

1933.

Kenya

No.

3126/1

SUBJECT

C0533/435

Bamboo Pulp Factory

Antenna

2342/55

Mr. Kerr called on September 30th. He saw Sir John Campbell and me. He admitted the conviction in 1923, which he ascribed to jealousy and did not admit its fairness. The fact was known to Mr. Udall and Power Securities under whom he had worked in Nairobi (he went there in 1925) and he thought to Sir Jacob Barth. It is rather odd that Sir J. Barth should have any occasion to hear about it.

There was no question of keeping the conviction secret, but quite naturally he had not advertised the fact.

He realised that the baron's only scheme, his scheme, could not be accessible to the public. It was he who said "every one of my friends must suspect". Clearly he has been in a position of knowledge of the fact coming to light and he would find any the more palatable on that account.

We made it clear that there was no personal against him in our attitude. We were only concerned with the preservation of the fact. He agreed that somebody else must be found to take over, and it was left that he should try to think of somebody suitable and let us know. We cannot, of course, nominate anyone - that is for Mr. Udall. But Mr. Udall, who has not been to England for many years will obviously need help. Mr. Kerr mentioned the name of Mr. Crichton Mitchell Cotte 3 St. Helen's Place, as a possible substitute for himself. Mr. Cotte has inherited a big shipping business and has had some success in pulling it round through the slump. Although not a technician in either engineering or paper making, he would presumably have sufficient business experience to be able to vet

Mr.

St. Helen's

*It is understood
that the name of
Mr. Cotte is in view of
the fact that he is a
business man*

Mr. Kerr's scheme and have sufficient standing for his vetting to carry weight in the city.

We in no way ruled out ^{Mr Kerr's} his continued association with the scheme, in which his work and the information he has got might still be very useful, but it must have a different sponsor.

I suggested to Mr. Kerr that he should let us know as soon as possible what suggestions he had to make, and I pointed out that there might be difficulty in explaining the pause in his various negotiations if it lasted too long.

We can only wait until we hear from him.

Sir J. Campbell

In any alterations or additions - or corrections

Mr. Kerr has been in contact with the British
in any way to be used for purposes
the fact of the matter
to be a matter of course
confidentiality and precision in the communication
later.

I was struck with the fact that Mr. Kerr had been
through. He is a man of great ability and has been
with the British in the past and will be in the future
of course
to be a matter of course
to be a matter of course

September 1933.

[Signature]
8/19/33

To OAS. Lt (copy)

6th Sept.

public funds can be entertained; and
(2) our 2-0 letter to Sir B. Blakitt, outlining
briefly the developments since his letter
of 28th August (1933) (P.3), and
saying that the parties interested have
been warned - as under (1) above.

Freeston
23/10.

Sir J. Campbell

This is not a scheme now that I could

blow. No one in his senses on these days would invest
revenue on a vegetable oil mill with that market
where it is now.

Mr. Walsh's enquiries are very practical, and
I do not see any need for more generally to do so.
Freeston says this is a wholly new scheme and
will have to be considered de novo - and I should
advise its acceptance.

File 26

21.10

- I agree with the action Mr. Freeston proposes.
2. As to the scheme itself, there is no
point in attempting to examine that now, on this
information. It may be excellent, in fact; and
it has--as presented orally to Sir O Bottomley and
myself, in a very general manner--a most attractive
completeness. The essential basis of the thing
is the hydrogenation. But that opens up an
entirely new aspect; and we really have no materials
at present on which to frame a judgment.
3. That, I think, will be the chief difficulty.
The thing is extremely technical, and I don't know

1508

at present where we for the time being require
competent and impartial technical advice.

Further, the C.B.A.C. will almost certainly be concern-
ed with the "competitive" side of the affair.
We shall clearly want much fuller information as
to that.

All we can-or need-do at the moment is to limit as
Mr. Freeston suggests.

The 24-10-33.

Freeston
24/10/33

...and which at all events of Major Walsh's
endorsement in connection with the business side of
Mr. Walsh's proposals. Note also from the flagged
enclosure that the Imperial Institute have not
modified their high opinion of the value of the
end product.

Drafts herewith for consideration on the
lines suggested in previous minutes. We need, I
think, say nothing to the Treasury at present,
but the Secretary of the C.B.A.C. should note from
these papers that the advance of £60,000 is not
likely to be required, at any rate within the
period originally contemplated.

Freeston
25/10

Sir J. Campbell

You may like to see No 17. It adds nothing to the information before us really.

In view of the fact that the promoters made play with the promise of Govt. assistance would it not be as well to tell them as well as Mr. Walsh that it must be considered again? Otherwise we may be charged with a breach of faith

S. W. Walsh
28.10.

As I understand the position, the promoters have been giving Major Walsh, privately and confidentially, information as to the developments.

We have heard nothing from the promoters since the 17th. We have heard nothing from the promoters since the 17th.

... the change of office, I doubt if we can do more at present.

The 26th: October 1933.

[Handwritten signature]

I have, with Sir J. Campbell's concurrence, attached Mr. Walsh's letter to you. I regard it as very important by the last sentence of my second letter to you with Mr. Walsh.

18

To Sir J. Campbell
26.10.33

Major Walsh

50 64 33

The words of ...
the scheme ...

The paragraph at the top of p 3 is disquieting, and it seems essential to remove the wrong conception from the minds of Messrs Herbert & Odell, especially after the assurance given to S. W. Walsh in No. 8.

Wrote to Mr. Kerr, ref 17.10.33 on 3.11.33, saying that the S.W. understands that the scheme for which Mr. Kerr and his associates are now seeking financial support differs in certain material particulars from that which was submitted to the C.A.C. at their meeting on June 28th.

In these circumstances, S.W. feels sure that the promoters of the present scheme will recognize that the Govt. approval and promise of financial assistance with which the original proposals cannot be extended to the new scheme until Govt. has had an opportunity of

ending up by saying that he
would send us a copy of his
revised scheme later on and
say that I hope he will be
able to let us have it soon as
I ought to be able to tell higher
authority exactly what he has
in mind.

W.S.
4/4/33

As to proposal of under 500 - A
is found also in form of A. I think
B. is as least a serious matter
between double under 500
a proposal which would be
without any other

W.S.

21. Major Walsh (S.O.)
(The former letter from President)

The Draft
S. C. B. B. B.

Off. herewith, after discussion
this morning.

J. 3-11

J. B. B.
3/71

Sir S. Wilson.

I think I must send this on as there is a
possibility of difficulty. The C.D.A.C. promised
(if commercial capital was forthcoming, assistance
towards the Bamboo Pulp Proposition in Kenya which
was put forward to them on behalf of Mr. Udall by
a Mr. W. T. Kerr. It came to light that Mr Kerr
had an unfortunate history and he was told by Sir
John Campbell and me that the scheme must find
a new sponsor. Mr. Udall came home and saw Sir
John Campbell and me and, apart from the Kerr business,

and that the scheme was contemplated the use of 1000
tons of bamboo for the
purpose of producing 100,000 tons of pulp
per year.

The scheme has been stopped.

The scheme representative has mailed close to
the end in telling us what had passed on a matter
which Mr. Udall has regarded as one of strict
confidence between them.

It is absolutely certain that we must make sure
where we are from the point of view of the C.D.A.C.
On the other hand, if we write any letter to Mr. Udall,
he may very well turn round and say, "What has Major
Walsh told you?" It is in reply to such a question
that a lie may be unprofitable, because it may be
proved against one.

I think that a letter in the form of the draft
annexed should be safe, because it is based entirely
on

on the discussion with Sir John Campbell and myself; but there is just the possibility of trouble and it may be considered better to wait and see if Mr. Udall, having now lost his potential backer, will put his revised scheme to us without being invited to do so.

The only other potential backer of whom I know is the I.G.I., but they are about the last people in the world to go into a thing of this sort without making very sure of their ground. We do not wish Mr. Udall or his people to go about representing, as they have done in Wain, that the U.S.A. is a supporter of their scheme. And, on the whole, I think that the I.G.I. should go.

22
23
24
25

to Udall
to Trans. wrapper 22 4 } 9 Nov. 33
C.A.C. wrapper 22 4

C. Udall 10 Nov 33
(Commence final scheme in a few days' time).
Put by
A.B. [unclear]
15/11/33

The Flood

Pl. see S. C. [unclear] a note a slip attached to the open file.

It will suffice, for the present, to send copy of 22 and 25 to Gen. Keegan LF by next airmail

I would not remind Mr. Udall - it is to be understood that the

... to [unclear] his cattle? (It can only be used for [unclear] with other things). It is likely to be used for [unclear] but on the question what use we to be will the waste hydrogen? I then thought that it is used for hardening oil and then added in oil plant so as to provide the oil to be hardened from ground water that would flow. But I may be unduly suspicious.

