

No. 18077 / 2.

SUBJECT

CO 533/422.

Sisal Industry

Erection of a Sisal Bag Factory

Previous

17169/A/31.

Subsequent

1/32. T.T.

3038/33.

1 Gov. Kenya 17 Conf. 30.1.1932
Reports on the present position in regard
to the proposal to erect a sisal bag factory in Kenya
is awaiting the receipt of further information from
the promoter of the scheme. Encloses copies of a
Memorandum by the Agric. Economist & a letter
from the Commr of Customs.

2 Gov. Kenya 28 Conf. 13.2.1932
Is satisfied as a result of additional
information that the experiment is worth a trial.
States views in regard to legislation which might be
necessary to stop unfair competition and asks sanction
for an undertaking to be given to the company that
legislation will be enacted.
Asks for telegraphic reply.

Mr. Clauson

I spoke to you briefly on this, but I have
since discovered by closer reading of No. 2 that
no question arises of imposing a protective duty on
bags imported into Kenya; see para. 6 of the despatch.
In spite of Mr. Walsh's warning (see para. 3 of the
second enclosure to No. 1) Governor hopes to remove the
danger of dumping competition by some form of
legislation; what form it is to take is left quite
vague.

From the first enclosure (para. 4 on page 1)
it appears that such dumping as might take place would
come from India, not the United Kingdom.

It is a little difficult to form an opinion
without having seen the draft of the proposed Bill,
nor have we much at present on which B.C.T. advice
might be invited. Subject to your observations, I
should be inclined to reply that S. of S. sees no
objection to the Governor's proposals in principle but
considers that before any undertaking is given to the
promoters he should have an opportunity of examining
the draft Bill which it is proposed to submit at an
early date.

The views expressed in para. 7 seem quite
sound, but Mr. Seal should see before any reply is
sent.

P. P. Seal
(13/2)

Gov. Kenya 17 Conf. 30.1.1932
Reports on the present position in regard to the proposal to erect a signal bag factory in Kenya is awaiting the receipt of further information from the promoter of the scheme. Encloses copies of a Memorandum by the Agric. Economist & a letter from the Commr of Customs.

Gov. Kenya 28 Conf. 13.2.1932
is satisfied as a result of additional information that the experiment is worth a trial. States views in regard to legislation which might be necessary to stop unfair competition and asks sanction for an undertaking to be given to the Company that legislation will be enacted.
Asks for telegraphic reply.

Mr. Clauson

I spoke to you briefly on this, but I have since discovered by closer reading of No. 2 that no question arises of imposing a protective duty on bags imported into Kenya; see para. 6 of the despatch. In spite of Mr. Walsh's warning (para. 3 of the second enclosure to No. 1) Governor hopes to remove the danger of dumping competition by some form of legislation; what form it is to take is left quite vague.

From the first enclosure (para. 4 on page 1) it appears that such dumping as might take place would come from India, not the United Kingdom.

It is a little difficult to form an opinion without having seen the draft of the proposed Bill; nor have we much at present on which E.O.T. advice might be invited. Subject to your observations, I should be inclined to reply that S. of S. sees no objection to the Governor's proposals in principle but considers that before any undertaking is given to the promoters he should have an opportunity of examining the draft Bill which it is proposed to submit at an early date.

The views expressed in para. 7 seem quite sound, but Mr. Seel should see before any reply is sent.

P. B. ...
(13/11)

X

It is the kind of subject which the S. of S. will G. L. F. Carson wish to see himself

I have discussed further with Mr. Carson & he agrees to the slight amendment in line 4 of the draft. (Which has already reported in a way which affords the best measure of local produce - e.g. butter & wheat.)

Mr. Carson also agrees that the draft reply should go to the Board for comment.

I do not like the idea of a direct price control system as it seems to involve many difficulties, administrative and general. The system of countervailing duties and that system has a considerable weight of international practice behind it. At an important point, however, it is not in complete agreement with the principle of reciprocity. It would be possible to base on each country ascertainable local bag prices, allowing for transport costs, that country but the necessity for fixing the price of raw materials as a tariff. The duties would be their rate in a country, and therefore the current raw material prices are, therefore have no relation to their actual costs.

10 of the draft reply submitted

If we could have countervailing duties, based on a direct bag cost, we would I think get closer to the actual market problem. And my recollection is that these bag prices, for all kinds of qualities, are easily ascertainable, and are regularly published. The quality is standard which eliminates another difficulty.

2. I have suggested an alternative telegram. The 3/3/32.

[Signature]
3/3/32

2. And Sir J. Campbell's alternative draft to B. of Trade for comment or comment

187
4/3/32
File to Board of Trade & Sec of State
get eventually rec.

See further memo on 31065/1/32 T.T.
Mr. G. B. Standbury

2a) 20. notes. General Sir P. Roseberry & Mr. G. B. Standbury
DESTROYED UNDER STATUTE

3) Soo. Kya. Tel. (39 copy) 1.4.32
DESTROYED UNDER STATUTE Request early decision.

4) To V.B. of Y. memo 14.4.32.
Oft. on 31065/1/32 T.T. (copy attached)

6 To Hansburg - Faxed - 3/29 APR 1932

MW

Mr C. A. Hansburg
Re: receipt of No 6. ...
from a case received from the Post Office,
in regard to the expedition of a ...
that refers to American sales of ...
for making cloth to cover cotton bales.
No. 7 may be put by ... ? record

B.J.T. on 4.

Shuster
3/5

in file
9/3
1/13
white

J. 1937 - 7 MAY 1932

DESTROYED UNDER STATUTE

9. R/T Trade
Concern in the terms of the ...
which it is proposed to send to ...
See on 31065/1/3277

orig. ...
31067/1/12

GA Extension
letter from ...
dated 3/29

(4th ...)
31065/1/12

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...
with the ...
sent on to the S. ...
received for ...
but has returned ...
intended to ...
in return ...
was ...

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perhaps you will let
me know ...
how matters stand.

See C. Hansburg

2001. 4. 6. 32

...
of ...
...
...
7/6/32

Mr. Pope Clegg - 7/6/32
Copy (Sent on 31065/1/32 T.T.)
15/10/32

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...
to the ...
...
7/6/32

DESTROYED UNDER STATUTE

* Address:

82 Clarence St.
N.Y.C.

Colonel Maxwell, Chairman of the East African Sisal Growers' Association saw the Secretary of State this morning and was subsequently brought to me by Mr. Clauson in order that I might let Colonel Maxwell know the terms of the telegram which was sent to the Governor of Kenya on 7th June (12 in this file). I showed the telegram to Colonel Maxwell and as I understood there was no objection I gave him a copy, pointing out that it was confidential. Colonel Maxwell also said that he wished to see someone of the Admiralty with regard to the sisal tests which had been conducted by that Department. I got on to the Admiralty and arranged for Colonel Maxwell to see someone of the Contracts Department. I have written to Colonel Maxwell accordingly - copy attached.

Subsequent
allies to the
Lahore No 6
Contracts
1932

16/6
clerk

DESTROYED UNDER STATUTE

15 - To Col. M. Maxwell - 16.6.32

16 - To Sec T.T. 204 - 16/6/32
(copy attached)

17 - To Sec Rega (no copies) 17/6/32
299 - 20/6/32
T.T.

DESTROYED UNDER STATUTE
attached

18 - M. Maxwell - 17.6.32
Date: 17

19 - M. Maxwell
24/6/32
at me

132
The copy letter from Messrs Dalgety No 6
regarding tests made in connection with
a consignment of Coffee shipped in
100% sisal bags.

The report of the tests (2nd enclosure)
seems to prove that Messrs Dalgety's
suggestions that certain jobs should
be used are unnecessary.

? Copy of grounds Kenya Uganda
T.T. L.F. with reference
12.17.32

Simons
28/6/32

Major Dalgety will no doubt have
reported result to the E.A. Govt
Party

(I attach copy of a letter sent to the Export
Credit Dept.)

Steel
29/6

19/6/32
at me

20
19/6/32

To A.G. Gifford (Export Credit Dept.) 20/6/32

100 112
1917

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Mr. C. Bottemly saw Mr. Black today. Mr. C had left Nairobi before No. 12 had reached the Governor. Mr. C Bottemly explained to Mr. Black that a reminder should be sent and that Mr. Black should be kept informed.

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To Gov. Tel. No. 157 - Cons - 28/7/32
(Reminders to Gov on 31065/41 - I.T.)
(No 12 hereon)

24. Gov. Kenya - Tel. 142 (copy) - 28/7/32
States in reply to No 23 that it allows by Air mail. Intention is to prohibit or imported bags at prices below those quoted by Bengal Chamber of Commerce Calcutta S.I.F. Calcutta.

No need to say anything to Mr. Black until the bill arrives.
Be after rec. of next air mail.
J. Black
8/1/32

intended to prohibit unfair manipulation of prices. Submits arguments against the introduction of any anti-dumping legislation. Note that approval of the General Line of the Bill may be telegraphed.

The bill has been delayed for some time - the expectation that it would be available in December. It now appears that it will be based on the offer of Mr. Bottemly. The bill has been discussed in Nairobi. It is expected that it will be drafted by Mr. Black. It is intended to prohibit the importation of goods at prices below those quoted by the Bengal Chamber of Commerce Calcutta.

26 To Gov. Tel. No. 167 - 28/7/32 - Cons - 28/7/32

Received
copy on No 26

Copy before Mr. Black. It is intended to be sent to the Gov. after approval of the General Line. Mr. John Campbell is being further telegraphed.

discussion with E. Co. (26, last sentence)

It is premature to say anything to Mr. Bloch (22).

Recommended
27/8/54

✓ B. v. on Monday

R. Allen

M. Allen

19/8

Office

2) for Kenya Dec. 54 Conf - 27/8/54
Charters No 26. It is noted that it was
advised in Exoc. C. 26, Clause 3 of the Bill
to be recast, for reasons as in telegram.
Clause 4, sub-sections were questioned -
refers to Nos 2 + 9A on the file in the
connection.

Mr. Allen

A - Yesterday morning Col. Maxwell called

Sir C. Bottomley to ascertain the present
position of the Kenya seed bag project.
Sir C. explained that we had been in
active correspondence with the Government, who
had recently submitted definite proposals for
legislation. These, however, were still secret.

Col. Maxwell expressed the hope that no
loophole would be left whereby the Indian
manufacturer could evade the protective legislation
by producing a special quality of bag for
the Kenya market, which would not fall within

any of the existing proposals

He also urged that before an exclusive
licence to manufacture were granted, the Kenya
Seed Growers Association should be consulted both
as regards the licensee and the conditions to
be attached to the licence. It would not be
fair to issue an exclusive licence except in
return for definite guarantees of production.

Other points emerging from the conversation were

(a) The seed growers are unhappy about the
high freight charged by the Cominform line.
It is about £5 per ton of this being taken up on
the other side.

(b) The Kenya Seed Growers Association represents
practically all the growers in Kenya.

(c) No significant thing that originated by
Mr. Bloch is known to be interested in the
factory project.

(d) The initial capital cost of existing factory
is placed at £60,000.

B

Later on in the day (but before the receipt
of No. 27) Mr. Allen & I discussed No. 27
with Sir John Campbell, who saw no
objection in principle to the method of
anti-dumping protection contemplated in the
draft. The following suggestions were

made for amendments in detail.

