

EAST AFR. PROT.

38251

38251



Journal of C.

1910

13 Dec.

at previous Paper.

29/12/62

L. Magadi Kheme

Report completion of enquiries & request certain amounts made in Contract rel. to port. exp. on road, stock & improvements to Magadi Kheme. It has been found necessary to turn liquid fuel instead of coal. Request Harappa that liquid fuel be made free from Harappa duty. Also attention to lack of fuel tanks at Harappa & Likiep.

Mr. Harcourt

Sir P. promised his report to you about this. I only send you a few of the more important papers. He regards the history of the concession - the F.O. when the E. A. P. was under their administration, made an imprudent grant of the Soda deposits to the East African Syndicate for a period of 21 years (renewable for a second period of 21 years) without insisting any safeguards in the lease for the working of the deposits.

Handwritten notes in left margin: 'to also send... 27 Dec... why comes...'

Subsequent Paper

29194

F.O.

That is to say, no provision was made for
a rent - the Govt. was only to get a
royalty of 5%o, if + when the
deposits were worked. We managed,
however, to frighten the Syndicate + they
persuaded Mess^{rs} Samuel to take the
matter up - but we could not of course
make as good a bargain as we should have
done, if we had had a clear slate, as
both the original concession + Mess^{rs}
Samuel like to be satisfied.

In the Draft to the Treasury I have
said nothing about the water supply
at Mombasa or Kilindini (see last para.
of Mess^{rs} S.'s letter). This para. was
inserted at Sir P. Grouard's suggestion
with a view to strengthening his case for
the Mombasa water supply, but I think
that it would be a mistake to bring it
before the Treasury now. The matter will
have to be joined into with the other schemes
for which Sir P. G. requires a loan.

Yrs to Treasury herewith

H. J. R

17/211

38251

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14 10

Shell House,
104/5 Bishopsgate Street Within,
London, E.C.

13th December 1910.



To the
Under-Secretary of State for the Colonies.

Sir,

Our studies with regard to the possibility of transforming the Natural Soda from the Lake Magadi Deposit in the British East Africa Protectorate into commercial Soda Compounds having now been completed, we find there are several points which up till now have frustrated our efforts to put this scheme into execution.-

- 1). We have approached various parties in the endeavour to interest them in the Lake Magadi Scheme, but from all of them we get the answer that even the Government of the Protectorate, the only party to which very important profits would be assured if this scheme be carried through, seems to have so little confidence in its prospects that it apparently does not want to incur any expenditure for assisting in the materialisation of that business.

We therefore suggest that the wording of the Contract annexed to the Agreement of the 20th September 1909 should be

in session - 1279-20

amended in such a way as to show clearly the amount of money which the Government is willing to expend on rolling-stock and on improvements to the Uganda Railway should the Soda business come off.

It seems that this could easily be done by inserting in the 4th line of Clause 37, page 15 of the Contract, after the words "rolling stock", the words "(estimated to cost £.....)", and by adding at the end of Clause 43 on page 20, the words "and the Uganda Railway Administration under-takes to make the improvements to its Main Line (at an estimated cost of £.....) necessary for carrying these quantities."

2). It has been found that the use of Coal at Lake Magadi would be very uneconomical, and that it will be necessary to burn Liquid Fuel instead. This case was not foreseen when the Contract was drafted; and the rates to be given to the Contractors as fixed in the Contract only apply to Soda Compounds and Coal.- We suggest that the same rates should also apply to Liquid Fuel and that for this purpose the definition of the term "coal" in Clause 1 "G" on page 3 of the Contract should be so changed as to include Liquid Fuel. On the other hand, the Contractors ought to provide for the special railway cars which would be necessary for transporting such Fuel from the Port to

Lake Nagadi. A further addition would therefore have to be made in Clause 37 by which these special cars would be excepted from the rolling stock which the Uganda Railway Administration shall provide.

3). Whilst the importation of Coal into the Protectorate is free, all Mineral Oils have to pay an Import Duty of 10% "ad valorem". Now to render it possible for the Contractors to run their plants on Liquid Fuel it would be necessary to free it from any Import Duty. We would surely have raised this point when negotiating the Agreements had we foreseen that we should have to use Liquid Fuel; and as it cannot be the intention of the Government to hinder the prospects of the Soda Scheme by increasing the duties to be paid by the Contractors in a way which has never been contemplated, we suppose there will be no objection on the part of the Government to issuing an Ordinance under which the importation of Liquid Fuel into the Protectorate will be free.

4). Our attention has been drawn to the fact that at present there is not sufficient fresh water available at Mombasa or Kilindini for allowing steamers which come into these ports to replenish their provision; and also that there would not be any fresh water available for the needs of our Port Installation.

