694

1921

E. AFRICA

C. O.
64237

Reg. 30 21

DATE

29TH DECEMBER 1921

SUBJECT

EXPORT DUTIES

MINUTES

Copy for 7 Jan 22

Subsequent

MS 14641/22

beverage for the ... ...

MINUTES.

MINUTES NOT TO BE WRIT[TEN] ON THIS SIDE.

to remain in operation for 6 months at a time, & for the 6 monthly period to end in the dead season of the particular commodity.

As regards the Egyptian cotton [illegible] that is worked on an ad valorem basis &, as a matter of fact it has not been altered since the [illegible] plan first year of its existence.

[illegible]

30.12.14

[illegible]

| MINUTES. | MINUTES NOT TO BE WRIT[TEN] ON THIS SIDE. |
| --- | --- |
| to remain in operation for 6 months at a time, & for the 6 monthly period to end with the dead season of the particular commodity. As regards the Agenda [illegible] [illegible] that [illegible] and calories [illegible] & [illegible] matters of [illegible] [illegible] [illegible] been attained since the [illegible] first year of its existence. [illegible] 30.12.21 | |

# British East Africa Corporation, Limited.

(Incorporated in England.)

Secretary:
F. T. PRESSLAND.
Telephone: Avenue [illegible] (3 Lines).
Telegrams: [illegible] London.
Cables: [illegible], London.
[illegible]
And at
[illegible] Kenya Colony.
[illegible] Protectorate.
[illegible]

64237
Rec. 30 [illegible] 21

London House,
35, Crutched Friars,
London, [illegible] 29th. 1921.

The Under [illegible]
of State f[illegible]

[illegible]ber, 1921.

Sir,

[illegible]

The [illegible]
[illegible] tax to be [illegible]
[illegible] the rate [illegible]
percentage [illegible]
notified in [illegible]
the trader thereupon [illegible] which [illegible]
can realise for the produce in [illegible] market [illegible]
East Africa, and that he takes the tax into account as one of the
items in his expenses on the produce (just as he has to calculate
freight and so forth) and then he thus arrives at the maximum
price he can afford to pay the native grower of the article in
Kenya and Uganda.

But this assumption pre-supposes that the trader can rely upon getting the produce down to the ocean port and shipped during the currency of the period to elapse until the next revision of the valuation on which the tax percentage is to be levied. No trader can be sure when the next alteration will be made, nor what tax per lb. or per ton he will have to pay after such alteration. Taking [illegible] produce as chillies and hides, which are mainly from Uganda, [illegible] can be stated that it must be very rare indeed for the period between [illegible] purchase and [illegible] shipment to be less than three to four months, and [illegible]. The trader is reduced to [illegible] gambling. [illegible] to work on safe lines he has to over allow rather than under allow for what the tax [illegible] and the native there[illegible] a lower price than he should [illegible] produce.

[illegible] Corporation bought in July, [illegible] made about 80 tons of native grown chillies, [illegible] then based by Government Gazette on va[illegible] equals £70 per ton at port of shipment, [illegible] thus £7 per ton. We paid the highest price possible [illegible] as we were specially anxious to revive the native [illegible] industry which had almost disappeared due to the war. [illegible] bought, so simultaneously we made firm sales to [illegible] delivery to Egypt etc., calculating the tax, freight [illegible] expenses. As a matter of fact, one of these sales was at £[illegible] per ton C.I.F. Suez, for a considerable quantity. There was no boat by which to ship these chillies until October, and much of them could not even reach the coast till November. On September 23rd. the Kenya Government advanced the valuation on which export tax was to be levied on and after October 1st., from 30 cents per lb. equals £70 per ton at port, up to 40 cents equals £93. 6. 8. per ton at port, thus increasing the tax money from £7 per ton to £9. 6. 8. per ton.

The increase of £2. 6. 8. per ton, say about £120 on our stock is simply a dead loss to us. We cannot recover it from parties to whom we had contracted to ship and sell, and we had already paid the native growers.