- (A) Clause 3 - Substitute for "bags known in the trade - to 1 cwt (2 1/2 lbs)" the following: "jute bags of any description"
- (B) Clause 5. For "c.i.f. Kinkara" substitute "f.o.b. Calcutta" and amount as may in the opinion of the Controller of Customs be reasonable to cover freight, landing charges, insurance, (and other connect charges) Omit "together with all delivery & other charges thereon."

- Clause 4 (2). Omit "in the"
 - Clause 5 Omit "or fails to comply with"
- (This inserts improvement access in exercise further for failure to comply with cl. 4 (2)!

There is also his reference to C. Datta's test - a process has now been perfected of making such bags from plastic waste and is being extensively used in India.

* In future modification of the last part of clause 3 & the Delhi was established & to deal with Delhi. Hanging basket trial still for use as a "from Calcutta" and required - but does not seem necessary to whomsoever to make in 1977

... appear from X on p. 4 of the 1st end. to ... the fact that such a possibility was ... with the enjoyment of the Kenya grams in ... of the year

1 185 27. The first two paragraphs of the letter

follow the same general lines as Sir Campbell's suggestion recorded at B (b) above, and, like that suggestion, would close the loophole referred to by Col. Maxwell.

The third para. of the letter is not very lucid. N:QA on the file gave no reason for supposing that I.C.I. were envisaging a rival factory in Kenya. The Parliament is away from London & we have no other convenient avenue of approach to Col. Pollitt. But it seems unlikely that even I.C.I. would spend £6000 on a local factory merely with the hope of obtaining slightly cheaper bags of Hagen's ... , especially if they were procurable from the factory to be established by the Block syndicate.

In any event, I am to have wide discretion to the Government & see no reason for omitting an alternative

? Send to B/T, ref. 9, copy of 25 & 26 on this file, adding substance of first two paras. of 27 - say that, subject to any desire, diff. proposed

* This of course relates to local production not to "dumping" 1977

concerns in the principle embodied in the
dft. Bill is modified on the lines suggested
in the til: ask for the Board, admin
to the types of levy to be selected
the first instance to the Bill and request
a very early reply.

J. D. D.
24/8

In No 9, the Board raised the
question of reference to the
to 5 this we insert a clause of
30607/1929 O. It is not necessary
to raise & proceed by way of duty
so perhaps it is not necessary to
pursue the point there mentioned
by C. Bottomley. Since then however
the desire of a preference a
as India has some of at present

J. D. D.
24/8/32

reference to be
adopted, as to
the
of any kind
also included
the proposed one

I concur as regards the action proposed.

2. As regards "machinery", the various proposals
in No: 27 seems satisfactory. It should have
any elasticity necessary. But it is
would probably have--if it were not
amplified to an expenditure which
would cover the cost of the
or something of the kind.

1. I prefer the schedule
3. I was a little doubtful as to
see that objection to
which would be a
it likes--and it
"world price" is a
unfair in that, and
Indian interests.

1. The
right: I do not
and the basic
sound and justified
6. My doubts are
side--but the
Govt: and
To start a new industry
a very long and expensive
are usually extremely
all sorts of unforeseen
to visit a gate
experimentation and
And there is the possibility
does not work at first, pressure
to bear on the Govt:--on the usual
That is a risk we must run here, I think--but it
exists. The promoter is ever hopeful, and
success is always round the corner.

... do not think guarantee of production
are required. The promoters will clearly
do their best in that matter; and the
producer is protected—fully—by the open
market at world price.

25/8/32

* If "exclusive" rights are
assigned to them being as soon
in a new factory, the boundaries
are somewhat broad.

2 B/T as proposed
immediate to see again when
they reply, and they should call
in London, when we communicate
with the Gov. but so to
remember the substance as
to ensure the use of future waste
in London. [But, in London
we have done to lead letters to
except send instead of the
copy will have to be done over
again when the copy are well
sent, but please write.]

25.8.32

10/9
N.B. to B/T (copy 25 sent, 26). Cons - 26/8/34

N.B.
when B/T
reply, see
Sir C. Rowley
min. of 1/8

TT Rep' w 29
Date of settlement
in file

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If B/T have not replied by Monday
next (26/9), they shd. be reminded.

R. Rowley
23/8/32

Loth. em - 2% - 25.8.1932
Co. Kenya. Tel. 172 - 24 Sept. 32.
Requests early reply to no. 27.

The terms of the B/T are awaited and
a reminder issued today - rule 29 - asking
for a very early reply
a reply (written) to 30 may be
deferred for a few days - BU on 24/9

H.S. Potts
29/8/32

R. Rowley
29/8/32

31. By Fax 1/9/32
Concur in the proposal to express General
Agreement in the principles embodied in the
Bill. Enclose a note as to the definitions
to be adopted in Clause 3 of the Bill
a despatch should now go to the
Kamp by air mail informing as in para
3 of 28, enclosing copy of
the note to 31 and asking as at A
31. The amendments in detail suggested
in B. of Trustees' minute of 2/24/32

N.B.
LF action
outstanding on
T.T. pps. below,
for wh. Kya
pps. are required

It is necessary however in the
first instance to obtain the legal
opinion so it may be considered
desirable to refer same a telegram
reference 30 promising
despatch by air mail 9/11/32

J.R. P. Minister
4/10/32

D.L. Return quickly by
P.P. 1/10

J.R. Miller

Gen. Estimate 4/10/32

22. 2. 10. 32

32 Tel no 22 is 4. (1430 and) - 22. 2. 10. 32

It is noted that the 1/3 has been cancelled
the next estimate returns 1/10/32

To me office 22
- Sent to Council
4/10

33 To Gov Conf (4/10 and 6/31) 11 6/10/32

34 To D of T. - 4/10 - 11/10 - 17/10/32

9. 2. 10. 32
T.T. Bill and 2 C are
the protection of Dual Day Industry.

Mr. P. in circulation; the position is that
S. of S. who telegraphed his approval of the
principles of the Bill, and a deep sympathy
by next week's Annual meeting
on the details.

The Kenya Govt will not be in
a position to publish their amended
Bill in the Gazette for at least another
fortnight. But we may write as in
the 2nd?

J.R. P. Minister
8. 10.

have explained to Messrs Dale
of Telephone that we cannot at
present have 900 lines being
officially sanctioned & he
will ask to rest without
enclosure. R. P. J.
J.R. Miller 11/10

For me
27/10/32

Enclosure 33 - 2 lines 10/10/32
L.T. conf. ref 11/10 2005/10/32,
with copy to file on local paper

J.R. P. Minister
31/10/32

[Handwritten signature]

37. A. S. Griffith % _____ 26 Nov. 32.

State it is understood that arrangements with Spence's Co. Spence Limited Office for the supply of the necessary machinery & finance have been made & that assistance from his Dept will not be necessary.

(If. have been in circ. (to) [unclear])

It will be enough for me to thank Mr. Griffith

Yours
S-0
Director

(I understand Mr. Chatterley has seen this)

11/1/32
atance

To Griffith (37 annul) 11/1/32

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30 to 200 1-1-1000
(w/100 30 + trial to 31)

[Handwritten signature]

37. A.S. Griffith 5/2 _____ 26 Nov. 32.

States it is understood that arrangements with Geo-
ffrey's Co. of Speer Limited Africa for the ability of
the necessary machinery's finance have been made, that
assistance from his Dept will not be necessary.

(If her been in circ. to [unclear])

JMA

It will be enough for me to thank [unclear]

5-0

[Handwritten signature]

(I understand vs. Chatterley,
has been his)

[Handwritten signature]

3/12

[Handwritten signature]

3 Griffith (37 and)

11/2/32

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[Handwritten mark]

EXPORT CREDITS GUARANTEE DEPARTMENT

Telegramme - Export Credits Guarantee Department

Telephone - HONG KONG

Via Air Our Ref L2/10149

MANAGERIAL AND TECHNICAL STAFF

Telephone - HONG KONG

BRANCHES - ALL OVER THE WORLD



3 102
 11, CECILIA STREET,
 LONDON, E.C. 4.

CONFIDENTIAL

26th November, 1932.

Dear Mr. Preston,

In your letter of the 29th June last you were good enough to send us certain information regarding the proposal to erect a plant in Kenya for the manufacture of sisal sacks.

Since that date we have been in touch with the manufacturers of the machinery - Messrs. Fairbairn Lawson & Co. Ltd., and on the 6th ultimo they notified us that the gentleman connected with the proposed new company - who was then in this country for the purpose of negotiating the business - had not been able to obtain capital here the matter had been allowed to drop for the time being.

We are now, however, given to understand, through the medium of a letter addressed to the Department of Overseas Trade by H.M. Trade Commissioner at Nairobi, that Mr. Block - the representative of the purchasing concern referred to above - has now returned to Kenya and has informed H.M. Trade Commissioner that arrangements have been effected with Messrs. ~~Block & Co. Ltd.~~, of Belfast and Messrs. United Africa, Ltd. for the supply of the necessary machinery and finance. Mr. Block appears to have stated also that the arrangements are so satisfactory that it will not be necessary for the assistance of this Department to be sought in the matter.

It is possible you also have been advised of this development

L. B. Preston, Esq.,
 Colonial Office,
 Downing Street,
 London, S.W. 1.

GH/00.

EXPORT CREDITS GUARANTEE DEPARTMENT

37/2

Telephone - KINGSWAY, CANARY WHARF
Telephone - ROYAL 5771

OUR REF. **LT/10149.**



11, CLEMENTS LANE,
LOMBARD STREET,
LONDON, E.C.4

MANCHESTER 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 913, 914, 915, 916, 917, 918, 919, 920, 921, 922, 923, 924, 925, 926, 927, 928, 929, 930, 931, 932, 933, 934, 935, 936, 937, 938, 939, 940, 941, 942, 943, 944, 945, 946, 947, 948, 949, 950, 951, 952, 953, 954, 955, 956, 957, 958, 959, 960, 961, 962, 963, 964, 965, 966, 967, 968, 969, 970, 971, 972, 973, 974, 975, 976, 977, 978, 979, 980, 981, 982, 983, 984, 985, 986, 987, 988, 989, 990, 991, 992, 993, 994, 995, 996, 997, 998, 999, 1000

CONFIDENTIAL

26th November, 1932.

Dear Mr. Preston,

2020

In your letter of the 29th June last you were good enough to send us certain information regarding the proposal to establish in Kenya for the manufacture of aisk sacks.

Since that date we have been in touch with the manufacturers of the machinery - Messrs. Fairbairn Lawson & Co. Barbour Limited, and on the 5th ultimo they notified us that as the gentleman connected with the proposed new company - who was then in this country for the purpose of negotiating the business - had not been able to obtain capital here the matter had been allowed to drop for the time being.

We are now, however, given to understand, through the medium of a letter addressed to the Department of Overseas Trade by H.M. Trade Commissioner at Nairobi, that Mr. Block - the representative of the purchasing concern referred to above - has now returned to Kenya and has informed H.M. Trade Commissioner that arrangements have been effected with Messrs. Mackie & Co. Ltd., of Belfast and Messrs. British Africa, Ltd. for the supply of the necessary machinery and finance. Mr. Block appears to have stated also that the arrangements are as satisfactory that it will not be necessary for the assistance of this Department to be sought in the matter.

