

1924

E AFRICA

C.O.
28972

COLONIAL OFFICE.

DATE

17th June 1924.

18 JUN 24

IN CIRCULATION:—

17)

Mr. Shaeffer

U.S. of S.

U.S. of S.

U.S. of S.

Secretary of State.

Previous Paper:

Copy 23575
H.M. 24/6/24

EA
JF

M I N U T E S

W. Wallich's letter of 23 June & memo
attached. Have not been able
to face them before this.

The memo is clear and
very mild sounding, but
his letter II on spot trade
in T.T. does not quite
cover the point raised in the
last part of my letter of 17
June, which deals with spot
trade in T.T. (not at spot)
But I confess that I do not see
Sir W. Wallich's point that the small

To Wallich (20) 17 June 1924 (cont'd)

Copy 25/6/24
H.M. 24/6/24

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H.M. 24/6/24

Subsequent Paper (T)
Gov. 31/6/24
24/6/24
50/6/24 East Africa
1802427 65,000 11/23-McC-E 256

Trade could be P.T. could suffer: his present ways of supply would continue and, if the business was lost benefited, his competition with E. in the present ways of supply should help the small man.

[He'll wait for completion of play, which returned to me 147].

Mr. Sir H. Bayot is out of jurisdiction. I don't care what it is he has said now. Whether to keep for discussion with him and forever or to send copies of the same to the three for ^{the} ~~the~~ former, I think.

W.C.B. May 7. 1888

Signed ^{for} ~~by~~
S. J. H.

(2 types) coffee
below)

Report Trade between

183

Kenya, Uganda & Tanganyika.

Report traffic between Kenya, Uganda & Tanganyika Territory is conducted almost entirely through the following channels:

1. Locomotive traffic principally between Nairobi and the Tanganyika ports of Tanga, Dar es Salaam, Kilwa, Lindi & Mikindani.

2. Via the U.O. - Mombasa Railway.

3. Through ports - via Railways Nyanya.

Receipts may be divided into four main classes viz:-

(a) Receipts from bonded warehouses

(b) Receipts of unbroken packages upon which drawback is payable

(c) Receipts of unbroken packages upon

which no drawback - payable on components
reported more than 2 months after original export
of duty & components upon which the duty was paid
and on less than £3.

(d) Receipts of broken-bulk packages including
small components reported through the same
agent and

Under existing conditions Tanganyika Territory is
treated as a foreign market for purposes of drawback
& exports from Kenya or Uganda to the territory
are subject to similarly to some products as are
exports to Zanzibar Island - namely - upon the
declaration by and the signature of Kenya Uganda
Similarly these goods on importation into Tanganyika
are treated as coming from a foreign country & the
proper import duty chargeable thereon is imposed. This
being based - the landed value at the port of entry

Office 5999 ED

Gas Stage
C.P.Y. 005 RT
C.P.Y. 29 Jan 25
C.P.Y. 2nd Oct 25
C.P.Y. 2nd Oct 25
C.P.Y. 2nd Oct 25

(2) (Types) coffee
below)

Report Trade between
Kenya, Uganda & Tanganyika.

183

Report Trade between Kenya, Uganda &
Tanganyika Territory is conducted almost entirely
through the following channels:

1. Seaborne trade nominally between Mombasa
and the Tanganyika ports of Tanga, Dar es Salaam, Zanzibar,
(with a minimum)

2. Via the Port-Mombasa Railway.

3. Through ports in the Victoria Nyasa

Reservoirs may be divided into two main classes viz.

(a) Receipts from bonded warehouses

(b) Receipts of unbroken packages upon
which drawback is payable

(c) Receipts of unbroken packages upon
which no drawback - payable in consequence

of importation over less than 12 months of the original import
of which 12 months & components upon which the duty rate is
applied or less than £3.

(d) Receipts of broken-bills packages including

small components imported through the former
to the port not

and under existing conditions Tanganyika Territory -
acted as a foreign market to supply of coffee
& exports from Kenya & Uganda to the territory
as subject to similar to some prohibitions as on
exports & imports between themselves & Kenya Uganda
according to the provisions of Kenya Uganda
treaty, these powers or organization into Tanganyika
similarly these powers or organization into Tanganyika

are limited as coming from a foreign country & the
proper import duty chargeable thereon is imposed this
being fixed - the landed value at the port of final
being fixed - the landed value at the port of final

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and accepted
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air mail 25 Jan 1925

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25 Jan 1925

to abolished & intended to cover imports of all descriptions.

