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TIGHTLY BOUND FOR ALL WORDS TO BE
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^{the terms}
 nonoccasions, I suggest that they should be coupled with a condition that, while the payments to be made by the Company are less than (say) 3s. royalty plus freight of 9/16d. per ton mile, the deficiency, ^{taken to} should accumulate at 4% compound interest, and should go to reduce the amount payable by the Government under Clauses 30-31 of the 1922 lease for the expropriation of the railway; and, further, that while the payments to be made by the Company are less than the amounts I have mentioned, there should be no question of half nett profits on the branch railway being paid to the Company.

W.C.S.

20.XI.23

The above minute, with which I entirely agree, is to be sent to Mr. J. Stevenson with the draft: to the Govt. when ready.

at once.

W.C.S.

20/XI/23

Minutes of a Meeting held at the Colonial Office at 3.0 p.m. on Monday, November 19th, 1923 to discuss the affairs of the Nasadi Soda Company.

Draft

Mr. Seel, Mr. ...
Mr. BottomleyPresent.

Sir James Stevenson (in the Chair)

Sir H. Read

Mr. Bottomley

Mr. Bowdler

Mr. Seel

Colonial Office

Mr. Olivier. (Gen. Secy, Emergency
& Olivier, Solicitor to the C.A.)Mr. G. D. Rhodes. (Chief Engineer,
Construction, Uganda R.R.)

Captain Horton. (W. H. Samuel)

Mr. A. Chester Beatty

Mr. G. Symonds

Mr. G. Perry (for the Solicitors
to the Govt.)

Mr. H. Nickless. (of Messrs. Clegg & Co.)

Mr. A. W. Tait. (Official Receiver)

over

The Chair was referred to the new rates of freight (inclusive of royalty) which had been agreed to for the period immediately after the reconstruction of the Company. These rates were:-

For 50,000 tons or less	15/- a ton
Over 50,000, but less than 150,000 tons	17/-
Over 150,000 tons	16/6

A stipulation made by the local Supt. the where the amount carried was over 50,000 the total payment should not be less than that payable on 50,000 tons at 15/- a ton; with a similar condition where the amount carried was over 150,000 tons, was accepted by all.

2. The period for which these rates should be in force was then discussed. It was suggested by the C.O. that they should

be in force for three years from the date of the completion of the new agreement, and that then the rates laid down in the Draft lease of 1922 should revive.

It was however proposed on behalf of the Coy. that ^(during which the low rates should be in force) the period should be extended to five years. It was further proposed that at the end of that ~~the~~ period, the freight rates of on the Company's product should not be ~~revised~~ ^{revised} so as to alter their ^{then} ~~position~~ position relative to the rates on maize and other low grade commodities carried by the Railway, and that in deciding upon any revision the figures for the Company's traffic for the preceding two years should be taken ^{into account} ~~as a basis~~.

As an alternative to this Mr Bottomley proposed that at the end of the five year period the present terms of the lease should revive, but that ~~special~~ it should be then open for consideration whether special rates were

(The cost of carriage, etc)

necessary for the soda traffic; and that (1)

The ~~the~~ present stipulation in Clause 25 of ^(the Draft Railway) Lease of 3 March 1923, that in no case

shall the rates be decreased to less than nine-sixteenths of a penny per ton mile, should be omitted from the lease.

Mr. Tait pointed out that under the arrangements at present contemplated, the renewal of the Railway & Lake Leases would entail the ~~new~~ re-authorization of a royalty of 3/- a ton, which would automatically increase the cost of carriage to the Coy.

After further discussion, Mr. Tait put forward a proposal that, when the reorganization of the Company was effected, the ^(railway) Lease to be entered into by the Company should provide for the lower rates, as agreed, for the first five years ^{for the success of the period} and that ~~the~~ while the clause as to maximum rate of one penny per ton should be retained, ^{the clause} providing for a minimum of 2/16th of a penny should

Clause 42(f) of the Railway contract of 1911, 90th has not yet been altered of the 1922 Draft Railway lease. See 53835/20.

Mr. Tait's proposal, as above, is to be considered in connection with the clause...

be struck out, and a formula inserted on the lines of the proposal previously put forward by the Company, that any revision of rates at the end of the five year period should preserve the ~~proportion~~ position of the rates on soda relative to rates on other low grade commodities.

He also suggested that in the lease of the Lake Properties, an all round royalty of 2/- a ton should be substituted ^(the present rates) for that of 2/- a ton on soda and 3/- a ton on the Company's soda products.

