to get aid for the sake of my country. But, it is shameful that I suck peoples' blood and rights.

We shall not repeat the past. We shall eradicate it by restoring our rights in the Suez Canal. This money is ours. This Canal is the property of Egypt because it is an Egyptian Joint Stock Company.

The Canal was dug by Egypt's sons and 120,000 of them died while working. The Suez Canal Company in Paris is an imposter company. It usurped our concessions.

When De Lesseps came over to Egypt, his arrival was the same as Black who came to Egypt to talk with me. The same action.

But history will never repeat itself. On the contrary, we shall build the High Dam. We shall restore our usurped rights. We shall build the High Dam as we want it. We are determined to do it. £E. 35 million the company gets every year; let Egypt take it. 100 million dollars are collected every year by the company which collects them for the benefit of Egypt. Let it be so, and Egypt will collect the 100 million dollars for the benefit of Egypt.

Thus, today, citizens, when we build the High Dam, we are actually building the dam to defend our dignity, freedom and pride, and to eradicate humiliation and submission.

### *We Shall Fight to the Last*

Egypt—the whole of Egypt—one national front—one unified and solid front—announces that it will fight to the last drop of its blood. Everyone of its sons will be like Salah Mustafa and Mustafa Hafez. We shall all fight to the last drop of our blood for building our country, for the sake of Egypt. We shall not let war mongers, imperialists or those who trade in human beings dominate us. We shall depend on our hands and on our blood. We are rich, but we were careless. We shall restore these rights. The battle continues. We shall restore these rights step by step. We shall realise everything. We shall build a strong and dignified Egypt, the Arab Egypt.

### *Nationalisation of the Company*

Therefore, I have signed today the following law which has been approved by the Cabinet: [reads text of decree<sup>3</sup>]

Citizens,

We shall not let imperialists or exploiters dominate us. We shall not let history repeat itself once more. We have gone forward to build a strong Egypt. We go forward towards political and economic independence. We go forward towards national economy for the sake of the whole people. We go forward to work. But, whenever we look behind, we do so to destroy the traces of the past, the traces of slavery, exploitation and domination.

Today, citizens, rights have been restored to their owners. Our rights in the Suez Canal have been restored to us after 100 years.

<sup>3</sup> For text of decree, see *post*, pp. 30–32.

Today, we actually achieve true sovereignty, true dignity and true pride. The Suez Canal Company was a state within a state. It was an Egyptian Joint Stock Company, relying on imperialism and its stooges.

The Suez Canal was built for the sake of Egypt and for its benefit. But it was a source of exploitation and the draining of wealth.

As I said a short while ago, it is no shame to be poor and to work for the building of my country. But it is shameful to suck blood. They used to suck our blood, our rights and take them.

Today, when we regain our rights, I say in the name of the people of Egypt that we shall defend these rights and shall hold fast. We shall sacrifice our lives and our blood in defending them. We shall make up for the past.

Today, when we build the edifice of our dignity, freedom and pride, we feel that it will not be completely sound until we eradicate domination, humiliation and submission. The Suez Canal constituted an edifice of humiliation.

Today, citizens, the Suez Canal Company has been nationalised. This order has been published in the Official Journal. It has become a matter of fact.

Citizens, today we say our wealth has been restored to us.

Citizens; Today, the Suez Canal income is estimated at £E. 35 million or 100 million dollars per annum or 500 million dollars in five years. We shall not seek the 70 million dollar American aid.

Today, fellow-countrymen, by our sweat, our tears, the souls of our martyrs and the skulls of those who died in 1856, a hundred years ago during the corvee, we are able to develop this country. We shall work, produce and step-up production despite all these intrigues and these talks. Whenever I hear talk from Washington, I shall say "Die of your fury."

We shall build up industry in Egypt and compete with them. They do not want us to become an industrial country so that they can promote the sale of their products and market them in Egypt. I never saw any American aid directed towards industrialization as this would cause us to compete with them. American aid is everywhere directed towards exploitation.

