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TANGANYIKA

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C.O.
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29 JUL 25

GOVERNOR CAMERON. CONF

DATE
27th July 1925.

CIRCULATION —

Mr.
Mr.
Mr.
Last U.S. of S.

RECOMMENDATIONS OF CUSTOMS CONFERENCE.

Enclose comments on - . A copy of the despatch is being sent to Kenya and Uganda.

From U.S. of S.
To U.S. of S.
Secretary of State

Previous Paper

MINUTES

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- In see on 42067/20

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but have to be put to rest

Subsequent Paper

B.O. 42067 21

C. O.
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GOVERNMENT HOUSE

TANGANYIKA TERRITORY.

No. CONFIDENTIAL

GOVERNMENT HOUSE
DAR ES SALAAM.

27th July, 1925.

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Sir,

I have the honour to acknowledge the receipt of your confidential despatch of the 20th May requesting my observations on the recommendations contained in the report of the Customs Conference held here on the 2nd March last.

2. The scheme submitted by Mr. G. Walsh, the Commissioner of Customs in Kenya and Uganda, to permit the free movement of goods between the three territories without double payment of import duty, and adopted by the Conference, is generally well devised to secure the object aimed at, but is based very largely, if not entirely, on the assumption that the Customs tariffs in Kenya and Uganda and Tanganyika will always be strictly uniform.

3. I am in entire agreement with the opinion expressed in paragraph 6 of Lord Arnold's confidential despatch addressed to the Governor of Kenya on the 15th of August last as to the importance of keeping the tariffs the same for the territories concerned and of consultation before the tariff of either is altered; but if the intention is that by entering 'a complete

Customs

THE RIGHT HONOURABLE

L.C.H.S. ALBERRY, P.C., M.P.,

&c., &c., &c.,

DOWNING STREET,

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E.A.

Customs Union between Kenya, Tanganyika and Uganda' (I quote these words from paragraph 2 of your confidential despatch of the 29th January) this Territory thereby binds itself to a strictly uniform tariff I am strongly of opinion that such a step should not be taken.

4. The stages of development which have been reached respectively in the three territories are by no means the same either in the political or the economic sphere, and, owing to the very large portion of Tanganyika which is not suitable for European settlement (the East Africa Commission confirm this view on page 124 of their report where they state that the greater part of the Territory must, for climatic reasons, necessarily be regarded as a purely native area), a fiscal policy which is suitable for Kenya may not in all respects be the best for Tanganyika. I hope, moreover, that a Legislative Council will be constituted for this Territory in the near future and it would be highly impolitic, I submit, for this Government to contract any such vitally important and restrictive engagements in regard to its future fiscal policy at this particular juncture. I do not gather from your despatches, however, that you insist on strictly uniform tariffs and I trust that I am right in the impression that I have received from their perusal.

5. These objections are not, however, fatal to Mr. Walsh's scheme. If the tariff in Tanganyika was higher than in Kenya-Uganda (personally I shall do everything in my power to see that this does not occur) we should have to be content with the Kenya rate of duty on articles from broken bulk stocks, or attempt to collect the difference before delivery here. The latter

you 57122/24
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latter course would probably not be worth the trouble which would be entailed.

6. A weak point in the scheme recommended by the Conference for dealing with re-exports other than those ex bonded warehouse is the very large number of transactions ~~for~~ the adjustment of duty (some of them almost insignificant in amount) which will be necessary owing to the cumbersome and somewhat archaic form of colonial tariff in use in East Africa, whereunder every article imported is dutiable unless it is specifically exempted in the Exemptions Schedule. The advisability of adopting a more modern form of tariff was not, I gather from conversations with Mr. Walsh at Mombasa and with Mr. Adams, brought to the notice of the conference, and I recommend that the scheme should not be introduced here before a new form of tariff is framed in which everything will be non-dutiable unless it is made dutiable by including it in either the ad valorem or the specific schedule.

7. It should be possible in this way (as in West Africa) to obtain approximately the same amount of revenue as is now obtained under a general tariff, and I feel certain that the relief to business which will be afforded by a simplified tariff will be appreciated here as much as it was appreciated in Nigeria fourteen years ago. At the present moment we are collecting insignificant amounts on a large number of articles, merely because the tariff is framed as it is; a vexatious and unbusiness-like procedure. On page 128 of their report the East Africa Commission express the opinion that when the period for review of the tariff arrives the present "rather formidably long list of dutiable articles might be

simplified."

8. Under a simplified tariff, such as I advocate, the number of transactions involving an adjustment of duty between the three territories will be greatly reduced. Articles on the free list might, indeed, be re-exported under the scheme without the numerous documents of Advice and Declaration specified in the report of the Conference, which, in a measure, must be vexatious to trade, provided that they were accompanied by a simple declaration from the Customs Department of the exporting country that they were non-dutiable.

9. No provision appears to have been made by the Conference to meet cases in which the rate of duty on an article from broken bulk stocks might have been altered between the date of first importation and that of re-export. The duty would, I presume, have to be adjusted between the two territories concerned in accordance with the rate in force on the former date, even though the second territory might lose a small amount of duty.

10. The Notice to accompany imported articles from broken bulk stocks (Form A in the Schedule to the report of the Conference) should contain a declaration of the value of the goods (the actual retail value) at the time and in the country of export, as it is on two-thirds of this value that the duty would be adjusted between the territories concerned. The form as it stands is not quite clear on this point.

11. I am advised that the method indicated by the Conference for the amendment of the Tariff Ordinance to give effect to the new scheme is not entirely

satisfactory

satisfactory, and that it would be a more accurate representation of the facts if, instead of enlarging an item in the list of free imports, a separate section were incorporated declaring that no duty should be collected on such goods, with or without a reference to the payment by the country from which they were exported of a proportion of the duty collected there on first importation. But this point, and others in the recommendations of the Conference which require further discussion (e.g. the proposed amendment to section 100 of the Customs Ordinance on page 7 of the report is quite obviously wrong in principle) can best be dealt with, in the first instance, by correspondence with the Government of Kenya.

12. All interpretations of the law and regulations and of the Import and Export Lists should be exchanged as well as interpretations of the tariff (page 13(b) of the Report).

13. The memoranda by Colonel W.H. Franklin, C.B.E., D.S.O., and Mr. Walsh referred to in paragraph 3 of your despatch under reference as having been annexed to the report of the Conference were not communicated to this Government. I am requesting the Kenya Government to furnish me with copies.

14. A copy of this despatch will be sent to the Kenya and Uganda Governments.

I have the honour to be,

Sir,

Your most obedient, humble servant,

Smith

G O V E R N O R .