It was pointed out that there would be ~~was~~ difficulties in the way of ~~ascertaining~~ determining the low grade products which should be taken for purposes of comparison of railway rates.

It was eventually agreed, however, that the proposal as to a five year period and the Coy's suggestion, as to re-authorization at the end of that period being based on the relative rates on low grade commodities in the Colony, should be

6

referred to the Governor by telegram for his views
and the representatives of the Company
under took to draft a bill for submission to the
Leg. C. O. at an early date.

They will call on
Wednesday morning
12th.

3. The Chairman informed the meeting that
the S. G. S. would be willing to accept the
Accountant's certificate as suggested in
Captain Samuel's letter of the 10th Oct.,
as evidence that the present value
of $\frac{14,500}{5000}$ should be taken as equivalent
to £ 3,15,000 on f.o.b. Kiliindini.
4. The Company accepted the General
Manager's condition that the Nagadi
Company should rank as an ordinary
customer of the Railway and that
there could be no question of preference
to the railway office.

referred to the Governor by telegram for his views
and the representatives of the Company

They will call in
Wednesday morning
1901

under took to draft a let. for submission to the
Sd. C.O. at an early date.

3. The Chairman informed the meeting that
the S. G. S. would be willing to accept the
Accountant's certificate as suggested in
Mr. Samuel's letter of the 10th Oct.,
as evidence that the present value
of ^(the S.G.S.) 50000 should be taken as equivalent
to £ 3.15.0 a ton f.o.b. Kilibidini.

4. The Company accepted the General
Manager's condition that the Nagadi
Company should rank as an ordinary
customer of the Railway and that
there could be no question of preference
to the railway office.

C.O.
56192ALL COMMUNICATIONS TO BE
ADDRESSED TO THE COMPANY

REC'D

21 NOV 23

The. Nagadi Soda Co. Limited.

M. SAMUEL & CO. LTD. MANAGERS

Manufacturers of Pure Alkali & other Soda Products

TRADE MARK

WESTERN
VOLCANO
BRANDEASTERN
CARF
BRANDWorks
NAGADI (Brit. E. Africa).
KILINDINI (Brit. E. Africa).
IRRAW (Manchester).
CALCUTTA.

GS/DCB.

*Shell House, 25 Bishopsgate.**London, N.Y.* 20th November, 1923.Mr James Stevenson, G.C.M.G.,
Colonial Office,
Downing Street, S.W.1.

Dear Sir James Stevenson,

Referring to the Conference yesterday, I submit
draft of a cable which we propose might be sent to the Governor of
Kenya. You will see that the tenour of the cable generally,
follows the lines agreed upon at the Meeting yesterday.

We agree that a new Lease should be drawn up,
and that the Clauses governing the Railway Freight Rates, which will
come into force at the end of five years, should be generally in
accordance with those in the old Lease. We ask, however, that when
Clause 25, or its equivalent in the new Lease, comes up for dis-
cussion at the end of the five years period, ^{and for each succeeding period of 5 years} as set out in the Lease,
that the matter should be approached from the point of view that
Soda is a low grade commodity, and the freight rates should be
settled from the same point of view as low grade commodities such

Continuation Sheet No. (2) - Sir James Stevenson
G.C.M.G.

THE MAGADI SODA CO., Ltd.
LONDON.

Date 20/11/23

as Maize, Barley, Wheat, etc.

I need hardly say that we are most anxious that the matter should be settled with as little delay as possible, and we hope that the fact that we have been able to come to almost identically the ~~same~~ arrangements on which there was agreement at the Conference yesterday, may mean that the Governor will be able to accept our proposals at once.

Yours faithfully,

Walter H Samuel

DRAFT OF PROPOSED CABLE.

Company's proposal is that they will accept railway rates suggested for first 5 years of new operations, and that rates fixed for each succeeding 5 year periods should be in accordance with clause 25 of ~~the~~ completed railway lease, but ^[that] with the minimum of $\frac{9}{16}$ of a penny per ton per mile, being last 3½ lines of clause 25, paragraph (E), should be deleted. New lease under ~~the~~ lease, to be entered into on lines of existing lease, but royalty payable ^{freight only} after first 5 years ^{granted} should be reduced to 2/- per ton on Soda Ash, and other manufactured products. Company agree that priority of traffic should be dropped. Scale of new rates to contain conditions ^[as agreed with Sir James Stevenson]

C. D.
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Coded sent

123 Kenya

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Priority A.

ansd
59864 November.

