

1934
23307

1934
23307

KENYA

C0533/451

K.U. Rly. Rates from Mombasa to the Belgian Congo.
Competition with the Sudan Railways.

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FILE A

C.S.

Rly.
Rly. rates from
Mombasa to
Belgian Congo
Sudan Rlys.
competition

States that owing to the competition of the Sudan Rlys. the traffic from Mombasa to the Belgian Congo on the K. U. R. has seriously declined. Suggests that it is desirable that an agreement should be reached to avoid competition, that concurrence of F.O. be secured & instructions given for a conference of representatives of the Sudan Rlys. & K. U. R.

It is obvious that the Sudan Railways by quoting special rates for consignments for the Congo are taking the trade of the K. U. R. to Harbours. The single instance of petrol is sufficient to prove this. There is force in the J. St. C.'s arguments against rates competition between Government Railways. And I agree that if the K. U. R. is compelled to institute reduced rates for Congo consignments from Mombasa to Namasayali, discontentment will probably be created in Uganda.

? Copy deep "encl. to F.O. for Comm. Say that the J. St. C. agrees [with the views expressed] & request that if the J. St. C. sees no objection, the matter may be referred to the first of the Sudan with a view to a conference being arranged as proposed in paragraph 9 of R. 11. 211.

that a discussion between the two Rlys. would be desirable

We are not told whether the Sudan Railways
have lowered their rates to an uneconomic
level. If the reduced rates still pay,
there is little inducement to the Sudan
to raise them & return to the K.R.
some of the diverted traffic.

As proposed

A. Denton
20/11

Yes. If the Sudan Rlys. would stay &
if it can be shown that our rates
are non-economic, we can no doubt
bring pressure.

G. S. M. Cannon
20/11/34

Sir J. Maffey

I should like you to see this.

I am not satisfied that the S.G.R.
are offering reasonable rates -
reductions for long consignments
are common enough - & I think
& would be better at this stage
not to go further than I have
indicated against Mr. Brown's
minute.

W.C.S. 20. 11. 34

Yes. You would be wise to limit the
reference to the terms you suggest. The
Sudan Govt. are able to quote very
cheap rates on the long river run.

But, as you indicate, there may be
advantage to all concerned in a
discussion between the two Railway
administrations.

A. Denton
21/11/34

To F.O. (C/11) Com. 28/11/34

14

3 Foreign Office

11 Dec 34

Trans. copy of despatch to H.M. Representative Com.
enclosing copy of memo & requesting the actions of the Gov. General of
the Sudan may be obtained therefrom.

Send copies of 2 and 3 to
Mr. [unclear] of [unclear]
Mr. [unclear]

C. P. [unclear]
17/12/34

A. Denton
12



4 To 14. C. Dept. 114 (w/ps 2+3) A/1A-17 DEC 1934
1 answer

5. Foreign Office, 4th Feb. 35.

Trans. copy desp. from N.H. Reptve., Cairo enclosing a letter from Gov.-genl., Khartoum, promising views of Sudan govt. on question of railway rates on goods destined for N.E. Belgian Congo.

Copy to H.C. Transport

Ref. to Cf.

A.P. [Signature] 6/2/35

[Signature]

6 etc

6 To H.C. Sept. 17 (w/c 5) A/a 13 FEB 1935

SM

4 Foreign Office

2nd March 35.

Trans. a copy of a despatch from H.M. Representative, Cairo transmitting a copy of a despatch from the Governor General, Sudan stating the views of Sudan Govt. on rly. rates on goods for the N.E. Belgian Congo.

The real trouble is evidently not competition between the S.G.R. & the K.V.R., but between both these systems and the heavily-subsidized West Coast route via Leopoldville & Matadi.

(This confirms what I was told two days ago by Th. C. Farra, of the D.O.T., who was just returned from an official visit to the Sudan & Palestine).

Belgium is paying a subsidy of

the order of \times 500 000 000 fr. belge per annum

I suspect that this figure - quoted from memory - was grossly exaggerated.

The subsidy for 1933 was fr. b. 165 000 000 (= £1,650,000 at today's rate) 1935-36

5,000,000 at the current rate of exchange

to the Congo, & no doubt much of this goes to the transport system. It is perfectly logical for the K.V.R. & S.G.R. to compete with this sort of thing by no means of rate reduction.

The Sudan Railways are prepared to meet the K.V.R. for discussion; and para 3 contains a suggestion for spheres of influence. We can only leave it to the H.C. to decide whether to pursue the matter further.

? Copy incl. to 7 to H.C., saying that if he considers a discussion desirable, he will no doubt communicate direct with G.F. Khartoum.

Copy above to G.O.L.F.

Copy 1, incl. to 7, and above disp. to H.C. should go to Mr. D.O.T. with cover to the Hon. C. Farra, with my compliments (I proposed this).

