

1934

Kenya

No. 23199

SUBJECT

CO 533/448

Judicial Department Staff

Previous

3108/33.

Subsequent

38096/35.

1. Governor Byrne Conf 441 (H. M. 1) 30 May 1944

States his views & those expressed at 4000 Conference 1944 regarding the filling of magisterial posts only by officers with at least four years experience or records. appt. of W. A. Phillips for as a resident Mag. Judge from the transfer of G. H. Howe

to be covered by the Commission for the purpose of the Commission's work in the Mag. Judge's office. The Commission should be asked to consider the possibility of the Commission's work in the Mag. Judge's office.

Submitted a copy of the Commission's report on the Commission's work in the Mag. Judge's office. The Commission should be asked to consider the possibility of the Commission's work in the Mag. Judge's office.

is attached, also copy of Co Memorandum on Revision of Salaries and of Conference Proceedings.

This is not the place to consider the question of policy, and the filling of this vacancy cannot await such consideration.

Subject to the views of CSD and of Mr. Bushe, I suggest that the VF should proceed in his usual way, with salary on his existing scale.

P.F. attached

a candidate for the Colonial Legal Service or for outside, and that Mr. Phillips, when his former recommendations should be considered, one, if there is no suitable candidate available.

Guinness  
20/10/34

cert. must hold of the vacancy till decision has been made. I am in the hope that Mr. Haig

It is unfortunate that the whole question of the recruitment of the legal service should be raised in connection with a case which it is evident should be filled at the least possible delay. The appointment is one which would attract Mr. W.E. Howard Flanders, Northern Rhodesia, and there would in the ordinary course be no Promotions candidate to put forward for the vacancy, but, if an initial salary of £720 is to be given, perhaps we should consider the case of Mr. R.A. Haig before that of Mr. Phillips. Mr. Haig was born in 1904, called in May, 1927; read in the Chambers of Mr. R.C. Vaughan from October, 1925, to 1927; did the T.A.S. course and was appointed a Cadet to Nyasaland in 1928.

Nyasaland in 1928. He acted as Assistant Attorney-General from November, 1929 onwards.

He had passed the Bar final in 1929.

Mr. Phillips was born in 1907; called in June, 1931; read in the Chambers of Sir P. Hastings for some months in 1930; did the T.A.S. course and was appointed to Kenya in 1931 where he has had

several years' experience of magisterial work. Mr. Phillips has been selected for appointment as Magistrate in the Bar at Nairobi in 1934.

It is regrettable that the urgency of the vacancy may be special reasons for offering it to Mr. Haig, but it is a high possibility that Mr. Haig, if taking up his post in Kenya, other than 2600 in Nairobi, would have already agreed that he should be regarded as an exceptional case, and I think he could well be offered this magistracy in Kenya, especially in view of the fact that Mr. Harragin knows him and thinks well of him. If Kenya can spare Mr. Phillips for the substantive post, they can spare him to act for a short time until Mr. Haig arrives. As regards Mr. Phillips, I do not regard him as an exceptional case, and at present, at any rate, I do not agree that he should be offered a legal post.

H.B. 23.6.34.

I agree that Mr. Haig should be selected. There is a lot to be said for him.

can be said about the  
Government's temporary proposals  
but this is not the occasion.  
Meanwhile the policy laid  
down in the Circular dep.  
concerning the Colonial Legal  
Service holds good.

C. J. Dobson  
6.6.34

G. J. P.  
26.6.34

W. C. S. 27.6.34

In the etc? letter to Mr. Bushby, Mr.  
C. J. Dobson asks to be considered for  
the post. As a Commissioner General in Kenya  
he is a candidate, there is so far as  
I know no chance of a W.A. post  
for him. Mr. Dobson's appl. would accord  
with Mr. Bushby's suggestion to Mr.

Harvey on 23/7/34.

and to Kenya that he has  
applied a number of times  
is now

S.P.

C. J. P.

State letter from a Commissioner General in

23/7/34

Now a letter - that he has applied for  
to be the highest office to come from here - so as to  
avoid any further work for the Gov. (C)

So I may think it better left to the Gov. to

4/8

2/4

I don't think we can avoid  
doing so. But we might  
specify that Doran has  
applied and that unless  
the Gov. has any  
objection it is proposed  
to proceed accordingly.

C. J. Dobson

2/7/34

W. C. S.

G. J. P.

3.7.34

W. C. S. 3.7.34

12044

Not returned

2 To be ed. 16/6/34 - Cons - 11.7.34

Dr. Lawrence Byrne Feb 1894  
State cases of Attorney General & A/Chief Justice  
on proposed app. of Mr. Doran & considers that if a  
suitable post cannot be found for him in a smaller colony  
Attorney General's suggestion is the best that can be made  
in the Colony's interest

Apparently the A.G. is in  
the opportunity to lose Mr. Doran.

The C.J. does not want him  
in the judicial dept, but in  
the circumstances mentioned in  
the telegram, it may still be  
considered desirable to appoint  
him to the vacant post of  
Resident Magistrate. If this  
is done it will be necessary to  
find a competent person  
Crown Counsel for Kenya.

To C.E. Dept + Mr. Bushby for  
Doran.

C.H. Ross with  
17/7/34

[Signature]  
12

It was decided that Mr. Doran is not appointed  
as Crown Counsel but might make quite a decent  
magistrate. Kenya is not unwilling upon him  
acting C.J. but we know of that mag.

Under object: I agree that as Mr. Doran is well  
opposed his resignation it would be carried through.

After Mr. Doran, as regards his resignation  
vacating for Crown Counsel we might  
first ask Kenya whether they wish to  
appoint a Magistrate.

Dr. J. J. A. I doubt the possibility that we  
have a first class man of that order  
in Kenya.

I agree that we may now offer  
officially to Doran. On this  
accepting, we should tell Gov.  
by tel, and say that we  
are proceeding to select a  
Crown Counsel to replace him.  
(we shall of course need a

VI)

[Signature]

13.7.34

Yes: the view here is that Mr. Doran is not appointed  
as Crown Counsel but might make quite a decent  
magistrate. Kenya is not unwilling upon him  
acting C.J. but we know of that mag.

For approval of offer to Mr. Doran

[Signature]

13.7.

I agree Mr. Doran is an excellent  
as a Law Officer. The only hope of  
relieving the situation is to then try  
him as a Magistrate. This may be  
well be done in Kenya or anywhere  
else.

[Signature]

16.7.34

[Signature]

17.7.34

see V.F. for Crown Counsel and

minute on Pinnus 796

USA Harman

29.9.44

(*L. Demissus* (57660 S.A.)

sp. n. *bravis* (Gunnell)

vide 23174/5 Kenya

C. O.

23199/24

5

Mr. Everswith 4/24  
Mr. Neelston 4/24

Mr. Parkinson

Sir G. Tomlinson

Sir C. Bottomley

Sir J. Shuckburgh

Comm. U.S. of S.

Parly. U.S. of S.

Secretary

the enclosed NO3

Coded sent 9.15/

= 4/7

MS

Confidential

in the state of recruitment  
a salary of £1000  
Mr. H. B. ...

to give the opportunity

W. H. HOWE

OTHER ACTION.

No. The Northern Bank Ltd.  
Head Office.  
Nairobi.

25/6/54.

Dear Mr. S. S. S. S.

As it will be some time  
will have to report to the  
London

regarding my suggestion that a  
change from the legal to the  
judicial side.

I have today received an  
airmail letter from Haragin stating  
that Howe, the Resident Magistrate  
Nombada, has been transferred  
to the Gold Coast and I will  
be grateful if, failing the offer  
of a position as resident magistrate  
on the West Coast, I may be  
offered one in Kenya at my present  
rate of pay and on my present terms  
of service.

I am sure you will remember

from what was said at our  
 interview early in May that I  
 would much prefer to go to the  
 West Coast and I would earnestly  
 request that it may still be  
 considered as a post on that side  
 if possible. I have considered  
 my reasons to you in things  
 to go to London for interview  
 instead of writing but am at  
 present staying with my  
 Dr. Drougal who here in de ar  
 for some days ahead. I have  
 interest you to hear their my wife  
 and I met General and other. Busse  
 who live near whom we are  
 staying a few days ago. they both  
 appeared to be in the best of  
 health.

Yours sincerely,  
 Geo. F. Degen

VACANCY FORM.

Mr. [Name] in 20/6  
Mr. [Name] in 20  
MR.

REFERENCE 23199/34 K

(1) PROMOTIONS BRANCH.

(2) PRIVATE APPOINTMENT (APPOINTMENTS).

COLONY. K...  
OFFICE OF VACANCY

Special...

Appointment.

EMAL

Special...

(a) Married Candidates. No objection.

(b) Duties. Usual

(c) Qualifications required. Usual

The Governor recommends the appointment of Mr. A. Administrative Officer K...

(11 in 23199/34 K)

AIR MAIL

KENYA

No. 77



GOVERNMENT HOUSE

NAIROBI

KENYA

May, 1934.

CONFIDENTIAL

Telegram from Govr Ka  
K... ..

Date: 11th July.

159

by ... ..

Acting ... ..

Administr ... ..

You are ... ..

from ... ..

Atten ... ..

inter ... ..

Sir,

Can. 11th July 1934

161

who state ... ..

Acting ... ..

Administr ... ..

You are ... ..

from ... ..

Atten ... ..

inter ... ..

exp ... ..

18mm

0711-4-1

changes only be ... ..  
and ... .. in the light of past experience I trusted that  
the principle of four years' legal experience would not  
be rigidly adhered to.

3. The question was discussed by the 1934 Conference  
of East African Governors and, in a memorandum by this  
Government to that Conference, it was stated that doubts

THE RIGHT HONOURABLE  
MAJOR SIR PHILIP GUNLIFFER-LISTER, P.C., G.B.E., M.C., M.F.,  
SECRETARY OF STATE FOR THE COLONIES,  
DOWNING STREET, LONDON S.W.

had been expressed upon the proviso to appointment in the Colonial Legal Service that candidates must have four years' practical experience. The general grounds upon which those doubts are based are first that the administration of justice to natives is assisted more by legally qualified men with experience and with a knowledge of those of their language by a similarly qualified

with full... Chambers and... that the... Department of... Administrative Office... have been unsuccessful in... have not the experience.

In a memorandum by the Government of Uganda that... expressed itself as profoundly uneasy in regard to the whole question of recruitment for the Legal Service. The Uganda Government does not believe that any candidate with four years' experience... likely to be attracted by an initial salary of... 2720 unless either:-

(a) his rate of remuneration is such that... during of a stable... or... (b) his... will

not depend entirely on his own energy, or (a) his attainments and abilities are not sufficient to hold out any prospect of a successful career at the Bar in England.

The Uganda Government is strongly of opinion that the filling of vacancies in the Legal Service from

the Administration should in future be the rule and not the exception.

The Government of the Tanganyika Territory stated that it wished to stress its opinion that the best suitable, indeed the only satisfactory way in which the magistracy can be recruited

*any*  
*you should*  
the name  
No. 803 of the  
as a Resident  
of Mr. Howe

Mr. Phillips, appointed to the Administration on the 16th June, 1931, his present salary is £475, he has had constant experience of magisterial work and is well known and upon by the

I have the honor to be  
Your most obedient servant,  
Jumb

*W. G. King*

BRIGADIER-GENERAL

G O V E R N O R

Department

*[Handwritten scribbles and marks]*

*[Handwritten scribbles]*

*[Handwritten scribbles]* would be o

to the Promotional Branch if a Vacancy

Form *[scribble]* subsequent vacancy could

be supplied as soon as possible *[scribble]*

if any reason on the Vacancy *[scribble]*

be considered as provisional please *[scribble]*

this *[scribble]*

*[Handwritten signature]*

23/5/34

secured provisional rights.

The point was raised whether the Treasury embargo upon capital issues destined for transmission overseas was still in force. Though most of the funds would be used to purchase machinery in the Kingdom, a substantial proportion of the proceeds of erection in Kenya would be spent outside the British Empire.

Other points in Colonel Jervis's note were commented upon and he and Mr. G. L. took notes with a view to revising it before sending it in on Monday morning.

I have since spoken to the Treasury (Mr. Ismay) on the point raised in No. (A) above; he assures me that the Treasury raise no objection to capital issues of which no part of the proceeds will be spent outside the British Empire. I have passed this on to Colonel Jervis and suggested to him that he should consult his City friends as to the appropriate formula to be printed on the Prospectus.

Colonel Jervis also explained to me this morning, the position as regards their negotiations with Imperial Chemical Industries (see No. 7 in my Minute of May 3rd). He is determined to use the chlorine rather than the soda process, as the latter is unsuitable for treating sisal waste. I.C.I.

On the other hand, are anxious to get rid of the soda waste from the soda-making process. It is difficult to find a rather than compare the power of the soda-making process.

Recd. Rottomley of the above, and he is writing to Colonel Jervis upon a further point. In the meantime we should write, as in the accompanying draft despatch, to Kenya; the papers thereafter should go to the Secretary of State in case he has any comment before the application is submitted to the Colonial Development Advisory Committee.

See 9)

To Lt. B. C. Lockhart Jervis (i.o.) 2nd June 54

To Jervis (i.o.) 2nd June 54  
Enc. a memorandum giving details of the reaction of the soda-making process to undertake the soda-making process.

W. M. 2/6

9. 1/6

W. M. 4/6

Close Jervis

22.6.54  
The soda-making process





1/2 apoc

Footy

9/16

16 To Gov Tel 145 - com 11<sup>th</sup> June 34

17 Town Agents 7<sup>th</sup> June 34

State are unable to submit any recommendations as to professional standing or competence of Hitchins & Partners.

18 Governor Byrne Tel 125 lat 8<sup>th</sup> June 34

State prefers to defer action of judicial treatment concession to 1934 year, but all has been given after on 10<sup>th</sup> pages of brown hand at Town & suggests detail should finish final scheme.

19 To Gov Tel 145 lat 10<sup>th</sup> June 34

Encls. copy of letter which General Rhodes has addressed to Messrs Hitchins, Town & Partners regarding rates on bamboo plantation

No. 17 tell us less than is apparent from the firm's letter heading.

No. 18 was, of course, sent before the Governor

Governor had received Nos. 11 and 16.

Mr. Udall called last night. He proposed and is seeking a further interview with Sir Godfrey Rhodes but in any event there is no time for an agreed revision before the Advisory Committee goes before the Advisory Committee.

Papers for the Bill should be ready for speaking, reach the Secretary tomorrow. Mr. Williams has promised a few days grace, but I send on a draft memorandum which should be returned when the main lines have been approved for amendment of any details, and in particular for a revised version of the enclosure to No. 10 which Colonel Jervis has promised to let me have by tomorrow morning.

B. D. D. 12/16

The firm seem to be singularly elusive. I asked the B.T.O. of "The Engineer" (Mr. Percival C. D. S. an old friend of mine) whether he had anything to say about the matter. I have a close friend of the Club, whom I will ask as soon as I can get hold of him.

I agree with the terms of the Bill.

The firm will be very anxious to see the 1932 (inclusive) Bill. I have seen Mr. Hitchins & Partners, Managing Director of something or other.

G. L. D. 12/16/34

Ed. Jervis called last night, and left with me a second page 2 of the memo enclosed to me, also other data which I have incorporated in the

PHOTOGRAPHED BY G. L. D. 12/16/34

T. B. Williams

It is suggested that the spec. to be circulated in C. should be than what

by hand to...

1,400,000

30/6

1948, 1949, 1950

20/5/50 (Transit Coy. 10th Mail)

is also a list of freight rates which have been...

Writings draft

Governor Byrne Feb 15/50

States estimated yield of any day bamboo suggests it may be desirable to defer...

