EAST AFR PROT

10481

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REG 27 FEB 20

O.A.G. BOWRING	TEL 100
1920	
25th Feby	
Last previous Paper. 9761 / 10461	

CURRENCY.

Submits observations on change --Suggests in lieu of legislation referred to in desp would be simpler to make British currency and Bank of England notes legal tender 10rupees to pound sterling by amending recent ordce establishing rate of exchange at 8½ rupees and thus remove present check to importation of capital. Bank managers all agree. Do you approve.

~~Sir H.Read.~~ Sir G. Fiddes

I discussed this with Mr.Ezechiel. It is a fact that the action of the Banks has rendered unnecessary the intermediate stage which we had contemplated. The reason for the intermediate stage was to prevent the present coin disappearing too quickly. If it is going to disappear the action of the Banks will make it do so and we may just as well adopt a definite 2/- rate as from the "commencing date" [illegible] end of the "transitional period".

Mr.Ezechiel is writing to the Banks giving them the substance of Sir C.Bowring's proposal and asking them to consider the matter with a view to a discussion with the E.African Currency Board on Thursday next. He is also writing to Mr.Niemeyer at the Treasury.

It will be desirable that Colonel Amery should see what is going on, but it does not involve any alteration of principle.

Subsequent Paper 10448

(9680)-(3) Wt. 26683-435 50,000 11/19 M.St. G. 173/1

~~Mr Eastwaton~~ Sir H Read ~~Sir J. Willis~~ Col Rivers

a Mr Bottomley

A meeting was held this afternoon at the S. A. office at which Sir W. [illegible], Mr Bottomley, Mr Ezechiel, Mr Kershaw (of the Treasury), Mr Chalmers (of the National Bank of India), Mr Lowndes (of the Standard Bank of S.A.) and Mr Cunningham (of the National Bank of S.A.) were present.

The S.A.G.'s proposal as set forth in their tel., to fix the rupee immediately at 2/-, and to abolish the transitional period, was discussed.

The Bank representatives agreed to the principle, and wished the [illegible] rate to be brought into force [illegible] as possible.

It was pointed out that [illegible]

[illegible] involve [illegible]

[illegible] a special [illegible]

[illegible]

[illegible] forcing by the banks [illegible]

[illegible] of the opportunity [illegible]

[illegible] dealing [illegible]

[illegible] the following

Not [illegible]
of [illegible]

arrangements were agreed to, subject to [illegible]

[illegible]

[illegible]

[illegible] would [illegible] in the [illegible] [illegible] is [illegible] being drafted, and [illegible] be pressed at the earliest opportunity.

(2) In the meantime, the banks would be prepared to [illegible] the exchange rate for [illegible] [illegible] remittances on the basis of 2/- at once on their [illegible] an assurance that they would be provided with local money in exchange for sterling [illegible] [illegible] 2/- [illegible].

(3) [illegible] [illegible] debts would be repayable at the [illegible] rate, and the banks would undertake to [illegible] any arrangements already [illegible] rate for repayment at [illegible] the [illegible] [illegible].

[illegible] the [illegible]

[illegible] be [illegible].

[illegible]

[illegible]

~~passed~~

[illegible] ~~[illegible]~~ in the meantime ~~[illegible]~~ [illegible] that

[illegible]

[illegible] is [illegible] arrangements [illegible] made with banks that they will [illegible] their rate of exchange on a basis [illegible] [illegible] that the total Currency Board should issue currency notes to them on this basis immediately.

(3) Tell banks what we have done, and say that it is presumed that they will fix the exchange at 2/- at once.

[The position of the Indians in E.A. under this arrangement was discussed, and it was shown that the effect on them would be negligible, as they are now on a 2/- basis for remittances, and will only lose further by the very small commission which will be charged on future remittances by the banks.

There was also some discussion on the banks' request (particularly the N.B.I.) to be allowed to ship rupees back to India, but no result was reached as the question is one for future [illegible] when it becomes [illegible] [illegible] [illegible] E.A.]

I.e. the [illegible] would be [illegible] difference [illegible] a rate of [illegible] rate of 1/11 [illegible]

[illegible]

[illegible] the following [illegible] on the proposed action

(1) The published announcement must be made [illegible] decision is taken. Otherwise [illegible] the existing debts at 2/- [illegible] to [illegible] and [illegible] adjust they are [illegible] existing.

(2) The Governor must tell the local branches of the Banks of the arrangement made — and say that [illegible] to bring [illegible] into [illegible] on receipt of this instruction.

Submitted for approval.

G.G. 4/3/20

H.J.R. 4/III/20

[illegible] 5/3

[illegible] 5/3

TELEGRAM from the Officer Administering the Government of the East Africa Protectorate to the Secretary of State for the Colonies.

