

221

E. AFRICA

115

26552  
30 MAY 1921

DATE

28TH MAY 1921

BOARD OF TRADE

OR CIRCULATION

SUBJECT

SHIPPING CONDITIONS

Mr.  
Mr.  
Mr.  
Mr. Grindie.  
Sir H. Lambert.  
Sir H. Ecod. 7/5/21  
Mr. Churchill.

Encloses account of meeting of 24th May and states letter being sent to THE ASSOCIATED PRODUCERS OF E.A. & U.G.A. conveying result of meeting and suggesting they should get into touch with Chamber of Commerce re formation of a strong E.A. Merchants' Association.

Previous Paper

MINUTES

no 23706

*Mr. Hartley*

The account gives a very fair summary of what took place. It is clear that we cannot obtain any immediate help from the Imperial Shipping Committee.

With regard to the last part of the notes C. H. Richards states that the principal aim of the meeting was to get the C.O. Shippers to consider the possibility of forming a new shipping association.

*Vertical handwritten notes on the left margin, partially obscured by a diagonal line.*

Subsequent Paper

57376

Organizing power like  
the Shipping Companies.  
This is a point which  
you have under separate  
cover.

? Put by letter you would  
like to send a copy  
officially to Mr. S. Nathan  
of the Corporation.

W.S. 2-11-21

We ought not

to pay S-O to Mr. Nathan

of the Corporation.

H. J. L.

2/27/21

On Tuesday, May 24th, 1921. Sir Halford Mackinder, the Chairman of the Imperial Shipping Committee, presided over a Conference representative of East African Merchants and of Government Officials in connection with the several complaints that had been received by the Imperial Shipping Committee that the freights charged on the routes of the Colony were unduly high. The following were present:

- Mr. H.F. Baskin, F.R.A., Chairman, and Managing Director of the Uganda Railway and Navigation Co. Ltd.
- Major H. Brock-Peddie, Director of the East Africa Section, Ministry of Commerce.
- Mr. J. G. ... J.V.O., of the ...
- Mr. ... of the ...
- Mr. ... of the Department of ...

The Chairman explained the origin and the functions of the Imperial Shipping Committee and that he had called the meeting in order that he could get at the root of the complaint and see what definite questions there were which he put before the whole Committee.

Mr. Baskin explained the position of the Uganda Company as a carrying company, especially in relation to cotton and as represented that the freights were so high in relation to price.

... of the ... cotton ... the ground. It was elicited that while in 1914, the freight on cotton was 20/- per measurement ton and the price about 8d. per lb., to-day after both freights and prices had reached and fallen from abnormal levels the freight stood at 60/- a ton while the price had got back to 8d. roughly; in other words, while before the war the freight was about 5 per cent. of the price, to-day

it was about 10 per cent. The margin of profit in these cotton transactions is normally very small and the freight was therefore an important factor. Mr. Batterbee produced figures which confirmed these points. Attention was called to the much lower freight (25/-) on cotton from Bombay to United Kingdom, the explanation of which appeared to be that tramp tonnage is a real factor in Indian trade.

In considering the unreasonableness of the African freights which, as the Chairman pointed out, were represented by the steamship companies concerned to be in loss it had to be borne in mind that the East African trade was a difficult one to deal with. Nearly all the produce was light and there was no great volume of it. Generally speaking, the steamers on leaving Mombasa were reasonably full but this was only because the vessels were full from Beira and other ports to the south where they had to carry other produce to a large proportion of their cargo space. Moreover, the actual number of boats calling at Mombasa was liable to prolonged delay owing to the absence of wharves and facilities which necessarily adds to the rate of freight. It was further represented that some of the boats were small vessels with small cargo space and a limited tonnage. The complaint was fairly general in regard to all the principal commodities exported from East Africa, for example, coffee, rubber, and maize. The price of these products had been very seriously checked by the depression in the case of cotton was of special importance as the Colonial Authorities had, against great difficulties, persuaded the natives to grow this crop and were now faced with the

/prospect

prospect of the native getting little or nothing for the finished product is a most undesirable position from the political point of view.

Mr. Fortlock attributed the shipping position mainly to the application of the rebate system and he gave certain examples which in his opinion showed that the shipping companies used their power unreasonably. In the first place he quoted an instance in which one of the Conference Lines having been asked to quote a freight from Kompassa to Beira via Zila at the high figure of 60/- and subsequently explained that they had been induced to do so because they feared lest the goods should be transhipped in South Africa for America in evasion of the rebate system. Mr. Fortlock also complained of the unsatisfactory response which he had received from the Conference people to a request for a freight on light rails for the Colony, these light rails being needed most urgently for use in the production of sisal. It was understood that a rate from Germany of 52/6. per ton could have been obtained but that any such arrangement would have been regarded by the Conference Lines as a breach of the rebate undertaking.

Mr. Fortlock also gave an instance in which goods shipped to the United States had been five months on the voyage.

The Chairman said that the Imperial Shipping Committee had been considering the rebate system in its application to the outward trade to Australia and to that extent had the general question under consideration. He asked the merchants' representatives whether they would be prepared to risk the discontinuance of other services which the shipping companies

contend would be a necessary or probable consequence of the abolition of the rebate system. Mr. Portlock appeared to be ready to take the risk but Mr. Basden said that he thought it would be dangerous for he feared that to meet the situation by temporary reductions in freight tramp would hesitate to come into the trade unless there were a continuous supply of tramp steamers the shippers would be exposed to retaliation on the part of the regular lines and see their goods left on the quay. He said that the representations put before him clearly the need for the shippers to obtain a comprehensive association, which could approach the Committee, the Colonial Office and the shipping companies which they will be able to approach the latter might require. The representatives of the association appeared to admit the reasonableness of this suggestion and it was understood that the East African Section of the London Chamber of Commerce and the Uganda Company would be willing to take active steps to secure the formation of such an association.

It also emerged during the discussion that the Colonial Office and the Colonial Governments are considering certain schemes of development in East Africa such as the construction of a harbour at Kilindini. This would entail the shipment of considerable quantities of material from this country; the arrangements for such shipments and the fixing of dues on shipping in respect of the new harbour would be matters affording the authorities a bargaining power which might be used to secure reasonable conditions as regards freight, if after the shipping companies had been themselves heard it was still felt that present conditions could not be justified.

27236/31.

Major-General Sir E. Northey

Downing Street,

June, 1921

**DRAFT**Major-General Sir E. Northey  
K.C.M.G., C.B.Major-General Sir R. Coryndon,  
K.C.M.G.,THRU E.

100

Mr. Battersby 14/16/21

Mr.

Mr.

Mr. Pringle

Sir H. Lambert

Sir H. Read

Sir G. Fildes

Mr. G. G. G.

Mr. Churchill

With reference to previous correspondence on the subject of freight rates, I think that you will be interested to see the enclosed minutes of a Conference held by Sir Halford Mackinder, the Chairman of the Imperial Shipping Committee on the subject of shipping conditions in the East African trade. I am afraid that Sir H. Mackinder's suggestion does not carry us very far in the immediate present and we are now making urgent representations direct

Minutes of Conf.  
21st May (27552)

*[Handwritten signature]*

direct to the East African Steam  
Conference, ~~as the Director of~~  
~~inform you that~~ ~~and we can~~

~~submit~~ the results of these  
representations as soon as we  
receive a reply from the  
Conference

*(Sg) MCB*