I don't know the answer to the Flood's question, but it has for some time been clear that we can take nothing for granted and that we have other [unclear] that this is [unclear] to Keegan

When I made the enquiry of
Mr. Weston I did not know of

no. 25

Reply to Mr. Weston

Dear Mr. Weston
27.11.33

Dear Mr. Weston
27/11/33

26 So Kenya 899 (ref 22-25) 27.11.33

Copies of 22 tons have been placed

... 22, 24, 428

27.11.33

G.O.

... to the Committee. There
... 26,000 tons of soda ash. Vendor's
... factory at Mombasa. One section of the plant to
... chlorine & caustic soda (both necessary to the pulp
... process) by electrolysis from sea water. There was
... nothing said about importing salt, but it was said that
... there would be a surplus of about 6000 tons of caustic soda
... a year.

The enclosure to NO 17 on this file - when the inland
... factory at Tsavo was throttled out - show an importation of
... 26,000 tons of crude Rock Salt. I take it this means that
... if they had their factory at Mombasa they would get the
... chlorine & caustic soda from the sea but if it was inland
... then salt would have to be imported to make the chlorine.

Anyway, the scheme is still alive though little
... the writer I expect finance is the trouble.

25
12

TELEGRAPHIC ADDRESSES FOREIGN NONPAREIL LONDON
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PORT SUDAN AND COLONDO

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MOMBASA, NAIROBI,
STEWART & FRASER ST.

DICKWALL COTTS & CO LTD
SINGAPORE & S

The Under Secretary of State,
Colonial Office,
London, S.W. 1.

REC'D
17 NOV 1933
O. O. BGGY

3, St. Helen's Place.

November 10th 1933

Dear Sir,

BAMBOO CONVERSION

I have the honour to acknowledge your letter 3126/1/3 dated the 4th.

The proposal to change the Teavo will enable the Company to be formed to produce products to the fullest extent and provide not only benefits to the Railways and the Port revenues, but it is hoped to stimulate the Agricultural Industry. It is anticipated that 150000 acres will be required to produce 20,000 tons of Ground Nuts annually. It may be possible for much of this produce to be obtained from land near to the factory site and thus assist in opening up this part of the Colony, which at the present time is unproductive. One great aim I have in view, after twenty-five years residence, is to further the Colony's interests.

I shall be pleased to submit the final scheme for your approval as soon as it is complete, which I hope it will be in a few days' time.

I am,
Yours faithfully,

[Signature]

Copy to Mr. [unclear]

25
12

TELEGRAPHIC ADDRESSES FOREIGN NONPAREIL LONDON
INLAND NONPAREIL STOCK LONDON

Codes Bentley's (FIRST & SECOND), SCOTT'S BROOMHALLS A.B.C. (ALL EDITIONS) WESTERN UNION

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MITCHELL COTTS & CO LIMITED
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PORT SUDAN AND SOLOMON

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NORWICH, HAIKOW, ZIMBABWE
DAR ES SALAAM, TANZANIA

DINGWALL COTTS & CO LTD
SINGAPORE, S. S.

The Under Secretary of State,
Colonial Office,
London, S.W., 1.

REC'D
11 NOV 1933
O. O. REGY

S. H. Helen's Place.

November 10th, 1933

Copy to K... (2)

Dear Sir,

RAINFOOD CONCESSION.

I have the honour to acknowledge the receipt of your letter 5126/1/S dated the 5th inst.

The proposal to change the site of the Rainfood Factory will enable the Company to be indemnified in respect of products to the fullest extent and provide not only great benefits to the Railway and the Port Revenue, but it is hoped to stimulate the Agricultural Industry. It is estimated that 150,000 acres will be required to produce 70,000 tons of Ground Nuts annually. It may be possible for a portion of this produce to be obtained from land near to the factory site and thus assist in opening up this part of the Colony, which at the present time is unproductive. One great aim I have in view, after twenty-five years residence, is to further the Colony's interests.

I shall be pleased to submit the final scheme for your approval as soon as it is complete, which I hope it will be in a few day's time.

I am,
Yours faithfully,

[Signature]

C. O.

3126/11

Mr. Austin 2/11

Mr. Hook 2/11

Mr. [unclear]

Mr. [unclear]

Mr. Tomlinson

X Sir C. Bottomley 3/11

Sir J. Shuckburgh

+ Permt. U.S. of S.

Early U.S. of S.

Secretary of State

9th Nov. 33

SHL
8/11/33

DRAFT

COPY TO THE LFF
C/MC

from [unclear] with
[unclear] from the [unclear]
[unclear] [unclear]
[unclear] for the
utilization of
bamboo pulp.

2. The Secretary of
State understands from the
word of that interview

that the original scheme submitted
to the C.D.A.E. is in process of
revision in certain important particulars
including the ^{transfer} substitution of the proposed
site from Nombura Island to a
point ~~about 150 miles~~ inland, ^{in other direction} and the addition of a
vegetable oil plant

extended to the revised proposals
which Government has had an
opportunity of examining them; and
he has no doubt that ~~in accordance~~
^{as you undertook}
~~with the assurance which you gave at~~
^{you will in due course submit}
the interior, a copy of the scheme, as finally modified
~~which will be submitted to him.~~

(W.) J. E. H. H.

Confidential

121
14

5, LOMBARD STREET,

E.C. 3

1st. November, 1933

Dear Sir Cecil,

KENYA BAMBOO PULP AND OIL SCHEME.

I am enclosing herewith copy of a letter dated 31st. October from Mr. R. H. H. H. H.

under which I have had...
The conditions...
me by Mr. H. H. H. H. H.
debarred...
aspects of the...
in this matter...
which is available...
position to...
whether the whole...

tion and...
the whole...

I have not yet received your reply to this letter.

Yours sincerely,

[Signature]

Sir W. C. Bottomley K. C. M. G., C. B., etc.
Colonial Office,
Downing Street,
S. W. 1

COPY.

THE CENTRAL NEWS LIMITED.

Private & Confidential.

5 New Bridge Street,
London E. C. 4

1st. October, 1933

Major Conrad Walsh,
Messrs. Matheson & Co. Ltd.,
3 Lombard Street,
E. C. 3

Dear Major Walsh,

KENYA BAMBOO PULP AND OIL SCHEME.

I beg to acknowledge receipt of your letter of yesterday's date, in regard to the above scheme, and note that in its present form you do not feel able to cooperate financially in regard to it. Much as I regret this, I appreciate your expression of anxiety that you do not desire to delay the flotation of the scheme, and also your offer of friendly assistance at any juncture when we may require it.

I also appreciate your further assurance that the scheme has not been discussed with any financial interests outside your office.

With kind regards,

I am,

Yours very truly,

(signed) E. Hugh Herbert.

TELEPHONE
MARSHON HOUSE 9181 (6 LINES)

20.
16

3, LOMBARD STREET,
E. C. 3.

30th October, 1933.

PRIVATE & CONFIDENTIAL.

With

Major C. L. Walsh's Compliments.

Sir W. C. Bottomley, K. C. M. G., G. B.

30th October, 1933.

Dear Mr. Herbert,

KENYA BAMBOO PULP AND OIL SCHEME.

I have now had a further opportunity of studying the details of the scheme.

The scheme is a very interesting one and I am sure that you will find it of great interest. I have been very busy lately and have not had time to write you more fully, but I am glad to hear from you and to hear that you are still interested in the scheme. I am sure that you will find it of great interest and I am sure that you will find it of great interest.

I am sure that you will find it of great interest and I am sure that you will find it of great interest. I am sure that you will find it of great interest and I am sure that you will find it of great interest.

I am sure that you will find it of great interest and I am sure that you will find it of great interest. I am sure that you will find it of great interest and I am sure that you will find it of great interest.

I am sure that you will find it of great interest and I am sure that you will find it of great interest. I am sure that you will find it of great interest and I am sure that you will find it of great interest.

In taking my decision I am conscious of the fact that the money market in London is at the present time quite favourable to new issues and it

might prejudice your scheme if it were delayed as the result of enquiries I would require carried out.

If at a later date you would care to see me on this matter I shall always be glad to render such friendly assistance as may be in my power. I thank you for giving me an opportunity of viewing the papers and wish you good fortune with your venture.

I need hardly assure you that the scheme has not been discussed with any financial interests outside this office.

With kind regards,

Yours very truly,

L. Hugh Herbert Esq.
The Central News,
1, New Bridge Street,
London, E.C.4.

might prejudice your scheme if it were delayed as the result of enquiries I would require carried out.

If at a later date you would care to see me on this matter I shall always be glad to render such friendly assistance as may be in my power. I thank you for giving me an opportunity of viewing the papers and wish you good fortune with your venture.

I need hardly assure you that the scheme has not been discussed with any financial interests outside this office.

With kind regards,

Yours very truly,

E. Hugh Herbert Esq.
The Central News,
1, New Bridge Street,
London, E.C.4

TELEPHONE
MAYSON HOUSE, 2187 (S. LINDSAY)

19
3, LOMBARD STREET

E.C. 3.