Dated 25th February

(Received Colonial Office 5.30 p.m 26th February,1920)

72/4499

No.100 February 25th. Your telegram 17th February currency I submit that (1) Effect of action of local banks as reported in my telegram No.92 February 21st taken together with prohibited export of coins is that money can only be remitted from here at 2/- per 1 rupee. (2) This has already depreciated local value of rupee to ultimate value contemplated and therefore serves as useful check on creditors calling in debts anticipation of future fall value of rupee. (3) In view of announcement of future arrangements and present buying rates of local banks tendency must be for import of capital to be delayed as far as possible until final currency arrangements are in force. (4) Ultimate aim can be achieved therefore at once without further hardship to anyone and with advantage to importer of capital. We suggest accordingly that in lieu of legislation referred to paragraph 10 your despatch would be simpler and sufficient forthwith to make British currency and Bank of England notes legal tender 10 rupees to the pound sterling by amending recent ordinance establishing [illegible] of exchange at [illegible] rupees and thus remove present check to importation of capital. Have consulted local Bank Managers (if) who all agree. Do you approve?

BOWRING.

Tel. Address: "SIGNALLY, AVE," LONDON — Telephone: 3632 LONDON WALL

357

TELEGRAM

ISSUED FROM CHIEF CABLE STATION, ELECTRA HOUSE, FINSBURY PAVEMENT

REPLIES SHOULD BE ORDERED

Via Eastern

Doubtful words should be OFFICIALLY repeated.

No inquiry respecting this Telegram can be attended to without

See back of form for list of Company's Stations in London

Examples: PW 3.45 p.m. HL 9.50 a.m.

Clerk's Name	Time Received

X Laz8/14.

rate of exchange

[illegible]

strikes

[illegible]

unmistakable

[illegible]

[illegible]

[illegible]

[illegible] FRIDAY [illegible] MARCH [illegible]

CURRENCY IN EAST AFRICA.

An important acceleration and simplification [illegible] monetary [illegible] of the [illegible] of [illegible] Africa and Uganda Protectorate and the [illegible] the United [illegible].

The original scheme provided for a transitional period during which Imperial Treasury and Bank of England notes (at present legal tender in East Africa at the rate of Rs.[illegible] to the pound sterling), should be legal tender at the rate of Rs.[illegible] to the pound sterling. At the end of this transitional period the rate was to be stabilised at Rs.10 to the pound sterling.

The effect of the announcement of the above proposals has, however, been that the sterling rate of exchange of the rupee in East Africa [illegible] already been [illegible] by the Banks at [illegible] for inward and [illegible] for outward remittances. It has thus become possible, without further hardship to anyone, and with advantage to the importer of capital into East Africa, to [illegible] the rate of exchange on the basis of Rs.10 to the pound sterling forthwith, and to dispense with the transitional period.

Steps are being taken to introduce immediately [illegible] necessary to bring about this result, and to make [illegible] Treasury and Bank of England notes legal tender at the rate [illegible] to the pound sterling without further [illegible].

[illegible] arrangement will involve the [illegible] measures already taken providing that [illegible] contracted [illegible]

[illegible] 1920.

CURRENCY AND EXCHANGE IN EAST AFRICA.

The development of the British Protectorates in East Africa has been seriously checked by the rise in the exchange value of the Indian rupee, which, after being kept for many years by the Government of India at 1/4, began to rise in 1917, at first slowly and then more rapidly, especially during the latter part of 1919, till at the beginning of December 1919 it had reached 2/4.

The currency in the East Africa Protectorate and Uganda consists of the Indian rupee as the standard coin, with local issues of smaller coins and notes of higher denominations, all expressed in terms of the rupee. The British sovereign has also been legal tender at Rs. 15 since 1905, but has been unobtainable in any quantity since the beginning of the war.

The decision of the Secretary of State for India announced on the 2nd of February of this year, to establish the Indian rupee after a transitional period at one-tenth of a gold sovereign, was followed by a sudden jump of its exchange value from 2/4 (in the neighbourhood of which it had been fairly steady since the beginning of December) to about 2/3, and has destroyed any hope of its falling again in the near future.

If such a value as 2/9 were allowed in the Protectorates the export of capital from this country would be still further handicapped, and the settlement of the territories would be very slow and difficult. A great part of the trade is with the United Kingdom and the capital required for the development of the country must be obtained mainly from this quarter. It is therefore necessary in the interests of the Protectorates to secure and maintain a stable exchange with the United Kingdom at a lower rate, and the rate of 2/- sterling to the rupee has been adopted for the purpose.