We want to draw the attention of the Government to this state of affairs as it seems highly desirable - not to say imperative - that this very serious obstacle to a sound development of the Soda Export should be removed.

fr.
We have the honour to be, Sir,

Your obedient Servants,

M Samuel Co.

S
38/251/10 2 A.P

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951

DRAFT

The Secretary to the Treasury

Presing
1902/10

MINUTE

Read 17 Dec.

- Mr. [unclear]
- Mr. [unclear]
- Mr. Fisher
- Mr. Just.
- Mr. Cox.
- Sir C. Lucas.
- Sir F. Hopwood.
- Col. Seely.
- Lord [unclear]
- Sir [unclear]

Attachment [unclear] 10

with reference to your letter of the 9th of Sep. 1901 & previous correspondence. I am directed by Mr Secy Harcourt to request you to inf. the L. Secy of the Treasury that Messrs Samuel & [unclear] have now completed

7280:0 then investigations in
+ [unclear] [unclear] N. 925

concern with the Lake
Bogalé scheme +
that they ask that
the original agreement
may be modified
in two or three
particulars.

2. They state that
they have approached
various persons
and remain particular in the
endeavour to interest
them in the scheme, but
that from all of them
they have received the
answer that even the
best of the Lake is the
only early school

would be assumed if
the scheme were carried
through, seems to have
so little confidence in
the prospects that it
apparently does not
want to incur any
expenditure for the
purpose of bringing it
into effect.

3. They therefore
suggest that the
wording of the
Contract annexed to
the agreement of the

20th of Sept 1909

a copy of which is
annexed for convenience
of reference, should be
amended in such a
way as to show
clearly the amount of
money which the
Govt is willing to
expend on rolling-
stock and on improvements
to the Uganda Railway
which the regulations
be brought -
successful issue
It is suggested that
the said -
done, in accordance
the

DRAFT.

MINUTE.

Mr.
Mr.
Mr. Fiddes.
Mr. Just.
Mr. Cox.
Sir C. Lucas.
Sir F. Hopwood.
Col. Seely.
Lord Crom.

£ 200,000
/

£ 46,500
Total £ 350,000
/

the 1st line of 260
Clause 37, page 10 of
the contract for the
works "rolling stock"
the words "estimated
to cost £ (A)",
and by adding at the
end of Clause 43 on
page 20 the words
"and the Uganda Railway
Administration undertake
to make the improvements
to its own line (at an
estimated cost of
£ (B)), necessary for
carrying these quantities."
The same to be inserted
at (A) or (B) with
according to the proposal

inspector of the
manager's latest figures,
to the amount of £
£ 203,500 and £ 140,500 respectively,
which would total £ 350,000.
Very respectfully,
Yours faithfully,

They have spent several
thousands of pounds
on preliminary investigations

and in addition to the
fact that, owing to
the difficulty of the

country to be traversed,

the cost of the
railway will be
largely a matter of
what was originally
estimated. In P.

Forward. He has
himself

himself fore ^{through the} see the
plans - detailed estimates
present. doubts whether
the railway can be
built for less than
£ 600,000, and possible
business arrangements
less the sum added
to the amount required
for the clearing works
the part on the coast, &c
brings the total amount
of capital to be
found by the
promoter up to
more than £ 1,000,000.
- a sum which is not
readily obtainable by
or enterprise -

267

an underdeveloped country
like the S. A. Port^l.
O. Rev^m Samuel
also state that the
use of coal at Lake
Magadi would be
very uneconomical,
that it would be
necessary to import
liquid fuel in its
place. They point
out that this was
not present when the
Contract was drafted
& that the rate to
be given to the contractor
under the Contract
only

DRAFT.

MINUTES

Mr.

Mr.

Mr. Fiddes.

Mr. Just.

Mr. Cox.

Sir C. Lucas.

Sir F. Hopwood.

Col. Seely.

Lord Crewe.

only apply to Soda 280
+ Coal. They
suggest that the same
rates should also apply
to liquid fuel & that,
for this purpose, the
definition of the term
"coal" in Clause 1 (a)
on page 3 of the
Contract should be so
changed as to include
liquid fuel. On the
other hand they recognize
that the contractor
ought to provide the
special railway cars
which would be required

for the transport of
such fuel from the
Port to Lake Nagai,
A further addition
would therefore have
to be made. Clause 37
by which these special
cases would be accepted
from the rolling stock
which the Uganda
Railway Administration
is to provide. R.C.P.