(d) Other goods - Previous analysis of that imported in the above shows the case of broken bulk stocks. The exports in question were not in position to make a detailed distribution on a territorial cost as it is not in possession of these particulars, & the original importation cannot be traced in the Customs records. As a general rule the value given in the related report entry is reasonable & recently the actual inland value at the time of export which figure naturally includes duty (20%) & local profit. Two thirds of this declared value is suggested for this reason as a fair proportion which to bear the duty to be credited to the consuming territory. In case of goods chargeable with an excise duty or concession, the actual amount of duty originally paid can be ascertained without difficulty.

By the adoption of the method suggested above, mutual free trade between the territories would result & one of the main objects of an identical treaty would be achieved. The free ~~competition~~^{exchange} between local produce has already had a stimulating effect in Kenya. Uganda-Tanganyika trade can not be denied but a further lowering of the Customs barrier between the two territories would be of very great assistance throughout both countries in the development of agriculture while the creation of double payment of duty (with regard to certain areas) to be regarded but the carrying load of inland operations will be largely abated.

Under the existing system there are many anomalies in which call for removal as the following illustrations will show.

a) Received goods liable to a nominal duty

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an example at a place where goods will be sold on an ad valorem basis or assessed by the addition of local freight & charges. Thus, duty on unblended cotton piece goods is assessed at the rate of cent 40 per lb irrespective of any local freights whilst the duty on bleached piece goods (20/- ad val.) is increased by the addition of fixed costs of local charges.

(b) A merchant removing goods from the Kapsiki Roadside bazaars duty on the landed cost calculated there is rendered taking delivery of goods from Customs at the neighbouring port, & Bakoba says duty on the cost of the goods landed in Bakoba.

(c) Freight merchants may take full advantage of the regulations permitting drawback whilst retail traders carrying small stocks are often unfairly penalized by being forced to pay duty twice.

By the adoption of the system suggested these anomalies would be removed.

Apart from Langata trade the main field of the import business is undoubtedly from Kenya & Tanganyika Territory & for this reason most of the clerical work in connection with the alteration of terms to the commissary territory must fall on Kenya although Tanganyika will at all times have special interests to varying the conditions of the particular countries as to goods handled & the quantity going & the value being, by standards of the same system, lower it is anticipated that the total amount of duty to be paid like by the case of Langata will not be largely increased & in addition to the staff will be required it is clear that

Tanganyika should

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an unprofitable trade rate whereas goods liable
to duty are an ad valorem duty or measured by
the addition of local freight & charges. Thus, duty
on unblended cotton piece goods is assessed at
the rate of about 40/- per lb irrespective of any local
freight & whilst the duty on blended piece goods
(20% ad val) is increased by the addition to freight
cost of local charges.

(b) A resident moneylender from the Kansabha
Bunds who says also a tea trader and Kalabanda
shows a resident taking delivery of goods from
Cuttack at the neighbouring port of Balakota says duty
on the cost of the goods levied in Balakota.

(c) Local markets may take full advantage
of the regulations favoring drawback whilst retail
traders carrying small stocks are often unable
privileges by being forced to pay duty twice.

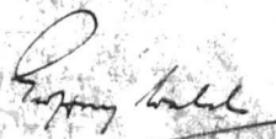
By the adoption of the system suggested here
monopolies would be removed.

Apart from Bangalore trades the main bulk
of the import traffic is undoubtedly from Kenya
& Tanganyika Territory & to this must most of
the clerical work in connection with the administration of
monopolies & the commissary territory must fall in
Kenya although Tanganyika will at all times have
superior jurisdiction to cover the countries of
which it is the greater number & the
import duty is to remain along by arrangement
in the same system hence it is anticipated that
the old amount of duty to be maintained by the Govt
of Kenya will not be largely increased &
in addition to the staff will be required
as a class there

1. As regards the probable result of the adoption of the system - I can predict less; however, available as it is known by alteration of Tanganyika's duty on tea, this shows a new state duty we collected this will be accompanied in most, if not all cases, by a further increase in the amount of my import duty. In such case as the import duty is considerable & my opinion any immediate loss will be more than counterbalanced by improved trade following upon the removal of West African restrictions &c., as I understand, the Kenyan Government - willing to see no loss to Tanganyika, the Tanganyika Government would also be prepared to do so as Kenya could benefit only by import restriction on tea, whereas traders & consumers in Tanganyika would very immediately, the full benefit of the expected reduction of duty.