As a first step towards this object an Ordinance is being passed in the East Africa Protectorate and Uganda making [illegible] at the rupee [illegible] to the [illegible]

[illegible]

[illegible] the Board [illegible] and notes, [illegible] to be announced in [illegible], [illegible] after a limited transitional period [illegible] to take the place of [illegible] currency. It will sell [illegible] giving delivery in East Africa, and [illegible] currency if at any time it is offered by the banks in East Africa, paying sterling for it in London. These sales and purchases will, after the transitional period, be made on the basis of 2/- to the rupee, subject to charges for remittances generally similar to those [illegible] by the West African Currency Board.

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As a first step towards this object an Ordinance is being passed in the East Africa Protectorate [illegible] making [illegible] Bank of [illegible] legal tender for any [illegible] [illegible] to the rupee. [illegible] is [illegible]

The maintenance [illegible] [illegible] established in London. The Board will [illegible] currency [illegible] notes, which will be available after a [illegible] date to be announced in due course, and which is intended after a limited transitional period commencing on that date, to take the place of the [illegible] currency. It will sell this new currency [illegible] giving delivery in East Africa, and will also accept currency if at any time it is offered by the banks in East Africa, paying sterling for it in London. These sales and purchases will, after the transitional period, be made on the basis of £[illegible] to the rupee, subject to charges for remittances generally similar to those adopted by the West African Currency Board.

During the limited transitional period the existing currency and the new currency will be legal tender on equal terms, and British currency notes and Bank of England notes will be legal tender at 9½ rupees to the pound sterling, the equivalent of which is approximately 2/2 to the rupee. This rate will also be, during the period in question, the governing rate for the supply and re-purchase of the new currency by the East African Currency Board.

On the expiration of the transitional period the old currency will cease to be legal tender (except for the small nickel coins ranging from 1 cent to 10 cents, which will not be replaced by new coins), and British currency notes will be legal tender at 10 rupees of the new currency to the pound sterling. The Currency Board may, however, for some time longer give new currency in exchange for coins and notes of the old currency still outstanding if that should be found necessary.

The export of Indian rupees, of Indian 1 rupee notes, and of silver, will continue to be prohibited up to the end of the transitional period, and for as long thereafter as may be found expedient.

The commencing date will be fixed at the earliest date at which a sufficient supply of the new currency can be issued in East Africa to commence the operation of the scheme, and the transitional period will be arranged to expire when a reasonable interval has been allowed after the supply is sufficient to meet all requirements. The dates will not be earlier than the 1st July and the 1st December 1920 respectively.

The arrangements set out above will apply to the East Africa Protectorate, the Uganda Protectorate, and the Tanganyika Territory, but not to Zanzibar. The German rupee in Tanganyika will be treated in the same way as the Indian rupee.

It has been decided to introduce a special immediate measure, in addition to the Ordinance referred to above, for the relief of the British settlers in the East Africa Protectorate and Uganda who have been compelled to obtain advances from the banks at a time when the rupee was in the neighbourhood of 1/4 and to whom it is a severe hardship to have to repay at a greatly enhanced sterling rate. An Ordinance will therefore be passed in the Protectorates named, providing that, for the repayment of debts contracted before the 21st November 1919 (the date on which the rupee rose from 2/- to 2/2) British currency notes and Bank of England notes will be legal tender at the rate of 9½ rupees. This provision will remain in force till the expiration of the transitional period.

The rate of 2/- sterling to the rupee has been determined after very careful consideration. This, at present gold prices, is equivalent to a rate of about 1/4 gold. To have gone farther and attempted to force back the rupee to its old sterling equivalent, however desirable in theory, would not have been possible in practice. It would have meant considerable injustice to the banks and all other creditors, more particularly to those who have obligations in India. It would have involved the risk of a serious shortage of currency taking place before the end of the transition stage through the illicit exportation or hoarding of the present currency. It would have made it impossible to produce, without risk of loss, a new rupee resembling the old rupee sufficiently to be acceptable as its equivalent to the native. It would thus, in fact, have probably led to a general disturbance of internal prices in East Africa which would have reacted upon the settlers' cost of production and so frustrated the object in view. It is believed that the rate fixed will best meet all the different interests and considerations involved, and will, at any rate, secure the main object of fixing a stable exchange with the United Kingdom. Incidentally, the new currency will form a complete decimal system based on the pound sterling with the half rupee as the equivalent of the shilling.

THE CEMENT INDUSTRY.

AN ENCOURAGING OUTLOOK.

