

1938

Kenya

No. 38030 (Part I)

SUBJECT. CO 533/489

**CLOSED
UNTIL
1970**

Manufacture of Pulp from Bamboo and Sisal

Previous

1937

Subsequent

Part II

1. Crown Agent.

12.1.38.

Two copies of further letter, and. clause, rec'd from Messrs. Burchells, indicating amendments proposed by Messrs. Harrison Sugden & Co. in revised draft Supplemental Agreement, and requisite instructions.

2. Gurney (Kenya Secretariat)

10.1.38

(Two notes of interview with Mr. A.F. Procter suggests that if agreement for an extension of the period within which a company has to be formed has not yet been concluded, action should be deferred until further enquiries have been made).

3. Kenya Bamboo Development Co. Ltd. — 19.1.38

Explains that the Company was granted an option by Mr. Udall, who expired on the 21st Dec., that Mr. Wall has declined to renew the option except on impossible terms; & asks that the part of the Co. may be taken into account when a permanent concession is considered.

No.1 I have discussed with Mr. Duncan and we are agreed that ^{the insertion of} Clause 4 of the draft agreement ^{was due to a misapprehension.} ~~was due to a misapprehension.~~ This insertion (for which our approval was sought in No.42, and given in No.44 on -/37) appears to have been due to confusion in the minds of Messrs. Burchells between the licence ^{actually} granted to Mr. Udall in 1932 (see last enclosure to No.2 on 3126/33) and the ^{draft} licence (scheduled to the agreement of the 1st October 1934) which is to be given to the Company on its formation. In other words the "licence" referred to in paragraphs 4 and 6 of that schedule is the draft licence which forms that schedule itself. It is quite clear that it would be unreasonable, as Messrs. Harrison Sugden & Co. have pointed out, that the 15th of June 1938

should

now in envelope below No.1.

should be substituted for the date two years after the grant of that licence. For example, if the 15th June 1938 is substituted for the dates mentioned in clauses 3, 7 and 9 of the agreement, and if the Company is formed by the 14th June, the requirements of the agreement will have been fulfilled, and it would obviously be absurd for the Company then only to have one day in which to build the factory. Mr. Duncan and I were accordingly agreed that this apparent confusion should be pointed out to Messrs. Burchells and that they should be informed that we agree with the view of Messrs. Harrison Sugden & Co. that clause 4 of the supplemental agreement should be deleted.

Nos. 2 and 3. Shortly before I received Mr. Gurney's letter (No. 2) Mr. Macleod Smith of Messrs. Mitchell, Cotts & Co. came to see me and told me much the same story as Mr. Procter had told Mr. Gurney, but he added a little more information, which is not given either in the note of the interview between Mr. Gurney and Mr. Procter nor the letter from the Kenya Bamboo Development Co., and it is desirable that I should record these additional points here.

In the first place he said that they had found Colonel Jervis very unsatisfactory to deal with indeed and that it was very largely owing to this that so much time had been fruitlessly spent in their experiments with the treatment of the Kenya Bamboo. He said that they had severed their connection with Colonel Jervis about 6 months ago and that in that last 6 months they had made very much

3
more progress than they had made in the previous 12 months during which they had been associated with Colonel Jervis.

The other point which is of importance, and which is not mentioned in the letter from the Bamboo Company, was that (I think) early in December the Bamboo Company had applied to Mr. Udall for a six months' extension of their option and that Mr. Udall had replied declining this request. In spite of this the Bamboo Company allowed the period of their option to expire without taking up the option. I pointed out that by this omission the Bamboo Company were placing themselves in a very dangerous position, to which Mr. Macleod Smith assented and observed that they did not seem to have been very clever. He attempted however to justify the omission on grounds which I was quite unable to follow. Apart from the fact that (apparently) they had not completely satisfied themselves about the project, he said that they did not wish to exercise the option, so long as there was any doubt that they would be able to go on with the development of the concession, because by so doing they would have been debarring Mr. Udall from the opportunity of disposing of his concession to some other company. I must say that, in view of the warning which they had had in December, this reason ^{was} entirely unconvincing to me.

The position now is very obscure. Under the agreement of 1934 Mr. Udall had undertaken to sell his concession to Mr. Macaskie, and it is by no means clear therefore that he had any right to grant an option to the Bamboo Development Company. It is possible that this obscurity may be cleared up when we are able to see a copy of the agreement of the 9th July 1936 between the Bamboo Company and

and Mr. Macaskie was to form a company to clear it over.

(See also no 4)

and Mr. Udall.

A further difficulty arises from the fact that by clause 11 of his licence of the 16th June 1932 Mr. Udall was barred from mortgaging, sub-letting or transferring his licence except with the consent of the Conservator of Forests in writing. The fact that in para. 4 of their letter of the 19th January, the Bamboo Company state that they had been paying to the Kenya Government the various dues for which Mr. Udall was liable, would seem to show that the option of the Bamboo Company had been granted with the consent of the Conservator of Forests. It is however difficult to reconcile this with the fact that in December 1936 (No. 1 on -/37) the Governor of Kenya asked for information as regards "the standing and intentions" of the Bamboo Company. In order to clear up these and various other obscurities it has been arranged that Mr. MacLeod Smith and some one from the Bamboo Company shall come here at 3 p.m. on Monday for a discussion with Mr. Duncan and myself. Mr. MacLeod Smith has also promised to send me a copy of the agreement of the 9th July 1936.

Until we have cleared up these obscurities it is premature to form an opinion on the merits of the case; but it does seem, prima facie, that there has been some sharp practice on the part either of Mr. Udall alone or Mr. Udall and Colonel Jervis jointly. Assuming for the moment that the agreement between the Bamboo Company and Mr. Udall of the 9th July 1936 is not inconsistent with the agreement of the 1st October 1934, and that the

Bamboo

x
GPM - No. 2
3/24/33

(3)

To Government of Kenya
the date of the
agreement of the 1st October
1934
the date of the
agreement of the 9th July 1936

(See memo N-4)

Bamboo Company can be regarded as a company which was formed for the purpose of that agreement, it is extremely odd that in the various oral and written communications which we have had from Colonel Jervis in the last 18 months (even when we asked him about the Bamboo Company) there has been no mention whatever of the Company having been granted an option by Mr. Udall. It is also significant that in his interview recorded in Mr. Flood's minute of the 10th November on -/37 he made no mention of the fact that there had been a break between his firm and Mitchell, Cotts & Co.; and no mention of (what must have been a possibility in his mind at that date) that Mr. Udall was not intending to renew the option of the Bamboo Development Company.

Prima facie (and again subject to whatever may emerge after further enquiries) it seems to me that our undertaking to extend the period of the operative clauses of the agreement of the 1st October 1934 until the 15th June 1938, was given in ignorance of material facts which ought to have been disclosed to us. If therefore it should emerge after due enquiry, that Mr. Udall has been behaving unreasonably towards the Kenya Bamboo Development Company I think the Secretary of State would be fully justified, even at this late date, to decline to authorise the Crown Agents to execute the supplemental agreement, and possibly for the Governor of Kenya to give notice under clause 9 of the agreement of 1934 ~~or~~ terminate ~~that~~ that agreement. All this is however a matter for further consideration when we have been able (a) to understand more fully the position of the Kenya Bamboo Development Company after our talk on Monday, and (b) after asking Colonel Jervis and Mr. Udall for an explanation of their point of view.

x
v. Nov 2 + 3
on -/37.

No: indeed /
indicated they were
working together!
J

Or alternatively G
agree to the extension
on the condition that
Mr Udall renews the
Bamboo Development
Company option on
reasonable terms.
P.P.

J.P. Parnin
21.1.38.

4. Mitchell Cotts & Co. (Ld.) ——— 20/1/37
(Encloses copy of agreement dated
9/7/36, between Kenya Bamboo
Development Co. & Mr. Udall).

This agreement (especially the recitals)
makes the part of the Bamboo Co.
reasonably clear.

J.P. Parnis
2/1

Mr. MacLeod Smith of Mitchell, Cotts
& Co. and Mr. Knight of the Kenya Bamboo
Development Co. called yesterday (24th January)
and discussed this with Mr. Duncan, Mr. Clausen
and myself. What transpired at the interview,
and the conclusions which Mr. Duncan, Mr. Clausen
and I reached after the discussion, are set out
in the two drafts submitted herewith which are
self-explanatory.

Having regard to the fact that
Colonel Jarvis had frequent interviews with
Mr. Flood, ^{and that} (v. the draft to Mr. Gurney) I am
proposing to send out a copy of Mr. Flood's
minute of the 10th November; it is for
consideration whether these drafts should not
be sent to Mr. Flood before they are approved.

J.P. Parnis
25.1.38.

Tapie with the terms of the attached
draft despatch to Kenya and draft
letter to Mr. Gurney as now amended by

It. that we should
deal with Col. Jarvis
and Mr. Udall first,
& not through Messrs
Burchells

A.S.

me in conjunction with Mr. Parkin.
In particular I think that the procedure
should be as now set out in paragraphs
11 and 12 of the draft despatch.

I am sure that, in the first instance, the
drafts should be shown to Mr. Flood;
and he will of course have to be asked
whether he has any objection to a copy of
his minute of 10/11/37 being sent to Mr. Gurney.

26/1/38

W. Duncan.

G. L. Parnis
29

Thanks: I have no objection of course to the minute
being sent to Mr. Gurney.

I think however we should be careful not to act
too hastily in regard to Col. Jarvis. If he has parted with
Mitchell Cotts it is quite on the cards that each is trying
to out the other, Col. Jarvis by dealing with Mr. Udall &
Mitchell Cotts by beating the drum of having done all the work.
In July Mr. Procter told me that a revised scheme was on the
table (see minute on No 28) and I certainly did not get
the impression then that there was any friction with Col. Jarvis.

The whole thing is a mess but the Government
only came in - after granting Mr. Udall his concession -
because of the financial part of it. The arrangement for a
Trustee (agreement of 1934) was because the Colonel

Development Fund was to come to the assistance of the project and could not provide funds for a non-existent company, while the company could not be formed without such aid.

If then the Udall concession is not renewed all the agreements sh. cease to have any force, and Govt. can start fresh. In that case I should be inclined to avoid any commitment of Govt. to Mitchell Cotts & would suggest that the Kenya Govt. in announcing that the lease has lapsed should not commit itself to any fresh grant to anyone without some guarantee in advance of funds being available. It may be advisable to invite applications.

But I always assumed that the Kenya Bamboo Development Co. was the company (or was to be expanded into the company) which was to be formed under the 1934 agreement. It is true that the agreement talks about "British East Africa Pulp Mills, Limited" but that concern has never had any sort of existence. On that assumption, Mr Udall did no wrong in giving them an option, and if Colonel Jervis thought the same, so I believe he did it is no matter for surprise that he didn't mention it; he would assume that we look it for granted as indeed I did. On that ground the words "another company" in paras 9 & 11 of the draft despatch are perhaps misleading. There was no other company, and therefore no double dealing.

If this is accepted then the drafts will need amending and I continue to suggest that it would be just as well to hear what Col. Jervis has to say before sending them. He would be asked what in the position is invited to come to discuss and tell you all about it.

D. G. Hall

21.7.58

(Kenya had a copy of the 1934 agreement sent out about July)

6

Colonel Jervis came here on Thursday, the 3rd of February, and discussed these matters with Mr. Duncan, Mr. Clauson and myself. It was not a very satisfactory interview as Colonel Jervis denied all knowledge of the terms of the agreement of the 9th of July, 1936, between Mr. Udall and the Bamboo Development Company. This is in direct conflict with the statement of Mr. Smith and Mr. Knight, that Colonel Jervis had taken a principal part in the negotiation of that agreement. Eventually, it was agreed that Colonel Jervis should communicate with Mr. Udall with a view to a discussion with him here on Thursday next.

In view of this it was thought that we had better hold up the despatch to Kenya and merely send an interim reply to Mr. Gurney's letter (No. 2). On further consideration, however, having regard to the fact that if we hold up the despatch until we have seen Mr. Udall, it will be the best part of three weeks before the Government of Kenya know what has been happening here, I think it would be as well to send it, but reserving any expressions of opinion on the behaviour of the parties concerned and on the course of action which the Government of Kenya ought to take. I have accordingly revised the draft despatch and the draft letter to Mr. Gurney and incorporated in them the results of our conversation with Colonel Jervis. The drafts will, however, still be available to show what was in our minds before we saw Colonel Jervis.

Another reason for not holding up the despatch is that Colonel Jervis mentioned that, at his instigation, Mr. Udall has written to the Conservator of Forests telling him about the

non-renewal of the Bamboo Development Company's option.

The letter to the Crown Agents (as altered) should also go off.

J. Paskin
4/2/38.

In the circumstances there is no objection to the action now proposed by Mr. Paskin.

5/2/38 *H. Duncan*

I agree. I have seldom met any one who exerted disingenuity to the same extent as Col. Jervis. His adroitness in ~~the~~ eluding his agreeable questions by long & irrelevant statements was remarkable. ~~At~~ I was left with a very foggy idea of the whole position with one clear point standing out, that Mr. Udall is a man of no substance or constructive ability whose sole object is to get as much cash out of this as he can in return for the single feat of his life, securing the licence. I hope that we shall be able to defeat his object.

G. L. Paskin
5/7/38

Sir G. Bottomley

I'm afraid I must bother you with this. It is a tangled skein: and if you wish to have the subject elucidated you will no doubt ask Mr. Paskin to speak with you about it. He is a master of its complexities and has done a lot of work on it. He has explained it to

to me orally and as far as I am able to follow it I agree with the action proposed, on which you will see we have had the advice of Mr. Flood, Mr. Clauson and Mr. Duncan.

? Action as in the drafts.

A. M. Awe
7.2.38.

Yes - they present a statement of facts & the course they go the better.

I fancy that people in Kenya would agree with Mr. Clauson's estimate of Mr. Udall's limitations - but there is not the single feat of his life - was in it as the Kenya Power & Lighting Co.

A. M. Awe 7.2.38

10. CA (1 ansd)

To: H. Gurney. (w/c Mr. Flood's) conf. s.c.
min of 10/11 (2 ansd)

To: Kenya Govt. (w/c. memo. as in draft.) - 1 FEB 1938

G. L. Paskin
DESTROYED BY THE SIGNATURE (Has arranged for Mr. Udall to come to London).
5/1/38

9 FEB 1938

Mr. Udall and Colonel Jervis came here on Thursday afternoon for the discussion as arranged and they asked that they might be furnished with a note thereof. I submit a draft accordingly which I think covers the ground fairly completely, though it was a long and rambling discussion. In drafting it I have had in mind not only that it has to be sent to Mr. Udall and Colonel Jervis, but also that we have no idea of the use they would propose to put it to, (e.g. as a means of discouraging the Kenya Bamboo Development Company from taking any further interest in this concession).

I think we ought to send it to Mr. Udall and Colonel Jervis as a draft for their concurrence, but as this will involve a little delay, and as, moreover, the ~~draft~~^{draft} will indicate the Colonial Office ideas of what took place, I think we might also send a copy of the draft to Mr. Gurney for his information, without waiting for the concurrence of Mr. Udall & Col. Jervis.

I submit drafts accordingly.

J. P. Rennie
14.2.38.

1/ agree with the terms of the attached draft.

14/2/38 A. Duncan.

DESTROYED UNDER STATUTE

2. Udall

DESTROYED UNDER STATUTE

2. Col. Lockhart-Jervis

2. Gurney (w/c 9) - Conf. - 15 FEB 1938

(w/c 9) - 9/3/38

6 vers. - Conf.

15 FEB 1938

DESTROYED UNDER STATUTE

Part by

H. J. Rennie

R. 297

17.2.38

J. P. Rennie
17.2.38

4. C. Udall - 2.2.38
The comments on Memo enclosed - (10) - state that he has to make an application for an Option in the next few days.

15. Kenya Bamboo Development Co. Ltd. - 22.2.38

States that they have just rec'd information that Mr. Udall has sold whatever rights he possesses to Bamboo Concession in Kenya and enquires whether C.O. have any news on the subject.

16. J. P. Port Bakhurst (50 to Mr. Duncan) - 22.2.38

Requests interview in order to discuss matter with a view to satisfactory arrangement being made for formation of a company to work the concession in the near future.

No. 4.

(*) No. of these comments seem to necessitate any alteration in the draft note of the meeting, as it seems to me that (having at it solely as a record of what was said) all of Mr. Udall's points are adequately covered.

? So reply, but say that a copy of his letter & Conf. will be sent to Kenya with the Note of the meeting. (But this I'd. wait till we hear from Col. Jervis).

(*) I have asked Col. Jervis by telephone whether he wishes to make any amendments in the Note. He said that

Mr. Udall and Colonel Jervis came here on Thursday afternoon for the discussion as arranged and they asked that they might be furnished with a note thereof. I submit a draft accordingly which I think covers the ground fairly completely, though it was a long and rambling discussion. In drafting it I have had in mind not only that it has to be sent to Mr. Udall and Colonel Jervis, but also that we have no idea of the use they would propose to put it to, (e.g. as a means of discouraging the Kenya Bamboo Development Company from taking any further interest in this concession).

I think we ought to send it to Mr. Udall and Colonel Jervis as a draft for their concurrence, but as this will involve a little delay, and as, moreover, the ~~draft~~ ^{off. note} will indicate the Colonial Office ideas of what took place, I think we might also send a copy of the draft to Mr. Gurney for his information, ^{without waiting for the concurrence of Mr. Udall & Col. Jervis.} I submit drafts accordingly.

JJ Brown
14.2.38.

I agree with the terms of the attached drafts.

14/2/38 J. J. Duncan.

DESTROYED UNDER STATUTE (14)

Phil by

D. J. Jones
R. 297
17.2.38

1/14/38 above 17.2.38.

14. C. Udall (10) states that he hopes to make an application for an Option in the next few days.

15. Kenya Bamboo Development Co. Ltd. States that they have just recd information that Mr. Udall has sold relative rights to concession to Bamboo Concession in Kenya and enquire whether C.O. have any news on the subject.

16. J. F. Scott Balkin (5 to Mr. Duncan) Requests interview in order to discuss matter with a view to satisfactory proposals being made for formation of company to work the concession in the near future.

No. 4.
(a) None of these comments seem to necessitate any alteration in the off. note of the meeting, as it seems to me that (barring as it solely as a record of what was said) all of Mr. Udall's points are adequately covered.

? So reply, but say that copy of his letter & card will be sent to Kenya with the Note of the meeting. (But this I'd. wait till we hear from Col. Jervis).
(b) I have asked Col. Jervis by telephone whether he wishes to make any amendments in the Note. He said that

DESTROYED UNDER STATUTE

To Mr. Udall

DESTROYED UNDER STATUTE

To Col. Lockhart-Jervis

(use 9) 9/3/38
Curs. - Conf.
15 FEB 1938

To Mr. Gurney (use 9) - Conf. - 15 FEB 1938

he regards it as a very fair record
of what took place. He has not
however seen Mr. Udall's comments,
so before replying, he will
get a copy of Mr. Udall.

No. 15.

for [] substitute

"We regret that we are
not in a position to
give them any information
on the subject."

H.D.

We could reply that [so far as
we are aware, Mr. Udall has
not disposed of his rights under
his licence], [but that it is
understood that he is in
negotiation with certain financial
interests with a view to the
formation of a company to
work his concession].

But it may perhaps be better
to omit [].

H.D.

No. 16. a meeting with Mr. Bakhurst
has been arranged for 3.30 on
Monday.

In this connection see
Mr. Udall's comment in No. 14
on para 11 of the Note of the meeting.
I suppose by "they" he means the
Govt of Kenya. This point will no
doubt come up - the discussion
with Mr. Bakhurst.

Recessing marginal notes on
studies/notes.

26/2 G.L.M. Cannon
26/2

H.D.

The first
mention

Mr. Bakhurst called yesterday & saw Mr. Duncan,
Mr. Dawson & me. He said that he was
acting for Mr. Udall & a Mr. Lawrence
Harrison of Eastern Concessions Ltd., who
is thinking of forming a holding
company with a view to the formation
of a company to work the concession.
It was pointed out to Mr. Bakhurst that
it is now impossible for Mr. Udall
to comply with the stipulation that a
factory should be built before the
15th of June, & that before agreeing
to grant a further extension, the Govt.
of Kenya would have to be satisfied that
the proposals for the constitution of the
Company (discussed in No. 15) were acceptable.
It was also noted that the Company would be
able to dispose of its property. It was
made quite clear to him that any
steps that might be taken, in the
meantime, for the formation of a
company in the lines indicated by
Mr. Bakhurst, would be at the risk of
the person concerned.

Subsequently the claim obtained
particulars of Mr. Harrison, on 26/2
at - No. 117.

In the course of the afternoon
Col. Jarvis says to me that he will

(9) Let us leave his class on the note of the meeting of the 10th of Feb. in the course of a few days.
 Now write to the Kenya Bamboo Development Co., the C.A., as in 282.

J.P. Pascoe
 1/3

Seen.

1/3/38 / T. Duncan.

I agree. And it might be well to inform Kenya D.O. of the further develop^t. Mr. Harrison's present showing is not so much a city shark as a city jackal & I have no hope whatever that he will produce an acceptable proposal. I think that we sh^d be not chary of giving any kind of assurance to Mr. Udall but we will give any consent to the transfer of the concession to anything except a public Company with an approved directors' & commercial plan. It is most important to avoid getting ourselves tied up with a new intermediary particularly one like Mr. Lawrence Harrison.

C. L. T. Dawson
 1/3

18 To Kenya Bamboo Dev. Coy. Ltd. (15000).
 19 To C.A. Cons 144

Feb. 3. 38.

20. Cont. - Col. Lockhart - Jervis (5%) - 2.3.38
 DESTROYED UNDER STATUTE
 Concern with 19th Udall's remarks (in No. 14).

21. H. L. G. Gurney (5%) - 23.2.38.
 (12 Cont.) considers it may be preferable to put the whole concession out to tender again & states that Henderson is willing to Udall to that effect.

No 20 Col Jervis does not want to add anything to what Mr Udall said in No 14 about the meeting of the 10th of Feb. The note of the meeting can therefore go to Kenya as in Mr Pascoe's minute on No. 14.

No 21 Mr Gurney anticipates an application by Mr Udall for an extension of license coupled with definite proposals for the formation of a company - which has in fact already happened in May 16 & the following minutes. ? Ask and give Mr Gurney the latest news as suggested by Mr Dawson opposite.

Clody White 8/3

I now submit drafts to clear up the outstanding action on this file. I regret that it has not been possible to get down to it before, owing to pressure of more urgent work.

J.P. Pascoe

14.3.38.

To C Udall (14 ansd) s.o. conf.

To H Gurney (21 ansd) s.o. conf - 28 3 38.

To Lt. Col. J. Jervis. (w/c 22) s.o.

To Kenya Conf (C) (Nos 9, 14, 15, 16, 18 + 22) - 28 MAR 1938

15-3-38
Memo containing such information as they have so far been able to obtain respecting Eastern Concessions Ltd of which Mr Harrison is a Director - Enquiries are proceeding.

22-3-38
Under further information regarding Eastern Concessions Ltd of Mr L. Harrison.

29-3-38
C. Udall (14) (20)

No 25 may be put by.

Nos 26 + 27 endorse the view that Mr Harrison is unlikely to prove a suitable person to form a company for the exploitation of the Udall concession. At the end of No 23 it was said that we would keep Mr Gurney informed of any developments, so I said copies of Nos 26 + 27 to Kenya conf. Lt. ref para 3 of No 25.

Clark White 2/4

J. J. Cassin
2/4

G. L. M. Cassin
4/4
across

To Kenya Conf (C) (Nos 26 + 27) - 20 APR 1938

Mr. Clauson.

Mr. Smith of Mitchell, Cottis and Co. (whom we saw together in January) rang me up to-day to say that Mr. Procter is now back from Kenya and that they would like to come here to discuss the position. I gathered that really what they want to do is to decide how to set about putting in their request to have the Udall licence made over to them on its expiry in June (i.e. if Mr. Udall is unable to produce proposals before then). I gathered that they have been keeping in touch with the Conservator of Forests in Kenya and have also gathered a certain amount of information about Mr. Udall's proposals. So from this point of view it might be worth our seeing them for a few moments in order to glean some information. On this point, however, I warned them that, although we had seen Mr. Udall, we should not be at liberty to pass on to them what we had heard from him.

I told Mr. Smith that I would see you immediately on your return with a view to fixing a meeting, possibly in the latter part of next week.

J. J. Cassin
20/4

So far as I am concerned I am afraid that this week is impossible, as I am almost continuously engaged in conferences.

Next week is all right but I cannot say how long this would be.

G. L. M. Cassin
25/4

Mr. Smith and Mr. Procter of Mitchell,
Cotts and Co. called here on Tuesday to
enquire about this matter and I have
summarized the conversation in a draft letter
herewith to Mr. Gurney.

J. J. Cassin

6.5.38.

30 To H.L.G. Gurney. — 50 — 12 MAY 1938
8561 AM 27

31. J.R. Coit Bathurst — 3.6.38.
Covers that their appln for extension
of time for 12 mills. may be referred to the
govt. forthwith. Enclosed draft Supplemental Agt.
embodying modified proposals as to financial
arrangements.

32. J.R. Coit Bathurst — 7.6.38
Encl's letter from Mr. Lawrence Harrison
giving particulars of process with which he
has experimented, & enclosing financial
references.

To Gurney 50.

8 JUN 1938

Mr. Clauson.

Mr. Harrison came here on the 8th of June
to discuss his proposals and you were present at
the beginning of the discussion. Subsequently
you told me that your impression of Mr. Harrison
was so unfavourable that you were inclined to
advise the Government of Kenya to have nothing to do
with him, and you thought that their best course
would be now to give notice of the termination of
Mr. Udall's concession and to throw it open for
fresh applications.

