



EAST AFR. PROT.

C. O. 1490

1490

13 Jan 09

451

Name of Individual.

Address.

1909

12 Jan.

Previous Paper

47503

L. Kagadi Soda Scheme.

Reports cannot work on basis of somewhat higher rates than those suggested in Co. letter 13 Oct 08 for ton per mile for Soda & Coal carried on Railway - & substitute other proposals

Mr. Contractors

I do not despair of coming to an arrangement with them on the basis of their alternative proposal but I think we had better get the advice from the S.O. which are seeking before considering proposal in detail

I have therefore added an add to the dft to the Co. or 47500 I am sending this to S.O. in the dft to that dft.

W.M. 14/1

Copy T. 4 Feb. 09 47503/09

Copy (to Contractor) 26 Feb. 09

C. O.
1430

Shell House,

104-5 Bishopsgate St. Within,

LONDON, 12th January, 1908.



Ref. 44294/1908.

To

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The Under-Secretary of State,
Colonial Office,
Whitehall.

My Lord,

LAKE MAGARDI SODA DEPOSIT.

We would refer once more to your letter of the 16th of December and to your request that we should consider whether we could not work on the basis of somewhat higher rates than those suggested in our letter of the 13th of October, per ton per mile, for Soda and Coal carried on the Uganda Railway and on the proposed new line to Lake Magardi.

We beg to inform you that we have now given the question our serious consideration and regret that we cannot see our way to answer in the affirmative.

In the first place, we should like to point out that it is very far from our intention to bargain or to raise arguments in order to bring pressure to bear upon the Railway Authorities to allow the proposed Company lower rates for the carriage of the above-mentioned goods. On the other hand, it is our ambition to create from the Lake Magardi Deposit a sound commercial business established on a firm basis in East Africa, and this basis is one which should give a proper return on the Capital invested, while providing consequential advantages to the Uganda Railway and the Protectorate. In order that this may be achieved, we feel that it is incumbent upon the East African Government Officials to meet us half-way in the same spirit in which we are prepared to meet them, and to give us a helping hand in the

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establishment of this great undertaking so far as lies in their power - at any rate in the initial stages.

We hardly like to advance any arguments as to what would be a fair rate or an unfair rate as far as the Soda is concerned, since that must depend upon the current market price of Soda Ash from time to time and the working costs of the production of Soda Ash in East Africa, and these can only be roughly estimated until after the industry is established. We have, however, obtained very reliable expert opinion that given an output of 100,000 tons of Soda Ash per annum and a traffic of at least 10,000 tons of Coal and other Material going up the Line, plus the present traffic on the Uganda Line, which is hardly an up-traffic, it should be possible for the Railway if worked on approximately the same basis as other African Lines, to grant a rate remunerative to itself of 3/8d. per mile, both up and down.

We suggest, therefore, that this figure should be taken as a basis upon which to work for the first two years after the completion of the Branch Line, but that thereafter there should be an increasing ratio in accordance with the price realised for the Magardi Soda Ash.

When the sliding scale came into operation after the expiry of the first two years of the working of the Branch Line the rate up and down should be definitely fixed at 1d. per ton mile so long as the Soda Ash realised the average price of 80/- per ton or under, c.i.f. United Kingdom, with a rise of one-thirty-second of a penny per ton per mile for every appreciation of 5/- of the price above 80/-. The present price of Soda Ash when made by:

The Ammonia Soda process is 97/6d. per ton;

The "Le Blanc" process is 115/- per ton.

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The above have been the average prices for some years and are the lowest yet touched.

We estimate the value of the Lake Magardi Soda Ash to be fully equal to the Ash produced by either of the two above processes, according to the way in which it is treated. Therefore, on this basis after the two years following the completion of the Branch Line the Uganda Railway would receive the rate of $\frac{1}{2}d.$ plus $\frac{1}{8}d.$ i.e. $\frac{5}{8}d.$ per ton mile, or $\frac{1}{2}d.$ plus $\frac{7}{32}d.$ equals $\frac{23}{32}d.$ per ton mile.

We would further suggest that maximum rates on the above basis should be fixed and that certain rebates should be granted on the export attaining large dimensions and thereby cheapening the cost of working the Railway.

May we also call your Lordship's attention to the fact that the Protectorate will benefit very materially from the royalty on the profits which constitute the consideration for the lease.

*Not discussed
The cost
is not
due to
double
prices*

We are anxiously awaiting the further letter referred to in your favor of the 16th of December, embodying the Governor's full report on our proposals of the 13th of October.

We have the honour to be,

Your obedient Servants,

for
Mc
Samuel Ho.

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