

EAST AFR. PROT
UGANDA

41167

Recd
Nov 30 1916

41167

Treasury

1916

29 Aug

Last previous Paper

Leas

2843

Amalgamation of Customs Dept.

Subject for the above of work at once appearing in the effect of new proposals in regard to the possibility of amalgamation on lines indicated which would obviate present the possibility of revenue by like Post.

Mr. Butt

... was kept for my return, and the subject has been much my own during the last two years.

Our original proposals to the Prot. were based on those made by Sir H. Belfield on Gov/ 24031/14 E.A.P. and are summarized at the end of the Department on that paper. The main points (so far as the present paper is concerned) were

- (a) Amalgamation of Customs establishments, the cost being borne by the revenue of the combined Dept.,
- (b) Uganda to receive 25% of the net revenue,
- (c) If Uganda abolished its Road and Wharfage Dues the 25% to be increased to 30%,
- (d) Uganda imports, other than those from the E.A.P. and Uganda exports, to be dealt with by Uganda separately. It was not anticipated that special staff would be necessary.

(e) Transit fees to be considered by the two Govts.

Uganda

*to Gov East Afr
Wanda 285
Copy advised Treas 30 Oct 16*

Next subsequent Paper:

Gov
40915AP

Uganda should be consulted, and, in particular, that we should make sure that Uganda would not lose through the abolition of the R. and W. dues.

28431
/6

We deferred to further correspondence and said that if there were any loss to Uganda revenues it would be small. We suggested that our proposals might, if desired, be open to re-consideration in 3 instead of 5 years.

656

In the present letter the Treasury do not press, but still consider it desirable, that we should consult Uganda again. They point out, and we have already admitted, that the careful adjustment on other points had been upset by the extension to export duties, but more particularly they insist that the R. and W. dues should not be abolished but should be collected by the joint agent, and paid to Uganda, whose share of the net revenue (apart from these dues) would be reduced from 33% to 28%.

441003/14 SAT
440575/14 Uga

(I should have explained that, pending settlement of this question, Uganda is running its own Customs and is ~~contributing~~ ^{paying} £3000 a year to the cost of the Mombasa staff, and receives a contribution from M.A.P. of 25% of the gross revenue from Import duties, *crane & pier dues, and* *rent 12-4 per year* at Mombasa. The contribution so paid in a financial year is determined on the Estimates figures but is adjusted subsequently when exact figures are known.

You will find some figures in the tables prepared by Mr. Craig of the Treasury and me and attached to 25391. They show that our proposals would have operated adversely to Uganda prior to the war but would have benefited her greatly since then. Taking Mr. Craig's figures up to 1913-4 and mine thereafter, the effect of the Treasury proposal on Uganda's gain (+) or loss (-) is as follows:-

under the new conditions.

To avoid communicating controversial
matters I should propose to prepare
a comprehensive summary of the current
since we distributed a 24423/14, which
these could be sent to both Prof.
and I think we might well tell them
to connect together and, if they
agree to return the R. W. files, to
send home as agreed return when
they have delivered it?

665
6/15/16

Mr. Reed

I was very much that an arrangement
could be made which would
include the abolition of the road fund
that is, does. But the Treasury, whose
duty it is to safeguard Imperial funds
by watching with especial care over
Imperial interests, make one or two
quite good points against such abolition,
and we can't expect them to be influenced
as much as we are by the desire to

set one simple scheme to cover both

Protectorates. I think there is a good deal of force in the point in their letter which I have marked A.

Anyhow, we have failed, at the second attempt, to get them to accept the scheme which we think best. I see nothing for it but to put the modification of it which they would accept to our Protection.

at once.
to JH

9/27/16

INTER-PROTECTORATE CUSTOMS COMMITTEE.References to Road and Wharfrage Dues.REPORT.

Section 16. The Wharfrage dues are collected on a different basis to Customs duties, the charge being by weight, but an examination of the receipts from Road and Wharfrage Dues for the four years 1909-10 to 1912-13 shows that with increased trade the Wharfrage Dues increased in very much the same proportion as the Import duties.