It is possible you also have been advised of this

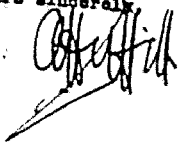
Development

L. B. Preston, Esq.,
Colonial Office,
Downing Street,
London, S.W. 1.

2.

development, but I am passing this information to you in case you have not already heard of it.

Yours sincerely,

A handwritten signature in dark ink, appearing to be 'C. Hoffert', written over a horizontal line.

C.D.
R 8-OCT
D 10

30

14

C.O.

Mr. Priestman - 6/10/32

Mr. Robinson 6
Mr. Robinson 7.10.
Mr. Albon
Mr. Parkinson

Mr. Tomlinson
Sir C. Bottomley
Sir J. Shuckburgh
Presd. U.S. of S.
Parly. U.S. of S.
Secretary of State.

By Air Mail 11th October.

Downing Street,

11 October, 1932

Sir,

I have the honour to confirm
(32) my Confidential telegram 2619 of the
4th October, ~~which reads~~ as follows:-

(33) "Your telegram 192 confidential.
I approve introduction
of legislation on principles set
out in your despatch 6th August
1929 Confidential and your tele-
gram 2624 August 1932 Confiden-
tial paragraph 1. Despatch
follows by post week's air mail.
On points of detail."

(34) I have consulted the Board
of Trade, who are in general agreement
with the principles embodied in the
Bill forwarded with your despatch
above mentioned, and I enclose, for
your information, a copy of a note

is

DRAFT.

KHUYA

Confidential

Govr. 2 NOV 1932

(copy to 15.11)
W-0 sub.
Copy to B.P.L.P.

Copy to Secy T.T. by A.I.L.

Copy to Secy T.T. Albon 11/10/32

in which they furnish suggestions

regarding the types of bag to be

enumerated in the schedule, if this

method is considered preferable

the Board of Trade are of the opinion

however, that as the general sense

of the terms "Liverpool Twines"

"Twine A" and "Twine B" as well

intended in the trade, it is

probably unnecessary at this stage

to define them more particularly

in the Bill, but the definition

could be added ^{if necessary} you/under

the powers ^{in the terms of them} proposed to be conferred

(by Clause 3 of the Governor) if

~~necessary~~ ^{in this case,}

might not be necessary to trans-

fer the general terms in this

schedule

I have the following

comments to offer on points of

detail:-

in which they furnish suggestions
regarding the types of bag to be
enumerated in the schedule, if this
method is considered preferable.

The Board of Trade are of the opinion,
however, that as the general scope

of the terms "Liverpool Tallow",

"Tallow A" and "Tallow B" is well

understood in the trade, it is

probably unnecessary at this stage

to define them more particularly

in the Bill, but the definition

could be added to by you/inter

the powers ~~are~~ proposed to be conferred

(by Clause 2/3 to determine) ~~if~~

~~necessary~~ ~~are~~ in this case.

it will not be necessary to frisk

for the general terms in this

schedule.

I have the following

comments to offer on points of

detail:-

detail:-

(a) Clause 3 would, I am advised, be improved by the substitution for "c. i. f. Kilindini/Mombasa" of the words "f. o. b. Calcutta", adding "plus such amount as may, in the opinion of the Comptroller of Customs, be reasonable to cover freight, landing charges, insurance, delivery and other charges", and by the omission of the words "together with all delivery and other charges thereon".

(b) Clause 4(3). In the absence of any definition of "area" elsewhere in the Ordinance, the phrase "in the area" appears ambiguous and might be omitted.

(c) Clause 5. As it stands this clause imposes penalties on any person who fails to comply with the first provision of sub-clause 4(2).

detail:-

(a) Clause 3 would, I am advised, be improved by the substitution for "c.i.f. Kilindini/Mombasa" of the words "f.o.b. Calcutta", adding "plus such amount as may, in the opinion of the Comptroller of Customs, be reasonable to cover freight, landing charges, insurance, delivery and other cognate charges", and by the omission of the words "together with all delivery and other charges thereon".

(b) Clause 4(3). In the absence of any definition of "ares" elsewhere in the Ordinance, the phrase "in the ares" appears ambiguous and might be omitted.

(c) Clause 5. As it stands this clause imposes penalties on any person who fails to comply with the first provision of sub-clause 4(2).

C.C.
4
05

1897
Kemp

Added
8.01

C. O.

Mr. Drunken 4/10

Mr. Allen 4/10

Mr.

Mr. Parkinson

Mr. Tomlinson

X Sir C. Bottomley 4-10-32 done

Sir J. Shuckburgh

Perm. U.S. of S.

Party. U.S. of S.

Secretary of State

DRAFT. Tel (comm)

For Maude

doc

(30) N^o 199 Conf. you let 17th Conf!

I appear introduction of legislation
on principle set out in your

(25) def. 6 Aug. 199 Conf. and

(27) your let 22 Aug. 195th Conf
para. 1 Dispatch follows by

next week; arranged on
points of detail

Received quickly

6/10

31
17

Any further communication should be addressed to —

THE ASSISTANT SECRETARY,

at the address given opposite.

The following letter and number should be quoted —

C.R.T. 2306/32.

Telegraphic Address:
COLASTA, PARL. LONDON.
5140 — Whitehall
Telephone No. 5321 (3 lines).



COMMERCIAL RELATIONS AND TREATIES
DEPARTMENT,
BOARD OF TRADE,
GREAT GEORGE STREET,
LONDON. S.W. 1

RECEIVED
3 OCT 1932
COL. OFFICE

1st October, 1932.

Sir,

1028

I am directed by the Board of Trade to refer to your letter (18077/32) of the 26th August and enclosure on the subject of the proposal to introduce in Kenya legislation designed to encourage the manufacture within the Colony of sisal bags, and I am to state for the information of Secretary Sir Philip Cunliffe-Lister that they concur in his proposal to express general agreement in the principles embodied in the Bill. The Board have considered the proposal of the Governor of Kenya to amend clause 3 of the draft Bill on the lines described in paragraph 2 of your letter under reference, and I am to enclose herewith copy of a note containing the details asked for in paragraph 4 of your letter under-reply. The Board are of the opinion, however, that as the general scope of the terms "Liverpool twills", "Twills A" and "Twills B", is well understood in the trade it is probably unnecessary at this stage to define them more particularly in the Bill but the definition could be added to by the Governor under

Copy sent to Sir P. C. Lister A/11
Copy sent to Sir P. C. Lister 11 OCT 1932

The Under-Secretary of State,
Colonial Office,
S.W. 1.

the powers now proposed to be conferred by clause 3
if this necessity arose. In this case it might not be
necessary to transfer the general terms to this schedule.

I have the honour to be,

Sir,

Your obedient Servant,

T. A. E. O'Connell

the powers now proposed to be conferred by clause 3
if this necessity arose. In this case it might not be
necessary to transfer the general terms to this schedule.

I have the honour to be,

Sir,

Your obedient Servant,

R E Drake

The types of bag specified in Clause 3 of the draft Ordinance are presumably chosen as being those most used for commodities in Kenya and therefore most likely to compete with the sisal bags that it is proposed to manufacture. According to a reliable informant in the trade, all of these are well-known types of bag exported from Calcutta. B. Twills being probably the most extensively used, with Liverpool Twills coming next, whilst A Twills, properly so called, are not nearly so much in demand nowadays, though the term is often wrongly applied to Liverpool Twills, which however, differ slightly in weight and construction from A Twills.

In a glossary of Jute Terms which appeared as a supplement to the "Indian Trade Journal" in September 1924, the specifications of these twills are shown respectively as:

Liverpool Twills. A hemmed bag 44" long by 26½" broad, 27 lbs in weight, 8 porter, 8 shots.

Twills A. A hemmed bag 44" long by 26½" broad, 24½ lbs. in weight, 8 porter, 9 shots.

Twills B. A hemmed bag 44" long by 26½" broad, 27 lbs in weight, 6 porter, 9 shots.

(Note. "Porter" and "Shots" are terms used in the Jute trade as measures of the density of warp and weft threads per inch, in much the same way as "ends" and "picks" are used for other textiles).

According to the table of Jute Bags etc., given in the "Textile Recorder Year Book" for 1933, two classes of "A" Twills are recognised, viz.

<u>Heavy</u>	44" by 26"	27½ lbs. 8 porter, 9 shots,
<u>Light</u>	44" by 26½"	27 lbs. 6 porter, 6 shots,

whilst "Liverpool Twills" are specified only as regards porter (8) and shots (8), so there is evidently some fluidity of usage of these terms. It would therefore, seem to be preferable to refrain from limiting the meaning of the terms by the parenthetical references to weight shown in the draft clause.

6th September, 1932.

The types of bag specified in Clause 3 of the draft Ordinance are presumably chosen as being those most used for commodities in Kenya and therefore most likely to compete with the sisal bags that it is proposed to manufacture. According to a reliable informant in the trade, all of these are well-known types of bag exported from Calcutta. B. Twills being probably the most extensively used, with Liverpool Twills coming next, whilst A Twills, properly so called, are not nearly so much in demand nowadays, though the term is often wrongly applied to Liverpool Twills, which however, differ slightly in weight and construction from A Twills.

In a glossary of Jute Terms which appeared as a supplement to the "Indian Trade Journal" in September 1924, the specifications of these twills are shown respectively as:

Liverpool Twills. A hemmed bag 44" long by 26 1/2" broad, 12 lbs in weight, 8 porter, 8 shots.

Twills A. A hemmed bag 44" long by 26 1/2" broad, 12 1/2 lbs. in weight, 8 porter, 8 shots.

Twills B. A hemmed bag 44" long by 26 1/2" broad, 12 1/2 lbs in weight, 8 porter, 8 shots.

(Note. "porter" and "shots" are terms used in the Jute trade as measures of the density of warp and weft threads per inch, in much the same way as "ends" and "picks" are used for other textiles).

According to the table of Jute Bags etc., given in the "Textile Recorder Year Book" for 1923, two classes of 'A' Twills are recognised, viz.

<u>Heavy</u> 44" by 24"	8 1/2 lbs. 8 porter, 8 shots,	and
<u>Light</u> 44" by 26 1/2"	12 lbs. 8 porter, 8 shots,	

whilst 'Liverpool Twills' are specified only as regards porter (8) and shots (8), so there is evidently some fluidity of usage of these terms. It would therefore, seem to be preferable to refrain from limiting the meaning of the terms by the parenthetical references to weight shown in the draft clause.

2. D. 17
H 26 AUG 1902
D

Mr. Hyde. 28/8:32

Mr. Frazer

Mr. Allen 26/8

Mr. Parkinson

Mr. Tomlinson

Sir C. Bottomley

Sir J. Shuckburgh

Permt. U.S. of S.

Partly. U.S. of S.

Secretary of State

Handwritten: Important
31
(91)

DOWNING STREET

Handwritten initials/signature

DRAFT.
THE SECRETARY,
BOARD OF TRADE.

From Gov. Conf. No. 99. 2.6.8:32
(25) with envelope

To Governor. 17.8:32
(26)

Faint, mostly illegible typed text, possibly a letter or official communication, with some underlined words and a signature.

descriptions given in the
schedule. ^{This suggestion} It is understood
~~that the proposal is designed~~ ^{to}

to provide greater elasticity,
to increase the definition in the
original clause 3 should require
amendment or extension in the
light of experience.