19
30th October, 1933.

With
Major C. L. Walsh's Compliments

Sir H. C. Bottomley K. C. M. G., D. H.

Confidential

KENYA (A) BO. FUEL AND OIL

Meeting held at 3, Lombard Street, London, on
Friday, 27th October, 1933 between Messrs. J. H. Udale,
Udall, Kerr and Paterson and Major C. H. Walsh,
J. R. A. Hardy of Messrs. Underhill,
present.

Major Walsh said he had had the scheme under consideration for about a week and had given it a good deal of thought and attention both at home and here in the office. He was giving the estimates to some of the experienced engineers and they had been asked to estimate the scheme and he thought that the estimates were reasonable. He said that he had been asked to estimate the scheme and he had done so. He said that he had been asked to estimate the scheme and he had done so. He said that he had been asked to estimate the scheme and he had done so.

The meeting was held on Friday, 27th October, 1933, at 3, Lombard Street, London. Present were Messrs. J. H. Udale, Udale, Kerr and Paterson, Major C. H. Walsh, and J. R. A. Hardy of Messrs. Underhill.

The meeting was held on Friday, 27th October, 1933, at 3, Lombard Street, London. Present were Messrs. J. H. Udale, Udale, Kerr and Paterson, Major C. H. Walsh, and J. R. A. Hardy of Messrs. Underhill. The meeting was held on Friday, 27th October, 1933, at 3, Lombard Street, London. Present were Messrs. J. H. Udale, Udale, Kerr and Paterson, Major C. H. Walsh, and J. R. A. Hardy of Messrs. Underhill.

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...the market...
...the principal...
...satisfied.

A...
...contained in the papers...
...the principal point being that...
...and pulp to be produced...
...were £12 per ton for the Pulp, and £17 for the paper...
...these figures were the key to the proposition...
...not any information substantiating such prices and felt very nervous as to the prospects of being able to obtain them.

Mr. Kerri said the present price for pulp was between £10 and £12 per ton and he had no doubt in view of the...
...of the Imperial Institute that they were going to produce...
...the best quality stuff on the market. That was the only reason...
...and whereas that particular process, it does produce...
...in quality. He said Mr. Kerr had been...
...one of the officials of the Paper Makers'...
...Association to translate the Imperial Institute's report to show...
...the Imperial Institute. He said they had got an order from...
...at key market prices by just showing the...
...the Imperial Institute's report.

...he said he could be quite frank about the...
...he did feel very nervous on both these two market...
...to the discussion which followed Mr. Udall said...
...into the estimates as it was...
...They anticipated the paper...
...£20 per ton if it is proved, as they...
...the paper is suitable for insulating...
...valued at between £50/£60 per ton but...
...advised wrongly to keep the price in the estimates...
...£17 which is the price for ordinary wrapping paper. Mr...
...he had been advised to go for the wrapping paper...
...in the lowest grade, and the average price of paper...
...last year was £17 per ton.

Taking the estimates as they were before him Major Walsh said on Page 6 "Capital Expenditure on Machinery & Plant" the total figure given was £560,041 it was not clear to him what the cost of the machinery was which will be purchased in this country or in Europe, whether allowance had been made for freight etc. Mr. Kerr explained that the cost of the machinery erected at site included buildings and everything to bring it to running order. He said all charges, such as freight, erection charges etc., had been included in the price quoted by the suppliers of the machinery.

to be absorbed. Mr. Kerr replied that the export of such items together with the two items are assets of the O.I. Major Walsh said here again the question was asked how it was intended to be worked out. Mr. Kerr replied that it was intended to be worked out but also stated that the allowance for the items had also been included. Mr. Madiyn said that the figures given as £2,12.0. ex Isave Works for Cattle make. It was not possible to see from the figures how they had been worked out as great gaps had been left for freight charges etc.

Mr. Udoh said it was difficult to give a figure for freight as they were not quite sure where the market was going to be, they had in mind the position of India but were not definite about it.

Mr. Udoh said that the insurance which had been received from the shipping office in Kibale said that this statement had been made. He said he would be replying to whatever financial statement they sent but he did not know to what extent they were to be included in the statement.

Mr. Udoh said that he was quite sure whether Isave was the best site for the factory. As far as the cost of the factory was concerned it was going to cost approximately £100,000 which would be an annual charge. It was difficult to find a more suitable place, but he thought that the bulk of the freight on coal would be transported from Kijabe. Major Walsh said as far as he was concerned the cost of the factory was £100,000 plus 20,000 tons plus 45,000 tons of bamboo. He thought that the bulk of the freight would be transported from Kijabe and was much heavier than the freight which was being down and that in his view it would be economical to have the factory nearer the Coast. Mr. Udoh said in addition to the Bamboo, Ground Buts would also come from the Coast. It was assumed that the Government would encourage the local production of them.

Major Walsh said he was rather dubious as to whether there was sufficient Ground Buts and pointed out that large quantities could be obtained from Tanganyika. He said it did appear to him that an annual charge of approximately £200,000 on a scheme like the one before him was a rather heavy burden and that it may be possible to find a better site. Mr. Udoh said how long it was estimated before the factory would be operating. Mr. Herbert said he thought it would take about a year before

fact...
basis...
outline...
they would be prepared to...

Major Walsh asked...
expert said he thought...
report from would be...
idea which Dr. Pomilio had...
Dr. Pomilio was a world wide...

Dr. Hamlyn asked if the...
made in a laboratory...
stated that a factory existed in...
Argentina which one could...
produced a plan of the proposed...
the working of it. -- He said...
one and the raw materials...
Pulp from Sweden but the freight...

Major Walsh said he would...
position as it ran in his mind...
and one which would have to be...
he said it was going to take...
scheme carefully, much longer...
and felt that most of the...
in August. Mr. Herbert said...
was not ready with the final figures...

Continuing Major Walsh said...
an enormous scheme and definitely...
that it would be necessary to...
Pomilio process, particularly...
which to draw. The key to the...
the question of the market price...
question was that of the...
way of the economics of the...
not more than...
freights...
uncertain...

was an annual charge. There is a... the Colonial Development Fund... Major Walsh... Secretary of State... interested in the scheme... in a way that they had already... in any way. Mr. Dall said that... letter from the Colonial office which... purpose of establishing a factory".

No. The...

Major Walsh said he had been asked to treat the scheme as strictly confidential and had complied with that request. Notwithstanding that he was surprised to receive a telephone call from Barclays bank a few days ago in connection with it. He said he had also received a letter from Messrs. Bovind Co., who were apparently machinery makers and who had also heard that he was interested in the matter. Mr. Walsh seemed very surprised and stated he could not understand how such a thing had come about as they had not mentioned his name in connection with the scheme.

Major Walsh said as the whole matter was confidential he had been asked to keep the matter outside, particularly with regard to the information which was available. He said that the price of Pulp was £12 per ton and that there were estimates. He said coupled with the on freights this was a very heavy capital of a million. He repeated the scheme held up whilst enquiries were made at various points and asked them to turn in their enquiries quietly. He said that he and his colleagues were making enquiries.

In reply to an enquiry Mr. Herbert said that had been made in Dr. Tomlin's ordinary factory in England the paper which had been manufactured from the pulp was used by the Milan Laboratories. He said that they were the first people to put the Bamboo scheme to Dr. Tomlin and it was a superior product in its particular category. He said that they had the evidence of the Imperial Institute and based on that had obtained the assurance of the Stationery Office that they would pay a cash preference to anybody using the pulp which was produced because it was an Empire product. He said that there was no question about it being superior.

Mr. Freeston 25/10

Mr. Hunt 25.10.

Mr.

Mr. Parkinson.

Mr. Tomlinson.

X Sir C. Bottomley

Sir J. Shuckburgh.

Permt. U.S. of S.

Permt. U.S. of S.

Secretary of State.

25/10/33

45 for Sir C. Bottomley

October 1933.

DRAFT

(Nos. 2 & 3)

Dear Blackett,

You will recall our correspondence

at the end of August about Walter Talbot

and his claims for payment of

claims with regard to

claims in Kenya.

After arrangements had been made

for the settlement of these

claims, it was established beyond

doubt, and on Kerr's own admission,

that his partner, Charles Udall of Nairobi,

has arrived in London, and has taken

charge, with the continued assistance of

E.H. Herbert (who appeared with Kerr

before the C.D.A.C. meeting on the 28th

June), and of Kerr himself as Technical

Adviser.

MR. C. BLACKETT
10, G. R. I.

DRAFT
MINISTERIAL ACTION

Mr. Freeston 25/10

Mr. Hood 25-10.

Mr.

Mr. Parkinson.

Mr. Tomlinson.

Sir C. Bottomley

Sir J. Shickburgh.

Form. U.S. of S.

Form. U.S. of S.

