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KENYA

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Date

28 Feb 1924

Mr. [unclear]
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Previous Paper

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Received by 12 JAN 1925 in caps
Further to 6046 by 17 apr 25 caps

Subsequent Paper

SA. 5764

Least pass a ges to
reference lines

So want that both Govt
and officials and the others
by use of the conf
line is great that a
all should be in the
see

I have put it in a memo.
on the whole position and
would suggest that as a first
step the spare copy had be
sent to C.A. for review
and when, the memo, then
the question has been raised
by the F.A. Govts. of obtaining
some improvement of the present
terms; and asking for their
views on the position generally
and in particular on the
existence or otherwise of any
effective competition against
the

PASSAGE ARRANGEMENTS FOR EAST AFRICAN OFFICIALS

Prior to 1910 the communication with East African ports, so far as British steamship lines were concerned, was via the Cape. With the object of establishing a good and regular British service via the Suez Canal, an agreement was made in August 1910, with the Union Castle Company, under which the Company undertook to maintain a four-weekly service and the Government undertook to send all Government passengers (at tariff rates) and cargo by this line.

This arrangement worked satisfactorily until the war, except that, because other cheaper services via Suez became available, it was found necessary to pay officials travelling with their wives a sum (£25 for each single journey) by way of compensation for the extra cost of travelling by the Union Castle line. At the beginning of 1915, however, the Company were unable to maintain the stipulated service, and terminated the agreement.

It was decided not to enter into any fresh contract for the time being, but to make the best arrangements possible from time to time for the shipment of officials and stores.

So far as officials were concerned, recourse was had from time to time to the Messageries Maritimes sailings, via Marseilles. A 15% rebate on tariff rates was allowed to the Government by this line.

At the end of the war, the position was that the normal route for officials to and from East African ports was by Union Castle steamer via South Africa. A rebate of 10% was allowed by the Company on official passages so

long

long as their ships were controlled by the Ministry of Shipping. This control came to an end on the 15th of February 1919, and the rebate then ceased.

From 1919 onwards the history of the matter falls into two divisions:

A. The endeavour to obtain a regular and satisfactory service between England and East African ports via Suez.

B. The endeavour to secure special terms for passages paid for by the Government. (The question of freight charges is not dealt with in this memorandum).

It will be convenient to take these questions separately for the moment.

A. Enquiries made of the Union Castle Company early in 1919 elicited the fact that the Company would be prepared to consider the establishment of such a service as was desired if they could be granted an annual subsidy of £250,000. After discussion with the local Governments and with the Crown Agents it was decided not to proceed with any proposal on these lines but to await developments. In the meantime the Union Castle Company and the British India Company had set up an irregular service.

In September 1921 this service broke down, and there were indications that the Companies intended not to resume it, on the ground that it did not pay. The threat that the Government would open negotiations with the Dutch East Africa line, however, induced the Companies to reinstate the cancelled steamers up to the end of 1921, and an understanding was reached that the Companies would endeavour to arrange for a more or less regular four-weekly service of Union Castle and British India steamers running alternately.

B. In

B. In November 1919, the Union Castle Company were asked to consider granting a rebate on official passages, on the ground that they allowed such a rebate to Government officials or their wives whose passages were paid for by the Government. The Company refused, and when the matter was again raised in February 1920, indicated that their view had not changed. Late in 1921, however, it was found possible to bring East African passages within the scope of the Board of Trade for a rebate of 10%. As from the 1st of March 1922 this has been embodied in a definite agreement under which the Company give a rebate of 15% on 1st class and 20% on 3rd class passages, on condition that all Government passages are offered to them. In practice the British India Company are allowed to participate, as members of the East African Shipping Conference, and they allow, under the agreement with the Peninsular and Oriental, a maximum rebate of 20%.