3. In respect to my observations
the Department may wish to make,
it is proposed to convey to the
Department an expression of general
approval of the principles
embodied in the Bill, as
amended by the lines suggested

in the accompanying
draft. It is suggested that the favour
of the Department be expressed to the
Department in the Bill, as to
the types of bag to be scheduled

(It is the Department's opinion this
method is the preferable one) in
the first instance.

... from time to time the
descriptions given in the
schedule. ^{This suggestion} It is understood
^{appears to be} that the proposal is designed

to provide greater elasticity,
to ease the definition in the
original clause 3 should require
... or extension in the
... experience.

... subject to any observations
... which the Board may wish to make,
it is proposed to convey to the

... of general
... principles
... as
... suggested

... the favour

... to the
... as to
... in the
... scheduled

... this
... the preferable

... first instance

5. It is requested that a very
early reply may be sent to this letter.

I am, etc.

(Signed) H. T. ALLEN.

5. It is requested that a very early reply may be sent to this letter.

I am, etc.

(Signed) H. T. ALLEN.

Telegram from Deputy Governor Kanya to the Secretary of State for the Colonies

21

Dated 22nd August Received 6.10 p.m. 22nd August 1932

K126

No. 154. Confidential.

Your telegram No. 167 Confidential

It was advised in the Executive Council that Clause 3 of the Bill be rephrased so as to prohibit sale within the Colony of bags specifying a schedule to be added to the Bill and to give power to the Governor to add to or vary description in schedule from time to time should occasion arise.

Object of proposal is to provide more elasticity in case suggested definition in original Clause 3 should in the light of experience require amendment or extension. ~~It was~~ ~~also~~ ~~the~~ ~~view~~ ~~of~~ ~~the~~ ~~Board~~ ~~of~~ ~~Trade~~ ~~as~~ ~~to~~ ~~proposed~~ ~~definition~~ ~~would~~ ~~be~~ ~~welcome.~~

Question was also raised as to whether in principle it would be possible for the Governor in Council under Clause 4 sub-section 3 to refuse licence to any financially sound undertaking on the grounds specified and inised whether protection provided for in the Bill was really necessary since owing to the nature of capital expenditure required on factory application by a number of unskilful persons was improbable on this point please see paragraphs 5 to 7 of my despatch of 13th August No. 28. Confidential, to which view I understand original promoters still adhere. Should however powerful interests referred to in the Governor's private letter of 21st May to Bottomley enter the field it is possible that they would not require the protection of proposed legislation I have however no definite information as to what their intentions in the matter are.

Copy to Gen. T. T. Campbell (31065/1627) 17 OCT 1932
and. sec. 1/10/32 (No. 22)
my. 1/10/32

No. 2

No. 9A

23
21
Telegram from Deputy Governor Kenya to the Secretary of State
for the Colonies

Dated 22nd August Received 6.10 p.m. 22nd August 1952

No. 154. Confidential.

Your telegram No. 167 Confidential

K126

It was advised in the Executive Council that Clause 3 of the Bill be recast so as to prohibit sale within the Colony of bags specifying a schedule to be added to the Bill and to give power to the Governor to add to any description in schedule from time to time should occasion arise.

Object of proposal is to provide more elasticity in case suggested definition in original Clause 3 should in the light of experience require amendment or extension. In any case advice of the Board of Trade as to proposed definition would be welcome.

Question was also raised as to whether in practice it would be possible for the Governor in Council under Clause 4 sub-section 3 to refuse licence to any financially sound undertaking on the grounds specified and indeed whether protection provided for in the Bill was really necessary since owing to the nature of capital expenditure required on factory application by a number of substantial persons were improbable on this point please see paragraphs 5 to 7 of my despatch of 15th February No. 23. Confidential, to which view I understand original promoters still adhere. Should however powerful interests referred to in the Governor's private letter of 21st May to Bortholme enter the field it is possible that they would not require the protection of proposed legislation I have however no definite information as to what their intentions in the matter are.

17 OCT 1952

Copy to Gov. T. T. from 3/6/52/1277
Recd. sec. 4/10/52 (16.52)

No 2

No 9A

C. O. 17 AUG 1918

10077/26
Keung

12
26

Mr. [unclear]
Mr. [unclear] 12/8

Codes & Sent
2. [unclear] pm
- 5 32
[unclear]

Mr. Parkinson
Mr. Tomlinson
Sir G. Bottomley 17.8 etc
Sir J. Shuckburgh
Parlt. U.S. of S.
Parly. U.S. of S.
Secretary of State.

1932

DRAFT. Tel.
Laird
for Keung

Hand 27

copy to Mr T.T. Camp (on 30/8/18)

[Faint, mostly illegible handwritten text]

Recd.

Copy placed on
T.T. [unclear] for [unclear]



KENYA

No. 99

CONFIDENTIAL

RECEIVED
15 AUG 1932
GOV. OFFICE

GOVERNMENT HOUSE,
NAIROBI,
KENYA.

BY AIR MAIL.

6th August, 1932.

Sir,

No. 12
No. 28
No. 24

I have the honour to refer to your telegrams No. 114 of the 7th June and No. 157 of the 28th July, on the subject of the proposed manufacture of sisal bags in this Colony, and to confirm my telegram No. 142 of the 6th August in the following terms :-

"No. 142 Confidential. Your telegram of the 28th July, No. 157. Bill follows by Air Mail. Intention is to prohibit sale of imported bags at prices below those quoted by Bengal Chamber of Commerce, Calcutta c.i.f. Mombasa"

only name P/T. (28)
Gov. and Col. 4/10/32
my 11/10/32

2. I agree that any legislative measure designed to secure control of prices in this connection must be subject to the over-riding consideration that no obstacle should be placed in the way of the importation and sale of jute bags at fair competitive prices. No interference with normal and legitimate trade has, indeed, been contemplated, the only form of competition feared from the jute interests being the flooding of the local market with imported bags sold at uneconomic prices with the object of killing the local industry. The enclosed copy of the Bill which has been drafted by my advisers shows that the intention is to prohibit only unfair manipulation of prices.

The ---

THE RIGHT HONOURABLE
MAJOR SIR PHILIP CUNLIFFE-LISTER, P.C., G.B.E., M.C., M.P.
SECRETARY OF STATE FOR THE COLONIES,
DOWNING STREET,
LONDON...S.W.1.

The price level taken for the purpose of determining the competitive price is that quoted by the Bengal Chamber of Commerce, Calcutta c.i.f. Kilindini/Mombasa at the time at which the contract for sale within the Colony is made.

No 17

3. The reference to countervailing duties in your telegram of the 7th June is not quite clear to me. I understand a countervailing duty to mean a duty imposed to offset the advantage given to importers by a bounty offered for the local production of a taxed article, or a duty imposed on imports to offset an excise or similar duty charged on articles of the same class manufactured at home. In this case neither excise duties nor bounties are involved, and I have therefore assumed that the words 'countervailing duties' are used with the meaning of anti-dumping duties. The difficulties inherent in any anti-dumping legislation in Kenya would be enhanced by acute inter-territorial complications, unless joint action is taken, nor could I contemplate without misgiving the acceptance of the principle of anti-dumping duties by enactment of legislation limited in application to a particular industry, particularly to the bag and sack trade, which is largely a re-export trade and is intimately connected with every other primary industry in East Africa. There is no intention nor any necessity, so far as the bag and sack trade is concerned, to have recourse to the further protection of local markets by the introduction of anti-dumping legislation.

4. The Bill provides for a manufacturing licence to be issued by the Governor in Council at his discretion. Such discretion would be exercised with the object of preventing the establishment of more factories than the market could support. An exclusive licence is not necessarily contemplated. As stated in paragraph 7 of Kenya despatch

16 L

No. 28 of the 15th February last, this procedure follows the practice already adopted in the case of cotton ginneries.

5. 16 L

As it appeared to me desirable, from the terms of your Confidential telegram No. 114 of the 7th June, that the general principles of this legislation should receive your prior approval, the draft bill has not yet been submitted to Executive Council for detailed examination. Should you approve of the general lines on which the Bill has been drafted, I should be glad if such approval could be communicated to me by telegraph in order that the Bill may be submitted to Executive Council at its next meeting on August 19th. In the meantime copies of the Bill and of this despatch have been forwarded to the Governments of Tanganyika and Uganda for their information.

I have the honour to be,

Sir,

Your most obedient, humble servant,

H. M. Moore

GOVERNOR'S DEPUTY.

A BILL RELATIVE TO THE PROTECTION OF THE ORIGINAL
BAGS INDUSTRY.

BE IT ENACTED by the Governor of the Colony of Kenya, with the advice and consent of the Legislative Council thereof, as follows: -

Short title.

1. This Ordinance may be cited as "the Sisal Bag Industry Ordinance."

Interpretation.

2. In this Ordinance unless the context otherwise requires -

"Sisal bags" means bags and material made wholly or predominantly of the fibre of *Agave rigida* var. *discolorata* and includes any fabric, backing or padding material made therefrom

3. No person shall sell within the Colony bags known in the trade as "Liverpool Twills" or "Twillis (2 1/2 lbs) and "N" Twills (2 1/2 lbs) at a price lower than that quoted for such bags e.g.f. Almondia, Bombay, by the General Chamber of Commerce, Calcutta, at the time at which the contract for sale within the Colony was made, together with all delivery and other charges thereon.

4. (1) No person shall manufacture sisal bags unless he is in possession of a license issued to him by the Governor in Council

(2) Every applicant for a license under this section shall specify the building and, or place at which the licensee proposes to manufacture sisal bags and a licensee shall manufacture sisal bags otherwise than at such building and, or place.

(3) The Governor in Council may in his discretion refuse to issue a license to any person on the ground that a sufficient number of licenses in the area have already been granted or on any other ground which may appear to

Minimum price
for certain
bags.

License to
manufacture
sisal bags.

...to be sufficient.
(4) Every license shall be in such form and shall contain such conditions as may be prescribed by the Governor in Council and the annual fee in respect of each license shall be the sum of ten pounds.

Penalty.

5. Any person who contravenes or fails to comply with any of the provisions of this Ordinance shall be guilty of an offense, and, subject to the provisions of this Ordinance, shall be liable on conviction to a penalty not exceeding five hundred pounds or to imprisonment for a term not exceeding six months or to both such fine and imprisonment.

REASONING.

Certain promoters are prepared to institute an industry in Kenya for the manufacture of bags from sisal, but before they embark on this undertaking they desire an assurance of protection from the forms of what they submit would be unfair competition. In the first place, they fear that the Colony may be flooded with cheap bags, sold below the market price obtaining and at a loss, in order to stifle at the outset what may prove to be dangerous competition. The second form of competition of which the promoters are apprehensive is that of premature competition within the Colony itself by the setting up of more factories than the industry would support.

The objects of this Bill are to prevent the manipulation of prices in such way as to result in unfair competition, and to control the erection of factories for the manufacture of sisal bags. Power is taken to refuse to issue licenses to manufacture sisal bags on the ground

that a sufficient number of licenses in an area have
already been granted or on any other sufficient ground.

No expenditure of public moneys will be involved
if the provisions of this Bill become law.

RECEIVED

OFFICE

BY POST

70
28

Telegram from the Deputy Governor of Kenya to the Secretary
of State for the Colonies

Dated 6 August 1932. Received 3.3 p.m. 6 August 1932.

No. 142 Confidential. Your telegram No. 157 of 28th July.
Bill follows by Air Mail. Intention is to prohibit sale
of imported bags at prices below those quoted by Bengal
Chamber of Commerce Calcutta c.i.f. Mombasa.