Section 17. The Road and Wharfrage Dues have been objected to by members of the Community engaged in trade in Uganda and their objection to them would appear to be emphasised by the fact that similar dues are not levied in East Africa. The sum yielded by these dues in Uganda is some £10,000 a year - and while it is probably true that the Uganda Government could not entertain any suggestion for their abolition the incidence of the Dues might possibly be improved and certainly their collection should be made as unobjectionable as may be found possible - even at the risk of a possible small loss of revenue.

MINORITY REPORT. (East Africa Protectorate members)

Section 17. In the course of the proceedings mention has been made of the Road and Wharfrage Dues which are assessed on a weight basis and are collected at present in Uganda by the Uganda Customs Department.

This method requires the production of documents and the attendance of the consignee or his agent at the Lake ports. With a view to remove such obstacles we urge that the Road and Wharfage Dues be entered on the Railway Way bills and collected along with the freight and subsequently paid over to the Uganda Government.

EVIDENCE. Mr. Hattersley.

Question 47. At the present time there is an additional charge made on your goods, a charge made by the Uganda Protectorate which I gather is not made by the East Africa Protectorate - Wharfage Dues?

In any case it is a swindle from our point of view.

Question 48. Has it occurred to you that these Road and Wharfage Dues might be collected in a manner that would meet with more favour?

They can never be that.

Question 49. Have you any suggestion to make with regard to the manner of collection?

The only other way would be to levy an amount on each package, but I do not think it would work any better. It does not entail very much trouble just now while we are making out a statement of the apportionment of duty.

Question 50. Suppose it was collected on the railway waybill would not that be a great facility?

No. If it once goes on the railway waybill it will never come off.

CHAIRMAN'S PROPOSALS.

F. All goods on arrival at Uganda ports to pay the Wharfage Dues on the Railway Waybills. These dues to be collected by the Customs Officers at Uganda unless the dues had been collected at Mombasa by the Railway Department before removal of the goods.

Any reply to this letter should be addressed to—

THE SECRETARY,
TREASURY,
WHITEHALL, LONDON, S.W.,

and the following number quoted.

TREASURY CHAMBERS.

16689
16

41167

29 August, 1916. 661

REC'D
REG. 30 AUG 16

Sir,

I have read before the Lords Commissioners of His Majesty's Treasury Mr. Read's letter of the 23rd ultimo. (28431/1916), further respecting the proposed amalgamation of the Customs Departments of the East African and Uganda Protectorates.

In reply I am to request you to inform Mr. Secretary Bonar Law that, while My Lords did not desire to suggest that the amalgamation must necessarily be deferred until the two Protectorate Governments were in active agreement upon the financial arrangements involved, it appeared to Them to be no more than prudent, after the scheme proposed by the Acting Governor had not only been modified in your Department but had been extended at the instance of the East African Protectorate to export duties, to give the Governor of Uganda an opportunity of expressing his views upon the alterations.

Their Lordships do not wish to press this point, but They are naturally bound to examine all the more closely the probable effect of the scheme upon Uganda finances.

In the letter under reply it is stated that the scheme

Under Secretary of State,

Colonial Office.

transit dues and the like is as large a proportion as can equitably be assigned to Uganda, My Lords would press him to safeguard the latter's position by the retention of the Road and Wharfage Dues. It is to be observed that the abolition of these dues at the present time when they have been reduced by the existence of a state of war to much below normal would probably militate against Uganda when the percentage of revenue accruing to her again came under consideration. The retention of the Dues on the other hand would not appear directly to affect the finances of the East Africa Protectorate but as the Government of that Protectorate only agreed to the appropriation to Uganda of 33% of the joint Customs Revenue in order to secure their abolition it will presumably be necessary to compensate East Africa by an adjustment of the present ~~arrangement~~ as major part of the additional revenue secured by the abolition.

My Lords would offer no objection to the percentage being reduced ~~to 33%~~ that being the consideration which Sir H. Belfield originally offered for the abolition of the Dues, on the understanding that no special charge will be brought against Uganda in respect of the cost of collection. The Dues would then be collected by the joint Customs Department and would be paid over to Uganda without reduction.

My Lords would be glad if Mr. Bonar Law would give his most careful attention to the possibility of a settlement on this basis which would obviate the necessity for a surrender of revenue by either Protectorate.

Mr. Bonar Law will no doubt appreciate the fact that the abolition of the Road and Wharfage Dues is bound to react

unfavourably

Copy.