2. It has been suggested that the adoption of the modified system & the trade will bear an adverse effect on the establishment of an external trade in Tanganyika, but I submit that a healthy trade & this expansion should not be unduly curtailed by him as by the existing & certain forms thus facilitating & facilitating dependent largely on governmental action, & the people holding & their slaves & goods open to the predominant foreign importers to the portuguese & the British & the French. Tanganyika is always and he was formerly related to me any such a thing - Tanganyika is in a trading along the coast is common but it is highly improbable that the leading between the countries will be result of creating at number states required for the area covered by a Tanganyika Central Bank, or the establishment will have to maintain costs of living & typical

In my view the only result would be the placing of distributing centres at the most convenient points with maximum facilities for trading in the case of these markets in Tanganyika who are not able to hold large stocks until an improvement in the trade of that territory justifies their doing so, & since it is convenient at the present time to pay a middleman's margin & extra freight - other charges taken than lock up capital in the selling states failed. Although I am strongly in favour of the ultimate amalgamation scheme outlined above I desire it to understand that this does not affect in any way my firm conviction that the best interests of the three territories will be served by a complete amalgamation of the Customs Department of Kenya Uganda & Tanganyika Territory. Your idealised tariff, the interchange of local products and mutual free trade between the territories to complete amalgamation ~~that~~ is a small & but very important ^{step} to a uniformity of policy regarding such matters as tariff interpretation, protective regulations & general customs management is impossible without a central control & this uniformity is essential if a close & sensible trade relations between the territories are to be established.


R. H. Giffey
Colonial Secretary

Commissioner of Customs
Kenya Uganda

London
22 June 1940

In my view the only result would be the further
of isolating customs at the most economic point
with increased facilities for trading in the case
the markets in Tanganyika who are not able to
hold large stocks until an improvement in the land
& port territory policies their doing so, & find
it more convenient at the present time to say a
middleman profit & extra freight - other charges
other than back up capital in controlling & risk
period 12.

Although I am strongly in favor of the
merger scheme outlined above I desire it to understand
that this does not affect in any way of our
conviction that the best interests of the three territories
will be served by a complete amalgamation of the
Customs Department of Kenya Uganda & Tanganyika
territory. Our idealistic tariffs are interchanges
of local products and virtual free trade between
territories & complete amalgamation ~~exists~~ is a
small but very important ^{step} in a majority of
public opinion and rather a long anticipated
process of a long period of negotiations & general
Customs management is impossible without a
central control & this majority is unlikely
to be denied possible trade relations between the
territories are to be established.


E. G. Young

Commissioner of Customs
Kenya & Uganda

London

23 June 1944

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Re-export Trade between
Kenya, Uganda and Tanganyika.

1. Re-export traffic between Kenya, Uganda and Tanganyika Territory is conducted almost entirely through the following channels:-

1. Seaborne trade, principally between Mombasa and the Tanganyika ports of Tanga, Dar-es-Salaam, Kilwa, Lindi and Mikindani
 2. Via the Voi-Moschi Railway.
 3. Through ports on the Victoria Nyanza.
2. Re-exports may be divided into four main classes, viz:-
- (a) Re-exports from bonded warehouses.
 - (b) Re-exports of unbroken packages upon which drawback is payable.
 - (c) Re-exports of unbroken packages upon which no drawback is payable i.e., consignments re-exported more than 12 months after original payment of duty and consignments upon which the duty originally paid was less than £3.
 - (d) Re-exports of broken-bulk packages including small consignments re-exported through the medium of the parcels post.