I sent for Mr. Udell on Sat morning

& told him the substance of this tel. He

said (a) the Government estimate was based on

15-year rotation - actually they hoped to

be cut after 7 years then doubling the output

But there was an unlimited quantity of

waste (including the holes, which are

brunt) within very reach of

that would be done if the market

definitely

He had arranged a meeting with Lt. James

for 9 a.m. to-day. After speaking to

Sir C. Williams, I sent off No. 22.

Wait

18/6/50

22 To Udell

16 June

EAT 10 (0-2)

6 June

(The message from S. of Rhodes

The N. Hardy gave me the substance

of the message I sent

advising him of the

Negotiations are still in progress

and I was taken to the Colonial Office,

which was in a position to exercise a

power of veto over any railway

concessions in the area of Magar

if an intermediary was not

glad to do so.

I have told Sir C. Williams

wait for a reply to 22.

18/6/50

24 H.F. Barrett (9-0)

8 June

This results from a meeting arranged last week between Mr. Barrett (representing Regard Soda) and James Udell, James Williams & Hitchin.

H.F. Barrett

19 June

25 Charles Udell

19 June

James Williams' criticisms of Kenya forest, and state that bamboo is insufficient, ample quantities of sized-bales are available.

Udell's remarks (i.e. tel. to Kenya) a supplementary note for C. Williams after discussion with Sir C. Williams.

The Standard has done a very interesting article about the forest (see 30/6/50 of Standard in column later) which shows that the value of pulp from sized-bales, under

the caution side process is negligible  
but the promoters have given us their  
main reason for adopting the chlorine  
process that it has been demonstrated  
to be the best.

So far as we are concerned  
we should not have any objection  
to the application being made  
- if it is to be turned down  
should do it.

Dr. Austin  
19/6

These submitted on  
the 21st June 34  
W.C.B. 21.6.34

26. T. F. Lewis % \_\_\_\_\_ 20 June 34.

1. To be under T. F. Lewis % of \_\_\_\_\_ 21<sup>st</sup> June 34.

W.C.B. 21.6.34

See Gifford's letter  
of 17th June 34

See Gifford's letter  
of 17th June 34  
+ relating to the Hamp by air mail,  
suggesting certain concessions in the rate

to be quoted, he agreed that no further action  
by C.O. on the question was possible at  
present.

to discuss the possible  
situation. Since the  
situation is such that  
the whole trade of  
the world would have to  
be taken into account  
when they were available  
it would be difficult to organize  
to carry out. (Since the  
change in the market  
themselves to compare - slow)

Now we must wait for C.D.A.  
Dr. Austin  
25/6 above

31. T. F. Marriott % \_\_\_\_\_ 22 June 34

States has now had an opportunity of hearing views of  
all parties concerned in bamboo, small pulp scheme of  
has concluded not to proceed regarding the employment of  
the...

26 June 34

Mr. J.B. Williams.

Sir John Campbell.

Sir C. Bottomley.

The C.D.A.C. discussed this proposal

discussed this proposal

Ke.

recommendations of their favour at  
nothing  
By would be prepared to give it further  
by the end  
consideration when certain matters had been  
at No.  
cleared up in correspondence with the Colonial  
Office.

submit a draft to Mr. Udall. It  
should, I think, be seen by Sir Basil Blackett  
before issue; and when approved, copies should  
be sent to the Governor by next week's Air Mail  
together with copies of various other papers  
(on the file), to the Treasury and to the  
Secretary of the C.D.A.C.

As regards the last paragraph of the  
draft, I have marked in the attached copy of  
the draft Prospectus some of the more glaring  
inaccuracies which it contains.

*Admiral*

4771

4 To Charles Udall Cons. 3/7/34

107  
3/7/34

To Kemp, Conf(3)

3

(Nos 19A, 24 & 24. No 32 Annual)

To heavy

5/7/34

29th June, 1934.  
Request for assistance and request  
is who attended the C.D.A.C.

Jervis, s.o. 2 July, 1934.

Gov. T. No. 148, 30th June, 1934.  
Request that the amendment indicated may be  
made in his tel. No. 148.

Col. Jervis. 3rd July, 1934.  
Acknowledgment of No. 39.

DESTROYED UNDER STATUTE

I have sent Mr. Hardy a copy of 34 s-o  
for Sir G. Rhodes's information

Put by all

*Proctor*  
17

42. C. Udall

17 July 34  
Furnishes further information regarding supply of raw  
material & general finance of the scheme. Submits various cables  
& requests early decision with regard to the said guarantees

The immediate question is whether we should  
let real this through in time for the  
D.A.C. meeting on July 20th (pp shd. read  
Dr. Williams today)

Personally I think that to do so would  
be a mistake. Dr. Udall does not answer  
a number of the specific points put to him, in

No 34, and his replies to other points are either vague or unsupported by evidence.

Sir J. Campbell with no doubt advise whether, as a matter of tactics, it should issue this dish to still not more than

3 baked & 4 cold's next morning.

Letter we should await till the

Sir J. Campbell

I don't see how to Committee of 2 or any further on this letter which is mainly assertions

If a Govt. guarantee is considered to be essential I fear that it shows that commercial people do not fancy the scheme on its own merits.

I don't delay this to comment you are fully familiar with the scheme and all its ramifications.

Personally, I agree with Mr. Treasurer that it would be unwise to go to the Committee again at once even though the means delay till the autumn.

J. W. G. H. 11-7-34

... with the preceding minutes.

... does not get down to the essentials; ... acquiescence.

... therefore take no time to rush

... to the next meeting. Kenya must-it seems to

... on this; we have no other

... information as to the local facts.

I suggest that (a) we send a copy of this to

... for their information; (b) that we

send it as quickly as possible to Kenya, asking

We should do

lose note.

for their comments in the light of the

sent to ... and ...

... which ...

... which ...

... which ...

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Campbell  
11/11/34

I entirely agree, except that I should like a letter to Mr. ... explaining that the ... is not in a position to take the matter further without ... reference to the Govt of Kenya by mail and that no further progress is possible before the holidays - should ... the urgent action.

... had throughout been ... to play up to their ... to ... before ... That is more than ...

It is clear that we must not  
allow ourselves to be jostled into  
hasty decisions.

John  
12/7/34

43 To G. Utell (4A used) 14.7.34.

64 To Hongkong Bank (ref 14229 all made 8/33) 17 JUL 1934  
16/11  
14113 Note of discussion with Mr. Hall-Caine  
12/7-34

in view of the fact that we are  
going to be in a very difficult  
position if we do not get  
some money to help us to  
carry on the business all our  
expenses are very high and we  
are in a very difficult position.

Caraff  
25/7

65 To Kenya tel 180 Bank. 25 July 1934

air mail 11 To Sir J. Bygone (1A note) 110 25/7/34  
marked in  
that permit

Kenya Bamboo Pulp

Mr. Hall-Caine M.P. telephoned today to  
say that Col. Jervis & Dr. V. Hall are due  
from Nairobi next week. He is  
to go through matters of this  
with them with a view to  
revising the report to C.O.  
The Mill-Caine will be glad to come  
to discuss the question if required,  
when we shall have had the report.

Attach. + wait  
10/9  
5/9

47 Sir J. Bygone (1A note) 110  
States that a settlement has been reached with  
Col. Jervis & a draft Agreement prepared. States also that  
who has dealt with the question will be in London about  
21<sup>st</sup> Sept. Should information be required from him.

(Sir J. Bygone has seen)  
P. H. C.

10/9

Col. Jervis called today & everything is  
now going in the garden. He is writing  
a Report for Mr. Hall-Caine's perusal.  
He hopes to have matters in train.



will the cease to have anything to do with  
the company, though, of course, they may

...there will be no objection  
...there is no such objection at  
...a straight forward way out of the  
...difficulty of giving concessions to a non-  
...existent company.

...is a pretty innocent document  
...to have grave doubt of the value  
...of the information supplied by Trade  
...Commissioners, but we can answer it later on.  
...that the main question will become  
...urgent next week, which is why I am  
...to be as expeditious as possible.

J. P. D. Hand

21.9.34

Mr. Flood

When I received your letter of the 17th day ago I had been told by Mr. Freeston

...to Mr. T. C. ... and I

...rang up ... but without success.

...it

...yesterday

...we now examined  
...enclosed in 10.48 and ...  
...alteration in pencil. Apart from these, I see  
...no "obvious pitfalls", but in the circumstances I  
...have had to deal with the matter in rather a hurried

J. Dimsen

22.9.34

52. H. Bms Transport Conf (M. 10. 11. 12. 13. 14. 15. 16. 17. 18. 19. 20. 21. 22. 23. 24. 25. 26. 27. 28. 29. 30. 31. 32. 33. 34. 35. 36. 37. 38. 39. 40. 41. 42. 43. 44. 45. 46. 47. 48. 49. 50. 51. 52. 53. 54. 55. 56. 57. 58. 59. 60. 61. 62. 63. 64. 65. 66. 67. 68. 69. 70. 71. 72. 73. 74. 75. 76. 77. 78. 79. 80. 81. 82. 83. 84. 85. 86. 87. 88. 89. 90. 91. 92. 93. 94. 95. 96. 97. 98. 99. 100. 101. 102. 103. 104. 105. 106. 107. 108. 109. 110. 111. 112. 113. 114. 115. 116. 117. 118. 119. 120. 121. 122. 123. 124. 125. 126. 127. 128. 129. 130. 131. 132. 133. 134. 135. 136. 137. 138. 139. 140. 141. 142. 143. 144. 145. 146. 147. 148. 149. 150. 151. 152. 153. 154. 155. 156. 157. 158. 159. 160. 161. 162. 163. 164. 165. 166. 167. 168. 169. 170. 171. 172. 173. 174. 175. 176. 177. 178. 179. 180. 181. 182. 183. 184. 185. 186. 187. 188. 189. 190. 191. 192. 193. 194. 195. 196. 197. 198. 199. 200. 201. 202. 203. 204. 205. 206. 207. 208. 209. 210. 211. 212. 213. 214. 215. 216. 217. 218. 219. 220. 221. 222. 223. 224. 225. 226. 227. 228. 229. 230. 231. 232. 233. 234. 235. 236. 237. 238. 239. 240. 241. 242. 243. 244. 245. 246. 247. 248. 249. 250. 251. 252. 253. 254. 255. 256. 257. 258. 259. 260. 261. 262. 263. 264. 265. 266. 267. 268. 269. 270. 271. 272. 273. 274. 275. 276. 277. 278. 279. 280. 281. 282. 283. 284. 285. 286. 287. 288. 289. 290. 291. 292. 293. 294. 295. 296. 297. 298. 299. 300. 301. 302. 303. 304. 305. 306. 307. 308. 309. 310. 311. 312. 313. 314. 315. 316. 317. 318. 319. 320. 321. 322. 323. 324. 325. 326. 327. 328. 329. 330. 331. 332. 333. 334. 335. 336. 337. 338. 339. 340. 341. 342. 343. 344. 345. 346. 347. 348. 349. 350. 351. 352. 353. 354. 355. 356. 357. 358. 359. 360. 361. 362. 363. 364. 365. 366. 367. 368. 369. 370. 371. 372. 373. 374. 375. 376. 377. 378. 379. 380. 381. 382. 383. 384. 385. 386. 387. 388. 389. 390. 391. 392. 393. 394. 395. 396. 397. 398. 399. 400. 401. 402. 403. 404. 405. 406. 407. 408. 409. 410. 411. 412. 413. 414. 415. 416. 417. 418. 419. 420. 421. 422. 423. 424. 425. 426. 427. 428. 429. 430. 431. 432. 433. 434. 435. 436. 437. 438. 439. 440. 441. 442. 443. 444. 445. 446. 447. 448. 449. 450. 451. 452. 453. 454. 455. 456. 457. 458. 459. 460. 461. 462. 463. 464. 465. 466. 467. 468. 469. 470. 471. 472. 473. 474. 475. 476. 477. 478. 479. 480. 481. 482. 483. 484. 485. 486. 487. 488. 489. 490. 491. 492. 493. 494. 495. 496. 497. 498. 499. 500. 501. 502. 503. 504. 505. 506. 507. 508. 509. 510. 511. 512. 513. 514. 515. 516. 517. 518. 519. 520. 521. 522. 523. 524. 525. 526. 527. 528. 529. 530. 531. 532. 533. 534. 535. 536. 537. 538. 539. 540. 541. 542. 543. 544. 545. 546. 547. 548. 549. 550. 551. 552. 553. 554. 555. 556. 557. 558. 559. 560. 561. 562. 563. 564. 565. 566. 567. 568. 569. 570. 571. 572. 573. 574. 575. 576. 577. 578. 579. 580. 581. 582. 583. 584. 585. 586. 587. 588. 589. 590. 591. 592. 593. 594. 595. 596. 597. 598. 599. 600. 601. 602. 603. 604. 605. 606. 607. 608. 609. 610. 611. 612. 613. 614. 615. 616. 617. 618. 619. 620. 621. 622. 623. 624. 625. 626. 627. 628. 629. 630. 631. 632. 633. 634. 635. 636. 637. 638. 639. 640. 641. 642. 643. 644. 645. 646. 647. 648. 649. 650. 651. 652. 653. 654. 655. 656. 657. 658. 659. 660. 661. 662. 663. 664. 665. 666. 667. 668. 669. 670. 671. 672. 673. 674. 675. 676. 677. 678. 679. 680. 681. 682. 683. 684. 685. 686. 687. 688. 689. 690. 691. 692. 693. 694. 695. 696. 697. 698. 699. 700. 701. 702. 703. 704. 705. 706. 707. 708. 709. 710. 711. 712. 713. 714. 715. 716. 717. 718. 719. 720. 721. 722. 723. 724. 725. 726. 727. 728. 729. 730. 731. 732. 733. 734. 735. 736. 737. 738. 739. 740. 741. 742. 743. 744. 745. 746. 747. 748. 749. 750. 751. 752. 753. 754. 755. 756. 757. 758. 759. 760. 761. 762. 763. 764. 765. 766. 767. 768. 769. 770. 771. 772. 773. 774. 775. 776. 777. 778. 779. 780. 781. 782. 783. 784. 785. 786. 787. 788. 789. 790. 791. 792. 793. 794. 795. 796. 797. 798. 799. 800. 801. 802. 803. 804. 805. 806. 807. 808. 809. 810. 811. 812. 813. 814. 815. 816. 817. 818. 819. 820. 821. 822. 823. 824. 825. 826. 827. 828. 829. 830. 831. 832. 833. 834. 835. 836. 837. 838. 839. 840. 841. 842. 843. 844. 845. 846. 847. 848. 849. 850. 851. 852. 853. 854. 855. 856. 857. 858. 859. 860. 861. 862. 863. 864. 865. 866. 867. 868. 869. 870. 871. 872. 873. 874. 875. 876. 877. 878. 879. 880. 881. 882. 883. 884. 885. 886. 887. 888. 889. 890. 891. 892. 893. 894. 895. 896. 897. 898. 899. 900. 901. 902. 903. 904. 905. 906. 907. 908. 909. 910. 911. 912. 913. 914. 915. 916. 917. 918. 919. 920. 921. 922. 923. 924. 925. 926. 927. 928. 929. 930. 931. 932. 933. 934. 935. 936. 937. 938. 939. 940. 941. 942. 943. 944. 945. 946. 947. 948. 949. 950. 951. 952. 953. 954. 955. 956. 957. 958. 959. 960. 961. 962. 963. 964. 965. 966. 967. 968. 969. 970. 971. 972. 973. 974. 975. 976. 977. 978. 979. 980. 981. 982. 983. 984. 985. 986. 987. 988. 989. 990. 991. 992. 993. 994. 995. 996. 997. 998. 999. 1000.

20 Sept 34

Enclo. a copy of a memo. & a letter from Lt. Lewis submitted to the Hby Advisory Council's quinquennial review of conditions of service despatched to T. I. O. giving details of approved rates for the bus industry.