Copy sent 24/10/16
to Mr. H. R. ...
Read 25/10

~~5~~ 5

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CUSTOMS AMALGAMATION IN EAST AFRICA PROTECTORATE
AND UGANDA.

The Inter-Protectorate Committee which considered in 1914 the customs relations of the two Protectorates was unable to present a unanimous report. In sending the reports to the Secretary of State, the Governor of the East Africa Protectorate made certain proposals which formed the basis of the Secretary of State's despatches to the two Protectorates of August 12th 1914. The proposals for the amalgamation of those despatches was as follows:-
The Customs establishment to be amalgamated from the 1st of April 1915.

(ii) The East Africa Protectorate to pay over to Uganda annually for 5 years 25% of the net Customs revenue, this proportion to be reconsidered in the light of the Railway returns at the end of five years, or, possibly, at the end of three years.

(iii) If Uganda abolished its Road and Wharfage dues it would receive as compensation from the East Africa Protectorate an additional 5% of the net customs revenue.

(iv) No contribution to be paid from Uganda for collection of duties after the amalgamation of the two Departments.

(v) The East Africa Protectorate to pay over immediately to Uganda from balances £20,000 in respect of customs duties for the years 1909-13.

(vi) A further payment to be made to Uganda from the East Africa Protectorate in respect of 1913-14

when

Copy for East Africa - 24 Oct 16
Wanda 285
Copy sent above to Pres. - 30 Oct 16 H

831

when the necessary figures are known, as proposed in paragraph 27 of the Report.

(vii) The question of bonded warehouses in Uganda to be further considered by the Uganda Government in the light of Sir H. Selfield's representations that they would not be likely to pay and must be erected at the cost of Uganda. Pending a decision, the recommendations contained in paragraphs 15 (c) (e) and (g) of the Report could not be dealt with.

(viii) Duty on postal parcels delivered in Uganda to be paid over by the Postal authorities to the Customs Department.

(ix) Imports over the frontier of Uganda, other than from the East Africa Protectorate, and exports, to continue to be dealt with as hitherto by the Uganda authorities - presumably by the Treasury as in the days before the Customs Department was established.

(x) The question of transit fees referred to in paragraph 11(i) of the Report to be reconsidered by the local Governments in the light of the proposals to amalgamate the Departments.

1. It should be observed that, although under head (ii) reference was made to "net customs revenue", separate arrangements for the collection of Uganda export duties were proposed under head (ix), and it was not intended that the "net customs revenue" should include export duties.

3. As regards heads (v) and (vi), the Customs account between the two Protectorates has been adjusted up to the end of 1914-15 by the payment of £20,000 by Uganda to the East Africa Protectorate. As matters now stand this is a provisional adjustment only.

only.

44705/14
14669/15

4. Representations were received from the Government of Uganda with regard to the Secretary of State's proposals.

(i) The principle of amalgamation was agreed to on the understanding that the cost of pay staff found to be necessary in Uganda would be a charge against the joint department.

(ii) It was considered that 25% of the net Customs revenue (by which the Uganda understood import revenue to be meant) was too small, having regard to the fact that the Uganda Railway figures showed that 33% of the earnings emanated from Uganda. The proposal was accepted, however, on the understanding (as was intended) that the percentage would be taken of the actual and not the estimated revenue.

(iii) The principle of the abolition of Quays and Wharfage Dues in Uganda was accepted, but the additional 5% in respect of their abolition was considered inadequate, and it was represented that 6%, making 33.3% in all, would not be excessive in view of the rapid expansion of Uganda traffic. A table showing the figures on which this contention was based is appended to this memorandum.

(vii) "This is a question in which the convenience of the public is concerned and is a privilege which Uganda merchants are particularly anxious to obtain. It is possible that at first such bonded warehouses might not be a paying proposition, but I take it that the benefit which would be derived by the public is also a factor which must be considered, and an in favour of their erection at certain ports to be fixed later, the cost of erection to be borne by Uganda;

26641 in
44705/14

the management, cost of maintenance and revenue being dealt with by the amalgamated department."

(viii) "This would mean that Uganda would only receive revenue for its direct imports by parcel post in proportion to that received as its share of the combined import revenue. This is, however, a question of minor importance and need not be considered in relation to the whole scheme."

