



EAST AFR. PROT  
27666

DOMESTIC

C. O.  
27666  
RECEIVED  
AUG 09

Name or Individual

1909

17 Aug

Previous Paper

No. 1500

*L. Magadi Ichamo*

Offers to reopen negotiations on basis of terms which are understood to be acceptable to Germany. Suggest that definite understanding be arrived at before the P. proposal comes for Koko. Koko

*H. J. R. I submit a D.H. which I referred to the P. proposal. Please see his reply attached.*

*H. J. R.  
23/8/09*

*Good to see an undated P. proposal for the interim he has taken in this matter of for his useful negotiations with the Germans.*

*J. H.  
23.8*

*copy to Treas. comm. 24 Aug  
copy comes for conf. 8 Oct 1909*



498

C/O  
27866

AUG 09

Shell House,  
104-5 Bishopsgate Street Within.  
LONDON, August 17th, 1909.

To

The Right Honorable The Earl of Greve, K.G., P.C., D.C.L.,  
&c., &c.,

One of H. M. Principal Secretaries of State,

Colonial Office, Whitehall, S. W.

My Lord,

L A K E M A G A D I.

At an interview which we were invited to attend at the Colonial Office yesterday, it was suggested to us that the negotiations with regard to Lake Magadi might in all probability be brought to a successful issue if an agreement could be arrived at concerning certain modifications of the original terms discussed.

The first of the suggested modifications would, as we understand, be that the Government would itself find the necessary funds for the acquisition of sufficient rolling-stock to serve the special traffic which will be created by the establishment of the Soda industry. In order that the Government might not be called upon to spend the whole of the money necessary for this purpose in too short a period, it would be understood that the proposed Company should not call

upon the Uganda Railway to carry more than 50,000 tons of their product per annum to the port of shipment without giving twelve months' notice of its intention to increase this quantity. That in any case the Government should not be called upon to transport to Kilindini more than 160,000 tons of the produce in any one year, while the proposed Company would use its best endeavours to despatch its tonnage as far as is reasonably practicable, uniformly. - If the above arrangement were adopted, it would naturally follow that all Royalties would accrue to the Government.

Secondly, that the rates of freight over the Railway per ton per mile shall be upon the terms already agreed to, but that after the first period of 21 years should have elapsed the maximum of 1d. per ton per mile should be abandoned.

We can see no objection to embodying these various propositions in the Contract and we shall be pleased to reopen negotiations to that end. We may add that we think it would be a great advantage both to the East African Protectorate Government and to the proposed Company if a definite understanding could be arrived at upon all the terms

of the Contrast before Sir Percy Girouard leaves for the  
Protectorate.

We have the honour to be, My Lord,

Your obedient Servants,

*Wm. A. G. G.*

S  
27 666  
E.A.P.



5  
24

Urgent

24 Aug '09.

DRAFT.

The Sec<sup>y</sup> to the Treasury

Sir,  
With refer<sup>ce</sup> to your letter  
of the 27<sup>th</sup> of July  
(15056/09) I am directed

MINUTE.

Mr. Read. 19 Aug.

Mr.

Mr. Just.

Mr. Antrobus.

X Mr. Cox. 23

Sir C. Lucas.

X Sir F. Hopwood. *John 23.8*

Col. Seely.

X The Earl of Crewe. C 23-VIII

by the Earl of Crewe  
to transmit to you to  
be laid before the Sec<sup>y</sup> of the Treasury  
the accompanying app<sup>l</sup>.  
of a letter from Mess<sup>rs</sup>  
M. Samuel & Company from  
which it will be seen  
that they are willing to  
re-open negotiations for  
the lease of the Soda  
deposits at Lake Mead  
in the S.A.P. on the  
basis of the terms set  
forth in the <sup>semi-</sup>official  
correspondence which has  
recently

*Samuel 17 Aug  
(27 666)*

copy 400 of 8 Oct 09  
30686

of 22861 + 576, up  
25584, up 26556, 27500  
to the Ch. for comm<sup>rs</sup>  
then Solicitors

recently passed between  
Mr. H. H. H. and Mr. P. P. P.  
2. The terms which  
have been accepted by  
Messrs. P. P. P. and  
Messrs. H. H. H. which it is  
proposed to embody, with  
the amendments suggested,  
in the Agreement to be  
concluded between <sup>(the Govt. and)</sup> that  
firm ~~and the Govt.~~ are  
as follows:-

(a) The Government to  
provide the necessary  
funds for the improvement  
of the Uganda Railway  
main line, from Kisumu to  
Kilindini, and the extra  
rolling stock required for  
the carriage of the soda  
traffic. For the carriage  
of 50,000 to 60,000  
tons per annum the  
expenditure is estimated  
at

1911-12 + 1912-13

and a year's notice  
again from  
100-120,000 tons  
up to 150-160,000

it and can be guaranteed  
not to exceed £150,000,  
and could be spread over  
two years 1910-11 and 1911-12.  
The Company to give a  
year's notice of a  
further increase up to  
100-120,000 tons per annum  
£100,000 tons per annum.

The financial assistance  
required in any one year  
not to exceed £75,000,  
up to a total of £350,000  
for the carriage of 160,000  
tons per annum.

(b) All royalties to  
accrue to Government.  
(c) The following rates  
for the carriage of  
soda or soda products and  
coal will obtain on the  
branch railway and the  
Uganda Railway from  
Kisumu to Kilindini

(1) During the first  
five

for every half penny  
per ton per mile.