[Signature] 7/3

I agree. I am sorry that I have delay at this.

G.L. [Signature] 12/3

Yes: it's no use trying to compete with the Congo railway for traffic in the Congo Free State. The Shell Co. is of course trying to work a sort of this cornered Dutch position to get rates down.

? as proposed

11.0.2000

50

So proceed.

Let Sir J. Mackay see
encl. 620.7 after return.

CLB. 13.3.35

Sir G. Macdonald's letter of 18/3
attached. He called today & I
told him that we had already
heard from Khastoune - in the
same sense as his letter - & that
we were telling Kinga. I said
that unless Kinga returned to
the charge he would likely to
hear any more about it, but
that I would put his letter on
record.

CLB. 19.3.35

9. To H. A. Dept: 26 (w/c 2nd encl to 7) w/c 27
21 1935

10. To F.O. (w/c 9) 18/1a }
S.O.T. (w/c 1 + 9 + encl.) Comps. } 28/3/35

12. H. Com. Transport 51 (Annual)

20 May 35

Reports meeting between the Traffic Managers of Sudan Rlys
& representatives of the Transport Administration. Gives details of
results therefrom & encl. copy of despatch sent to Governor General
of the Sudan.

This is satisfactory!

Copy W sent to F.O. Ref. 10/1/35

" " " S.O.T. (encl. 1)
w/c Director's
Compliment
Ref. 11/3/35

A. P. Smith
4/6/35

L.B. Smith
w/c

13. To F.O. (w/c 12) 18/1a

14. S.O.T. (w/c 12) Comps. } 12/6/35

11/1



BY AIR MAIL.

TRANSPORT
KENYA-UGANDA

No. 51

OFFICE OF THE HIGH COMMISSIONER FOR TRANSPORT,
GOVERNMENT HOUSE,

NAIROBI,
KENYA.

RECEIVED
31 MAY 1935
C. O. REGY

20th May 1935.

20

Sir,

Nog

I have the honour to refer to your despatch, Transport No. 26 dated the 21st March 1935, on the rates charged by this Administration and the Sudan Railways Administration for the carriage of goods destined for the North Eastern Belgian Congo, and to inform you that a meeting has recently taken place between the Traffic Manager of the Sudan Railways and representatives of this Administration to discuss this question of rates and certain matters of interest to the two Administrations.

2. The visit of the Traffic Manager of the Sudan Railways to Nairobi has been most successful and not only have certain misapprehensions which previously existed in regard to railway tariff matters been removed but an understanding has been reached regarding the proposals which may be made by the trading community for the quotation of competitive rates, and arrangements have been made for an interchange of data so that both Railway Administrations will have a complete and authentic record in respect of railway tariffs.

copy to { 150 - (13) Act. (14)

3. I enclose for your information a copy of a despatch

which ...

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

7
which I have sent to the Governor General of the Sudan
on this question.

I have the honour to be,

Sir,

Your most obedient,

humble servant,

Adm. Wade

HIGH COMMISSIONER.

BY AIR MAIL.

No. T/Gen./A.1.

2c

18th May 1935.

Your Excellency,

I have the honour to refer to Your Despatch No. 19 of the 3rd February, to His Excellency His Majesty's High Commissioner for Egypt and the Sudan, regarding the question of competition between the Sudan Railways and this Administration for transit traffic to the Belgian Congo, a copy of which was transmitted to me by the Secretary of State for the Colonies.

2. I have noted, with considerable interest, Your Excellency's views in regard to the contraction of general imports into the Belgian Congo via Port Sudan and Mombasa, and also the position in regard to petrol importations and, in the light thereof, I concur with you in thinking that the loss of this traffic experienced by both the Kenya and Uganda Railways and the Sudan Railways must be attributed not to competition inter se, but to the rating policy of the Belgian Congo Administration. I welcome also the assurance that the Sudan Railways Administration has no intention of attempting to divert traffic from the Mombasa route.

3. I am in entire accord with the suggestion that meetings of representatives of the two Railways should be held to discuss matters of mutual interest and in this

HIS EXCELLENCY
THE GOVERNOR GENERAL OF THE SUDAN,
THE PALACE,
KHARTOUM.

connection

connection, I may say that the General Manager of this Administration reports the conclusion this week of an official visit to Nairobi by the Traffic Manager of the Sudan Railways. This visit, I understand, has resulted in the complete removal of any misapprehension that previously existed in regard to Railway Tariff matters; has enabled an understanding to be reached in regard to any proposals that may be made by the trading community for the quotation of competitive rates; and has afforded an opportunity for arranging for an interchange of data whereby both Railway Administrations will have a complete and authentic record of the respective Railway Tariffs.