Secretary of State.

Handwritten: 25/10/33

Handwritten: 45 for Sir C. Bottomley

October 1933.

Private and confidential.

Dear Blackett.

DRAFT.

(Nos. 2 & 3)

You will recall our correspondence

at the end of August, about Walter Talbot

Kerr and his plans for establishment of

a factory with

in

of

and

and Kerr's own admission.

His partner, Sharon Odall of Nairobi,

has arrived in London, and has taken

charge, with the continued assistance of

E.H. Herbert (who appeared with Kerr

before the C.D.A.C. meeting on the 28th

June), and of Kerr himself as Technical

adviser.

**RECEIVED
ACTION**

O.O.

30

Mr.
Mr.
Mr.

● Sir C. Bottomley.
Sir J. Shackleton
Sir G. Grindle.
Parliament U.S. of S.
Party U.S. of S.
Secretary of State.

on until the revised scheme (if and when finality has been reached) has been examined and approved by the Kenya Government, the Colonial Office, the C.D.A.C. and the Treasury.

Yours sincerely,

(11) *W. B. ...*

Adviser.

This triumvirate is at present in active negotiation with an important City house with East African connections, whose representative is going closely into facts, figures and market probabilities.

In the meantime, Kerr's original scheme has been substantially altered.

The main factor has to be considered is the

We are taking steps to make it known in the proper quarter that, in view of the radical alterations in the scheme, the conditional promise of C.D.F. assistance must not be counted

TELEPHONE:
MANSION HOUSE 8161 (6 LINES)

17
5. LOMBARD STREET.

E.C. 3.

4th. October, 1933.

With

Walshe's Compliments.

Walshe's Compliments, K.C.M.G., G.B. &c.

COPY.

THE CENTRAL NEWS LIMITED.

1, New Bridge Street,
LONDON, E.C. 4.

Private & Confidential.

10th October, 1954.

Major C. Walsh,
Messrs. Matheson & Co. Ltd.,
Lombard Street,

Dear Major Walsh,

KENYA BANIKO PULP CO.

Please accept my thanks for your letter of the 2nd inst. with reference to the above. I fully appreciate that many technical points must have arisen in your consideration of the general scheme submitted to you yesterday, and I am doing my best (having discussed the points with Mr. Odell and Mr. Kemp) to answer them seriatim, below. If any other points should arise, please let me know.

Europeans.

As regards the point that the... that is more than double that from the... therefore, both sides of industrial activity... the title of the Company, this I think... Udall suggests a suitable title for the Company... Chemical Pulp & Oil Corporation... that the figures of the original... fully sufficient to carry the... only been added in the... because it became obvious that the... utilising over two and a half million cubic... product of great purity, which...

It is a fact that the... projected to take the place of the... chiefly determined upon owing to the alteration... Company's main operations which, as you will remember, was... to have been on the sea-front at Mombasa, where the Company... at small expense, produced a considerable...

[The following section of the document is extremely faint and contains mostly illegible text. It appears to be a continuation of the same document, possibly containing a list of items or a detailed report. Some faint words like 'quantity', 'commercial', and 'category' are visible.]

indicated by the report of the Royal Commission from this pulp under laboratory conditions. The Pomello process is applied to both the product which results, and other products obtained by the well-known process. The net value of the paper is 40 per cent of the value of the pulp, and the correlation taken even to the average price of the end wrapping, you will be able to deduce from the data that the special premium will be a small percentage of the price of the pulp.

Replying to letters (6) and (7), page 4, I regret that I cannot today forward you the statistical figures of vegetable fat, etc., in the U.K. market, as the only statistical bureau from which they are available will not report until Monday morning, but I will make a special note to let you have the figures as soon as they are available, as you are probably aware, are very large, and the Indian market is another very extensive one for Ghee, and would be a very important one for our output. In this connexion, official figures show that over half a million tons of ground nuts have been exported from India, this year to date, and a proportion of this Indian nut export could reasonably be utilised by the Corporation, for the production of local ground nut production, and returned to India for the production of fats. As regards the special advantageous which the Corporation would be for the production of vegetable oil, it obviously arises from the local availability of the groundnuts, which, if not produced as a by-product by the pulping process, would require expensive plant, etc., which would result in the cost of approximately double the figure charged to the fat producers for the hydrogen, viz., £53,350.

Regarding point (8), page 4, I think you may consider the technical requirements largely covered by the foregoing information, and the technical reports of the Corporation's full operations will be at your disposal, if you require it.

In reference to the statement in my letter of the 29th October, I am pleased to offer to purchase pulp samples submitted by any firm supplying the Stationery Office, and the assurance of the Stationery Office itself that it would do its best to encourage the use of Kenya pulp and paper as an Empire product, this can be substantiated in the case of the offers to purchase pulp by letter. The assurance from the Stationery Office was a verbal one, but the officials there will be quite willing to repeat their assurance prior to the issuance of a prospectus; though I am not certain whether they will write any communication to be quoted for prospectus purposes. The Stationery Office consumption is a very large one, and even the consumption of high quality papers (which we should be glad to supply

indicated by the report of the Royal Victoria Lab. from this pulp under laboratory conditions. The Pomelle process is applied to basic product which is then refined and which is obtained by an unknown process. The value of the paper produced is 40% of the value of the pulp. I am sure that you will be able to deduce from the fact that the average price of the paper is 40% of the value of the pulp that the average price of the pulp is 100% of the value of the paper.

Replying to (c) I regret that I cannot today forward you the figures of the lines of vegetable fats, etc., in the U.K. market, as the official bureau from which they are available will not open until Monday morning, but I will make a special note to let you have the figures when they are available, as you are probably aware, America, and the market is another very extensive one for these, and would be a very good one for our output. In this connexion, official figures show that over half a million tons of ground nuts have been shipped from India, this year to date, and a proportion of this Indian nut output could reasonably be utilised by the Corporation, and returned to India. As regards the special advantageous conditions which the Corporation would be for the production of vegetable oils, obviously arices from the local availability of the ground nut, if not produced as a by-product by the pulping process, would require expensive plant, etc., which would result in a cost of production which would be roughly double the figure charged to the fat for the hydrogen, viz., £53,350.

At point (B), page 4, I think you may consider the financial return largely covered by the foregoing information, and the financial return of the Corporation's full operations will be at your disposal, if you require it.

Reference is made to the statement in my letter of the 19th inst. relative to offers to purchase pulp on samples submitted by an Indian firm supplying the Stationery Office, and the assurance of the Stationery Office itself that it would do its best to encourage the use of Kenya pulp and paper as an Empire product, this can be substantiated in the case of the offers to purchase pulp by letters. The assurance from the Stationery Office was a verbal one, but the officials there will be quite willing to repeat their assurance prior to the issuance of a prospectus, though I am not certain whether they will write any communication to be quoted for prospectus purposes. The Stationery Office consumption is a very large one, and even the consumption of high quality papers (which we should be glad to supply

would probably be enough to absorb a total well in excess of the Corporation's output; though, in view of possible future developments, it probably would not be desirable to dispose of the whole output in one direction alone.

In conclusion, I beg to forward a copy of the letter from the Colonial Development Fund Committee, which sets out precisely the terms of its co-operation.

Mr. Udall and Mr. Kerr, as well as myself, appreciate your assurance that all the details being laid before you are being treated confidentially.

Yours very truly,

SD/- E. Hugh Herbert.

TSAVO RIVER WORKS - REVENUE ESTIMATE

PULP & PAPER.

31,000 Tons of Bleached Cellulose Pulp @ £11 per ton 341,000

13,000 Tons of Wrapping Paper Unbleached @ £17 per ton 221,000

C.I.F. British Ports 149,000

FROM OILS & FATS SECTION.

30,000 Tons of Vegetable Butter or Hardened Fat for edible purposes @ £37 per Ton, or £1 per bag Tsavo River Works..... 1,110,000

45,000 Tons of Cattle Cake in Bags @ £2.10 per Ton at the Tsavo River Works..... 117,000

TOTAL RECEIPTS..... £1,819,000

COSTS OF PRODUCTION.

PULP & PAPER, CAUSTIC SODA & HYDROGEN GAS..... 329,000

VEGETABLE BUTTER & HYDROGENATED FATS @ £24.8.4.31 per ton produced as per details in schedule, it includes costs of £53,350 transferred, from Pulp. 71,200

BAGGING & PACKING CATTLE CAKE OF GROUND NUTS..... 27,000
at 12/- per ton at Tsavo River Works.....

11,000

TOTAL REVENUE FROM SALES..... £1,819,000

Total Costs..... 1,088,581

730,419

Allow Shipping Freight for delivery C.I.F. British Port
44,000 Tons Pulp & Paper 40,000

PROFITS..... 690,419

NOTES

These estimates are based on current prices for all material quoted on Saturday October 14th 1933 and also:-

COAL @ 24/6 per ton in Trucks at Mombasa.