[illegible] have it on the authority of the Ministry of [illegible] that this country is about five years behind in [illegible] building programme. If anyone doubted the [illegible] of this statement it would only be necessary [illegible] look round and see the great demand, almost [illegible]ghout the kingdom, for housing accommodation in [illegible] to be convinced. The process of overtaking arrears [illegible] this respect must necessarily be slow, and unless it is [illegible]erated the demand will continue to outstrip [illegible]ply. There are many factors in the situation, in[illegible]ding labour, but an adequate supply of the requisite [illegible]aterials is of the highest importance. Of the [illegible]incipal constituents of the house of the future [illegible]ement will undoubtedly occupy a more important [illegible]sition than hitherto, and for various reasons it is [illegible]ually certain that manufacturers will continue [illegible]prosperous for a very long time to come; indeed, as far [illegible] one can see at present, the demand for this article is [illegible]ely to be greater than the supply over the next few [illegible]ears.

It is estimated that about 7½ tons of cement are [illegible]quired for only a small house, and as it is reckoned [illegible] there is at present a shortage of about 800,000 [illegible]uses in this country, it can be easily calculated what [illegible] means.

But while there will be for a long time a big demand [illegible] cement here, it is certain that the requirements of [illegible]ropean countries will be exceedingly heavy. In [illegible] past Germany and Belgium would have met a large [illegible] of this demand, but production in those countries [illegible]stricted by the impossibility of obtaining sufficient [illegible]itish coal for manufacturing purposes, so that if [illegible]itish producers have a surplus after satisfying home [illegible]mands they will find a ready outlet for it in the [illegible]tinental countries, especially in those centres [illegible] a vast reconstruction programme must follow [illegible] ravages of the war. That the price of cement will [illegible]tinue high, thus giving good profits to the makers, [illegible]ears to be inevitable.

[illegible] view of these circumstances, it may be of interest [illegible] give some particulars of the two principal manu[illegible]turing companies in this country, the Associated [illegible] and the British Portland Cement. The total [illegible]italisation of the two is £12,035,000, against which [illegible] are reserves amounting to £1,735,000; cash in [illegible] and balances forward £580,000, stock-in-trade [illegible] and foreign investments about £300,000, [illegible] a total of £3,235,000 (which does not include [illegible]ments in barges, lighters, and manufacturing, [illegible] leaving a balance of £8,500,000. The pre-war [illegible] of the two organisations was 2,600,000 tons. [illegible] figure will be gradually realised as the plants [illegible] but taking 2,500,000 tons as the capacity [illegible] works out at £3 [illegible] per ton. These [illegible] based on the last balance sheets—those for [illegible] June 1919. In addition the companies have [illegible] goodwill, especially the Associated Co., with its [illegible] trade marks, the latter being known [illegible]. Further, £[illegible] of the capital of [illegible] Co. is in Debenture stock, upon which [illegible]erage rate of interest is only 4½ per cent., while [illegible] British Portland Co. has Debenture stock for over [illegible]000, paying only 5 per cent. interest. The Prefe[illegible] [illegible] of the Associated Co. is £2,000,000, bearing [illegible] cent., and the British Co.'s Preference capital is [illegible]000, bearing 6 per cent. interest, leaving only [illegible] £3,500,000 of Ordinary capital of the two com[illegible] upon which to pay dividends. It is clear from [illegible] while the outlook for the industry is one of [illegible] promise the two principal concerns are [illegible]larly fortunate in their capital arrangements [illegible]e benefit of this must accrue to the holders of [illegible]dinary shares.

[illegible] Rubber and [illegible] Ltd.—Cabled return for last [illegible] From the mines: Gross tribute received, £1,113, [illegible]g expenses £192. Gross mining profit, £921. From the [illegible]00 lbs. Rubber.—The decrease as compared with last [illegible] due to the trees "wintering."

EAST AFRICAN EXCHANGE.

The Colonial Office makes the following announcement:—An important acceleration and simplification is announced in the scheme which was published in the Press on February 13 for the stabilisation of the rate of exchange between East Africa and Uganda Protectorates, and the Tanganyika Territory, and the United Kingdom. The original scheme provided for a transitional period during which the Imperial Treasury and Bank of England notes—at present legal tender in East Africa at the rate of Rs.8.50 to the £ sterling—should be legal tender at the rate of Rs.9.25 to the £ sterling. At the end of this transitional period the rate was to be stabilised at Rs.10 to the £ sterling. The effect of the announcement of the above proposals has, however, been that the sterling rate of exchange of the rupee in East Africa has already been fixed by the banks at 2s. for homeward and 2s. 2d. for outward remittances. It has thus become possible, without further hardship to anyone and with advantage to the importer of capital into East Africa, to stabilise the rate of exchange on the basis of Rs.10 to the £ sterling forthwith, and to dispense with the transitional period. Steps are being taken to introduce immediately the legislation necessary to bring about this result, and to make British Treasury and Bank of England notes legal tender at the rate of Rs.10 to the £ sterling without delay. This arrangement will involve the cancellation of the measures already taken, providing that for the repayment of debts contracted before November 21, 1919, British Treasury notes and Bank of England notes should be legal tender at the rate of Rs.9.25 to the £ sterling from the present time until the end of the transitional period.