3. Under existing conditions, Tanganyika Territory is treated as a foreign country for purposes of Customs and Re-exports from Kenya or Uganda to that territory are subject to precisely the same formalities as re-exports to Zanzibar, Italian Somaliland or any other destination beyond the frontiers of Kenya and Uganda. Similarly, these goods on importation into Tanganyika are treated as arriving from a foreign country and no proper import duty chargeable thereon is imposed, this being based on the landed value at the port of final importation.

allowed and the goods are thus charged with duty twice viz on original importations into Kenya and again on importation into Tanganyika. To avoid this double charge goods are not infrequently shipped to Zanzibar and reimported into Kenya, thereby securing an extension of the time allowed for drawback.

(d) Procedure similar to (c) above.

teration of stem proposed. 5. Under the proposed system of modified free trade it is suggested (1) that duty should be assessed on the landed value at the port or place of first importation into either Kenya or Tanganyika and (2) that the duty should be collected once only, this duty being allocated by formal entry through the respective Treasuries to the territory in which the goods are actually consumed.

posed method putting new tem into ration. 6. The method of putting this suggestion into practice would be roughly as follows:-

(a) Warehoused goods. No alteration in existing practice except that goods destined for ports such as Mwanza or Bukoba would be assessed for duty on their value landed at the coast and not on their landed value at Mwanza or Bukoba as at present.

(b) Goods now subject to Drawback. Reexport entries would be required as at present and power to insist on statutory declarations of values etc must be retained but as single payment of duty only would be made, the cumbersome machinery necessary for the verification and payment of refunds could be discarded and the staff so released could be utilized for the preparation of monthly returns showing accurately all particulars concerning reexports to Tanganyika and the amount of duty to be credited to that territory. The question as to whether or not administration fees should be charged is one for discussion but in my view they should be waived and in any case they must either be abolished or

extended to cover re-exports of all descriptions.

(c) & (d) Other goods. Procedure similar to that specified in (b) above. In the case of broken-bulk stock the exporter is often not in a position to make a statutory declaration as to landed cost as he is not in possession of these particulars, and the original importation cannot be traced in the Customs records. As a general rule the value given in the relative reexport entry is therefore of necessity the actual retail value at the time of export, which figure naturally includes duty (20%) and local profit. Two thirds of this declared value is suggested for this reason as a fair proportion on which to base the duty to be credited to the consuming territory. So far as goods chargeable with a specific duty are concerned, the actual amount of duty originally paid can be ascertained without difficulty.

7. By the adoption of the method suggested above virtual free trade between the territories would result and one of the main objects of an identical tariff would be achieved. The free interchange of local produce has already had a stimulating effect on Kenya, Uganda, Tanganyika trade and it cannot be doubted that a further lowering of the Customs barriers between the three territories would be of very great assistance to merchants trading in the dependencies as, not only would the vexatious system of double payment of duty (with refunds in certain cases) be superseded, but the scope of local trading operations would be largely extended.

8. Under the existing system there are many anomalies and inequalities which call for removal as the following illustrations will show:-

(a) Reexported goods liable to a specific duty

are charged at a fixed rate whereas goods liable to duty on an *ad valorem* basis are penalized by the addition of local profits and charges. Thus, duty on unbleached cotton piece goods is assessed at the rate of cents 40 per lb. irrespective of any local operations whilst the duty on bleached piece goods (20% *ad val.*) is increased by the addition to first costs of local charges.

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(b) A merchant removing goods from the Kampala Bonded Warehouse pays duty on the landed cost Kilimani whereas a merchant taking delivery of goods from Customs at the neighbouring port of Bukeba pays duty on the cost of the goods landed in Bukoba.

(c) Wholesale merchants may take full advantage of the regulations governing drawback whilst retail traders carrying small stocks are often unfairly penalized by being forced to pay duty twice.

By the adoption of the system suggested, these anomalies would be removed.

9. Apart from Zanzibar trade, the main bulk of the import traffic is undoubtedly from Kenya to Tanganyika Territory and for this reason most of the clerical work in connection with the allocation of revenues to the consuming territory must fall on Kenya, although Tanganyika will at all times have sufficient evidence to verify the correctness of the particulars forwarded viz: the goods themselves and the supporting copy of the relative entry. By amendment of the refund system, however, it is anticipated that the total amount of work to be undertaken by the Custom Dept. of Kenya will not be largely increased ... that no addition to the staff will be required. This being so it is clear that no addition to the Customs staff of Tanganyika should be necessary.

