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Previous Paper

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Conference on East African Shipping

Dr. J. H. Johnson
Col. Kelly

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Subsequent Paper

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Conference at Colonial Office on July 27, 1910, on
proposed Union-Castle Line service to and from East Coast of
Africa by Suez route.

Col. Seely presided and those present were Mr. Mercer,
Mr. Read (Colonial Office), Sir Matthew Nathan and Mr. Mallory
(Post Office), and Mr. Molteno, Sir P. Mitchell, Sir William
Evans and Mr. Cook (Union-Castle Co.).

At Col. Seely's invitation Mr. Molteno briefly stated the
Company's position. They proposed a four-weekly service via
Suez between Southampton and Durban, out and home, connecting
with their Cape Mail service. To carry out this scheme
they would have a big German line available, and they had
asked the Government to say, if it wanted the service estab-
lished, in what way it could assist them. What they looked for
was definite Government support for a definite term of years.
In view of the Suez Canal dues - some £30,000 or £40,000 a
year - they would have at the outset to face a loss, but they
felt that the German domination must be broken through one or
another. But they could not embark on this risky undertaking
without a definite pledge of Government support.

Col. Seely observed that there were only three cash values
to be considered: (1) passengers, (2) goods, (3) mails. The
first and last were the easiest points to settle, and Government
support for the Company under both heads was defensible; but
on the question of goods (the Company, it appeared, had asked
for two-thirds of the Government freight) he saw difficulties.
The Government had to meet House of Commons criticism, and it
would not be easy to defend what would be called a hole-and-
corner agreement, giving a virtual monopoly. The question
would certainly be asked whether the Government had taken steps

It is annexed
to Sir M.
3205

to ascertain why the proposed service was the best that could be obtained for the price, and if not, why not. For this reason he would greatly prefer the normal, almost universal practice of asking for tenders.

To this suggestion Mr. Molteni and Sir F. Mirrieles strongly objected, as it would expose their hand to the Germans. It must be borne in mind that the Company would be risking their South African position (the new scheme, said Sir F. Mirrieles, would almost certainly cause a war of races in South Africa); and the Company's exceptional risk could not make an exceptional arrangement with them particularly defensible in Parliament. In this view Sir Matthew Nathan concurred.

Mr. Mercer said that there need be no public advertising for tenders; a few shipping firms might be privately circularized. Mr. Molteni and Sir F. Mirrieles replied that there would be no real privacy; the facts would promptly leak out through the Shipping Press. Further, nothing (save an answer to Parliamentary criticism) would be gained by the Government, as their Company was really the only one in a position to make a bona fide tender; but they objected to any plan of tendering for the reason already given of the exposure of their hand to the Germans. Col. Sealey and Mr. Mercer then suggested, in lieu of a calling for tenders, a confidential letter to shipping firms asking them to say, within some impossibly short time, say a week, whether they could furnish a better service than one (i.e. the proposed Union-Castle service) that had been laid before the Government. While the Company would be spared the publicity they feared and would really be shielded from any effective competition, while the Government would have an answer to the inevitable question in Parliament whether they had made any enquiries outside the Company. Mr. Molteni replied that he thought

thought Parliament would be likely to criticize this step even more strongly as a "hole and corner" proceeding than it would the arrangement with the Company which they were seeing.

Asked by Col. Seely what was the Post Office view of the proposed service, Sir M. Nathan explained that it would be valueless with the Time Table as it actually stood - the dates practically making the service coincident with the existing British India service. On the other hand, if the dates could be altered by a fortnight, the Post Office would have a British service opened from the East Coast of Africa as far as Zanzibar every fortnight instead of once a month, as at present. The new service would also no doubt be of advantage for carrying certain mails for Chinde at present sent by German packets.

As to the postal value of the service it could not be expected to exceed that of the British India service, about £1800. In reply to Sir F. Harriotes, Mr. Walley explained how this figure was arrived at by the Post Office. It appeared that the Company had suggested to Col. Seely £15,000 as a postal subsidy - on the assumption that they would be giving a better service than the British India Company, with its subsidy of £9,000. It was explained to Sir F. Harriotes that this British India subsidy, though borne on the Post Office vote, was given for other than purely postal considerations. Anyhow, said Sir M. Nathan, the new service would not justify a payment on postal grounds, even allowing consideration for regularity and control, of more than about £2000.

Mr. Molteno and Sir F. Harriotes were manifestly dissatisfied with the Post Office figure, but beyond suggesting that a considerable increase of receipts might be looked for from the certain increase of correspondence between the East Coast and

and South Africa they made no attempt to upset the estimate. Sir P. Marriades, however, said there would be no difficulty about rearranging their Time Table dates, so as to provide a service alternating with the British India service or about arranging for a connexion with the Peninsular & Oriental Packet either at Port Said or to secure a quicker service to Aden. (Their Time Table had made no mention of either Port Said or Aden.) In short, on points of detail necessary for making up the service, the Company would be quite ready to meet Post Office requirements. Incidentally, they would have to propose to use four ships of 2000 tons each, and in fact to provide a service in every way superior to the British India service, of which they spoke in very disparaging terms.