607
on T.T. file
& E.A. file

MEMORANDUM.

Copy for your files
G. - T.C
17/6/32

The Secretary of State ^{to} Lord Cranworth, President, and Colonel Maxwell, Chairman, of the Kenya Sisal Growers Association on the 10th of June. I was also present.

They came to request that the Secretary of State would endeavour to get a preference at the rate of 25 per cent on Empire hard fibres from all Dominions at Ottawa.

This figure was, in their opinions calculated to give the British grower the bare turn of the market after allowing for £.10.0 per ton extra cost of freight to Canada (compared with Mexico) and to Australia and New Zealand (compared with Java), and for another £.10.0 per ton to allow for higher cost of African labour compared with Mexican and Dutch East India. They stated that in their opinion a lower rate of preference than this would be valueless.

The Secretary of State told them that he would do his best, but that he could not achieve the impossible. He had had enormous difficulty in getting the 10% preference in this country and strong opposition by the rope-makers to its maintenance still persisted. He saw no prospect of getting a higher rate of preference here. He explained the various difficulties and urged the Kenya growers to keep in closest cooperation both with the Tanganyika growers and with the rope-makers and in particular to help the latter with their drawback claims.

Lord Cranworth said that they had not found the rope-makers easy to deal with but they were doing their best. He did not think that it would be any good to get a preference of as little as £2 a ton.

Some discussion on the ~~staple~~ position ensued and the Secretary of State pointed out that if production remained at or below the present level a small increase in demand would be bound to lead to a substantial increase in price as there were only about 2 months' surplus stocks.

At this point the Secretary of State was called away to a Cabinet and Lord Cranworth to a race-meeting, so I explained the Canadian position and its difficulties at some length to Colonel Maxwell who promised to come and see me again

20
31

Downing Street,
19 June, 1932.

Conf.

Dear Mr. Griffith,

You asked by telephone for a note on the present position in regard to the manufacture of sisal sacks in Kenya.

On the 7th of June the Governor was told that, subject to the fulfilment of certain conditions, the Secretary of State would see no objection to assisting the proposed undertaking by granting an exclusive license in Kenya for a reasonable term and passing legislation designed to secure price control. The Secretary of State's telegram added that he wished to see the draft of any legislation before agreeing to any undertaking being given to the promoters, and that he would wish to consult the Board of Trade again before taking a final decision.

I hope the above will make the position sufficiently clear to you.

Yours sincerely,

A. G. GRIFFITH, ESQ.



RECEIVED
22 JUN 1932
COL OFFICE

21st June, 1932.

5583732

*Copy being
regd on
T.T. file*

Sir,

SISAL BAGS.

I have the honour to attach herewith a copy of a letter which I have received from Messrs. Dalgety & Co. Ltd., with regard to a small consignment of Coffee which was recently shipped home in 100% Sisal Bags.

2. In forwarding me this letter from the Wharfingers concerned, Messrs. Dalgety & Co. Ltd., state: "Buyers, however, whilst admitting that the Coffee carried well and the strength of the sacks is obvious, incline to the opinion that the weave is too open as compared with the jute sack, and that moisture is admitted too freely to the detriment of the contents. You may be aware that on occasion scuffing is done with

an iron which causes a rent in the sack and it is thought that as the material is so hard it would not close up again nor re-sew so satisfactorily as jute; thus leakage and loss in weight might result. The use of the hooks might also cause a similar loss. There is a suggestion by one of the buyers that the use of an inside sisal sack and an exterior jute sack might be desirable".

3. Since the receipt of this letter I was invited to witness a special test which was being carried out with regard to these sacks, and I attach herewith a copy of the Report on this test.

I have the honour to be,
Sir,

Your obedient Servant,
A. H. B. [Signature]
Deputy Commissioner.

The Under Secretary of State,
Colonial Office,
Downing Street, S.W.1.

COPY.

33

WEBER, SMITH & HOARE LTD.,
& 7, MINCING LANE,
E. C. 3.

3rd March, 1932.

Messrs. Dalgety & Co., Ltd., London.

Dear Sirs,

SISAL COFFEE BAGS.

We beg to inform you that we have inspected the shipment of the above ex s.s. "MADURA" and report as follows :-

"These bags are strong and closely made. They have been well sewn and clearly marked. The coffee in them has arrived here perfectly sound and so far as we can see there is no greater loss in weight than would have been incurred had the coffee been shipped in double gunnies.

As wharfingers we should like to see the whole of East African Coffee shipped in bags of this kind, our main reason being that in our opinion these single bags are equally as good as double gunnies and the Estate marks show up much more clearly.

We are, dear Sirs,

Yours faithfully,

For and on behalf of WEBER, SMITH & HOARE LTD.

(SGD.) R.E.W.

Director.

REPORT ON TESTS OF SISAL SACKS.

By invitation a committee of experts recently paid a visit to a wharf at Wapping for the purpose of carrying out tests with hooks and sampling irons on a consignment of East African Coffee. This had been delivered in Sisal Sacks, and the object of the tests was to compare the results with jute gunny sacks. The East African Sisal Sacks were submitted to severe treatment which they withstood exceedingly well (in the opinion of the party and in the opinion of the head of the firm of Wharfingers who was there), certainly considerably better than the jute sacks.

Hooks and sampling irons were used in various parts of the sacks, but the resulting holes did not admit of any serious leakage and after the sacks were holed one of them was lifted on to a man's shoulder and then dropped on the warehouse floor. It was seen that the various holes had practically closed. The use of the sampling iron, as is generally known, actually cuts the warp and weft. The rent thus made can be easily sewn if necessary.

The sacks were then tested with hooks. The Sisal Sack stood up to the test extraordinarily well and the sack was then dragged around by the hook. The same test was then carried out on the gunny bag containing South American Coffee but could not be completed as at the moment an attempt was made to drag the hook, the gunny ripped and would have torn right across.

This proves that the Sisal bag is superior for use with hooks to the gunny.

TANGANYIKA TERRITORY

NO. 504

Off. on

DOWNING STREET,
15th June, 1932.

16

31065/1/32

AT

I have the honour to acknowledge the receipt of your despatch of the 13th January and to transmit the same for consideration. Copies of the correspondence related to ~~the~~ the Governor of Kenya regarding the same usage for the trading the

H. H. AGNEW & CO.

H. H. AGNEW & CO.

TRADE REPRESENTATIVE

of the East Africa. The said despatch is in accordance with the mandate of the League of Nations which provides that the Government of Kenya shall have the right to regulate the trade of the Territory in the lines of the said despatch. It is noted that it would appear that the said despatch is in accordance with the provisions of the said mandate which will appear to be in accordance with the provisions of the said mandate. It is noted that the said despatch is in accordance with the provisions of the said mandate which will appear to be in accordance with the provisions of the said mandate. It is noted that the said despatch is in accordance with the provisions of the said mandate which will appear to be in accordance with the provisions of the said mandate.

H. H. AGNEW & CO.
TRADE REPRESENTATIVE
SIR SYLVAN STUBBS, K.C.
etc., etc.

36
consideration, and you will no doubt take an opportunity
of consulting the Government of Kenya as to the action
being taken in that Colony.

I have, etc.,

(Sgd) P. Cunliffe-Lister.

COPY.

237

31085/32 TT

Telegram from the Secretary of State for the Colonies to the Governor, Kenya.

Dated and sent 7th June, 1932.

Copy to B.T.
11/6/32
15/6/32
12/6/32
T.T.
T.T.
T.T.
T.T.
T.T.

.....
be 114 Confidential. Your despatch is under consideration. Your despatch is under consideration is that there should be no obstacle to import or sale of jute bags at fair competitive prices. If this can be secured by allowing import and sale of jute bags at fair competitive ~~without~~ unreasonably low prices, we see no objection to assisting proposed undertakings by granting exclusive licence in Kenya for reasonable term, and passing legislation designed to secure price control consistent with ~~overriding~~ consideration stated above. It may be that countervailing duty on importing goods would prove most practicable method of effecting this. You will appreciate that the practical difficulties inherent either in direct price control, or indirect control through countervailing duties; and this aspect will require most careful consideration. I should like to see draft before agreeing to any undertaking being given to promoters, and wish to consult Board of Trade before taking decision.

Extract from Personal Confidential
Letter - Sir J. Dyne to Sir C. Cottonley
dated 21/5/32

The second matter is the proposed Sisal Bag industry. I hear on good authority that Imperial Chemicals - through a subsidiary company - are likely to come in on a fairly large scale as they have tried the sample bags at Matadi and found them very suitable for their products. You probably know more about this than I do for the prime mover is Colonel Pollitt, one of the Directors who recently paid a visit to this country.

Yours sincerely,
J.M. [Signature]

Sir W.C. Cottonley, K.C.M.G., C.B., O.B.E.
The Colonial Office,
London, S.W. 1.

FROM CAMPBELL, H. H. (MUMBAI)
MUMBAI OFFICE, P. L. A. R.
COMMUNION
MUMBAI

RECEIVED
MUMBAI
TO
SIR CIVIL BOMBAY
Colonial Office
S. W. I.

407

REC'D
COL. OFF.

30th April 1932

Dear Sir Cecil,

many thanks for your letter of yesterday on the subject of the mail bag business.

I am very glad to hear that there is a possibility of the Secretary of State being able to give some idea of the time of day to be followed within the next week or two.

You may be interested to hear I received a cable from W. Seth Smith this morning, who presided over a meeting held in Mumbai at the end of March dealing with this subject, in which he says:-

• Such a case reference memo sent from Government here please see Colonial Office with Cranworth
Undermore Esq.

FROM

CAMPBELL B. HAGEDUNG
HERMANHURV PLACE
DANSHAM
OSKRE

MEMO

HENNINGSSON AND
FLYVINGSTAD

40 7

TO Sir Cecil Holloway,
Colonial Office,
S.W.

RECEIVED
COL OF

30th April 1932

Dear Sir Cecil,

many thanks for your letter of yesterday
on the subject of the steel bag factory.

I am very glad to hear that there is a
possibility of the Secretary of State being able
to give some idea of the line of policy to be
followed within the next week or two.

You may be interested to hear I received a
cable from Mr. Seth Smith this morning, who
resided over a very long meeting held in
Nairobi at the end of March dealing with
the subject, in which he says:-

Steel works reference memo sent from
Government here please see Colonial Office
with Cramworth

Indulgence Expedite

decision matter very urgent as this
delay seriously holding up raising
necessary capital.

We hear in news that the
Mexican government have sold 5,000 tons of
sisal for making cloth to wrap cotton
bales in.

If this should prove successful it ought
to open up a considerable additional field
to a sisal bag factory in Kenya in connection
with ^{the} Uganda & Sudan cotton industries.

Yours sincerely,
Campbell S. Mackenzie

Mr. Allen 27/4
 Mr. Tolson 27/4
 Mr. Tolson
 Sir C. Boardman
 Sir J. S. S. S.
 Sir G. Grindie
 Permt. U.S. of S.
 Parly. U.S. of S.
 Secretary of State

DRAFT.

Campbell B. Hensberg Esq.

Mr. Tolson

My Sir,
 I have not seen the letter
 headquarters on the
 ground of inter-branch
 activities in Africa.