4. I desire to express to Your Excellency my thanks for having made arrangements for His ^{Highness} visit. The very satisfactory results that have been derived from it augur well, I think, for future meetings between representatives of this Administration and of the Sudan Railways, as occasion renders necessary or desirable.

I have the honour to be

Sir,

Your Excellency's most obedient servant

A. de V. Wade.

HIGH COMMISSIONER.

C.D.
R 158
D

C. O.

- Mr. Grossmith.
- Mr. ~~Frederick~~ *15p.*
- Mr.
- Mr. Parkinson.
- Sir G. Tomlinson
- Sir C. Bottomley.
- Sir J. Shuckburgh.
- Permt. U.S. of S.
- Parly. U.S. of S.
- Secretary of State.

Downing Street,

21 March, 1935.

Amended by Note

Sir,

SAV

I have etc. to refer to my despatch No.17 of the 13th of February regarding the difference in rates charged by the Kenya and Uganda Railways Administration and the Sudan Railways Administration for the carriage of goods destined for the North Eastern Belgian Congo, and to transmit to you ~~for your consideration~~ a copy of a letter from the Foreign Office enclosing a copy of a despatch from the Governor-General of the Sudan.

2. If after examination of the views expressed in the Governor-General's despatch you consider that a discussion between representatives of the two Railway Administrations is desirable you

DRAFT.

TRANSPORT.
KENYA-UGANDA.

NO. 26

HIGH COMMISSIONER.

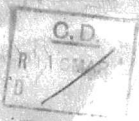
(6)

*2nd February 1935
copy to No. 2
(2nd) Encl. to No. 2*

*copy to P.O. (C)
copy to P.O. as the C.C. (part)*

FURTHER ACTION

Copy of No. 1 x
Copy of this despatch
W send to
Dot. Gudan cover
to the Hon. C. F. Pinner
with the President's



C. O.

- Mr. Grossmith.
- Mr. ~~Frederick~~ 15p.
- Mr.
- Mr. Parkinson.
- Sir G. Tomlinson
- Sir C. Bottomley.
- Sir J. Shuckburgh.
- Permt. U.S. of S.
- Partly. U.S. of S.
- Secretary of State.

Downing Street,

21 March, 1935.

Sir,

SV7

Annexed by No. 17

(6)

I have etc. to refer to my despatch No.17 of the 13th of February regarding the difference in rates charged by the Kenya and Uganda Railways Administration and the Sudan Railways Administration for the carriage of goods destined for the North Eastern Belgian

Congo, and to transmit to you *for your consideration* a copy of a letter from the Foreign Office enclosing a copy of a despatch from the Governor-General of the Sudan.

2. If after examination of the views expressed in the Governor-General's despatch you consider that a discussion between representatives of the two Railway Administrations is desirable you

DRAFT.

TRANSPORT.
KENYA-UGANDA.

NO. 26

HIGH COMMISSIONER.

3rd February, 1935

(2nd Encl. to No. 17)

Copy to P.O. 10

FURTHER ACTION.

Copy of No. 1

Copy of this despatch

W/ encl. to

Dot. Under cover

to the Hon. C. Fawcett

with the Freestone's

advisements

Copy to P.O. 10

Copy of encl. to Hon. C.C. Fawcett (2nd Encl.)

will no doubt communicate with the

Governor, General direct.

I have, etc.

(Sgt) P. CUNLIFFE-LISTER.

LIEUT-GENERAL SIR GEORGE MACDONOSH
G.B.E., K.C.B., K.C.M.G.

Telephone No: AVENUE 0822

ST. HELENS COURT,
LEADENHALL STREET,
LONDON, E.C. 3.

8

● In reply please quote

4/56/510

RECEIVED
- APR 1935
O. O. REGY

18th March, 1935.

Dear Sir Cecil

I am anxious to discuss with you the dispute in regard to rates between the Kenya Uganda Railways and the Sudan Railways.

The Societe Congolaise des Petroles Shell imports a considerable quantity of oil products into the Belgian Congo. These products have, up to the present, entered the Congo from three different directions. The larger part of the area is supplied from the west. The tankers discharge at Matadi and the oil transported from there to Leopoldville, where we share with others a large depot, and the products are distributed from there by river barge up the Congo and Kasai rivers. The area to which I wish to direct attention is the North East. Oil coming from the west goes by barge from Leopoldville to Stanleyville, and thence by lorry eastwards. The Belgian Government have reduced the charges by barge and lorry. To meet this reduction the Sudan Railways have also reduced their charges.

