

F. A. B. I.
24830A

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1910

Steamer Service to S. Africa via Suez

1910

Handwritten notes regarding steamer service

11 Reg. ...
23850

1908

GOVERNMENT No.

(Minister)

(Subject)

No

*20 Ca copy
to (200 532) CA
(400 354) 15 Oct 26 1901
Nylon 212*

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Colonel July 7

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REC-17 AUG 1890

In view of what Mr. Mercer says
the whole question seems to require revision.
I was at home till the last day or
two that the Ellerman - Morrison deal,
(which, I understand, is a sound & profitable
deal) had actually started running to
S. Africa than the Canal. You of course
rather weaken the argument that the Union
Castle line is offering to do without a
subsidy what Lord Furness & Co. have been
able to do for a smaller subsidy
than £50,000 or £70,000.

The F.O. have not yet heard from Sir S.
Say whether he approves of the proposed
agreement in face of § 4 being considered
but in the F.O. itself it was considered
that 10 years was a long period for which
to bind ourselves. If it is decided to
proceed with the agreement, I think that
it would be well to reduce the period to
(say) 5 years, if possible.

H. J. R.

6/10/90

Mr. Read

This puzzles me greatly. When we met the
Union Castle people a few days ago Mr. Mercer
was present. At the close of the interview
the Union Castle representatives had gone, Mr.
Mercer was emphatic that the only other course

which could possibly run a regular
passenger service was the British
India Co. So much so that he
suggested that an offer to the B.I. was
equivalent to public tender. Now
we suddenly have the Messageries
line produced to our notice. I had
heard of the line but thought they
only ran cargo boats at irregular
intervals. I have seen Mr. Mercer
and ascertain how this extraordinary
misunderstanding has arisen.

Now as to certain points raised,

- (i) Postal Subsidy. This the U.C.
Co. do not want - strike it out.
- (ii) Period of agreement. The Company
put in 10 years to please us - they
told me they would prefer five.
- (iii) Cargo. The agreement should
provide that the Company have first
chance of carrying our cargo at
current rates, however low. They
get nothing more, so that we



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stand to lose nothing on and Mr. Mercer should see the representatives of the Company and fix the agreement on this basis.

(14) Clair of Steamer. We have only the verbal assurance of the Company that they will run good passenger steamers, good and equipment being of a similar standard to their intermediate steamers in terms of price. It may be desirable to put this in writing, but definitions of this kind are difficult to frame.

(15) Zanzibar. In our previous consultation

on the subject of a service through the Canal
 appeared that this trade was a very small
 item. It would be a pity to hang up the sche-
 me & point correspondence with F.O. — it
 is much better to go on to it & discuss all
 the F.O. to attend our final conference.

And now finally I ask you to see the
 through one way or the other without hesitating
 what we want is a regular weekly passenger
 service under the British flag to East
 India e.g. the Governor may be able to procure
 a British ship to Africa in a few days. For
 as we were asked to pay £20,000 a year more
 to secure this right it was reasonable to see
 the same was not worth the candle. But

can be done with no expense to the taxpayer and by
 direct & personal support of the
 Government. It is not a matter of the
 expense of your car & a few regulations, prices
 of a vessel and to create a service of
 about one thousand tons per week if we
 can get it done in these terms & better by the
 union Castle to British India the Ellerman
 Harrison line or any one else, we may let to
 use with the 10 per cent.

I expect it is your desire that you have a final
 conference with the Company together with Mercer
 and a review of the F.O. and if you can

Settle the business, the the lines of my (K...)
... for the convenience of ...
... the Honor of the House of ...

Cloud Seely

I have got the F.O. concerned
+ Mr. ... & I have arranged a meeting in
the Union Castle line for to-morrow at
noon, when we hope to get the agreement
signed.

I forward the draft agreement with
with alterations to show the amendments
be proper.

You will no doubt have noticed that the
last para: of the draft does not really

bind the Co. for any longer period than
they wish to be bound; but I suppose
that we could not press them to
commit themselves to go on, if we they
find it does not pay, he will endeavor
try to get them to bind themselves
for 5 years.

The current rates are not strictly
the lowest obtainable by a good
customer, so that to this extent the
rate is less by adopting them, in
practice, the competing lines would soon
come to quote special rates when
they found that their offers were
only used as a means of bringing
business on the Union route.

I simply mention these points
to get you in possession of
all our info, but unless I hear
by telegram from you to-morrow
morning, I propose to get the
Agreement signed if possible to-
morrow without further reference to
yourself or the Secretary of State.
With regard to the Sherman-Hansen
line, I understand from reports that there

there was no misunderstanding on his part.
He knew that the line was
running irregularly, but that it was
only within the last few days that
he came to know that they had
started a regular service and that it was
indeed a new fact since our meeting
with your room

M. J. R.
8/11

Mr. Read

I have just received your telegram
informing me that the agreement
is settled. I am much obliged
to you for all you have done in
the matter and I hope East
Africa will be equally grateful.