On consideration, however, I am
personally inclined to doubt whether we are in a
position to give quite such categorical advice to
Kenya for the reasons set out in my draft letter
herewith to Mr. Gurney. Mr. Harrison may not be
all that is desired for the purpose of introducing
a new industry to Kenya, but after a long talk
with him, I quite definitely received the impression
that he is in earnest and is quite satisfied that he
is on to a good thing with the Celec process, so
much so that he is quite confident that if only he
can get a renewal of the concession he will be
able very quickly to go ahead with the necessary
finance and with the erection of the factory. If
this should, in fact, turn out to be the case, it
might well be that a bird in hand might be worth
two in the bush, and my own inclination is therefore
not to come to any definite conclusion until we hear
what Kenya have to say. I submit the necessary
drafts for conson.

J. J. Cassin

17.8.1938

34

Summer

18th June 38

I have seen this in a P.S. 6th Oct.
already prepared. when the letters
have issued this should be sent to
Mr. Channon to see.

Dist. you
G.L.H.
23/6

J.P. Channon
24/6
as above

2/ to Bathurst

22. 6. 38.

to Guyana

Kenya Conf (2) - (1/31/38) (2/32 + 38% mile) - 21/38

C.A. conf (4) 31 + 2 - also except dft. agreed 32 + 38% mile.
22 JUN 1938

39. H.L. Guyana 5/10 24.6.38

States that Mr. Harrison left Kenya on 23 June
by air. Reports result of his negotiations.

40. C.A.

States that Col. Jen is being consulted &
sent a letter from him.

To Mr. H. Lindsay (whom) 25/7
27/38

Has. I have seen Mr. Flood &

has been for No. 40. Nothing
has been done as yet.

Pat G.

J.P. Channon

6/7 above

13

42. Imperial Institute

17.7.38

Act 41 will reply as soon as possible

DEPT. OF MINER STATUTES

Put by

Civilian

29/ 8/1/38

1/Nov 11/7/38
above

Mr. Harrison called today by appointment.
He said that he had found Kenya the most delightful
country that he ever visited, and moreover had come
to the conclusion that it offers boundless
commercial possibilities in an almost unlimited
number of directions.

As regards the bamboo concession, he
had found Mr. Gardner most helpful and obliging,
and in his company had visited the bamboo area
covered by Mr. Udall's concession. He thought
that he had fully persuaded the Government of Kenya
that he was capable of developing this concession
and he seemed to have no doubt that they would agree
to extending Mr. Udall's concession for a year.
He recognised, however, that before doing so they
would wish to have complete details of the Seleco
process. On this point he told me that he was
lunching with Mr. Townsend and ~~and~~ Mr. C. V. Sale,
Chairman of the Amalgamated Metal Corporation, who
was interested in the project, and he was hoping
that Mr. Sale would be prepared to sign a
memorandum about this process and that Mr. Sale's
signature would carry sufficient weight with the
Colonial Office to satisfy us that the thing was
all that he claimed for it. He said that he hoped

to

X
to send in this memorandum in the course of a day or two.

While in Kenya he had been very much attracted by the commercial possibilities of extracting motor spirit from napier grass and he was already thinking of taking up a big area near the Broderick Falls. He had also become interested in ramie grass (and he told me that in the short time since his return he had succeeded in solving all the technical difficulties which had been holding up the development of this grass). He was also satisfied that there are tremendous prospects for the utilisation of sisal waste and here again he told me that he had already evolved a process which would make the enormous quantities of this waste immediately useful ~~on a commercial basis~~. In fact he went so far as to say that he had already instructed his agents in Kenya to buy every ton of sisal waste they could get hold of.

Mr. Harrison seemed to have some vague idea that ^{his} proposals for the development of these various processes would have to be submitted to the Colonial Office. Having elicited from him, however, that in no case was there any question of a concession from Government (in the case of the napier grass at Broderick Falls the area he has in mind is already alienated; and in the case of sisal waste it is merely a matter of buying

14
from sisal estates and treating and marketing the product) I told him that I did not see how the Colonial Office came into the matter at all. Moreover, I made it clear to him that Kenya is governed from Nairobi and not from Downing Street and that any applications for concessions should, in the first place, be made direct to the Government of Kenya.

I took the opportunity of attempting to clear up the uncertainty as to what was meant by the statement that Mitchell, Cotts were prepared to act as his agents in Kenya and he told me that this had in fact been arranged after a good deal of telegraphing and telephoning to London.

He told me that he was proposing to go out to Kenya again by air in a month's time, but (in reply to a question by me) he said that this was of course contingent on the Government granting an extension of the Udall concession. I warned him that he must not take this too much for granted. We can do nothing more until we get either the report from the Imperial Institute or the further particulars which Mr. Harrison has himself promised in regard to the Celec process.

J.J. Cassin
22.7.38
Mr. Harrison went to tea with the
Gov., when he had dinner when in
an R.A.F. in Iraq. Mr. Hall was there
& recognised him. In answer to my
question he said that, on returning from the
R.A.F. he had stayed in Iraq and

had made anything from £15-£20,000 a year as a contractor (to Govt. the Anglo Persian etc.). He had lost the greater part of his fortune in the Harby crash; but, was apparently now on way to making an even greater fortune in Kenya.

J.P.
12/7

43. In H. Lindsay's file. 13.7.58.
Supplies information regarding tele. process.

m. Clauser.

Pl. see X of my minute above.

? Sent.

J.P. Clauser
15/7.

I agree, but as time is going on
I send a copy of this to Mr. Gurney
if nothing more is received from Mr.
Hamilton by 13.1.58.

G. L. Clauser
15/7

To Gurney (encl 48).

26 JUL 1958

Also see
memo. at 80

45. Mr Flood % to Mr Parkin. 15
7/8/58
By 40. His copies of correspondence with Colonel
Jervis showing present position.

46. HZ Gurney. 4/8/58

In the encl to 46, on which the promised
debt will presumably be based, the Standing
Board of Economic Development records its
decision that Messrs Odell and
Hamilton should be informed that Govt
would extend the Odell License until the
end of 1939 provided that evidence was
forthcoming before the end of this year
of their ability to finance a definite
project for the development of the concession.
Mr Clauser, who saw this file today,
considers that in addition to this
financial proviso ~~and~~ a further proviso
should be added requiring Mr Odell
and Mr Hamilton to provide evidence
that the market for their produce is
assured. This might take the form
of an undertaking by a reputable
firm of pulp purchasers in given
circumstances to buy the product of
the working of the concession.
? Await despatch.

Clayton
15/8

J.P. Clauser
10/8/58

I am going on leave tomorrow & shall therefore be away when the des. arrives. I am rather alarmed at the time which things appear to be taking & I therefore venture to put my views on the file in advance.

At the risk of emphasizing the obvious, I would point out that in the matter of concessions the Govt of a Colony has a double duty, first to ensure that natural resources are developed to the best advantage, both from the point of view of the Colony & from the point of view of the world at large, & secondly to ensure that the Govt, representing the people of the Colony, gets the best financial terms that it can for the privileges which it gives. Naturally there are always difficulties of technique about the second part of the programme, it is difficult to squeeze the last drop of juice out of the orange, & it may be best to leave a little in to secure a quick settlement, but there is much less difficulty about the first. The cardinal rule is that development can be performed only by people who are well qualified to perform it.

If a concession is given to someone who is not so qualified, one ~~of~~ of two things may happen. Either no progress may be made at all, or the original concessionaire may take ^{the} ~~the~~ money out of the concern in return for quite useless services, with the result that the Govt gets less than what it should & the true developer less profit.

I do not wish to imply that people who go hunting for concessions are never competent to develop them; sometimes they are; but ~~but~~ the general experience is that that is why we have to be so careful before giving a concession. In the present case we have an absolute

transfer it to a qualified person via the process

is that they are not

— perfect example of the wrong way to set about things.

Mr. Udall is just about as unworthy a concessionaire as it would be possible to find. So far as I can ascertain his sole stock in trade was the knowledge that his bamboos were existent & some sort of shadowy, hazy belief that bamboos could be pulped. On the strength of this he got a license in 1932 which he ~~tried~~ tried to sell for, if I remember rightly, \$20,000, & has since simply stultified. He is completely unbusinesslike; as regards his honesty, there is genuine doubt whether he is just dishonest, or only so unbusinesslike that he appears to be dishonest without actually being.

About his associate Mr. Harrison, there are admittedly two opinions. Some people who have seen him find him a worthy, active, little man who ought to be encouraged. I too have seen him & regard him as a typical ~~type~~ City jackal, not big enough to be out in the shark class, who is out solely for the collection of profits on the purchase & resale of rights & concessions which he has no training or ability to handle.

I do not wish to claim any superior knowledge on such matters & indeed a flair for wrong/uns, like excessive skill at billiards, may well be regarded as evidence of a disconcertingly fast, but I have had a fair amount of experience in these matters (we have got an exactly similar character called Edwards after, oddly enough, another paper pulp proposition in British Guiana at his instigation), & I don't think that I am wrong about Mr. Harrison.

What I think clinched the matter for me was this. I said to him, "Can't we be more of using on the Udall concession. Why not?"

has no technical knowledge at all of paper making

we not just let it lapse, & then you can bring forward your scheme to the Govt without having to pay Udall anything for his rights?" To which he replied, "Oh, but if you have not got definite rights, you cannot interest people." This seems to me sheer evidence that he is in the business merely for the profit on the resale.

This business has now been going on for 6 years & has never been brought to anything. Why? There are two possible explanations. One is that it just isn't an economic proposition. The other is that it has never got into the right hands. The second is the obvious explanation, but the fact that we at one time got Mr. Hall Gaine, who really is a competent business man, & in the paper making trade, interested in it, & that when he failed to make anything of it, makes me wonder whether under present conditions it really is an economic proposition.

I say 'at the present time', because paper pulp is one of the very few primary products of which there is a progressive world shortage. If I am rightly informed the world is now using paper at a rate that the raw material is being replaced. This in itself is a good reason for not rushing this business.

The way I look at the matter is this, either (1) the proposition is uneconomic under present conditions, or (2) it is economic & Mr. Harrison is competent to frame a scheme of development or (3) it is economic, & some one, besides Mr. Harrison is competent to frame a scheme, but Mr. Harrison is not.

If (1) is true, then it really does not matter what we do; nothing in the end will happen, unless by some mischance money is put up for a scheme which fails, to the detriment of Kenya's fair name. The best way of bringing this about would be to give the concession to some financial

bad character ~~the~~ clever enough to dress the scheme up & sell it before it fails. The right way to prevent it as far as possible is to refuse to give the concession except direct to a principal clearly competent to operate it if any one can.

If (2) is right, then Mr. Harrison will be able to make a success of it whether the Udall concession licence is continued or not. The effect of continuing the licence will be to enable ~~Mr. Udall~~ to demand a substantial payment for it from the ultimate concessionaire, whereas if the licence is not continued, the whole business can be started afresh with the real principals & the Govt can get either directly or indirectly the money which would otherwise have gone to Mr. Udall, a part of it.

If (3) is right, future negotiations with Mr. Harrison will merely delay the final success, & may even frighten off possible genuine applicants.

My decided opinion therefore is that the right course is for the Kenya Govt to refuse to renew the Udall licence any more, but to announce, & I think that it ought to be a general announcement not one simply to Mr. Harrison, that they will be prepared to consider applications for a licence over the bamboo area on terms to be agreed, provided that the applicant can produce a concrete & coherent scheme for its utilization, which scheme would have to include a full statement of the ~~costs~~ terms to which the resultant funds would be devoted, & also evidence that the finance necessary to operate the scheme will be forthcoming.

After all in the end no Company will be able to operate the concession unless it has the finance & the sales outlet, so directly evidence in advance that these exist is not imposing any conditions which would not ultimately have to be

completed with, it is merely ensuring that the Govt does not again enter into obligations towards people who are incapable of complying with them, that is who are merely intermediaries not principals.

G. L. Clauson

" 87/38

47 Governor 150
Suggests reply be given to Mr Bathurst 12/31 that provided evidence of Messrs Udall and Harrison's ability to finance development project is forthcoming before 31/12/38 Govt will be prepared to extend date provided for in clause 6 of licence up to 31/12/39.

48 Mr Flood % to Mr Paskin 12/1/38
Ref 45; his copy of Col. Jervis's reply. Enquire whether further enquiries should be made.

No. 47. I discussed this question at length with Mr. Paskin and Mr. Dawe came in during the end of the discussion.

(864.47)

2. The Kenya Government recommend that Mr. Cort Bathurst should be informed that provided that satisfactory evidence is forthcoming before the 31st December, 1938, of the ability of Mr. Udall and Mr. Harrison to finance a definite project for the development of the concession, the Government will be prepared to extend the date provided for in Clause 6 of Mr. Udall's licence up to the 31st December, 1939, with certain modifications

Flagged on 3/26/33
for...
to 2 in that file

regarding the conduct of cutting operations. They will also be prepared to negotiate regarding modifications of the licence.

3. Mr. Clauson is strongly of the opinion that Mr. Cort Bathurst should be informed that the Kenya Government is not prepared to renew the Udall licence any more; but that they will be prepared to consider applications from the general public for a licence over the bamboo area on terms to be

(Paskin's answer)

agreed

Mr. Duncan

Will you be so good as to examine
the two drafts to Mr. Lee Ballance
re A. Plan:

hsm:sg
22/8/38

The attached drafts ^{in minute} give effect to the minutes,
and appear to be in order.

23/8/38

A. Duncan

Mr. Parker
re minutes

998.
579

~~447~~ J. R. Flood (45 & 48 and 210)
DESTROYED UNDER STATUTE }
G.A. (47 & 51) Conf. Com. } 25/8/38
J.R. Good Backurst

~~448~~ J. R. Flood (47 & 51) - 47 amended 21/8/38
DESTROYED UNDER STATUTE }
J. R. Good Backurst } 27/8/38
DESTROYED UNDER STATUTE }
Peters No 51

P. Putby
Clothes White
5/9

J. J. Pagan
17/9
at once.

B.H. No reply received to No. 50.
of Jackson 297
26/9.

? wait a month
Clothes White
26/9
J. J. Pagan
26/9 at once

Now See Part II

... this with no on
... leave. I
... it with
... leave.

... there is probably
... about
... It certainly looks as
... to develop the
... with the time-honoured
... to put off first they
... themselves. But I think nevertheless that
... us to the end of
... ability to put up
... definite benefit. This in the course
... it can not entail
... have
... various
... clear that
... must be
... State in his
... complete discretion. It must also make it clear that
... date and
... about an extension.

Put up draft letters accordingly on the
lines suggested by Mr. Burridge.

We must send copies
of the letters to the Gov.
with a brief dft. so that
he will know what
we are doing.

A.M.
12.8.1938
A.M.

C. O.

38030/38

- Mr. Costley-White. 19/8
- Mr. Duncan. *See minute. 14.10.*
- Mr. Surridge. 22/8.
- Sir H. Moore.
- Sir G. Tomlinson.
- * Mr. Dawa. 23.8 *J.*
- Secretary.
- Sir J. Shuckburgh.
- Perms. U.S. of S.
- Parly. U.S. of S.
- Secretary of State.

DOWNING STREET.

25 August, 1936.

Sir,

(35)

I am etc. to refer to the

letter from this Office of the 22nd

of June concerning the

application for an extension of

Mr. Udall's bamboo concession in

Kenya, *or to inform you that the stress of the Govt of Kenya on the app have was received*

2. Provided that satisfactory

evidence is forthcoming before the

31st of December, 1936, of the ability

of Mr. Udall and Mr. Harrison to

finance a definite project for the

development of the concession, and

provided also that a concrete *and definite* scheme

for the utilisation of the concession,

including a full statement of the

firms to which the resultant pulp

would be sold, is received by that

date, the Government of Kenya will be

DRAFTS FOR CONSON.

J. R. CORT BATHURST, ESQ., *J.R.*

Lonsdale Chambers,
27, Chancery Lane,
W.C.2.

*Copy to C.A. (30)
+ Kenya (32)*

FURTHER ACTION.

*Copy Gov. Kenya +
C.A. sec. after*

prepared to extend up to the 31st of
December, 1938, the date provided for in
Article 6 of Mr. Udall's Licence, subject
to ~~the~~ ^{certain conditions} modifications regarding the conduct
of certain operations mentioned in
paragraph 2 above. The evidence referred to
above will be required to be sufficient to
satisfy the ^{Government Kenya} ~~Secretary of State~~ in his complete
discretion: and the date by which this
evidence is to be furnished must be regarded
as definitive and not subject to further
postponement.

3. The Government of Kenya ~~is~~ ^{would be}
prepared to negotiate regarding any
modifications which Mr. Purill and
Mr. Harrison may wish to seek in the terms
or period of the 1938 Licence. ~~The~~ ^{and}
~~Government of Kenya~~ ^{will} take no steps to
negotiate with the other parties before
the 31st of December, 1938, ~~but~~ ^{they} will,
however, proceed to do so thereafter if the
evidence referred to in the preceding
paragraph is not forthcoming by that date.

C. O.

Mr.
Mr.
Mr.
Sir H. Moore.
Sir G. Tomlinson.
Sir C. Bottomley.
Sir J. Shuckburgh.
Perms. U.S. of S.
Parly. U.S. of S.
Secretary of State.

DRAFT.

FURTHER ACTION.

4. The ~~modification~~ ^{modification} in
Mr. Udall's Licence referred to in
paragraph 2 above concerns certain
additional safeguards relating to
soil conservation which it is thought
desirable to provide in the Licence
if it is extended ^{up to} to 31st December,
1939. These safeguards would
include a requirement that 10 per cent
of the bamboo in any cutting
compartment should be left standing,
and a prohibition of cutting on
steep slopes and on stream banks
without the special permission of the
Conservator of Forests. Safeguards
of this character, designed to
encourage regeneration, would, of
course, be in the interests of the
concessionaire equally with those
of Government.

~~5. It is understood that in~~
the light of this letter Mr. Harrison,
accompanied possibly by Mr. C. S. Townsend

(shown to Mr.
Dun about this
situation no.)

omit.

will not propose to return to Kenya
for the purpose of carrying negotiations
to a further stage.]

I am, etc.

(Sgd.) R. Surridge

38030/38

C. O.

Mr. Costley-White. 19/8
Mr. Duncan. 23/8/58
Mr. Surridge. 22/8.

Answer: 54

DOWNING STREET.

25 August, 1958.

Sir H. Moore.

Sir G. Tomlinson.

Mr. Dawe.

~~Mr. G. Tomlinson.~~

Sir J. Shuckburgh.

Perm. U.S. of S.

Parly. U.S. of S.

Secretary of State.

CONFIDENTIAL.

Gentlemen,

I am etc. to refer to the

(58)

letter from this Office of the 22nd of
June on the subject of Mr. Udall's bamboo
concession in Kenya and to transmit to
you, for information, copies of a despatch
from the Governor of Kenya and a letter
to Mr. J.R. Cort Bathurst, from which it
will be seen that, subject to the
fulfilment of certain conditions, it is
now proposed to extend the date provided
in Clause 6 of Mr. Udall's Licence up
to the 31st of December 1959.

2. From the fourth paragraph
of the Governor's despatch it will be
observed that the Government of Kenya
desires that notice should be given on
its behalf of the determination of the
Agreement.

THE CROWN AGENTS
FOR THE COLONIES.

DRAFT. S

Governor's despatch 8th August.
(47)
Draft h/w to Cort-Bathurst.

FURTHER ACTION.

Copy to Kenya
in acc. draft.

Agreement of October ~~1st~~^{1st}, 1934, between
the Government of Kenya, Mr. Udall, and
Mr. Sandys Macaskie, under which provision
was made for the transfer of the Licence
to an operating Company. Mr. McDonald
will be grateful if the necessary steps
to this effect may be taken *forthwith*.

I am, etc.

(Sgd.) R. Sumaye

38030 / 20 K

R 80

4, MILLBANK,
WESTMINSTER,
LONDON, S. W. 1.

77301
ABBEY

12th August, 1938.

Dear Paskin,

45
8.8.38

Reply (P)

In continuation of my letter of the 5th August about the Bamboq Concession in Kenya, I now attach a copy of Jervis's reply to my letter to him of the 5th August. I am afraid that the information obtained from him about Dr. Fox and Mr. Townsend does not amount to much more than what you already knew. Will it be sufficient for your purpose, or would you like us to carry our enquiries further? If so it will have to be done very delicately.

Yours sincerely,

J. J. Paskin

J. J. Paskin Esq., M.C.

COPY OF LETTER FROM COL. B. C. LOCKART-JERVIS

TO MR. FLOOD.

Hallam House,
3, Central Buildings,
Westminster,
London, S.W.1.
8th August, 1958

Dear Mr. Flood,

CELEC LIMITED.

Thank you for your letter of the 5th instant on the above subject.

With regard to the enquiries you are making, these are my comments:-

DR. C. J. J. FOX.

I think you will be perfectly in order in enquiring from Messrs. Cross & Bevan or from Messrs. Courtaulds Ltd. of the Professional standing of this gentleman, but I should do it most discreetly because it is rather unusual as his name is a household word in the Paper Trade, and he is considered the highest authority on the manufacture of Cellulose almost in the world.

MR. C. S. TOWNSEND.

This gentleman is a Director of Celec Limited, of which Mr. Sale is a Colleague, and the question does not really arise as to this gentleman's Professional standing, as the whole laboratory is involved in this Process, and also Mr. Sale's reputation, which is probably one of the highest standing in the City of London from a financial aspect, and therefore to be

relied on, and he is placing his name behind the Products and Processes evolved by the laboratories.

Privately I can tell you that Mr. Townsend was associated as Confidential Chemical Adviser to Lord Leverhulme when he was alive.

I am not in a position to say that he is actually the Patentee of the Patents on this Process.

Meanwhile I am urging them to give my information on the plant side of this business, as the matter is exceedingly urgent.

Yours sincerely,

(sgd.) B. C. Jervis.

dp

47 27

AIR MAIL



GOVERNMENT HOUSE
NAIROBI
KENYA

KENYA
No. 150

Confidential

8 August, 1954

Sir,

37.

I have the honour to acknowledge the receipt of your despatch Confidential (2) of the 22nd June, enclosing copies of two letters from Mr. J.R. Cort Mathurst, in one of which he applies, on behalf of Mr. Udall and Mr. Lawrence Harrison, for a further extension of the period "during which Mr. Udall will be permitted to carry out the terms" of the bamboo concession.

Copy sent to C.A. (50)
Amber Board (52)
Amber Board (58)

It may be convenient to recall that Mr. Udall's original licence, granted in 1932, was a licence for 20 years to cut bamboo over an area of 46,000 acres. Clause 6 of the licence provides that if the licensee shall fail to commence and effect substantial operations in the terms of the licence within a period of 18 months from the date of the licence, the licence shall be void. The first period of 18 months expired on the 15th December, 1933, but extensions were granted up to the 15th June last.

In 1954 an Agreement was made between the Government of Kenya, Mr. Udall and Mr. Sandys Macaskie providing for the transfer of the licence to an operating Company when formed, in the form of a new licence for 99 years to cut bamboo over an area of approximately 85,000 acres. This agreement provided for the payment to Mr. Udall, as vendor of his concession, of a sum of £70,000, £10,000 of which was to be in sterling and £60,000 in shares.

THE RIGHT HONOURABLE
MALCOLM MACDONALD, M.P.
SECRETARY OF STATE FOR THE COLONIES,
DOWNING STREET,
LONDON,
S.W.1

3. The main reason why this Agreement was made was that Colonel Jervis, who was acting as consulting engineer, quite rightly regarded the original licence, which was for the smaller area and for a term of 30 years only, as ^{an} inadequate document on which to obtain finance for the development of the project. But the Agreement, which refers inter alia to land at Tsavo and the grant of a water permit on the Tsavo River, is no longer an appropriate instrument for the purposes or the process contemplated by Mr. Lawrence Harrison, who stated here that he was not applying for permission to cut outside the original licence area. In short, the project which Mr. Harrison appears to have in mind is considerably less ambitious than that provided for in the Agreement.

4. Clause 9 of the Agreement provides that if the Agreement is not adopted by the Company and the purchase completed before the 31st August, 1935, (later extended to the 1st January, 1936, and possibly to the 15th June, 1938, although I have no confirmation that the supplemental Agreement providing for extension to the latter date was ever executed), any of the parties thereto may by notice in writing to the others determine the same.

I should be grateful if the Crown Agents for the Colonies might now be authorised to give this notice to the other parties on behalf of the Government.

5. The present application comes then to be regarded as an application for the extension of the period within which Mr. Udall by clause 6 of his original licence is obliged to commence and effect substantial operations.

This period, as already stated, expired on the 15th June.

6. During the last three years, experiments have been expressed by European farmers that the cut in of bamboo in the Kinango area would have a favorable effect on climate and water supplies and result in re-vegetation and erosion.

The most careful investigation of this aspect has been made by the Government Foresters, provided that cultivation is restricted, as is proposed, in the concession area. In this view the Conservator of Forests is supported by the Director of Agriculture, the Director of the South African Meteorological Service and various persons qualified to advise, including Dr. L. J. Pole-Evans, Chief of the Plant Industry Division of the Union of South Africa Department of Agriculture and Forestry, who is at present in the Colony, as well as mentioned in the report of the Government of the Union of South Africa, dated July 1907, and the report of the Director of Agriculture, dated 1907, which is enclosed for your information.

7. It will, however, be desirable to obtain additional safeguards and to provide for Mr. Hill's licence, if it is not a licence, or if a licence that may be granted. These safeguards should include a prohibition of cutting on steep slopes and on stream banks without the special permission of the Conservator of Forests. Safeguards of this character, designed to encourage regeneration, should of course be equally in the interests of the concessionaire.