W.C.S.
 27.4.32

Sir C. Boardman

I understand that this office
 had seen a 3rd circulation on this
 question but that it is being considered
 in a separate way in the U.S. Department
 but I am not sure of the exact date
 empty in this case is that it is
 U.S. I don't think that there is
 any objection to the paper proceeding.

Kenya
 W.C.S. Boardman

29 APR 1932

Dear Mr. Hensberg

I can assure you
 that there has been no
 avoidable delay in considering
 the Kenya proposals for
 establishing a seal bag
 factory. But we have
 been faced with certain
 questions of principle which concern
 not only other territories
 in Africa but other
 Departments of H.M.G. and
 the S. of S. is not yet
 in a position to send
 a definite reply to Sir
 Joseph D. G. I am
 not without hope, however.

Allen 27/4
+ Mr. Lawson 27/4
Mr. Tomlinson
Sir C. Botwinley
Mr. J. Shackburgh
Sir G. Grindle
Permt. U.S. of S.
Parly. U.S. of S.
Secretary of State

Kenya
L. G. C. [unclear]
O.D.
11 28 APR
D. 28

DRAFT.

29 APR 1932

Campbell B. Hensbury Esq.

Dear Mr Hensbury

I am sorry to hear that there has been no avoidable delay in completing the Kenya proposals for establishing a seal bag factory. But we have been faced with certain questions of principle which concern not only this territory in Africa but other Departments of H.M.G. and the S. of S. is not yet in a position to send a definite reply to Sir Joseph Byrne. I am not without hope, however,

Mr. Lawson

My objection to the terms of the draft? I have not seen the latest developments in the Government of Kenya - [unclear]

C.B.
27.4.32

Sir C. Botwinley

I understand that the S. of S. had seen a [unclear] in the question of the [unclear] being [unclear] in [unclear] with the [unclear] but in the [unclear] of supply in the case in India [unclear] U.S. I don't think that there is any objection to the [unclear] [unclear]

...some idea of the
line of policy to be followed.

Yours sincerely

(Signed) W. O. BOTTOMLEY.

...some idea of the
line of policy to be followed.

Yours sincerely,

(Signed) W. O. BOTTOMLEY.

FROM

CAMPBELL H. HACHBURG,
SHERMANBURY PLACE,
HORSHAM,
SUSSEX.

MEMO.

HENFIELD
STATIONS AND
PARTRIDGE GREEN.

TO
Sir Cecil Beaulieu,
Colonial Office,
S.W.1.

572

25th April, 1932.

Dear Sir Cecil,

Sisal Sack Factory.

You may remember I wrote to you on the 5th of last month about the proposal to start a sisal sack factory in Kenya.

I mentioned that according to our information a memorandum dealing with the subject, together with a despatch, was being sent by His Excellency the Governor to the Colonial Office by air mail.

I have today received a further letter from Mr. Rutherford, dated the 14th April, in which he states that they have had no

REC'D
28 APR 1932

reply from the Colonial Office to their requests
for protection for the bag industry."

He further asks if I can do anything
to expedite their getting a reply "as nothing
can be done till they get it."

I am therefore writing to ask if the
matter has come up for consideration; and
if you could very kindly give me any
information as to what the position is at this
time which I can pass on to the other side.

I understand that Mr. Black, who was
stated to be going to find the necessary
capital or most of it, is expected home in
June.

Yours sincerely,
Campbell S. Dandberg

aply from the Colonial Office to their requests
for protection for the bag industry.

He further asks if I can do anything
to expedite their getting a reply "as nothing
can be done till they get it."

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if you could very kindly give me any
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and which I can pass on to the other side.

I understand that Mr. Block, who was
stated to be going to find the necessary
capital or most of it, is expected home in
June.

Yours sincerely,
Campbell Handberg

4

Off. in

Copy

31065/1/32.

T.T.

Banning Street

14 April, 1932.

Sir,

Fr. Major Conrad Walsh 5.10.32.

To - do - 23.10.32.

To Gov. Kenya, Uganda & Tanganyika 28.10

Fr. Gov. Uganda 12.12.32.

Fr. Tanganyika 13.1.32.

Fr. Gov. Kenya 30.1.32.

Fr. Gov. Kenya 13.2.32.

To Kenya 11.1.32.

... Secretary for Philip
 ... to be held as noted.
 ... with the Gov.
 ... Tanganyika Territory
 ... proposals
 ... manufacturers

The Board of Trade ...
 ... that while a ...
 ... by Major Walsh ...
 ... manufacturers of bags ...
 ... also been made by interests ...
 ... that ...
 ... Governor of Kenya has proposed to assist the local
 ... in that Colony by controlling the price
 ... sacks in the Colony, and also by protecting the
 ... manufacturers from premature competition in the Colony

THE SECRETARY,
BOARD OF TRADE.

by

Old in

31065/1/32.

T.T.

Copy

43

4

Donning Street
14/11/32.

Mr.

Fr. Major Conrad
Walsh 5.10.32.

To - do - 23.10.32.

To Gov. Kenya, Uganda
& Tanganyika 28.10.

Fr. Gov. Uganda
12.12.32.

Fr. Tanganyika
13.1.32.

Fr. Gov. Kenya
30.1.32.

Fr. Gov. Kenya
13.2.32.

To Kenya
M. Tel.

THE SECRETARY

BOARD OF

... referred to ...
... to transmit ...
... the Board of Trade, ...
... the ... with the ...
... Tanganyika Territory ...
...
...
... The Board of Trade ...
...
... by ...
... manufacture of bags ...
...
...
...
... interests ...
... space in the colony, ...
... operators ...

by a system of licences.

3. I am to enclose, for the Board's consideration, the draft of a telegram to Sir Philip Sunliffe, Minister for the Governor of Kenya, and to request that he may be favoured at his earliest convenience to favour the Board by passing the draft to the Board.

4. With reference to the draft of a telegram to Sir Philip Sunliffe, Minister for the Governor of Kenya, for the Board's consideration, the Board is of the opinion that the draft should be prepared in the form of a letter to the Minister, and that the Board should request the Minister to forward the draft to the Board for its consideration.

5. The Board is of the opinion that the Board should not recommend the granting of exclusive licences, as proposed in the Kenya project, but should recommend to assisting an undertaking in Kenya to the enactment of legislation designed to secure price control

control, so long as no obstacle is placed in the way of the importation or sale of jute bags at fair competitive prices. If the Governor agreed that action on these lines might be taken, in preference to that suggested in paragraph 3 of his despatch of the 13th January, Major Conrad Walsh would be glad accordingly. The Secretary of State would be glad to learn whether the Board of Trade have any observations on the course of action proposed above.

In view of the request of the Governor of Assam for a reply by telegram, Sir Philip Southwell would be glad if this letter might be treated as urgent.

I am, Sir,

Yours faithfully,
 [Signature]

Governor, Kenya.

No. Confidential. Your despatch

No. 28. Overriding consideration is that there should be no obstacle to import or sale of jute bags at fair competitive prices. If this can be secured by allowing import and sale of jute bags at fair competitive but not unreasonable low prices I see no objection to assisting proposed legislation by granting exclusive license in Kenya for reasonable term, and passing legislation designed to secure price control consistent with overriding

consideration stated above. It may be the countervailing duty on a sliding scale would prove most practicable method of effecting this. You will appreciate the practical difficulties inherent either in direct price control, or indirect control through countervailing duties, and this aspect

will

will require most careful consideration. I

Should like to see draft before agreeing to any

undertaking being given to promoters, and wish

to consult Board of Trade before taking decision.

will require most careful consideration. I

should like to see draft before agreeing to any

undertaking being given to promoters, and

to consult Board of Trade before taking decision.

Copy to B/T 14 APR 1932 Cont
No. 6 on 31065/1/32 T.T.

*Prop. Government
only
W.S. 28/1/32*

To Governor

Nairobi

Kisumu

*insert in brackets
date 29/3/32
31065/1/32 T.T.*

~~... memorandum draft letter prepared by Mr J Campbell~~

*by allowing import
as sale of jute bags
at fair competitive
price not unreasonable
low prices*

No:----- Confidential. Your despatch
No: 28. Overriding consideration is that
there should be no obstacle to import or
sale of jute bags at fair competitive prices.
If this can be secured I see no objection
to ~~existing~~ proposed undertaking by grant-
ing exclusive license for reasonable term,
and passing legislation designed to secure
price control consistent with overriding
consideration stated above. It may be that
countervailing duty on sliding scale would
prove most practicable method of effecting
this. You will appreciate the practical
difficulties inherent either in direct
price control, or indirect control through
countervailing duties; and this aspect will
require most careful consideration. I should
like to see draft before agreeing to any
undertaking being given to promoters, and
wish to consult Board of Trade as to its
suitability.

Secer.

~~The establishment of a jute bag
manufacturing industry should not
be allowed to involve an increase
in the price of bags to exporters
of other produce. If this can be
secured by allowing import & sale
of jute bags at ~~reasonable~~
fair competitive prices, but not
~~at~~ unreasonably low prices,~~

to 10/1/32

Kenya

No. Confidential. Your despatch No. 28. Overriding consideration is that

by allowing import of jute bags at fair competitive prices, but not unreasonable low prices

there is no obstacle to import or sale of jute bags at fair competitive prices. If this can be secured I see no objection

To Governor

Nairobi

Kenya

assist in the work of the Board made 24/1/32 in 3169/1/32

to assisting proposed undertaking by granting exclusive license for reasonable term, and passing legislation designed to secure price control consistent with overriding consideration stated above. It may be that countervailing duty on sliding scale would prove a practicable method of effecting this. You will appreciate the practical

difficulties inherent either in direct price control, or indirect control through countervailing duties; and that aspect will require most careful consideration. I should like to see draft before agreeing to any

undertaking being given to promoters, and wish to consult Board of Trade as to its responsibility division

For information of the Board of Trade

~~The establishment of a jute bag manufacturing industry should not be allowed to involve an increase in the price of bags to exporters of other products. If this can be secured by allowing import of jute bags at fair competitive prices, but not unreasonable low prices,~~

Copy to 10/1/32 34 10/1/32 (and other files)

TELEPHONE: HENFIELD 30.

FROM: DAVID R. H. MAUNBERG,
MICKLEBURGH PLACE,
HORSBAND,
NORWICH.

MEMO.

HENFIELD
STATIONER AND
PARTHURST GREEN.

To Sir Cecil Lottomley,
Colonial Office,
S.W.1.

20
48

5th March, 1932.

My dear Sir Cecil,

You will no doubt have heard of the proposal to start a sisal sack factory in Kenya.

I had a letter by this week's air mail from Mr. Rutherford enclosing a copy of a memorandum which I understand has been submitted to the Governor.

I also understand that the latter was sending a despatch on this subject to the Colonial Office by air mail.

I have no information as to whether the Syndicate has actually got all the cash

they require or not; but I have been in
communication with Lord Cranworth & the
object of my letter is to say that he - I
will be glad to render any service, or to
give you any information that we can.

I understand that the seal sacks
shown at the recent British Industries Fair
created considerable interest.

Yours sincerely
Campbell S. Hainbury

KENYA.

No. 28 Air Mail



GOVERNMENT HOUSE
NAIROBI,
KENYA.

CONFIDENTIAL.

RECEIVED
24 FEB 1932
GOV. OFFICE

13 February, 1932.

Sir,

I have the honour to refer to my Confidential Despatch No. 17 of the 30th January last on the subject of the manufacture of bags from sisal, and to state that further information has now been obtained from the promoters, which tends to shew that such an industry might be instituted with fair prospects of success.