The annexed draft for tomorrow's air memo embodies the results of many hours' discussion with Mr. Alabaster and I (with Mr. Burchell's help) had with Colonel Jarvis, Mr. Harrison, Mr. Udall and others. The point about ...

... 54 To Kenya Conf (3)  
... 2 Oct 1934  
... 2 Oct 1934  
... 2 Oct 1934

Continued in Part II

Mr. Joyce,  
expresses the  
name person  
meet. a.

To (to)

5418

C. O.

Mr. Freeston. 1/10

Mr. Hebblethwaite 1/10

Mr. Johnson 1/10/34

Mr. Howard 1/10/34

Mr. Parkinson.

Sir G. Tomlinson.

Sir C. H. Tomlinson. that direct...

Sir S. Spence...

U.S. S. contact of

Secretary of State.

C. D.  
R 2-OCT.  
D

Downing Street,

2 October, 1934.

TOMORROW  
AIR MAIL

**DRAFT.**

KENYA.

CONFIDENTIAL. (3)

GOVERNOR.

3 copies of Agreement.  
(with Mr. Freeston).

acknowledge the receipt of your  
Confidential despatch No. 132 of the  
6th of September regarding the  
recent negotiations with Colonel  
Jervis and Mr. Udall for the  
establishment of a bamboo pulp  
factory in Kenya.

2. Your despatch and its  
enclosures have engaged my close  
attention and I am not without hope  
that the scheme will have been  
brought to completion in time for  
an application for financial  
assistance to be laid before the  
C.D.A.C. at their meeting of the  
31st October. I desire to address  
you at the moment on two points

YOUR ACTION.

namely, the form of Agreement to  
entered into by the interested parties

the rate of royalty to be paid by  
Govt. of Kenya

Agreement enclosed in  
Attachment has been examined by my  
advisers and by Colonel Jarvis  
in London. They are agreed

that, in its general form  
it is satisfactory, substantial  
conditions in detail are required in

to pass the scrutiny of the Underwriters  
*London Stock Exchange, having regard to the provisions of the Companies Act 1929.*  
After considerable

discussion, in which the assistance of Messrs.

has been invoked, the revised  
draft has been drawn up and signed by

and the proposed Trustee. Three  
copies are enclosed herewith and I shall be

pleased, after examination, you will

return the Agreement in triplicate and return

copies to me by the earliest possible air

*Back  
from  
writing*

C. O.

Mr.  
Mr.  
Mr.  
Mr. P.  
Si

*Wickburgh*  
U.S. of S.  
U.S. of S.  
Secretary of State

DRAFT.

FURTHER ACTION.

4. As regards the rate of  
royalty it appeared impractical  
to reach a decision before the Agreement  
was completed. Hence it has been  
necessary to re-consider Condition 1  
of the Licence scheduled to the  
Agreement. The terms to be  
incorporated in the supplemental  
Agreement referred to in Condition  
of the Licence are still subject to  
negotiations with the promoters.  
I at present advised I incline to the  
opinion that it would not be in the  
best interests of your Govt. to  
insist on so high a direct return from  
the Company's operations as might  
tend to prejudice its success, as  
recognised by the Treasurer in his  
Memorandum of the 3rd September, the  
indirect benefits which may be  
expected to accrue to the Colony from  
the establishment of the Company  
greatly outweigh the immediate return

only, namely, the form of Agreement  
to be entered into by the interested parties  
and the rate of payment to be made by

Govt. of Ken

3. The draft Agreement enclosed in

your despatch has been examined by my  
Legal Advisers and by Colonel Jervis,  
Solicitors in London. They are agreed

in advising that, while its general form

is quite satisfactory, substantial

modifications in detail are required if

it is to pass the scrutiny of the Underwriters

*London Stock Exchange, having regard to the provisions of the Companies Act 1929.*

and the ~~existing~~ public. After considerable

discussion, in which the assistance of Messrs.

Archell has been invoked, ~~the~~ revised

Agreement has been drawn up and signed by

Mr. Udall and the proposed Trustees. Three

copies are enclosed herewith and I shall be

obliged if, after examination, you will

execute the Agreement in triplicate and return

copies to me by the earliest possible air

C. O.

Mr.

Mr. C. Battanley  
Sir J. St. George  
Permit. L. of S.  
Govt. U. S. of S.  
Secretary of State

**DRAFT**

**FURTHER ACTION.**

the best Licence...  
Agreement. The terms to be  
incorporated in the supplemental  
Agreement referred to in Condition 1  
of the Licence are still subject to  
negotiations with the promoters. As  
at present advised I incline to the  
opinion that it would not be in the  
best interests of your Govt. to  
insist on so high a direct return from  
the Company's operations as might  
tend to prejudice its success. As is  
recognised by the Treasurer in his  
Memorandum of the 3rd September, the  
indirect benefits which may be  
expected to accrue to the Colony from  
the establishment of the Company  
greatly outweigh the immediate return

I am accordingly inclined to favour  
a low rate of interest on the loan of  
ton of pulp together with a percentage  
of the net profit (the gross working  
profit less interest and sinking fund) on  
the draft agreement

the C.D.F. advance and the Debenture Stock;  
and allocations towards depreciation and  
general reserve, declared in respect of  
the previous year's operations. In this

way Govt. would enjoy a small direct  
financial return proportionate to the  
prosperity which attends the undertaking,

and the Company on its part would be  
relieved of any uncertainty as to its  
future obligations towards Govt. I shall  
address you further on this subject when

progress with the  
of the

HARRISON, SUGDEN & CO

FACTORS

*Austrasia Ho*

INCORPORATED FOR THE  
WILLIAM A. HARRISON, 21  
TELEGRAMS ADDRESS  
WEST END OFFICE

W.H.

BY AIR

BY HAND

For the attention of Mr. P. J. ...

Dear Sir,

re Proposed new Company.  
British East African Pulp Mills Ltd.

Herewith we enclose agreements herein duly  
executed in triplicate by Mr. Macaskie and Mr. Udall.

We understand you are sending these agreements  
out by Air Mail to-morrow to the Governor of Kenya  
for his execution and early return to London.

It is important that you should impress upon  
the Governor that the documents should be sent back  
duly completed by him as quickly as possible.

Yours faithfully,

*J. J. ...*

The Secretary for the Colonies,  
Colonial Office,  
Downing Street,  
S.W.1.

*Encls. to Gov. 2 Oct. 54*



TRANSPORT

KENYA-UGANDA

CONFIDENTIAL

OFFICE OF THE HIGH COMMISSIONER FOR TRANSPORT,  
GOVERNMENT HOUSE
 RECEIVED  
 24 SEP 1934  
 O. C. R.

Sir,

I have the pleasure to refer to your telegram No. 7 of the 10th September 1934, in connection with the subject of the negotiations with Colonel B. C. Jervis with regard to Railway rates.

I enclose a copy of a memorandum and copy of a letter from Colonel Jervis, dated the 10th August 1934, submitted to the Railway Advisory Council at their recent meeting at Entebbe. The Council's recommendation is worded as follows:-

"On receiving the assurance of the Acting General Manager that no more rolling stock would have to be ordered to deal with this traffic and that very little further clerical staff would be required

Council Agreed to recommend

That the revised rates and conditions to apply to the proposed Bamboo Pulp industry, as set out in the General Manager's memorandum No. 8/58, dated 31st August 1934, be approved."

Colonel Jervis had requested that he should be advised as early as possible by cable of the decision of the Railway Administration, and I sanctioned the despatch of the following telegram to the Administration's London Representative in the Trade and Information Office:-

"Advise Colonial Office and Colonel Jervis that High Commissioner has approved following revised rates for Bamboo Industry: Crushed bamboo 4 cents Pulp 6 cents per ton per mile respectively Coal and Rock Salt at rates published in Tariff Book viz; Mombasa to Tsavo coal ten shillings 88 cents per ton Rock Salt fourteen shillings 12 cents per ton. The conditions to govern these special quotations are (1) the rates quoted are subject to revision at the end of five years from the date of the despatch of the first consignment of pulp. (2) That in the event of any material variation in the tonnages of the various commodities occurring which reduces...

THE RIGHT HONOURABLE

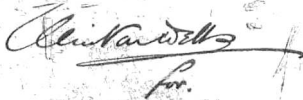
 MAJOR SIR PHILIP CUNLIFFE-LISTER, G.B.E., M.C., M.P.,  
 SECRETARY OF STATE FOR THE COLONIES,

reduces the revenue accruing to the Administration from this industry or increases the cost of working the industry's traffic (both of which the High Commissioner shall be the sole judge) the Administration shall have the right to revise the rates applicable to crushed bamboo and paper pulp. (3) That the rate quoted for crushed bamboo is only applicable between Kijabura, Uplands and Tsavo, and the rates quoted for pulp between Tsavo and Mombasa. (4) That all other commodities will be charged at Tariff Book rates including the machinery and materials for the establishment of the factory: Uganda Railway."

I have the honour to be,

Sir,

Your most obedient, humble servant,



HIGH COMMISSIONER.





MEMORANDUM FOR RAILWAY ADVISORY COUNCIL.

K. U. R. H. 543.

SUBJECT

PROPOSALS FOR  
AND

REMARKS

It will be noted that, at the time the proposal was previously considered, the concessionaire was required to provide a certain quantity of produce from the railway area in return for the concession.

In advice received from the Government it was clear that the procedure was not serious and the rates and conditions imposed would enable the industry to be established in East Africa.

At the beginning of August, 1924, the concessionaire was returning to Kenya, accompanied by Colonel H. G. Lockhart-Jervis of the Staff of Messrs. Ritchie, Jervis and Partners, Consulting Engineers to the British East African Pulp Company, a company about to be formed to establish a paper pulp industry in Kenya.

As a result of Colonel Jervis' visit to East Africa and the information he is understood to have supplied to the Government of Kenya, the High Commissioner has been satisfied regarding the practicability of the proposed Company producing the specified tonnage of Paper Pulp.

In regard to Railway rates, Colonel Jervis has been accorded several interviews. He has represented:-

(a) that the rates quoted are too high;

and

(b) that the conditions are too onerous.

Attached, for the information of Council, is copy of a letter, dated 10th August, received from Colonel Jervis, setting out the approximate programme of rail lines and branches in the event of the industry being established.

It will be observed that the 25,000 tons of iron ore exports are not now exported to materialise.

It has also been stated definitely that the industry's salt requirement will be in the region of 200,000 tons, it being stated that the factory's requirements will not be supplied from local sources.

26

K. U. R. H. 543

# MEMORANDUM FOR RAILWAY ADVISORY COUNCIL

SUBJECT:

AS ROBI,  
KENYA.

PARTICULARS

REMARKS

Salt is... It is...  
 noted that the Rock salt (and original...  
 or the...  
 The... of the foreign...  
 considerable damage...  
 would be as follows...

Quantity	TONS	RATE PER TON	REVENUE
CRUSHED BAMBOO	280,000	2/50	140,000
PULP	100,000	2/15	40,000
COAL	110,000	10/00	55,000
ROCK SALT	65,000	14/10	45,000
			280,000

This would represent an average return per ton mile of 2.404 cents, as compared with the average of 6 cents on the basis of the original quotation.

These tentative proposals were discussed with Colonel Jarvis, who clearly understands that the Administration is in no way definitely committed to them.

His views are contained in the following:-

In discussing the question of rates I asked you if you could consider a reduction in the crushed bamboo rate from Kijicho to Tavea, and you replied that you considered that your Administration had offered us a rate which seemed a low one under the circumstances.

The coal railments were then discussed as to whether there could be given special consideration owing to the quantity to be dealt with from Kijicho to Tavea, but of this aspect the question of handling the coal, which Mr. Jarvis stated was solely for the customer's account and could not be entertained as a railway expense.

The dispatch in open wagons of coal and crushed bamboo was referred to, upon which Mr. Jarvis said he would be willing to accept 100% of this traffic to Tavea in either direction. He unhesitatingly agreed that the question of weights in the open trucks of these commodities should be standardized by mutual agreement, accordingly we would not be penalized through excessive conditions, etc., and it would facilitate quicker loading and unloading of wagons otherwise all railments will

SUBJECT:

misc  
rk

have to be made in covered wagons.

27  
PARTICULARS

The rates of the following chief products were then discussed and agreed as being in accordance with your tariff book, so that the following is the position:

Crushed Bamboo	2 1/2 cents per ton mile
Fule	" " " " " "
Salt	0 10.4 cents per ton mile
Coal	" " " " " "

AND  
REMARKS:

giving an average flat rate over all for these four products of 8.48 cents per ton mile.

I re-opened the question with you of an over-all flat rate of 8 cents per ton mile for the following reasons, which seemed to me to be reasonable and logical when considered in the light of all railway traffic.

(a) This business is a big Imperial venture and means very considerable employment and revenue, as well as the distribution of money in Kenya, with all its attendant services. Therefore encouragement should be offered to us to establish this large enterprise and encourage the industrial development of the Colony, which at the present moment is largely dependent on agriculture, which in turn is at the mercy of the elements and atmospheric conditions. An industry of this nature not only has the stability which is required to produce constant revenue for the railway but constant purchasing and distribution of money throughout the Colony.

(b) We have not asked for special rates for the conveyance of the Mill machinery, amounting to over 24,000 tons, although this traffic will be carried by your Administration within a year from the incorporation of the Fule Company in England, meaning that the risk for this will pass into the hands of the railway in payment for their services rendered before the above rates came into operation.

(c) Building materials, contractor's plant, and personnel will be conveyed to the sites at Tave and at Kijabe for carrying out the construction work at these two points. This personnel will amount to at least fifty Europeans at Tave and one thousand natives, to be commensal with, and at Kijabe approximately similar numbers. These numbers should, of course, be augmented at a later date.

(d) To meet the domestic requirements of these employees, stores, including food, clothing, tools, household equipment, etc., will be carried by the Kenya & Uganda Railways to these two points, and will aggregate a considerable tonnage over the ensuing two years, from the commencement of construction. For this service the Company do not propose to ask for special accommodation or special concessions at the moment.

MEMORANDUM FOR RAILWAY ADVISORY COUNCIL

DETAILS  
AND  
REMARKS:

(a) When the construction work is completed the staff at Teave and Kijabe will be carrying out the manufacture of pulp from bamboo. This means a permanent traffic to meet the permanent administrative requirements of these stations. It is estimated that at Teave there will be a number of employees as during the construction period, but at Kijabe there will be a European staff and some thousands of natives engaged in cutting, carrying, operating, crushing, and in bringing the bamboo to Kijabe and working the Compressor.

(f) We learn that your previous maximum for coal for a considerable period was 20/- per ton 10 cents per ton mile from Nairobi to Nairobi throughout the Colony, but owing to the limited amount of traffic of this nature the rate was recently placed on an 8 cents per ton mile basis. Considering the enormous increase in traffic of coal due to the establishment of this pulp industry, we suggest that we are justified in asking for a reduction on the present coal rate. We would mention in passing, the charge duty of 1/- per ton which will accrue to your Administration on this large annual importation and on which we have not asked for any reduction and on which you should receive over 25,000 per annum.

(g) We wish to emphasize that the 4 cents per ton mile rate on crushed bamboo now offered (which is a low priced product) is not commensurate with the rates given on higher priced country produce (wheat flour, potatoes, mungo, etc.) carried over the railway at a rate less than 4 cents per ton mile.

For these reasons I definitely ask that my request be granted for a reduction of the rates mentioned above, so that an aggregate overall rate not exceeding 5 cents per ton mile be granted to the Pulp Company.

I have not  
my clients clearly, and  
point out how essential  
rate higher than 5 cents

MEMORANDUM FOR RAILWAY ADVISORY COUNCIL

R. U. R. H. 543.

SUBJECT:

PARTICULARS

AND

REMARKS

I should like to take this opportunity of thanking you and your staff for the assistance, consideration and courteous treatment you have shown me throughout these negotiations and also in connection with my visits to leave."