SALT @ 31/- per ton in Truck at Mombasa

GROUND NUTS @ £9.12.0. British Ports.

GROUND NUT CATTLE CAKE £6 per Ton ex Steamer.

TSAVO RIVER WORKS - REVENUE ESTIMATE

PULP & PAPER.

31,000 Tons of Bleached Cellulose Pulp @ £11 per ton. 341,000

13,000 Tons of Wrapping Paper Unbleached @ £10 per ton. 130,000

C.I.F. British Ports. 248,000

FROM OILS & FATS SECTION.

30,000 Tons of Vegetable Butter or Hardened Fat for edible purposes @ £37 per Ton, or £1,110,000 at the Tsavo River Works. 1,110,000

45,000 Tons of Cattle Cake in bags @ £24 per Ton at the Tsavo River Works. 1,080,000

TOTAL RECEIPTS. 2,869,000

COSTS OF PRODUCTION.

PULP & PAPER, CAUSTIC SODA & HYDROGEN GAS. 329,066

VEGETABLE BUTTER & HYDROGENATED FATS @ £24.8.4.30 per ton produced as per details in schedule, it includes costs of £53,350 transferred, from Pulp. 732,810

BAGGING & PACKING CATTLE CAKE OF GROUND NUTS. at 12/- per ton at Tsavo River Works. 540,000

£1,089,581

TOTAL REVENUE FROM SALES. 2,869,000

Total Costs. 1,089,581

730,419

Allow Shipping Freight for delivery C.I.F. British Port 44,000 Tons Pulp & Paper 40,000

PROFITS. 690,419

NOTES

These estimates are based on current prices for all material quoted on Saturday October 14th 1933 and also:

COAL @ 24/6 per ton in Trucks at Mombasa.

SALT @ 31/- per ton in truck at Mombasa

GROUND NUTS @ £9.12.0. British Ports.

GROUND NUT CATTLE CAKE £6 per Ton ex Steamer.

PULP & PAPER

31,000 Tons of Bleached Cellulose Pulp @ £12 per ton
 13,000 Tons of Wrapping Paper Unbleached @ £17 per ton

C.I.F. British Ports.....£22,000

FROM OILS & FAT SECTION

30,000 Tons of Vegetable Butter or hardened Fat for edible purposes @ £37 per ton, or 14 per cwt.
 Tsaveo River Works.....£1,110,000

15,000 Tons of Gullie Oil @ £10 per ton
 Tsaveo River Works.....£150,000

PROFIT.....£50,000

NOTES

These estimates are based on current prices for all materials purchased on an ordinary October 1933 basis. All quantities are in Tons unless otherwise stated. All quantities are in Tons unless otherwise stated. All quantities are in Tons unless otherwise stated.

94,000 Tons of Dry Shredded Bamboo @ 3/- per ton..... £14,100
 Steam, For process work 66,000 lbs per hour for 8000 hours, from pass-out turbines, to generate 3260 kilowatts per hour, 34,666 tons... £2,465 of coal.

Steam, For condensing turbo-alternators-2840 K.W. per hour, 8000 hours, 18,334 Tons of Coal..... 22,467

Salt, Crude Rock for chemical purposes 26,000 tons..... 40,300

Graphite, anode renewals @ 4 lbs. per ton of cellulose.. 8,000

Oil, Waste and General Stores..... 2,200

Wires, Balls, and Pulp Machinery spares @ 2/6 per ton.. 5,000

.....£52,000

44,000 Tons of exported goods @ 3/- per ton charged.... 6,600

£58,850

WORKS PRODUCTION COSTS...£171,496
 Less value of Caustic Soda, & Hydrogen Gas..... 53,350
 To Oil Section
 £118,146
 FREIGHT & PORT CHARGES...£210,920
 F.O.B. Costa Mombasa.....£329,066

NOTE: Railway freights have been worked out at the revised tariff

TSAVO RIVER - WORKS - PRODUCTION COSTS.

94,000 Tons of Dry Shredded Bamboo @ 3/- per ton..... 14,100
Steam, For process work 66,000 lbs per hour for
8000 hours, from pass-out turbines, to
generate 3260 kilowatts per hour, -24,666 tons... 465
of coal.

Steam, For condensing turbo-alternators-2840 K.W. per
hour, 8000 hours, 18,334 Tons of Coal.... 22,467

Salt, Crude Rock for chemical purposes 26,000 tons.... 40,300

Graphite, anode renewals @ 4 lbs. per ton of cellulose.. 8,000

Oil, Waste and General Stores..... 2,200

Wiring, Pumps, and Full Machinery repairs..... 1,000

Other Charges @ 1/2 per ton..... 13,000

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44,000 Tons of Import & Export Charges @ 15/75..... 6,600

44,000 Tons of exported goods @ 3/- per ton charges.... 6,600

£58,850

WORKS PRODUCTION COSTS.... £171,496
Less value of Caustic
Soda, & Hydrogen Gas..... 53,350
To Oil Section
£118,146
FREIGHT & PORT CHARGES... £210,920
F.O.B. Costa Mombasa.... £329,066

NOTE. Railway freights have been worked out at the revised tariffs and full schedule rates, and do not include any special rates.

COPY.

From: THE UNDER SECRETARY OF STATE,
COLONIAL OFFICE

London, 17th July, 1933.

Sir,

No. 3126/33.

18th July 1933.

Sir,

I am directed by Secretary of State to refer to previous correspondence regarding the proposed establishment of a company to convert rubber and other agricultural products.

The proposed company is to be established in the Colonies and will be controlled by the Government of the Colonies. The company is to be established in the Colonies and will be controlled by the Government of the Colonies. The company is to be established in the Colonies and will be controlled by the Government of the Colonies.

The company is to be established in the Colonies and will be controlled by the Government of the Colonies. The company is to be established in the Colonies and will be controlled by the Government of the Colonies. The company is to be established in the Colonies and will be controlled by the Government of the Colonies.

4. The company will be established in the Colonies and will be controlled by the Government of the Colonies. The company is to be established in the Colonies and will be controlled by the Government of the Colonies.

5. No advance from the Colonial Development Fund will be made until (a) definite arrangements, satisfactory to His Majesty's Treasury and to the Chairman of the Colonial

Development Advisory Committee, have been concluded by the company for the provision of the whole of the capital required by the new undertaking for both equipment and working capital; and (b) the personnel which it is proposed should constitute the Company's Board of Directors in London has received the approval of His Majesty's Treasury and the Chairman of the Colonial Development Advisory Committee.

16. You will, no doubt, notify this Department in due course, of the steps which it is proposed to take in order to comply with the conditions stipulated in the fourth and fifth paragraphs of this letter.

THE CENTRAL NEWS LIMITED.

19

5, New Bridge Street,
London, E.C.4.

Private & Confidential.

3rd October, 1933.

BY HAND.

Major O. Walsh,
Messrs. Matheson & Co. Ltd.,
3, Lombard Street,
E.C.4.

Dear Major Walsh,

In accordance herewith, as promised, a copy of
the Special Intelligence report.

As forementioned, the report is, as you will note,
highly satisfactory, and doubtless you will let us hear in due
time whether you will want the technical terms of the report
translated into working terms and prices, or whether you consider
it sufficient in itself.

Yours very truly,

W. E. DEAN

NOTES ON UNBLEACHED PAPERS MADE FROM BAMBOO AND
PULP PREPARED BY THE POMILIO PROCESS

The samples of paper referred to below were received at the Imperial Institute from Mr. W.T. Kerr.

BAMBOO.

The five specimens of bamboo paper were sorted into two lots of approximately the same character and finish, viz. (A) specimens 2, 3 and 4, (B) specimens 5 and 6.

The three samples of Series A were composed of well-beaten pulp which, judging from the appearance of the fibres, had been heavily overbeaten. The paper was of excellent strength and toughness, well-closed and opaque. The colour was a rich brownish-brown.

The two specimens of Series B appeared to have been subjected to a heavier beating treatment than those of Series A, and this had resulted in an even stronger but more rattly type of paper.

All the five specimens contained some small dark specks of extraneous matter. They compared very well in strength with strong kraft papers of a heavier finish, and were considerably paler in colour than is usual for the latter.

Notes on the Results of Tests carried out at Milan.

These reports are very interesting, especially as regards the effect of the comparatively short time of beating

(referred to in the reports as "refining") on the strength and character of the waterleaf (or unsized) papers produced. Excluding the results obtained for Series 1 papers, which were apparently thin and difficult to prepare, the beating times varied from 20 minutes to 100 minutes. The results show that all the specimens tested were of very good tensile strength, and gave rather higher elongation values than are usually given

of the same type. In general, weak papers will stand about 25 folds, medium papers from 20 to 200 folds and very strong papers from 200 to 1,000 folds and over. The specimen (Series 6) which withstood 34,250 double folds before breaking was therefore of quite exceptional strength.