10. As regards the probable results of the adoption of this system, a certain immediate loss of revenue is inevitable (a) to Kenya by allocation to Tanganyika of duty ~~on~~ broken bulk stocks &c upon which duty is now collected twice and (b) to Tanganyika in respect of duty on local charges and profits. In neither case is the amount very considerable and in my opinion any immediate loss will be more than counter balanced by improved trade following upon the removal of local trading restrictions. If, as I understand, the Kenya Government is willing to face the loss, the Tanganyika Territory Government should also be prepared to do so as Kenya would benefit only by improved facilities for trading whereas traders and consumers in Tanganyika would reap immediately the full benefit of the suggested remission of duty.

11. It has been suggested that the adoption of this modified system of free trade will have an adverse effect on the establishment of an intrepot trade in Tanganyika, but I submit that a healthy trade of this description should not and in fact cannot be built up by the erection of Customs barriers. Cheap facilities for distribution, dependent largely on geographical position, and the profitable holding of varied classes of goods appear to be the principal factors requisite for the furtherance of this trade and in these respects Zanzibar is and always must be much more favourably interested than any port in Kenya or Tanganyika so far as trading along the coast is concerned, but it is highly improbable that free trading between the territories would have the result of concentrating at Mombasa stocks required for the area served by the Tanganyika Central Railway or that Dar es Salaam would become the distributing centre for Kenya and Uganda.

In my view the only result would be the fixing of distributing centres at the most economical points with increased facilities for trading in the case of those merchants in Tanganyika who are not able to hold large stocks until an improvement in the trade of that territory justifies their doing so, and find it more convenient at the present time to pay a middleman's profit and extra freight and other charges rather than lock up capital in slow-selling stocks.

ested
plete
nation of
Customs
rrents.

12. Although I am strongly in favour of the scheme outlined above I desire it to be understood that this does not affect in any way my firm conviction that the best interests of the three territories would be served by a complete amalgamation of the Customs Departments of Kenya, Uganda and Tanganyika Territory. From identical tariffs, free interchange of local products and virtual free trade between the territories to complete amalgamation is a small but very important step as uniformity of practice regarding such matters as tariff interpretation, forms of entry, Departmental regulations and general Customs management is impossible without a central control and this uniformity is essential if the closest possible trade relations between the territories are to be established.

(S.D.) GEOFFREY WELSH.

Commissioner of Customs
Kenya and Uganda.

LONDON

27th June 1924.

17 June, 1924.

Dear Mr. Walsh,

I have been thinking over our talk about the East African Customs Union question, and I have decided to ask if you can, without too much trouble, give us a memorandum (which we can use as an official paper if necessary) showing how you think the Customs Union would operate so far as the principal points are concerned. These are

- (a) Relief from double duty on re-export of broken bulk goods from (e.g., Kenya to Tanganyika).
- (b) Keeping of statistics for the purpose of allocating revenue, and
- (c) Allowance (in the case mentioned under (a)) to Tanganyika of duty calculated on a basis of 2/3rds of the value.

As to (b) I understood you to say that statisti-

sufficient

GEOFFREY WALSH, ESQ.,

sufficient for this purpose can be compiled simply from steamer and railway way-bills, and that little or no special staff is required. This from the point of view of economy is important, and it will be useful if you can elaborate it in your memorandum.

As to (c) I had not previously gathered that the reason for choosing 2/3rds was that the value has gone up before the re-exported goods have reached (say) Dar-es-Salaam, owing to the profit of the first African importer being added to the price, and that the 2/3rds duty thus represents (perhaps roughly) what Tanganyika would have got in duty if the goods had been imported direct. The point is so material that, in this case too, it will be very useful if we can have it explained in your own words.