Reverting to the question of freight, Col. Seely repeated that any arrangement for the exclusive or nearly exclusive use of a service for cargo would be very difficult to defend in Parliament.

Finally Mr. Keble asked: May we know how we stand exactly? Col. Seely: We as a Government are very anxious to see the service established and to help you in every possible way, within the limit we have set down. We can give you our passengers and some postal assistance - how much I cannot yet say (we must wait and see if Sir Matthew White's heart will be softened) - but we cannot make an arrangement about cargo, unless the Prime Minister and Lord Crewe (whom I will see on the subject) are prepared to take the risk of Parliamentary criticism.

After the Union-Castle Company's party had withdrawn, Col. Seely expressed the opinion, in which there was general concurrence, that the Union-Castle scheme was directed against the British India service, which had been concerted in

agreement with them, the Government ought not to ignore them in the matter. Accordingly it was proposed, and it was agreed, that he should tell Mr. Molteni that the Government would be prepared to consider an agreement with the Union-Castle Company for carriage of goods as well as of passengers and (some) postal subsidy only upon condition that the British India Company was at once informed of the scheme and given the opportunity of competing. If Mr. Molteni would not consent to this, then the Government could consent to an agreement with his Company about passengers and mails only, and not about cargo.

ABW

27 July 1910.

Private
Confidential

NY 25
6910

My dear Sedg

Here is the
very rough draft
of which I spoke &
which I send you
with the "agenda" so as
to save time and to
get nearer to the
actual agreement.

We shall meet for our
workday at 12.15

H
J. J. Muller

cc K. H. P. H.
cc Sedg M. J.

23

AGREEMENT for the Establishment of a Service
of Steamers via the Suez Canal between the United
Kingdom and East Africa and South Africa.

IT is agreed between His Majesty's Government of the
one part and the Union Castle Mail Steamship Company of
the other that, in view of the fact that it is desirable
in the public interest to establish a direct Service
of British Steamers between the United Kingdom and
Mombasa ^{London, Bombay & Zanzibar} and Zanzibar, via the Suez Canal, and in view of
the fact that the dues charged for the passage of Steamers
through the Suez Canal creates very great difficulties
in the way of the establishment of such a service, and
in view of the fact that His Majesty's Government are
unable to promise ~~any~~ subsidy to meet the cost of such
canal dues, it is agreed between His Majesty's Government
and the Union Castle Steamship Company that His Majesty's
Government ~~and~~ ^{believe it to be in the} the Governments of the Protectorates of
East Africa, Uganda and Nyasaland, as well as Zanzibar,
^{shall} ~~will~~ do their best to support a Service of Steamers to be
established by the Union Castle Company in the following
manner and under the following conditions:

THE Union Castle Mail Steamship Company will
^{shall and under} retain ~~the~~ service of Steamers to sail once in four
weeks from a port or ports of the United Kingdom to
British East Africa via the Suez Canal, and to return

200^A

via the same route from the ports of British East Africa to the United Kingdom.

THAT in order to carry out the undertaking to support this Service of Steamers His Majesty's Government will give the conveyance of all their Government passengers and emigrants to and from the Protectorates to the Steamers of the Union Castle Company. In the event of urgency they will be at liberty to send by other Steamers; but this power is only to be used to limited extent and not to the prejudice of the Union Castle Company's Steamers.

HIS Majesty's Government agree to give two-thirds of all the Government cargo ^{which they may have to transport} from the United Kingdom or the Continent to the Steamers of the Union Castle Company. All ordinary Government cargo requisitioned by the Government shall be carried at the current tariff rates of freight, (or alternative at a fixed rate of freight); but in regard to railway material, railway stores and articles of such nature the Union Castle Company will carry these goods at a fixed rate of shillings per ton.

HIS Majesty's Government, as well as the Governments of the Protectorates above named, will do their best to support with such cargo as may be under their control homewards the Steamers of the Union

RECORD OFFICE
 C.O.
 533
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Castle Company, provided the rates by such Steamers are not above the current rates ruling at the time. That the Union Castle Company shall not be compelled to take ^{for the carrying of mail} extreme rates such as may rule owing to a rate war.

HIS Majesty's Government will use their best offices to arrange for the carriage of mails by the Steamers of the Union Castle Company, who are to receive a proper subsidy for work done in connection with carrying mails.

THIS Agreement shall endure for a period of years from the first of August.

THE first sailing shall take place on _____ day of September from the United Kingdom, and continue thereafter at regularly four-weekly intervals.

Confidential

Mr. Molteni M.P. left the ^{annexed} ~~document~~ paper with Colonel Seely. The time table indicates the proposed monthly ~~sum~~ ^{sum} via the ~~channel~~ ^{channel} and ~~consider~~ ^{consider}. The agreement Mr. Molteni's idea of what he would like the Government to propose he also indicated that he preferred to approach the P. No. 9 with a view to obtaining the subsidy of £12,000 at present paid to the British India Co. for the ~~Indian~~ ^{Indian} ~~contract~~ ^{contract}. He thought the British India Co. would be glad to relinquish it. The point shows the terms of the contract with the S. African Government. He wanted the scheme to be treated as strictly confidential at present, but desired to know the attitude of the C.O.