8. On the advice of the standing part of Economic Development, I have reached the conclusion that the best course will be that Mr. Coet Anthur'et should be informed, in reply to his letter of the 3rd June, that

provided that the factory will be in the possession of the Government on the 31st December, 1938 of E. M. Ullah, Mr. V. B. D. and Mr. Harrison to insure a definite project for the development of the factory, the Government will be prepared to extend the date provided for in the licence of Mr. Ullah, if the licence is not renewed, the licence will contain no conditions regarding the conduct of business or any other conditions, and the Government will be prepared to negotiate a new licence with Mr. Ullah and Mr. Harrison in the period or terms of the 1932 licence and would take no steps to negotiate with other parties before the 31st December, 1938, but would proceed to do so thereafter if the evidence referred to was not forthcoming by that date. It is understood that on receipt of information to this effect Mr. Harrison, accompanied possibly by Mr. C. S. Townsend, will propose to return to Kenya for the purpose of carrying negotiations to a further stage.

I appreciate that there are some difficulties in the way of the licence, but Mr. Ullah and Mr. Harrison will be able to produce the evidence required. It is possible that they would at least be able to produce the evidence required, and I regret that, if the licence is not granted, Mr. Ullah and Mr. Harrison will be unable to carry out the project in paragraph 6 of this despatch.

I have the honour to be,

Sir,

Your most obedient servant,

A. W. Brooke-Popham
AIR CHIEF MARSHAL
GOVERNOR

NOTE OF A MEETING WITH A DEPUTATION FROM THE
KENYA ARBOR SOCIETY HELD AT THE SECRETARIAT
ON FRIDAY, 8th JULY, at 11.30.a.m.

PRESENT: Hon.Chief Secretary,
Hon.Director of Agriculture,
The Conservator of Forests,
Ag. Deputy Chief Secretary,

Mr. F. Lodge, C.I.E., } Representing the
Major E.H. Ward, } Kenya Arbor Society.
Mrs. Ward. }

Note: The note is made in verbatim form but is not an exact verbatim record.

Hon.Chief Secretary. We have received your letter of the 5th July enclosing a memorandum of points against the bamboo concession and we should be interested to hear anything you may have to say in elaboration of the memorandum.

Major Ward. We have been told that the ground will not be allowed to be denuded of cover. What authority is there for that?

Conservator of Forests. Government authority. In this area you have rich volcanic soil and good rainfall. Provided that there is no cultivation or grazing there can be no risk of denudation. In my 25 years' experience of bamboo forest in this Colony I have never failed to see cover regenerate in similar conditions where no cultivation or grazing has taken place.

Mr. Lodge. I have had 37 years' forest experience. In my opinion it is very doubtful whether if the area is clear felled bamboo will regenerate. Low cover is no good, what is wanted is high cover.

Conservator of Forests. Clear-felling is not contemplated: 10% is to be left standing. In my opinion I am supported by Prof. Troup, Mr. Shebbeare (Chief Conservator, Bengal) and Mr. W.A. Robertson of the Eurma Forest Service, all of whom have had many years of experience of bamboo forest. Also Mr. C.C. Robertson for many years Forest Research Officer in South Africa, Mr. Colin Maher of the Agricultural Department, the late Mr. Swynnerton who had had vast experience of vegetational and soil erosion problems and many others including Forest Officers from French Indo China and the Congo Belge. These gentlemen, who are all men of very great experience and knowledge in these matters, have all been into the area in question and not one has expressed any doubts on the matter, or considered that there was any possibility of the exploitation of the bamboo forest as proposed endangering the soil, water supply or climate of the district. I have taken every possible opportunity to ask the opinion of any knowledgeable person who was available and where possible have taken them into the forest. There has never been any adverse criticism from anyone in a position to judge and I do not see what more I could do to ascertain reliable opinion.

As regards the height of the regrowth Mr. Walter informs me that in his opinion any difference in the height of the cover can make no difference whatever to the rainfall.

Mrs. Ward. Would you feel warmer under one sheet or three blankets? It is a question of soil temperature.

Conservator of Forests. On that aspect the bush cover that comes in on clearing is far thicker than the tall cover.

Mr. Lodge. But more moisture is kept in by the high cover.

Ag. Deputy Chief Secretary. I asked Dr. Pole-Evans for his opinion and he said quite definitely that provided that there was no cultivation or grazing cutting of the bamboo could result in no danger whatever either to the soil or to the climate.

Major Ward. But we don't know that for certain. It is a gamble. Different things happen in different areas. Sometimes kikuyu grass comes in.

Conservator of Forests. Bush would always defeat kikuyu grass in this area unless there is cultivation.

Mr. Lodge. With clear felling the stumps may die.

Conservator of Forests. But I have already said there is not to be clear felling.

Director of Agriculture. It is surely the interest of the people concerned to get regeneration of the bamboo as quickly as possible.

Major Ward. But that means skilled labour to leave only the young bamboos.

Conservator of Forests. It makes no difference which are left. Probably a mixture of young and old is best.

Mrs. Ward. What experiments have been done?

Conservator of Forests. Among others we have experimented with an area of 2 acres on a most exposed site on Kerita hill where there is no protection whatever from wind. The bamboos were cut four years ago and we then had a dense mass of bush, and now there is a strong growth of bamboo. The number of new stems that appear each growing season varies of course from year to year.

Mrs. Ward. I don't regard 2 acres as a fair experiment.

Conservator of Forests. Mr. Maher saw it and agreed that it was. There is absolutely no erosion visible. There must be 2 or 3 years complete exposure of the soil before any erosion can take place, on account of the depth of humus.

Normally bamboos only flower and die in small patches. But in the last long drought they died and fell over large areas of several hundred acres. Then dense bush came in and now there is a good growth of bamboos.

Hon. Chief Secretary. The Government has a proposition before it which means the introduction of a large amount of capital into the country and the development of an industry. Government's advisers are satisfied that it would be safe to exploit this concession. The arguments I have heard seem to be based on fear of what might conceivably happen. It is a question of the extent of the risk.

risk if indeed there is any risk. I should like Mr. Lodge's opinion on that.

Mr. Lodge. Doctors differ. I should not call it a probability but certainly a possibility.

Mrs. Ward. I should like you to read Lord Lymmington's book, "Famine in England".

Major Ward. Will any vegetation stand repeated cutting?

Conservator of Forests. Hay fields in England do.

Mrs. Ward. They are manured.

Conservator of Forests. The bamboos are doing that all the time.

Mrs. Ward. As Government seems to have made up its mind I see little object in going on.

Hon. Chief Secretary. Government has not made up its mind. The matter is still sub judice and we are here to listen to anything you may wish to say.

Mrs. Ward. I agree that if I were Government I should give the concession. One thing that might be done is to advertise for objections by notice in the Gazette. This is a matter of great public concern. If it is a good thing we do not want to stand in the way, but we do want to see the fullest expression of opinion.

There is also the point as to where fuel is to come from.

Conservator of Forests. With the processes now proposed there will be much less consumption of fuel, but nowhere in the forest reserves has forest been cut for fuel and not replanted.

Mrs. Ward. I disagree. 7 miles west of Nyeri there are large areas cleared by forest squatters.

Conservator of Forests. If you mean the bush area at Chandongoro there has never been a forest squatter there in the last 30 years.

Major Ward. We saw the area; it is against the forest fire line. Nothing has been planted there.

Conservator of Forests. I know of no such case. We only let squatters cultivate where we want to replant.

Director of Agriculture. So far as the Department of Agriculture is concerned we have no fears that the land will become eroded or that there will be any drying effect on the climate.

Mrs. Ward. Well then, let there be adequate safe-guards, such as prohibition of ~~grazing~~ ^{cutting} within a hundred yards of springs or streams.

Conservator of Forests. The licence provides for cutting in such compartments as may be decided by the Conservator of Forests.

Mrs./

Mrs. Ward. But we want legal prohibition. There might be another Conservator of Forests in future.

Hon. Chief Secretary. But it is a condition of the licence only to cut in areas marked out by the Forest Department.

Mrs. Ward. In my opinion the licence should specifically provide that no cutting shall take place around springs or on steep slopes.

Conservator of Forests. Noone would. The steep slopes cannot be worked.

Major Ward. Extraction of the bamboo will mean traffic, which will make tracks and cause gullying.

Conservator of Forests. I think the prospect of that is negligible.

Mrs. Ward. I should like to say this. The whole country has a very profound mistrust of the Forest Department. We are not half-wits. We think the safe-guards as they stand entirely inadequate.

Mr. Lodge. Supposing you get erosion after 2 or 3 years cutting, what is going to happen then? Can you stop the Company operating?

Conservator of Forests. But that is just about as likely as Longongt blowing up and burning out the forest. After all there are large bamboo concessions being operated in India, Burma and elsewhere.

Major Ward. But in these countries bamboos grow below the forest line. Here they are above the forest.

Mrs. Ward. Would it not be rather muddling to natives who are being taught to respect forest?

Hon. Chief Secretary. I dont think any more muddling than seeing timber being cut in forest concessions.

Major Ward. Does all your Department agree with you, Mr. Gardner?

Conservator of Forests. Absolutely.

Major Ward. Would you say that on oath?

Hon. Chief Secretary. That is a most improper question. The point we are discussing is what is the extent of the risk.

Major Ward. I repeat that it is absolutely a gamble. The process may be very gradual.

Conservator of Forests. I have been watching the bamboo forests for 25 years and seen hundreds of acres die or been burnt, and I have never seen a case where they have not failed to regenerate.

Mr. Lodge. But what happens if things do go wrong?

Conservator of Forests. Government has said that if there is no regeneration they will replant. But as I have said the risk is not merely infinitesimal it is nil.

- 3 -

Major Ward. Replanting would be very expensive.

Mrs. Ward. May I ask whether the application for extension of the licence will be notified in the Gazette for objections?

Hon. Chief Secretary. I am not prepared to say. We are not trying to hide anything at all and we want all the information we can. But we learn from all the sources best qualified to predict, with the exception of Mr. Lodge, that there is no danger. I will, however, see that a note of this meeting is submitted to the Governor and sent to yourselves.

CONFIDENTIAL.

4th. August, 1938.

Dear Paskin,

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Many thanks for your letters of the 22nd June and 26th July about the bamboo concession.

I hope that our answer to the Secretary of State's despatch of the 22nd June will go within a week. In the meantime Mr. Harrison has written to Gardner saying that he hopes to return to Kenya about the end of August, and you may be interested to see the enclosed extract from the Minutes of the Standing Board of Economic Development of the 28th July.

Certainly the Imperial Institute's report of the 13th July on the Celec process is not encouraging, but Mr. Harrison gave us the impression here of being in earnest and of deserving at least the opportunity of proving his bona fides and capacity to obtain the finance for a sound proposition. The fact that Mitchell Cotts, after due enquiry, accepted appointment as his managing agents is interesting.

It/

J. J. PASKIN, ESQ. M.C.

- 2 -

It seems that the 1934 Agreement, which is now quite inapposite, should be scrapped altogether and that negotiations should continue on the basis of the 1932 licence. But you will no doubt await the official reply to your despatch of the 22nd June before telling Mr. Harrison anything more than that an answer will be given very shortly.

Yours sincerely,

Anthony

EXTRACT FROM MINUTES OF A MEETING OF THE STANDING
BOARD OF ECONOMIC DEVELOPMENT.
28TH JULY, 1938.

Minute No.23/38.

Bamboo Concession.

The Conservator of Forests was present during the discussion of this item.

The Board received a deputation comprising Mr. R. V. Lane and Mr. Bird representing the Thika District Association, Major Ashford representing the Limuru Farmers' Association and Mr. Sankey representing the Kinangop Farmers' Association. Mr. Lane said that his Association objected to the cutting of the bamboo on the ground that there was no assurance that the flow of the rivers would not be affected. Major Ashford said that his Association objected on the same ground.

It/

It was not a question of rainfall, but of storage of water. Streamflow in his district had changed during living memory, and this change could only be attributed to deforesting operations and planting of gums near the headwaters. The great depth of decayed vegetation in the bamboo area acted as a sponge. Constant cutting of the bamboo would change the character of the soil and would increase run-off.

Mr. Sankey endorsed this view and added that the 20 or 25 farmers affected in his area would suffer as regards labour supply and loss of amenities, from the introduction of a large industrial concern into the neighbourhood.

The Conservator of Forests explained that no deforestation was involved. Government had given a definite undertaking that the ground would not be allowed to become denuded of adequate cover. The bamboo would be cut systematically and he proposed to apply safeguards providing for the leaving of 10% of bamboo uncut in any cutting compartment and prohibiting, except with special permission, cutting on steep slopes or on stream banks. There would be no crop cultivation or grazing. In this area there was no risk at all of adequate vegetation not growing.

Major Grogan said that in his experience it was difficult to eradicate bamboo at all. Cutting merely produced a stronger growth. He did not agree with Major Ashford that there was a great depth of humus under bamboos.

Mr. Burton assured the deputation that in view of his official connection with the coffee industry he would have been the first to object, had he considered that any risk existed. He was, however, convinced that there was none.

Col. Griffiths said that the regeneration of the bamboo was essential to the success of the enterprise, which could not continue without it.

Mr. Lane said that possibly there would be no immediate effects, but in 50 years time the cutting might have produced a general deterioration of soil conditions in the area. There was a risk that could not be assessed.

The Chairman thanked the deputation and pointed out that the Government had availed itself of the best possible advice from officers qualified to give it, and these were unanimous in characterising as groundless the apprehensions which the deputation had expressed.

The deputation then withdrew. The Board agreed that exploitation of the bamboo in the concession area for manufacture of pulp and cellulose should be permitted and encouraged.

(The meeting was here adjourned to and resumed at 2.45 p.m.)

The Board considered whether Mr. Udall's licence should be extended or whether the concession should be put out to tender and fresh applications invited.

It was agreed/that there appeared to be no necessity to put the concession out to tender; consideration was then given to the terms on which and the manner in which the date for commencement of substantial operations (as provided by Clause 6 of the licence) should be extended.

After considerable discussion, the Board agreed to recommend that Mr. Udall and Mr. Harrison should be informed, in reply to their joint letter of application of the 3rd June (addressed to the Colonial Office on their behalf by Mr. J.R. Gort Bithurst), that provided that satisfactory evidence was forthcoming before the 31st December, 1938 of their ability to finance a definite project for the the/

development of the concession, the Government would agree to extend the date provided for in Clause 6 of the licence to the 31st December, 1938, with certain modifications regarding the conduct of cutting operations. They should also, in the Board's view, be informed that the Government would be prepared to negotiate regarding any modifications in the period or terms of the 1932 licence sought by the concessionaires and would take no steps to negotiate with other parties prior to 31/12/38, but would proceed to do so thereafter if the evidence referred to was not forthcoming by that date. The Board understood that on receipt of information to this effect Mr. Harrison and Mr. Townsend would be ready to come to Kenya and discuss the terms of a new licence with the Government.

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4, MILLBANK,
WESTMINSTER,
LONDON, S.W. 1.

7730)
ABBAY

5th August 1938.

Dear Paskin,

In continuation of my letter of the 1st July about the Bamboo Concession in Kenya, I send you herewith, to show you the present position, copies of correspondence which I have since had with Colonel Jervis.

Yours sincerely,

J.E.S. *[Signature]*

#0
[Handwritten signature]

J.J. Paskin Esq., M.C.

JT

COPY.

Hitchins, Jervis & Partners.

Hallam House,
3, Central Buildings,
Westminster,
S.W.1.

7th July 1938.

J.E.W. Flood Esq.,
Crown Agents for the Colonies,
Millbank,
S.W.1.

Dear Mr. Flood,

PROCESS FOR BAMBOO INTO PULP.

Before Sir William Gowers retired he asked me to prepare a statement for him of the Process to be used in connection with the conversion of Kenya Bamboo into pulp and also the standing of Dr. C.J.J. Fox, who is the Chemist acting for and on behalf of Mr. Lawrence Harrison's Group, who has now applied for the extension of Mr. Udall's Licence.

For your information we are at the moment preparing the 'set up' of the Plant in Process for you, and at the same time we will give you a report on Dr. C.J.J. Fox.

I thought you might like to have this information for your own files, and to let you know that we are working on this.

With kind regards.

Yours sincerely,

(sd) B.C.L.Jervis.

COPY.

4, Millbank,
S.W.1.

8th July 1938.

Dear Colonel Jervis,

Thank you for your letter of the 7th July, from which I note that you are preparing some information for me about the Celec process and about Dr.C.J.J.Fox.

I think Sir William Gowers also asked you to let him have some information if you had any about the professional standing of Mr. Townsend, the inventor of the process. I should be grateful if you would send me this as well.

Yours sincerely,

(sd) J.E.W. Flood.

Ref: J/O.

29th July, 1938.

J. E. W. Flood, Esq.,
Crown Agents for the Colonies,
4 Millbank, S.W.1.

Dear Mr. Flood,

In response to your letter of the 8th instant, I wish to say that this morning I received a letter from the owners of the Process which Mr. Lawrence Harrison is proposing to use in connection with the Kenya Bamboo Scheme, stating that

The Celec Corporation Ltd.,
10 St. Swithin's Lane,
E.C.4.

are the owners of the Process and control the Laboratory where this Process was evolved and also held the patents, and that Mr. C. S. Townsend is one of their Directors collaborating with them technically in this matter.

The Proprietors of the Celec Corporation are Mr. Charles Vincent Sale of Messrs. Sale & Co. 10 St. Swithin's Lane, E.C.4., a gentleman of considerable prominence, who was until recently the Governor of the Hudson Bay Co., and the other Director is Mr. C. S. Townsend.

If you wish me to send you a photostat copy of their actual letter I shall be happy to do so and further we propose to examine the Process in their Laboratory next week with a view to reporting on it.

Later on we propose to call in Dr. C.J.J. Fox, our colleague in this undertaking, who is probably well known to you as the late senior partner in the

very prominent firm of Analytic Chemists, Messrs. Cross & Bevan. Also he is the Consulting Chemist to Messrs. Courtaulds Ltd.

Will you be so kind as to pass a copy of this letter, which I am enclosing for you, to the Colonial Office if you think it necessary.

You will still require a letter from us regarding the plant layout of the Celec Process which will be to hand, I hope, very shortly.

Yours sincerely,

5th August 1938.

Dear Jervis,

Thank you for your letter of the 29th July (reference J/O), a copy of which I have passed to the Colonial Office. I shall expect a further letter from you about the Celec process.

You say that Dr. C.J.J. Fox was formerly senior partner in the firm of Messrs. Cross & Bevan and is now Consulting Chemist to Messrs. Courtaulds Ltd. Do you suppose that there would be any objection to our consulting these two firms confidentially as to Dr. Fox's capacity and attainments, if such a course is desired?

As regards Mr. C.S. Townsend, I already understood him to be a Director of the Celec Corporation. What is wanted in addition, if you can let me have it, is a little more information about his professional standing. I gather that he is the inventor of the Celec process, and if, for instance, you could point to some other inventions of his which have been developed successfully on a commercial scale, that would help considerably.

Yours sincerely,

Colonel E.C. Lockhart-Jervis,
D.S.O., M. Inst. C.E., etc.
Hallam House,
3, Central Buildings, S.W. 1.

38030/38.

G. O.

Mr. Paskin. 21/7/38.

Mr. Clason *Clason*

Mr.

Sir H. Moore.

Sir G. Tomlinson.

Sir C. Bottomley.

Sir J. Shuckburgh.

Permt. U.S. of S.

Party. U.S. of S.

Secretary of State.

O. D.
R 23 JUL
D 26

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For Mr. Paskin's signature.

si

DOWNING STREET.

26 July, 1938.

DRAFT.

CONFIDENTIAL.

H. L. G. GURNEY, ESQ.

Secretariat,

Nairobi.

Dear Gurney,

(37)

In our Confidential (2)

despatch of the 22nd of June about the Udall bamboo concession we said that we were asking the Crown Agents for a report on the Celec process and its inventor. We have not yet received this report, but I gather from Flood that they had been told by Colonel Jervis that full particulars of the process were being sent out to Kenya direct. In the circumstances we thought it desirable

13/7/38
written (43)

FURTHER ACTION.

C. O.

Mr.

Mr.

Mr.

Sir H. Moore.

Sir G. Tomlinson.

Sir C. Bottomley.

Sir J. Shackburgh.

Parnt. U.S. of S.

Parly. U.S. of S.

Secretary of State.

DRAFT.

FURTHER ACTION.

~~at least half a dozen different several~~

fortunes, quite apart from the Udall concession. He told me that he had solved all the outstanding problems relating to the utilization of ramie grass and that he was thinking of buying up a big area near the Broderick Falls. He also said that he saw his way to making a very good thing out of sisal waste and that he had already instructed his "agent" to buy every ton that he could get hold of!

If what he says is true, it will be all very nice for Kenya, but I must say that I found it difficult to believe that he had so soon succeeded in solving problems which have been engaging the consideration of experts for so long.

Yours sincerely,

J. J. [Signature]

desirable to try to get an independent report through some other channel, and we accordingly asked Sir Harry Lindsay of the Imperial Institute to make confidential enquiries. I now enclose a copy of his reply which, however, is neither very enlightening nor encouraging.

In this connection I may mention that Mr. Harrison came to see me on the 12th of July and told me that he was hoping to get a report on the process, signed by Mr. C. V. Sale (who is mentioned in Sir H. Lindsay's letter). Mr. Harrison ~~a person of such authority~~ that the Colonial *through*

Office would have no hesitation in accepting a report under his signature. He was so certain of getting this report that he said that he would send it round the following day by hand. It has, however, not yet arrived, so I have thought it best not to delay further sending you what we have received from the Imperial Institute.

During the course of his short visit to Kenya, Mr. Harrison seems to have formed the opinion that there is scope for the making of

at

Personal & Confidential.

TELEPHONE KENSINGTON 3264 (FOUR LINES)



IMPERIAL INSTITUTE
LONDON S W 7

43 49

X.430/11.

~~CONFIDENTIAL~~

My dear Clauson

13 July 1938.

Hi. With further reference to Eastwood's letter of 5th July regarding the Celec Process, I am afraid that so far we have drawn a blank in our inquiries. We had not heard of this process before at the Institute and have been unable to trace any patent having been taken out by the Celec Corporation or by C.S. Townsend. Technical experts in the paper trade who have been consulted also had not previously heard of any pulping process under that name. It may be that the Corporation have taken over the patent of someone else but only direct inquiry of them could settle that point and, in the circumstances, we have hesitated to approach them.

Long journey 44

It has been suggested that judging from the name Celec, the process may be an electrolytic one, possibly similar to the Pomilio process, but we have no evidence in support of this suggestion.

The statement in the memorandum on the process that it was "evolved, developed and placed on sound commercial lines in their Laboratories in England" seems rather strange as the Celec Corporation was not registered until 9th June last. One of the objects of the Corporation as set out in the Memorandum deposited at the Inland Revenue Department (Companies Registration) is to acquire etc. patents in relation to "white cellulose produced from sawdust, shavings, and/or wood and/or any other material", but unfortunately no specific patent is mentioned.

of

G.L.M. CLAUSON, ESQ., C.M.G., O.B.E.

Of the two people stated to own and control the Corporation, C.V. Sale is apparently of importance in the financial world, being Chairman of three other large companies besides the Amalgamated Metal Corporation, Ltd., and a Director of the Sun Insurance Office, Ltd., and Sun Life Assurance Society. C.S. Townsend has patented a large number of processes, often in conjunction with Lever Bros., but they mostly concern foodstuffs and we have not seen anything of his relating to paper pulp.

Some of the claims given on page 2 of the memorandum seem to be rather extravagant, but in the absence of any information as to the particulars of the process any detailed criticism must be deferred.

Yours ever

H.A. Lindsay

case of life, or to say
the whole 'big' way to
make a fresh start.

One of the arguments
which is being held out
to us for renewing the
concession for a further
period is that the
concessionaires have
acquired rights to the
Cellec process for converting
bamboo into pulp.

We asked the C. A. S.
to find out something
about this process &
they have so far not
delivered the goods. We
shd. be very grateful
if you could help us in
the matter, but for obvious
reasons we are not anxious
that the C. A. S. shd. know
that we had gone elsewhere.
We trust however that
you will be able to inves-
tigate the matter without
allowing our name to appear.

All we know (or rather
have been told, the two
are not the same) about
the process is that it was
invented by a Mr. Townsend
who was for many years
Chairman of Forest Res.
Technical Development
Council & that it

C. O.

~~Back to 31~~
~~Mr. Murrell A.~~

Mr.

Mr.

Sir H. Moore.

Sir G. Tomlinson.

Sir C. Bottomley.

Sir J. Shuckburgh.

Perms. U.S. of S.

Party. U.S. of S.

Secretary of State.

DRAFT.

FURTHER ACTION.

~~This is included in a~~ 52
memo. of which I enclose
a copy. ^{It} looks too good
to be true.

We should be not
grateful for any info you
can collect for us, &
particularly grateful
if you can bring back
things quickly, as ~~at~~
the decision what to
do about the concession
is to some extent waiting
on this point.

Yours sincerely

(Signed) C. G. EASTWOOD

4, MILLBANK,
WESTMINSTER,
LONDON, S.W. 1.

77301
ABBEY

1st July, 1938.

Parkin

Dear Daws,

38. In connection with the Bamboo Concession in Kenya (Colonial Office letter 38030/38 of the 22nd June), the present situation is as follows:-

Sir William Gowers consulted Colonel Jervis, who is still Consulting Engineer to the project, and asked as to the new process and as to Mr. Townsend and Mr. Fox.

Colonel Jervis undertook to let Sir William have full information, but has apparently got it mixed. I enclose a copy of a letter from him to Sir William which shows that they are sending the technical particulars to the Kenya Government. Sir William has since, just before leaving the Office, explained to Colonel Jervis exactly what is wanted and a further letter will be prepared. I understand that Dr. Fox is one of the technical advisers to Messrs. Courtauld, so he may be presumed to know a good deal about cellulose chemistry.