The present position therefore is that all East African Government passages have to be offered to the Union Castle or British India Companies in return for a rebate on the tariff rates, and for a more or less regular service. This arrangement is open to certain disadvantages which are given below:

- (1) The service is not in fact regular; it is quite common to have an interval of three weeks or less between boats, succeeded by one of six or more weeks. For instance there are sailings from London on the 13th and 27th of November 1924, ~~with the steers being insufficient to accommodate the number of passengers who desire to travel at this time,~~ and there is no subsequent sailing until the 8th of January 1925. The longer intervals mean that

that several officials have to forego long periods of leave, others have substantial extensions of leave. In neither case is the result satisfactory. No extra steamers are provided to cope with seasonal variations of traffic.

(2) The fares by the Conference lines are high. After allowing for rebates and, where necessary, rail fares across Europe, they compare unfavourably with those charged by foreign lines. Apart from the financial effect of this upon the Governments concerned, a real hardship is caused to officers with families, who can hardly be expected to let their families travel alone by cheaper lines while they themselves are bound to travel by the Conference lines.

(3) The time taken on the voyage is excessive. The natural route to East Africa is overland to Marseilles, and thence by steamer, and if this could be adopted as a normal procedure some six days of the period occupied by the voyage could be saved. But the Conference steamers do not call at Marseilles on the outward voyage; and while they do so coming home, it is presumed that the Companies would object to officials disembarking at Marseilles as a general rule, and they might well abolish the present difference in fare between passages to Marseilles and passages to London if such a rule were made.

(4) Complaints of the accommodation provided are not infrequent. There is no second class accommodation on the Union Castle steamers, and officials entitled to travel second class have to be put in the cheaper first class cabins. On the s.s. "Llanstephan Castle" however there are no lower grades of first class accommodation, and it is necessary on this steamer either to pay ^{the higher} first class

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fares for all, or to send the officials entitled to second class passages third class. This provides a standing cause for complaint. Officials have also complained strongly recently of overcrowding and indifferent catering on the s.s. "Gloucester Castle".

The position is therefore unsatisfactory in several ways, and the question is whether it is practicable to take any steps either to transfer the traffic to some other liner lines, or to induce the Shipping Conference to improve the service and the terms.

The first point to be cleared up is evidently the question whether any effective competition with the Conference lines exists, or would spring up with encouragement, as the answer to this question materially affects the policy to be adopted.

In this connection it is desirable to obtain advice as to how far the position has been changed since 1921 by the reported understanding reached between the Conference and the Dutch and German lines. If the effect of this understanding is that competition between these lines and the Conference is eliminated, there is evidently nothing to be gained by abandoning the Union Castle line with a view to taking advantage of the cheaper rates offered at the moment by the Dutch and German lines, as the latter would doubtless increase their fares at once. It is also necessary to ascertain to what extent these lines maintain, or could maintain, a regular and efficient service capable of accommodating any substantial number of Government passengers.

Apart from the Dutch and German lines, the only known competitors in the field are the French (Messageries Maritimes) and the Italian lines. It is understood that

the

the former line maintains a regular and fast service, and that it is not connected with the Conference. It is however doubtful whether having regard to the calls already made upon this line, it could allot accommodation for more than a fraction of East African officials. Further information should be obtained on this point, and as to the service maintained by the Italian line.

Even supposing that some other line or lines could be found to take on the bulk of the traffic, it does not necessarily follow that a breach with the Conference would be desirable. The present arrangement was made with the object of assisting British trade and shipping as well as for the benefit of the East African Dependencies, and this consideration is still present. It would only be in face of an unreasonable attitude on the part of the Conference that a transfer of the Government patronage to a foreign line could be contemplated. Moreover it has to be remembered that the Conference lines have generally shown themselves reasonable and obliging in their relations with the Crown Agents and the local Governments over the details of the work. It is unlikely that such satisfactory relations could be maintained with a foreign line. In any case the only safe assumption for the moment seems to be that for the bulk of the official passages the East African Governments will continue to depend upon the Conference lines maintaining their service; and it is therefore suggested that the objects to be aimed at are:

(a) a certain discretion in the booking of passages without prejudice to the existing rebates, as is secured in the case of the agreement with the Peninsular and Oriental Company;

(b) a more regular service by the Conference lines;

(c) if possible a ^{reduction} ^{of} rates or a more generous rebate.