The C.A. requires
formal authority for
the sign of the
agreement

at once
A. V. R.
11/11

G. W. Reed

Seen Mr. Buchanan will send
in the letter which I had
received from Mr. H. H. H.
to the C. about the 10th. I will
send it to them as soon as
I can tomorrow. But whatever
we have really is soon finished.

Dear Mr. Mercer
I will write to you
at the end of Mexico's
I have
of even date with
the draft.

The verbal corrections
in order and I am
having the agent
engrossed as arranged.

I am very much

obliged to you for
assisting to expedite
the matter.

We do not propose to make
public account
withfully looking
your sincerely

P. A. Mollen

H. Mercer Esq. & Co.
Crown Agents
Whitehall
Garden S. W.

24833

Reg II 10/10

C R E E T T for the establishment of a service

of steamers via the Suez Canal between

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the United Kingdom and East Africa.

It is hereby agreed between His Majesty's Government of the one part and the Union-Castle Mail Steamship Company, Limited, of the other part, that - in view of the fact that it is desirable in the public interest to establish a direct service of British Steamers between the United Kingdom and Bombay and Zanzibar, Aden and Beira, via the Suez Canal, but in view of the fact that the dues charged for the passage of steamers through the Suez Canal create very great difficulties in the way of the establishment of such a service, and in view of the fact that His Majesty's Government do not see their way to procure a subsidy to meet the cost of the said Canal dues - His Majesty's Government for themselves and on behalf of the Protectorates of Zanzibar, East Africa, Uganda and Yasaland will do all in their power to support a service of steamers to be established by the Union-Castle Company, in the following manner and under the following conditions:-

(1)

no inferior in tonnage, speed, and
account no deduction to the Co's present ves-
sel and steamer used in the South
African service

(1) That the Union-Castle Company will establish and
maintain a service of steamers to sail once in four
weeks from a port or ports of the United Kingdom
via the Suez Canal to British East Africa and on
to Zimbe and Beira, and to return by the same
route to the United Kingdom.

(2) That in order to carry out the undertaking to
support this service of steamers His Majesty's
Government will give the conveyance of all their
Government passengers and emigrants to and from
the British Protectorates named in this agreement
to the steamers of the Union-Castle Company at
tariff rates. In the event of urgency they will be
at liberty to send one or two officials by other
steamers, but this power is only to be used to a
limited extent, and not to the prejudice of the
Union-Castle Company's others.

(3) His Majesty's Government agree to give to the
Union-Castle Company's steamers all the freight
for the Provinces covered by this agreement
shipped by them or on their behalf at the follow-
ing rates: ordinary cargo at present tariff
rates; for cement, sleepers and small parcels
of rails, 10/-; for full cargoes of rails, not
less than 4,000 tons, 15/-; and for railway
construction material, rolling stock &c. 22/6.
(Packages not to exceed 40 cwt. in weight or 30
feet in length). All rates are per ton weight
or measurement at ship's option and are 'ex ship'.

But if at any time there should be a rate war and H.M. Government can get the cargo carried on equally favourable shipping conditions at lower rates than the above, then they shall offer the parcels for which they have such lower bids offers to the Union-Castle Company at such lower rates, and in the event of the Union-Castle Company not accepting the cargo at such lower rates, then the parcels shall be sold to any such persons at such lower rates as the Union-Castle Company may determine.

Handwritten notes:
 At the time of the war...
 The Union-Castle Company...
 It is also to be...
 in the case of great necessity...

That His Majesty's Government and the Government of the Province of... will do their utmost to support the steamers of the Union-Castle Company...
 such as...
 such steamers are to...
 the...
 such as...

That His Majesty's Government will do their utmost to support the steamers of the Union-Castle Company...
 such as...
 such steamers are to...
 the...
 such as...

That His Majesty's Government will do their utmost to support the steamers of the Union-Castle Company...

on the _____ day of September from the United Kingdom,
and the service shall be continued thereafter at regular
four-weekly intervals; but the Union Castle Company shall
be at liberty to alter the sailing date of their East
Coast steamers provided that a regular four-weekly
service is maintained.

This Agreement shall endure so long as the
Union Castle Company continue to maintain this service,
but may be terminated by H. M. Government at the end of
ten years by six months notice in writing.

1	2	3	4	5	6
7	8	9	10	11	12

C.O.

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East Africa Steamship Service.