Government of Uganda
Kampala

7. Fuel. Messrs Samuel
point out that, while
the importation of coal
into

into the Protectorate 269
free, all mineral oils
have to pay an import
duty of 10% "ad valorem"
& that, to render it
possible for the Contractors
to run their plants on
Liquid Fuel, it would be
necessary to free it from
any import duty.
8. No Government understood
that it was responsible for
differences between
Liquid Fuel as used
solely for the
purpose of ~~the~~
that there is therefore
a difficulty in ~~the~~

a copy of which is
 annexed for convenience
 of reference, should be
 amended in such a
 way as to show
 clearly the amount of
 money which the
 Govt is willing to
 expend on rolling-
 stock and on improvements
 to the Uganda Railway
 should the negotiations
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 successful issue
 They suggest that
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DRAFT

MINUTE

- Mr.
- Mr.
- Mr. Fuller
- Mr. Judd
- Mr. Cox
- Sir C. Lucas
- Sir F. Hopwood
- Colr Seely
- Lord Curzon

the 4th line of 260
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 Administration undertake
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 to its main line (at an
 estimated cost of
 £ (B)) necessary for
 carrying these quantities
 of rolling stock
 at (A) or (B) which shall be
 decided according to the facts

£ 223,570
 ✓
 £ 146,500
 £ 350,000
 ✓
 19

most recent figures,
£203,500 and £146,500 respectively,
making a total of £350,000.

They have spent several
thousands of pounds
on preliminary investigations,
and in addition to this, the
fact that, owing to
the difficult nature of the

country to be traversed,
the cost of the
railway will be
largely a matter of
estimate. In fact

General who has
himself

himself gone ^{through the} plans + detailed estimates
present, doubts whether
the railway can be
built for less than
£600,000, and ^{possibly}
beyond this sum added
to the amount required
for the clearing works,
the part on the coast, he
brings the total amount
of capital to be
found by the
promoter up to
more than £1,000,000.
- a sum which is not
readily obtainable by
any enterprise -

in underdeveloped country
like the E. A. P. etc.
O. Sir I should
also state that the
use of coal is, like
Mafadi would be
very uneconomical,
that it would be
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liquid fuel in its
place. They point
out that this was
not given when the
Contract was drafted
& that the rate to
be given to the Contractor
is given in the Contract
only

DRAFT.

MINUTE.

- Mr.
- Mr.
- Mr. Fiddes.
- Mr. Just.
- Mr. Cox.
- Sir C. Lucas.
- Sir F. Hopwood.
- Col. Seely.
- Lord Greve.

only apply to Soda 269
compounds + Coal. They
suggest that the same
rates should also apply
to liquid fuel + that
for this purpose, the
definition of the term
"coal" in Clause 1 (c)
on page 3 of the
Contract shall be so
changed as to include
liquid fuel. On the
other hand they say
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ought to provide the
special railway cars
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for the transport of
such fuel from the
Port to Lake Inyokai,
A further addition
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cars would be exempted
from the rolling stock
which the Uganda
Railway Administration
is to provide. Bill.

Government from
for other new proposals

7 June 1901 Samuel
said out that, while
the importation of coal
into

into the Protectorate 269
free, all mineral oils
have to pay an import
duty of 10% ad valorem
& that, to render it
possible for the Contractor
to run these plants on
Liquid Fuel, it would be
necessary to free it from
any import duty
& Mr. Harcourt understood
that the Government
difficulties in
Liquid Fuel is used
solely for the
purpose of
that there is therefore
no difficulty in having

a distinction between
it, + ...
we will ...
purpose. In these cases
it appears to him only
reasonable that it
should be placed in
the same category as
coal & the excavated

from duty. There are ~~several~~ ^{several} ~~receipts~~ ^{receipts}
for the ~~sumption~~ ^{sumption}
in several other
places. ~~Some~~ ^{Some} ~~of~~ ^{of} ~~the~~ ^{the} ~~same~~ ^{same} ~~kind~~ ^{kind} ~~is~~ ^{is} ~~found~~ ^{found}
fully ~~elsewhere~~ ^{elsewhere}.
concerned with the ~~presence~~ ^{presence}
in thinking that the
working of the soda deposits
Magadara ~~is~~ ^{is} likely
to promote a marked
degree the development
of

DRAFT

MINUTE

- Mr.
- Mr.
- Mr. Fuller
- Mr. Just
- Mr. Cox
- Sir E. L. ...
- Dr. P. Hammond
- Mr. Seely
- Lord ...

to the A. P. ...
to meet that ...
will have no difficulty
in accepting ...
Samuel's proposals, which
appear to him to
be very reasonable.
10. It is desirable
that the arrangements
with Mr. Samuel
should, if possible,
be concluded before
Mr. P. Hammond's return
to the Port. I am
to see that as early
a reply as possible may
be sent to the letter
of the 7