The same thing has now been repeated. We have cabled advice that from January 1st, the Government intend to levy tax on assumed value 50 cents per lb., equals £112 per ton at the port, i.e., an increase of £2. 8. 4. per ton on the export of whatever stock we now hold awaiting shipment. As that stock is, of course, sold forward, that increased tax is dead loss. As some of the unshipped stock was bought in September on basis of tax then ruling (£7) the loss on that stock is £4.15. -. per ton.

Trading margins cannot stand these enforced losses that no prudence can guard against. Trade is thus discouraged and in the long run the country and the Revenue suffer.

It is not the quantum of the tax that matters. If it were £20 per ton instead of £12 there would be no complaint. The complaint lies against the way these taxes are administered, by being arbitrarily altered practically without notice.

I went into this matter rather fully with H.M. Trade Commissioner on the spot last year, and I think I may say that he agreed fully with me that the revenue would be equally well protected, and trade be encouraged and put onto business lines, if the changes in export tax quantum were notified, say, six months before an alteration comes into force, and if possible each alteration be made ahead of the buying season of each export dutiable article. Traders would then know how they stand, and ~~can~~ could make selling contracts for forward delivery and base their local buying prices on less of a quicksand. Competition would then give the native producer better prices, and production would be encouraged.

It is worth mention perhaps that the Uganda Government, in contrast to the Kenya Authorities, has long ago adopted this

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[illegible] business [illegible] system [illegible] [illegible]

[illegible] structure, [illegible] for the [illegible]

[illegible] the hopes [illegible] other [illegible]

[illegible]

[illegible] Director

[illegible] business [illegible]

British East Africa Corporation, Limited 699

Incorporated in England

Secretary
F. T. Pressland
Telephone: Avenue 9060 (3 lines)
Telegrams: Taal, Fen, London
Cables: Incrama, London
Codes:
Western Union,
Broomhall's Combination.
and at
Mombasa, Nairobi, Kisumu,
Kenya Colony
Kampala, Jinja, Masaka,
Uganda Protectorate,
Dar es Salaam, Tanga, Lindi,
Tanganyika Territory
and
Zanzibar
Head Office in East Africa:
Mombasa

London House,
35, Crutched Friars,
London,
E.C. 3

29.12.21

In your reply please refer to No.

Dear [illegible]

Many thanks for your acknowledgement re East African bankruptcy law.

I have [illegible] to Col. [illegible] the export ad valorem duties — or rather how they are administered [illegible] [illegible] to you. The [illegible] matter is one that Col [illegible], the local H.M. Trade Commissioner, knows to his finger tips, & I have sent him a copy of the letter I have written him touches on some other points & I enclose a copy for your perusal.

[illegible] business [illegible] East [illegible] going again [illegible] nearly at a dead stop.

I heard from Geoffrey Buxton today from [illegible] with Sir J. Ramsden & others. They say things were looking brighter when they sailed for home. They are doing a lot of development — [illegible] [illegible], when costs are [illegible]

Please do not acknowledge.
[illegible]

original to Col. Franklin H.M. Trade Commr. Nairobi

London December 29th, 1921.

My dear Colonel,

I enclose you copy of an official letter I have written to Colonial Office as the very unbusinesslike [illegible] of Kenya Customs Dept. re export taxes on chillies, etc [illegible] they speak for itself, and I know you agree with me. I [illegible] much good can be done at your end by your own kind [illegible] suggestions.

The vital need of the country is to [illegible] native production of exportable produce on the largest possible scale. I read with keen pleasure your own strong remarks on this [illegible] months ago at the dinner given by the socalled Convention [illegible] the Associated Chambers of Commerce. The whole country is living, or barely living, on native products, if only it would recognise the fact. The natives pay by hut tax, rail freight, customs duties, etc. more than three quarters of the whole State Revenue of Kenya and practically 100% of the Revenue of Uganda. The European Settlement in the Highlands, with all its paraphernalia of schools, roads, officials, etc. would be utterly impossible if the native taxation, paid for out of natives' own production, were not there to provide the revenue it does. What would be the cost of running the Railway and the rates on coffee and sisal and flax if the railway had no native produce traffic of coffee and maize and chillies and hides, etc.? The Europeans are blind.