10. It is, however, considered that an average rate of 2.400 cents per ton per mile is as low as can, in the absence of proof that the industry can only be established by a still lower quotation, be charged for this traffic.

11. With regard to the conditions to govern the rates to be quoted, it is considered that the following only are essential:-

1. The rates quoted are subject to revision at the end of five years from the date of the dispatch of the first consignment.

2. That in the event of any material variation in the tonnages of the various commodities occurring, which reduces the revenue accruing to the Administration from this industry or increases the cost of working the industry's traffic (or both of which the High Commissioner shall be the sole judge) the Administration shall have the right to revise the rates applicable to crushed bamboo and paper pulp.

3. That the rates quoted are only applicable between the points named and for the commodities mentioned.

4. That all other commodities will be charged at Tariff rates, including the machinery and materials for the establishment of the factory.

12. It may be added, for Council's information, that, as a result of Colonel Jarvis' investigations while he was here in the Valley, the forwarding point for the crushed bamboo may be established at other than Kijoko. It is understood that if any change is necessary, it will result in Uplands or another point in the vicinity being selected.

~~MEMORANDUM~~

That the revised rates and conditions to apply in the proposed Bamboo Pulp Industry, as set out at the end of this memorandum, shall be in force from the 1st August 1947.

Holland ...  
S. Gen.

~~SECRET~~

1st  
of MITCHELL, BOWTS & CO. (P.S. BOX 600)

The Hon. the General Manager,  
Kenya & Uganda Railways, Harare,  
NARONI.

Dear Sir,

SHIPMENT  
R. M. S. M. LTD.

With reference to my interview with you, I am enclosing you herewith some details of an approximation to programme of rail dates and tonnage of:

- (a) Machinery for the pulp mills at Tsavo and Kijabe or District.
- (b) Bamboo from Kijabe to Tsavo, and
- (c) Coal, soda, salt and stores from Mombasa to Tsavo, also
- (d) Bamboo pulp from Tsavo to Mombasa.

The dates incorporated in this statement are based for the purpose of calculation and estimate from 1st January, 1938, onwards.

MACHINERY (UP):

(a) Machinery in bulk weighs approximately 28,000 tons and will be forwarded from the United Kingdom to this country in consignments of approximately 1,000 to 3,000 tons over 16 months, with quantities in approximate proportions as follows:

	<u>Mombasa to Tsavo.</u>	<u>Mombasa to Kijabe.</u>
(1) Machinery ... ..	12,900 tons	2,750 tons.
(2) Steelwork, sheeting and rail ... ..	2,450	2,000
(3) Cement, lime ... ..	2,700	800
(4) General stores, oil, waste, etc.	350	50
	<u>18,400</u>	<u>5,100</u>

The above shipments should start ... months from zero.

(b) As soon as Government ... District is created, report arranged and set up in the ... forest for the conveyance of our bamboo to the mill

at Kijabe; shipments of equipped and baled batches should commence to be railed to Tsavo at the rate of approx. 250 tons per day or storage at Tsavo until the mills there are in production.

Total tonnage of baled British pulp shipped from Kijabe to Tsavo will be 250,000 tons. ~~\_\_\_\_\_~~ tons shown in full production.

As quantities of ~~\_\_\_\_\_~~ that is still under consideration.

(6) Approximately 6 weeks before the completion of erection of the plant at Tsavo, coal, salt, stores, etc., will be railed into that point in preparation of the start-up.

The quantities involved will probably be

	TONS	
COAL	...	6,000
SALT	...	6,000
STORES, ETC.	...	500

From shipside at Kijabe and to Tsavo.

The maximum shipment of the above commodities will be reached and maintained from the moment when the plant is completely erected and ready for operation at the rate per month.

	TONS	
COAL	...	9,400
SALT	...	3,100
STORES, ETC.	...	150

From shipside at Kijabe and to Tsavo.

(4) Two years from zero should be sufficient time to manufacture, ship, and erect the plant ready for operation at Tsavo. Then taking into consideration the tuning-up period of 4 - 6 weeks, the pulp output should commence in 26 months from zero. The rate of shipment would probably be a further 6 weeks in reaching full production - estimated at 100,000 tons pulp per annum - 250 to 300 tons pulp per day to Mombasa.

The above figures and programme must naturally be accepted on the understanding that certain important technical details of the plant have not been finally completed and therefore shipment dates may be affected accordingly, thereby delaying commencement of operations at both Kijabe and Tsavo.

However, we shall communicate with you on this subject at the earliest possible moment after my return to England.

You will appreciate that there is no raw material in the immediate vicinity of the mill at Tsavo, so that the whole of the raw material of the mill will of necessity have to be railed to that point and maintained in

... steady flow throughout each day of the year in order to enable the  
... will be run on an efficient and economic basis.

In view of the above I should like the assurance of your  
administration that they will be able to handle the business mentioned  
above by a regular and constant service.

On the basis of this scheme materializing we would like to  
request you to let us have your lowest all round rates for  
an immediate reply is requested as I wish to obtain the full details  
and get their reply before leaving by air mail on 31st August.

Yours faithfully,

(end) E. J. J.

City Office  
9-12, Basinghall St., E.C.2  
Telephone: Metropolitan,  
4712/1, 4712/2, 4712/3, 4712/4

5133  
Head Office:  
Telephone: Whitehall 9940.  
Telegrams: Advantage, Paris, London.



DEPARTMENT OF OVERSEAS TRADE.



35, OLD QUEEN STREET,  
LONDON, S.W.1

17th September, 1934.

Sir, Confidential

I am directed by Lt.-Col. J. Colville to transmit for your information a copy of a despatch which has been received from H.M. Trade Commissioner, Nairobi, regarding a scheme for the exploitation of bamboo grown in Kenya Colony.

In forwarding this document I am to draw your attention to paragraph 10 of the despatch and to state that this Department will be glad to receive any information which you may have on this subject for transmission to the Trade Commissioner.

I am, Sir,

Your obedient Servant,

for the Controller-General.

RECEIVED  
1934 SEP 18 11 15 AM  
COMMUNICATIONS SECTION  
GENERAL SECRETARIAT  
FOREIGN OFFICE

H.M. TRADE COMMISSIONER IN EAST AFRICA,  
Head Office (P.O. Box 220),  
Memorial Hall,  
Nairobi,  
Kenya.

STRICTLY CONFIDENTIAL

DB/JF

28th August, 1934.

No. 424 (E.A.).

Sir,

With reference to previous correspondence terminating in Mr. Kemp's despatch No. 214 (E.A.) of 5th May, 1933, I have to inform you that negotiations in connection with the exploitation of bamboo in this Colony have during the last few weeks reached a much more advanced stage.

2. Some four weeks ago Mr. Udall, the holder of the 50,000 acres bamboo concession in question, flew out to Kenya and, together with Mr. Hugh Hamilton, the local manager of Messrs. Mitchell Cotts & Co. (East Africa) Ltd., had interviews with H. E. the Governor and other high officials of the local Government.

3. I have this morning received confidential information from the Secretariat to the effect that it is now practically settled that Mr. Udall will acquire a concession of a further 35,000 acres of bamboo forest and that a company will be floated in London in the autumn to proceed with this venture. I understand that the capital of the company will be in the neighbourhood of £1,000,000 sterling and that a loan of £100,000 will be advanced from the Colonial Development Fund to assist this new industry.

4. Messrs. Hitchens, Jervis & Partners, of Westminster, are actively interested in the scheme as manufacturers of the necessary machinery, and Colonel Jervis has during this past week been in Nairobi making final investigations as to the extent of the resources which will be at the company's disposal.

5. It is estimated that 100,000 tons of pulp will be produced annually at a factory to be erected at Tsavo, and in the unlikely event of the bamboo resources being insufficient at any time the company will, I believe, use cotton as the raw material.

6. Colonel Jervis is leaving Nairobi by the northbound Air Mail on Friday morning and has an appointment in Rome next week with Signor Mussolini, the Italian Government having granted to Colonel Jervis' company the rights of the patent process involved.

7. As was envisaged in the previous correspondence on this subject, it is intended to produce under this scheme not only the highest class of paper pulp, but also new and valuable fibre which in the specification of the patent is described as the main object is to be used in the manufacture of paper and other articles.

I am... the sea transport of the... ships, carrying

In addition to Messrs. Hitlings, Jervis & Partners and Messrs. Mitchell, Otts & Co. Ltd., it is understood that Mr. Montague Norman is interested in this scheme, and I am informed that full particulars have been reported to the Colonial Office. It is also stated in the advice of Mr. Kelly Caine, who was, I understand, the Government adviser on "paper" during the Great

10. The whole matter is being treated with the utmost secrecy here, and I am not aware that any action is called for by this Office at the moment beyond the present one of reporting the facts as known. I would submit, with due deference, that the Colonial Office be approached at an early date in order to ascertain whether my report above is exhaustive and correct in all detail. Should it transpire that any material factors exist which are omitted from the reports already submitted, I should be grateful if I could be informed of the latest position.

11. In conclusion, it might be of interest to the Department to note, confidentially, that Mr. Udall is believed to be obtaining for his share in the transactions and the transference of his concessions the sum of (?) £20,000 in cash and £50,000 in shares in the new company, though it should be observed that I cannot vouch for the above figures.

I am, Sir,  
Your obedient servant,

(Sgd.) D. Broad

Officer-in-Charge.

The Comptroller-General,  
Department of Overseas Trade,  
LONDON?, S.W.1.



36

# His Majesty's Eastern African Dependencies

WMCH/VEY.

KENYA, UGANDA,  
TANGANYIKA, ZANZIBAR

TELEPHONE: WHITEHALL 5701/2/3.  
ANY COMMUNICATION RESPECTING THIS  
MATTER SHOULD BE ADDRESSED TO THE  
SECRETARY  
REF QUOTING

TRADE & INFORMATION OFFICE.

*Grand Buildings  
Trafalgar Square  
(ENTRANCE IN THE STRAND)  
London W.C.2*

NYASALAND  
NORTHERN RHODESIA

CABLES: EAMATTERS, LONDON.  
TELEGRAMS: EAMATTERS, RAND, LONDON

8440/34

REC D  
21 SEP 1954  
C. O. REGY

20th September, 1954

Dear Mr. Flood,

C. O. REGY

I enclose herewith a copy of a cable received from the Acting General Manager, Kenya and Uganda Railways and Harbours yesterday, for your information.

Yours sincerely,

*L. McHardy*

F. W. Flood, Esq., C.M.G., B.A.,  
Colonial Office,  
Downing Street,  
London, S.W.1.

~~DECODE BY TELEGRAM~~

~~FROM: The Kenya & Uganda Railways & Harbours, Nairobi~~  
~~TO: H. H. A. Dependencies, London.~~

DATED: 19th September, 1934.

Advise  
Colonial Office  
and  
Colonel  
Jervis  
that  
High Commissioner  
has approved  
following  
revised rates for  
bamboo  
industry :-  
Crushed  
Bamboo  
4  
cents  
pulp  
6 cents  
per ton  
per mile  
respectively  
Coal  
and  
Rock Salt  
at the rate  
published in  
Tariff  
Book  
viz.  
Mombasa  
to  
Teso  
Coal  
10 shillings  
88 cents  
per ton  
Rock Salt  
14 shillings  
12  
cents  
per ton  
Fullstop. The

*See  
copy  
for  
fellow*

conditions  
to  
govern  
these  
special  
quotations  
are:-

(1)  
the  
rates  
quoted  
are  
subject to  
revision  
at the end of  
5 years  
from the date of  
despatch of the  
first consignment  
of  
pulp

Fullstop

(2)  
that in  
the event of  
any material  
variation of  
tonnage of  
various  
commodities  
occurring  
which  
reduces  
revenue  
accruing to the  
Administration  
from this  
industry  
or  
increases  
the  
cost of  
working  
industry  
traffic  
bracket  
(both of which  
the

High Commission

shall be  
the  
sole  
judge)  
bracket  
Administration  
shall have  
right to  
revise  
rates  
applicable to  
crushed  
bamboo  
and  
pulp paper  
pulp  
Fullstop

(3)  
that  
rate  
quoted  
for  
crushed  
bamboo  
is only  
applicable  
between  
Kijabe  
or  
Uplands  
and  
Teevo  
and  
rate  
quoted  
for  
pulp  
between  
Teevo  
and  
Mombasa?

(4)  
that all  
other  
commodities  
will be  
charged

at  
Tariff  
Book  
rates  
including  
machinery  
and  
material for  
establishment of  
factory  
Uganda Railway

DECODE - OF TELEGRAM.

FROM: The Kenya & Uganda Railways & Harbours, Nairobi.  
TO: H.M. E.A. Dependencies, London.  
DATED: 18th September, 1934.

Advise Colonial Office and Colonel Jervis that High Commissioner has approved following revised rates for bamboo industry:- Crushed Bamboo 4 cents pulp 6 cents per ton per mile respectively. Coal and Rock Salt at the rate published in Tariff Book viz. Mombasa to Tsavo Coal 10 shillings 88 cents per ton Rock Salt 14 shillings 12 cents per ton. The conditions to govern these special quotations are:-

- (1) The rates quoted are subject to revision at the end of 5 years from the date of despatch of the first consignment of pulp.
- (2) That in the event of any material variation of tonnage of various commodities occurring which reduces revenue accruing to the Administration from this industry or increases the cost of working industry traffic (both of which the High Commissioner shall be the sole judge) Administration shall have right to revise rates applicable to crushed bamboo and paper pulp.
- (3) That rate quoted for crushed bamboo is only applicable between Kijabe or Uplands and Tsavo and rate quoted for pulp between Tsavo and Mombasa.

(4) That all other commodities will be charged at Teriff Book rates including machinery and material for establishment of factory, Uganda Railway.

-----

CO.

Mr. Austin 15/9 chm.

23201

Mr.

Mr.

Mr. Parkinson.

Sir G. Tomlinson.

Sir C. Bottomley.

Sir J. Shuckburgh.

Pres. U.S. of S.

Party U.S. of S.

Secretary of State.

**DRAFT**

HIGHCOMA

NAIROBI

132 Conf. from  
of Kenya

Dispatch to S.

Bambos Concern

Shall be glad to receive

by air mail summary

of results of negotiations

with JERVIS regarding railway rates

SECRET

FURTHER ACTION.

Rec'd. to me.

CONFIDENTIAL.

6th ... 1934.

Sir,

With reference to your confidential telegram No. 180 of the 25th July in which you informed me that Mr. Udall and Colonel Jervis had left for Kenya to continue investigations into the scheme for the establishment of a bamboo pulp factory in the colony, I have the honour to inform you of the progress of the negotiations during their stay. You will appreciate that owing to the short time available, much of which moreover was occupied by visits to the bamboo forest area and to Tsavo, the negotiations largely took the form of personal interviews with myself and the heads of the various departments concerned and that it is therefore somewhat difficult to furnish a detailed account of the negotiations in chronological order.

2. You will recall that prior to the visit the position reached was that Mr. Udall had been granted an exclusive licence to cut and convert bamboo into paper pulp over an area of 46,000 acres in the Kikuyu Escarpment Forest Reserve and had been informed that provided certain conditions were fulfilled he would be granted a site and a water permit at Tsavo in connection with the establishment of a factory there.

3. The ...

HIGH COMMISSION  
 PHILIP  
 SECRETARY

Mr. Udall's  
Letter of 25/7/34

3. The negotiations were reopened by Mr. Udall in his letter of the 25th July, of which I have a copy. You will observe that four concessions were asked for. In regard to the first two, for your information a copy of the letter addressed to Mr. Udall on the 15th August approving lease of 100 to 200 acres at Kijabe and approximately 10 acres at Kijabe on the terms therein stated. Also a copy of the Water Permit approved on the 15th August and issued to Mr. Udall on the 21st August is attached.