Our oil by this latter route enters the country at Port Sudan, goes by rail to Kosti, thence by bulk barge up the Nile to Juba, which is just north of Rejaf, and thence by tank lorry to Aba in the district of Haut Uele for distribution from there. Up to the present we have also been importing oil through Kenya, the oil going from Kilindine to railhead (Namasagali) and thence by boat and lorry to Butiabwa on the Albert Nianza; from there it goes by boat to Kasenyi in the district of Ituri. The Kenya Uganda railways have refused to follow the lead of the Sudan Railways and lower their charges except by a negligible amount. In theory the charges at present imposed by the Sudan Railways would allow us to use the Nile route for the supply of a considerable part of the district of Ituri formerly fed by the Kenya Uganda Railways but this is impossible in practice for two reasons:-

1. The Nile bulk barge facilities are fully occupied in supplying the economic area into which the Kenya Uganda Railways have never been able to penetrate (with the exception of one place of minor importance Mongwalu).
2. The Congo Government has met the rates in British territories to such an extent that the Kenya route is no longer economic anywhere as a means of supply and consequently we are shutting up our bulk facilities on this route entirely for the time being.

We are now informed by Khartoum and Cairo that the Kenya Uganda Railways are under the impression that the reductions made by the Sudan Railway Company were against themselves and not against the Belgians and they claim that the normal working arrangements between themselves and the Sudan Railways have been cut through. We understand that they have made representations to the British Government asking that the Sudan Railway rate reductions should be rescinded. As far as we are concerned if this rescission is approved it will merely result in the Sudan Railways losing such traffic we now give them without one single ton going to the Kenya Uganda Railways because it will be cheaper for us to import oil into Congo through Leopoldville. The only result of this will be to open to the competition of four petroleum companies an area where at present, as a British company, trading under a Belgian name, we have a quasi monopoly as being the only company capable of using the Nile bulk facilities.

We very much hope that after full consideration has been given to the position the requests of the Kenya Uganda Railway that the rates of the Sudan Railway shall be increased will not be granted as it will be to no one's advantage but ^{to their} the subsidised Belgian Congo transport routes.

Yours sincerely
P. M. W. Macdonald

Sir Cecil Bottomley, K.C.M.G., C.B., &c.

In any further communication on this subject, please quote
No. *J719/350/16*
and address *not to any person by name, but to—*
"The Under-Secretary of State," Foreign Office, London, S.W. 1.

Nodick

THE Under-Secretary of State for Foreign Affairs presents his
compliments to *the Under-Secretary of State for*
the Colonies and, by direction of the Secretary of State,
transmits herewith copy of the under-mentioned paper.

Foreign Office,
March 2nd, 1935.

RECEIVED
4-MAR-1935
C. O. REGY

Reference to previous correspondence :

F.O. letter No. *J350/350/16*, Feb. 4th

No 5

Description of Enclosure.

*W/pt 2nd encl. to H. C. 4/35 (9)
D.O.T. 11*

| Name and Date. | Subject. |
|--|---|
| <p>From H. M. Representative, Cairo, No. 144, Feb. 12th</p> | <p>Proposed discussion between Sudan Railways & Kenya-Uganda Railways</p> |

Similar letter sent to

No. 144
(200/2/35)

The High Commissioner for Egypt presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs and has the honour to transmit herewith copies of the under-mentioned paper.

CAIRO.

February 12th, 19 35.

Reference to previous communication :
Cairo despatch No. 48 of Jan. 15th, 1935.

Description of Enclosure.

Enc. to Nos

| Name and Date. | Subject. |
|---|--|
| From: Governor-General of the Sudan, No. 19 of 3.2.35. | Railway rates for carriage of goods destined for North Eastern Belgian Congo. |

KHARTOUM, 3rd February, 1935.

Sir,

Encl. to Nos

I have the honour to refer to my despatch No. 4 dated 9th January, 1935, and to inform Your Excellency that the subject matter of Residency despatch No. 345 dated 20th December, 1934, has now received consideration, and I am in a position to state the views of the Sudan Government upon it.

2. In 1932 representatives of the Sudan Railways Administration made an extensive tour of the North Eastern Districts of the Belgian Congo and immediately afterwards visited Uganda where they met representatives of the Kenya and Uganda Railways and discussed matters of mutual general interest. The subject of transit traffic to the Belgian Congo was referred to, and it appeared from the discussion that there was little possibility of a clash of interests as between the Sudan Railways and the Kenya and Uganda Railways.

3. Generally speaking, the area in which the two Railway Administrations are interested is divided into two districts, one embracing the

/Kilo.....

His Excellency
His Majesty's High Commissioner
for Egypt and the Sudan,
The Residency,
CAIRO.

Kilo mines and the other the Moto Mines. The Kenya and Uganda Railways are advantageously situated to compete for the bulk of the traffic consigned to the Kilo zone, while the Sudan Railways are in a relatively favourable position to deal with consignments to the Moto zone. In the absence of other considerations it would appear that the additional cost of road transport is sufficient to restrict the possibility of either railway administration encroaching to any marked degree upon the natural sphere of influence of the other.