DRAFT. Code 66

Governor
Nairobi

Your let. of 30 October

52830/23. No 314

MINUTE.

One Nagadi Company

- Mr. ~~...~~
- Mr. Bottomley 22.11.23
- Mr. Bushe 22/11
- Sir C. Davis
- Sir G. Grindle
- Sir H. Read 22/11/23
- Sir J. ~~...~~ 22/11/23
- Mr. Ormsby-Gore
- Duke of Devonshire

now propose as follows

begins they will accept
railway rates suggested
for first five years of new

operations and rates
fixed for each succeeding
five year periods should
be in accordance with

clause 25 of the completed
railway lease, but minimum

hand. This year and the
hand. This meeting was
A. Lawrence
22/11/23

vic. as to Sir B. 55799/23

2

observed that negotiation
 now turns entirely on
 terms which are to follow
 the preliminary five years
 and it seems certain that
 some ^{firmest} modification of former
 contractual terms will be
 required if Company is
 to be reconstructed. In fact
 Company urge without
 making it a condition
 that in revision of
 freight rates at end of
 first ^{and succeeding} ~~preliminary~~ periods
 of five years matter should
 be approached from point
 of view that soda is
 low grade commodity and
 that freight rates should
 be settled from same point
 of view as those on low

DRAFT.

X

MINUTE.

- Mr.
- Mr.
- Mr.
- Sir C. Davis.
- Sir G. Grindle.
- Sir H. Read.
- Sir J. Maserston Smith
- Mr. Ormsby-Gore.
- Duke of Devonshire.

Y

of $\frac{9}{16}$ ⁴⁵ of a penny per

ton per mile should be

being last $\text{\pounds} 3\frac{1}{2}$ lines

of clause 25 (c) should be

deleted. New ~~like~~ lease

to be entered into on lines

existing lease but

equally bracket payable

only after first five years

rate should be reduced

to 2/- per ton on soda

and other manufactured

products. Company

agree that priority of

traffic should be dropped.

Scale of new rates to

contain conditions

indicated in paragraph

(1) of your telegram. ends.

Two It will be

Grade commodities such
as ~~wheat~~ ^{maize wheat barley}

Three I suggest purely
as a basis for your
consideration following
line of settlement.

A. Freight rates as
indicated in Company's
proposal see paragraph
one: but without holding
out any hope of revision
according to
the rates for other commodities

General manager should
consider whether method of
determining working expenses
in Clause 25(g) would
cause inconvenience from
point of view of accounting
and whether method
similar to that of Clause
29 might be substituted

3

and if so ⁱⁿ what terms

Z, B. Full royalty to be
inserted on after end of
preliminary five years

C. Condition to be
inserted in new agreement
that while the Company
pays less than three
shillings royalty plus
freight ^{at} $9\frac{1}{16}$ ^{ths} $\frac{1}{2}$ penny
per ton mile

Z2

DRAFT.

3

MINUTE.

- Mr.
- Mr.
- Mr.
- Sir C. Davis.
- Sir G. Grindle.
- Sir H. Read.
- Sir J. Masterion Smith.
- Mr. Ormsby-Gore.
- 1 Duke of Devonshire.

(i) deficiency, accumulating
at 4% compound interest,
should go to reduce
the expropriation price
mentioned in clauses
30 and 31

(ii) there can be no
question of division of profits
on branch railway under

Clause 29 0

Four. In telegraphing

Your views you should indicate what concessions should be refused and what ~~the~~ conditions should be demanded even if it entails breakdown of reconstruction.

Five References in above are to completed & unexecuted draft railway lease of which copies sent to Denham

17 November. Clauses in question same as those similarly numbered in draft altered in red ink enclosed in my

despatch 735 of 17 May

1922 except for alteration

17695/22.

(Not sent) 17/11/22

4

in Clause 31 not material to present purpose 0

Six As reconstruction

now matter of great urgency earliest possible reply required and you will understand that after reconstruction effected no alteration of substance in terms agreed will be possible when draft of new instruments sent to you for final approval 0

DRAFT.

MINUTE.

Mr.

Mr.

Mr.

Sir C. Davis.

Sir G. Grindle.

Sir H. Read.

Sir J. Masterion Smith.

Mr. Ormsby-Gore.

Duke of Devonshire.