Letter of 15/8/  
to Mr. Udall.

Water Permit  
of 21/8/34.

4. Before however a decision had been taken regarding the last two concessions applied for in his letter Mr. Udall withdrew from the negotiations and Colonel Jervis took up the running. I enclose for your information a copy of his letter of the 15th August from which it will be seen that he requested that the two concessions should be granted in the name of a Trustee to be appointed on behalf of the Company to be formed. Having been advised that there was no legal objection I agreed to this procedure.

Letter of 15/8/  
and encl. from  
Col. Jervis.

5. Application was at the same time made for a concession over a further area of approximately 25,000 acres of Bamboo Forest. This was finally however as the result of two visits by Jervis with the Conservator for was extended to approximately 10,000 acres.

6. An application was made for an additional area of 4,800 acres of land on the ground that this area was being used for the housing of at least 50 European soldiers in a very poor condition and to enable

Company of the land adjoining the residential area on which it was proposed to carry on a continuous anti-malarial campaign for health reasons.

Both of the above proposals were agreed to by Government.

7. At this stage of negotiations it was realised by all parties that the position of the Government vis a vis Mr. Udall and the proposed Company required clarification and it was therefore agreed at a conference between my legal advisers and the solicitors for the Company that the position could best be regularised by an Agreement under which Mr. Udall would agree inter alia to transfer his rights to the Company, the Company to surrender the Bamsee licence to the Government, and the Government to issue a new licence that would include the extended area.

8. I enclose for your consideration the draft Agreement and licence which have accordingly been prepared, in consultation with the Company's solicitors. They were considered at a special meeting of Executive Council on the 3rd September and a copy of the relevant Minutes of the Council is also enclosed. You will observe that I was advised to approve both documents subject to minor amendments and subject to further consideration of the question of royalties. It was considered that this Government had insufficient information to determine what would be a reasonable royalty in the circumstances and in particular whether a system providing for revision at stated intervals would be preferable to a fixed but ascending scale throughout the period of the licence, and I was accordingly advised to refer the question to you so that

an ...

Agreement.  
ence.

utive Coun-  
Minute  
3/9/34.

Treasurer's Memorandum of 3/9/34.

Conservator of Forests' Memorandum of 31/8/34.

an expert opinion might be obtained to seek your assistance in obtaining agreement with the Company in the light of that opinion. In this connection I enclose for your information copies of memoranda by the Treasurer and the Conservator of Forests on the subject.

9. I feel sure that you will share my view that good progress has been made during the short time available and that the obstacles to a satisfactory conclusion of the negotiations which have been somewhat prolonged have now been removed. Colonel Jarvis has convinced me of the possibilities of the scheme and I am confident that the inauguration of the new industry will be of great value to the Colony as a whole.

I have the honour to be,

Sir,

Your most obedient, humble servant,

J. BYRNE.

DEPUTY SECRETARY-GENERAL,  
GOVERNMENT.

25th July, 1934.

H/B.

His Excellency Sir Philip G. Byrne, K.C.M.G., C.B., C.B.S.,  
Governor and Commander in Chief,  
Colonial Office, Nairobi,  
Nairobi, Kenya.

Your Excellency,

BAMBOO CONCESSION.

The suggestion of the Secretary of State for the Colonies, Sir Philip Gunliffe-Lister, I am returning by air mail, and accompanied by Colonel B.C. Lockhart-Jervis of the firm of Messrs. Kitchins, Jervis & Partners, Consulting Engineers or Surveyors, who have been appointed as the Engineer to the British East African Pulp Co., a company about to be formed to establish the paper pulp industry in Kenya Colony under the Concession held by me dated July 16th 1933.

It has been pointed by the Secretary of State, although the Kenya Government have expressed in correspondence that there will be no difficulty in granting the water rights on the River Tsavo, or the extension of the lease on the concession to 99 years, or the selling of the land required by the Company to be formed for their requirements, and make such arrangements regarding the amount of raw material by increasing the area of bamboo to provide the output for the plant it is proposed to instal, yet we have not actually secured these facilities in a form acceptable to the Colonial Office. There must be documentary evidence of a definite nature before the Secretary of State will consider sanctioning the proposed financial assistance.

I therefore ask that you will grant my request, taking into consideration the great amount of capital which will have to be spent on what is a great Imperial Industry in Kenya Colony.

I am arriving with this letter by air mail from London, and desire to leave Kenya on the return journey as quickly as possible in order to finalise the scheme in conjunction with the Colonial Office so that an early Public Issue may be carried out.

The following are the matters upon which I seek your official sanction:-

1. An option to purchase the land required at Kijabe and Tsavo for the installation of crushing and pulp mills.
2. The right to use 80% of the water flow of the River Tsavo.
3. Extension of the Lease of my present Concession for a period of 99 years.
4. That the Government will grant a concession for 99 years of such additional areas of bamboo, in addition to the area covered by the present Concession (dated July 16th 1933) as the Company may require to enable the output of finished pulp to reach 100,000 tons per annum.

Attached you will find some notes on the present Bamboo Concession together with a coloured map giving various details as to position of Mills etc.

In conclusion I may add that all the above have already been fully discussed and favourably considered by the Departments concerned in England.

I am, Sir,

Your obedient servant,

SDICHAS UDALL.

BRITISH EAST AFRICAN PULP MILLS SCHEME - NOTES ON BAMBOO CONCESSION.

The following is a short resume of the bamboo Concession up to date.

- (1) In the year 1921 the Forest Department called for tenders to cut Bamboo over approximately 50,000 acres of the Bamboo Forest at Kijabe for the purpose of establishing a Pulp Factory.
- (2) The principal difficulty here was there was no limestone deposit, then known, capable of giving a constant delivery of 10,000 tons of lime per annum, which was the amount required to produce 40,000 tons of Bamboo Pulp by what is known as the Soda process.
- (3) In the year 1927 I acquired the right over the Kenya Marble quarries and developed these quarries until I was in a position to provide 10,000 tons of Lime per annum.
- (4) In the year 1929 I made known my plans to the then Governor of the Colony, Sir Edward Grigg showing the progress I had made and applied for the Concession as advertised in 1921.
- (5) On June 16th 1932 the Concession was officially granted to me.
- (6) The Concession stipulates that the Pulp factory must be erected in the area of the Concession.
- (7) After careful investigation it was found that there was no water in the concession to meet the requirements of this Pulp Factory as the amount of water necessary is about 12,000,000 gallons per day.
- (8) Efforts were made to find a site suitable at Mombasa, where land was available at about £3,000 per acre. Here again the amount of water required was unobtainable.
- (9) Eventually I discovered that the conditions relating to Water and Site could be obtained on the River Tave.
- (10) In the meantime I had my Engineer in England working out all the details of this scheme since November 1930.
- (11) In 1932 as a result of technical investigation a better process was found for the treatment of Bamboo for Pulp manufacture known as the "Chlorine Process". It is of interest

interest of the Colony, to produce only the best produce for the English market, I sacrificed all the development I had put into the lime quarries, although 99% of the Pulp factories are on the Soda Process.

This has resulted in a considerable financial loss. The Trading Loss on these quarries up to January 1934 amounts to over £32,000.

I am advised that the most economical plant to instal at Mavo is one of 100,000 tons capacity. All the details have been prepared and scrutinised by first class Engineers, Technical Experts, with knowledge of Paper and Pulp manufacture.

This enterprise is considered to be one of the finest industrial schemes that has been evolved by many years.

It is actually a Government scheme from which the Colony will greatly benefit, not only from the industry itself, but from the effects of introducing a capital of about one and half million sterling (£1,500,000) into Kenya and the increase of trade due to the spending of the large amounts of salaries and wages paid out each year. The Government will benefit from the manufacture of the pulp from the raw material from the Government forest, traffic on the railway amounting to over 90,000,000 ton miles per annum and all shipments from the Government Harbours approximately 300,000 tons per annum.

The attached map, will indicate the arrangements as set out above.

Signed:

Date 25th July, 1934.

SOFL.

OFFICE OF THE COMMISSIONER FOR LOCAL GOVERNMENT, LANDS AND SETTLEMENT, Nairobi.

15th August, 1934.

No. LND. 42/55/1/25.

Sir,

RE: APPLICATION FOR LAND AT TSAVO AND KIJABE.

With reference to the interview on the 2nd August with yourself and Colonel Jervis, I have the honour to inform you that your application for a lease of land at Tsavo is hereby granted subject to the following terms and conditions:

- (a) The area to be from 100 to 200 acres as approximately indicated on the sketch plan supplied by you.
- (b) The term of the grant to be 99 years from the date of the registration of the Company which you propose to form for the purpose of working the Bamboo Concession at Kijabe held by you.
- (c) Stand premium, Shs. 500/- to be paid on or before the issue of the title.
- (d) Rental, Shs. 150/- per annum.
- (e) The land to be used for the purpose of making pulp or for affiliated industries, and accommodation for the necessary staff.
- (f) The factory to be in working order within two years from the date of the registration of the said Company.
- (g) Any rights of way or public roads which cross the land and which you desire to be deviated to be the subject of special application. Any deviation that you may require, and which may be approved, to be carried out by the Company at its own expense to the satisfaction of the Director of Public Works.
- (h) Water rights required by the Company to be the subject of special application to the Director of Public Works.
- (i) Railway which may be required by the Company and the Uganda Railway.

(\*) All expenses of survey of the land and the issue of the title to be borne by the Company.

(1) The Company to be formed and registered within twelve months from the date hereof, failing which this grant will be cancelled.

2. If it should prove that suitable residential areas for staff and native employees cannot be found within the boundaries of the factory area, any application for additional land in the vicinity for this purpose will be favourably considered.

3. The grant of the land at Kijabe (comprising approximately 10 acres) for which you have registered an application is approved under similar conditions to those applicable to the Tsavo land, except that the Stand Premium will be Shs. 2,000/- and the annual rental Shs. 480/- per annum.

I have the honour etc.,

SD: C. E. MORTIMER.

For COMMISSIONER FOR LOCAL GOVERNMENT, LANDS AND SETTLEMENT.

Copies to:-

- The Surveyor General, Nairobi.
- The Provincial Commissioner, Mombasa.
- The District Surveyor, Mombasa.
- The District Commissioner, Voi.
- The Hon. Provincial Commissioner, Rift Valley Province, Nakuru.
- The Hon. General Manager, Kenya and Uganda Railways and Harbours, Nairobi.
- The Hon. Director of Public Works, Nairobi.

PUBLIC WORKS DEPARTMENT

WATER PERMIT

COPY.

File No.

FARM  
 IRRIGATION  
 POWER  
 DISTRICT

Name of Land

Date 1/8/34.

CROWN LANDS WATER PERMIT

Permission is hereby granted to the applicant to divert water from its natural source in accordance with the plan hereon shown and to use the same on the conditions following hereunder and read as follows:

1. The water is to be utilised for the purpose of the production of pulp for the manufacture of paper on an area adjacent to the Tsavo railway bridge in the Machakos District of Tsavo in the Central Province, which area is the subject of a special grant by Government comprising about 100 acres.
2. The plan of the area is that numbered ..... signed by ..... and dated .....
3. The quantity of water which may be diverted is not to exceed
 

(a) for Farm purposes	0.05 cusecs
(d) for Industry	22.20 cusecs,

 being a total diversion of 22.25 cusecs or 25% of the flow of the stream at the point of diversion at the time diversion is taking place (whichever may be the lesser) and the amount returned to the river shall not be less than 80% of the quantity diverted for industry.
4. The method of diversion and the return of water to the river and all works therefor shall be in accordance with plans to be submitted to and approved by me.
5. Any effluent from any works in which water is used in any process or for any purpose whatever shall not be returned to any body of water unless it shall contain no matter poisonous or otherwise likely to be injurious to public health, to livestock, to fish or to crops, or to any products for which such water is used in any process whatsoever, or to cause a nuisance or interfere with the amenities of other persons.

This permit shall lapse and become null and void if the works specified herein have not been completed within 12 months from the date hereof or such extended period as may be granted for good reasons shown.

Applicant

See over, Clause 10

Director of Public Works

COPY.

HITCHINS, JERVIS & PARTNERS.

HALLAM HOUSE,  
3, Central Buildings,  
Westminster,  
London, S.W.1.  
15th August, 1934.

To His Excellency  
Sir Joseph Byrne, G.C.M.G., G.B.E., C.B.,  
Government House,  
MOMBASA.

Your Excellency,

CONCESSIONS.

As arranged at the interview you granted me on Saturday last, 11th August, in Mombasa, I returned to Nairobi and immediately consulted our Solicitor, Mr. G.A.H. Hamilton.

The result of that conference is explained in a letter which Mr. Hamilton wrote me, outlining the case and expressing his considered opinion.

As you asked me, when I was in Mombasa to obtain an opinion on the question, as to whether the Government would grant a permit or concession to a Company not actually formed it appears this is not possible, but to overcome the difficulty, Mr. Hamilton suggests an alternative, by appointing an independent Trustee, to whom these new Concessions could be granted.

If you are agreeable to approve this procedure, I will immediately arrange for a Trustee to be appointed in London, in whose name the Permits and Concessions granted by you will be made.

They are as follows:-

(a) a 99 years' license over the extra area of Bamboo forest of approximately 25,000 acres,

(b) a Permit to extract either 25% or 20 million gallons of water per day from the Tsavo River whichever is the greater,

(c) a lease of approximately 5,000 acres (including the 200 acres already applied for).

As I explained to your Excellency at our interview, the reason for the request for this larger area is to enable the proposed Company to carry out Anti-Malarial control measures to safeguard the health of the Staff.

This will involve the Company in the expenditure of a large sum of money in cleaning up this area.

It is understood that these Permits and Concessions are only granted for a period of one year from the date of signing, unless the Company is formed and acquires them before twelve months elapse.

As my date of departure is drawing near, would you be so kind as to let me have your answer by 29th inst?

Yours faithfully,  
H. G. J. JERVIS.

COPY.

HAMILTON, HARRISON & MATHEWS

Nairobi.

No. 44/1. 14th August '3

Col. B.C. Lockhart-Jervis,  
NAIROBI.

Dear Colonel Jervis,

PROPOSED BAMBEO PULP COMPANY.

With reference to our discussion this morning when you informed me of your interview with His Excellency regarding the possibility of obtaining various facilities for the operations of the proposed Company, and that His Excellency had intimated that Government would be willing to grant the following concessions to the Company, namely:-

- (a) a licence over an extra bamboo area of approximately 25,000 acres;
- (b) a permit to extract approximately 20,000 gallons of water per day from the Tavo River for manufacturing purposes; and
- (c) a lease of an area of approximately 5,000 acres at Tavo for the necessary works and anti-malarial control measures and residential area for Europeans and Natives.

I have considered the position and am of opinion that no concessions can be granted to a Company which is not in existence, but that the matter could be arranged by Government granting such concessions forthwith to a Trustee for the proposed Company and providing that the concessions would lapse unless

- (1) the company is formed and acquires the concessions before an agreed date, and
- (2) acquires the present Concession held by Mr. Udall before the same date.

This method would safeguard the Government in the event of either of the above conditions not being complied with, and would at the same time grant sufficient security to prospective investors to enable the Company to be formed without delay.

I understand that Government have expressed their willingness to extend the period of Mr. Udall's present concession to 99 years and that the concessions above referred to would be granted to the Company.

Yours faithfully

SD

126

D R A F T  
OF AN AGREEMENT TO BE SUBMITTED FOR  
THE CONSIDERATION OF THE GOVERNOR  
IN COUNCIL.