4. It is important, however, to realise the great efforts that have been made during recent years in the Belgian Congo to divert traffic to the subsidised national route via Matadi on the West Coast. To this particular competition the Kenya and Uganda Railways are especially vulnerable.

5. A part of the reduction in the transit traffic of both administrations is undoubtedly due to the severe contraction of imports into the Belgian Congo as indicated by the following figures :-

| | | Tons. | | |
|------|-----|---------|---|---------------------|
| 1929 | ... | 193,716 | } | General Imports. |
| 1930 | ... | 239,722 | | |
| 1931 | ... | 184,369 | | |
| 1932 | ... | 109,138 | | |
| 1933 | ... | 64,021 | | |
| 1934 | ... | 70,542 | | |

6. During the same period the Sudan Railways carried the following general traffic for the Congo, inclusive of much heavy machinery for the Moto Mines :-

| | | Tons. | |
|------|-----|-------|------------------------------|
| 1929 | ... | 4,551 | } Exclusive of Petrol. |
| 1930 | ... | 4,773 | |
| 1931 | ... | 2,219 | |
| 1932 | ... | 1,245 | |
| 1933 | ... | 2,413 | |
| 1934 | ... | 1,714 | |

7. With regard to petrol, the rates for this commodity in tins or drums consigned to Juba are maximum rates and apply to other terminal points on the river system south of Khartoum. The rates for transport in bulk are on a sliding scale but on an average they are higher than those for petrol in tins and drums. In this connection it should not be overlooked that the Shell Company have installed an expensive bulk petrol installation at Juba in the Sudan. It is possible that a certain quantity of petrol previously carried in drums on the Kenya and Uganda Railways, is now taken in bulk from Juba owing to the many advantages which the handling in bulk offers compared with handling in tins and drums, but the amount involved cannot be very substantial, and it seems probable that the Kenya and Uganda Railways have lost most of their petrol traffic to the national route via Matadi.

8. In the light of the foregoing considerations I am led to the conclusion that,

(4)

apart from the general diminution of traffic to which attention is drawn in paragraph 5 above, the loss of transit traffic experienced by both the Kenya and Uganda Railways and the Sudan Railways must be attributed not to competition inter se but to the rating policy of the Belgian Congo Administration.

9. The Sudan Railways Administration, for its part, has no intention of attempting to divert traffic from the East Coast route and is always prepared to discuss matters of mutual interest with representatives of the Kenya and Uganda Railways.

I have the honour to be,

Sir,

Your Excellency's most obedient, humble servant,

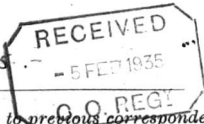
(signed) G. S. SYMES.

GOVERNOR-GENERAL OF THE SUDAN.

In any further communication on this subject, please quote
No. J350/350/16
and address—not by any person by name, but to—
"The Under-Secretary of State," Foreign Office, London, S.W. 1.

THE Under-Secretary of State for Foreign Affairs presents his
compliments to the Under-Secretary of State for
the Colonies and, by direction of the Secretary of State,
transmits herewith copy of the under-mentioned paper.

Foreign Office,
Feb. 4th, 1935



Reference to previous correspondence:

C.O. letter No. 23307/34, Nov: 28th 1934

Description of Enclosure.

| Name and Date. | Subject. |
|--|---|
| From H. M. Representative, Cairo, No. 48, Jan: 15 th | Proposed discussion between Sudan Railways & Kenya- Uganda Railways |

Similar letter sent to

W.M. v. H.C. (6)

No. 48.
(200/1/35).

The High Commissioner for Egypt presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs and has the honour to transmit herewith copies of the under-mentioned paper.

CAIRO.
January 15th, 1935.

in (3)

Reference to previous communication :
Foreign Office despatch No. 865
(J 2874/2874/16) of 7/12/34.

Description of Enclosure.

| Name and Date. | Subject. |
|--|---|
| <p>From: Governor-General, Khartoum. No. 4 of January 9th, 1935.</p> | <p>Proposed discussion between the Sudan Railways and the Kenya-Uganda Railways, regarding rail freight to the North Western Belgian Congo.</p> |

KHARTOUM, 9th January, 1955.

Sir,

I have the honour to acknowledge receipt of Cairo despatch No.345 dated 20th December, transmitting a copy of Foreign Office despatch No.865 dated 7th December, relative to railway rates charged for the carriage of goods destined for the North Eastern Belgian Congo.

Encl (13)

2. The matter is receiving full consideration and I will not fail to inform Your Excellency in due course of the views of the Sudan Government upon it.

I have the honour to be,

Sir,

Your Excellency's most obedient, humble servant,

(Sgd) G. S. SYMES.