ANSWERS TO CORRESPONDENTS

HORATIO.—Seems [illegible] good [illegible].

REX.—First [illegible] shares should be kept for better market conditions, but the early outlook for the more speculative type is not brilliant.

BOB.—Should advise [illegible] sell.

HARRIOT.—We should advise you to sell these, and exchange into Newchatel Asphalte.

SCOT.—(1) [illegible] are not a specially [illegible] holding. (2) Zinc Corporations seem a fair speculative [illegible].

NOAH.—It is advisable to hold [illegible] resumption of operations. Your money could be more usefully employed elsewhere.

[illegible].—Yes, you are liable for the further [illegible]. As [illegible] Anglo-United and Scottish-American should both turn out well and we should certainly continue to hold them. There is little choice, but we rather prefer Mexican Eagles.

THE OIL MARKET

[illegible] TOWARDS THE CLOSE

[illegible] was Trinidad Centrals [illegible] referred to elsewhere, the price [illegible] closing [illegible] at 7½ [illegible] steadily to 10 [illegible] request and finished [illegible] while Burmahs, after 17½, and [illegible] after 10½, finished with moderate losses at 15¾ and 10⅛ respectively. Royal Dutch were the market's weakest spot [illegible] rallied from their lowest level of 80, closing [illegible] at 81½. Scottish-Americans [illegible] a good deal of attention, and, after being [illegible] down on the week [illegible]. The commencement of dealings in Tankers [illegible] English [illegible] British Borneo [illegible] Kern [illegible] and Roumanian Consolidated [illegible]

[illegible] Trinidad [illegible] 10s. paid [illegible] Thames Haven Oil Wharves [illegible] dividend [illegible] Notes.

OIL PRICES

Price 27 July 1914		March [illegible]		March [illegible]	
[illegible]	Anglo-American, £1 sh. f.p.	[illegible]	[illegible]	7⅝	[illegible]
[illegible]	Anglo-Egyptian "B," £1 sh. f.p.	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	Anglo-Ecuadorian, £1 sh. f.p.	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	Anglo-Persian Pref., £1 sh. f.p.	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	Anglo-United, £1 sh. [illegible] pd.	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	Assam, £1 sh. f.p.	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	British Borneo Pet. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	British Burmah [illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	British [illegible] Spirit £1 sh. f.p.	[illegible]	[illegible]	[illegible]	[illegible]
4	Burmah, £1 sh. f.p.	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	Eagle Trans. [illegible] Pref. £5 sh. f.p.	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	English Oilfields, £1 sh. f.p.	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	Kern River, [illegible] sh. f.p.	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	Lobitos, £1 sh. f.p.	[illegible]	[illegible]	4	[illegible]
[illegible]	London & Thames H., [illegible] f.p.	1	[illegible]	[illegible]	[illegible]
[illegible]	Mex. Eagle [illegible] $10 Mex. f.p.	[illegible]	11	[illegible]	[illegible]
[illegible]	Do. [illegible] Pref. $10 shs. f.p.	[illegible]	[illegible]	[illegible]	11
[illegible]	North Caucasian, [illegible] sh. f.p.	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	Premier Oil, [illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	Rateoyn [illegible] £1 sh. f.p.	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	Roumanian [illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	Scottish Am[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4½	Shell Transport, £1 sh. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	Trinidad Cent[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	U. British of Trinidad [illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

United British Oilfields of Trinidad – Combined production week ended February 18 700 tons; ditto February 2[illegible] [illegible] tons.

Lobitos Oilfields [illegible] February [illegible]

Anglo-Egyptian Oilfields. Hurgada production for week ended February 29 2,813 tons (last week 1,957 tons). Gemsah (approx.), nil (last week 1,100 tons).

Kern River Oilfields of California. Total production during February amounted to [illegible],282 barrels or approximately 14,[illegible]4 tons, including [illegible] barrels from properties of St. Helens Petroleum.

Premier Oil Co., Ltd. The directors are in negotiation with an important financial group in Paris for the sale of the company's [illegible] interests. If these negotiations fructify the approval of the shareholders will be asked for at an early date.