AN AGREEMENT made the \_\_\_\_\_ day of \_\_\_\_\_ 1934,  
BETWEEN Joseph Aloysius Byrne, Knight Grand Cross of the Most  
Distinguished Order of Saint Michael and Saint George, Knight  
Commander of the Most Excellent Order of the British Empire,  
Companion of the Most Honourable Order of the Bath, a Knight  
of Grace of the Venerable Order of the Hospital of Saint  
John of Jerusalem, having the honorary rank of Brigadier  
General in His Majesty's Army, Governor and Commander in  
Chief of the Colony and Protectorate of Kenya, acting on  
behalf of the Government of the said Colony and Protectorate  
(hereinafter called the Governor) of the first part Charles  
Gall of Nairobi in the said Colony of Kenya, Electrical  
Engineer, (hereinafter called the Vendor) of the second part  
AND Sandya Macaskie of Malcombe South Devon in England  
Solicitor of the Supreme Court of Justice in England (herein-  
after called the Trustee) on behalf of the Company below  
mentioned (which Company is hereinafter referred to as the  
Company) of the third part WHEREAS the Vendor is possessed  
of and entitled to a Concession dated the 24th day of June,  
1932, issued by the Conservator of Forests of the said  
Colony and Protectorate authorizing him to extract bamboo  
from an area of approximately 46,000 acres in the Colony of  
Kenya for the purpose of converting the same into paper pulp  
AND WHEREAS the Vendor lately applied to the Government of  
the said Colony and Protectorate for a lease of approximately  
200 acres of land situated in the said Colony for  
the purpose of erecting a factory for the conversion  
of said bamboo into paper pulp and for the carrying  
out of the said purpose.

authorizing him to extract from the Teave River 7.2% of water or alternatively 23% of the flow of the a. whichever may be less for use in connection with the Factory AND WHEREAS a Company to be called British African Pulp Mills Limited is about to be formed in Great Britain under the Companies Act, 1929, for its among other things the acquisition and working of the said Concession and the manufacture of paper pulp AND WHEREAS the nominal capital of the Company is to be £700,000 sterling divided into 700,000 shares of £1 each and it is proposed that the Company shall also issue Debenture Stock to the extent of £700,000 sterling NOW IT IS HEREBY AGREED as follows

1. The Vendor shall sell and the Company when incorporated shall purchase -
  - (A) the said Concession comprising 46,000 acres or thereabouts;
  - (B) all the right of the Vendor to a lease of the said area of 200 acres or thereabouts situate at Teave aforesaid; and
  - (C) the said water Permit.
2. The consideration for the said sale shall be that already agreed upon between the Vendor and Messrs Hitchins, Jarvis and Partners of Central Buildings, Westminster, London in England, and recorded in correspondence which has passed between the Vendor and the said firm.
3. The purchase shall be completed on the day of 193 , at the offices, Australia House, London W.C.2, of Messrs Harrison Sinden and Company, the Vendor's Solicitors, when possession of the premises shall as far as practicable be given to the Company and the consideration shall be paid and satisfied and thereupon the Vendor and all other necessary parties (if any) shall at the expense of the Company execute and do all such assurances and things for

the said premises to the Company and giving to it the same as shall be reasonably  
 the said premises from the  
 the said premises from the  
 the said premises from the  
 the said premises from the

Concession of the said premises shall cause to be issued to the  
 Colony, as hereinafter mentioned, a Concession for the purpose  
 to cut and take away timber from the area comprising  
 approximately 85,000 acres of land (which shall  
 include the area of the Vendor's present Concession) situate  
 in the King's Bush Forest Reserve within the boundary  
 limits bordered red on the map attached hereto and such  
 Concession shall be for a period of 99 years from the date  
 thereof and shall be in the form set out in the Schedule to  
 this agreement.

6. The Governor shall also grant to the Company at  
 any time before the 31st day of December, 1935, upon being  
 requested so to do, a lease of a further area of approximat-  
 ly 4500 acres of land.

Such area of land shall be within a radius of  
 three miles from the said Factory site, and shall be  
 selected by the Company with the approval of the Governor.

The lease of such area of land shall be granted  
 under the provisions of Part V of the Crown Lands Ordinance  
 (Chapter 140 of the Revised Edition) and shall be for a  
 period of 99 years from the date of such lease and shall be  
 subject to the payment to the Government of the said Colony  
 of a stand premium at the rate of Shillings five per acre  
 and to the payment to the said Government of an annual  
 rental at the rate of two pence of a shilling per acre.

7. The Trustees shall procure that the Memorandum and  
 Articles of the Company shall be approved by or on behalf of

His Majesty's Secretary of State for the Colonies before the  
incorporation of the Company.

8. After the date of this agreement, the  
Company shall remain in being so long as the  
Trustees shall be discharged from all liability

9. If the Company have become entitled to commence business any  
of the parties hereto may by notice in writing to the others  
determine this agreement and after adopting this agreement  
the Company shall stand in the place of the Trustees for the  
purpose of this Clause.

10. If this agreement shall not be adopted by the  
Company in manner aforesaid before the said 31st day of  
August, 1936, any of the parties hereto may by notice in  
writing to the others determine the same: this agreement is  
provisional only and is not to become obsolete unless and  
until the Company has become entitled to commence business.

11. The determination of this Agreement under Clause  
9 or 10 hereof shall not give rise to any claim for compensa-  
tion, expenses or otherwise.

IN WITNESS

SCHEDULE HARRISBOROUGH REFERRED TO  
(Form of Concession)

GOLDFIELD AND PROSPECTING LICENSING ACT, 1911

EX 517  
Lic. No. 10 cut

To certify  
African Pulp  
(hereinafter referred to as the Licensee)

permission pursuant to the License in force or that may be made in the future under the Forest Ordinance 1911 or under any ordinance amending or replacing the same, to cut and convert into pulp bamboo growing in an area of approx. 55,000 acres in the Kikuyu Escarpment and Aberdare Forest Reserves comprised within an area bounded as follows :-

Commencing at the intersection of the Uplands - Kinangop road with the western boundary of the Kikuyu Escarpment Forest Reserve; thence generally North Easterly by that boundary to the Southern Chania River; thence down stream by that River for approximately 7300 ft; thence due North by a straight line to the Kiburu River; thence up stream by that River to the upper edge of the main bamboo forest; thence generally easterly; and North westerly by that edge round the hill known as "The Elephant" and north easterly to the northern tract of the southern Mathionya River; thence down stream by that river to its intersection with the Eastern boundary of the Aberdare Forest Reserve; thence south westerly by that boundary for approximately 1,000 ft. to a beacon; thence south westerly by a straight line bearing 193° for about 21500 feet to a point on the Kinyona - Njabini Track approximately 4300 feet from the eastern boundary of the Aberdare Forest Reserve; thence south westerly by a straight line bearing 215° for about 32500 feet to its intersection with the Chania River

at a point situated approximately 36000 feet down stream from where that River crosses the western boundary of the Forest Reserve; thence south westerly by a straight line bearing  $185^{\circ} 30'$  for about 10300 feet; thence south westerly by a straight line bearing  $232^{\circ} 15'$  for about 18,000 feet; thence south westerly by a straight line bearing  $212^{\circ}$  for about 27000 feet; thence south westerly by a straight line bearing  $241^{\circ} 30'$  for about 8000 feet to its intersection with the Tasl River; thence up stream by that river for about 14000 feet; thence north westerly by a straight line bearing  $311^{\circ}$  for about 2000 feet to its intersection with the Uplands - Kinangop Road; thence north westerly by that road to the point of commencement, which lands are more particularly shown edged in red on the sketch-plan attached hereto, for a period of 99 years from the date of this licence subject to the conditions hereunder mentioned:-

Conditions.

1. Except as hereinafter provided the Licensees shall pay a royalty per ton of air-dry unbleached pulp of Shs. 2/- (two shillings) during the first period of 20 years from the date of the commencement of the licence, of Shs. 4/- (four shillings) during the second period of 20 years, of Shs. 6/- (six shillings) during the third period of 20 years, of Shs. 8/- (eight shillings) during the fourth period of 20 years and of Shs. 10/- (ten shillings) during the remaining and last period of the licence; provided that for the first three years from the date of issue of the licence no royalty on

Royalty payable.

Annual licence fee payable

The Licensee shall pay an annual licence fee of £100 for the first 3 years from the date of the licence and...

there shall be an annual licence fee of Rs. 100 for an area of 100 acres as provided in respect of the first and fifth years, an annual licence fee of Rs. 200 for an area to be paid for the second, third, fourth, sixth and seventh years, and an annual licence fee of Rs. 300 for an area to be paid for the eighth, ninth and tenth years in respect of each successive year; provided that the Licences shall be entitled to be set off against the licence fee for any one year the royalties payable for the same year, but in no case shall a less sum than the annual licence fee be paid to the Conservator of Forests.

Accounts to be kept and returns to be made.

3. The Licences shall keep full and true accounts showing the quantity of bamboos brought into the factory, the quantity of pulp manufactured and in process of manufacture and exported, and shall on the fifteenth day of each month send to the Conservator of Forests in such a form as he may prescribe a true analysis thereof for the month immediately preceding.

The royalty appearing by such statement to be due in respect of the pulp manufactured shall be due and payable on or before the last day of the next succeeding month.

All books of accounts shall be open to inspection by Government officers who shall be allowed every facility for checking the same.

Factory to be built and output to be maintained.

4. The Licensees shall erect and complete a factory and subsidiary buildings for the manufacture of pulp within two years from the date of the licence. The factory shall thereafter be worked for not less than 120 days in each year for the manufacture of pulp. From and after the expiration of five years from the date of the licence the Licensees shall produce an annual out-turn from the said factory of at least 10,000 tons of pulp, and from and after the expiration of ten years from the same date an annual out-turn...

licence to  
be cancelled  
if work  
ing is not  
satisfactory

turn of  
satisfied that  
inadequacy of  
diligence he may cause  
must work the bamboo  
satisfactory manner, and  
three months from the date of such warning  
no sufficient improvement is in the opinion of the Conservator  
of Forests shown in the manner in which such bamboo is being  
worked the Conservator of Forests may cancel the licence, and  
no compensation shall in such case be payable to the Licensees  
or to any one claiming directly or indirectly through them,  
but all fees and royalties due to the Crown at the date of  
the cancellation of the licence shall be payable as though  
the licence had not been cancelled.

In causing such warning to be given regard will be  
paid to the market prices and to the seasons.

Such warning shall be in writing, and shall specify  
the various reasons which cause the Conservator of Forests  
to be dissatisfied with the manner in which the bamboo is be-  
ing worked. Warning shall be deemed to be given by posting the  
notice of warning to the Licensees at their address as  
mentioned in the licence or by service of the notice on a  
manager or agent of the Licensees.

6. If the Licensees shall fail to commence and effect  
substantial operations in the terms of the licence within a  
period of 18 months from the date thereof, the licence shall  
be void.

The bamboo forest comprising the licence area will  
be divided by the Conservator of Forests into compartments  
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arranges to cut the series and the Licensees shall complete  
out a compartment before entering the next compartment  
of the same cutting series.

The order in which the said compartments shall be  
worked will be laid down by the Conservator of Forests in  
consultation with the Licensees in a plan of operations so  
that the whole area may be worked over systematically. The  
plan of operations will be based on a 15 years' rotation  
period unless the Conservator of Forests decides after  
further experience that a reduction of this period is justi-  
fied. The Licensees shall not be at liberty to deviate from  
the plan of operations so laid down without the previous  
sanction in writing of the Conservator of Forests.

At the end of each year the Licensees shall supply  
to the Conservator of Forests maps showing the area cut over  
during the year.

Royalties  
payable  
on timber  
fuel, etc.

8. No rights other than to cut bamboo are given or  
implied under this licence but the Licensees may fell trees  
that have been marked for felling by the Forest Department.  
In the event of any unmarked trees being felled or any  
unmeasured timber being removed the Licensees shall be liable  
to pay five times the value the measurement being based on  
the stump. All timber, poles and other forest produce the  
cutting of which has been authorised by the Forest Department  
shall be paid for at the rates gazetted from time to time  
under the Forest Ordinance, provided that the Conservator of  
Forests will reserve for the use of the Licensees, areas of  
forest and plantations as conveniently accessible to the  
licence area ~~site of the factory~~ as possible, sufficient to supply such  
reasonable quantity of woodfuel as may be required for any  
factory or plant erected within or adjacent to the licence  
area and the royalty will be ~~paid~~ ~~for~~ ~~each~~ ~~plant~~  
the



...shillings per 100 stacked cubic ft. for  
...our shillings per 100 stacked cubic ft.  
...ing the currency of the licence.

at All...  
ble d...  
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Conser...  
to be...  
plied with.

...shall comply with all reasonable  
...requests made upon them by the Conservator of  
...Forests in matters concerning felling removal and general  
operations under this licence, and allow any Official of  
the Forest Department to enter upon the licence area at all  
reasonable times and to afford such official all reasonable  
facilities as may be within the power of the licensees.

Fires and  
Fire  
protec-  
tion.

10. The Licensees shall exercise all reasonable  
precautions for the prevention of forest fires both within  
the area the subject of the licence and in any area of the  
Forest Reserve through which they may transport their produce  
or material and shall make and maintain effective fire traces  
in such places and manner as the Conservator of Forests may  
direct.

Rights of  
the licence  
not to be  
sublet  
without  
permission.

11. The rights conferred by this licence shall not be  
mortgaged, sublet, or transferred by the Licensees wholly  
or in part except with the consent of the Conservator of  
Forests in writing.

Be area to  
used only  
or the  
purpose  
authorised  
under the  
licence.

12. The Licensees shall not at any time during the said  
term use the licence area for any purposes not expressly or  
by implication authorised under or by virtue of this licence  
and in particular shall not at any time dig for or remove  
any precious stones or ores or minerals from the licence  
area except to accord with the provisions of the Mining Law in force  
at the time  
being in force.



The Conservator may authorise the felling of timber for public works.

13. The Conservator of Forests shall be at liberty to authorise the cutting within the area of timber or bamboos necessary for Public Works, and to sell a limited number of bamboos for the use of the inhabitants of the surrounding Districts.

The Conservator may introduce squatters.

14. The Conservator of Forests reserves the right to introduce forest cultivators into the area for the purpose of reafforestation operations and to utilise any grasslands required for the residence of his employees and his and their stock.

Precautions to be taken against the pollution of rivers, etc.

15. (a) For the interpretation of the sub-clauses under this paragraph the following expression shall have the meanings hereby assigned to it, that is to say:-

"Body of water" - means water contained in or flowing in a spring, stream, natural lake or swamp or in or beneath a water-course and includes the water diverted or abstracted therefrom, or stored therein by means of works.

(b) Any effluent from any works in which water is used in any process or for any purpose whatsoever shall not be returned to any body of water unless it is as pure as when it was withdrawn from the stream or alternatively unless it shall contain no matter, poisonous or otherwise, likely to be injurious directly or indirectly to public health, to live stock, to fish or to crops, to orchards or gardens irrigated with such water or to any products for which such water is used in any process whatsoever, or to cause a nuisance or interfere with the amenities of other persons, and it shall not contain a burden of silt, gravel, boulders or other matter in suspension in excess of that normally carried by the body of water from which it is diverted or abstracted or to which it is returned during the period when the water was withdrawn from or returned to (as the case may be) the body of water. Except where natural conditions or circumstances over which the Licensees have no control and which, in the opinion of the Director of Public Works, render it impracticable, any effluent which complies with the conditions of purity stated in this sub-clause shall be returned to the same body of water from which the original water was diverted.

...the effluent...  
...the Board...  
...shall...  
...and all...  
...be...  
...ce...  
...of...  
...possibility of any solid...  
...at any time being washed...  
...other cause whatsoever...  
...upon any watercourse or body of water.

- (d) The Licensees shall construct all works necessary at any time for the due fulfilment of the last two preceding sub-clauses and the plans and specifications of all such works shall be prepared by a qualified Engineer or industrial chemist of such professional standing as may be approved by the Director of Public Works and the said plans and specifications shall be approved by the Director of Public Works before any construction of the work is commenced, but notwithstanding any approval of the said plans and specifications given by the Director of Public Works, the responsibility for the due fulfilment of the conditions of the last two preceding sub-clauses shall rest with the Licensees.