GOVERNOR-GENERAL OF THE SUDAN.

His Excellency
His Majesty's High Commissioner
for Egypt and the Sudan,
The Residency,
CAIRO.

157 22

In any further communication on this subject, please quote
No. J2874/2874/16
and address ~~not to any person by name~~, but to—
The Under-Secretary of State, Foreign Office, London, S.W. 1.

No check

THE Under-Secretary of State for Foreign Affairs presents his
compliments to the Under-Secretary of State for the
Colonies and, by direction of the Secretary of State,
transmits herewith copy of the under-mentioned paper.

Foreign Office,

11 December, 1934.

RECEIVED
SECRETARY
OF STATE
F. O. REG

Reference to previous correspondence:

C.O. letter No 23307/34 of 28 November

No 2

Description of Enclosure.

| Name and Date. | Subject. |
|--|--|
| <p>To: H.M. Representative Cairo. No 865 7 December.</p> | <p>Proposed discussion between Sudan Railways and Kenya-Uganda Railways.</p> |

wpy & H.C. (4)

Similar letter sent to

No. 865

(J 2874/2874/16)

13
FOREIGN OFFICE, S.W.I.

7th December, 1934.

2
Sir,

I transmit to you, herewith, copies of a letter from the Colonial Office and of its enclosures, relative to a proposed discussion between the Sudan Railways and the Kenya-Uganda Railways regarding the rates charged for the carriage of goods destined for the North Eastern Belgian Congo.

I shall be glad if you will invite the Governor-General of the Sudan to furnish his observations on this correspondence.

I am, with great truth,

Sir,

Your obedient servant,

(For the Secretary of State)

M. D. Peterson, Esq., C.M.G.
etc., etc., etc.,
Cairo.

C. O.

Mr. *Evans* 23/1/24.
Mr. *Newton* 23/1/24.
Mr.

C. O.
R. 2
D. 28

Mr. Parkinson.
Sir G. Tomlinson.
Sir C. Bottomley.
Sir J. Shuckburgh
Permt. U.S. of S.
Parly. U.S. of S.
Secretary of State.

Answered by No. 7.

28 November 1924

Sir

I am etc. to transmit to you, to be laid before Secretary Sir John Simon, a copy of a despatch from the High Commissioner for Transport in Kenya and Uganda regarding the consequential effect upon the receipts of the Kenya-Uganda Railways and Harbours of the introduction by the Sudan Railways of special rates for the carriage of goods destined for the North Eastern portion of the Belgian Congo.

DRAFT.

The U.S. of S.
Foreign Office

16th October. 1934
(No. 1)
W. P. S.

copy of enclosed H. C. (4)

FURTHER ACTION.

2 Sir

(2) Sir Philip Cunliffe Lister
Agrees that a discussion
between representatives of
the Sudan Railways and
the Kenya-Uganda Railways
on the proposals mentioned
in Sir Joseph Byrne's
despatch would be
desirable, and he would
be glad, provided Sir
John Simon sees no
objection, if the matter
could be referred to the
Government of the Sudan
with a view to arranging such a
discussion ~~being arranged~~
I am etc.

(Signed) C. A. L. CLIFFE.



OFFICE OF THE HIGH COMMISSIONER FOR TRANSPORT,
GOVERNMENT HOUSE,
NAIROBI,
KENYA.

TRANSPORT
KENYA-UGANDA

No. 110

RECEIVED
12 NOV 15⁰⁰ October, 1934

1089/100

Amend (4)

Sir,

I have the honour to state that this Administration has from time to time been approached by firms interested in trade in the North Eastern portion of the Belgian Congo, who have urged that the Railway rates from Mombasa to the Congo via Namasagali should be reduced in competition with the rates charged by the Sudan Railways on traffic destined for the same areas.

2. I attach copy of a letter recently received by the General Manager of the Kenya and Uganda Railways and Harbours from the Shell Company of East Africa; which indicates the general position confronting these Transport Services in regard to this Belgian Congo traffic.

3. It will be seen that, owing to the areas concerned in the Belgian Congo being served by:-

- (a) the West Coast route via Matadi and Leopoldville;
- (b) the Sudan Railways via Port Sudan; and
- (c) the Kenya and Uganda Railways via Mombasa,

the policy of importers is to exploit each competitor for this traffic.

4. So far as the Sudan Railways are concerned, it is understood that Administration has been able to retain and increase its share of the traffic - mainly at the expense

of....

*Copy to F.O. (2) (11)
POT.*

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

of these Services - by quoting special rates below the standard tariffs applicable on that Railway.