The results obtained in Milan (and also by Callender's Cable and Construction Company) confirm the

view expressed on various occasions by the Imperial Institute that bamboo pulp is capable of providing a wide range of papers, and also of furnishing a paper equal in strength and superior in some respects to the kraft wood-pulps at present in use for the manufacture of insulating papers.

SISAL.

No particulars were given of the method of the sample of unbleached sisal pulp was prepared, the appearance of the sheet was similar to the appearance that the fibre had when it was first extracted from such a specimen. The fibre was of a yellowish-brown color and of a length of about 1/2 inch. The fibre was of a length of about 1/2 inch. The fibre was of a length of about 1/2 inch.

Dear Mr. Herbert,

Thank you for your letter of the 17th inst. to which I have now had an opportunity of studying.

I keenly appreciate your offer to let me have a full technical resume of the suggested Corporation's proposed operations and layout, but before we examine that part of the scheme I think it better to concentrate more on the question of Markets.

With reference to the last paragraph on page 3 of your letter I should be obliged if you could give me the total production and sales of packing and wrapping paper in this country as the imported papers of this class, mentioned by you, amounting to 159,000 tons per annum are not very large when compared, in the light of the contemplated production, by or through the suggested corporation, of 44,000 tons.

Concerning the Vegetable Fat and Oil section an examination of the estimates leaves the impression that this Section has only recently been included in the scheme and that the estimates in this respect may require to be brought up to date.

With the receipt of the figures promised in your letter under reply this aspect of the scheme is clear to me and whilst you have this matter under consideration you also please let me have some notes on the market for Fats. For instance has any approach been made with regard to marketing in India and have any steps been taken in regard to markets in this Country or Europe. Have you any indication as to the quantity that could be absorbed here and the price at which forward contracts could be entered into. Who would the principal purchasers be and would they not include the Combines. Has the market here been sufficiently tested for Vegetable Fats and have preliminary negotiations reached the stage where there remains no doubt that the manufacture of the large quantities anticipated will not be left on the Corporation's hands, no will it have the effect of depressing existing prices.

When this question of the market for Vegetable
Fats has been satisfactorily covered we can then go into the
detailed estimates as there are points arising out of the
presentation of the estimates which, I think you will see with
me, require further examination and in some cases material
adjustment, but it is advisable to await further market information
before raising any issues on estimates.

Yours very truly,

SD/- CONRAD L. WALSH.

E. Hugh Herbert Esqr.,
The Central News,
5, New Bridge Street,
LONDON, E.C.4.

EUROPEAN SALARIES.

On Page 10 the total figure for European salaries under Tsavo River Works, production costs, is £12,700 whereas on the following page under Bamburi Company, schedule of European Staff salaries the total figure is £14,480. Similarly Indian Native wages is shown on Page 10 as £8,264 and on Page 11 at £11,490. Here again I have little doubt there is an explanation but it is not clear to me at the moment how the variation occurs.

On Page 9 the annual revenue from Bamcoo Pulp is estimated at £592,000 whereas that of the Oil and Fat section is estimated at £1,227,000. From this it appears that it would be a mistake to refer to this revenue as a Bamcoo Pulp scheme when the revenue from Bamcoo Pulp is approximately half that of Oil and Fat.

Another point which occurs to me before we actually get down to the general question is that I do not see any allowance in the estimates for Depreciation of Machinery, but that again may perhaps be found in a schedule which has not been included in the papers handed to me. Similarly the cost of outward passages, home leave allowances etc., for European personnel, is not shown.

I notice that the original load of shipping 6,000 tons of Caustic Soda has now been surrendered and I presume that the Oil and Fat Section is a Development which will now take the place of the Caustic Soda shipments, or do I understand it that the Oil and Fat Section is in addition to the proposed Caustic Soda shipments?

In regard to other points which arise, and I am sure you will forgive me writing in such detail but as I stated in the opening paragraph of this letter this

is the first occasion on which I have had an opportunity of studying the scheme and the arithmetic it involves and so have no previous data to draw on. Could your colleagues let me know:-

- (1) Exactly what kinds of paper are capable of being produced from Bamboo Pulp which cannot be produced from cheaper Pulp from Scandinavia and Canada.
- (2) The total quantity and average price of papers sold in the United Kingdom (and any other markets in which it is hoped to sell) of types which compete with the types intended to be produced.
- (3) From what sources the machinery and other plant is to be obtained and to what extent it is to be made in this country.
- (4) The total cost of the scheme and the probable profit.
- (5) The probable effect on the paper industry of the proposed scheme and the probable results to be expected.
- (6) What is the total value and quantity of vegetable fibre supplied in the United Kingdom.

is the first occasion on which I have had the opportunity of studying the scheme and the arithmetic it involves and so have no previous data to draw on. Could your colleagues let me know:

- (1) Exactly what kinds of paper are capable of being produced from Bamboo Pulp which cannot be produced from cheaper Pulp from Scandinavia and Canada.
- (2) The total quantity and average price of papers sold in the United Kingdom (and any other markets in which it is hoped to compete) in types which compete with those intended to be produced.

(3) From what sources...

the following information...

(4) What is the total volume of...

and any other market in which it is hoped to sell.

(7) On what grounds is it claimed that the Company will be able to supply vegetable fats of cheaper price or higher quality than those which are now supplying the market:-

- (a) on grounds of Labour.
- (b) Cost of raw material.
- (c) Transport and Sundry Charges.

(8) Short technical description of the nature and relationship of the manufacturers of the four products mentioned in the preceding

In your letter of the 21st ... that offers to purchase pulp ... Company's chlorinating process from ... have already been received at prices of ... \$11 per ton. These offers ... firms supplying the Stationery Office and the Stationery Office itself has stated ... best to encourage the use of Kenya pulp ... even to the extent of giving a ... This is a very useful development ... it that this would open up a very ... outlet for the Company's pulp. ... for instance be sufficient to ... the output it is intended to produce.

Finally in regard to the National Development Fund participation in the Scheme I shall be glad if you could let me have a copy of the correspondence setting out just exactly what their participation entails.

In conclusion I would like to repeat the assurance I gave you yesterday that the whole of this development is being dealt with in a strictly confidential manner, but of course you will appreciate that it will be necessary to have more detailed information before decisions can be taken in regard to the finance necessary.

Yours very truly,

CONRAD L. WALSH.

BAMBOO PULP AND PAPER WORKS

KENYA COLONY.

..... 100,000.

AMOUNT OF SUBSIDY:-

LAND, BUILDINGS & MACHINERY, fully depreciated and erected at Kijabe Bamboo Forest and the Tsavo River Pulp Works.....	60,000
FEES & EXPENSES incurred in preparation of the scheme as detailed.....	10,000

TOTAL.....

.....

.....

.....

BAMBOO PULP AND PAPER WORKS

KENYA COLONY

SUMMARY OF CAPITAL EXPENDITURE ON MACHINERY

KINARI BAMBOO CHIPPING MILLS - 2 MACHINES	8,000
BLACK LIME PULPER & PRESS WORKS - 500 TONS	10,000
ELECTRIC AL POWER PLANT - 2500 KILOWATTS	191,000
ELECTROLYTIC SECTION FOR CHLORINE & CAUSTIC	10,000
EXTRACTION OF CELLULOSE SECTION	10,000
SCREENING & BLEACHING PULP SECTION	40,000
PAPER MAKING MACHINE SECTION	10,000
WATER SUPPLY & FORTIFYING TANKS	10,000
ADMINISTRATION BUILDINGS AT KINARI	10,000
FOOD & STORES BUILDINGS	10,000
RAILWAY STATIONS & SHEDS	10,000
MACHINE REPAIR SHOPS	10,000
CRANES & LIFTING EQUIPMENT	10,000
EUROPEAN HOUSING ACCOMMODATION	10,000
NATIVE LABOUR QUARTERS	10,000
VEGETABLE OIL REFINERY - 100 TONS	10,000

The details of the sections are described under the separate headings.

BAMBOO PULP AND PAPER

KENYA COLONY

SUMMARY OF CAPITAL EXPENDITURE

KITABI - BAMBUS	...
PLANTING & CULTIVATION WORKS	...
ELECTRICAL POWER PLANT - 1500 KILOWATTS	...
ELECTROMOTIC SECTION FOR THE PLANT	...
EXTRACTION OF CELLULOSE SECTION	...
SCREENING & BLEACHING PULP SECTION	...
PAPER MAKING MACHINE SECTION	...
WATER SUPPLY & FILTERING TANKS	...
ADMINISTRATION BUILDINGS & STORES	...
ROADS & BRIDGES	...
RAILWAY SERVICES & FREIGHTS	...
WAGONS & TRUCKS	...
CRANES & LIFTING EQUIPMENTS	...
EUROPEAN RESERVING	...
NATIVE LABOUR SERVICES	...
VEGETABLE OIL REFINERY	...