The first and second points could be pressed upon the ~~Company~~ ^{Company's} in any event; the extent however to which the third can be pressed depends mainly upon the existence or otherwise of effective competition. In the absence of such competition, the cry that the service does not pay will again be heard, probably coupled with the threat of withdrawal. The risk ^{of} that threat being put into effect cannot be taken unless there is reasonable prospect of a satisfactory alternative service.

Colonial Office

October, 1924.

KENYA.

No. 202.

Confidential.



719 P.
GOVERNMENT HOUSE,
NAIROBI,
KENYA

28th. August, 1924.

C.O.
45096

22 SEP 24

Sir,
With reference to Colonial Office Confidential (2), of the 20th February, on the subject of the existing arrangements with the Union Castle Mail Steamship Company and the British India Steam Navigation Company with regard to Government passages, I have the honour to state that I am in agreement with the views contained in Confidential despatch, No. 694, of the Acting High Commissioner, Zanzibar.

I annex a Schedule showing the passage rates of the various Steamship companies serving the East Coast from which it will be observed that the rates by the Conference Lines are much higher than those of the other Companies and that even after allowing for the special rebate the cost to Government is materially higher.

3. The question of rates generally was recently the subject of consideration by a Committee of the East Africa Chambers of Commerce, and I transmit for your information extracts from a report of that Committee from which

THE RIGHT HONOURABLE

J. H. THOMAS, P. C., M. P.,

SECRETARY OF STATE FOR THE COLONIES,

DOWNING STREET - LONDON, S. W.

which it will be seen that there appears to be little prospect of reductions under present shipping conditions in East Africa.

4. I can only suggest that representations be made by you to the Conference Lines on behalf of the East African Governments, and that an attempt be made to secure better terms for Government passengers on ships of these Lines.

5. While addressing you on this subject, I should like to emphasize the inconvenience and additional expense caused to Officials with wives and families under the existing arrangements. It is true that wives and families are not compelled to travel by the Conference Lines, but on the other hand in most cases it is very inconvenient that in order to obtain some financial relief by the lower fares charged by other Lines, families should be separated when travelling to and from England.

6. Another aspect of the position to which I wish to draw your special attention is the additional cost to Government in regard to Officials themselves in connection with the all sea route. The extra time occupied on the double journey is roughly 14 days which means an additional 14 days pay in each case. A rough estimate of the extra cost involved in respect of Officers travelling on the S. S. "Llanstephan Castle", "Malda" and "Gloucester Castle" which sailed in March, April and May respectively amounts to £850. The further expenditure incurred is borne by the funds of this Colony while in addition the Officials are penalised

penalised in regard to the extra cost of passages for their wives and families.

7. It was, I believe, originally intended to secure more favourable rates for Government Officials travelling by British boats and it was understood that such could be obtained in view of the monopoly of these passages which would be given to these Lines. It could scarcely have been proposed to grant subsidies to these Lines at the expense of Government and of Government servants. Such however appears to be the case at present - with the result that Government servants are actually being penalised by being obliged to travel by these Lines. The whole position seems to embody considerable hardship.

I have the honour to be,

Sir,

Your most obedient, humble servant.