Narborough (F.M.S.) Rubber Estate, Ltd. Cabled returns for last month 27,00[illegible] lbs., making a total of 262,[illegible] lbs. for the eight months of the current year, and comparing with 15,000 lbs. and 121,750 lbs. respectively for last year. The decrease, as compared with last month, is due to the trees "wintering."

OIL NOTES.

The Fall in Royal Dutch.—The weakness [illegible] Dutch this week has been attributed to various reasons, none of which would probably have had much effect had the market as a whole not been in such a "stupid" condition. Fears that the suggested increase in Dutch income tax would be levied on the company's profits became less [illegible] the rise in the Dutch exchange was another, and the repeated calling in of loans on the shares was another. It is remarkable when a market is temporarily depressed how many adverse points can be called forth. If the market were buoyant, dealers would doubtless produce plenty of "bull" points, and we regard the present depression merely as a passing phase. We have frequently given our reasons for thinking that the market is unlikely to remain neglected for any length of time, and these reasons still hold good. When the inevitable recovery in the market occurs, Royal Dutch will be as good as anything.

London and Thames Haven.—After paying 8 per cent. for thirteen years in succession, the London and Thames Haven Oil Wharves, Ltd., is able to make a distribution for last year of 10 per cent., and a glance at the company's report shows that the increase is more than justified. In the following statement we compare the main figures with those of 1918:—

	1918.	1919.
Profit (including amount forward from previous year) ...	£49,322	£89,274
Dividend	8 p.c.	10 p.c.
Carry forward	£51,668	£29,[illegible]

The reserve fund now stands at £250,000, an increase of £130,000 compared with a year ago, and altogether the company is in a very sound financial position. At the present price the yield afforded is small, but, as with other similar concerns, it is on prospects that the market valuation is based.

Trinidad Centrals.—Fresh rumours have come into circulation this week as to the future of Trinidad Centrals, the one to receive most credence being that the company is to be absorbed by the Scottish American. The basis of the deal, it is asserted, is £4 10s. in cash and 2½ Scottish-American shares for each Trinidad Central. Taking Scottish-Americans at £2, the offer would be equivalent to a price of 9½ for Trinidad Centrals. Time alone can show whether the report is correct, but it was being confidently stated yesterday that the whole matter had been "signed and sealed" and that a meeting of Trinidad Central shareholders to approve the scheme would be called almost immediately.

Tankers, Ltd.—Our favourable comment on the prospectus of Tankers, Ltd., when it appeared has been more than justified. Applications for the £1,500,000 offered, it is stated, amounted to well over £5,000,000, the result being that shareholders of the Scottish American who subscribed for the issue were allotted only 30 per cent., while the general public received the ever smaller amount of 10 per cent. of their applications. Dealing commenced in the shares on Thursday and, as was inevitable, a substantial premium was quickly established.

THE OIL MARKET.

[illegible] RALLY TOWARDS THE CLOSE. [illegible]

[illegible] Trinidad Centrals on the [illegible] referred to elsewhere, the price [illegible] closing with a net gain of [illegible] Shells, after falling steadily to [illegible] after 17[illegible] after 10[illegible] finished with moderate losses at 15[illegible] respectively. Royal Dutch were the [illegible] though they too rallied from their lowest level of 80, closing about 7 points down on balance at 81[illegible]. Scottish Americans [illegible] to attract a great deal of attention, and, after being [illegible] only [illegible] down on the week [illegible] Tankers [illegible] premium [illegible] Oilfields came [illegible] British Borneo [illegible] Kern Rivers and Roumanian Consolidated [illegible] and Venezuelan [illegible] Trinidad [illegible] Lobitos Oilfields [illegible] Baku [illegible] London and Thames Haven Oil Wharves [illegible]

OIL PRICES

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

United British Oilfields of Trinidad.—[illegible] February 15, [illegible] February [illegible]

Lobitos Oilfields.—[illegible] February [illegible]

Anglo-Egyptian Oilfields.—Hurghada production for week ended February 2[illegible], 281[illegible] tons; last week, 1,957 [illegible] [illegible] 1,100 tons.

Kern River Oilfields of California.—Total production during February amounted to [illegible],282 barrels, or approximately 14,774 tons, including [illegible] barrels from properties of St. Helens Petroleum.

Premier Oil Co., Ltd.—The directors are in negotiation with an important financial group in Paris for the sale of the company's [illegible] If these negotiations [illegible] approval of the shareholders will be asked [illegible]

Narborough (F.M.S.) Rubber Estate, Ltd.—[illegible] for last [illegible] eight months [illegible] and 41,700 lbs. respectively [illegible] year. The [illegible] as compared with last month [illegible] to the trees wintering.

OIL NOTES.