Yours sincerely,

J. E. W. Hood

J. W. Parkin
A. J. Daws, Esq., M.I.C.E., D.B.E.

M. C.

(This was dictated to Daws but wasn't ready yesterday)

JWJP/MHG.

This was dictated to Daws but wasn't ready yesterday

54
COPY OF LETTER FROM MESSRS. HITCHINS, JERVIS & PARTNERS

TO SIR WILLIAM GOWERS, K.C.M.G.

Hallam House,

3, Central Buildings,

Westminster,

London, S.W.1.

29th June, 1938.

Dear Sir William,

UDALL BAMBOO CONCESSION.

I am writing you a formal letter to say that this morning I had a very useful interview with Lord Francis Scott, and that he is not only sympathetic, but anxious to be constructively helpful in promoting any industry which will be good for the development of Kenya.

He is fully aware of all our difficulties regarding finance, and how the death of Sir Basil Blackett as Chairman of the Colonial Development Committee, upset our schemes, and the delay of a year before a new Chairman was appointed in Sir Alan Rae Smith, and then the slump, and so on up to the present day.

Now Mr. Lawrence Harrison has flown out there and back, returning last Monday, 27th June, when he saw Mr. Gardner, the Conservator, His Excellency, the Governor, and all the officials concerned in this business, I hope has convinced them of the necessity of an extension of the Udall licence for twelve months.

We have now reached a point when we have to consider

-2-

the set-up for the Prospectus. We understand that Mr. Harrison has offered Messrs. Mitchell Cotts a proportion of this Underwriting, since he has made an arrangement with them for them to act as Agents for the Company to be formed to exploit this Concession in Kenya, as apparently they want to be in the Company itself.

During Mr. Harrison's stay in Kenya he arranged with the Administration that the complete formula of his Process for the conversion of Bamboo into Cellulose and By-products shall be sent them for investigation, so that the Technical side will be taken care of by this direct contact with the Government, which I think satisfies the point you made to me the other day.

I understand from you that in future I am to deal with Mr. Flood, owing to your retirement from your Appointment as the Crown Agent, about which I am naturally regretful.

Also, let me formally thank you for your note enclosing one from Major Cavendish Bentinck, and I am returning it to you herewith.

With many thanks for the enormous help you have given me and my Associates in this matter, and with every hope that you will find congenial work to occupy your very active mind.

Yours sincerely,

(sgd.) B. C. Jarvis.

ENCLOSURE.

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307

The Secretariat
Nairobi,
Kenya Colony

CONFIDENTIAL.

24th June, 1938

Dear Paskin,

34 In continuation of my letter of the 13th June I am writing to let you know that Mr. Laurence Harrison left here yesterday by air for England.

Gardner and I have had several long talks with him, and he has seen the Governor, who attaches importance to the 'soil erosion' question being answered satisfactorily before Udall's licence is renewed or a new licence granted. Action is being taken to deal with this.

37 Meanwhile the expected despatch from the Colonial Office, enclosing copies of the application for renewal of the licence, has not been received, so we have not been able to tell Mr. Harrison anything definite. It is satisfactory, however, that he has come to an understanding with Mitchell Cotts whereby Mitchell Cotts will act as managing agents for Kenya Concessions Ltd., his company. How far the Kenya Bamboo Development Company has acquiesced in this arrangement seems uncertain, but the local agreement

was reached after telephonic communication with Mitchell Cotts' London office.

Subject to the soil erosion point being satisfactorily settled, the indications are that Udall's licence should be extended for a further 12 months. Mr. Harrison has in view only the original licence area of 46,000 acres, so that there would be no need to extend the 1934 Agreement or to put Mr. Harrison into that Agreement as Trustee.

I understand that Mr. Harrison proposes to return here by air with his chemist, Mr. Townsend, if and when he hears of the extension of the licence. We told him that this could not be before the middle of July at the earliest.

When he left he was considering a proposition for manufacturing cellulose from elephant grass, in addition to or instead of bamboo. He seemed greatly interested in this, but I do not think he had heard of elephant grass before.

Yours sincerely,

J. J. Paskin Esq, M.C.



C. O.

38030/38

Mr. Paskin. 17/6

Mr. Dawson 24/6/38

Mr.

Sir H. Moore.

Sir G. Tomlinson.

Sir C. Bottomley.

Sir J. Shuckburgh.

Parmt. U.S. of S.

Parly. U.S. of S.

Secretary of State.

DOWNING STREET.

22. June, 1938.

JK

Am d. 40

Gentlemen,

With further reference

to the letter from this Department

of the 2nd of March in regard to

Mr. Udall's bamboo concession in

Kenya, I am etc. to transmit to you,

for your consideration, copies of

two communications dated the 3rd and

7th of June, from Mr. J.B.Cort

Bathurst, in the first of which he

applies for an extension of this

concession on behalf of Mr. Udall and

Mr. Lawrence Harrison. A copy of a

despatch which has been addressed to

the Governor of Kenya in this

matter is also enclosed.

2. I am to request that

Mr. MacDonald may be furnished with

any information which you are able to

obtain

4 DRAFTS CONFIDENTIAL.

(19)

THE CROWN AGENTS

FOR THE COLONIES.

From Mr. Cort Bathurst 3rd June.
(31 with all encls, except 4th agreement)

From Mr. Cort Bathurst. 7th June.
(32 with all encls.)

To Gov. Draft herewith. 22.6.38.

FURTHER ACTION.

Copy to Kenya with JK

Copy also to Kenya

obtain as to the Celeo process which Mr. Harrison proposes to utilize for the development of this industry; ^{and} as to the professional standing of Mr. Townsend, who is stated to be the inventor of this process, and of Dr. C.J.J.Fox, who is stated to be Mr. Harrison's scientific adviser.

3. Mr. MacDonald would also be glad to be furnished with any observations which you may desire to offer on the subject of these proposals generally.

4. Pending a decision on the question whether a further extension of Mr. Udall's licence should be granted, it is not desired that the draft agreement enclosed with Mr. Bathurst's letter of the 3rd of June should be ^{critically examined.} submitted to Messrs. Burchell. ^{a copy of this agreement is therefore not enclosed.}

I am, etc.

(Signed) H. J. Davis

87

C. O.

38030/38

Mr. Paskin. 7/6

Mr. Claxson 27/6/38

Mr.

Sir H. Moore.

Sir G. Tomlinson.

Sir C. Bottomley.

Sir J. Shuckburgh.

Perm. U.S. of S.

Parly. U.S. of S.

Secretary of State.

DOWNING STREET.

22. June, 1938.

Sir,

With further reference to my Confidential despatch (3) of the 28th of March in regard to Mr. Udall's bamboo concession, I have etc. to transmit to you copies of two communications, dated the 3rd and 7th of June, with their enclosures, which have been received from Mr. J.R.Cort Bathurst, in the first of which he submits an application on behalf of Mr. Udall and Mr. Lawrence Harrison, for a further extension of the period of Mr. Udall's concession. I also enclose a copy of a letter which I have caused to be addressed to the Crown Agents for the Colonies, from which it will be observed that I have asked them to obtain any

information

4 DRAFTS

KENYA

CONFIDENTIAL (2)

GOVERNOR

copy of enclosure to C.A. (38)

From Mr. Cort Bathurst 3rd June (31 with all encls. of the copy with 2)

From Mr. Cort Bathurst 7th June (32 with all encls.)

To C.A. draft herewith. 22.6.38.

FURTHER ACTION.

Copy to C.A. with 73.

information that may be available as to the Celec process which it is proposed to use for the development of this industry, and as to the professional standing of the inventor of this process, and of Dr. C.J.J.Fox, who Mr. Harrison states to be his scientific adviser. I have also requested the Crown Agents to submit their observations generally on Mr. Harrison's proposals. You will no doubt wish to defer a final decision in the matter until these reports are available.

2. At an interview at the Colonial Office on the 8th of June, Mr. Harrison stated that he was leaving by air for Nairobi on the following day, in order to discuss his proposals personally with the Conservator of Forests.

I have, etc.

(Signed) MALCOLM MacDONALD.

C. O.

38030/38

Mr. Paskin. 17/6

Mr. Clouston 20/6

Mr.

Sir H. Moore.

Sir G. Tomlinson.

Sir C. Bottomley.

Sir J. Shackburgh.

Perm. U.S. of S.

Parly. U.S. of S.

Secretary of State.

DOWNING STREET.

22. June, 1938.

S.O. for Mr. Paskin's signature.

(To go by same mail as Pt. Dep. 4.4.)

Dear Gurney,

I am sorry that, with one

member of the Department on leave

and another sick, I have been so much

occupied with more urgent matters that

I have not previously had an

opportunity of writing to you about

my interview with Mr. Harrison on the

subject of the Udall bamboo concession.

As Mr. Harrison is now in Kenya, and

will no doubt have already explained

his proposals fully to the Conservator

of Forests, if not also to you your-

self, it is perhaps unnecessary for

me to go over the whole ground again.

All I need say, I think, is that,

while he certainly struck me as being

very much in earnest over this

4 DRAFTS CONFIDENTIAL

H. L. G. GURNEY, ESQ.,

Secretariat,

Nairobi.

FURTHER ACTION.

business and fully intend^{ing}, if an extension of the Udall concession is granted, to proceed with the formation of a Company, it is a matter for serious consideration whether he is really the type of person to whom the development of a new industry in Kenya should be entrusted,

You will have seen the reports on him which we have obtained from the Crown Agents, and while, apart from the reference to a County Court judgment against him in 1930, these reports do not disclose anything to his disadvantage, they are not, on the other hand, ^{at all} very impressive as regards his financial standing.

Moreover, while, amongst the papers which will be coming to you officially by to-day's mail, there are a number of "references" for the London Industrial Finance Trust, which he describes as his "issue house on the large companies for the bamboo", there is

nothing in these papers to show that he ^{has} in fact, in a position to obtain the necessary ^{amount from an any undebating} to associate himself with this ^{to associate himself with this} financed to enable him to develop this concession.

He referred ^{to} ^{of course} to this point indirectly at his interview with me by observing that it is very difficult

in a position to embark successfully on an undertaking of the magnitude contemplated.

on his commercial connections.

C. O.

- Mr.
- Mr.
- Mr.
- Sir H. Moore.
- Sir G. Tomlinson.
- Sir C. Bottomley.
- Sir J. Shackburgh.
- Permt. U.S. of S.
- Party. U.S. of S.
- Secretary of State.

DRAFT.

When we were first approached on his behalf by Mr. O. B. B. we said that the great essential was that he should produce evidence to show that he fully understood his Company and its duties. He does not seem to have done any thing at all about this, which is not an encouraging sign.

FURTHER ACTION.

difficult for anyone to obtain financial backing, except on the basis of an actual concession.

3. As he was about to incur the expense of flying to Kenya to urge the renewal of this concession, I warned him that he was doing so entirely on his own responsibility, and without any guarantee that the Government would, in fact, be prepared to grant an extension of the concession. He said that he was fully aware of this but that he was so satisfied that he would be able to satisfy the Conservator of Forests as to the great benefits ^{that} which

to Kenya would accrue from his introducing the Celec process into ^{the Colony} Kenya, not only for the purpose of developing the bamboo concession, but also as a means of providing badly needed fertilizers for the coffee industry. ^{that he was quite} prepared to take the risk. He also

urged that as this concession has been
in existence for so long, Kenya would lose
nothing by granting a further short extension,
and so give him an opportunity of showing that
he means business.

4 As regards the statement in his
letter of the 7th of June to Mr. Cort Bathurst,
(which will be coming to you with our despatch)
that he was given to understand by Mr. Udall
that Mitchell Cotts and Co. would be willing to
act as their agents, I asked him if he had approached
that firm, and he said that he had not, but
that he proposed to discuss the matter with
Mr. Hamilton in Nairobi. Seeing that Mitchell Cotts,
through their interest in the Kenya Bamboo Development
Company, are themselves joint applicants for this
concession, it occurred to me (though I naturally
did not say so to Mr. Harrison) that he was unlikely
to find them very anxious to be relegated to the
position of agents. [On the other hand, it seems
possible that the upshot of his discussions with
Mr. Hamilton may be a fusion of their interests
in taking over this concession.]

*As regards the
Celec process, it
does not seem to
have got beyond the
laboratory stage & he
could not produce any
evidence that it had
been proved commercially.*

C. O.

Mr.
Mr.
Mr.
Sir H. Moore.
Sir G. Tomlinson.
Sir C. Bottomley.
Sir J. Shuckburgh.
Perm. U.S. of S.
Parly. U.S. of S.
Secretary of State.

DRAFT.

*refer to me
the U.S. will be
undoubtedly to
but our interest is to
advise you to have nothing
to do with Mr. Harrison
& wait for something more
solid to emerge, possibly
from Mitchell Cotts.*

FURTHER ACTION.

5. In all the circumstances
it is very difficult for us to offer
advice as to the best line for the
Government of Kenya to take. If
there were a well established firm ready
to step into the breach with proposals
for the early development of this
concession, *there is not the least doubt*
we should be inclined to say
that the best course would be to give
immediate notice to Mr. Udall of the
termination of his concession and then
to throw it open to fresh applicants;
but while the Kenya Bamboo Development
Company have represented that they are
anxious to acquire this concession, it
seems open to doubt whether, on the
strength of the work which they have
already done, they are in a position
to go ahead so quickly as Mr. Harrison
represents himself to be with his
Celec process. You will notice that he
says that the plant which he would
require for developing the concession

urged that as this concession has been
in existence for so long, Kenya would lose
nothing by granting a further short extension,
and so give him an opportunity of showing that
he means business.

*As regards the
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position of agents. [On the other hand, it seems
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in taking over this concession.]

4.

C. O.

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Sir H. Moore.

Sir G. Tomlinson.

Sir C. Bottomley.

Sir J. Shuckburgh.

Permt. U.S. of S.

Parly. U.S. of S.

Secretary of State.

DRAFT.

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& to wait for something more
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from Mitchell Cotts.*

FURTHER ACTION.

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concession, ~~we should be inclined to say~~ *there is not the least doubt*
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immediate notice to Mr. Udall of the
termination of his concession and then
to throw it open to fresh applicants;
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seems open to doubt whether, on the
strength of the work which they have
already done, they are in a position
to go ahead so quickly as Mr. Harrison
represents himself to be with his
Caled process. You will notice that he
says that the plant which he would
require for developing the concession

all
with this process is of "standard" equipment. I
does not know what he meant by that, but
and he told me that he was quite confident that

this would enable him to get the factory erected
in Kenya in the course of a very few months.

6. One very obvious point in connexion
with Mr. Harrison's urging that an extension
of the Udall concession should be granted, is

that by taking over this concession he will be
committing himself to the payment of large
sums to Mr. Udall, which he would avoid if the
Udall concession were terminated and if he

himself were granted a new concession. Although
I naturally did not put this point to him, his
probable answer would be that given in paragraph 2

above, which does not, of course, apply in the
case of the Kenya Bamboo Development Company.

7. I also warned Mr. Harrison that,
if he was only proposing to remain in Nairobi
for a short time, it was most unlikely that any
final decision could be arrived at while he
was there, as it seemed to me to be almost
certain that, having heard all that he had
to say, the Government of Kenya would wish
to

On the other hand
statements of this
kind are the stock
in trade of every Company
promoter & it is
not the wisest to pay
much attention to them.

It does, however, seem
to me that if the amount
is worth of 1000 in each
of 20,000 is shared to Mr.
Harrison, there is no
reason why Mr. Udall
who has made a capital
failure of the
business which gets
the money. It is worth
as high rate of interest
to see what Mr. Harrison's
reactions were if you
suggested to
him that instead of asking
for a further renewal of
Mr. Udall's concession in the
Udall and the Govt to consider
an agreement to grant the
concession on payment of £10,000
in each of 20,000 shares,
in addition of course to

C. O.

↑
On the whole, logically,
if he is prepared to
do this for Mr. Udall
Mr. Udall, he is prepared to
do it for the Govt,
but it is just that
he will find a great
many more reasons for
not doing so.

Sir G. Tomlinson.

Sir C. Bottomley.

Sir J. Shuckburgh.

Perm. U.S. of S.

Parly. U.S. of S.

Secretary of State.

DRAFT.

FURTHER ACTION.

to refer home before coming to a
decision. I do not think that this
had occurred to him, but he saw the
force of it and said that he would be
quite prepared to furnish any further
information, either as regards the
Celec process, or as regards the
scientific standing of its inventors,
or as regards his ability to finance
the project, in order to satisfy any
queries that the Government of Kenya
might propound.

8. As regards the draft
agreement enclosed with Mr. Bathurst's
letter of the 3rd of June, you will see
that it is in the form which had been
proposed for the extension of Mr. Udall's
licence at the time when it was proposed
to substitute Mr. Twining for
Mr. Macaskie as the "trustee". We have
not thought it worth while, at this
stage, examining this draft in detail,

but

but I ought perhaps to mention that it is based on the last version of Burchells' draft, which had been seen by Mr. Udall's solicitors, at the time when the proposals for the extension were interrupted in January, but it does not include ^{an} ~~the~~ amendment (recommended by Burchells) which would have been made in the agreement if the matter had been further pursued at that time. If it ^{should be} ~~is~~ now decided to renew the concession in favour of Mr. Udall and Mr. Harrison, it will, of course, therefore be necessary for this draft agreement to be carefully examined by Burchells.

8. The ball is now with you, and we shall be interested to hear what your conclusions are.

Yours sincerely,

Sgt. J. J. Rankin

P.S. This letter was being typed when your letter No S.C.TAD 10/11/28 of the 10th of June arrived.

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8. The ball is now with you, and we shall be interested to hear what your conclusions are.

Yours sincerely,

Sgt. J. J. Pashin

P.S. This letter was being typed when your letter No 30.TAD 10/10/23 of the 10th of June arrived.

The Secretariat,
NAIROBI.

164
34.

CONFIDENTIAL

13th June, 1938.

Dear Paskin,

Many thanks for your letter of the 8th June about Mr. Laurence Harrison's visit to Kenya. Mr. Harrison duly arrived here today and has lost no time in explaining to me at great length the purposes of his visit.

The situation looks like being difficult, as not only Mitchell Cotts & Company but also a paper pulp company in South Africa are in the field for bamboo concessions here.

There is nothing more to be said at the moment, but the impression left by Mr. Harrison is that one would like to know more about him.

Yours sincerely,

H. L. J. [Signature]

J. J. Paskin, Esq., M.C.,
Colonial Office,
LONDON. S.W. 1.

NAIROBI.

13th June, 1938.

CONFIDENTIAL

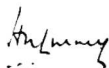
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Yours sincerely,



J.J. Paskin, Esq., M.C.,
Colonial Office,
LONDON. S.W. 1.

CONFIDENTIAL.

DOWNING STREET.

8th June, 1938.

Dear Gurney,

(15)

Just a hasty note to let you know that we have had an application from Mr. Udall's Solicitors for an extension of his Bamboo Concession for a further 12 months and enclosing the draft of an agreement for this purpose, but substituting as the "Trustee" the Mr. Laurence Harrison who was mentioned in our Confidential despatch (3) of the 28th of March. We have not yet had time to consider this application, and it is impossible to get the mass of papers copied in time for this air mail. But I thought I ought to let you know that Mr. Harrison is proposing to leave by air for Kenya to-morrow in order to urge his application personally. He is coming to see me this afternoon and I will let you know what transpires. All I will say at the moment is that we are not very much impressed by the papers which have been submitted in support of this application.

Yours sincerely,

J. J. Pascoe

H. L. G. GURNEY, ESQ.

CONFIDENTIAL.

DOWNING STREET.

8th June, 1938.

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(25)

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H.L.G. GURNEY, ESQ.

J. J. Pascoe

J. R. CORT BATHURST

SOLICITOR.
COMMISSIONER FOR OATHS

HOLBORN 1010
TEL. NOS. 8881/2

1/1

LONSDALE CHAMBERS,

27, CHANCERY LANE,

LONDON, W. C. 2.

32 66

7th June 1938.

Dear Sir,

Kenya Bamboo Concession.

31
Further to my letter of the 3rd instant, I think it well to send to you a copy of a letter which my Client, Mr. Lawrence Harrison has addressed to me which contains information which will be material in the consideration of this matter by the Government of Kenya and your Office.

You will observe that the issue house referred to is the London Industrial Finance Trust Ltd., and you will find herewith copies of certain references as to the stability of this Undertaking. You will notice that the enquiry for these references was based upon figures of £800,000 and appear to be satisfactory at these figures which are in advance of the sum which would normally be required for the proposed Kenya Company, having regard to the proposal to use the new Process. Other financial supporters of Mr. Harrison are Messrs. Terry, the Bank references in respect of whom are also enclosed.

I shall be happy to furnish you with any information you may require in order that this matter may have your expeditious attention.

With reference to the Agreement, I notice that by a clerical error, Mr. Lawrence Harrison's address is given as 500 Regent Street, instead of 500 Oxford Street in the County of London.

Yours faithfully,

H. Duncan, Esq.,
Colonial Office,
Whitehall,
S. W. 1.

Encls:

*Copy to Kenya 5/7 36
C.A.*

and 4/35

J. R. CORT BATHURST.

SOLICITOR.

COMMISSIONER FOR OATHS

TEL. NOS. | HOLBORN 1010.
" " | 8801/2.

32 66

LONSDALE CHAMBERS,

27, CHANCERY LANE,

LONDON, W. C. 2.

1/1

50

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copy to Kenya 5/7 9.11.38

and 2/35

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Yours faithfully,

H. Duncan, Esq.,
Colonial Office,
Whitehall,
S. W. 1.

Encls:

Tel. MAYfair 1973.

500, Oxford Street,
LONDON, W.1.

7th June, 1938.

J. R. Cort Mathurst, Esq.,
Solicitor,
Lonsdale Chambers,
27, Chancery Lane.
LONDON, W.C.2.

Dear Mr. Mathurst,

Please find enclosed copies of the references for the London Industrial Finance Trust, who are my issue house on the large Companies for the Bamboo. These are from the most prominent Lawyers and Chartered Accountants, also Bank. The originals were sent to Mr. Baxter, the Financial Adviser to H.E. the Governor of Burma and were accepted by him.

I am also enclosing a letter from the CELEC Corporation with the Directors' and Shareholders' names, and what the new process does. We have got all the technical data, plant, costs, in fact everything ready to commence a final Prospectus. Immediately an extension is granted, I will undertake to finance this Company privately, and if necessary, make a Public Issue later when the financial market is better.

I will bring this new process to Kenya, which will directly assist the development, as it can be put in cheaper, quicker and with no pollution and very little water used, which will enable this process to be used at vantage points in smaller units, whereas with other known processes this would be impossible as a large amount of water is required and pollution inevitable. I would at once consult Messrs. Mitchell Cotts re export and import and freight, whom I am given to understand from Mr. Odall are an excellent firm of good standing, and willing to act as our Agents. I may state here that I have paid options of \$100 a month on the Pemlimic Process during the time I was testing it out, and I find where hydro-electricity is available, this plant would be economical, but where electricity has got to be generated, it is too expensive and not economical, and I feel

JH

that the use of chlorine gases with native labour would be dangerous.

I have also tested out the Raiff Process, which, in my opinion, would be better for Kenya, and then again the plant and equipment is very expensive to work when you are a long way from an industrial centre.

I have also tested out a process for the manufacture of Cellulose, invented by a Mr. Dörner, an eminent Scientist in Budapest. At my expense I brought Mr. Dörner to England to confer with my Scientific Adviser, Dr. C. J. J. Fox, and I have been twice to Budapest to examine his pilot plant in operation, but again this is on the chlorine process and has not been proven on a commercial scale.

I have now, after test, taken the worlds rights for Bamboo, including Kenya on CELEC process, which is cheaper to instal, easier to handle, and, I am certain, gives a much better result than any process I have tested up to the moment. The Inventor of this process is a Mr. Townsend, who was for many years Chairman of Lever Bros Technical Development Council. I am enclosing a letter from Mr. Townsend which clearly sets out this claim and the merits of his invention. On the 10th May, 1938, I formed a Holdings Company of £10,000, called Kenya Concessions Limited, which will carry out the whole of the financial arrangements as soon as possible and order the Machinery which (again is an advantage) is standard product and easy to purchase as no special machinery is required.

I have asked Captain Kenneth Geach of Kenya, and Mr. Gill of Gill, Johnson, Chartered Accountants of Nairobi to meet Mr. Townsend and his other Director that they may have first hand information from the principals concerned, and I have asked them to be kind enough to write their views to the Chief Conservator of Forests, Kenya. These two gentlemen I have been introduced to recently as having come from Kenya and I feel it better that as these people have kindly agreed to do this, that their views go to the Conservator of Forests personally.

I have all the Plant, Lay-outs, Costings, etc. ready and the financing will be commenced at once, but it has been impossible this year to do any financing of any Company in England owing to the state of the Finance Market, and on a large Capital outlay of approximately £750,000, on a proposition like Poulmic, Raiff and Dörner, it would seem hopeless to try and effect an issue of a Public Company even with the assistance of the Colonial Development

69
ment Committee. I intend to leave at once for Kenya and state my case personally with documents in substantiation of the statements contained in this letter.

Trusting this will cover the main points to H... Colonial Office, whom I feel sure will recommend the Governor of Kenya to permit me to complete this proposition on which I have spent so much time and money, and have been fortunate enough to get the rights of the CELEC process for Kenya.

Yours faithfully.



C O P Y

PEAT, MARWICK, MITCHELL & CO.

11, Ironmonger Lane,
London, E. C. P.

15th June 1937.

PRIVATE AND CONFIDENTIAL.L. Harrison Esq.,
Eastern Concessions Ltd.,
Portman House,
500, Oxford Street, W.1.

Dear Mr. Harrison,

I am in receipt of your letter of the 14th, in reference to the London Industrial Finance Trust Ltd., of Farleigh House, Lawrence Lane, Cheapside, E. C. 2.