(ix) "Direct Imports over the land frontier from foreign territories are comparatively few but there is a large and increasing transit trade with the Belgian Congo which must be taken into consideration, and for which it will be necessary to retain a branch of the Customs Department in Uganda, the expenditure in respect to which should be met by the amalgamated Customs Department referred to in Section 1. The opening of the Ruwaga Railway and the Mairi-Bulimba route has led to a remarkable development in the Eastern part of the Belgian Congo, now temporarily checked by the war, but which will increase by leaps and bounds as soon as peace is declared. Moreover provision must be made for Uganda merchants to pay Export Dues at the port of exit in Uganda, as otherwise they would be under the necessity of maintaining agents in Mombasa which would place them at a considerable disadvantage; and, for the Treasury to deal with these and the very considerable work in connection with Goods in Transit, is quite impossible."

5. Particulars of the staff estimated to be required ^{in Uganda} and its distribution ^{would be supplied and} have been communicated to the East Africa Protectorate. The estimated initial

initial cost was put at £2,434 per annum.

6. As regards export duties, Uganda furnished the following figures as showing that up to 1913-14 its dutiable exports were in excess of those from the East Africa Protectorate:-

Year.	East Africa Protectorate.	Uganda.	Uganda + or -
1909-10	11,942	13,159	+ 1,217
10-11	12,787	15,147	+ 2,360
11-12	11,377	11,682	+ 305
12-13	12,808	12,898	+ 88
13-14	15,955	18,506	+ 2,449

The Memorandum added:

"In dealing with exports I suggest that either (a) the amalgamated Customs Department should collect Uganda export duties and credit them direct to Uganda, or (b) that the duties of the two Protectorates should be pooled and half credited to each Protectorate. If pooled, the amalgamated department should keep records of the Uganda export trade, which should be distinctly shown in the reports of the department, as otherwise it will be difficult to obtain accurate statistical information regarding the development of Uganda, which is to be desired."

A despatch was sent to the Governor of the East Africa Protectorate in which it was pointed out that, on the figures furnished by Uganda, the loss to that Protectorate (after deducting the contribution towards cost of collection at Mombasa) would, on a basis of 33 1/3%, have been £724 on the three years 1911-12, 1912-13, and 1913-14, taken together, as compared

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Proposed to be added

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Uganda
compared with what ~~it~~ would have received if the whole of the import revenues which Uganda regards as due to it, plus the Road and Wharfage Dues, had been credited to Uganda revenues.

8. As regards the effect of the ~~Government~~ proposal made by Uganda that the local staff, and the local customs revenue other than export duties, should be assigned to the joint department, it was pointed out that, on the basis of the estimated revenue for 1915-16 (£2,000 from import duties and 250 from transit fees), and of the estimate of £2,434 for the ~~total~~ cost of the local staff, the East Africa Protectorate would lose £256 p. annum (viz. $\frac{2}{3}$ of the difference between £2,434 and £2,050). On the other hand, Uganda would save the cost of the existing ~~local~~ staff, estimated at £3,495, against which ~~was~~ set (a) the loss of $\frac{2}{3}$ of the local revenue, or £1,367, and (b) $\frac{1}{3}$ of the cost of the new local staff, or £811; a net advantage to Uganda of £1,317 per annum. It was considered that the loss to the East Africa Protectorate through the transfer of the local Uganda Staff to the joint department could be converted into a small surplus, without depriving Uganda entirely of its advantage, by substituting 33% for the $33\frac{1}{3}\%$ proposed by Uganda.

On other points:-

(vii) Sir H. Belfield was informed of the views expressed as to bonded warehouses, the question being left over for discussion between him and Sir F. Jackson in due course.

(viii)

(viii) Sir H. Belfield was informed that it was assumed that the arrangement by which the duty on postal parcels was to be carried to the revenues of the combined department would apply equally to East Africa Protectorate as to Uganda parcels.

10. As regards export duties, the Secretary of State pointed out that in view of the continuous increase in the proportion of East Africa Protectorate export duties to the whole he was unable to agree to that Protectorate binding itself to pay half the total receipts to Uganda for a term of years, and that, therefore, the export duty revenue of each Protectorate must be kept separate.