I am not
sure of the
amount
1914

FTC

11.11.19 July 19

H. Fiddler

This is the sort of thing
 we really want & I think that
 we should do everything in our power
 to support the Co. As the
 steamers only sail at intervals of
 month, we may have before a return
 of leave in some cases, but I do not
 think that we should later as for
 sending all our first officals by the
 line. With regard to cargo, some cases
 may arise in which it is absolutely
 necessary to send first class by the
 first available steamer, whether there
 be cattle or merchandise, but these cases
 must be rare & I think that we can
 count on sending at least $\frac{2}{3}$ of our
 cargo by the Co's steamers.

I have always held that we ought
 to give all our support to our line, & in
 the place it is a position to compete
 & successfully with foreign rivals. If we
 do this, then as our port is the only one
 sailing, it will become more & more
 & we shall reap the more & more of the
 trade which these rivals have taken from us.

H. F. F.
 20/80

Lee & Hopwood

I agree generally with the
Plan. It must not be forgotten that
Mr P. Grogan writes ~~and~~ in fact
the ~~provision~~ by which ~~the~~ will have the
best ~~known~~ facts for purposes of the
Bill and should be given to
S. J. W. Co. in regard to the same. ~~But~~
Bill I think that the merge ~~quarter~~
and ~~the~~ ~~higher~~ ~~course~~, ~~and~~
in light of the ~~agreement~~ to have ~~control~~
don't ~~be~~ ~~quite~~ ~~right~~ (If I ~~remember~~ ~~right~~
they have ~~considered~~ ~~to~~ ~~2/17~~ ~~in~~ ~~regard~~ ~~to~~
B.S. 1916)

W. 1917

I am a little uneasy about
it but on the whole I
agree. In some cases where
acting ~~to~~ ~~prevent~~ ~~the~~
many ~~questions~~

Lee & Hopwood

Apr 22.7

If we could only be sure that the Company would
continue their service it would be well worth
our while to help them in some way
For we are ~~they~~ ~~not~~ ~~per~~ ~~to~~ ~~only~~
at all the very thing which ~~is~~ ~~the~~ ~~main~~ ~~thing~~
and the other ~~part~~ ~~of~~ ~~the~~ ~~business~~ ~~is~~ ~~to~~ ~~be~~ ~~done~~
and ~~the~~ ~~fact~~ ~~is~~ ~~that~~ ~~the~~ ~~company~~ ~~is~~ ~~not~~ ~~able~~ ~~to~~ ~~do~~ ~~it~~ ~~alone~~ ~~and~~ ~~the~~ ~~probability~~ ~~of~~ ~~its~~ ~~failure~~

from £56,000 to £75,000 a year.

I fear it is too good to be true, in other words that it will not last long. But if I did want it would, no doubt, be of immense advantage to the Protectorate. No country in Europe nowadays unless it has a regular and systematic system of communications. I have spoken to the P. M. G. on the subject, and he tells me that the Post Office will help in every way possible. But all this depends on the prospect of permanence.

Wm
1827

[Faint, mostly illegible handwritten text, possibly a continuation of the letter or a separate note.]

PROPOSED SERVICE

<u>Southampton</u>	<u>Marseilles</u>	<u>Suez</u>	<u>Mombasa</u>	<u>Zanzibar</u>
Sept 14	Sept 22	Sept 29	Oct 11	Oct 12
Oct 12	Oct 20	Oct 27	Nov 8	Nov 9

WARD

<u>Zanzibar</u>	<u>Mombasa</u>	<u>Suez</u>	<u>Marseilles</u>	<u>Southampton</u>
Nov 11	Nov 12	Nov 24	Dec 1	Dec 9
Dec 9	Dec 10	Dec 22	Dec 29	Jan 6

(Draft)

Whereas it is desirable in the public interest that a British Service for mails and passengers should be established to connect the United Kingdom with the ports of British East Africa and Zanzibar and vice versa, and whereas the heavy dues on steamers passing through the Suez Canal - especially on passenger steamers - make it very onerous to undertake the establishment of such a service, and whereas His Majesty's Government are unable to give a subsidy for such a service. Now it is agreed that His Majesty's Government will do their best to support the service of steamers to be established by the Union-Castle Company.

The Union-Castle Company will establish a service once every four weeks from the U.K. to East African ports and from East African ports to U.K. The steamers will be passenger steamers of a high class sailing on

fixed dates to commence

H.M. Government agree to give all their passengers at current rates to the Union-Castle Company's steamers.

H.M. Government agree to give at least two-thirds of their cargo to the Union-Castle Company's steamers at a (all round rate) or at tariff rates

H.M. Govt to use their best efforts to meet the needs of S. Africa
to avoid delay