The history of this Trust, which is a relatively new one, is quite satisfactory, and I think they have carried through several issues the largest of which amounted to £400,000. I have no doubt in my own mind that they would be most careful not to enter into any agreement which they could not carry out in ordinary normal circumstances. The figure you mention, namely, £800,000, is a good deal larger than any other single issue which the Trust has undertaken up to the present, but I think they have obtained a good sub-underwriting clientele, and their business is a steadily increasing and successful one.

I should add that we have acted as auditors for the Trust since its inception, and have no reason to doubt their complete bona fides in any business which they may undertake.

Yours sincerely,

R. M. Peat

C O P Y

71

CLIFFORD TURNER & CO.
Solicitors.

11, Old Jewry

London, E. C. 2.

14th June 1937.

PRIVATE AND CONFIDENTIAL.

Dear Sir,

In reply to your enquiry of today's date, we have pleasure in stating that in our opinion London Industrial Finance Trust Ltd., and its associates are certainly capable of carrying out an underwriting commitment for the amount which you mention:

We shall be obliged if you will treat this letter as strictly confidential.

Yours faithfully,

Clifford Turner & Co.

Lawrence Harrison Esq.,
Eastern Concessions Ltd.,
Portman House,
500, Oxford Street,
W. 1.

COPY

Reply in respect of enquiry made on London Industrial Finance Trust Ltd., underwriting up to £800,000 through Martins Bank, Hanover Square, W.1.

Telephone message

June 15th 1937.

Respectably constituted Company which has handled some large issues successfully.

We understand that it has the support of substantial sub-underwriters. It is regarded as trustworthy for its business engagements.

13

COPY LETTER.

27/9 Tothill Street,

S. W. 1.

L. Harrison Esq.,
Eastern Concessions Ltd.,
Portman House,
500, Oxford Street,
W.1.

Dear Mr. Harrison,

With reference to your recent enquiry

I enclose a copy of the reply I have received.

Yours faithfully,

(Signed) E. Arthur Sawyer.
Manager.

This enquiry was regarding Mr. Charles, Mr. A. Victor
and Mr. C. Douglas Terry.

74
C O P Y

Reference from Midland Bank, Redditch through Martins
Bank, Tothill Street, S. W. 1.

Re: A. Victor Terry.
Charles Terry O.B.E., J.P.
C. Douglas Terry.

Highly respectable and considered quite good for all
business transactions.

U.R.CORT BATHURST.

SOLICITOR.

COMMISSIONER FOR OATHS.

TEL. NOS. (HOLBORN 1010 " 8861/2.

1/1

LONSDALE CHAMBERS,

27, CHANCERY LANE,

LONDON, W C 2.

3rd June 1938.

Dear Sir,

Kenya Bamboo Concession.

Referring to my interview with you and with other Representatives of the Colonial Office in this matter on the 28th February 1938, my Client Mr. Lawrence Harrison and Mr. Udall have been giving this matter their careful attention and have prepared tests and data with a view to being in a position of placing before you definitely their financial scheme for the exploitation of the Concession and with a view to your being in a position to extend the time for carrying out the terms of the same.

As you will readily appreciate, it is difficult to make substantial progress with a financial matter of this magnitude at the present time and it is necessary to ask for further time to place before you the full financial scheme with the necessary guarantees that the same will be fully carried out.

The position, however, is that I am instructed that Mr. Harrison has obtained the world's rights for the use of a process called the Celac Process which it is proposed to use in relation to the exploitation of the Concession and this Process, I am instructed, very substantially reduces the cost of production of pulp and thereby necessitates less financial provision, making the position considerably easier than it otherwise would be financially. I am instructed to enclose herewith full particulars of this Process for your information.

It is desired that application should be made to the Government of Kenya through you for an extension of the period during which Mr. Udall will be permitted to carry out the terms of the Concession.

I am instructed, therefore, on behalf of Mr. Udall and Mr. Harrison to formally apply to the Government of Kenya, through you, for an extension for a period of say 12 months from the date of the expiration of the Concession this month... Whilst it is contemplated that such a long

75
31

Received
on June 7
7/6/38 M.L.

copy (w/c draft agreement) to Kenya (37)
copy 4 made, but w/c dft. agreed to C.A. 38

3rd June 1938

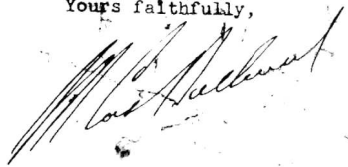
2.

period will not be required, it is desired that adequate time may be given for the making of financial arrangements, and for the introduction of this new Process.

It would appear to be necessary for a short Supplemental Agreement to be entered into by which the proposed financial arrangements with regard to the Company may be modified and also the consideration payable to the Vendor altered in accordance with such new conditions. I have been instructed to prepare a draft Agreement embodying such proposals. I enclose this draft together with a carbon copy for your use and I shall be glad to hear whether this meets with your approval and in doing so I have adapted with modifications a draft Agreement which I understand was prepared by Messrs. Burchalls but which, in fact, was never executed.

As the matter is urgent, I should be obliged if you would make the necessary application to the Government of Kenya forthwith and trust that, having regard to the proposals my Clients now make, you will feel you are in a position to advise the extension of time for the carrying out of the terms of the Concession for the period required.

Yours faithfully,



H. Duncan Esq.,
Colonial Office,
Whitehall, S. W. 1.

Encls:

DELIVERY

London, for operating their patented process for treatment of Bamboo.

The CELEC process will, we believe, not only be the means of rapid and large development of a high grade Bamboo paper pulp, but its operation will develop many new industries and increase the use of cellulose. It will mean development of new industries in Kenya and certainly it will increase Kenya's export trade.

The CELEC process has the following advantages over all other methods:-

1. The most economic system and with flexibility for production of products other than paper pulp.
2. Large quantities of clean water are not required. (This is a most important phase due to lack of abundant water in the Bamboo section in Kenya adjacent to the Bamboo Forests).
3. No large technical personnel required.
4. Capital expenditure on plants considerably less than any other system. (This permits of a greater volume of output with the same working capital).
5. The process will treat Bamboo from one to ten years growth - in fact one year's growth permits of more economic operation from many angles.
6. The process secures pure white products of a soft character and with a silk-like lustre. (There is no existing cellulosic material with these characteristics.)
7. Not only does the process give a high grade paper pulp but also a pure white cellulose without bleaching. This cellulose will find a ready

market throughout the plastics industry. It can be produced from Bamboo at such a low cost as to provide the plastics industry with a base material for production of furniture, doors, panels, etc. at a competitive price to wood. Moreover, due to its individual soft character it is particularly suitable for medical wool and toilet drapers. This cellulose is particularly suited for artificial silk manufacture.

- 8. The CELEC process of separating the fibres does not entail the destruction of the valuable waxes and resins of Bamboo as is the case with all present methods of pulp production. The production of waxes and resins as bye-products ensures not only profitable operation for the Company but also the assurance of continuity of the Bamboo industry, the bye-products revenue ensuring Bamboo paper pulp meeting any price conditions of other wood pulps.

With the securing of this process we are now in a position to commence operations and immediately on receipt of your advice as to renewal of our concession, the Kenya Company will commence to operate. The Kenya Company will be the first operating Company and will be succeeded by others as various other important Industries arise from our activities.

82

amongst other things the acquisition and working of the said Concession and the manufacture of bamboo into pulp and the acquisition of the said Lease.

W H E R E A S :

1. By an Agreement dated the Thirty-first day of August One thousand nine hundred and thirty-six endorsed on the Principal Deed and made between the same parties as were parties to the Principal Deed certain alterations were effected in the dates mentioned in Clauses 3, 7 and 9 of the Principal Deed.

2. The said Sandys Macaskie died on the Fourth day of November One thousand Nine hundred and thirty-six without having formed the said Company referred to in the Principal Deed.

3. The said Charles Udall being desirous of appointing the said Lawrence Harrison to be the Trustee of the Principal Deed in the place of the said Sandys Macaskie deceased has applied to the Governor for his permissions to do, and the Governor has authorised the Crown Agents to enter into these presents on his behalf in manner hereinafter appearing.

N O W In consideration of the premises THIS DEED WITNESSETH as follows:-

1. The said Agreement dated the Thirty-first day of August One thousand Nine hundred and thirty-six is hereby cancelled.

2. The said Charles Udall hereby declares and warrants to the Governor that the said Sandys Macaskie had not up to the date of his death formed the proposed Company and that no right or interest in the Concession of the Lease referred to in the Principal Deed ever became vested in the said Sandys Macaskie beneficially or formed part of his Estate and that he held the rights and interests (if any) conferred by the Principal Deed as

Trustee for the said Charles Udall pending the formation of the proposed Company.

3. In consideration of the foregoing warranty the Crown Agents hereby consent and it is hereby agreed and declared that as from the date of these presents the Principal Deed shall be varied and read and construed as though

(a) The name of the said Lawrence Harrison had originally been written therein instead of the name of the said Sandys Macaskie and as if the expression "the Trustee" therein had designated the said Lawrence Harrison.

(b) In the third recital the words ^{"to be called} /"British East African Pulp Mills Ltd" were deleted.

(c) The fourth recital ~~was~~ deleted and in lieu thereof had originally been written the following words "And whereas the authorised capital of the Company is to be £400,000 divided into 200,000 5% participating Preference Shares of £1. each and 200,000 Ordinary Shares of £1 each.

(d) In Clause 2 thereof the words "Forty thousand Pounds" had originally been written therein instead of the words "Seventy thousand Pounds"

(e) In Clause 3 thereof the words "On or before the Fifteenth day of June One thousand Nine hundred and thirty-nine" had originally been written therein instead of the words "On or before the Thirty-first day of May One thousand Nine hundred and thirty-five".

(f) In Clause 4 thereof the words "Forty thousand Pounds in manner hereinafter provided at the office of J.R. Cort Bathurst of 27 Chancery Lane, W.C.2. that is to say £ in cash and the balance of pounds shall be satisfied by the allotment by the Company to the Vendor or his nominees of Ordinary Shares" had originally been written therein instead of the words "Seventy thousand pounds in manner

24

hereinafter provided at the office of Messrs Harrison Sugden & Company Australia House Strand London that is to say the sum of £10,000 in sterling and the balance of Sixty thousand Pounds shall be satisfied by the allotment by the Company to the Vendor or his nominees of Sixty thousand ordinary shares".

(g) In Clause 7 thereof the words "on or before the Fifteenth day of June One thousand nine hundred and thirty-nine" had originally been written therein instead of the words "before the thirty-first day of December ~~August~~ One thousand nine hundred and thirty-five"

(h) In Clause 9 thereof the words "on or before the Fifteenth day of June One thousand nine hundred and thirty-nine" had originally been written therein instead of the words "before the thirty-first day of August One thousand nine hundred and thirty-five".

4. IN the Licence schedule to the Principal Deed Clauses 4 and 6 thereof shall be respectively read and construed as though "the date for the completion of a factory and subsidiary buildings for the manufacture of pulp and" the date for commencing and effecting substantial operations thereunder had been fixed as on or before the Fifteenth day of June One thousand Nine Hundred and Thirty-nine.

5. SAVE as by these presents expressly varied the Principal Deed shall remain in full force and effect.

6. NEITHER the Crown Agents nor the Governor shall be in any wise personally bound or liable for any default or omission in the observance or performance of any of the acts matters or things herein contained.

IN WITNESS whereof the parties hereto have hereunto set their respective hands and seals the day and year first above written.

DATED 1938

O/Kenya. 61.

THE CROWN AGENTS FOR THE COLONIES
(ON BEHALF OF THE GOVERNOR OF KENYA)

and

CHARLES UDALL and LAWRENCE HARRISON.

Draft/

SUPPLEMENTAL AGREEMENT.

J. R. CORT BATHURST,
27 Chancery Lane,
London, W.C.2.

38030/38.

30

C. O.

Mr. Paskin. 5/5/38.

Mr. *Claver* 7/5/38

Mr.

Sir H. Moore.

Sir G. Tomlinson.

Sir C. Bottomley.

Sir J. Shuckburgh.

Perm. U.S. of S.

Parly. U.S. of S.

Secretary of State.

For Mr. Paskin's signature.

DOWNING STREET.

12 May, 1938.

DRAFT.

H. L. G. GURNEY, ESQ.,

Secretariat,

Nairobi.

Dear Gurney,

We have had ^{an} visit from

Mr. Smith and Mr. Protter of Mitchell,

Cotts and Co. in connection with the

Udall bamboo concession. They had

heard rumours from Nairobi that

Mr. Udall had sold his concession and

they wished (a) to learn whether

this was the case, and, if not,

(b) to enquire whether it would be desirable for them to take any action

at this stage to keep alive their

application for the reversion of the

FURTHER ACTION.

not produce a satisfactory scheme
for its development before the 15th of
June.

As regards (a), we ~~have~~ told
them that we have heard nothing from
Mr. Udall, and, as regards (b), we
assured them that their interest in the
matter was well known to the Government
of Kenya and that it was accordingly
unnecessary for them to take any formal
action to ensure that their interests
would not be overlooked.

We gathered that their intention
is to put forward proposals for a rather
less ambitious scheme than had been
contemplated in connection with Mr. Udall's
concession, but that they are confident
that they could make a success of it.

Yours sincerely,

(Signed) J. J. PASKIN

Considering that one of
the many disadvantages of
the Udall scheme was its
ambitiousness, there seems
to be a good deal to be
said for this proposal.

ALL COMMUNICATIONS
TO BE ADDRESSED TO THE
CROWN AGENTS FOR THE COLONIES.
THE FOLLOWING REFERENCE AND THE
DATE OF THIS LETTER BEING QUOTED.



27/38

Letter R 298

4, MILLBANK,
LONDON, S.W.1.

Kenya 61.

TELEGRAMS: "CROWN, LONDON".
TELEPHONE: ABBEY 7730.

RECEIVED
27 MARCH 1938
C. O. LEGY

22nd March, 1938.

CONFIDENTIAL

Sir,

With further reference to your letter No. 38030/38 of the 2nd March, and in continuation of our letter of the 15th March, on the subject of Mr. Udall's bamboo concession in Kenya, we have now ascertained that Eastern Concessions Ltd. is regarded as a respectable concern, but it has not been possible to gain any information as to the extent of the Company's activities.

2. Mr. Lawrence Harrison has, we understand, lived for some years at 24, Linden Gardens, W.2., and is a tenant of a flat at a rental of about £150 per annum. We learn that his reputation is favourable and that he appears to be in moderate financial circumstances.

3. A County Court Judgment was registered in 1930 against Laurence Harrison of 24, Linden Gardens, Bayswater, inventor. This spelling of the name is as published in that connection, but, in view of the address, the person concerned would appear to be the same.

I have the honour to be,

Sir,

Your obedient servant,

[Signature]
For Crown Agents.

Copy to Kenya (29)

The Under Secretary of State,
Colonial Office,

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

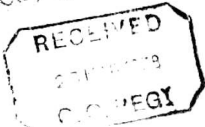
Kenya 61.

TELEGRAMS: "CROWN, LONDON".
TELEPHONE: ABBEY 7730.

CONFIDENTIAL



Letter No 298



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LONDON, S.W.1.

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I have the honour to be,

Sir,

Your obedient servant,

L. Legy
for Crown Agents.

The Under Secretary of State,
Colonial Office,

S.W.1.

Copy to Kenya (29)

27



ALL COMMUNICATIONS TO BE ADDRESSED TO THE CROWN AGENTS FOR THE COLONIES. THE FOLLOWING REFERENCE AND THE DATE OF THIS LETTER BEING QUOTED.

O/Kenya 61

TELEGRAMS: "CROWN, LONDON". TELEPHONE: ABBEY 7730.

4, MILLBANK, LONDON, S.W.1.

Rep. R. 248

R D
10 MAR 1938
C.O.F.

15th March, 1938.

CONFIDENTIAL.

Sir,

19.

With reference to your letter No. 38030/38, of the 2nd March, on the subject of Mr. Udall's Bamboo Concession in Kenya, I have the honour to attach a memorandum containing such information as we have so far been able to obtain respecting Eastern Concessions Ltd., of which Mr. Lawrence Harrison is a Director.

Further enquiries are being made concerning both Mr. L. Harrison and Eastern Concessions Ltd., and we will communicate with you further on the subject in due course.

I have the honour to be,

Sir,

Your obedient servant,

For Crown Agents.

29
Copy to Kenya

The Under Secretary of State,
COLONIAL OFFICE.

MEMORANDUM

Eastern Concessions Ltd. This is a private company registered 18th of January, 1937, the principal objects being to acquire and develop any concessions etc. The registered office of the company is:-

Portman House, 500, Oxford Street, W.1.

The original and present nominal capital is £5,100, divided into:-

5,000 'A' Shares of £1 each

100 'B' Shares of £1 each

2,527 shares have been allotted for cash (amount paid or due and payable on each such share, £1).

Directors

	A.	B.
Sir Francis Caradoc Rose Price, Bt., Ashleworth, near Gloucester	1	-
Lawrence Harrison, Flat 2, 24, Linden Gardens, W.2.	1	-
Gwendoline Lowell, Llewellyn, 18, Randolph Crescent, W.9.	-	-

Remaining Shareholders

Nigel Clinton Alers-Hankey, Deputers, Chertsey Lane, Staines	1000	-
Frederic Nevill Shinwell Molland, Cheyne House, Cheyne Walk, S.W.3.	1500	-
Henry Chas. Longley, The Gables, Paradise Lane, Nail Green, Birmingham.	-	10
Edward R. Skipwith, 22, Halford Road, Hillingdon, Middlesex.	-	15

Total number of shareholders - 6

There are no Debentures, Mortgages, etc. registered under the Companies Act of 1929.

C. O.

Mr. Paskin. 16. 3. 38.

Mr. Duncan 18/3/38

Mr. Claxson 18/3/38

Sir H. Moore.

Sir G. Tomlinson.

Sir C. Bottomley.

Sir J. Shuckburgh.

Permt. U.S. of S.

Parly. U.S. of S.

Secretary of State.

38030/38. Kenya.

Downing Street.

24 28 March, 1938.

Sir,

With reference to my

(7) confidential despatch of the 10th

February in regard to Mr. Udall's

bamboo concession, I have etc. to

transmit to you for your information a

copy of a Note of a meeting with

Mr. C. Udall and Lieutenant-Colonel

B.C. Lockhart-Jervis which was held

at the Colonial Office on that date,

together with copies of subsequent

correspondence with Mr. Udall. A

communication has also been received

from Colonel Jervis stating that he

concurs in Mr. Udall's observations on

the Note of the meeting.

2. I also enclose a copy of a

communication dated the 22nd February

from

4 DRAFTS.

K E N Y A

CONFIDENTIAL. (3)

GOVERNOR.

Note of meeting. (9)

Fr. Mr. Udall. 21st Feb. (with encl.) (14)

To Mr. Udall. 28. 3. 38 (draft herewith)

Fr. Mr. Bathurst. 22nd Feb. (16)

Fr. the K.B.D.Co. 22nd Feb. (15)

To the K.B.D.Co. 2nd March. (18)

4 drafts.

FURTHER ACTION.

* Extra copy of ... to be made for the file.

from a solicitor who stated that he was acting for Mr. Udall and for certain financial interests in connection with the arrangements for the formation of a Company for the working of Mr. Udall's concession. Mr. Bathurst called at the Colonial Office on the 28th February and stated that a Mr. Lawrence Harrison was contemplating the formation of a syndicate with a view to the eventual ^{liquidation} ~~formation~~ of a Company to take over Mr. Udall's concession, and he explained that Mr. Harrison was most anxious that any action which he might take in the matter should be in conformity with the views of the Colonial Office and the Government of Kenya. It was pointed out to Mr. Bathurst that it is now impossible for Mr. Udall to comply with the stipulation that a factory should be built before the 15th June, and that before agreeing to grant a further extension of the period mentioned in Mr. Udall's licence

of

C. O.

- Mr.
- Mr.
- Mr.
- Sir H. Moore.
- Sir G. Tomlinson.
- Sir C. Bottomley.
- Sir J. Shuckburgh.
- Permt. U.S. of S.
- Parly. U.S. of S.
- Secretary of State.

DRAFT.

FURTHER ACTION.

the 16th of June
of 1932, the Government of Kenya would wish to be satisfied not only that the proposals for the financing and control of the proposed Company were acceptable, but also that the Company was in a position to make satisfactory arrangements for the commercial disposal of its product. It was made clear to Mr. Bathurst that any steps which might be taken by Mr. Harrison for the formation of a syndicate for the purpose indicated above would be entirely at his own risk, and that no guarantee could be given, at this stage, that the Government of Kenya would be prepared to agree to the transfer of Mr. Udall's concession to the proposed Company.

3. No further communication has yet been received from Mr. Udall or Mr. Bathurst, but in the meantime the Crown Agents have been requested to obtain

such information as may be available in regard to the financial and commercial standing and resources of Mr. Harrison.

4. I also enclose copies of further correspondence with the Kenya Bamboo Development Company. It will be observed that, as the information in regard to Mr. Udall's proposals had been given to the Colonial Office in confidence, it was not thought that it would be proper to disclose it to the Kenya Bamboo Development Company.

I have, etc.

(Signed) V. GRIMSBY CORE.

38030/38.

28 March, 1938.

CONFIDENTIAL.

Dear Colonel Jervis,

Thank you for your letter of the 2nd of March about the Note of the meeting held at the Colonial Office on the 10th February. I now enclose for your information a copy of a letter which I have sent to Mr. Udall.

Yours sincerely,

(SIGNED) J. SKIN.

LIEUTENANT-COLONEL B.C. LOCKHART-JERVIS, D.S.O.

To Mr. Udall
21.3.38.

C. O.

Mr. Paskin. 16. 3.38.

38030/38. Kenya.

Mr. Duncan 18/3/38

Mr. Clouston 18/3/38

Sir H. Moore.

Sir G. Tomlinson.

Sir C. Bottomley.

Sir J. Shuckburgh.

Permt. U.S. of S.

Parly. U.S. of S.

Secretary of State.

Semi-official for Mr. Paskin's signature.

Downing Street.

28 March, 1938.

CONFIDENTIAL.

4 DRAFTS.

Dear Colonel Jervis,

(20) Thank you for your

LIEUTENANT-COLONEL B.C. LOCKHART-JERVIS, letter of the 2nd of March about D.S.O.

(9) the Note of the meeting held at the Colonial Office on the 10th February

~~To Mr. Udall.
(draft herewith)~~

I now enclose for your information a copy of a letter which I have sent to Mr. Udall.

Yours sincerely,

(Signed) J. J. PASKIN.

4 drafts.

FURTHER ACTION.

58030/38.

93
28 March, 1938.

CONFIDENTIAL.

Dear Gurney,

Thank you for your letter of the 23rd February, No. S.C.TRD.10/6/III/7, about the Udall bamboo concession.

An official despatch is coming to you by this mail, sending you copies of a Note of the meeting held at the Colonial Office on the 10th February, and certain subsequent correspondence, together with some further information as to the proposals for the formation of a Company to take over this concession. You will see that we have asked the Crown Agents to get us some information about a Mr. Lawrence Harrison who has been interesting himself in the project. Without prejudice to any developments that may occur in the future, I ought to tell you that neither what we saw of Mr. Bathurst, nor what we have heard privately about Mr. Harrison,

H.L.G.GURNEY, ESQ.

94

Mr. Harrison from the staff of the Stock Exchange, inspire us with any confidence whatever that they will be able to submit satisfactory proposals for the formation of a Company to take over this concession. Until we know what their proposals are, we are not in a position to express any opinion as to the line you should take if and when Mr. Udall applies for an extension of his licence beyond the 15th June, but as things stand we are inclined to agree that the best course would be to get rid of Mr. Udall altogether, whether it would then be appropriate to put the whole concession out to tender again, as you suggest, or to wait for some-one to make the first approach to us can hardly be settled until the time actually arrives to make the decision.

We will, of course, keep you posted as to any developments here.

Yours sincerely,

(Signed) L. S. FASKIN.

23

C. O.

38030/38. Kenya.

Mr. Paskin. 16. 3.38.

Mr. Duncan 18/3/38

Mr. Clason 17/3/38

Sir H. Moore.

Sir G. Tomlinson.

Sir C. Bottomley.

Sir J. Shuckburgh.

Perms. U.S. of S.

Parly. U.S. of S.

Secretary of State.

Semi-official for Mr. Paskin's signature.



Downing Street.

28 March, 1938.

CONFIDENTIAL.

Dear Gurney,

DRAFT.

H.L.G. GURNEY, ESQ.,
SECRETARIAT,
NAIROBI.

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4 drafts.

FURTHER ACTION.

Mr.

23

C. O.

Mr. Paskin. 16. 3.38.

38030/38. Kenya.

Mr. Duncan 18/3/38

Mr. Clason 18/3/38

Sir H. Moore.

Sir G. Tomlinson.

Sir C. Bottomley.

Sir J. Shuckburgh.

Perm. U.S. of S.

Parly. U.S. of S.

Secretary of State.



Semi-official for Mr. Paskin's signature.

Downing Street.

28 March, 1938.

CONFIDENTIAL.

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4 drafts.

FURTHER ACTION.

Mr.

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interesting himself in the project.

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that neither what we saw of Mr. Bathurst,

nor what we have heard privately about

Mr. Harrison, inspire us with any confidence

~~whatever~~ that they will be able to submit

satisfactory proposals for the formation

of a Company to take over this concession.

Until we know what their proposals are, ~~however~~

we are not in a position to express any opinion

as to the line you should take ^{if} when Mr. Udall

applies for an extension of his licence

beyond the 15th June ^{but} ~~through~~ as things stand

we are inclined to agree that the best course

would ~~be to~~ ^{(get rid of Mr. Udall altogether, whether it is} put the whole concession out to ^{an appropriate}

tender again, as you suggest ^{or to wait for some-one} to make the first approach to us can hardly be called

We will, of course, keep you posted ^{until the} as to any developments here. ^{time actually} arrives to make ^{the decision.}

Yours sincerely,

(Signed) J. J. PASKIN.

from the ^{staff} ~~office~~
of the Stock
Exchange

[]
I should omit this.
M.D.
I was ~~some~~
say it. We
ought not to
keep them in
doubt of our
account.
G. L. A. P.

