

KENYA

58970

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58970

L. A. COREN.

COAL FOR RAILWAY

1920

1st Dec

st Previous Paper.

States position as regards the 1920 supply and submits proposals and suggestions for 1921 supply.

58182

See also

The immediate point is whether, as I had assumed, we can draw up to 38,600 tons. The 1919 order was 30,000 tons at 10% (see L/S/6374/19). In letter dated L/S/6682/17 Sir H. Luggatt told me that you have my letter regarding about 20,000 tons, out of the 38,600 tons under the contract for loading up to 31.12.19. The same paper of Lord W. Hill that we could not have had more than 27,000 tons (27,000 tons) by the end of the year.

st subsequent Paper.

326

It seems clear that unless the position gets to the exporting end of the year.

See att. as to bulk supply

British East Africa Corporation, Limited.

503



SECRETARY
F. T. PRESSLAND
TELEPHONE LONDON WALL 8176
TELEGRAMS: TANK AVE. LONDON
ADDRESSES: INCREASE LONDON
CODE
SHEPHERD WALK AND BROOMFIELD'S
CORPORATION
AND AT
MUMBAI, NAIROBI, KISumu, &c.,
BRITISH EAST AFRICA PROTECTORATE,
KAMPALA, UGANDA, MABINDI, &c.,
UGANDA PROTECTORATE,
AND
ZANZIBAR.

LONDON, December 1st, 1920.

In your reply please refer
to No. 57372/1920

The Under Secretary of State for the Colonies,
Colonial Office,
Whitehall, S.W.1.

Sir,

COAL FOR EAST AFRICAN RAILWAYS.

We have the honour to acknowledge the receipt of your letter No. 57372/1920 of the 23rd. ult. re the above, and which has since its receipt been the subject of several conversations over the telephone between Mr. Bottomley, Mr. Holt of the Crown Agents, and the present signer.

In the first place, we note the decision in para 4 of yours, that in future the arrangements for coal for the Tanganyika Territory are to be kept separate from the subject of coal supplies for Kenya. We have heard from Mr. Holt asking for quotation for the 2000 tons required for Dar Es Salaam, and we have this matter in hand with the Transvaal Coalowners Association, and are in close touch with Mr. Holt about it.

In regard to coal for Kenya, we have already reported to Mr. Holt that the Transvaal Coalowners Association has been able to arrange for a cargo to load at Delagoa Bay towards the end of December or early January, which will bring our deliveries at that port, for the service of your 1920 contract, up to a little over 32,000 tons. The quantity contracted for was 35,000 tons, with 10% more or less, which means that the suppliers will have completed their obligation by delivery of 31,500 tons.

The actual deliveries will thus exceed the obligation by rather more than 500 tons. We have special pleasure in saying that even if this final cargo cannot be loaded till January, the price for it shall be that of the 1920 contract, and we would ask you kindly to note that the Coalowners Association are thereby asking for no consideration in respect of the fact that their deliveries during the second half of this year were severely interrupted by causes beyond their control, viz. the Railway Strike on the Delago Bay Railway. You have doubtless recognised, and we quite hope that the Governor of Kenya may do the same, that the suppliers would have had every right to claim release for part of their obligation, on the grounds of that Railway Strike, and it is therefore very pleasing that no such claim is, in fact, being made.

We note in your letter under reply that the Governor of Kenya reports that further supplies of coal will not be required for the next year, provided that the 1920 contract is fully executed. We gather over the telephone that the Authorities in Kenya appear to be under the impression that the quantity they were to receive on the 1920 contract was 38,500 tons, or say, 6,500 tons more than they actually will have received, as above explained. We understand that Mr. Bettlesley is explaining this difference by cable to the Kenya Authorities, and no doubt will be letting us know what transpires, and whether you wish us to continue the steps we have already set in motion towards securing you a supply for 1921.

It will, of course, be something of presumption on our part to criticise the decisions of the Governor of Kenya in the matter of his estimated Railway coal requirements for next year. The present signer, however, has not recently returned from a visit to Kenya, where he had many conversations with the General Manager of the Railway, and also was able to form some very definite impressions as to the Railway traffic which will have to be carried on the Line next year. Rightly or wrongly, he

formed the impression that the local authorities were, even in July, under-estimating the traffic they would have to carry in 1921. The Uganda cotton crop of 1921 is estimated by the Uganda Government at 50,000 bales, comparing with 50,000 in 1920. Efforts are certainly being made to bring about the export of cotton seed, of which the output in 1921 will be over 30,000 tons, and none of which was exported during 1920, owing to the high railway and ocean freights, which left no margin of profit on the export of that seed. The Steamship Conference has reduced its ocean freight by 25%, and it is on the cards that further reduction will be made, thus making substantial cotton seed traffic over the Kenya Railways a distinct possibility for 1921.