The Licensees 16.  
to keep an  
agent at a  
stated  
address

The Licensees shall keep an agent at an address to be notified to the Conservator of Forests and service upon him or delivery at the said address of all notices and other documents shall be deemed good service upon the Licensees.

The Con-  
servator may  
determine  
the licence

17. Upon breach of any of the conditions of this licence or of the rules and regulations under the Forest Ordinance, 1911, or other laws of the Colony or in default of payment by the Licensees of the royalties within six weeks from the date fixed for the payment thereof, or if the Licensees shall become bankrupt or shall compound or arrange with their creditors or suffer his effects to be taken in execution, the Conservator

forests may be no...  
the Licensee...  
manager for the Licensee...  
conferred by this licence shall forthwith determine.

Recovery of  
fees and  
royalties

18. The determination, cancellation or forfeiture of this licence shall not preclude the Crown from recovering any fees, royalties or other debt due to the Crown under this licence by action in Court or by other lawful proceedings, or from recovering in a Court of law damages against the Licensees for any injury done by the Licensees their agents or servants to property of the Crown in the area defined by this licence.

The Licensees  
may give  
notice.

19. If the Licensees shall at any time be desirous of determining this licence and shall give to the Conservator of Forests three calendar months' previous notice in writing and shall pay the rent royalties and moneys due and observe and perform all the conditions and agreements herein contained or implied up to such determination then this licence shall cease and be void.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 193 ,

CONSERVATOR OF FORESTS.

We hereby accept this licence on the conditions stated therein.

3rd September, 1934.

URGENT.

The Hon'ble, the Colonial Secretary,  
NAIROBI.

BAMBOO CONCESSION.

I have the following comments to offer on the memorandum of the Conservator of Forests, No. 70/24/130 dated the 31st of August, which has been circulated for the information of members of Executive Council and which will be considered this afternoon.

2. Now that competent preliminary investigations have been completed, the prospects of flotation of a Company to exploit on a large scale the bamboo forest referred to in the draft Licence appear favourable, I look upon the successful launching of this entirely new enterprise as a matter of the very first importance to the future prosperity of the Colony and for this reason should view with grave apprehension any action on the part of Government which might have the effect of discouraging investors from supporting the venture.

3. It will be generally agreed that if the large capital sums expended in the Colony on Transport and other services are to be justified, the elaborate Transportation and Government machinery which has been built up must work to full capacity, and that if this result could be achieved many of the present difficulties would disappear. By the successful operation of the proposed Company, the goal of a Railway and Harbours with subsidiary Government services working to capacity (and as a necessary return to prosperity) will be brought a great deal nearer realisation.

It is on these grounds that I dislike the possibility that, at the outset, Government should be anything but generous in the matter of fixation of the royalties chargeable on the results of exploitation of the proposed bamboo concession, or that in computing the benefits accruing to Government and to the Colony as a whole, the question of the income to be derived from royalties should be given undue prominence.

4. On the supposition that the Company will be granted a 99 years' lease of the Concession, it appears reasonable that the rate at which royalties shall be paid should be fixed for the whole period in order that prospective shareholders may know the exact position so far as the obligations of the Company in respect of royalties are concerned. The fixation of equitable rates of royalties over so long a period has, however, proved a matter of some difficulty.

5. Methods of assessment on the basis of (a) the selling price of pulp, (b) the cost of production and (c) the profits from sale were all considered and ultimately abandoned as being impractical. There remained the simple and practical method of assessment on the basis of the tonnage output of pulp.

6. The ...

6. The rate for the first twenty years of the lease has been fixed at Shs. 2/- per ton of pulp manufactured from bamboo extracted from the Concession, the question now under discussion being the rate or rates of royalty which should be charged over the remaining 80 years of the lease.

7. At the recent meeting with Colonel Jervis and his legal adviser this matter was discussed at some length and I then submitted as a purely tentative suggestion the proposal that the rate should be increased by Shs. 2/- on the completion of every 20 years of the lease. If anticipated output is realized these rates would result in the collection of Revenue from royalty as follows:-

For the first 20 years	£10,000 per annum
" " next 20 "	£20,000 "
" " " 20 "	£30,000 "
" " " 20 "	£40,000 "
" " last 19 "	£80,000 "

8. In making this suggestion I had in mind not only the substantial amounts which would accrue to Government by way of royalties on a commodity which hitherto has been valueless but also the much more important revenues through Customs duties, etc. which would follow successful exploitation of the forest. In my opinion the indirect revenues (excluding of course Railway freights) should amount to at least £30,000 per annum.

9. I agree that an ascending scale of royalty is not completely logical but I do not agree with the Conservator of Forests that, on this basis of assessment, Government is "giving away its assets" and as fixation of royalties on profits cannot be arranged and as the future trend of pulp prices cannot possibly be foreseen, it appears to me that the only alternatives are either fixation on an ascending scale or quotation of a fixed figure after the first 20 years of working.

10. Decision as to which of these alternatives is preferable would seem to depend very largely on what is deemed to be a reasonable rate of royalty after the initial period has elapsed and for the reasons given above I do not consider that a figure representing 2% of the value of a commodity which may bring in a net return of 5% to the Company is unduly low having regard to all the circumstances I was therefore ~~not~~ <sup>greatly</sup> surprised to find that Colonel Jervis was disposed to accept an ascending scale which, on present prices, will ultimately yield to Government a return of 5% of the value of the pulp.

11. As regards the institution of other methods of taxation whereby Government will participate to some extent in the profits of the Company, if the development of the Colony continues to be pursued along "Company" lines, it is almost inconceivable that after the lapse of 20 years, absentees drawing profits from the Colony will continue to enjoy complete immunity from local taxation, payment for the services which make profitable local enterprises possible still being made in full by "the man on the spot".

ED: C. WALSH.  
TREASURER.

31st August, 1934.

No. 11/24/130.

The Hon'ble  
Colonial Secretary,  
Nairobi.

BAMBOO CONCESSION.

I forward herewith a draft of the licence proposed to be issued to the new Company who will take over Mr. Udall's original licence in accordance with the draft agreement which is being submitted to Government.

2. The main terms in which it differs from Mr. Udall's licence are (a) the term of the licence has been extended to 99 years from 20 years renewable for 20 years. (b) the area has been extended from approximately 46,000 acres to approximately 85,000 acres. Both of these extensions are due to the fact that the Company propose to erect a very large factory capable of an output of 100,000 tons of pulp which is 2½ times the output originally contemplated.

3. As regards the extension of the area there is no difficulty or objection. The new area lies between the S. Chania and the S. Mathioya rivers and contains a dense forest of exceptionally fine bamboo. Compared with the old licence area it is much more broken country and further from the Railway but Col. Jervis representing the Company has seen the area and is apparently satisfied that it is workable.

4. The extension to 99 years appears to be necessary in view of the much larger capital which has to be raised. There is no great objection to this as it is certain that the area will in any case be maintained as a Forest Reserve and the only right the Company has is to cut bamboo. The extension

extension, however, raises the question of the royalties to be paid during the extension.

In the original licence the royalty was 2/- per ton of pulp for 20 years and thereafter the licence could be renewed on terms to be agreed upon. The 2/- royalty was almost a nominal one and it was considered that in future Government should have a chance to obtain a royalty commensurate with what may then be the commercial value of the product. I consider that this right should be preserved in the new licence and this has been a matter of negotiation with Col. Jervis. The latter agreed with the principle but it has proved difficult to devise a satisfactory formula. I wished for a clause that every 20 years a new royalty might be fixed by mutual agreement up to a maximum of 5 % of the selling price of pulp. It was considered, however, that there might be a much difficulty in coming to an agreement and that it might be impossible to determine the true selling price of pulp. The Honourable, The Treasurer suggested tentatively for discussion that the rate should increase by 2/- every 20 years. This was agreed to by Col. Jervis and has been incorporated in the draft licence (Condition 1) for consideration by Government.

6. I consider that there is no real logic in the ascending scale or in fixing arbitrary rates so far ahead and that so far as can be seen at present the rates are unduly low and do not give Government a fair share of the return from the forest.

7. The rate of 2/- is only 1 % of the present exceptionally low price of chemical pulp. On the present very low rates Government will only get 2 % for the second 20 years while the Company may well be getting very much

higher

extension, however, raises the question of the royalties to be paid during the extension.

5. In the original licence the royalty was 2/- per ton of pulp for 10 years and thereafter the licence could be renewed on terms to be agreed upon. The 2/- royalty was almost a nominal one and it was considered that in future Government should have a chance to obtain a royalty commensurate with what may then be the commercial value of the product. I consider that this right should be preserved in the new licence and this has been a matter of negotiation with Col. Jervis. The latter agreed with the principle but it has proved difficult to devise a satisfactory formula. I wished for a clause that every 20 years a new royalty might be fixed by mutual agreement up to a maximum of 5% of the selling price of pulp. It was considered, however, that there might be a much difficulty in coming to an agreement and that it might be impossible to determine the true selling price of pulp. The Honourable, The Treasurer suggested tentatively for discussion that the rate should increase by 2/- every 20 years. This was agreed to by Col. Jervis and has been incorporated in the draft licence (Condition 1) for consideration by Government.

6. I consider that there is no real logic in the ascending scale or in fixing arbitrary rates so far ahead and that so far as can be seen at present the rates are unduly low and do not give Government a fair share of the return from the forest.

7. The rate of 2/- is only 1% of the present exceptionally low price of chemical pulp. On the present very low rates Government will only get 2% for the second 20 years while the Company may well be getting very much

higher/

higher prices without Government getting any direct benefit. Pulp and cellulose are certain to become of ever increasing importance in the future and Government should not give away its assets for such a long period without securing opportunities of obtaining a fair share of their current value from time to time. The only possible justification for accepting the proposed very low fixed rates for such a long period would be the assurance that Government will obtain a more adequate share of the financial return from its forest in some other way, such as by an income tax.

CONSERVATOR OF FORESTS.

AIR MAIL

KENYA

No. 132

~~CONFIDENTIAL~~



GOVERNMENT HOUSE  
NAIROBI  
KENYA

RECEIVED

14 SEP 1934

C. O. REGY

6TH SEPTEMBER, 1934

Sir,

With reference to your Confidential No. 180 of the 25th July in which you informed me that Mr. Udall and Colonel Jarvis had left for Kenya to continue investigations into the scheme for the establishment of a bamboo pulp factory in the Colony, I have the honour to inform you of the progress of the negotiations during their stay. You will appreciate that owing to the short time available, much of which moreover was occupied by visits to the bamboo forest area and to Tsavo, the negotiations largely took the form of personal interviews with myself and the heads of the various Departments concerned and that it is therefore somewhat difficult to furnish a detailed account of the negotiations in chronological order.

2. You will recall that prior to the visit the position reached was that Mr. Udall had been granted an exclusive licence to cut and convert bamboo into paper pulp over an area of 46,000 acres in the Kikuyu Escarpment Forest Reserve and had been informed that provided certain conditions were fulfilled he would be granted a site and a water permit at Tsavo in connection with the establishment of a factory there.

3. The ...

THE RIGHT HONOURABLE  
 MAJOR SIR PHILIP CUNLIFFE-LISTER, P.C., G.B.E., M.C., M.P.,  
 SECRETARY OF STATE FOR THE COLONIES,  
 DOWNING STREET,  
 LONDON, S. W. 1.

*Handwritten:* No. 132

Mr. Udall's  
letter of 25/7/34

copy. You will observe that four concessions were  
sought for. In regard to the first two I enclose  
for your information a copy of the letter addressed to

letter of  
to Mr.

Udall on the 15th August approving a lease  
of 200 to 220 acres at Isavo and approximately 10 acres  
of land in the terms therein stated. Also a copy  
of the water Permit approved on the 13th August and  
issued to Mr. Udall on the 21st August is attached.

Water Permit  
of 22/8/34

Before however a decision had been taken  
regarding the last two concessions applied for in his  
letter Mr. Udall dropped out of the negotiations and  
Colonel Jervis took up the running. I enclose for your

letter of 15/8/34  
and encl. from  
Col. Jervis.

information a copy of his letter of the 15th August  
from which it will be seen that he requested that the new  
concessions should be granted in the name of a  
Trustee to be appointed on behalf of the Company to  
be formed. Having been advised that there was no  
legal objection I agreed to this procedure.

5. Application was at the same time made for  
a concession over a further area of approximately  
25,000 acres of Bamboo Forest. Subsequently however  
as the result of two visits to the area by Colonel  
Jervis with the Conservator of Forests the area applied  
for was extended to approximately 39,000 acres.

6. An application was also made for the lease of  
an additional area of 4,800 acres at Isavo on the  
ground that this area was necessary to provide for the  
housing of at least 50 Europeans and 1500 natives under  
decent conditions and to ensure control by the  
Company ...

company on the land adjoining the residential area on which ~~the~~ ~~company~~ carry on a continuous ~~anti-malarial~~ ~~camp~~ for health reasons. ~~no~~ ~~proposals~~ were agreed to by ~~Government~~

At this stage of negotiations it was realised by all parties that the position of the Government vis a vis Mr. Odall and the proposed Company required clarification and it was therefore agreed at a conference between my legal advisers and the solicitors for the company that the position could best be regularised by an agreement under which Mr. Odall would agree inter alia to transfer his rights to the Company, the Company to surrender the bamboo licence to the Government, and the Government to issue a new licence that would include the extended area.

I enclose for your consideration the draft Agreement and licence which have accordingly been prepared, in consultation with the company's solicitors they were considered at a special meeting of Executive Council on the 3rd September and a copy of the relevant Minute of the Council is also enclosed. You will observe that I was advised to approve both documents subject to minor amendments and subject to further consideration of the question of royalties. It was considered that this Government had insufficient information to determine what would be a reasonable royalty in the circumstances and in particular whether a system providing for revision at stated intervals would be preferable to a fixed but ascending scale throughout the period of the licence, and I was accordingly advised to refer the question to you so that an ...

Draft Agreement.  
licence.

Executive Council Minute  
of 3/9/34.

Treasurer's Memorandum of 3/9/34.

Conservator of Forests Memorandum of 3/18/34.

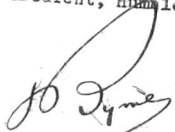
an expert opinion might be obtained and to seek your assistance in obtaining agreement with the Company in the light of that opinion. In this connection I enclose for your information copies of memoranda by the Treasurer and the Conservator of Forests on the subject.

9. I feel sure that you will share my view that good progress has been made during the short time available and that the obstacles to a satisfactory conclusion of the negotiations which have been somewhat prolonged have now been removed. Colonel Jervis has convinced me of the possibilities of the scheme and I am confident that the inauguration of the new industry will be of great value to the Colony as a whole.

I have the honour to be,

Sir,

Your most obedient, humble servant,



BRIGADIER-GENERAL  
GOVERNOR.

COLONY AND PROTECTORATE OF KENYA

FOREST ORDINANCE, 1911  
Chapter 149 of the Laws of Kenya

Licence to cut Bamboo for the manufacture  
of Pulp.