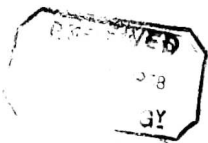
S.C.TRD.10/6/III/7

96

21.

The Secretariat,
Nairobi,

23rd February 1938.



Dear Paskin,

12

Many thanks for your letter of the 15th February (No.38030/38), enclosing a draft note of a discussion with Mr. Udall and Colonel Jervis.

What we shall no doubt have to deal with is an application by Mr. Udall for an extension of his licence beyond the 15th June, 1938. That application will apparently be supported by definite proposals for the formation of a Company to work the concession without delay. We shall then have to consider, first, whether the licence should be extended or a new licence granted at all or at least until local opinion can be satisfied on the soil conservation aspect of the matter. If that objection is disposed of (and there should be no difficulty about that), the question will arise as to whether the 'definite proposals' are such as to justify an extension of a licence of which there has already been full opportunity to make use. It may be preferable to put the whole concession out to tender/

J.J. Paskin, Esq., M.C.

Recd. 2/23

tender again and let Mr. Udall and his so far unknown friends compete with the Kenya Bamboo Development Company and Mitchell Cotts and Co., who have already shown a practical interest in the development of the concession.

Gardner is writing to Udall, in answer to a letter from him, to the effect that on present information he feels strongly inclined to recommend this latter course.

Yours sincerely,

Alumny

38030/38 Kenya

CONF. 11-12-13
12

C. O.

- Mr. Cassin 1/3.
- Mr. Duncan 1/3/38
- Mr. Claxson 1/3/38
- Sir H. Moore.
- Sir G. Tomlinson.
- Sir C. Bottomley.
- Sir J. Shuckburgh.
- Permt. U.S. of S.
- Parly. U.S. of S.
- Secretary of State.

Conf.

and (26) + (27)

2 March 38.

Gentlemen,

With ref. to previous cover in the subject of Mr. Udall's bamboo concession in Kenya, I am pleased to inform you that it has been brought to his notice that Mr. Udall is in negotiation with a Mr. Lawrence Harrison of Eastern Concessions Ltd. with a view to the formation of a company to work his concession. I am to request that Mr. Ormsby-Jones may be furnished with any info. that you may be able to obtain in regard to the financial standing & resources of Mr. Harrison.

DRAFT

C. A.

By. Note to
flow to

FURTHER ACTION.

Decide. for
to Kenya

(Signed) A J DAWE.

18

C. O.

Mr. Packer 1/3

Mr. Duncan 1/3/38

Mr. Clanson 1/3/38

Sir H. Moore.

Sir G. Tomlinson.

Sir C. Bottomley.

Sir J. Shuckburgh.

Permt. U.S. of S.

Parly. U.S. of S.

Secretary of State.

ST.

2 March 1938

I am ac. to ack. the receipt of

(15)

your letter of the 22nd of Feb.
on the subject of Mr. Udall's
bamboo concession in Kenya
& to inform you that he
regrets that he is not in a
position to give you any
information on the 2^o whether
Mr. Udall has disposed of
his rights under his
concession.

2 DRAFTS.

The Secretary

Kenya Bamboo

Development C. O.

Copy to Kenya (15)

(Signed) A. J. DAWE.

FURTHER ACTION.

998. 1/3

Mr. Sullivan E
Mr. Poffin.

17.

100

Mr. Ashby of the Stock Exchange staff tells me that Mr. Lawrence Harrison is known to them only as a Director of the following Companies, which are all private Companies:-

1. Coventry Holdings Ltd.
registered 1934 Capital £100
formed to float a motor manufacturing Co. which was never floated.
2. London Bakeries Ltd.
(no particulars)
3. Charlsonwig Syndicate Ltd.
registered 1932 Capital £5000.
described as newspaper proprietors.
A co. Director, Mr. C. F. Duckmanton, who has since died was Director of various Ltd Companies.

In short he is even worse than I had feared.

A. L. T. Hanson
28/2

Yours, thank you.

1/3/38 / A. Duncan.

J. R. CORT BATHURST.

SOLICITOR.

COMMISSIONER FOR OATHS.

10 HOLBORN
TEL. NOS. 8881/2.

1/1

16
191
LONSDALE CHAMBERS.

27, CHANCERY LANE.

LONDON, W.C. 2.

20
30
↙
2nd February 1938.

Dear Sir,

I am acting for Mr. C. Udall and also for certain financial interests relative to proposed arrangements with regard to the working of a Concession granted by the Government of Kenya authorising the cutting of bamboo.

I am instructed to ask you to be good enough to see me in order that the matter may be discussed with a view to satisfactory proposals being made for the formation of a Company to work the Concession in the near future.

My Clients are desirous of conforming, in so far as it is possible, to the wishes of the Colonial Office in this matter and for this reason I think it would be a considerable advantage if you could afford me the interview suggested.

Yours faithfully,

H. Duncan Esq.,
H. M. Colonial Office,
Downing Street,
London, S.W.1.

DELIVERY.

1010
TEL. NOS. HOLBORN 8881 & 2

J. R. Cort Bathurst
Solicitor.

Lonsdale Chambers
27, Chancery Lane

COM' FOR OATHS

Copy to Kenya (25)

KENYA BAMBOO DEVELOPMENT COMPANY LIMITED.

152

DIRECTORS:
D. C. HOLMES, B.Sc.
F. G. KNIGHT,
A. F. PROCTOR, C.A.

REGISTERED OFFICE:

38, OLD QUEEN STREET,
WESTMINSTER,
LONDON, S.W. 1.

22nd February, 1933.

← 2c.

J. J. Paskin, Esq.,
Colonial Office,
Downing Street,
London, S.W. 1.

Dear Sir,

We have just received confidential information from East Africa to the effect that Mr. Charles Udall has sold whatever rights he possesses to the Bamboo Concession in Kenya.

As we informed you at our recent meeting, as a result of our experiments and investigations we are very interested in this business. We are particularly anxious to obtain confirmation, if possible, of this news as, if it is correct, it would seem that it is impossible for this Company to hope to reopen the matter.

We shall be glad to know if you have any news which could be communicated to us.

Yours faithfully,

For and on behalf of:
KENYA BAMBOO DEVELOPMENT
COMPANY LIMITED.

[Signature]
Secretary.

*Recd. 18
Copy to Kenya*

KENYA BAMBOO DEVELOPMENT COMPANY LIMITED.

DIRECTORS:
D. C. HOLMES, B.A.C.
F. D. KNIGHT.
A. F. PROCTOR C.A.

REGISTERED OFFICE:
38, OLD QUEEN STREET,
WESTMINSTER,
LONDON, S.W. 1.

22nd February, 1933.

LC *20.*

J. J. Paskin, Esq.,
Colonial Office,
Downing Street,
London, S.W. 1.

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We shall be glad to know if you have any news which could be communicated to us.

Yours faithfully,

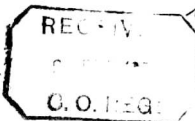
For and on behalf of:
KENYA BAMBOO DEVELOPMENT
COMPANY LIMITED.

Secretary.

Ans. 18
Copy to Kenya

J. J. Paskin Esq.
Colonial Office
Downing Street S.W.1.

16 Bridge Street
Maryport
Feb. 21st 1938



Dear Mr Paskin

10. I thank you for your letter of Feb 15th enclosing a Memorandum of the meeting which took place at the Colonial Office on Feb 10th. I was very glad to receive this document and after discussing it with my Consulting Engineer and my financial friends I have the following comments to make.

I hope within the next few days to make, through my legal Advisor, an application for an Option to be given to my financial friends on such basis as will meet with your approval - which will cover the points mentioned in the Memorandum and allow the formation of the Company to be proceeded with without loss of time and the issue made before you next.

Yours sincerely
Chas. H. Bull

Copy to Kenya 2/28

Kenya.

HC

Comments on Memorandum sent by the Colonial Office
on Interview held on Thursday 10th February 1938.

Clause 1, page 1.

(a)

Your remarks on this paragraph are correct
this is an accurate statement of what you stated -
but our answer is that although for by this
Options has been set, at the time it existed
I must not legally quarrel with the Licence.

(b)

In this paragraph it states that the Company
was to be formed by Mr. Macartney. This is
legal phraseology, and is intended to mean
that the Trustee purchases for and on behalf
of the Company which will have to be formed,
and the shares will have to be issued to the
Company.

Clause 2, page 2

(a)

My Legal Advisors state that this Option had
not reached a stage where the Commission
of Trustees must have known of its existence

(b)

The existence of this Option had been disclosed
by my Consulting Engineer to the Crown Agent
in conversations and had been referred to in a
discussion with the Governor before his
departure for Kenya, and quite openly it is
believed that Mr. Flood when he was a member of
the Colonial Office was aware of this.

Clause 3, page 2

This seems to be an accurate statement of facts.

Clause 4. No Comment

Clause 5. page 3. These arrangements with the K.B.D. were not machine enough to disclose to the Government as the Syndicate holding the Options was simply powered to examine the technical and financial value of the Kenya Bamboo.

Clause 6. page 3. If the Options Clause differ from that of the Government Agreement with out doubt then it was an error by the K.B.D Co's solicitors who doubtless that Option with the full knowledge and possession of a copy of that agreement with the Government which they knew could not be departed from.

It should not be overlooked that the Government of Kenya are not asked to subscribe to this undertaking and therefore should not take as active an interest in the detail of the formation of the Company as they would if they were partially financing it.

Clause 7. page 4.

The 10% referred to in this Clause can be categorically stated only to refer to my holding in the K.B.D Co. and not in the final Operating Company.

The 6% Royalty does refer to my research in the Operating Company. I am not aware that the shares had presented any difficulty in forming a Company.

Clause 8. page 5.

It is believed that this question of Royalty payable to a Concessionaire is not an isolating

Clause 8 page 5. one in British Colonies and should be considered with the previous cash payment originally arranged with the Commissionaire when the Roberts Pulp and Paper Mills Ltd was accepted by the Colonial Development Committee.

Unless nearly 2 acres (one of Bamboo is cut per annum the Royalty of 6⁰ per ton of Bamboo cut is less than the interest the Commissionaire would receive from his 70000 cash or shares in the Operating Company.

Clause 9 page 6. Substantially correct.

Clause 10 " "

Clause 11 " Substantially correct with the exception that if a new Agreement is proposed a Clause should be inserted that they do not wish to take an active control in the Operating Company and thereby giving them a perfectly free hand to develop commercially in the way they consider best.

Clause 12 page 7. Correct.

C. O.

Mr. Paskin. 14/2/38.

Mr. ~~Dunham~~ 14/2/38

Mr. ~~Clawson~~ 14/2/38

Sir H. Moore.

Sir G. Tomlinson.

Sir C. Bottomley.

Sir J. Shuckburgh

Permt. U.S. of S.

Parly. U.S. of S.

Secretary of State.

U-152

For Mr. Paskin's signature.

Answer (21)

February, 1938.

DRAFT.

H. L. G. GURNEY, ESQ.

Secretariat,

Nairobi.

CONFIDENTIAL.

Dear Gurney,

In continuation of my

(6) letter of the 9th of February,

I enclose a draft note of our discussion with Mr. Udall and

Colonel Jervis last Thursday.

We cannot yet send it to you

officially as it has gone to them

for concurrence, but I thought you

might like to have this advance

copy so that you can see what the

position is.

In preparing this note

we have had to bear in mind that

Note of Reading (21)

FURTHER ACTION.

copies

38030/38.

C. O.

Mr. Paskin. 14/2/38.

Mr. ~~Dunham~~ 14/2/38

Mr. ~~Clawson~~ 14/2/38

Sir H. Moore.

Sir G. Tomlinson.

Sir C. Bottomley.

Sir J. Shuckburgh

Permt. U.S. of S.

Parly. U.S. of S.

Secretary of State.

C
R
D
1/5 a

For Mr. Paskin's signature.

Answer 12/1

February, 1938.

DRAFT.

H.L.G. GURNEY, ESQ.

Secretariat,

Nairobi.

CONFIDENTIAL.

Dear Gurney,

Note of Reading
(RM)

FURTHER ACTION.

In continuation of my
(6) letter of the 9th of February,
I enclose a draft note of our
discussion with Mr. Udall and
Colonel Jervis last Thursday.
We cannot yet send it to you
officially as it has gone to them
for concurrence, but I thought you
might like to have this advance
copy so that you can see what the
position is.

In preparing this note
we have had to bear in mind that
copies

copies would have to be sent to
Mr. Udall and Colonel Jervis, and
that we do not, of course, know what
use they might put it to. It is,
therefore, naturally ~~rather more~~ ^{not nearly as}
~~colourful as it would have been~~
~~colourless~~ than if it had been a note
prepared solely for the information of
the Colonial Office and the Government
of Kenya. I have no doubt that we
shall have something further to say in
the despatch sending out the note
officially.

Yours sincerely,

admission
E.g. the fact that
the person with whom
we are negotiating
only holds an exclusive
licence for the process
mentioned in para 10
contingently on the
formation of a
company to work it was
~~was admitted~~
can be done only
obtained from Col. Jervis
with ~~some~~ ^{some}
difficulty. With
Col. Jervis and Mr.
Udall improve on
acquaintance.

D. J. Paskin *sc* *9*

Note of an interview with

Mr. C. Udall and Lieutenant-Colonel P. C. Lockhart-Jervis, D.S.O. at the Colonial Office on Thursday 10th February, 1938.

DRAFT

J. J. Paskin 14/2
M: Duncan 14/2/38
M: Clauson 14/2
at mee

Present (for the Colonial Office):
Mr. Duncan, Mr. Clauson and Mr. Paskin.

Mr. Udall was informed that the existence of the agreement of the 9th of July, 1936, under which he had granted an option on his concession to the Kenya Bamboo Development Company, had recently come to the notice of the Colonial Office. It was pointed out to him

(a) that by Clause 11 of his licence of the 15th of June, 1932, he was debarred from disposing of his concession without the written consent of the Conservator of Forests; and

(b) that the granting of that option to the Bamboo Development Company was inconsistent with his undertaking, in the

Copy to be at Col: Lockhart-Jervis's room by 14/2/38

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00

the agreement of the 1st of October, 1934, to sell his concession to a company to be formed by Mr. Macaskie; and that the existence of the agreement of the 9th of July 1936 was a material factor which, in the view of the Colonial Office, ought to have been disclosed in connection with the application (which was eventually granted ~~by the~~ ^{Supplemental} Agreement of the 31st of August, 1966) for an extension of the 1934 agreement, and in connection with the recent application for a further extension of that agreement.

2. Mr. Udall was accordingly asked if he would be so good as to explain
- (a) why he had entered into the agreement of the 9th of July, 1936 without the consent of the Conservator of Forests, and
 - (b) why he had not disclosed the existence of that agreement, particularly in connection with his applications for the extension of the Macaskie agreement.

3. As regards (a), Mr. Udall explained that he had seen no necessity to seek the approval of the Conservator of Forests. In spite of the fact that the agreement ~~indirectly~~ gave the Kenya Bamboo Development Company the right to acquire Mr. Udall's rights under his concession, the intention had been that, when that Company had satisfied itself as to the commercial possibilities of the project, a fresh company would be formed to take over and work the concession. Mr. Udall had not considered, and still did not consider, that the Government of Kenya would be concerned in the matter until the time came for the formation of a company to take over the concession. He had always contemplated that, at that stage, the approval of the Government of Kenya would be required to the prospectus which would be put before the public, as well as to the terms of

111

of the Concession to be granted to the Company.

4. As regards (b), Mr. Udall did not agree that the two agreements were necessarily inconsistent. He considered that it was necessary to bear in mind the whole history of the attempts to form a Company to take over his concession. The arrangements which were in contemplation at the time of the agreement of 1934 had not materialised, and there was nothing wrong in his then attempting to make other arrangements such as those embodied in the agreement of 1936 with the Kepra Bamboo Development Company. It was the intention that if ~~[in accordance with that agreement]~~ a company was formed to take over the concession, it would take the place of the Company contemplated in the agreement of 1934. During the currency of the option granted by the agreement

[]
omit.

agreement of 1936 he had been approached by other financial interests, but had always replied that up to the 31st of December, 1937, he was bound by that agreement and could not consider any other arrangements. Now that the Kenya Bamboo Development Company had not exercised their option, he was in negotiation with other interests and he desired the 1934 agreement to be kept alive in that connection.

5. It was made clear to Mr. Udali that, ~~whatever may be the~~ *about how the* ~~legal~~ position in regard to Clause 11 of the Licence of 1932, the Colonial Office maintained its view that, having regard to the agreement of 1934, to which the Government of Kenya was a party, the arrangements proposed in the agreement with the Kenya Bamboo Development Company were of

of material concern to the Government of Kenya, and ought to have been disclosed, not only in connection with the applications for the extension of the agreement of 1934, but on general grounds.

6. In this connection it was pointed out to Mr. Udall that the consideration which he was to receive under his agreement with the Kenya Bamboo Development Company ^{was} were ~~not~~ materially different from those

contemplated in the agreement of 1934 to which the Government of Kenya was a party, and it was explained that the consideration which he was to have received from the Bamboo Development Company was not in fact such that the Government would have been prepared to approve.

7. Under the agreement of 1934
Mr. Udall

Mr. Udall was to receive £70,000, of which £10,000 was to be in cash and £60,000 in shares. On the basis of a £700,000 company, this could be said to be roughly a 10% interest in the profits of the Company. Under the agreement of 1936 however, in addition to getting 10% of the net profits, Mr. Udall was to get a royalty of 5s. a ton on all bamboo cut. On the basis of a production of 100,000 tons of bamboo a year, this latter part of the consideration would

amount to £2,500 a year. Mr. Udall here interposed to explain that this did not represent the intended effect of the 1936 agreement, which was as follows: The Kenya Bamboo Development Company was intended to be merely a holding company, if they had decided to exercise their option, another company would have been formed to work the concession and would have acquired the rights of the Bamboo Development Company at a contemplated figure of £30-40,000. After allowing for

00

for the whole period of the concession, subject of course to fluctuations up or down as the Company's activities increased or diminished.

for the expenditure which the
 incurred on experiments &c. this would
 have left a net profit of 236,250, s.
 Apart from his regular payments, all that
 Mr. Udall had expected to receive was 10% of
 this net profit - say 23,625, 000. It was
 not intended that he should receive any
 share of the profit of the working
 company. As regards his regular payments he was
 not expecting to get more than about 20,000
 a year for a considerable number of years.
 Under this agreement therefore he was not to
 get very much less than had been
 contemplated under the 1934 agreement, and
 he did not therefore see what grounds there
 were for the Government to object.

He had abouted all
 hope of getting the wages
 for his services which
 he had hoped for in
 1934. It was in fact
 the figure of £20,000
 that had been one of
 the difficulties in getting
 the Company floated.

8. The Colonial Office

representatives pointed out that, if this
 was the intended effect of the 1936
 agreement, it was ^{in no way} ~~not~~ clear from the terms
 of that agreement, in any case, however,
 even on the basis of Mr. Udall's
 explanation

which seemed to indi-
 cate that the Co. with
 which it was concluded
 was intended to
 develop the concession.

exploration, the arrangement whereby he was to receive a royalty payment was contrary to the policy which is followed in colonial concessions, and would not have been approved by the Government.

was a share of the royalties & profits

An interest of this kind is in the nature of a ~~share~~, and the payments involved might conceivably result in there being no net profits for distribution to shareholders, and might even lead to the insolvency of the Company. In the interests of the development of the Colony, the Government is naturally concerned to ensure, in so far as possible, that the Company is able to work on sound lines and will be able to continue. If it failed, there would be little prospect of another company being formed to work the concession, and the Colony would suffer accordingly.

Mr. Udall and Colonel Jervis appreciated the force of these observations and undertook that they should be borne in mind.

mind in connection with the negotiations now proceeding with other financial interests.

9. In this connection

Colonel Jervis explained that recent technical developments, in regard (principally) to the recovery of the soda used in the pulping process, had completely altered the commercial prospects of this project. They are in touch with a person who has been granted the exclusive rights over the new processes in Africa; and Mr. Uball stated that on the strength of these developments he had received a definite promise of the necessary financial backing to enable a company to be formed to take over his concession. Definite proposals to this end are now being formulated. They will not include a preliminary period of experiment ^{as in the} ~~such as~~ ^{case of} ~~was provided for~~ in the agreement of

1936 with the Kenya Bamboo Development Company.

I cannot remember the names of the processes mentioned by Col Jervis

*Mr. Uball
M.D.*

by Messrs. Babcock & Wilson the owners of these rights

Company.

(really "admitted with great reluctance" - but, as this is going to Colonel Jervis and Mr. Udall as a draft for their concurrence, it would not do to say so!)

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196

10. In the course of further discussion it was stated that the grant of the exclusive rights over the processes mentioned by Colonel Jervis was contingent on the formation of a company to work the concession. If the proposals do not materialise, no doubt the patentees would be at liberty to grant these rights to someone else.

11. Having regard to the fact that the option agreement with the Kenya Bamboo Development Company had now expired, and to the circumstances mentioned in paragraph 9 above, Mr. Udall submitted that even if, through a misunderstanding, he had been guilty of any impropriety in not disclosing his agreement with that Company, it was now in the interests of the Government of Kenya to accede to the proposed extension of the agreement of 1934.

It was however pointed out to him that
the

the arrangements for the formation of a company, which were contemplated in that agreement, bear little or no relation to the arrangements now contemplated. It did not appear therefore to the Colonial Office that any useful purpose would be served by the further extension of that agreement, and it was suggested that, in the event of the proposals now being for a later date being satisfactory to the Government of Kenya, it would be preferable for them to be embodied in an entirely new agreement. It was understood that Mr. Udall and Colonel Jervis concurred in this view.

*with reference
inter alia to £20,000,*

12. In conclusion it was pointed out that Mr. Udall's licence of 1982, will expire on the 15th of June next; that it is now impossible for him to comply with the terms of that licence before it expires; and that the question whether a further extension of that

that

that licence should be granted would necessarily depend on the formulation of definite proposals, satisfactory to the Government of Kenya, for the formation of a company to work the concession, in Mr. Udall undertook to submit his proposals with as little delay as possible.

the very near future.

38030/38.

Review Sp.

C. D.
G. O. FEB 7

Mr. Paskin. 25/1/37⁸ 4/2 Downing Street.
Mr. Duncan 122 minute. 12.0. 5/1/38
Mr. Clauson 25/1 5/2
Mr. Davey 7.2
Sir H. Moore.

January, 1938.
10 FEB 1938

Sir G. Tomlinson.
X Sir C. Bottomley. 7.2 f
Sir J. Shuckburgh.
Permt. U.S. of S.
Parly. U.S. of S.
Secretary of State.

Sir,

(48 on
-137)

Conf.

With reference to my despatch

of the 25th of Nov. (1937)

in regard to Mr. Udall's

Bamboo Concession, I have the honour

to transmit to you copies of a letter,

(3) dated the 19th of January from the

Kenya Bamboo Development Co. Ltd.,

(4) and of the Agreement of the 9th of July (1936)

which is mentioned therein, between

Mr. Udall and the Company. Since the

receipt of these documents, the

position has been discussed with

Mr. E. MacLeod Smith of Messrs. Mitchell

Cotts and Co. Ltd., and Mr. G. Knight

of the Bamboo Development Company, at

an interview at the Colonial Office on

the 24th of January, and with Col. Jarvis on the 3rd of February.

These representatives

2. at the interview on the 24th of January, Mr. Smith & Mr. Knight

stated that, as a result of the

experiments

3 DRAFTS

KENYA.

CONFIDENTIAL.

GOV.

Kenya Bamboo Development
Co. 19/1 (No.3.)

Copy of Agreement of 9/7/36
(Encl. to No.1.)

Agreement of 9/7/36

Dft. Supplementary Agreement.
(encl. in No.1 with the red,
typed additions and comment - to
be typed in red as shown)

FURTHER ACTION.

experiments which have been conducted by the Kenya Bamboo Development Company, they are fairly confident that they would be able to work this Concession at a profit. They had succeeded in producing paper of a very good quality, but at the end of December when their option expired, they had still not subjected the process, with which they had been experimenting, to a final test on a commercial scale and consequently had not been able to form a definite opinion as to the commercial possibilities of the project. They accordingly did not feel justified in taking up their option, which Mr. Udall was not prepared to renew except on terms which they considered to be preposterous.

3. It was pointed out to Mr. Smith and Mr. Knight that under Clause 11 of his Licence of the 16th of June, 1932, Mr. Udall was debarred from disposing of his Concession except with the consent of the Conservator of Forests which had not been obtained, and ^{in writing,} that ~~that~~ moreover the option which Mr. Udall had purported to grant to the Bamboo Development Company, in the agreement of the

(Copy in No.2.
on 3126/33).

C. O.

Mr.

Mr.

Mr.

Sir H. Moore.

Sir G. Tomlinson.

Sir C. Bottomley.

Sir J. Shuckburgh.

Perm. U.S. of S.

Parly. U.S. of S.

Secretary of State.

DRAFT.

firm would be prepared to embark upon the project without carrying out preliminary tests of the kind which the Bamboo Development Company have ^{been} conducting. They accordingly anticipate that it will be necessary for Mr. Udall to apply for a further extension of his ^{original} licence, and they request that, in that event, having regard to the knowledge and experience which they have acquired by their experiments, and their intimate connection with the colony through one of their shareholders (viz. Messrs. Mitchell Cotts and Company), they may be regarded as having a prior claim to the Concession.