(13) After the expiration of  
the said period of five  
years, for a further period  
of three years nine-  
sixteenths of a penny  
per ton per mile.

(14) On the expiration of  
the said three years and  
each subsequent period  
of five years up to a  
period of twenty one  
years the said rates  
will be subject to  
revision as follows:-

(i) If it has been found  
that, during the said  
period of three years or  
any such period of  
five years as the case  
may be then last revised,  
the cost of working the  
Contractor's <sup>cost</sup> ~~part~~ and other  
traffic.

DRAFT.

MINUTE.

- Mr.
- Mr.
- Mr. Just.
- Mr. Antrobus.
- Mr. Cox.
- Sir C. Lucas.
- Sir F. Hopwood.
- Col. Seely.
- The Earl of Crewe.

traffic exceeds the receipts  
derived from the same,  
or if the said receipts  
exceed the said cost by  
less than one sixteenth  
of a penny per ton  
per mile, then the  
sanding rates shall be  
increased to such an  
extent as to allow  
a profit over the cost  
of working of one  
sixteenth of a penny  
per ton per mile but  
so that the said  
rates shall not exceed  
one penny per ton per  
mile.

(ii) If, on the other hand,  
it has been found  
that the receipts exceed  
the cost of working by  
more than one sixteenth



for every one half penny  
per ton per mile.

(2) After the expiration of  
the said period of five  
years, for a further period  
of three years nine-  
sixteenths of a penny  
per ton per mile.

(3) On the expiration of  
the said three years and  
each subsequent period  
of five years up to a  
period of twenty one  
years the said rates  
will be subject to  
revision as follows:-

(1) If it has been found  
that, during the said  
period of three years or  
any such period of  
five years as the case  
may be then last revised,  
the cost of working the  
Contractor's feet and other  
traffic.

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traffic exceeds the receipts  
derived from the same,  
or if the said receipts  
exceed the said cost by  
less than one sixteenth  
of a penny per ton  
per mile, then the  
existing rates shall be  
increased to such an  
extent as to allow  
a profit over the cost  
of working of one  
sixteenth of a penny  
per ton per mile but  
so that the said  
rates shall not exceed  
one penny per ton per  
mile.

(ii) If, on the other hand,  
it has been found  
that the receipts exceed  
the cost of working by  
more than one sixteenth



of a penny, the rate shall be lowered to such an extent that the profit shall not exceed one sixteenth but in no case shall the rate when decreased be less than nine sixteenths.

(iii) If special and expensive methods of working are found necessary on the bench since the rate shall be adjusted so as to cover the increased cost of working.

(iv) After a period of twenty or years has expired the rates shall be revised on a five yearly basis on the basis indicated in

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(i) & (ii), but a maximum limit will not be fixed. The profit to be derived by Government shall not, however, exceed one sixteenth of one penny should the working expenses exceed one penny per ton per mile.

(v) The Company will agree to spread their tonnage demand fairly evenly over any twelve months' period.

3. With regard to the last paragraph but one of Mr. Hobhouse's semi-official letter to Sir P. Finwood of the 12th of August, had been understood that much of the rolling stock for the Uganda Railway has almost survived the period of upheaval, having deteriorated during the

construction period, & will have to be replaced in any case before long. Now the tonnage of the goods to be conveyed downwards by the new rolling-stock for the brigade to Kibindoni is about ten times the tonnage of the coal to be conveyed in the reverse direction, & that some nine-tenths of the new rolling-stock will be available for the working of the general upward traffic of the railway as far as the junction, that is over nearly one half of the whole length of the new line. The balance of the general traffic is at

at present in the upward direction and the program of the new rolling-stock will not only ~~double~~ double the demand for the early replacement of the worn rolling-stock <sup>(on a large scale)</sup> but will lead to recovery in general working as the new stock will be of a more modern & economical type than that which it replaces.

4. With regard to the last para. of Mr. Holburn's letter, the conditions already settled in official correspondence, such as the provision for bond ~~for~~ working &c, still hold good with ~~some~~ two exceptions - namely the provision for the superintention of the branch <sup>(to Sept 1911)</sup> & the composition of the line.

5. It is understood that the present provision for superintention

in the event of the syndicate failing to pay time to work the deposit

information by the fact,  
which was based on the  
most recent Indian practice,  
& considered too favourable  
to the Syndicate by their  
shareholders, while  
the Syndicate consider that  
the provision for the  
expansion of the line  
to the west of their failure  
to work the deposits is  
too unfavourable to them.  
The Consulting Engineer  
of the Uganda Railway  
has been requested to  
draft new clauses &  
dealing with the two  
points, and these clauses  
will be submitted as  
soon as possible to their  
shareholders for their approval.  
As Mr. P. P. P. is leaving for the S.M.P.  
on the 27th inst. & it  
is very desirable that

who attends great  
importance to the  
scheme of development

a settlement should be  
made at with Messrs  
I would before his  
departure, and I am  
sure it will be found to  
be as favourable  
to the interests of  
the shareholders & settlement  
of the two outstanding  
matters referred to in  
the preceding para.  
being satisfactorily  
arranged, then shareholders  
agree to the terms on  
which it is proposed to  
leave the deposits.

DRAFT.

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- Mr. Cor.
- Sir C. Lucas
- Sir F. Hopwood.
- Col. Seely.
- The Earl of Crewe

J. S.  
(82) J. J. S. B.