2. As I stated in paragraph 4 of my despatch under reference the reports on the tests of these bags have been satisfactory and the promoters of the scheme are now of opinion that they can be produced at prices which will enable them to compete with jute bags in the market under normal conditions. In regard to the demand for sisal bags, I am informed that the Kenya Farmers' Association has already purchased 1500 which are being shipped to this Colony and has ordered a further 1200. This Association controls the bulk of the wheat and maize exported from Kenya, this action testifies to the support of the project by these two industries at least.

3. The promoters further advise me that there will be no difficulty in paying reasonable prices for sisal, and that low grade sisal and tow will also be utilised, thus extending the benefit which the institution of the industry would in any case have conferred upon the sisal producers.

The

THE RIGHT HONOURABLE

MAJOR SIR PHILIP CUNLIFFE-LISTER, P.C., G.B.E., M.C., M.P.,
SECRETARY OF STATE FOR THE COLONIES.

DOWNING STREET,

LONDON. S.W.1.

*Copy to D.T. 14/4/32
" " T.T. 15/6/32
" " Uga 20/6/32*

*Appeal file 1030
3065/1/32
T.T.*

To 1

KENYA.

No. 28 *Air mail*



GOVERNMENT HOUSE
NAIROBI
KENYA

13 February, 1932.

CONFIDENTIAL

RECEIVED
13 FEB 1932
GOV. OFFICE

Sir,

I have the honour to refer to my Confidential Despatch No. 17 of the 30th January last on the subject of the manufacture of bags from sisal, and to state that further information has now been obtained from the promoters, which tends to show that such an industry might be instituted with fair prospects of success.

2. As I stated in paragraph 4 of my despatch under reference the reports on the tests of these bags have been satisfactory and the promoters of the scheme are now of opinion that they can be produced at prices which will enable them to compete with jute bags in the market under normal conditions. In regard to the demand for sisal bags, I am informed that the Kenya Farmers' Association has already purchased 1500 which are being shipped to this Colony and has ordered a further 1200. As this Association controls the bulk of the wheat and maize exported from Kenya, this action testifies to the support of the project by these industries at least.

3. The promoters further advise me that there will be no difficulty in paying reasonable prices for sisal, and that low grade sisal and tow will also be utilised, thus extending the benefit which the institution of the industry would in any case have conferred upon the sisal producers.

The

THE RIGHT HONOURABLE

MAJOR SIR PHILIP CUNLIFFE-LISTER, P.C., G.B.E., M.C., M.P.,
SECRETARY OF STATE FOR THE COLONIES.

DOWLING STREET,

LONDON. S.W.1.

Handwritten notes:
Aired Tel. 10/32 Ac. 2
31065/1/32 T.T.
Copy to D.T. 14/4/32
" " T.T. 15/6/32
" " Toga 20/6/32

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The promoters state that the machinery which it is hoped to instal will be purchased in the United Kingdom and that, in the first instance, machinery to the value of £50,000 will be required.

4. After consideration of this additional information I am now satisfied that the experiment is worth a trial and that in view of the valuable assistance which will be rendered, if this industry is a success, to the sisal producers, its institution should be encouraged as much as possible.

5. The promoters urge that, before they will be able to embark on this undertaking, they will require assurance of protection from two forms of what they submit would be unfair competition. In the first place, they fear that the jute manufacturers may flood the Colony with cheap bags, sold below the market price obtaining and at a loss, in order to strike at the outset what may prove to be dangerous competition. That this fear is not unfounded is shown by the recent action of one of the tea companies operating in this territory which, in the course of its competition with local competitors, imported a quantity of tea from its estates elsewhere which it sold at a low rate in order to secure the market. As a result of negotiations an undertaking was obtained that no action would be taken in the future, which would tend to injure the tea industry in Kenya, but it would not be safe to rely solely on the success of such negotiations especially where the competing firms had not themselves interests in this Colony.

6. I informed the applicants that their suggestion of a duty on imported jute bags, whether of the ordinary kind or in the nature of suspended duty, was not one which I could entertain, more especially as the scheme did not purport to provide, in the first instance, more than a third of the bags annually required in the Colony. In enunciating this

This decision I had in mind, inter alia, your circular telegram No. 28 of the 4th February on the subject of encouraging free trade within the Empire. I am advised, however, that it would be possible to frame legislation which a reasonable Government to control prices if at any time unscrupulous manufacturers threatened to flood the market with cheap bags sold at an uneconomic price, or attempted to effect the same object by allowing abnormal discounts. The promoters assure me that such legislation would meet their requirements since they claim to be quite able to meet normal competition, with which I emphasised that Government could not interfere. I do not suppose that it would become necessary actually to enforce such legislation; a threat to do so, if the Ordinance were already in being, would almost certainly suffice to stop attempts at unfair methods of competition but I think it would be necessary for Government to have the power of taking such action and shall be grateful if you will sanction an undertaking being given to the Company that legislation on these lines will be enacted. I have instructed the Attorney General to draft a bill which I propose to submit at an early date for your approval.

7. The second form of competition of which the applicants were apprehensive, was that of premature competition within the Colony itself by the setting up of more factories than the industry would support. This is not a new problem in this Colony and has successfully been dealt with in the cases of cotton ginneries by the issue of licences, the number of licences issued being regulated to the amount of produce likely to be supplied and the capacity of the ginneries. In this connection I would refer to Sir Edward Northey's despatch No. 1149 of the 17th August, 1922, when the policy was initiated. This policy proved a success and I see no reason why a similar policy should not be followed

Apr. 4/20/22
K.

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followed in the case of sisal bag factories. I am assured that this will meet the desires of the promoters. It is possible of course that they may have to face competitive factories in Uganda or Tanganyika Territory, and I pointed out that this Government could not interfere with any such competition but that the cost of transport should prevent it from being other than healthy and with this view they agreed.

8. I trust that these views will commend themselves to you. The encouragement of the sisal industry is, in my view, one of the most pressing problems of the Colony today, and I would submit that the measures suggested are in no way an undue interference with legitimate trade. I hope, therefore, that you will be prepared to sanction them in principle and in view of the fact that it is highly desirable that this industry should be started at the earliest possible date. I shall be grateful if that approval may be transmitted to me by telegram.

I have the honour to be,

Sir,

Your most obedient, humble servant,

BRIGADIER-GENERAL.
GOVERNOR.

KENYA.

No. 17

CONFIDENTIAL



GOVERNMENT HOUSE,
NAIROBI,
KENYA.

RECEIVED
29 FEB 1932
COL OFFICE

30 January, 1932.

Sir,

17/69/A/31

31065/1/32

Copy to B.T. 14/4/32

T.T. 15/6/32

Wga. 20/6/32

I have the honour to refer to your predecessor's despatch No. 740 of the 28th October, 1931, and to inform you that the proposal to erect a sisal bag factory in Kenya, coupled with a request for a protective duty, was put to me at the end of July last in an interview by the promoter of the scheme in Nairobi, Mr. Gilbert of Messrs. Gill and Johnson, Accountants. I requested him to make further enquiries from the traders dealing with the export of the relevant produce with a view to finding out whether such a bag would meet their requirements, and those of the Shipping Companies and purchasers. I still await this information and understand that difficulties may have arisen with the Shipping Companies.

2. I am advised that sisal has not replaced jute as a material for manufacturing bags in other parts of the world and that therefore the present proposal is largely experimental, and further that, although the prices of sisal and jute at present stand at about the same figure, any return to the relatively higher price paid for sisal in 1930 might embarrass the enterprise unless the favourable geographical situation is a sufficient advantage. It will be observed from the cutting which you enclosed that all calculations have been based on the payment in Kenya of the London price

THE RIGHT HONOURABLE
 MAJOR SIR PHILIP COMLIFFE-LISTER, P.C., G.B.E., M.C., M.P.,
 SECRETARY OF STATE FOR THE COLONIES,
 DOWNING STREET,
 LONDON, S.W.1.

for sisal, which allows a very favourable margin of profit if sisal is purchased at its local price.

31065/1/32
T.T.

I have received a copy of Sir W.F. Gowers' letter No. 383 of the 12th December, 1931, and would state that it is fully appreciated in this Colony also that a rise in price of a commodity essential to many export industries is to be avoided if possible, though small contributions from other industries to one that is temporarily depressed is a principle which has been accepted in several cases. In regard to the sisal industry as of fundamental importance to the country, the capital which has been invested in it is considerable and the labour employed in normal times allows money to circulate in a wide field. This industry is of vital importance to Tanganyika Territory also.

I have received very satisfactory reports on the strength and durability of these bags which were tested at Belfast in the presence of His Majesty's Deputy Trade Commissioner, but on my present information it is not possible to say whether the prospective trade in East Africa would support more than one factory: all figures so far examined have been calculated on the basis of a field of distribution covering the three territories. As already stated the position needs more investigation and the promoters before I am willing to consider the tariff proposal further.

5. I attach for your information copies of a Memorandum by the Agricultural Economist and a letter No. 2531 of the 16th July, 1931 from the Commissioner of Customs.

I have the honor to be,
Your most obedient, humble servant,

BRIGADIER GENERAL,
GOVERNOR.

MANUFACTURE OF BAGS ETC. FROM SISAL IN KENYA.

PROPOSALS FOR MANUFACTURE IN NAIROBI.

(1) Minimum 5000 tons of sisal per annum.

(2) ~~For~~ manufacture

Gunny bags for coffee
maize
wheat
sugar
copra
nuts

Hessian for cotton
coffee drying mats

Rope, twine etc.

(3) Capital. Promoters will provide
(a) a plot in Nairobi
(b) £40,000 for plant of factory.

They will hand over the scheme to a co-operative unit:

(a) Sale on easy terms, e.g. exchange of 10% of sales of sisal for shares.

(b) Int. on capital @ 4%.

(c) A mortgage on the whole concern and a guarantee that no profits are distributed until the whole of the capital has been repaid.

(d) Rosenblus, Bullous & Roy to be sole selling agent ~~on~~ ^{producers' commission}, this firm taking responsibility for bad debts.

(4) Customs duty to prevent dumping with deliberate aggressive intention by Indian firms.

"A duty of 20% on landed cost amounts to only 16 cents on a 2 lb. bag."

(5) Promoters willing to instal a smaller unit in barotsi (Kenya) on similar principles.

Notes on above.

(1) Total Exports from Kenya.

1926	14,728
1927	15,298
1928	16,516
1929	15,647
1930	15,949

Imports of Jute Bags.Consumption Imports.

	Doz.	Kenya £.	and Uganda Per Doz. Sh.	Ug. Doz.	K. Doz.	Govt. Imports. Doz.	Imports. £.
1930	439,589	1,794	8/05	106,298	333,291	1833	538
1929	385,229	180,893	9/40	138,139	247,090	2,692	1,635
1928	483,289	255,300	10/56	81,001	402,288	875	459
1927	301,993	159,866	10/58	46,929	255,064	2,042	977
1926	380,752	233,056	12/24	67,126	313,626	41	37

Imports of Cordage, Ropes and Twine, Hemp etc.Kenya and Uganda (including Govt. imports.).