The Fall in Royal Dutch.—The weakness of Royal Dutch this week has been attributed to various reasons, none of which would probably have had much effect had the market as a whole not been in such a "stupid" condition. Fears that the suggested increase in Dutch income tax would be levied on the company's profits [illegible] the rise in the Dutch exchange was another, and the reported calling in of loans on the shares was another. It is remarkable when the market is temporarily depressed how many adverse points can be called forth. If the market were buoyant, dealers would doubtless produce plenty of "bull" points, and we regard the present depression merely as a passing phase. We have frequently given our reasons for thinking that the market is unlikely to remain neglected for any length of time, and those reasons still hold good. When the inevitable recovery in the market occurs, Royal Dutch will be as good as anything.

London and Thames Haven.—After paying [illegible] per cent. for thirteen years in succession, the London and Thames Haven Oil Wharves, Ltd., is able to make a distribution for last year of 10 per cent., and a glance at the company's report shows that the increase is more than justified. In the following statement we compare the main figures with those of 1918:—

	1918	[illegible]
Profit (including amount forward from previous year)	£49,127	[illegible]
Dividend	8 p.c.	10 p.c.
Carry forward	£[illegible]	£2[illegible]

The reserve fund now stands at £2[illegible],000, an increase of £130,000 compared with a year ago, and altogether the company is in a very sound financial position. At the present price the yield afforded is small, but, as with other similar concerns, it is on prospects that the market valuation is based.

Trinidad Centrals.—Fresh rumours have come into circulation this week as to the future of Trinidad Centrals, the one to receive most credence being that the company is to be absorbed by the Scottish American. The basis of the deal, it is asserted, is £4 10s. in cash and 2½ Scottish American shares for each Trinidad Central. Taking Scottish Americans at £2, the offer would be equivalent to a price of 9[illegible] for Trinidad Centrals. Time alone can show whether the report is correct, but it was being confidently asserted yesterday that the whole matter had been "signed and sealed," and that a meeting of Trinidad Central shareholders to approve the scheme would be called almost immediately.

Tankers, Ltd.—Our favourable comment on the prospectus of Tankers, Ltd., when it appeared has been more than justified. Applications for the £1 [illegible] amounted to well [illegible] the result being that shareholders of [illegible] who subscribed for the issue [illegible] 20 per cent., while the general public received the even smaller amount of 10 per cent. of their applications. Dealing commenced in the shares on Thursday, and, as was inevitable, a substantial premium was quickly established.

DRAFT.

Notice

Currency in East Africa

An important ~~alteration~~ acceleration

~~and modification~~

is announced in the Scheme which was published in the Press on the 15th of Feb. for the stabilisation of the rate of exchange between the East Africa and Uganda Prots. and the Tanganyika Territory, and the U.K.

The original [illegible] for a transitional period, during which Imperial Treasury ~~and~~ Bank of England notes (at present legal tender in E.A. at the rate of Rs 8.50 to the pound sterling) should be legal tender

Mr. Bottomley 8.3.20

to [illegible]

at Press.

[illegible] space [illegible]

[illegible] at the rate of Rs. 9.25 to the pound sterling. At the end of this transitional period the rate was to be stabilised at Rs. 10 to the pound sterling.

The effect of the ~~above~~ announcement of the above proposals has been ~~that~~ known the sterling rate of exchange of the East Africa rupee has ~~for all practical purposes ... to ... Africa~~ been fixed at 2/- for inward ~~and remittances between this country and~~ by the banks / 2/1½ for outward remittances. ~~E.A. are concerned, to depreciate the local value of the rupee to the ultimate value contemplated.~~ It has thus become possible, without further hardship to anyone, and with advantage to the importer of capital into E.A., to stabilise the rate of exchange on the basis of Rs. 10 to the pound sterling forthwith, and to dispense with the transitional period.

Steps are being taken to introduce immediately the legislation necessary to bring about this result, and to make

DRAFT.

MINUTE.

Mr.
Mr.
Mr.
Mr. Grindle.
Sir H. Lambert.
Sir H. Read.
Sir G. Fiddes.
Col. Amery.
Lord Milner.

British Treasury and of Bank of England notes legal tender at the rate of Rs. 10 to the pound sterling without further delay.

This arrangement will involve the cancellation of the ~~provision already made~~ measures already taken providing that, for the repayment of debts contracted before the 21st of Nov. 1919, British Treasury notes and Bank of England notes should be legal tender at the rate of Rs. 9.25 to the pound sterling for the present time until the end of the transitional period.

Colonial Office
March 1920

Tel/10481/20

SAP

Pacific

Sent 7.15 pm
C.J.J.

DRAFT. Tel.

Governor

Nairobi

MINUTE.