On entering upon the fifth anniversary of the Revolution, as I said at the beginning of my speech, we feel stronger, more resolute and faithful than during the former years.

On embarking upon the fifth year of the Revolution, as Farouk was expelled on July 26, 1952, the Suez Canal Co. will depart on the very same day. We are conscious of accomplishing glories and achieving true dignity. Sovereignty in Egypt will belong only to her sons.

We shall march forward united . . . one nation confident in itself, its motherland and its power, one nation relying on itself in work and in the sacred march towards construction, industrialization and creation . . . one nation . . . a solid bloc to hold out treason and aggression and resist imperialism and agents of imperialism.

In this manner, we shall accomplish much and feel dignity and pride and feel that we are building up our country to suit ourselves . . . We build what we want and do what we want with nobody to account to.

### *Turning Towards Force*

When we obtain our usurped and stolen rights, we shall turn towards strength. We shall become stronger each year, and, God willing, next year we shall become more powerful with increased production, work and factories.

Now, while I am speaking to you, fellow countrymen, brothers of yours are taking over the administration and the management of the Canal Company, the Egyptian Canal Company not the foreign Canal Company. They are taking over the Canal Company and its facilities for the direction of navigation in the Canal, the Canal which is situated in the territory of Egypt, cuts through the territory of Egypt, is a part of Egypt and belongs to Egypt. We now perform this task to compensate for the past and build up new edifices for pride and dignity.

May God guide you and peace be with you.

## **Presidential Decree on the Nationalization of the Suez Canal Company, July 26<sup>4</sup>**

President of the Republic Order concerning the issuance of Law No. 285 of 1956 on the Nationalization of the Universal Company of the Suez Maritime Canal.

In the Name of the Nation

The President of the Republic,

Considering the two firmans issued on November 30, 1854 and January 5, 1856 (respectively) concerning the preferential rights relating to the administration of the Suez Canal Transit Service and the establishment of an Egyptian joint-stock company to operate it;

and Law No. 129 of 1947 concerning public utility concessions;

and Law No. 317 of 1952 concerning individual labor contracts;

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<sup>4</sup>Translation from the American Embassy at Cairo, from the text published in the Egyptian Government's *Official Gazette*, No. 60, July 26, 1956.

and Law No. 26 of 1954 concerning joint-stock companies, limited partnerships by shares and limited liability companies; with the advice of the State Council; has issued the following law;

### Article I

The Universal Company of the Suez Maritime Canal (Egyptian joint-stock company) is hereby nationalized. All its assets, rights and obligations are transferred to the Nation and all the organizations and committees that now operate its management are hereby dissolved.

Stockholders and holders of founders shares shall be compensated for the ordinary or founders shares they own in accordance with the value of the shares shown in the closing quotations of the Paris Stock Exchange on the day preceding the effective date of the present law.

The payment of said indemnity shall be effected after the Nation has taken delivery of all the assets and properties of the nationalized company.

### Article II

An independent organization endowed with juristic personality and annexed to the Ministry of Commerce, shall take over the management of the Suez Canal Transit Service. The composition of the organization and the remuneration of its members shall be fixed in an order of the President of the Republic. In so far as managing the Transit Service is concerned the organization shall have all the necessary powers required for the purpose without being restricted by Government regulations and procedures.

Without prejudice to the auditing of its final accounts by the State Audit Department, the organization shall have an independent budget prepared in accordance with the rules in force for commercial concerns. Its financial year shall begin on July 1 and end on June 30 each year. The budget and final accounts shall be approved by an order of the President of the Republic. The first financial year shall begin on the effective date of the present law and end with June 30, 1957.

The organization may delegate one or several of its members to implement its decisions or to discharge any duty assigned to these members.

It may also set up from among its own members or from among other people, a technical committee to assist it in its own research work and studies.

The chairman of the organization shall represent it before the courts, government agencies, and other places, and in its dealings with third parties.

# The Suez Canal Problem

*July 26–September 22, 1956*

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THE DEPARTMENT OF STATE