Further, outside of agricultural produce, the Magadi Soda Co. recently stated that production of soda on a large scale was commenced. If correct, the Railway traffic will be much increased over the previous year.

Of course, the Kenya Authorities may be reckoning on the local wood fuel supply. The efficiency of this to maintain a regular and possibly heavy traffic, has not been conspicuously successful, apart from the increasing local cost.

On the other hand, the local Authorities may be under the impression that they can postpone placing their 1921 coal orders until that year is advanced, hoping thereby to get a supply at lower quotations than can be got to-day. All available information seems to show the danger of such a supposition, because the Transvaal output, after providing for local consumption, is likely to leave only about 1½ million tons for Delagoa Bay loading, and half of this is, we gather, required for bunkering steamers. The prices charged for bunkers are much higher than the prices quoted for export coals, the latter, in fact, being merely the channel for disposing of the surplus production after providing for local consumption in South Africa, and for the bunker demand.

Whatever surplus is estimated after local consumption

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Whatever surplus is estimated after local consumption

and bunker demand is therefore always made the subject of forward contracts by the Transvaal Coalowners Association, and when the have looked up as much as they can foresee, any demand for export coals can only be met by dealing with someone who has made a forward contract, and who would not be likely to re-sell except at an advance, and such holders naturally have buyers at their mercy. That has been the experience of the last few years as shown by the much higher prices that have had to be paid by those who ^{have} require ~~the~~ export coals, but had not made forward contracts. The Kenya Railways have been saved this extra cost by the ~~for~~sight of the Colonial Office, though it is possible that that fact is not fully appreciated by the local Authorities in East Africa.

Acting, as we believe, in your interests, we have got from the Transvaal Coalowners Association a tentative offer of coals for 1921 - a minimum of 35,000 and maximum of 40,000, on basis C. I. F. Mombasa, with power to you to ^{S. I. allot} sub-let 3,000 tons of it to Dar Es Salaam, to be taken by the latter in one parcel of 3,000, or in two parcels of 1,500 tons each. We may offer this contract at 27s/6d. per ton C. I. F., ^{both ports} and incidentally might state that we believe this to be very much below what the Sudan Railways are paying for their supplies of Transvaal coals.

Assuming that the Governor of Kenya is actually relying on getting 6,000 tons more out of the 1920 contract than he will be receiving under it, and adding the 3,000 tons required by Dar Es Salaam, this total of about 9,000 deducted from the 36,000 tons minimum offered in the preceding paragraph, leaves 27,000 tons, which your present advice indicate as being not required, but which we have ventured to suggest in this letter may actually be required, or at any rate, in part, before the 1921 year is run out.

We may say that we deeply appreciate the third para of your letter under reply, in which you convey the very kind thanks of the Secretary of State for whatever assistance we

been able to render in the past in the matter of the coal supplies. We would only say that the working of this matter has always had very exceptional attention, and that we are proud, as a Company, that our services are thus referred to in your letter.

We have the honour to be,

Sir,

Your obedient Servants,
BRITISH EAST AFRICA CORPORATION LTD.

J. Hambro

Managing Director

E. H. M. L.

W.C. Bottomley Esq., O.B.E.

December 10th 1920

Colonial Office.

Guatemala, Ply. Coal.

The Clan Line carried 140 tons short of the quantity in the 1919 Charter Party.

They have now agreed to take 150 tons by the s.s. "CLAN MURDOCH" sailing in about 10 days time, to complete the Charter.

The freight is 27/6 less 2%.

TWH
THE SHIPPIERS' ASSOCIATION OF LONDON,
SHIPPING OFFICE.

Copy

Railways

MANCHESTER

Olsen
 Murdoch
 expected to leave
 DeLage, by
 shortly
 186
 400 of Coal
 completing
 last years
 charter party

CLAN
 MURDOCH
 LAGITH
 DEKONTAGER
 SEIGENTY
 WIKER
 CLAN
 DEKONTAGER
 DEKONTAGER
 ON 1868
 CROIS

M. J. King
58470

512

unit
5.5 per
100

Raymond
inspacious
year til of 25 Nov. coal
anopetale

RAFT. Code til

it has been encountered that
as minimum for forest than
tougher
will have been preceded by

MINUTE.

dayleape
31. Our sufficient aid with
adonize
chemical

Customary 3/4 of

open roughly balance up to
wire road
38,500 tons
turmoil
silver

157 mts
17 Lamp
18
19
20
21

35,000 to 60,000 tons
turmoil
philopana scott's bellshot
Montana E4-17-6

goldense
gather from year til of 25 Nov
maigre food
You can have better arrangements
recadence
The reduction likely during the year

Milner