5. This Administration has hitherto declined to depart from its standard tariffs in order to secure traffic to the Belgian Congo for two reasons:-

- (i) Because it holds the view that, on principle, two competitive Government Transport Administrations should not endeavour to attract traffic to its route by special rates reductions; and
- (ii) Because to make the Mombasa route attractive for this traffic would involve the quotation of special "in-transit" rates to the Belgian Congo which would be lower than the ordinary rates for domestic traffic to Uganda, which probably would create discontent in that Protectorate.

6. In view of the fact that, in the case of the petrol traffic alone, the revenue earned by these Services on consignments for the Congo has fallen from over £11,000 in 1933 to less than £400 to date this year, the matter has now become one of no little importance to the Kenya and Uganda Railways.

7. In addition to the loss of revenue to the Railways, the earnings of the Port of Mombasa also are affected by this diversion of traffic.

8. It appears to me that the time has arrived when, if a rates competition between the Government Railways of these territories and of the Sudan (which competition eventually could only be disastrous to both), is to be avoided, it is essential that an agreement should be reached to secure assimilation of rates at competitive points by each of the two routes, or, alternatively, to assign to each route definite spheres of influence.

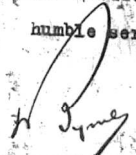
9. If, therefore, you are in accord with this principle, I shall be glad if you will endeavour to secure its acceptance by the Foreign Office also, after which I would propose that instructions be issued for a Conference to be held of representatives of the Sudan Railways and the Kenya and Uganda Railways, with a view to arriving at a settlement equitable to both Administrations.

I have the honour to be,

Sir,

Your most obedient,

humble servant,



HIGH COMMISSIONER.

SHELL COMPANY OF EAST AFRICA LIMITED.

P.O.Box 930,

Nairobi.

GENERAL

E.1732 (38/1)

29 August 1934.

The Hon. The Acting General Manager,
Kenya & Uganda Railways & Harbours,
Nairobi.

Sir,

CONGO SUPPLIES EX NAMASAGALI

We would refer you to a conversation you had with Mr. Tait during March regarding the question of supplying the North Eastern Congo with petroleum products, and at the risk of repeating ourselves, we wish to outline the position as it now stands.

The total available tonnage of petroleum products for transport into that portion of the Congo amounts to approximately 1260 tons per annum (of which 833 tons are petrol), the natural points of entry being Kasenyi and Aba (via Juba). Recently the West Coast transporting concerns entered into the running for these freights with the Railway from Matadi to Leopoldville and thence up the river to Stanleyville; from Stanleyville a long road haul is necessary to reach such places as Irumu and Butambo, from which centres it is possible to distribute over the area supplied by the Kenya and Uganda Railways, and even encroach on the Northern districts supplied by the Sudan Railways. These long road hauls are set off by cheap river freights between Leopoldville and Stanleyville, and owing to the fact that the trend of traffic is outward or down-river, up-river traffic naturally receives and will probably continue to receive, low rates to avoid the vessels going empty.

At the....

At the time when we approached you, similar representations were being made by our Sudan organisation to the Sudan Railways who saw the danger threatening their rightful traffic and took steps to prevent it. The result is that at the moment not one point in the Eastern Congo can be economically served by the Kenya and Uganda Railways, and unless something is done to protect this trade it seems that the traffic which formerly passed through from Mombasa will be diverted either to the Sudan Railways or to the West Coast.

The Congo Railways quote a through rate for Benzine (which we presume is similar to your Mombasa/Kasenyi rate) of 2280 Frs. per ton nett which includes returning empties to the bulk installations in the Western Congo. This rate applies from Matadi both to Irumu and Butembo, which are situated in a very favourable position for distribution over the area supplied through Kasenyi. Against this the cost of transporting a ton of Benzine from Mombasa to Kasenyi is Shs.495/28 or Frs.2774 at an exchange rate of Frs.5/60 to the East African shilling.

11.886/ton
Y.S. on

The action taken by the Sudan Railways was to reduce their freights over and above the first 600 tons. For the first 600 the freight is Egyptian £.11,886, for the next 200 tons £10,086 and for all quantities carried in excess of 800 tons £8,500. The first 600 tons are absorbed by Aba and Watsa, where they are more or less safe from competition; further quantities have the advantage of a lower rate, in order to defend their present trade and, incidentally, to obtain trade further afield in competition with the West Coast. The result is that Nizi, with a trade of 360 tons of petrol alone, and situated only 72 kilometres from Kasenyi, is more economically supplied via the Sudan, involving a road haul from Aba of 443 kilometres; similarly are such points as Mongbwalu, Bambu and Bunia, the furthest....

furthest being only 131 kilometres from Kasenyi, and all well over 400 from Aba.

We attach hereto a schedule showing all points which, we consider, should be supplied from Kasenyi, but which have all been challenged with more favourable terms by the other two Railways.

