

E. AFRICA
32238

CO
32233

own Agents

1914

25 Aug

at previous Paper.
C. A.
18828

Union Castle Steamers
Freight rates.

Sends letter from C. asking for increase of 33 1/2% on contract rates. Suggests new proposals make be considered in 3 mos time, when experience will have shown what extra expenses shipping Co. are incurring in consequence of present war.

~~As stated~~ In y. Fieldes

We are accustomed to being the award
over the contract that it is rather a
strange change to hold the hammer
over of we don't let it fall

I do not know much about the
effect of the war on shipping generally,
but I venture to think that they are
covering themselves against loss pretty
effectively. Take for example the
Elder Dempster price increase of 100%
- reduced to 50% & later to 23%. This
33 1/2% - like the other increases - is a
round figure & indicates just the
slightest attempt to cover their
real extra expense

But, rather than risk their passing it
on

Mr. 12 Sept 14
C. A. 18828
Capt 17 Sept 14
Copy to Mr. Law
Mr. 12 Sept 14
Mr. 17 Sept 14

Subsequent Paper.
18828
34174

on" to the unaffiliated shipper, I would
not refuse, but approve the CA's
proposal - with the modification
substitution of "what was accepted
by the S. Off. as a reasonable return
charge" for "what was agreed"
in the last line of page 1 in this
letter?

Your 5th Sept 14

CAS. 28/8/14
It seems to me that the Co. has
overlooked the picture - + I think
that, in view of the Contract + of
the fact that it is a price increase
to 25%, the suggested increase of
33 1/3% is disproportionate

I am replying to the CA. I enclose
said copy of the (C. + Co.), with
copy of the Agreement (print
insert), to the B. of Trade
for advice.

H. J. R.

28/8/14

Pr. 29. 8. 14

Advice

29. 8. 14

ALL COMMUNICATIONS
TO BE ADDRESSED TO THE
CUSTOM AGENTS FOR THE COLONIES,
THE ABOVE REFERENCE AND THE
DATE OF THIS LETTER BEING QUOTED.

TELEGRAMS "CROWN, LONDON"
TELEPHONE 7730 VICTORIA (6 LINES)

C O
32233

26 AUG 14

WHITEHALL GARDENS,

LONDON, S. W.

25th August 1914.

Sir,

East Africa Freight Contract.

I have the honour to enclose a copy of a letter from the Union Castle Mail Steamship Co., Ltd., asking for an increase of $33\frac{1}{3}$ % on the contract rates of freight.

2. The Company appear to acknowledge that there is no obligation on our part to pay more than the rates of freight provided for in the contract. There is no doubt, however, that the insurance cost of coal, and working expenses, have largely increased in consequence of war; and steamship lines generally are increasing freights by 20 % and 25 %, and in a few instances $33\frac{1}{3}$ % to 50 %, so that all increases are arbitrary, and probably allow a good margin in favour of the Shipowners.

3. If any increase is to be entertained as an act of grace, we would suggest that the contract rates be paid at present, and that when experience has shown what the extra cost is that steamship owners are incurring, the question of extra freight be considered, in say three months time, and whatever is agreed to be retrospective.

Under Secretary of State,

&c. &c. &c.

Colonial Office.

(2)

retrospective commencing with the steamers leaving in
September.

I am, Sir,

Sir,

Your obedient servant,

W. G. ...
for Crown Agents.

THE UNION CASTLE MAIL STEAMSHIP CO. LTD. TO
CROWN AGENTS.

C O
32233

26 AUG 14

3 & 4 Fenchurch Street,

London, E.C.

18th August 1914.

Gentlemen,

East African Service - Rates of
Freight.

With reference to the stipulations of the Agreement of the 12th August 1910 between the Crown Agents and this Company in relation to the establishment and maintenance of a regular service between England and East African ports, we confirm the recent communications by which we have had occasion to explain to you the reasons which have made it incumbent on us to vary, in the case of certain steamers, the usual movements of our vessels in the East African trade.

The existing state of War, which has already resulted in hostilities involving most of the great European Powers and now threatens to extend to other parts of the world, and so induce what may fairly be spoken of as a general paralysis of trade communications for a time, has, amongst other regrettable circumstances, led to a general advance in rates of freight between England and the great majority of Oversea destinations, including most of the British Colonies and Dependencies.

(2)

This advance of freights has not only been justified but has been rendered imperative by the greatly enhanced expenditure for coal and other working costs incurred by shipowners, together with the enormously increased cost of insurance for protection against war risks.

All the English Lines interested in the South and East African trade have advanced their outward rates, until further notice, to $33\frac{1}{3}$ per cent above the tariff rates hitherto in force, while an advance of 25 per cent has been made on all homeward freights from the South and East African littorals to England.

The conditions of Clause 4 of our Agreement of 12th August, 1910 expressly state that homeward cargo is subject to "the current rates ruling at the time" ; and, although we do not forget that fixed rates for outward cargo are named in Clause 3 of the said Agreement, we feel assured that you will agree, on careful consideration, that the rates for outward cargo should be dealt with in the same spirit, thus preserving the same relation between Merchants' tariff rates and those chargeable on your shipments as that arranged for when the Agreement was concluded ; that is to say that the rates chargeable for your outward cargo should be, as from this date and until further notice, $33\frac{1}{3}$ per cent above the outward rates named in the Agreement.

We are, &c.

For the Union Castle Mail Steamship Co., Ltd.,

(sgd) Wm. Walker

Secretary.

Ca 32238/1914

EA

[Signature]

[Signature]

2 Sept 1914.

C. D.
R. 1 SEP
C. /

DRAFT.

Secretary
Board of Trade

Amud 3414H

Sir,

I am to transmit to you, to be laid before the Board of Trade, the accompanying copy of a letter from the C. A. for the cols and of its enclosure on the subject of the contract rates of freight for Government cargo carried to East African ports by steamers

MINUTE.

- Mr. Harper 31/8/14.
- Mr. Bottomley 31/8/14.
- Mr.
- Mr.
- Sir G. Fiddes.
- Sir H. Just.
- Sir J. Anderson.
- Lord Emmott.
- Mr. Harcourt.

17 Sept 1914
 Mr. J. B. ...
 Mr. ...
 Mr. ...

25 Aug 1914
 Agreement

of the Union-Castle
Mail Steamship Coy.

A copy of the agreement
referred to is enclosed.

2. Mr. Harcourt
would be glad to
receive any observations
which the Board may
have to offer on the
subject.

for the Secretary of State