E. AFRICA

No. 11850

DOMESTIC.

C. O. 128

11850

REGD 3 APR 07

Individual

Change for 8

1907

Previous Paper.

(Subject.)

Steamship Service to East Africa

Regrets to find it impossible to suggest any practical mode of arranging for the homeward direct sailing without the substantial support of a subsidy in some form.

(Minutes.)

Mr Antrobus

Keep for the replies from the B. I. S. N. Co.y (see postscript to letter) & the Laing Co.y – & Lord 8 copies made of the l.r for the use of the Ctee

H. J. R.

4/4

Wed April 4

See now R.J. 11903

H. J. R.

6/4

Subsequent Paper

R.J.

11903

Great Winchester St.
London, 26th. March 1907.

Dear Sir,

With reference to the recent discussion in Committee re the Direct Steam Service out and home from U. K. to the East Coast of Africa, as promised Mr. Winston Churchill I have given the subject my most careful consideration with the view to meeting his wishes regarding same, but I regret to say I find it quite impossible to suggest any practical mode of arranging for the homeward direct sailing without the substantial support of a subsidy in some form.

The subsidy of £68,000 per annum enjoyed for so many years by the German Line has given them such a hold on the trade that any Line now entering the field against them would certainly have to enter upon a keen war of rates, and the German Line has in addition to their subsidy the material advantage of an established system of rebates which shippers transferring their support to another line would not participate in. Even working the Line as the British India S. Nav. Co. now does, (sending their steamers to India to load full cargoes homeward,) the

service is a most unprofitable one, arising mainly from the fact that the outward freights are in competition forced down to a figure that does not cover working expenses on the outward voyage.

I could show you the closed accounts for the steamers "MOMBASSA" and "BALUCHISTAN", the only ones that have so far been closed for the round voyage up to the present time and they show losses, exclusive of interest and depreciation, of £4,503. 15. 9 and £1,643. 4. 2 respectively.

What would be necessary to induce steamers to be laid on the Line depends entirely upon the requirements of H. M's Government and the amount of cargo they would guarantee each sailing. A good cargo service is what is most needed for the East African administration.

Details as to cost of running such a line will be found in Sir James Mackay's evidence given before the Subsidy (Cecil) Committee and the statements he then put in, a summary of which is attached for convenience of ready reference.

The shipments outwards controlled by the Crown Agents are comparatively small and the rates (which they are mainly instrumental in fixing) so low that no steamer can possibly live in the trade, especially so since the homeward cargo- also a restricted quantity- is keenly compe[illegible] for by the highly-subsidised French and German steamers, so that without material assistance a non-

subsidised line could not possibly hope to compete successfully against them.

In support of this view I would invite your attention to the cutting attached taken from the Commercial Supplement to the "Times" of 28th. inst., from which you will observe that even with the subsidy received from their Government the German Line would appear, from the last statement of accounts issued by them, to be unable to pay a dividend to their shareholders.

It no doubt is a matter of regret that the increasing trade the Uganda Railway is so rapidly developing should be carried almost entirely in foreign bottoms, and also that the absence of British steamers should tend to divert the important transhipment trade to America from London to Hamburg and other Continental ports.

Yours faithfully,

George S. Parkinson

R. D. Antrobus Esq

Colonial Office,

Whitehall. S.W.

B

P.S. I visited the Uganda before leaving for my Leave to Italy from my Return. If this the official letter has been addressed to the F.O. I hope they should the Treasury will take up with the Director Finally to avoid confusion

[illegible] 2/4/07.

RESULTS of VOYAGES
LONDON and EAST AFRICA.

Comparison of ESTIMATED
between MIDDLESBRO' and L

Speed between London and Aden	Speed between Aden and East Africa	Quality of Cargo Out	Quality of Cargo In	Number of Passengers Out	Number of Passengers In	Cost of Steamers	Working Expenses	Earnings	Deficit	Yearly Subsidy required to make up Deficit
Knots.	Knots.	Tons.	Tons.			£	£	£	£	£
10½	12	4,000	2,300	30	30	80,000	13,344	8,650	4,694	61,000
10½	12	4,000	2,300	30	30	80,000	13,359	8,650	4,709	62,000
10½	12	3,000	1,725	30	30	60,000	10,982	7,040	3,942	51,000
10½	12	3,000	1,725	30	30	60,000	10,940	7,040	3,900	51,000
10½	12	3,000	1,725	15	15	60,000	10,694	5,880	4,814	125,000
10½	12	3,000	1,725	*15	15	60,000	10,663	5,880	4,783	124,000
9½	10	4,000	2,300	*15	*15	50,000	11,530	7,000	4,530	98,000
9½	10	4,000	2,300	*15	*15	50,000	11,691	7,000	4,691	97,000
9½	10	3,000	1,725	*10	*10	40,000	10,364	5,210	5,154	134,000
9½	10	3,000	1,725	*10	*10	40,000	10,528	5,210	5,318	138,000
9½	10	1,000	1,000	*10	*10	40,000	7,910	2,500	5,410	70,000
9½	10	750	750	*5	*5	40,000	7,792	1,790	6,002	156,000

No. of Voyage.	Tonnage of Steamers Gross	Net	D. W.	Description of Voyage	Four-Weekly or Fortnightly
I.	4,662	3,039	6,250	From Middlesbro' and London to Delagoa Bay and back	Four-Weekly
II.	4,662	3,039	6,250	Do. Durban and back	Four-Weekly
III.	3,413	2,208	4,620	Do. Delagoa Bay and back	Four-Weekly
IV.	3,413	2,208	4,620	Do. Durban and back	Four-Weekly
V.	3,413	2,208	4,620	Do. Delagoa Bay and back	Fortnightly
VI.	3,413	2,208	4,620	Do. Durban and back	Fortnightly
VII.	4,152	2,698	5,900	Do. Delagoa Bay and back	Four-Weekly
VIII.	4,152	2,698	5,900	Do. Durban and back	Four-Weekly
IX.	3,980	2,565	5,050	Do. Delagoa Bay and back	Fortnightly
X.	3,980	2,565	5,050	Do. Durban and back	Fortnightly
XI.	3,980	2,565	5,050	From London to Zanzibar and back	Four-Weekly
XII.	3,980	2,565	5,050	Do.	Fortnightly

* Load Passenger

Enclosure 2 in No

[Sig Punch]

"The Times"

March 25, 1907.

GERMAN SHIPPING AND THE AFRICAN TRADE.

The German East African Line achieved great profits for the year 1906 amounting to 1,400,000 marks (£70,000), which just covered the necessary sum to be written off. These only remained a balance of 1,562 marks (£92 2s.) to be carried forward. This apparently unsatisfactory result is ascribed by the directors to the keen competition of British shipping companies, as well as to certain unexplained measures of the British Government, which have operated to the detriment of the German line. It is further pointed out that the differential tariff in British South Africa against non-British goods has been more drastic and far-reaching in its effect than had at first been anticipated. In addition there is, too, the further consideration that German industry is finding such a ready and remunerative market for its products at home that it has no inducement to compete in the South African market for comparatively poor returns. At present, therefore, the German export trade to the Transvaal and to South Africa in general is extremely limited.