7. Mr. Knight explained that nothing (except time) would be lost as a result of the cessation of their experiments, and that, on the Company being placed in a position to make it worth their while to proceed with the

final

FURTHER ACTION.

however, it is curious (to say the least) that he did not disclose the existence of this agreement either in connection with the negotiations for the Supplementary Agreement of the 31st of August, 1936, or when (on the receipt of *Sir J. Byrnes Conf.* (1 m -/37) despatch of the 18th of December, 1936) he was asked for information in regard to the Kenya Bamboo Development Company. (2 m -/37)

(iii) At an interview at the Colonial Office on the 10th of November, at which (inter alia) the proposal to extend the operative dates of the Agreement of the 1st of October 1934 was discussed, Colonel Jervis referred (but in vague terms) to the possibility of satisfactory arrangements being made for the financing of the project, without mentioning the existence of the option granted by the Agreement of the 9th of July 1936, or the fact that the Kenya Bamboo Development Company were then actively engaged in their experiments, or the fact that his relations with Mitchell-Cotts and Company and the Kenya Bamboo Development Company had been broken off some months previously. These facts, coupled with the fact that

C. O.

- Mr.
- Mr.
- Mr.
- Sir H. Moore.
- Sir C. Tomlinson.
- Sir C. Bottomley.
- Sir J. Shackburgh.
- Perms. U.S. of S.
- Party. U.S. of S.
- Secretary of State.

DRAFT.

FURTHER ACTION.

that the Kenya Bamboo Development Company had been formed (largely through the instrumentality of Colonel Jervis himself) with the definite object of taking over Mr. Udall's concession, if their experiments were successful, were clearly very material not only to the consideration of the recent application for the extension of the period within which another Company was to be formed for this purpose under the Agreement of the 1st of October, 1934, but also to the earlier extension of that period under the Supplementary agreement of the 31st of August, 1936.

10. In all the circumstances, it would appear, prima facie that the conduct of Mr. Udall and Colonel Jervis has been very unsatisfactory and that the omission to disclose these facts is sufficient (unless a satisfactory explanation is forthcoming)

C. O.

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- Perm. U.S. of S.
- Parly. U.S. of S.
- Secretary of State.

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12. In the event of a satisfactory explanation not being received, I suggest that Col. Lewis and Mr. Odell should be informed that

1936) of the material dates mentioned in the Agreement of the 1st of October, 1934, and (b) the recent *proposal* ~~application~~ for a further extension of the period within which another Company was to be formed for the purpose for which the Kenya Bamboo Development Company had been granted an option, the Government of Kenya ~~will~~ ~~not only now declines~~ to proceed with the proposed Supplemental ^L agreement. *I also suggest that notice determining but propose to give notice of the* ~~termination of~~ the Agreement of the 1st of October, 1934, under Clause 9 thereof. *Should thank given to Mr. Odell*

13. Having regard to the fact that the draft of the proposed supplemental ^L agreement is ~~not~~ ^{practically} ready for engrossment, I request that I may be informed by telegraph of your views on these proposals.

FURTHER ACTION.

to justify the Government of Kenya in declining to proceed with the Supplemental agreement for the further extension of the periods mentioned in paragraphs 8, 7 and 9 of the Agreement of the 1st of October 1934, and in ^{giving} notice for the termination of that Agreement, under Clause 9.

You will no doubt consult your legal advisers on this point.

II. Subject therefore to any observations

that you may desire to offer, I suggest that *letters should be sent to Col. Lewis from the Colonial Office informing him that* ~~Mr. Odell should now be instructed to~~

inform Mr. Odell's solicitors that the existence of ~~the~~ ^{the} Agreement of the 1st of July 1936 with the Kenya Bamboo Development Company has now come to the notice of the Government of Kenya, *and of the Secretary of State,* ~~and that~~ *and asking him why* ~~in the absence of a satisfactory explanation~~

of the omission on the part of Mr. Odell ~~Colonel Lewis to disclose~~ the existence of this ~~agreement~~ ^{was not disclosed} either to the Government of Kenya or to the Colonial Office, at any time and particularly in relation to (a) the extension (by the ~~Supplemental~~ ^{Supplementary} Agreement of the 31st of August 1936)

C. O.

- Mr.
- Mr.
- Mr.
- Sir H. Moore.
- Sir G. Tomlinson.
- Sir C. Bottomley.
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- Perm. U.S. of S.
- Parly. U.S. of S.
- Secretary of State.

DRAFT.

draft of the further Supplemental^{ly} agreement ^{referred to above.} ~~recently contemplated~~

Clause 4 of this draft agreement was inserted owing to a misunderstanding on the part of Messrs. Burchells, and it is owing to attention having been called to this point by Mr. Udall's Solicitors that this Agreement has not yet been engrossed.

I have, etc.,

FURTHER ACTION.

14. I also request that I may be furnished

with any information that may be available as to the operations of the Kenya Bamboo Development

Company in Kenya, and with your views ^(in the event of their) ~~being decided to delay the agreement of 1934, and Mr. Udall's~~

~~feeling to carry out the terms of~~ ^{unable to make arrangements for the working of}

^{because of the 16th of June 1932)} ~~his concession~~ ^{has} before the 15th of June ¹⁹³²

on the request of the Kenya Bamboo Development Company that Mr. Udall's Concession should be allowed to lapse, and that the

Company should then be granted an option on a similar

Concession for a strictly limited period in order

to enable them to complete their tests

on a commercial scale, with an assurance

that if they were successful the Company

would be granted a substantive Concession

which they would be prepared to work.

15. As I understand that no copy of

the Agreement of the 1st of October 1934 (with

the Supplemental Agreement of the 31st of

August 1936 endorsed thereon) is in

existence in Kenya, I enclose a copy, which

I request may be returned with your reply to

this despatch. I also enclose a copy of the draft

(Is this right? -
W.H. No 30
on the 1937 file)

8. At the interview on the 3rd of February, Colonel Jervis was asked whether he could explain why, in view of Clause 11 of Mr. Udall's license of the 16th of June, 1932, and his undertaking (in the agreement of the 1st of October, 1934) to sell his concession to Mr. Macaskie, Mr. Udall had entered into the agreement of the 9th of July, 1936, without obtaining the consent of the Conservator of Forests, or even without informing the Government of Kenya or the Colonial Office of his proposals. It was also pointed out to Colonel Jervis that the existence of the agreement of the 9th of July, 1936, under which an option to acquire Mr. Udall's concession had been granted to the Kenya Bamboo Development Company, was a very material factor, which ought to have been disclosed to the Government, in connection with the application for an extension of the period within which Mr. Macaskie's Company was to be formed, which was granted by the Supplemental Agreement of the 31st of August, 1936, i.e. only seven weeks after the date of Mr. Udall's agreement with the Bamboo Development Company. Similarly, the existence of the option granted to the Bamboo Development Company (which had been extended

extended to the 31st of December 1937) was material to the recent application, mentioned in my Confidential Despatch of the 23rd of November, for a further extension of the Agreement of the 1st of October, 1934.

9. In reply to these observations Colonel Jervis stated that he had not only not had any part in the negotiations leading up to the agreement of the 9th of July, 1936, but that he had never seen a copy of that agreement and was quite unaware of its terms.

He was aware that Mr. Udall had made an arrangement with the Kenya Bamboo Development Company, but he was under the impression that it was merely an arrangement for that Company to carry out experimental work. He professed to be unaware that the agreement gave that Company the right to acquire Mr. Udall's concession, if their experiments were successful. At a later stage in the interview however Colonel Jervis disclosed that he was fully aware of the terms which Mr. Udall had demanded for the further extension of his agreement

(also
v. Jervis's comment
in Off. to Mr. Jervis)

agreement with the Bamboo Development Company. This is difficult to reconcile with his earlier denial of all knowledge of the nature of that agreement.

10. The further Supplemental Agreement to give effect to this further extension, has not yet been concluded (the draft, of which I enclose a copy, having again been referred to the Crown Agents by Messrs. Burchells on a point raised by Mr. Udall's Solicitors), and, having regard to the experimental work carried out by the Bamboo Development Company, it was pointed out to Colonel Jervis that, unless a satisfactory explanation of the omission by Mr. Udall to disclose the existence of his agreement with the Bamboo Development Company, in the circumstances mentioned in the preceding paragraph, the Government of Kenya might not now feel disposed to proceed with the further extension of the Macaskie agreement. It was then agreed that Mr. Udall should be asked to come to London for an interview at the Colonial Office and Colonel Jervis undertook to communicate with him to this end.

11. Colonel Jervis further stated that, almost immediately after the formation of the Kenya Bamboo Development

Development Company, that Company had informed his firm that their services would not be required as Consulting Engineers, or in any other capacity, and that ^{hereafter} he had ~~nothing to do~~ had nothing to do with the Bamboo Development Company. He also stated that Mr. Udall was now in negotiation (presumably with Colonel Jervis' assistance) with other financial houses, with whom he hoped to make satisfactory arrangements for the formation of a Company to take over his concession. These statements are difficult to reconcile with the fact that, as recently as the 10th of November, Colonel Jervis had stated, at an interview at the Colonial Office, that the financial arrangements for the working of this concession would be made by

Messrs. Mitchell Cotts and Company and the Anglo-French Investment Corporation.

12. The present position in regard to the arrangements for the formation of a Company to work this concession is clearly most unsatisfactory, but I do not propose to express any views

on

on the conduct of the parties concerned or on the course which the Government of Kenya should now pursue, until after the proposed interview with Mr. Udall.

W. CRIMMIE GONE

Flood's
of 10/11 on

C. O.

Mr. Paskin 4/2.
 Mr. Durcan 5/2/38
 Mr. Claus 5/2
 Mr. Dams 7.7

Sir H. Moore.

Sir G. Tomlinson.

X Sir C. Bottomley. 7.7

Sir J. Shuckburgh.

Perm. U.S. of S.

Party, U.S. of S.

Secretary of State.

DRAFT.

H. L. G. GURNEY, ESQ.

Mr. Flood's minute of 10/11
 08 - 1/37 (down to X)

FURTHER ACTION.

For Mr. Paskin's signature.

(By same mail
 as dep.)

9 Feb
 January, 1938.

Confidential.

Dear Gurney,

Thank you for your letter No. S. C. TRD, 10/6/11/218 of the 10th January about the Usall bamboo concession. Your letter arrived only an hour or two after I had had a long talk with Mr. Macleod Smith of Mitchell, Cotts & Co. and he told me much the same story that Mr. Procter told you. We have since had a letter from the Kenya Bamboo Development Co. and have had talk with Mr. Smith and a Mr. Knight, (one of the Directors of the Bamboo Company), and with Colonel Jervis. A despatch setting out the position, as we see it to date, will be coming to you by the same mail as this letter. But we are not expressing any opinions until after our talk with Mr. Usall,

which

which is provisionally arranged for next Thursday.

2. All that I will say at the moment is that it is difficult to believe that Colonel Jervis was as ignorant as he professes to be of the nature of the agreement between Mr. Udall and the Kenya Bamboo Development Company. Apart from the fact that it is contrary to all the probabilities, it is in direct conflict with the statement of Messrs. Smith and Knight that Colonel Jervis had taken a leading part in the negotiations leading up to that agreement. On the other hand, this profession of ignorance is consistent with the letter which he sent to Flood when (on the receipt of Kenya Conf. despatch No. 136 of the 18th of Dec. 1936) Flood asked him for particulars of the Bamboo Development Co. In that letter he wrote as follows:

"The Kenya Bamboo Development Company Ltd. was formed by the Anglo-French Consolidated Investment Corporation Ltd., a highly reputable concern of very good financial standing whose offices are at 36 Old Queen St., Westminster, together with Messrs Mitchell Cotts & Co. Ltd. whom you already know.

The Kenya Bamboo Development Co. Ltd. was formed with a certain amount of preliminary finance to carry out the examination and

C. O.

Mr.

Mr.

Mr.

Sir H. Mann.

Sir G. Tomlinson.

Sir C. Bottomley.

Sir J. Shackleton.

Paras. U.S. of S.

Paras. U.S. of S.

Secretary of State.

DRAFT.

FURTHER ACTION.

testing of samples of bamboo from Kenya, and then they will bring out an Issue on the whole scheme".

3. I ought also to mention that he volunteered the view that the Bamboo Development Co., having thrown his firm overboard, they were very ill-equipped to carry out experiments in the manufacture of paper, and he ventured to doubt whether their experiments had produced any results of any value. We did not of course tell him what the Bamboo Development Co. had said to us about their experiments, as set out in the official despatch.

4. We have not mentioned in the despatch that it was explained ~~not only~~ to Messrs Smith and Knight, ~~but also to~~ ~~Col. Jervis~~ that, if the Agreement of the 9th of July, 1936 had been referred to the Colonial Office in draft, we should have felt bound to object to it on the ground that the agreement to pay

a royalty to Mr. Udall is contrary to our settled policy in regard to concessions, since such payments represent so much "water" which we always try to exclude from agreements regulating the working of Colonial concessions. They all

said that they had not appreciated that the Agreement would be open to objections on this ground, Messrs Smith and Knight moreover said that they were assured by Colonel Jervis at the time, that the Agreement represented the best terms they could get with Mr. Udall!

How interesting it would be if we could get them all round the same table!

Yours sincerely

?

P.S. I enclose a copy of Lloyd's minute, in which he would like discussion with Col. Jervis on the 10th of Nov. which is mentioned in para 11 of the report. You will be interested to see the reference to Rijn Grogan.

G. O.

Mr. Paskin. 25/1/38.

Mr. Duncan 26/1/38

Mr. Dawson 26/1

Mr. Dawn 7.2

Sir H. Moore.

Sir G. Tomlinson.

X Sir C. Bottomley. 7-2 f

Sir J. Shuckburgh.

Perms. U.S. of S.

Parly. U.S. of S.

Secretary of State.

4 4/2

js

4 Feb.
January, 1938.

Gentlemen,

DRAFT.

THE CROWN AGENTS
FOR THE COLONIES.

I am etc. to acknowledge the receipt of your letter O/Kenya 61 of the 12th of January, transmitting a copy of a letter from Messrs. Burchells in regard to the draft Supplemental Agreement in connection with the Udall bamboo concession, and to request you to inform Messrs. Burchells that ~~it has~~ *arrangements are being made* been necessary to communicate with the ~~for a discussion with Mr. Udall~~ *for a discussion with Mr. Udall* Governor of Kenya on certain matters

amherst

FURTHER ACTION.

in regard to this concession, ~~and~~ *and* that it ~~will~~ *therefore* be necessary for further action in regard to the Supplemental Agreement to be deferred for the

time.

have been behaving unreasonably towards the Bamboo Development Co., but also that they, or at any rate, Colonel Jervis (who appears to have been handling all ~~the~~ negotiations) have been ~~indulging in rather cheap~~ ^{not altogether frank} ~~practice~~ vis-a-vis the Colonial Office and the Government of Kenya.

So far as the recent negotiations for the extension of the 1934 agreement are concerned, ~~it is possible to conceive what may have been~~ Colonel Jervis's motives in not disclosing the option granted to the Bamboo Development Co. ~~are fairly~~ ^{It is well apparent} ~~obvious~~ ^{It is clear} that, apart from any fees which his firm might have drawn as consultants, their principal interest in the matter was in respect of the rake off which they hoped to get on the building of the factory and the machinery to be supplied for it. The Bamboo Development Co. having broken with them about 6 months ago, they have ~~clearly~~ nothing to look forward to in this respect from that Company; and it ~~was clearly~~ ^{is well} ~~then~~ ^{to} their interests to squeeze out ~~of~~ the Bamboo Development Co. ~~if~~ they could, and to bring in somebody else whom they hoped to supply with machinery.

This ~~does~~ ^{will} not however explain why the existence of this option (dated 9th July 1936) was

C. O.

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- Sir H. Moore.
- Sir G. Tomlinson.
- Sir C. Bottomley.
- Sir J. Simcburgh.
- Permi. U.S. of S.
- Parly. U.S. of S.
- Secretary of State.

DRAFT:

(No.1 on -/37)

(No.2 on -/37)

(No.3 on -/37)

FURTHER ACTION.

not disclosed in the course of the negotiations for the previous extension of the agreement of 1934, to which effect was given in the supplementary agreement of the 31st August 1936, i.e. only 7 weeks after the date of the option. Nor does it explain why Colonel Jervis did not disclose the grant of this option when, on the receipt of the Kenya confidential despatch No.136 of the 18th December 1936, we asked him for particulars of the Bamboo Development Co. This was ^{more} curious because in his letter to Colonel Jervis, Flood also asked him whether they had obtained another Trustee to replace Mr. Macaskie. In his reply Colonel Jervis stated that they had appointed Dr. Twining as the new Trustee; but all that he said about the Bamboo Development Co. was as follows:-

"The Kenya Bamboo Development Company Limited was formed by the Anglo-French Consolidated Investment Corporation Limited, a highly reputable concern of very good financial standing whose

whose offices are at 36 Old Queen Street,
Westminster, together with Messrs. Mitchell
Cotts & Co. Ltd. whom you already know.

The Kenya Bamboo Development Co. Ltd.
was formed with a certain amount of
preliminary finance to carry out the
examination and testing of samples of
bamboo from Kenya, and then they will
bring out an Issue on the whole scheme".

There was certainly nothing in this letter to lead us
to understand that if their experiments were successful
the Bamboo Development Co. (~~no distinct~~ ^{rather than} from the Company
to be formed by Mr. Macaskie) was intending to take
over Mr. Udall's concession, or that they had an
option on that concession.

On the 10th November Colonel Jervis called
to see Flood and I annexed a copy of the minute which
Flood dictated after that interview. It is odd that, <sup>(Mr. Flood's Minute
of the 10th November
1937 (down to X.))</sup>
as recorded in the 2nd paragraph of that minute,

Colonel Jervis said that "the financial arrangements
will be done by Mitchell Cotts and the Anglo-French
Investment Corporation", in view of the fact that
Mitchell Cotts and the Bamboo Development Co. ~~was~~ ^{has} ~~been~~ ^{been} ~~that~~ ^{that} they
had broken with him several months before. But you
will observe that there is still no reference to the
option, which at that time was held by the Bamboo

Development

C. O.

Mr.

Mr.

Mr.

Sir H. Moore.

Sir G. Tomlinson.

Sir C. Bottomley.

Sir J. Shuckburgh.

Perms. U.S. of S.

Parly. U.S. of S.

Secretary of State.

DRAFT.

FURTHER ACTION.

Development Co., and was due to expire on
the ~~31st~~ ^{24th} December. (Incidentally you will
be interested to see his references to
Major Grogan).

Of course it is possible that all this
may have been due to muddle-headedness
on the part of Colonel Jervis, but I am bound
to say that it ~~seems to me to have been~~ ^{looks as if it was}
deliberate; and, ~~looking at~~ ^{having regard to} the facts as ~~represents~~ ^{is}
~~to me, it is a consideration whether~~ ^{to me, it is a consideration whether}
~~the Government of Kenya would be well advised~~ ^{not}
to take this opportunity of getting rid
of the agreement of 1934, ~~in the hope that~~ ^{and not to renew}
Mr. Udall's ~~arrangements~~ ^{because if he is unable} to make other
arrangements for working his concession
before next June; though of course we shall
have to give Colonel Jervis and Mr. Udall
an opportunity of saying anything they may
have to say to justify their ~~conduct~~ ^{failure to disclose}
~~the existence of their agreement with the Bamboo Development Co.~~ ^{the existence of their agreement with the Bamboo Development Co.}
~~underhand behaviour.~~ ^{underhand behaviour.} In fairness to
them however I ~~must~~ ^{ought} to let you know that,
~~although there were several references~~ ^{rather compared}
to dates last summer, they did not make any

Colonel Specific

have been behaving unreasonably towards the Bamboo Development Co., but also that they, or at any rate, Colonel Jervis (who appears to have been handling all ~~the~~ negotiations) have been ~~indulging in rather cheap~~ ^{not altogether frank} ~~practice~~ vis-a-vis the Colonial Office and the Government of Kenya.

-So far as the recent negotiations

for the extension of the 1934 agreement are concerned,

It is possible to conceive what may have been
Colonel Jervis's motives in not disclosing the option

granted to the Bamboo Development Co. ~~and fairly~~

It would appear obvious It is clear that apart from any fees which his

firm might have drawn as consultants, their principal interest in the matter was in respect of the "rake off" which

they hoped to get on the building of the factory and the machinery to be supplied for it. The Bamboo Development Co.

having broken with them about 6 months ago, they have ~~clearly~~ nothing to look forward to in this respect from

that Company: and it ~~was~~ ^{was} ~~clearly~~ ^h then to their interests

to squeeze out ~~of~~ the Bamboo Development Co. ~~if~~ they could,

and to bring in somebody else whom they hoped to supply with machinery.

This ~~was~~ ^{was} not however explain why the existence of this option (dated 9th July 1936) was

C. O.

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Sir J. Stuckburgh.

Perms. U.S. of S.

Parly. U.S. of S.

Secretary of State.

DRAFT.

(No.1 on -/37) receipt of the Kenya confidential despatch

No.136 of the 18th December 1936, we asked him for particulars of the Bamboo Development Co.

This was ^{the} more curious because in his letter

(No.2 on -/37) to Colonel Jervis Flood also asked him whether

they had obtained another Trustee to replace

(No.3 on -/37) Mr. Macaskie. In his reply Colonel Jervis

stated that they had appointed Dr. Twining

as the new Trustee; but all that he said

about the Bamboo Development Co. was

as follows:-

"The Kenya Bamboo Development Company Limited was formed by the Anglo-French Consolidated Investment Corporation Limited, a highly reputable concern of very good financial standing whose

whose offices are at 36 Old Queen Street,
Westminster, together with Messrs. Mitchell
Cotts & Co. Ltd. whom you already know.

The Kenya Bamboo Development Co. Ltd.
was formed with a certain amount of
preliminary finance to carry out the
examination and testing of samples of
bamboo from Kenya, and then they will
bring out an issue on the whole scheme".

There was certainly nothing in this letter to lead us
to understand that if their experiments were successful
the Bamboo Development Co. (~~no different from~~ ^{rather than} the Company
to be formed by Mr. Macaskie) was intending to take
over Mr. Udall's concession, or that they had an
option on that concession.

On the 10th November Colonel Jervis called
to see Flood and I annexed a copy of the minute which
Flood dictated after that interview. It is odd that,
as recorded in the 2nd paragraph of that minute,
Colonel Jervis said that "the financial arrangements
will be done by Mitchell Cotts and the Anglo-French
Investment Corporation", in view of the fact that
Mitchell Cotts and the Bamboo Development Co. ~~has~~ ^{has} ~~been~~ ^{has} ~~broken~~ ^{has} ~~with~~ ^{has} ~~him~~ ^{has} ~~several~~ ^{has} ~~months~~ ^{has} ~~before~~ ^{has}. But you
will observe that there is still no reference to the
option, which at that time was held by the Bamboo
Development

(Mr. Flood's Minute
of the 10th November
1937 (down to X.))

C. O.

Mr.
Mr.
Mr.
Sir H. Moore.
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Sir C. Bottomley.
Sir J. Shuchburgh.
Perms. U.S. of S.
Parly. U.S. of S.
Secretary of State.

DRAFT.

FURTHER ACTION.

136
Development Co., and was due to expire on
the ~~31st~~ ^{5th} December. (Incidentally you will
be interested to see his references to
Major Grogan).

Of course it is possible that all this
may have been due to muddle-headedness
on the part of Colonel Jervis, but I am bound
to say that it ~~looks as if it was~~ ^{looks as if it was}
~~deliberate; and, looking at the facts as respects~~
~~to us, it is a conciliatory intention~~ ^{deliberate; and, looking at the facts as respects}
~~which we are inclined to think that the~~

Government of Kenya ~~would~~ ^{not} be well advised
to take this opportunity of getting rid
of the agreement of 1934, ~~in the hope that~~ ^{and not to renew}
Mr. Udall's ~~will not be able~~ ^{because of his inability} to make other
arrangements for working his concession
before next June; though of course we shall
have to give Colonel Jervis and Mr. Udall
an opportunity of saying anything they may
have to say to justify their ~~opportunity~~ ^{failure to disclose}

~~the existence of their agreement with the Bamboo Development Co.~~
~~undependent behaviour.~~ In fairness to

them however I ~~would~~ ^{ought} to let you know that,
although there were several ^{rather confused} references
to dates last summer, they did not make any

Formal Specific

Specific
 application for the further extension of the dates in Clauses 7, 7, and 9 of the 1934 agreement until it was pointed out to them in November that the period within which the Macaskie Company was to be formed was due to expire on the 31st December (i.e. within 6 months). (No.43 on -/37)

I hope that the information given in the despatch and in this letter will enable you to arrive at ~~the~~ ^a proper decision *in the matter.*

Yours sincerely,

P.S. I find that I have omitted to mention that it was explained to Mr. Smith and Mr. Knight that, if their Agreement of the 9th of July, 1936, had been referred to the Colonial Office in draft, we should have felt bound to object to it on the ground that the agreement to pay a royalty to Mr. Udall is contrary to our settled policy in regard to concessions, since such payments represent so much "water" which we always try to exclude from agreements regulating the working of Colonial concessions. They had not appreciated that

C. O.

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- Parly. U.S. of S.
- Secretary of State.

DRAFT.

that the Agreement would be open to objections on this ground, but they said that they were assured by Colonel Jervis, at the time, that the Agreement represented the best terms they could get with Mr. Udall. The fact that their Agreement with Mr. Udall included these objectionable provisions is an argument in favour of letting the Udall licence run out ^{of} and then start ^{by} de novo with the Bamboo Development Company as Principals, instead of trying to come to some arrangement with Mr. Udall for the ~~renewal~~ ^{renewal} ~~inspiration~~ of the Bamboo Development Company's option on reasonable terms. Our feeling here, as a result of our experiences over the last three or four years & particularly of the recent ~~discussions~~ ^{discussions} that we should never reach a really satisfactory working arrangement with Udall & Jervis, & Udall & Cotts, & their associates are of course in a very different class.