The details of the sections are described under the separate headings.

THE BAMBURI COMPANY.

SCHEDULE OF EUROPEAN STAFF SALARIES.

<u>ENGINEERS SECTION.</u>	Grade.	Rate.	
Chief Engineer.....	1,000	1,000	1,000
Asst. Engineer.....	800	800	800
Head Engineer.....	800	800	800
Asst. Engineer.....	600	600	600
Maintenance Engineer.....	400	400	400
 <u>PULP</u>			
Chief Chemist.....	960	960	960
Asst. Chemist.....	480	480	960
4 Electrolytic Cell Supervisors.....	480	480	1920
 <u>WMP & PAPER</u>			
1 Head Papermakers.....	720	720	2160
2 Asst. Papermakers.....	420	420	1440
2 Doctor Attendants.....	420	420	1440
Marginal Allowance.....			40
			<u>14,400</u>
European Salaries.....			£ 14,400

SCHEDULE OF INDIAN & NATIVES WAGES.

OPERATING ELECTRICAL PLANT.

8 Europeans-Chief engineers, Steam & Hydro-Stations	1440
5 Asiatics, Fundies-Repairs.....	900
60 Natives, Power plant.....	1500
10 Natives, Repairs of plant.....	500
84 Natives, Electric.....	1750
51 Natives, Works & Stores.....	1540
12 Natives, Maintenance.....	1200
100 Natives, General Work.....	1000
2 Natives Laboratory.....	100
 <u>TOTAL Asiatic Wages, Native Wages.....</u>	
<u>12,400</u>	

THE BAMBURI COMPANY.

SCHEDULE OF EUROPEAN SALARIES.

<u>ENGINEERS SECTION.</u>		
Chief Engineer.....	1,000	10,000
Asst. Engineer.....	400	4,000
Asst. Engineer.....	400	4,000
Maintenance Engineer.....	400	4,000
<u>PULP</u>		
Chief Chemist.....	400	4,000
Asst. Chemist.....	480	4,800
Electrolytic Cell Supervisors.....	480	4,800
<u>WATER & PAPER</u>		
Head Papermakers.....	700	7,000
Asst. Papermakers.....	480	4,800
Master Attendants.....	480	4,800
Margin Allowance.....		40
European Salaries.....		<u>£ 14,480</u>

DETAILS OF INDIAN & NATIVES WAGES.

OPERATING ELECTRICAL PLANT.

2 Europeans-Charge engineers, Steam & Hydro-Stations	1440
5 Asiatics, Fundies-repairs.....	900
60 Natives, Power plant.....	1800
20 Natives, Repairs plant.....	600
84 Natives, for Electric.....	1764
51 Natives, for Steam & Hydro.....	1240
72 Natives, for Machines.....	1800
100 Natives, for Electric.....	2000
2 Natives, for Repairs.....	100
TOTAL Asiatic Wages, Native Wages.....	14,480

TSAVO RIVER WORKS - REVENUE ESTIMATE.

PULP & PAPER.

10,000 Tons of Bleached Sulphite Paper @ 12/- per ton	1,200,000
10,000 Tons of Writing papers unbleached @ 12/- per ton	1,200,000
.....

PRODUCE & FAT SECTION.

30,000 tons of Vegetable Butter @ £24.8.4.3d. for edible purposes @ £20 per ton @ Tsavo River Works.....	600,000
40,000 tons of Cattle Cake in bags @ £2.17.6 per Ton @ Tsavo River Works.....	117,000

Total Receipts..... 1,819,000

AGRIAL COSTS OF PRODUCTION.

PULP & PAPER, CAUSTIC SODA & HYDROGEN GAS.....	324,156
VEGETABLE BUTTER & HYDROGENATED FAT @ £24.8.4.3d., for ton produced as per details in schedule..... Including costs of £53,360 transferred	732,515
PACKING and PACKING CATTLE CAKE of GROUND NUTS to all @ 12/- per ton at Tsavo River Works...	27,000

£ 1,083,671

TOTAL REVENUE FROM SALES	1,819,000
Total Production Costs	1,083,671

PROFITS..... £ 735,329

NOTE:

These estimates are based on the current prices for all materials quoted on Saturday October 14th 1933 used in the process.

Coal is assumed to be available at the rate of 10/- per ton, but delivered and loaded into trucks at 12/- per ton. It may be possible to effect a reduction of several shillings per ton.

In addition to the above, there is a small amount of...
In addition to the above, there is a small amount of...

TSAVO RIVER WORKS - RUMENUP ESTIMATE

PULP & PAPER.

21,000 Tons of Fine Paper @ £12.00 per ton £252,000
 15,000 Tons of Wrapping papers @ £12.00 per ton £180,000

FROM OIL & FAT SECTION.

40,000 tons of Vegetable Matter @ £12.00 per ton £480,000
 edible purpose @ £27 per ton £1,080,000
 @ Tsavo River Works £1,560,000

42,000 tons of Cattle Cake in Bags @ £11.00 per Ton
 @ Tsavo River Works £462,000

Total Receipts..... £1,812,000

INITIAL COSTS OF PRODUCTION.

PULP & PAPER, CAUSTIC SODA & HYDROGEN GAS..... £34,166

CONDENSED BUTTER & HYDROGENATED FAT @ £24.8.4.3d.,
 per ton produced as per details in schedule.....
 less costs of £53,360 transferred £732,515

PACKING AND PACKING CATTLE CAKE OF GROUND NUTS to
 @ £12.00 per ton at Tsavo River Works... £27,000

£ 1,083,671

TOTAL REVENUE FROM SALES £ 1,819,000
 Total Production Costs £ 1,083,671

PROFITS..... £ 735,329

NOTE:

These estimates are based on the current prices for all materials quoted on Saturday October 14th 1900 used in the production.

Cost of production of milk is estimated at 10/- per gallon.
 Cost delivered to the consumer is estimated at 12/- per gallon.
 It may be possible to reduce the cost of production to 8/- per gallon.
 Shilling per gallon.

In London, the price of milk is 10/- per gallon.
 In London, the price of milk is 12/- per gallon.

TSAVO RIVER WORKS - PRODUCTION COSTS.

94,000 Tons of Dry Shredded Bamboo @ 3/- per ton.....	24,100
Steam, for process work 66,000 lbs. per hour for 8,000 hours, from turbines back pressure, to produce 3060 kilowatts: 4,666 tons coal.....	42,467
For condensing turbines for balance of the electric power of 2,840 kilowatts.....	11,467
Salt, Crude Rock for chemical purposes 1,000 tons.....	40,000
Graphite anode renewals @ 4 lbs. per ton @ 25/- ea.	8,000
Oil, Waste and General Stores.....	2,200
Wires, Fats and Pulp machinery renewals @ 2/6 per ton...	5,000
Accountancy & Establishment charges.....	10,000
European Staff Salaries.....	10,000
Indian Staff Salaries.....	9,000
Transportation charges per ton of cellulose pulp.....	110

PRODUCTION COSTS 171,406

Less value of Caustic Soda and Hydrogen Transferred to Oil Section) 83,350
) 118,146

Freight and Port Charges 206,010

384,156

RAILWAY FREIGHTS are worked out on the revised tariffs at the full rates scheduled, and do not include any special tariffs or reduced rates for quantity.

residence there. I did not suggest that there would be any difficulty, but I said that the application could be made after the usual way well under way so that Mr. Kern would be back to work which he had initiated. It would be simpler than if the application were made on general grounds.

When Mr. Udal writes he will send ^{the} a letter under cover to me so that we can deal with it confidentially as far as possible

Handwritten initials and date:
A. J. [unclear]
1/14/33

Handwritten initials: W.C.S.

Handwritten date: 16.10.33

Ann 13/10 Sami Kerr but not his name N. Glass can be attached to him

AIR MAIL

KENYA
No.



13/10

47
56

GOVERNMENT HOUSE
NAIROBI
KENYA

SECRET AND PERSONAL.

22nd September, 1955

Dear Sir Cecil,

I am sending you an official report in reply to your Colonial Office Confidential despatch of the 27th of July, 1955, on the occurrence of polydenite near Yala River in Kavirondo; from which you will see that Murray Hughes comments on the bona fides of the find in no uncertain terms.

I note from paragraph 4 of the despatch that a Mr. W.T. Kerr is mentioned as having associated the report to the Colonial Office. At the moment I have not been able to ascertain definitely whether this is the Walter Talbot Kerr who formed the subject of your Secret cypher telegram of the 25th of August, 1952, on the Babbar-Fulp Concession, but it has been established that the latter is in England, and in view of his shady antecedents I thought it advisable to bring the matter to your notice; though I have no doubt that your department will have spotted the coincidence in any case.

Yrs sincerely,

Sir Cecil Bottomley, K.C.M.G., C.B., F.R.S.