In the first column we have shown the position as it is with Kenya and Uganda freights charged on the present basis. You will notice that in all cases the trade is obtained either by the Sudan Railways or the West Coast by an appreciable margin over the Kenya and Uganda Railways.

In the second column we have shown the position with the return haulage on tank wagons halved. This has been the subject of separate correspondence, and you will notice that it has the effect in this instance of materially reducing the advantages obtained by the Sudan Railways and those of the West Coast over the Kenya and Uganda Railways, although there is still no increase in the area supplied by your Administration.

In the third column the terminal charges are halved in addition to the return haulage on tank wagons, and you will notice that this now brings a figure of 481 tons into the economic sphere of the Kenya and Uganda Railways.

In the fourth column the engine detention and break of journey charges are in addition waived, and you will see that the tonnage obtainable by the Kenya and Uganda Railways has now been increased to 649.

In the final column we show all the other charges the same, but the terminal charge which was previously shown as halved, waived altogether, and you will see that this brings the Kenya and Uganda Railways' share of the traffic up to 689 tons.

We have endeavoured to show in this schedule the various possible....

possible means for the Kenya and Uganda Railways to compete with the other carriers, and the effect that various adjustments to freight rates have on the position. You will notice that in the last column the Kenya and Uganda Railways' position is much more consolidated than in the previous three columns, and we would mention that we are informed by our Head Office, who are in touch with Brussels, that the rates on the West Coast are more likely to decrease than increase, and therefore any measures of precaution taken by the Kenya and Uganda Railways will have to be sufficiently material to allow for this.

In conclusion, we would mention that there is also the package tax, which is levied by the Customs, and which has really nothing to do with the Railways. This tax amounts to Shs.1/80 per ton, and the Ordinance was passed before the erection of our Namasagali Depot. We feel that its interpretation in this case is unjust, as, on all packages entering the country we pay this tax at Mombasa, and the fact that we send them into the Congo and they are returned to us for refilling does not, we consider, constitute a just case for the tax being levied every time that the packages re-enter East Africa. In presenting our case for the non-levying of this charge to the Colonial Secretary we would welcome any sympathy and support which you are able to give us.

We will be glad to hear whether you can also assist us on the lines indicated, in particular we here refer to the question of terminal charges, engine detention and break of journey.

We have etc.

for THE SHELL COMPANY OF EAST AFRICA LIMITED.

(sgd.) H. Webster.

DIFFERENCE IN PETROL FREIGHTS TO NORTH EAST CONGO

Belgian Francs per ton

32
END

| Place | Annual Trade in Tons | Present Basis | With Return Haulage Halved | With Return Haulage and Terminal Charges Halved | With Return Haulage Halved, Engine Detention and Break of Journey Waived. | With Return Haulage Halved, Terminal charges, Engine detention and Break of Journey waived. | |
|-------------------|----------------------|-----------------|----------------------------|---|---|---|-----|
| Bunia | 36 | Sudan advantage | 89 | Sudan advantage | 6 | | |
| Iyumu | 45 | West Coast | 150 | West Coast | 67 | K.U.R. advantage 159 | |
| Bambu | 40 | Sudan | 219 | Sudan | 136 | K.U.R. advantage 98 | |
| Nizi | 360 | " | 220 | " | 137 | K.U.R. advantage 29 | |
| Mongbwala | 168 | " | 250 | " | 167 | K.U.R. advantage 28 | |
| Beni | 25 | West Coast | 350 | West Coast | 267 | Sudan advantage 2 | |
| Mambasa | 15 | " | 413 | " | 330 | West Coast " 102 | |
| Lubero | 24 | " | 659 | " | 576 | " " " 165 | |
| Butembo | 120 | " | 695 | " | 612 | " " " 411 | |
| | | | | | | " " " 447 | |
| | | | | | | " " " 317 | |
| | | | | | | " " " 353 | |
| | | | | | | " " " 71 | |
| | | | | | | " " " 8 | |
| | | | | | | " " " 92 | |
| | | | | | | " " " 122 | |
| | | | | | | " " " 126 | |
| | | | | | | " " " 192 | |
| | | | | | | " " " 255 | |
| | | | | | | " " " 288 | |
| | | | | | | " " " 287 | |
| | | | | | | " " " 288 | |
| | | | | | | " " " 257 | |
| | | | | | | " " " 157 | |
| | | | | | | " " " 94 | |
| | | | | | | " " " 152 | |
| | | | | | | " " " 188 | |
| Supplied by | | | | | | | |
| K.U.R. | | Tons | Nil | Nil | 481 | 649 | 689 |
| -do.- Sudan Govt. | | | | | | | |
| Rlys. | | " | 604 | 604 | 168 | - | - |
| -do.- West Coast | | " | 229 | 229 | 184 | 184 | 144 |

Nairobi, 30th August 1934.

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