FURTHER ACTION.

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Old Broad Street,
London, E.C.2. 20th Janry. 1938.

REFERENCES

YOURS
OURS EMS/WG.

Confidential

Dear Mr. Paskin,

Further to our telephone conversation this afternoon, I now enclose a copy of the Agreement between The Kenya Bamboo Development Co., Ltd., and Charles Udall, so that you may glance at it before our meeting on Monday afternoon next.

I wish to confirm that I will be bringing Mr. Knight with me and we will be in Mr. Duncan's room at 3 p.m. on the above date, as arranged.

Yours sincerely,

E. MacLeod Smith

J. J. Paskin, Esq.,
The Colonial Office,
Downing Street,
S.W.1.

Copy to Mr. S. Kenyon

A N A G R E E M E N T made the ninth day of July

One thousand nine hundred and thirty-six

(Stamp)
10s/-

BETWEEN CHARLES UDALL of 11 The Drive Ilford in the County of Essex (hereinafter called "the Vendor") of the one part and KENYA BAMBOO DEVELOPMENT COMPANY LIMITED of 38 Old Queen Street Westminster in the County of London (hereinafter called "the Option Holder") of the other part

W H E R E A S the Vendor is or was possessed of and entitled to a Concession dated the Sixteenth day of June One thousand nine hundred and thirty-two issued by the Conservator of Forests of the Colony and Protectorate of Kenya authorizing him to extract bamboo from an area of approximately Forty-six thousand acres in the Colony of Kenya for the purpose of converting the same into pulp

AND WHEREAS the Vendor applied to the Government of the said Colony and Protectorate for a lease of ninety-nine years of approximately two hundred acres of land situate at Tsavo in the said Colony for the purpose of erecting a Factory thereon for the conversion of the said bamboo into pulp and the Government has by letter dated the Fifteenth day of August One thousand nine hundred and thirty-four granted the said application but no lease has yet been issued as the Company referred to in the said acceptance has not been formed within the time therein limited

AND WHEREAS the Vendor is or was also possessed of and entitled to a non-transferable Permit issued by the Acting Director of Public Works in the said Colony dated the Twenty-first day of August One thousand nine hundred and thirty-four authorizing him to extract from the Tsavo River 22.25 cusecs of water or alternatively twenty-five per centum of the flow of the said river whichever may be the less for use in connection with the said factory

AND WHEREAS by an Agreement dated the First day of October One thousand nine hundred and thirty-four and made between the Governor of the said Colony and Protectorate of the first part the Vendor of the second part and Sandys Macaskie of the third part it

was (inter alia) agreed that the Vendor should surrender the recited Concession to the said Governor and that the said Governor should issue to the intended Company therein referred to in lieu thereof a concession in the terms set forth in the Schedule thereto covering an area of about Eighty-five thousand acres for a period of ninety-nine years AND ALSO that the said Governor should grant to the said Company a lease of a further area of approximately Four thousand eight hundred acres for a period of ninety-nine years AND ALSO that the Vendor should surrender the recited Water Permit and the said Governor should issue to the said Company a substituted Permit in similar form

AND WHEREAS the intended Company referred to in the recited Agreement dated the First day of October One thousand nine hundred and thirty-four has never been formed but the Vendor believes he is in a position to procure from the said Governor a fresh agreement upon the lines of the recited agreement dated the First day of October One thousand nine hundred and thirty-four for the purposes and with certain modifications required by the Option Holder

N O W I T I S H E R E B Y A G R E E D as follows :-

1. I N consideration of the sum of ONE HUNDRED POUNDS now paid by the Option Holder to the Vendor (the receipt of which the Vendor acknowledges) the Vendor HEREBY GRANTS to the Option Holder the sole and exclusive option exercisable in manner hereinafter mentioned to purchase from the Vendor all right title and interest of the Vendor under to and in the recited Concession application for a Lease Water Permit and Agreement for a period expiring on the Thirty-first day of December One thousand nine hundred and thirty-six but subject to extension as hereinafter provided.
2. T H E option hereinbefore conferred upon the Option Holder may be extended for a further period of six months by written notice sent to the Vendor at his said (or his then last known) address not less than seven days before the expiration of the said period

of six months accompanied by a further payment of Two Hundred and Fifty Pounds.

3. THE said option shall be exercisable by notice in writing to the Vendor at his said (or his then last known) address on or before the Thirty-first day of December One thousand nine hundred and thirty-six or Thirtieth day of June One thousand nine hundred and thirty-seven as the case may be (in respect of which time shall be of the essence of the Contract) and if not exercised within such period as may be applicable shall become wholly void.

4. IN the event of the said option being exercised the following provisions shall have effect :-

(a) The Vendor shall transfer and assign all his right title and interest to and in the recited concession application for a Lease Water Permit and Agreement to the Option Holder and do all acts and sign all documents for the purpose of enabling the Option Holder to acquire the full and exclusive benefit thereof and if so required by the Option Holder use his utmost endeavours to obtain for the Option Holder a grant of a fresh Concession Water Permit and Agreement in place of the recited Concession Water Permit and Agreement direct to the Option Holder including such additional area and additional and/or amended covenants and provisions as the Option Holder may require.

(b) The Vendor shall at the expense of the Option Holder do all such acts and sign and execute all such documents and deeds as may be required by the Option Holder to enable the Option Holder to obtain the full and exclusive benefit and advantage of all rights and negotiations the Vendor may now or at any time hereafter possess or enter upon in connection with the cutting of bamboo and/or the manufacture of pulp in the said Colony or Dependency or elsewhere whether such rights shall arise under the recited documents or otherwise howsoever.

(c) All expenses incurred by the Vendor in acting pursuant to

6. DURING the option period the Option Holder and its representatives shall pay such due proportion of any licence fee payable to the said Government and shall so far as the Vendor can arrange be given all reasonable facilities for entering upon and inspecting the area covered by the said Concession and application for lease for the purpose of experimental cutting and carrying away of not more than One Hundred tons of bamboo and making a report or reports thereon and generally investigating the commercial possibilities of the scheme under consideration.

7. DURING the option period the Option Holder shall have the exclusive and unrestricted right to negotiate with the Governor of the said Colony and Protectorate for the grant to the Vendor or to it or to a Company to be formed by it of a Fresh Concession Water Permit Lease and Agreement upon such terms as the Option Holder may think fit and to settle and approve on behalf of the Vendor all incidental documents which documents shall be signed and executed by the Vendor as and when may be required by the Option Holder. All such negotiations and documents shall be for the sole benefit of the Vendor in the event of the said option not being exercised.

8. IN the event of the said option not being exercised by the Option Holder neither party shall be under any liability or obligation whatsoever to the other of them save as herein expressly provided.

9. EXCEPT where the context does not so permit the expression "the Vendor" shall include the personal representatives and assigns of Charles Udall and the expression "the Option Holder" shall include the successors and assigns of Kenya Bamboo Development Company Limited.

AS WITNESS the hand and seal of the Vendor and the Common Seal of the Option Holder.

SIGNED SEALED and DELIVERED by)
the above-named CHARLES UDALL)
in the presence of :-)

Sgd. Chas Udall

Seal of Vendor
Affixed here.

Sgd. A.C. Misgrave.

13, Palliser Court,
W.14.

Secretary.

THE COMMON SEAL of KENYA BAMBOO)
DEVELOPMENT COMPANY LIMITED was)
hereunto affixed in the presence)
of :-)

Common Seal of
Option Holder
Affixed here

Sgd. D.C. Holess) Directors.

Sgd. G.F. Hensley) Secretary.

DATED

1936

G. UDALL, ESQ.,

-and-

KENYA BAMBOO DEVELOPMENT
COMPANY LIMITED

OPTION AGREEMENT

DATED

1936

G. UDALL, ESQ.,

-and-

KENYA BAMBOO DEVELOPMENT
COMPANY LIMITED

OPTION AGREEMENT

London 11/11 1931

45

KENYA BAMBOO DEVELOPMENT COMPANY LIMITED.

DIRECTORS:
C. HOLMES B.Sc.
G. KNIGHT.
A. F. PROCTOR C.A.

REGISTERED OFFICE:

38, OLD QUEEN STREET,
WESTMINSTER,
LONDON, S.W.1.

J. J. Paskin, Esq.,
Colonial Office,
Downing Street,
S.W.1.

19th January, 1930.

Dear Sir,

With reference to your conversation with our Mr. Macleod Smith to-day, we understand that you are not aware of the existence of this Company, nor of the interests of Messrs. Anglo-French Consolidated Investment Corporation Ltd., and Messrs. Mitchell Cotts & Company Ltd. and so we have pleasure in giving the following particulars:-

This Company was incorporated in June 1926 with an authorised Share Capital of £10,000 of which £4862 has been issued and fully paid to date, the major portion of which has been expended on the experiments mentioned below. The Shareholders are the two Companies named above.

The objects of the Company are, *inter alia*, the carrying out of complete tests to establish an economical process for converting Kenya Bamboo into high-class writing paper, and upon the successful conclusion of these tests it was our intention to erect and operate the necessary plant in Kenya for dealing with this project.

Our Company, upon formation, entered into an Agreement (dated 9th July 1926) with Mr. Charles Udall, the Concessionaire of the Government Bamboo Forest in Kenya, whereby Mr. Udall agreed to grant us an option on his Concession up to the 31st December, 1930. This option was extended up to 31st December 1927 and the cash considerations paid by us to Mr. Udall for the option and extensions totals £550. During this time we have paid to the Kenya Government the various Government fees due by the Concessionaire and we have been actively engaged in experimenting with the various possible methods of manufacture of paper from Kenya Bamboo. We have expended a large sum of money on these experiments and our tests are now very nearly complete, in fact we had arranged for one of our Engineers to leave for Kenya by Aeroplane early this month. The delay in finalising our experiments has been chiefly due to the fact that we were originally advised by our consultants that a process known as the Pomilio Process was entirely suitable for Kenya Bamboo but exhaustive tests which involved the erection of special plant, etc. showed us that this was not so.

Unfortunately Mr. Udall has decided that he will not renew our option agreement for the remaining six months of his Concession except on terms which we could not accept and which are, in our view, unduly onerous and quite unnecessary.

Copy to Kenya



J. J. FARRER, Esq.

-4-

21 January 1911

We understand that the Board are particularly anxious to see this project to a successful conclusion, and we trust that, in view of the knowledge and experience we are possessed of our experiments and of our intimate connection with East Colony through one of our shareholders, namely, Messrs. Mitchell Cotts & Co., Ltd., you will bear in mind the fact that if and when the matter of the Board's agreement is dealt to any possible application to the Board.

We have recently received information that Mr. Udall, whilst under contract to us, has been negotiating for certain amendments in his contract, and has agreed the appointment of a new trustee in place of Mr. Macaskie. Admittedly this is not a matter for our department but we wish to place on record our strong protest against Mr. Udall's action in pursuing such negotiations and appointment without consulting us.

Yours faithfully,

For and on behalf of:
KENTON-BALGEO DEVELOPMENT
COMPANY LIMITED.

W. J. Farrer
Secretary.

The Secretariat,

NAIROBI,

10th January, 1938.

Dear Faskin,

In the Secretary of State's Confidential despatch of the 23rd November, 1937 we were told that the Crown Agents were being authorised to execute a Supplementary Agreement with Dr. Swinney and Mr. ... so as in effect to extend the main Bamboo Agreement to the 10th June, 1938, the date at which Mr. ... concession expires.

We had agreed to an extension of the Agreement up to the 31st December, 1937, and there would have been no objection to extending it to the 10th June, 1938, had it not been for certain information now ... by Dr. Procter, a Director of the Kenya Farming Development Company and of Mitchell Cotts and Company. This is contained in the enclosed note of an interview with Procter, who seemed very sore because ... action in refusing to renew the Bamboo Company's option was, he said, going to involve the Company in financial loss (another black mark against Kenya's name) and came at a time when the Company were on the point of bringing all their trials and experiments with Kenya bamboo to fruition.

J.J. Faskin, Esq., M.C.,
Colonial Office,
LONDON S.W. 1.

irritation.

There does seem to be something systematic about it, when companies of the standing of Mitchell Cotton and the Anglo-French turn a blind eye to the necessities and then find they have no rights whatsoever at all.

I thought that I would send you this irration, to make the Supplementary Agreement has not yet been executed and I might wish some further enquiry. As the agreement is executed, in view of the fact that the company is not at all at all. For the rest, the matter is left to the companies, Lewis and Galloway to arrange between themselves.

Yours faithfully,

Handwritten signature

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NOTE OF INTERVIEW WITH MR. A.F. PROCTER,
DIRECTOR OF THE KENYA BAMBOO DEVELOPMENT
COMPANY AND OF MITCHELL, GOTTS AND COMPANY,
AND MR. H.B. HAMILTON, LOCAL MANAGER OF
MITCHELL, GOTTS AND COMPANY IN KENYA.

Mr. Procter said that the Kenya Bamboo Development Company had obtained an option from Mr. Udall on his Forest Licence. The option had been renewed for six months up to the 31st December, 1937, for which the Company had paid Mr. Udall £500. He (Mr. Procter) was not very clear as to the terms of the option, i.e. whether it was stated to be subject to the 1934 Udall - Masakie Agreement, but the position now was that after the Bamboo Company had made all arrangements for an expert from James Bertram and Company to visit the Colony this month Mr. Udall had suddenly refused to renew the option and the Bamboo Company were thus left high and dry with nothing.

This, Mr. Procter continued, was a most unfortunate result of years of preliminary work on Kenya bamboo, which had cost Mitchell Gotts a good deal of money. Mitchell Gotts had been financing Colonel Jervis throughout and had put up all the money to enable the project to reach its present stage.

Mitchell Gotts had had differences with Colonel Jervis, particularly over a factory site at Newport which had been selected for the Bamboo Company and had subsequently been 'given' by Colonel Jervis to another paper Company (Thomas Owen). Mitchell Gotts and the Bamboo Company had severed their connections with Colonel Jervis. It appeared that Colonel Jervis and Mr. Udall were planning some new scheme which would leave Mitchell Gotts out in the dark and would mean that all the money they had spent on trials of Kenya bamboo and on developing the project would be lost to them.

Mr. Hamilton/

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NOTE OF INTERVIEW WITH MR. A. J. PRESTER,
DIRECTOR OF THE KENYA BAMBOO DEVELOPMENT
COMPANY AND OF MITCHELL, GOTTS AND COMPANY,
AND MR. H. E. HAMILTON, LOCAL MANAGER OF
MITCHELL GOTTS AND COMPANY IN KENYA.

Mr. Prester said that the Kenya Bamboo Development Company had obtained an option from Mr. Udall on his Forest License. The option had been renewed for six months up to the 31st December, 1937, for which the Company had paid Mr. Udall 2500. He (Mr. Prester) was not very clear as to the terms of the option, i.e. whether it was stated to be subject to the 1934 Udall - Masakie Agreement, but the position now was that after the Bamboo Company had made all arrangements for an expert from James Bertram and Company to visit the Colony this month Mr. Udall had suddenly refused to renew the option and the Bamboo Company were thus left high and dry with nothing.

This, Mr. Prester continued, was a most unfortunate result of years of preliminary work on Kenya bamboo, which had cost Mitchell Gotts a good deal of money. Mitchell Gotts had been financing Colonel Jervis throughout and had put up all the money to enable the project to reach its present stage.

Mitchell Gotts had had differences with Colonel Jervis, particularly over a factory site at Newport which had been selected for the Bamboo Company and had subsequently been 'given' by Colonel Jervis to another paper Company (Thomas Owen). Mitchell Gotts and the Bamboo Company had severed their connections with Colonel Jervis. It appeared that Colonel Jervis and Mr. Udall were planning some new scheme which would leave Mitchell Gotts out in the dark and would mean that all the money they had spent on trials of Kenya bamboo and on developing the project would be lost to them.

Mr. Hamilton

PUBLIC RECORD OFFICE, LONDON

Mr. Hamilton explained that the Bamboo Company had decided to abandon the 'Pomfio' Process in favour of the Indian 'Cascade' process. Mitchell Cotts had been working for years in close touch with Mr. Udall on the project, and neither he nor Mr. Procter could understand the reason for Mr. Udall's new attitude. He had telephoned the previous day to Mr. Alec Hamilton (of Mitchell Cotts) in London, but could get no useful information.

As the Udall - Macaskie Agreement stood, the Government had agreed to renew the Agreement up to 31st December, 1937 and Udall's concession up to the 15th June, 1938.

I explained that the Crown Agents had been authorised to execute on behalf of this Government a Supplementary Agreement extending the dates in clauses 5, 7 and 9 of the main Agreement up to the 15th June, 1938.

Mr. Hamilton asked whether it was desirable that the Government should be a party to an extension which now appeared to be designed to eliminate the Company that had so far borne all the expenses of work on the project.

I said that the whole thing seemed very mysterious, but even if the Agreement itself were not extended to the 15th June, 1938, that would not seem likely to help Mitchell Cotts as they would still be no nearer an agreement with Udall themselves, and Udall would be free to seek capital where he wished. I added that I recognized that there might be objections to the Government being a party to the Supplementary agreement, if it was the intention of the Trustee and the Vendor to deprive Mitchell Cotts and the Bamboo Company of their interest. If the Supplementary Agreement had not actually been executed, it would seem right that Colonel Jervis and Udall should be asked first to disclose what their intentions were regarding the future interest of the Bamboo Company.

H. J. S. ...
...

ALL COMMUNICATIONS
TO BE ADDRESSED TO THE
CROWN AGENTS FOR THE COLONIES,
THE FOLLOWING REFERENCE AND THE
OF THIS LETTER BEING QUOTE

O/Kenya 61.

TELEGRAMS "CROWN, LONDON"
TELEPHONE VICTORIA 7726.



RECEIVED
13 JAN 1938
O. O. REGI

*Draft covering
Cott. & 1st. anal.
in R-248*

4, MILLBANK,
LONDON, S.W.1.

12th January, 1938

Sir,

(47) on 38030/37

With further reference to your letter No. 38030/37 of the 22nd November 1937 regarding the Udall Bamboo Concession in Kenya, and in continuation of our letter of the 9th December, 1937, I have the honour to enclose copies of a further letter, and of the enclosure thereto, received from Messrs. Burchells, indicating amendments proposed by Messrs. Harrison Sugden & Co. in the revised draft Supplemental Agreement.

It will be observed that the only material amendment made consists in the deletion of Clause 4, but that, as pointed out by Messrs. Burchells, the mere deletion of this Clause will not achieve the purpose indicated in the marginal note made by Messrs. Harrison Sugden & Co., and in the subsequent telephone conversation reported between them and Messrs. Burchells. That purpose, it will be seen, is embraced in a suggestion that a further period of two years should be allowed for the work mentioned in Clause 4 of the Principal Deed, and we shall be glad to receive the necessary instructions in regard to this suggestion.

I have the honour to be,

Sir,

Your obedient Servant,

W. Lawrence
for Crown Agents.

The Under Secretary of State,
Colonial Office,
S.W.1.

*Ans. d. 5.
Copy Draft Supplemental Agreement to Kenya*

BIRCHELLS

A. W. BIRCHELL
S. M. C. TRENCH
H. M. MARSHALL

TELEPHONE-AREBY 2108, 2 LINES.

PLEASE ADDRESS YOUR REPLY TO
THE FIRM AND REFER TO INITIAL T.5. The Sanctuary.
Westminster, S.W.1.COPY

7th January, 1930.

O/Kanya 61

Gentlemen,

Ugall Bamboo Concession

Referring to our interview this morning, we write to confirm that Messrs. Harrison Sugden & Co. have now returned the draft Supplemental Agreement, and we enclose herewith a further copy, showing in red ink the alterations which they have made.

2. You will observe that the only material amendment is their deletion of Clause 4, which they explain in the adjoining marginal note. If the building of the factory has ~~not~~^{not} been begun, clearly the Clause, as drafted, could not be complied with at this late stage. At the same time, we do not think that Messrs. Harrison Sugden & Co's object will be attained by the deletion of the Clause, as we gather from the correspondence that the Licence was, in fact, granted considerably more than two years ago, in which event the date for the completion of the factory would have already expired. We have spoken to Messrs. Harrison Sugden & Co. on the telephone and they tell us that their amendment was made in the belief that the Licence had not yet been granted and what they, in fact, wished to suggest is that a further

The Draft Agreement for the Concession.

1.

FROM BURCHELLS.

LETTER TO **The Crown Agents for the Colonies.**

SHEET NO. 2 DATE **7.1.38.**

period of two years should be allowed for the work mentioned in Clause 4.

3. We shall be glad to receive your further instructions when you have had an opportunity of referring the matter to the Colonial Office.

We are, Gentlemen,

Your obedient servants,

BURCHELLS.

The Crown Agents for the Colonies,
S.S.I.

The Crown Agents for the
Colonies.

2 7.1.38.

period of two years should be allowed for the work mentioned
in Clause 4.

3. We shall be glad to receive your further
instructions when you have had an opportunity of referring
the matter to the Colonial Office.

We are, Gentlemen,

Your obedient Servants,

The Crown Agents for the Colonies,
Billbank,
S.W.I.

THIS AGREEMENT is made the
day of One thousand nine hundred and thirty
BETWEEN THE CROWN AGENTS FOR THE COLONIES
of No. 4 Millbank in the City of Westminster (hereinafter
called "the Crown Agents" which expression shall include
the Crown Agents for the Colonies for the time being,
acting for and on behalf of THE GOVERNOR OF THE COLONY AND
PROTECTORATE OF KENYA (hereinafter called "the Governor"
which expression shall include the Governor of the said
Colony and Protectorate of Kenya for the time being, of
the first part CHARLES UDALL of
Electrical Engineer of the second part and DANIEL JOHN
FRISING of the Knoll Salcombe in the County of Devon
Physician and Surgeon of the third part SUPPLEMENTED
to an Agreement (hereinafter referred to as "the Principal
Deed") dated the first day of October One thousand nine
hundred and thirty four and made between Sir Joseph
Aloysius Byrne the then Governor and Commander-in-Chief
of the Colony and Protectorate of Kenya of the first part
the said Charles Udall of the second part and Sandya
Maozkie of the third part whereby the said Charles Udall

agreed to sell and the said Sandys Macaskie agreed to buy (a) a Concession dated the sixteenth day of June One thousand nine hundred and thirty two authorising the said Charles Udall to extract bamboo from an area of approximately 40,000 acres in the Colony of Kenya for the purpose of converting the same into pulp and (b) all the right of the said Charles Udall to a lease of an area of 200 acres or thereabouts at Tsavo in the said Colony And the said Sandys Macaskie also agreed to use his best endeavours to cause a company to be formed in Great Britain having for its objects amongst other things the requisition and working of the said Concession and the requisition of the said Lease.

WHEREAS

- (1) By an Agreement dated the thirty first day of August One thousand nine hundred and thirty six endorsed on the Principal Deed and made between the same parties as were parties to the Principal Deed certain alterations were effected in the Deed mentioned in Clauses 3 7 and 9 of the Principal Deed.
- (2) The said Sandys Macaskie died on the fourth day of November One thousand nine hundred and thirty six without

having formed the said company referred to in the Principal Deed.

(5) The said Charles Udall being desirous of appointing the said Daniel Owen Twining to be the Trustee of the Principal Deed in the place of the said Sandys Macaskie deceased has applied to the Governor for his permission so to do and the Governor has authorised the Crown Agents to enter into these presents on his behalf in manner hereinafter appearing

NOTED in consideration of the premises THE GOVERNOR WITNESSETH as follows

1. THE said Agreement dated the thirty-first day of August One thousand nine hundred and thirty six is hereby cancelled

2. THE said Charles Udall hereby declares and warrants to the Governor and the said Daniel Owen Twining as one of the Executors of the will of the said Sandys Macaskie hereby confirms that the said Sandys Macaskie had not up to the date of his death formed the proposed company and that no right or interest in the Concession or the Lease referred to in the Principal Deed ever became vested in the said Sandys Macaskie beneficially or formed part of his

estate and that he held the rights and interests if any, conferred by the Principal Deed as trustee for the said Charles Udall pending the formation of the proposed Company.

3. IN consideration of the foregoing warranty the Crown Agents hereby consent and it is hereby agreed and declared that as from the date of these presents the Principal Deed shall be varied and read and construed as though

(a) The name of the said Daniel Owen Twining had originally been written therein instead of the name of the said Sandys Macaskie and as if the expression "the Trustee" therein had designated the said Daniel Owen Twining.

(b) In Clause 3 thereof the words "on or before the fifteenth day of June One thousand nine hundred and thirty eight" had originally been written therein instead of the words "on or before the thirty first day of May One thousand nine hundred and thirty five"

(c) In Clause 7 thereof the words "on or before the fifteenth day of June One thousand nine hundred and thirty eight" had originally been written therein instead of the

words "before the thirty first day of December one thousand nine hundred and thirty five".

(d) In Clause 9 thereof the words "on or before the fifteenth day of June One thousand nine hundred and thirty eight" had originally been written therein instead of the words "before the thirty first day of August One thousand nine hundred and thirty five".

4. IN the licence scheduled to the Principal Deed clauses 4 and 6 thereof shall be respectively read and construed as though the date for the completion of a factory and subsidiary buildings for the manufacture of pulp and the date for commencing and effecting substantial operations thereunder had each fixed as on or before the said fifteenth day of June One thousand nine hundred and thirty eight.

5. HAVE as by these presents expressly varied the Principal Deed shall remain in full force and effect

6. NEITHER the Crown Agents nor the Governor shall be in anywise personally bound or liable for any default or omission in the observance or performance of any of the acts matters or things herein contained

IN WITNESS whereof the parties hereto have hereunto set their respective hands and seals the day and year first above written.