The last point which we discussed was the effect on Tanganyika trading if this customs obstacle to re-export trade were removed. On this I think you pointed out that, even without that obstacle, the re-export trade would still be at a disadvantage

as compared with direct importation because it has to bear an additional profit. I do not see any answer to that, but, here again, a direct statement of your views will be more useful than my version of them. On all these points, indeed, my letter is simply intended to show as clearly as I can what the difficulties are which we have had to consider.

yours sincerely,
(sd) W. C. Bottomley

as compared with direct importation because it has to bear an additional profit. I do not see any answer to that, but, here again, a direct statement of your views will be more useful than my version of them. On all these points, indeed, my letter is simply intended to show as clearly as I can what the difficulties are which we have had to consider.

yours sincerely,
(sd) W. C. Bottomley

16 June 1944

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Dr. W. B. Stanley

Dear Dr. Stanley,
I am very sorry to advise you that I shall

not be able to attend the Corcoran Club dinner
on July 7th. I will forward a memorandum on the
subject. Enclosed is a report which will tell you
what has been done in the course of the next few days.

I am very sorry to advise that I shall
not be able to attend the Corcoran Club dinner
on July 7th.

Yours sincerely,

George Wash

I shall be back until the
end of July & can see you practically
at any time & this is my return
engagement date - which I am required
to honor.

2 June 1934

G. Headley
Golden Fleece

N.W. 4

Dear Mr Bottomley,

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I now enclose a memorandum
on the import traffic of tunga - Uganda - T.T. &
hope that it will meet your requirements. I must
apologise for the delay in sending the E.G.
Lt. and the call into the country last week
prevented me from preparing it until today.
I have not detailed the actual form which
the proposed monthly statements of imports
would take as I have attempted to avoid
unnecessary & apparent trouble when
this does become necessary but

if you wish I can, of course let you have full
particulars.

If by any chance you are having
trouble with types I should be very
interested if you could let me have two extra
copies of the Departmental file as I have
only a single copy & cannot obtain the one
I want.

Yours sincerely

Henry Gold

If you wish I can, I assure, let you have full
particulars.

If by any chance you are having
the remainder of your I should be very
interested if you could let me have two extra
copies of the disentitled film as I have
only a rough draft & cannot obtain the one
I am 5 minutes.

Yours sincerely

Henry Welsh

Cof 28942/24 Ed

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17 Jan 1924.

Dear Mr. Walsh,



DRAFT.

Offering Walsh }
I have been thinking over
offer our back along the

MINUTE.

Mr. Balfour

Mr. 16/6/24 decided to ask of you

Mr.

Sir O. Davie.

Sir G. Grindle.

Sir H. Read.

Sir J. Masterton Smith.

Lord Arnold.

Mr. Thomas.

East African Customs Union
question, and I have

been can, without too

much trouble, give us

a memorandum (that

we can use) as official

(copy of necessary) showing

how Mr. Walsh (or would)

operate with so far as the

DRAFT.

and railway way-bills, &
that little or no special
staff is required. This, from
the point of view of economy,
is important, and it will

be ample of you can 157
clarify all in your
memorandum

MINUTE.

Mr.

Mr.

Mr.

Sir C. Davis.

Sir G. Grindle.

Sir H. Read.

Sir J. Masterton Smith.

Lord Arnold.

Mr. Thomas.

As to (c), I ~~had~~ had not previously
been informed that the
reason for choosing $\frac{2}{5}$ was
that the value had
long gone up before the
re-exported goods have
reached (say) Durban
Sudan, owing to the
losses of the African
airports being added to
the losses, & that the $\frac{2}{5}$ then

expenses (which are mostly)

that Tanganyika would have
got a duty if the goods had been
imported direct. He found it
so material that, in this case
too, there will be very useful if
we can have it explained in
your own words.

¶ The last point about the
discussed was the effect on
Tanganyika trading if this
customs obstacle to re-export
trade were removed. Oh this
I think you pointed out that,
even without that obstacle,
the re-export trade would
still be as a diversion still
as compared with direct
importation because of the

obtain an additional
profit. I do not see
any answer better, but
here again, a direct
statement of your views
will be more useful than
my version of them. + On

DRAFT.

MINUTE.

Mr.

Mr.

Mr.

Sir C. Davis.

Sir G. Grindle.

Sir H. Read.

Sir J. Masterion Smith.

Lord Arnold.

Mr. Thomas.

all these points, indeed,
if my letter is rightly
intended to show as
clearly as I can what the
difficulties are which
we have had to consider

(sc) Mr. C. Bottomley