R. W. Gwynne

G O V E R N O R .

| | Fares. | | Rebate allowed. | Calling at Marseilles | |
|---|--------|------------|-----------------|-----------------------|----------|
| | London | Marseilles | | Home-ward | Outward. |
| British India S. N. Co. | | | | | |
| First Class | | | | | |
| B 1. | 95 | 91 | 17% | Yes | No |
| B 2. | 90 | 86 | " | " | " |
| B 3. | 87 | 83 | " | " | " |
| B 4. | 70 | 66 | " | " | " |
| B 5. | 62 | 58 | " | " | " |
| B 6. | 57 | 53 | " | " | " |
| Third Class | 36 | 35 | 20% | " | " |
| British India S. N. Co. | | | | | |
| First Class | | | | | |
| A. | 85 | 81 | 15% | " | " |
| B. | 80 | 76 | " | " | " |
| C. | 70 | 64 | " | " | " |
| D. | 65 | 61 | " | " | " |
| Second Class | 55 | 53 | " | " | " |
| Messageries Maritimes | | | | | |
| First Class (Mail) | | 67/4/- | 10% | " | " |
| " (Intermediate) | | 56/8/- | " | " | " |
| Second Class (Mail) | | 43/4/- | " | " | " |
| " (Intermediate) | | 28/16/- | " | " | " |
| Third Class (Mail) | | 18/16/- | " | " | " |
| " (Intermediate) | | 16/16/- | " | " | " |
| Back with food | | 16/16/- | " | " | " |
| United Netherland S. V. Co. | | | | | |
| First Class | 58 | 56 | Nil | Yes | |
| Compagnie des Navigations Maritimes (Italia) | | | | | |
| First class | | 65.12.9 | Nil | No | No. |
| Second Class | | 46.10.0 | " | " | " |
| Third Class | | 25. 3.2 | " | " | " |

| | Fares. | | Rebate allowed | Calling at Marseilles. | |
|-----------------------------|------------------------------|------------|-------------------|---------------------------|----------|
| | London | M' Seilles | | Home- ward | Outward. |
| Compagnie Ost Africa Co. | Southern route (Southern) | | | | |
| First Class A | 102 | | 10% | No (Call at Genoa) | No. |
| B. | 82 | | " | " | " |
| C. | 75 | | " | " | " |
| D. | 68 | | " | " | " |
| Second Class | 59 | | " | " | " |
| Third Class | 51 | | " | " | " |
| Fourth Class | | | " | " | " |

52. Your Committee felt that there were a number of General disabilities to be discussed, and the suggestions from the Government of Uganda and the Uganda Chamber of Commerce were welcomed.

Those were -

(a) That shipments to any port served by the Conference lines shall not be restricted to any route, nor any particular line.

(b) That arrival and departure timings of steamers from and to India should be arranged so as to catch Uganda Mail Trains.

(c) That passenger fares ~~from~~ to and from the United Kingdom should be reduced 20%.

56. With regard to (c) this Committee approached the Steamship Companies with a view to obtain the reductions asked for, and were informed that the matter had been considered but that there was little prospect of reductions under present shipping conditions in East Africa.

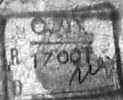
57. While your Committee feel that the high passenger rates are a burden on the Community, it is true that at the moment available passenger space on all steamers is fully booked at present rates, in fact the demand is more than the supply. In this connection it is noted that the passenger trade is a seasonal one - the six months of each year, February/July, showing a greater flow of traffic to the United Kingdom and the latter months showing a preponderance of returning traffic.

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Genl 45096/20

Kenya

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Confidential

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20 Oct. 1944

Gentlemen

I am to inform

you that the Govts. of the E. African Dependencies have raised the question of obtaining

some improvement in the present conditions with

regard to the booking of official passages. A

memorandum on the subject which has been prepared

in this Dept. is enclosed for perusal and action.

I, the S. D. will be glad to receive your views on the position

DRAFT.

C.A.

MINUTE.

Mr. J. P. 13/10/44

Mr.

Mr.

Sir C. Davis.

Sir G. Grindle.

Sir H. Reed.

Sir J. Masterton Smith.

Lord Arnold.

Mr. Thomas.

memo

Chatt. in 45-096

on the 'question' raised in the
memorandum as to the possibility
of existence or otherwise of
any effective competition against
the Conference lines.

1 am n.

(Signed) B. BRINDLE