Mr. Jeffries 5.3.20
Mr. Parkinson
Mr. Bottomley 5.3.20
Mr. Grindle.
Sir H. Lambert.
Sir H. Read.
Sir G. Fiddes.
Mr. Amery.
Lord Milner.

[illegible]laggo — 5th March
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Repeat to Gov. of Uganda Tanganyika Territory

Roughlie

Anand 15929

10481
11645

DRAFT. Code Cl.

Governor

Nairobi

MINUTE.

Mr. Bottomley 6/3/20

Mr.

Mr.

Mr.

Sir H. Lambert.

Sir H. Read.

Sir G. Fiddes.

Col. Amery.

Lord Milner.

Regret [illegible] expenditure [illegible] Gbs.

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my telegram of 5 March

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Gor/10481/20
E.A.P.

6

6 March 1920

DRAFT. (10448)

(See Gor/11943 (?)

Gentlemen,

With ref. to the letter from this Dept. of the 2nd. of March, I am directed to ~~inform~~ ~~you that it~~ transmit to you, for your information and guidance, the acc. copy of a letter which is being sent to the National Bank of India, the Standard Bank of S.A. and ~~the National Bank~~ of S.A., regarding the supply of currency notes to the banks in E.A. against sterling payments made in London, on a basis of Rs 10 to the pound sterling

MINUTE.

Mr. Jeffries 6.3.20
Mr. ~~Parkinson~~
Mr. Bottomley 6.3.20
Mr. Grindle.
Sir H. Lambert.
Sir H. Read.
Sir G. Fiddes.
Col. Amery.
Lord Milner.

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could not make advances
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Telegraph ...

R ...

2. You will observe that the arrangements ~~now~~ referred to in this letter supersede those under which the banks were to deposit cash with you as a set off against issues of notes locally; and that any deposits already made by the banks with you under those arrangements should be returned to them, with the accrued interest subject to the deduction of the value of any notes already issued to them locally against those deposits.

I am &c

(Sd) J. H. A. Green

G. 10481/20
E.A.P.

DRAFT.

Genl. Manager
Natl. Bank of India Ltd.
Standard Bank of S.A. Ltd.
Manager
Natl. Bank of S.A. Ltd.

MINUTE.

Mr. Jeffries 5.3.20
Mr. Parkinson
Mr. Bottomley 6.3.20
Mr. Grindle.
Sir H. Lambert.
Sir H. Read.
Sir G. Fiddes.
Col. Amery.
Lord Milner.

Copy to C.A. – 6 Mar/20

Dft.

C. H. [illegible]

6 March 1920

Sir,

With ref to the meeting held at the office of the C.A. for the C. on the 4th of March, at which it was ~~dec~~ agreed that, if an assurance could be given that the Govt. of the E.A.P. would issue local currency notes to the Banks against payment ~~of the~~ ~~home on the basis of Rs 10 to the pound sterling, the Banks~~ ~~latter~~ would forthwith fix their rate of exchange for transactions between ~~the Protectorate~~ E.A. and this country ~~at Rs 10 to~~ on the same basis, ~~of Rs 10 to the pound sterling~~. I am directed to inform you that this arrangement has now been approved.

2. A tel. has been sent to the O.A.G. of the E.A.P. authorising the issue of currency notes to the Banks on the basis ~~at the rate~~ stated above forthwith, and requesting him to inform the local Bank managers that it is the desire of their ~~Head~~ London Office that they should introduce the new rate in advance of ~~your on~~ the receipt of your instructions.

3. It is presumed that you will send a formal confirmation of this arrangement to your managers in E.A. ~~The arrangements~~ [illegible] that ~~further~~ made for the issue of notes locally against a ~~deposit in this country~~ [illegible] ~~there~~ no deposit will [illegible] required. The C.A.s [illegible] to return [illegible]

directed to inform you that this

arrangement has now ~~been approved~~

2. A tel has been sent to the

O A G. of the E.A.P. authorising the

issue of currency notes to the Banks

~~at the rate~~ on the basis stated above forthwith,

and requesting him to inform the

local Bank managers that it is

the desire of their ~~Head~~ London Office

that they should introduce the new

rate in advance of ~~your~~ the

receipt of your instructions.

3. It is presumed that you will

send a formal confirmation of the

arrangement to your managers

in E A ~~The arrangements~~ [illegible]

that ~~funds~~ in order for the issue of notes locally

against a ~~deposit in this country~~ and ~~Loans~~

~~the~~ no deposit will [illegible] be

required. The C.A.s [illegible] [illegible] (for the

instructed to return [illegible] [illegible] the value [illegible]

[illegible] subject to the [illegible]