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H.M. Trade Commr.
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[illegible] and the

[illegible]

[illegible]

[illegible] and [illegible] what the

[illegible] and [illegible] before the [illegible]

[illegible] of [illegible]

[illegible]

[illegible] the [illegible]

[illegible]

[illegible] the [illegible]

[illegible]

[illegible]

209A

[illegible] and the

[illegible] such

[illegible] in it

[illegible] and witness that the

[illegible] before the [illegible]

[illegible]

[illegible] than the gold [illegible]

[illegible] are [illegible]

[illegible] mine.

[illegible]

701

BRITISH EAST AFRICA CORPORATION LTD.

London House,
36 Crutched Friars,
London, E.C. 3.

December 29th, 1921.

The Under Secretary of State for the Colonies,

Colonial Office,

Downing Street, S.W.1.

Sir,

EAST AFRICAN GOVERNMENT EXPORT DUTIES.

May we respectfully draw your attention to the system prevailing in regard to the assessment of the ad valorem duties levied on sundry produce of Kenya and Uganda. The present system, we suggest, inflicts the maximum discouragement upon trade without conferring advantage to the Revenue that could not be equally well secured to the latter under a system that could take business considerations into account.

The law provides for such and such an ad valorem percentage tax to be levied upon certain produce, for example, chillies on which the rate is 10%. The value of the article, on which the percentage is to be levied, is then fixed, usually quarterly, and notified in the Government Gazette. It is no doubt assumed that the trader thereupon makes his calculation as to what prices he can realise for the produce in the markets to which he ships from East Africa, and that he takes the tax into account as one of the items in his expenses on the produce (just as he has to calculate freight and so forth) and that he thus arrives at the maximum price he can afford to pay the native grower of the article in

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more businesslike system in regard to its export tax on cotton. It notifies ahead of the season what the tax will be per lb. for export of the forthcoming season's crop. The result is full competitive prices to the growers, and some safe basis for the traders.

May we express the hope, on behalf of other buyers of native produce and of ourselves, that the Kenya Government may be asked to adopt the suggestions in this letter.

I have the honour to be,

Sir,

Your obedient Servant,

[illegible]/DA. Managing Director.

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Managing Director.

SHML/DA.

706

END

O.D.
3 JAN 23

B.E.A. Corpn/64237/23 E. Africa

5th January 1923.

Gentlemen,

Sir

I am directed to acknowledge the receipt of your letter of the 29th of December regarding the assessment of ad valorem duties levied on certain produce of Kenya and Uganda and to inform you that the attention of the Governor of Kenya will be drawn to your observations on this matter.

DRAFT.

B. E. A. Corporation Ltd.

MINUTE.

Mr. [illegible] 2.1.23.
Mr. Batterbee
Mr.
Mr. Grindle.
Sir H. Lambert.
Sir H. Read.
Sir J. Masterton Smith.
Mr. Wood.
Mr. Churchill.

I am &c.
(Sd.) H. J. READ

3 Jan 23

706

END

O. D.
R 3 JAN
D 23

B.E.A. Corpn/64237/ for E. Africa

5th January 1923.

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I am etc.

**DRAFT.**

B. E. A. Corporation Ltd

**MINUTE.**

Mr. Lunenberg 2.1.23.
Mr. Bottomley
Mr.
Mr. Grindle.
Sir H. Lambert.
Sir H. Be[illegible]
Sir J. Masterton Smith.
Mr. Wood.
Mr. Churchill

2 dfts

706

END

O.D.
3 JAN

BEA Cpn/64237/22 E. Africa

5th January 1923.

**DRAFT.**

B.E.A. Corporation Ltd

**MINUTE**

Mr. [illegible] 2.1.23

Mr. [illegible]

Mr.

Mr. Grindle.

Sir H. Lambert.

Sir H. Re[illegible]

Sir J. Masterton Smith.

Mr. Wood.

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(Sgd.) [illegible]

PUBLIC RECORD OFFICE

END

TOTAL EXPOSURES ⇨