11. In his reply, Sir H. Belfield observed that he had understood the original proposals to mean that the revenues from export duties would be included in the revenue of the joint department. He expressed the opinion that his original offer of 30% of the total net revenue was adequate and he was not satisfied that the figures supplied by Uganda on which the claim for a higher percentage rested, could be regarded as accurate. But, in order to arrive at a settlement, he was prepared to accept the proportion of 33% proposed by the Secretary of State, but only on the condition that the net revenue was taken to be the actual net revenue from all sources, i.e. imports, exports, crane and wharfage dues, goods in transit and any other earnings, less the cost of administering the department.

12. Sir H. Belfield also considered
 (a) that the duty on exports should be assessed at Mombasa, where it would be higher than at Entebbe or other Uganda ports, and

(12) that the payment of £20,000 by Uganda in September 1915 should be taken as a definite and not merely a provisional settlement of the Inter-Protectorate Customs account to March 1915.

13. On the receipt of this despatch a letter was sent to the Treasury proposing an arrangement on the following lines:-

14. It was pointed out that the proposal that the duty on Uganda exports should be assessed at Mombasa might give rise to dissatisfaction among Uganda exporters. But the matter would have to be considered by the two Governments jointly, but at if no serious hardship would be caused it might be desirable on the grounds of convenience that the proposal should be adopted.

15. Attention was also drawn to the fact that the proposal to include transit dues in the revenue of the combined Department differed slightly from the arrangement proposed by the Committee in paragraph 15(1) of the report. The amount involved was, however, negligible.

16. The Treasury have taken exception to the proposals made on the grounds

(a) that the adjustment of the percentage so as to avoid loss to Uganda was made on the basis that export duties would not be included, and that the matter requires further consideration in the light of the proposal to include export duties, and

(b) that further examination should be given to the desirability of sacrificing a large amount of total

total revenue by abolishing the Road and Wharfage Dues in Uganda, the objections to which do not appear to have been fully explained.

They would be prepared to ^{approve of} the proportion of 33% being reduced by 5% (that being the consideration which Sir H. Belfield originally offered for the abolition of the dues), on the understanding that no special charge would be brought against Uganda in respect of the cost of collection. The dues would be collected by the joint Customs department and paid over to Uganda without deduction.

Amis (East) 1400/17

Trans. E.A.S. Uganda
41167/16

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~~3~~

26 October 1916

DRAFT

Sir,

E.A.P. ~~Camp~~ No 708
Gen. Bellini
Uganda Camp - No (1539)
Ex. Jackson 285 (14677)

With reference to
your despatch no ¹³¹/₄₈ of the
~~22nd of Feb, 1915~~ I have
22nd of Feb, 1915

W.S. 24/10/16
to Butler
urked a 25
2
for iron

at Gen. & Dawson & Co
the company any of your
of the company which
then place on the
of the relations
of the E.A.P. and Uganda
since the date of the
Inter-Protocol Committee

Summary (off. account)

Cop. Treas. 30 Oct 16

2. You will observe that
H.C. of the Treasury
they have taken exception to
the loss of revenue which
unless it be made good
to Uganda a cost, would
be involved by the abolition
of the Road & Waterage

Copy of [unclear]
to [unclear]

the two Protectors on
the basis of the retention
of the Road and Wharf
Dues, ⁶⁷⁷ unless you are of
opinion that the objections
to them, which should ^{be} ^{very} ^{carefully}
fully reported, are so
strong as to outweigh the
loss of total revenue
which their abolition
would cause, ~~and that~~
~~and~~ would ask
a ~~consideration~~ that you should
~~present~~ ^{set forth} ~~in addition,~~
an alternative scheme,
similarly agreed, for
the amalgamation of
the two Customs departments
on the basis ~~with~~ ~~the~~ ~~best~~
outlined in para. 13 of
the ~~present~~ ~~summary~~

Yours
J. H.

The two Proclamations on
the basis of the retention
of the Road and Wharfage

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Does; ~~unless~~ ^{If} you are of

opinion that the objections
to them, ^{being sent} which should be

fully reported, are so
strong as to outweigh the
loss of total revenue
which their abolition

would cause, ~~but that~~
~~case~~ ^{and} would ask
~~himself that you should~~
^{be} forward

frankly in addition,
an alternative scheme,
similarly agreed, for
the amalgamation of
the two Customs departments
on the basis ~~with~~ ^{of} ~~the~~ ^{the}

outlined in para: 13 of
the ~~main~~ ^{main} memorandum

Yours