At present there are three British lines with steamers leaving about every four weeks and calling at the East African ports:-

- (1) The British India Company from Middlesbrough and London.
- (2) The Union-Castle Line from London and Southampton.
- (3) The Milner-Harrison Line from Glasgow, Birkenhead and South Wales.

through the
Suez Canal
H. P. R.

The last company has only just come into the field, their first steamer having just sailed, and probably it is this step which has urged the Union-Castle people to think of running through the Suez Canal, though in any case the disadvantages in point of time and transshipment of running via the Cape must have made themselves felt. Assuming that the other services are continued on their present footing, the Government requirements will be well provided for. The steamers load at all the important points, and it could not be expected that one line could load at five or six ports in the United Kingdom. The present rates on the whole are reasonable, and there is opportunity for special

bargaining.

bargaining. It is also open to the Government to use the
steamers and this freedom of action operates to
bargaining.

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The Union-Castle Company now, in the draft
agreement, propose to run via the Suez Canal, on condi-
tion that they are given (1) all Government passengers
and emigrants, except to a limited extent in case of
urgency (2) all the Government freight for the
Protectorate, ordinary cargo to be "at present tariff
rates" and railway material, &c. at specified figures,
with a provision for reduction in the case of a rate
war (3) "such homeward cargo as may be under their
control" at current rates (4) the mails for "a proper
mailing", agreement to be for 10 years certain.

The draft contains no obligation on the
Company as to the size and character of the steamers to
be placed on the route, and some express provision is
wanted; it may however be assumed meantime that this
Company would put on satisfactory boats, which would
be better for passengers than the Ellerman-Harrison
boats. This conclusion therefore might reasonably be
made. The mail question is a matter for the General
Post Office but it seems hardly likely that they would
agree to confine themselves to a monthly service, and
it would be dangerous to approve the agreement without
consulting them.

The freight question is obviously a very
serious matter. The agreement would bind the Government
at both ends to make all their shipments by the one

Company

at present, or in the case of homeward shipments
charter rates. In practice we frequently get
reduced rates by special bargain; moreover we are free
to charter, and even there is enough freight this means
a reduction of several shillings per ton - at the present
time it is proposed to charter a vessel to take out the
first mails etc. and to load her for the homeward voyage
with mail. The agreement therefore would mean a loss
of money unless the current rates go up. If the traffic
increases they are more likely to come down, but I submit
that the proper course is not to speculate either one way
or the other as to this but to take only the actual
situation. It would be exceedingly onerous if the Govern-
ment had to pay more than current rates over a period of
ten years or even a shorter period, and the mere chance
that rates may advance is no justification for such a
grave risk.

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The object of these negotiations is to secure
the sailing of a first-class British line to West Africa
via the Suez Canal, and of course this would be a great
advantage. But as to this the action of the Chamber-
laine and others the situation. They are influential
people and would be a grievance if this agreement went
through. Further it remains to be seen whether the
Union-Castle could not run with regularity, or
no agreement. How long can they last, Russia, France
and Germany, so long as they do not see the same as difficult
to see. If on the other hand we give them all our
business this may have the effect of driving competition
off the field, to the detriment of private shippers.

There

There may be other considerations which appeal to the Secretary of State, but unless these are weighty I would suggest that the line to be taken with the Company might be that Lord Crews has carefully considered the proposals and quite agrees that it is in the public interest that the Union-Castle Mail Steamship Company should institute a service along the East Coast of Africa via the Suez Canal. The draft agreement is however, he believes, of an unprecedented character, and it appears to him to be against public policy that the Government should be bound in the very important matters embraced in the draft for a long period. He is however anxious to give them every possible support, and without any formal agreement he is prepared to instruct the Protectorate Government and the Crown Agents to act as far as they can, having regard to the interests which they serve, in the spirit of the proposals embodied in the draft. It is not doubt that in practice, if the service proved satisfactory as he has every belief that it would, this understanding would mean that the Government possessed freight and mails would be given to them unless there was some clear and substantial advantage in the other course.

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11 Aug 10

DRAFT.

The Crown Agents

Sir Messrs

MINUTE.

- Mr. Read. 11 Aug.
- Mr.
- Mr. Eddes.
- Mr. Just.
- Mr. Cox. 11
- Sir C. Lucas.
- Sir F. Hopwood.
- Col. Seely.
- Lord Crewe.

I am directed
by the Earl of Crewe
to transmit to you a
Agreement which has
been negotiated with
The Union Castle
Mail Steamship Co.^{ys}
for the establishment
of a service of steamers
via the Suez Canal
between the United
Kingdom & East Africa.
I have the pleasure of
enclosing the agreement

Copy (Cap 532)
Ugr 1524
Nyon 212

Sept 26 1910