	(a)		(b)		(c)	
	<u>Buildings</u> cwt.	<u>Harvest</u> Value	<u>Sacking</u> cwt.	<u>Value</u> £.	<u>Other</u> cwt.	<u>Value</u> £.
1930	1,875	4,580	2,756	5,552	4,677	8,415
1929	8,702	18,279				
1928	9,964	18,215				
1927	8,103	18,525				
1926	8,629	22,560				

Imports of Jute bagging and Sacking.Kenya and Uganda (including Govt. imports.).

	Yds.	£
1930	888,724	16,697
1929	Not separately enumerated.	
1928	"	"
1927	"	"
1926	"	"

Imports of Jute Piece Goods.Kenya and Uganda (including Govt. imports.).

	Yds.	£.
1930	10,980	144
1929	841,238	16,532
1928	1,142,833	23,759
1927	625,716	12,744
1926	1,034,277	23,222

(4)

The anti-dumping duty is desired as a safeguard. It is not anticipated that dumping will be deliberately undertaken since the East African trade represents a very small proportion of the output of the jute mills and would hardly justify any special efforts to keep the market.

Imports of Jute Sacks into Tanganyika:-

1930	122,971	dozen
1929	116,091	"

The proposal if successful might avoid the necessity for payment abroad for goods to the values indicated below:-

Imports of Jute Bags etc.

	1930	1929
Jute Bags and Sacks	177,332	181,982
Cordage, rope and twine	18,547	18,279
Jute Piece Goods	16,697	16,532
Jute bagging and sacking		
	<u>212,720</u>	<u>216,793</u>

While the statement that so much money would be kept in these colonies would need a good deal of qualification it is beyond doubt that if a manufacturing industry could be established on an economic basis Kenya and Uganda would benefit considerably.

The possibility of the industry depends upon:-

- (a) The suitability of the finished article in comparison with competitive articles taking into account the attitude of the various bodies concerned with its use.
- (b) The course of prices of raw sisal and jute.
- (c) The costs of manufacture in comparison with those of sisal; taking into account also transport costs.
- (d) As a result mainly of (b) and (c), the price at which the articles can finally be sold.

Notes on above points.

(a) Tests at Belfast with 24 lb. bags filled with maize meal, made by dropping the filled sacks from heights up to 50 ft. showed the strength of sisal bags to be superior to the jute bags used in the test.

Trade associations, including Corn Trade and Oil Seed Trade associations, require tests before considering altering their form of contract. These tests are being arranged by shipping trial consignments of maize, wheat, groundnuts, sisal and cotton seed in sisal bags, and only await the arrival of the bags.

A suggestion was made that the Shipping companies may have clauses requiring the use of jute bags, but this matter has not been pursued.

(b)

Prices of Hard Fibres.

	Av. 1928.	Av. 1929.	Av. 1930.	Sept. 1930.	Dec. 1930.	Mar. 1931.	July 1931.	Sept. 1931.	Nov. 7 1931.
E.A. Sisal	36.7	39.7	27.0	21.0	21.0	15.4	15.2	12.5	16.0
Jute 1st mks. 33.0	33.0	31.0	21.0	15.9	16.4	15.0	16.6	16.7	21.0
Manila	37.0	37.0	26.5	22.0	23.7	18.2	18.5	16.0	21.0

Av. 1928 - 30 Wigglesworth & Co., Ltd.
from Sept. 1930 "The Economist".

It will be seen that previous to the early part of the present year prices of Jute ruled below those of sisal. Prospects depend upon whether the present position is a new normal or whether the present is an abnormal condition which will be rectified as the market settles down into equilibrium. So far as the latter is true sisal prices will tend to rise towards and above Jute and an undertaking based upon the present relation of the prices of the two fibres will rest upon an un-sound basis.

Neglecting any waste and the possibility of using lower grades of raw material for the purposes in question, the cost of raw material for a 2½ lb. bag on the above prices would be:-

	Cents per 2½ lb. bag.								
	Av. 1928	Av. 1929	Av. 1930.	Sept. 1930.	Dec. 1930	Mar. 1931	July 1931	Sept. 1931	Nov. 7. 1931.
E.A. Sisal	82	89	60	47	47	34	34	29	36
Jute	73	69	47	35	37	33	37	37	47

(The saving on transport and selling costs of Sisal has not been allowed for in these figures, 27 per ton = cts. 15 per 2½ lb. bag.)

Whereas during the last three months sisal has been cheaper than jute by cents 9 per 2½ lb., previous to this period it has been dearer by cents 9 to cents 20 per 2½ lb. The differential movement has thus been between cents 18 and cents 29. A return to the price ratios obtaining in 1928 - 30 would involve an adverse movement of between cents 18 to 29 per 2½ lb. bag as compared with the conditions at the present moment. The 2½ lb. Jute bag is quoted at present at cents 75 at Nairobi.

It is hoped that the lower grades of fibre will prove suitable for sack making, even including the fluze waste.

(c) No information has been received as to costs of manufacture. The promoters of the scheme claim that competition with jute bags is possible on the basis of present prices, provided that there is no dumping.

Maj. Dale of H.M.S.A. Trade and Information Office went into costs of manufacture at the Belfast Rope Works with Major Walsh, but no information has been received.

The estimate of £10,000 capital cost is not based on accurate estimates. Enquiries are in progress.

The major portion of the cost would be for plant,

assuming £38,000 as the cost of ~~machinery~~, and £2000 for buildings, as a rough working basis the overhead charges would

Interest on £40,000	@ 4%	=	£1,600	p.a.
Depreciation on Machinery	@ 10%	=	3,800	
Amortisation of buildings	@ 1%	=	100	
			<hr/>	
			£ 7,100	

On an annual output of 400,000 dozen bags this would work at cents 2.96 per bag, while other lines of output would help to spread this charge.

No information as to running costs is to hand.

(Sd.) W. L. ~~...~~

AGRICULTURAL ECONOMIST.

16th July, 1931.

The Honourable
Colonial Secretary,
Nairobi.PROPOSAL TO ERECT A BAG AND ROPE FACTORY
NAIROBI.~~REF. YOUR AGH. 6/4/3 OF 15.7.1931~~

Gunny bags, hessian and similar articles imported for the packing of produce are not ordinarily charged with Customs duty on importation. The reasons for this are obvious as a very large percentage is subsequently re-exported and in an agricultural country it is of primary importance that costs in connection with exported produce shall be kept at as low a figure as possible in order to meet world competition. On these grounds it will probably be agreed that a duty for Revenue purposes cannot properly be imposed and that if assistance through the medium of the Customs Tariff is possible, it could take the form either of a "suspended duty" or of anti-dumping legislation.

2. Before discussing these alternatives in detail it may be convenient to examine on more general lines the proposal submitted by Mr. Gilbert.

Imports of jute bags and sacking into Kenya and Uganda during 1930 amounted in value to £194,029, of which a considerable proportion is required by Uganda chiefly for the packing of cotton and cotton seed. Imports into Tanganyika Territory during 1930 amount in value to approximately £49,000.

4. From these figures it is clear that the three territories provide a very valuable market for bags and sacking and that a local factory should do well provided that it can turn out an efficient article at a competitive price in addition to having a selling organisation which is in a position to supply the various local centres in Eastern Africa. I am not in a position to express my opinion on the quality of the goods it is proposed to manufacture beyond stating that so far as I am aware sisal has not replaced jute as a material for manufacturing bags in any other part of the world and that in consequence the use of sisal in this connection must be regarded as largely experimental. So far as price is concerned however, the promoters state that with sisal costing £15 per ton they can make a profit at present day prices of imported bags, but they do not give the place of sale, which must be an important consideration if all the territories are to be supplied. They also observe that imported bags are lower in cost to-day than they have ever been, a statement which is perhaps a little too sweeping but one which certainly holds good over a considerable number of years. No reference is made, however, to the relative fall in prices of the two raw materials in question and it is in this direction that further investigations would appear desirable when examining the project from the point of view of possible financial success without detriment to other industries.

5. The following are average market prices taken from "The Times Trade Supplement" :-

	1930		1931	
	January	June	January	June
Sisal per ton	37	27	18	15
Jute " "	23	20	14	15

6. It will be seen that although in the present entirely abnormal circumstances the prices of sisal and jute stand at the same figure, the normal price of sisal is considerably more than that of jute. This fact must in due course place the local manufacturer at a disadvantage as also must the long standing organisation, experience and output of the jute bagging industry as a whole. Geographical situation being then the only compensatory advantage if a Tariff wall to stimulate the local industry is not erected.

7. So far as the proposed imposition of a duty on imported bags and sacking is concerned, I have already given some reasons for stating my opinion that if any duty is imposed it must take the form of a suspended duty. Apart from the impropriety of charging a duty for Revenue purposes on this class of goods, it is in the highest degree improbable that the neighbouring territories would agree to impose a duty and it is even questionable whether they would look favourably upon a suggestion that the common Tariff should be altered as to allow the imposition of a suspended duty in any of the three territories. Assuming that such a proposal were accepted, it is probable that in the first instance the suspended duty would only be applied in Kenya. Accepting this supposition as correct, it would still be imperative to ensure that the local manufacturer at all times to supply the Kenya market in full at a price not higher than that chargeable for imported jute bags and sacking, otherwise the industry will be fostered at the expense of the producers other than sisal growers who are already exploring every channel with the object of reducing marketing costs. On these grounds, I feel that the imposition of a duty on bags and sacking could not be justified as it might benefit the sisal grower until such time as the relative values of sisal and jute are re-adjusted but would inflict a definite hardship on all other exporters by maintaining the price of essential packing material at an artificial level.

8. As regards the enactment of dumping legislation, the practical application of dumping laws is fraught with difficulty in all countries and I am very doubtful whether this course of action on the part of Government would achieve the object sought by Mr. Gilbert except perhaps for a very short period, as in the ordinarily accepted sense, dumping consists of disposing of an exportable surplus at an uneconomic price. Jute manufacturers might conceivably adopt such measures with a view to smothering a competitive industry but they would still have to pay ocean and mail freights to the centres of consumption and as soon as the normal relationship between sisal and jute prices is re-established, the disparity in costs could no longer be attributed to "dumping".

9. In the Annual Trade Reports of 1923 and 1925 I invited attention to the value of the local bag and sacking market and suggested that the possibility of establishing

a local bag making industry might be explored, but I certainly did not envisage the erection of a Tariff wall to protect such an industry as I considered that favourable geographical position should in itself provide a sufficient measure of protection.

10. In my opinion the promoters should be told that before Government can consider the matter further, some indication of the general attitude of producers and exporters to the scheme should be obtained. It is extremely doubtful whether exporters, even if they are ardent Protectionists, would support a proposal which must have the effect of tending to increase the cost of marketing locally and overseas and if a general consensus of opinion favourable to the scheme cannot be obtained the proposal should be abandoned, Government taking no action.

11. The creation of a sheltered local market has obvious attractions to the producer and manufacturer, but when, as in this case, it impinges on marketing produce overseas there are equally obvious dangers and it is principally on these grounds that I find it difficult to give even qualified support to the proposal. If the project of converting sacks into bags and sacking is likely to be at all profitable, I suggest that by far the best way of starting the industry would be for the promoters in the first instance to obtain forward contracts from such organisations as the Kenya Farmers Association and the Coffee Caring Company, leaving the question of imposition of duty to a later date when the industry is in a position to show that it can in fact provide for all requirements in the three territories.

D. WALSH

Commissioner of Customs,
Kenya and Uganda.