Mr. Kerr

Aug 13/10

Same Kerr but not his scheme. N. Hume can be attached to him

1310

44
16

AIR MAIL



GOVERNMENT HOUSE
NAIROBI
KENYA

KENYA
No.

SECRET AND PERSONAL.

2nd September, 1910

Dear Sir Cecil,

I am sending you an official report in reply to your Colonial Office Confidential despatch of the 27th of July, 1910, on the occurrence of polyblende near Yala River in Kavirondo; from which you will see that Murray Hughes comments on the bonafides of the find in no uncertain terms.

I quote from paragraph 2 of the despatch that a Mr. W.T. Kerr is mentioned as having communicated the report to the Colonial Office. At the moment I have not been able to ascertain definitely whether this is the Walter Talbot Kerr and former the subject of your Secret cypher telegram of the 26th of August, 1910, on the Ashes Pulp Controversy, but it has been established that the latter is in England, and in view of his shady antecedents I thought it advisable to bring the matter to your notice; though I have no doubt that your department will have spotted the coincidence in any case.

Yrs sincerely

Sir Cecil Bottonley, K.C.M.G., C.B., C.B.E.

M. Hume

1 St Peters Road,
St Margarets on Thames.

September 30th 1955.

Sir Cecil Bottomley K.C.M.G. C.B., O.B.E.,
Colonial Office,
Downing Street. S.W.1.

Sir,

I regret if there has seemed to be an omission in keeping you informed. A cable has now arrived which informs me that Mr Siddall left Nairobi last week, and expects to arrive in London on the 7th or 8th of October, he is making the journey by

At the same time he asked for all negotiation to be held until his arrival here, that I have done. I understand that he had an interview with the authorities in Kenya on the matter a week or so ago. As he evidently has some arrangement in view, I have confined my activities entirely to technical work, until he arrives, and have prepared a full technical description of the proposal, that may be handed to an accountant, engineer, or chemist for approval.

Sir, I beg to remain,

Your obedient servant,

S. T. Kerr
S. T. Kerr

complete and final figures would be ready by the middle of next week.

He said "You can see it from me directly, I am in a position to put a complete scheme before you at your doorstep".

Answering Major Walsh's inquiry regarding the question of the Board Mr. Herbert said that nothing definite had been arranged at all. He said he had mentioned previously that certain names had been mentioned but nothing had been agreed definitely regarding this matter.

Mr. Herbert said he would telephone Major Walsh on an appointment some time about the middle of next week.

10
61
DOWNING STREET,

29th September, 1933.

Dear Mr. Kerr,

I have been hoping to hear from you before this in continuation of your letter of the 12th of September, and I shall be glad if you can inform me with regard to your enquiries as to the suggestion of Mr. Ullall as his representative in connection with the latter's proposal.

Should you wish you will fall as to the information about Mr. Ullall's proposal when you next see him.

T. KERR, Esq.

DOWNING STREET.

29th September, 1918.

Dear Mr. Kerr,

I have been hoping to hear from you before this in continuation of your letter of the 12th of September, and I shall be glad if you can inform me how you stand with regard to your enquiries as to the possibility of a new contract, for Mr. Hall is his expression of the intention to start the business with proposition

... that you will call me

... Mr. Hall's

... thought that

... 16th.

J. T. KERR, ESQ.

BAMBOO PULP POSITION.

He is an extremely clever man but absolutely
 unreliable. If he gets into a scheme he gets carried
 away and in the end, is left to pull the facts and paints
 together. He would not be worth any position of
 responsibility or any of his kind. Would not employ
 him in any capacity in the West Gloucester show
 or in any other office. Well advised to keep off.

ORIGINAL: decypher of a telegram from the C.A.S. Kenya

Dated 13th. Sept. 1933 Received by the Colonial Office at 2-6 P.M. 13th. Sept. 1933

Includes

W.H.C.

Decyphered

UNNUMBERED. SECRET.

Your telegram of the 27th. August No.185. Secret. Local

Criminal Investigation Department confirms full name of person
 whose name given by you as their Confidential despatch C.I.D. 941/6E

dated 21st. 1933 addressed to Commissioner of Police Force

in which confirmation was asked of conviction

to which no reply has been received from person

line
 started Ghana Nairobi East African Power and

for a time their manager first Mombasa

understand from private but reliable source

because that Company subsequently received

information as to conviction and were not satisfied with his

handling of accounts. You could confirm this from London. He

(a)
 then had charge of Kenya Marble Quarries for Udall. He left Kenya

by air mail on October 7th. 1931 passport being renewed on Udall's

certificate.

ORIGINAL decypher of a telegram from the O.A.S. Kenya

Dated 13th. Sept. 1933 Received 12.5 P.M. 13th. Sept.

Decoded

W.H.C.
Decyphered

UNNUMBERED. SECRET.

Your telegram of the 27th. August No. 155. Secret. local.

Investigation department confirms full name of person named as given by you see their Confidential despatch C.I.D. 941/6E

of 1928 addressed to Commissioner of Police Force in which confirmation was asked of conviction

no reply has been received from person line Social Chania Nairobi East African Power and

for a time their manager first Mombasa understood from private but reliable source

that he was discharged because that Company subsequently received information as to conviction and were not satisfied with his

handling of accounts. You could confirm this from London. He

then had charge of Kenya Marble Quarries for 3 years he left Kenya

by air mail on October 7th. 1931 passport being renewed on Social certificate.

TEL. Popesgrove 1901.

10 St Peters Road, 64
St Margarets on Thames.

September 12 th 1933

Sir W.C. Bottonley
Colonial Office,
Downing Street.

Sir,

Re Java Bamboo Pulp Proposition

Since the conversation of last Tuesday afternoon in
your office, I have endeavored to get into communication with Mr. J. H. Mitchell
Mitchell Datta for the purpose of making the arrangements for
Mr. Mitchell will be absent from London until the 15th inst. when
he returns. I shall discuss the matter with him, which will be done
as having had a great deal to do with it already.

I understand Mr. Mitchell is considering making a trip to
possibly sailing from Hamburg on the 17th inst.

Further I have searched the records of the
Individuals Company, and made a proposal to them that they
have control of the surplus caustic soda, in return they are willing
to provide technical information and advice on its production.

That would dispose of any danger of clashing interests arising
and would be to the benefit of the pulping company

I beg to remain, Sir,

Your obedient servant,

W. H. Kern

C. O.

Mr.

Mr.

Mr.

Mr. Parkinson

Mr. Tomlinson

X Sir C. Bottomley. 6/9/33 atten --

Sir J. Shuckburgh.

Perms U.S. of S.

Parly. U.S. of S.

Secretary of State.

Cyphered & Sent
8.30 pm
6.9.33
(9)

05

DRAFT.

*copy
align*

Governor
Nairobi

*Which has already
gone down in
the City*

70 192

77, telegram 70 185 details

of Kerr admitted. He also
was aware of conviction. It
clear that this part of
it necessary to report
by some one
confidential
for banks
furthering
Kerr
association with
view of his experience and
already done but he is
for lack of launching
will communicate further
in due course. Meanwhile please
inform detail confidentially of

FURTHER ACTION.

Position

Colonial Office,

Downing Street, S.W.1.

16 August, 1933.

CONFIDENTIAL.

Dear Sir,

I have been asked to
investigate the
report, that some
described as a
representative of
the
to
by a
Telling me, the
for
whose Electrical Engineer he had been.

I hold the matter and the
from leave as I wanted confirmation, from his firm.

C. O.

Mr.

Mr.

Mr.

Mr. Parkinson.

Mr. Tomlinson.

Sir C. Bottomley.

Sir J. Shuckburgh.

Permt. U.S. of S.

Party. U.S. of S.

Secretary of State.

Cyphered and sent

68

END

5/

25/8

No 185

AG

Secret

August 25th

Bamboo Pulp Concasson

I have definite information
that Walter Tolbot Kerr

remained three years
found certificate in England

hereford 1923. If this

is same man as representative

of U.S. of S. position must

be reconsidered

Should be glad to

find instance of

You Police have any

information bearing on

record of U.S. of S.

representative and his

franchise.

No reference should

be made at this stage.

DRAFT. Cyphered Tel

C. O.

Mr.
Mr.
Mr.

Mr. Parkinson.

Mr. Tomlinson.

Sir C. Bottomley. 2/5/8/33 *at once*

Sir J. Shuckburgh.

Permt. U.S. of S.

Partly. U.S. of S.

Secretary of State.

Cyphered sent 68
5/ 25/8 15ND
No 185 *116*

Secret

August 25th

Bamboo Pulp Concerns...

DRAFT Cyphered Tel

I have definitely stated in
the works that I have
mentioned three years
ago that I had been
employed 1923. If this
is, in any way, a representation
of Udall's position must
be considered.

I shall be glad if in
this instance whether
your Police have any
information bearing on
the record of Udall's
employment and his
background.

No reference should
be made to the above at
this stage.