This is to certify that Messrs. The British East African Pulp Mills Limited of (hereinafter called the Licensees) are hereby granted sole permission pursuant to the rules at present in force or that may be made in the future under the Forest Ordinance 1911 or under any ordinance amending or replacing the same, to cut and convert into pulp bamboo growing in an area of approx. 88,000 acres in the Kikuyu Escarpment and Aberdare Forest Reserves comprised within an area bounded as follows :-

Commencing at the intersection of the Uplands - Kinangop road with the western boundary of the Kikuyu Escarpment Forest Reserve; thence generally North westerly by that boundary to the southern Chania River; thence down stream by that River for approximately 7300 ft; thence due North by a straight line to the Kiburu River; thence up stream by that River to the upper edge of the main bamboo forest; thence generally easterly, and North westerly by that edge round the hill known as "The Elephant" and north easterly to the northern tract of the southern Mathionya River; thence down stream by that river to its intersection with the Eastern boundary of the Aberdare Forest Reserve; thence south westerly by that boundary for approximately 1,000 ft. to a beacon; thence south westerly by a straight line bearing  $193^{\circ}$  for about 21500 feet to a point on the Kinyona - Njabini Track approximately 4300 feet from the eastern boundary of the Aberdare Forest Reserve, thence south westerly by a straight line bearing  $212^{\circ}$  for about 37200 feet to its intersection with the Chania River

at/

by a straight line  
thence south westerly  
about 2700 feet thence south westerly  
bearing 241° 30' for about 8000 feet to its intersection  
with the last river; thence up stream by that river for  
about 14000 feet; thence north westerly by a straight line  
bearing 311° for about 2000 feet to its intersection with  
the Uplands - Kinangop road; thence north westerly by that  
road to the point of commencement, which lands are more  
particularly shown edged in red on the sketch plan attached

1. The Licensees shall pay to the Government of Kenya a royalty per ton on all dried Bamboo pulp manufactured by them at the rate or rates which shall be hereafter agreed upon with the said Government whereupon a supplemental agreement shall be entered into between the parties duly recording the rate of rates so agreed to be paid by the Licensees and after the execution of this supplemental agreement the same shall be read and construed as part of this Licence.

2. The Licensees shall pay an annual licence fee of £100 per annum in respect of the area for each of the first 3 years, the first payment to be made on the issue of the licence and thereafter for each succeeding year in advance on the corresponding date,

ual  
ence fee  
able.

and ...

at a point situated approximately 36000 feet down stream from where that river crosses the external boundary of the Forest Reserve; thence south westerly by a straight line bearing  $189^{\circ} 50'$  for about 10300 feet; thence south westerly by a straight line bearing  $232^{\circ} 15'$  for about 18,000 feet; thence south westerly by a straight line bearing  $212^{\circ}$  for about 27000 feet; thence south westerly by a straight line bearing  $261^{\circ} 30'$  for about 8000 feet to its intersection with the Jasi River; thence up stream by that river for about 14000 feet; thence north westerly by a straight line bearing  $311^{\circ}$  for about 2000 feet to its intersection with the Uplands - Kinangop Road; thence north westerly by that road to the point of commencement, which lands are more particularly shown edged in red on the sketch-plan attached hereto, for a period of 99 years from the date of this

licence subject to the conditions hereunder mentioned:-  
Conditions.

1. ~~except as hereinafter provided the licensees shall~~ pay a royalty per ton of ~~any~~ <sup>air dried</sup> pulp of Shs. 2/- (two shillings) during the first period of 20 years from the date of the commencement of the licence, of Shs. 4/- (four shillings) during the ~~second~~ <sup>second</sup> period of 20 years, of Shs. 6/- (six shillings) during the third period of 20 years, of Shs. 8/- (eight shillings) during the fourth period of 20 years and of Shs. 10/- (ten shillings) during the remaining and last period of the licence; provided that for the first three years from the date of issue of the licence no royalty on pulp will be charged.

2. The Licensees shall pay an annual licence fee of £100 per annum in respect of the area for each of the first 3 years, the first payment to be made on the issue of the licence and thereafter for each succeeding year in advance on the corresponding date.

- 3 -

and thereafter an annual licence fee of 2500 per annum to be paid as aforesaid in respect of each of the fourth and fifth years, an annual licence fee of 1,000 per annum to be paid as aforesaid in respect of each of the sixth and seventh years, and an annual licence fee of 2,000 per annum to be paid as aforesaid in respect of each succeeding year, provided that the Licensees shall be entitled to set off against the licence fee paid in any one year the royalties payable for the same year, but in no case shall a less sum than the licence fee be paid to the Conservator of Forests.

Accounts to be kept and returns to be made.

3. The Licensees shall keep full and true accounts showing the quantity of bales brought into the factory, the quantity of pulp manufactured and in process of manufacture and exported, and shall on the fifteenth day of each month send to the Conservator of Forests in such a form as he may prescribe a true analysis thereof for the month immediately preceding.

The royalty appearing by such statement to be due in respect of the pulp manufactured shall be due and payable on or before the last day of the next succeeding month.

All books of accounts shall be open to inspection by Government officers who shall be allowed every facility for checking the same.

Factory to be built and output to be maintained.

4. The Licensees shall erect and complete a factory and subsidiary buildings for the manufacture of pulp within two years from the date of the licence. The factory shall thereafter be worked for not less than 120 days in each year for the manufacture of pulp. From and after the expiration of five years from the date of the licence the Licensees shall produce an annual out-turn from the said factory of at least 10,000 tons of pulp, and from and after the expiration of ten years from the same date an annual out-turn ...

out-turn of at least 20,000 tons of pulp.

Licence to 5.

If at any time the Conservator of Forests is not satisfied that the Licensees are not working the bamboo lands included in the licence with sufficient

diligence, he may cause the latter to be warned that they must work the bamboo in a more satisfactory manner, and if at expiration of three months from the date of such warning no sufficient improvement is in the opinion of the Conservator of Forests shown in the manner in which such bamboo is being worked the Conservator of Forests may cancel the licence and no compensation shall in such case be payable to the Licensees or to any one claiming directly or indirectly through them, but all fees and royalties due to the Crown at the date of the cancellation of the licence shall be payable as though the licence had not been cancelled.

In causing such warning to be given regard will be paid to the market prices and to the seasons.

Such warning shall be in writing and shall specify the various reasons which cause the Conservator of Forests to be dissatisfied with the manner in which the bamboo is being worked. Warning shall be deemed to be given by posting the notice of warning to the Licensees at their addresses as mentioned in the licence or by service of the notice on a manager or agent of the Licensees.

If the Licensees shall fail to commence and effect substantial operations in the terms of the licence within a period of 18 months from the date thereof, the licence shall be void.

7. The bamboo forest comprising the licence area will be divided by the Conservator of Forests into compartments

work to be begun within eighteen months of issue of licence

Method of working the Forest

arranged

arranged in cutting series and the Licensees shall completely cut out a compartment before entering the next compartment of the same cutting series.

The order in which the said compartments shall be worked shall be laid down by the Conservator of Forests in consultation with the Licensees in a plan of operations so that the whole area may be worked over systematically. The plan of operations will be based on a 15 years rotation period unless the Conservator of Forests decides after further experience that a reduction of this period is justified. The Licensees shall not be at liberty to deviate from the plan of operations so laid down without the previous sanction in writing of the Conservator of Forests.

At the end of each year the Licensees shall supply to the Conservator of Forests maps showing the area cut over during the year.

8. No rights other than to cut bamboo are given or implied under this licence but the Licensees may fell trees that have been marked for felling by the Forest Department. In the event of any unmarked trees being felled or any unmeasured timber being removed the Licensees shall be liable to pay five times the value the measurement being based on the stump. All timber, poles and other forest produce the cutting of which has been authorised by the Forest Department shall be paid for at the rates gazetted from time to time under the Forest Ordinance, provided that the Conservator of Forests will reserve for the use of the Licensees, areas of forest and plantations as conveniently accessible to the licence area ~~site of the factory~~ as possible, sufficient to supply such reasonable quantity of woodfuel as may be required for any factory or plant erected within or adjacent to the licence area and that the royalty will be payable on such fuel at the

Royalties payable on timber fuel, etc.

the rate of two shillings per 100 stacked cubic ft. for rough forest fuel and four shillings per 100 stacked cubic ft. for plantation fuel during the currency of the licence.

All reasonable demands of the Conservator to be complied with.

The Licensees shall comply with all reasonable demands and requests made upon them by the Conservator of Forests in matters concerning felling removal and general operations under this licence, and allow any Official of the Forest Department to enter upon the licence area at all reasonable times and to afford such official all reasonable facilities as may be within the power of the Licensees.

res and re pte- on.

10. The Licensees shall exercise all reasonable precautions for the prevention of forest fires both within the area the subject of the licence and in any area of the Forest Reserve through which they may transport their produce or material and shall make and maintain effective fire traces in such places and manner as the Conservator of Forests may direct.

ts of licence to be et out mission.

11. The rights conferred by this licence shall not be mortgaged, sublet, or transferred by the Licensees wholly or in part except with the consent of the Conservator of Forests in writing.

area to ed only he se rised the e.

12. The Licensees shall not at any time during the said term use the licence area for any purposes not expressly or by implication authorised under or by virtue of this licence and in particular will not at any time get or remove any precious stones or any ores or minerals from the licence area except in accordance with any mining law for the time being in force.

13. The/

The Conservator  
may authorise the  
felling of timber for  
public works.

The Conservator of Forests shall be at liberty to authorise the cutting within the area of timber or bamboos necessary for Public Works, and to sell a limited number of bamboos for the use of the inhabitants of the surrounding Districts.

The Conservator may introduce squatters.

14. The Conservator of Forests reserves the right to introduce forest cultivators into the area for the purpose of reafforestation operations and to utilise any grasslands required for the residence of his employees and his and their stock.

Precautions to be taken against the pollution of rivers, etc.

15. (a) For the interpretation of the sub-clauses under this paragraph the following expression shall have the meanings hereby assigned to it, that is to say:-

"Body of water" - means water contained in or flowing in a spring, stream, natural lake or swamp or in or beneath a water-course and includes the water diverted or abstracted therefrom, or stored therein by means of works.

(b) Any effluent from any works in which water is used in any process or for any purpose whatsoever shall not be returned to any body of water unless it is as pure as when it was withdrawn from the stream or alternatively unless it shall contain no matter, poisonous or otherwise, likely to be injurious directly or indirectly to public health, to live stock, to fish or to crops, to orchards or gardens irrigated with such water or to any products for which such water is used in any process whatsoever, or to cause a nuisance or interfere with the amenities of other persons, and it shall not contain a burden of silt, gravel, boulders or other matter in suspension in excess of that normally carried by the body of water from which it is diverted or abstracted or to which it is returned during the period when the water was withdrawn from or returned to (as the case may be) the body of water. Except where natural conditions or circumstances over which the Licensees have no control and which, in the opinion of the Director of Public Works, render it impracticable, any effluent which complies with the conditions of purity stated in this sub-clause shall be returned to the same body of water from which the original water was diverted.

...the effluent shall be screened in such a manner that the portion of the suspended matter returned to any body of water in any watercourse shall not be discharged from any effluent discharge point to such place, not within one hundred yards of any obvious watercourse, as may be approved from time to time by the Director of Public Works, so that there shall be no possibility of any solid residue as aforesaid, at any time being washed into, or due to any other cause whatsoever, entering into or upon any watercourse or body of water.

- (d) The Licensees shall construct all works necessary at any time for the due fulfilment of the last two preceding sub-clauses and the plans and specifications of all such works shall be prepared by a qualified Engineer or industrial chemist of such professional standing as may be approved by the Director of Public Works and the said plans and specifications shall be approved by the Director of Public Works before any construction of the work is commenced, but notwithstanding any approval of the said plans and specifications given by the Director of Public Works, the responsibility for the due fulfilment of the conditions of the last two preceding sub-clauses shall rest with the Licensees.

The Licensees 16. to keep an agent at a stated address

The Licensees shall keep an agent at an address to be notified to the Conservator of Forests and service upon him or delivery at the said address of all notices and other documents shall be deemed good service upon the Licensees.

The Conservator may determine the licence

17. Upon breach of any of the conditions of this licence or of the rules and regulations under the Forest Ordinance, 1911, or other laws of the Colony or in default of payment by the Licensees of the royalties within six weeks from the date fixed for the payment thereof, or if the Licensees shall become bankrupt or shall compound or arrange with their creditors or suffer his effects to be taken in execution, the Conservator

of Forests may by notice in writing determine the licence, and upon service of such notice by post or otherwise on the Licensees or any manager or person appearing to be manager for the Licensees the rights and privileges conferred by this licence shall forthwith determine.

Recovery of fees and royalties

18. The determination, cancellation or forfeiture of this licence shall not preclude the Crown from recovering any fees, royalties or other debt due to the Crown under this licence by action in Court or by other lawful proceedings, or from recovering in a Court of law damages against the Licensees for any injury done by the Licensees their agents or servants to property of the Crown in the area defined by this licence.

The Licensees may give notice.

19. If the Licensees shall at any time be desirous of determining this licence and shall give to the Conservator of Forests three calendar months' previous notice in writing and shall pay the rent royalties and moneys due and observe and perform all the conditions and agreements herein contained or implied up to such determination then this licence shall cease and be void.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 193 .

CONSERVATOR OF FORESTS.

We hereby accept this licence on the conditions stated therein.

attached you will find some notes on the present  
Bamboo Concession together with a coloured map giving  
various details as to position of Mills etc.,

In conclusion I may add that all the above have  
already been fully discussed and favourably considered by  
the Departments concerned in England.

I am, Sir,

Your obedient servant,

SD: CHAS. DALL.

BRITISH EAST AFRICAN PULP MILLS SCHEME-NOTES ON  
BAMBOO CONCESSION.

The following is a short resume of the Bamboo  
Concession up to date.

- (1) In the year 1921 the Forest Department called for tenders to cut Bamboo over approximately 50,000 acres of the Bamboo Forest at Kijabe for the purpose of establishing a Pulp Factory.
- (2) The principal difficulty here was there was no limestone deposit, then known, capable of giving a constant delivery of 10,000 tons of Lime per annum, which was the amount required to produce 40,000 tons of Bamboo Pulp by what is known as the Soda process.
- (3) In the year 1927 I acquired the right over the Kenya Marble Quarries and developed these Quarries until I was in a position to provide 10,000 tons of Lime per annum.
- (4) In the year 1929 I made known my plans to the then Governor of the Colony, Sir Edward Grigg showing the progress I had made and applied for the Concession as advertised in 1921.
- (5) On June 16th 1932 the Concession was officially granted to me.
- (6) The Concession stipulates that the Pulp factory must be erected in the area of the Concession.
- (7) After careful investigation it was found that there was no water in the concession to meet the requirements of this Pulp Factory as the amount of water necessary is about 12,000,000 gallons per day.
- (8) Efforts were made to find a site suitable at Mombasa, where land was available at about £3,000 per acre. Here again the amount of water required was unobtainable.
- (9) Eventually I discovered that the conditions relating to water and site could be obtained on the River Eruvo.
- (10) In the meantime I had my Engineer in England working out all the details of this scheme since November 1930.
- (11) In 1932 as a result of technical investigation a better process was found for the treatment of Bamboo for Pulp manufacture known as the "Chlorine Process". In the

of the colony, to produce only the best produce for the British market, & sacrificed all the development that had put into the lime quarries, although 99% of the Pulp Factories are on the soda process.

(12)

This has resulted in a considerable financial loss; the trading loss on these quarries up to January, 1934 amounts to over £32,000.

(13)

I am advised that the most economical plant to instal at Isavo is one of 100,000 tons capacity. All the details have been prepared and scrutinised by first class engineers, technical experts, with knowledge of paper and Pulp manufacture.

(14)

This enterprise is considered to be one of the finest industrial schemes that has been evolved by East Africa in years.

(15)

It is actually a government scheme from which the colony will greatly benefit, not only from the industry itself, but from the effects of introducing a capital of about one and half million sterling (£1,400,000) into Kenya and the increase of trade due to the spending of the large amounts of salaries and wages paid out each year. The government will benefit from the manufacture of the pulp from the raw material from the government forest, traffic on the railway amounting to over 90,000,000 ton miles per annum and all shipments from the government harbours approximately 300,000 tons per annum.

(16)

The attached map, will indicate the arrangements as set out above.

Signed:

Date 25th July, 1934.

1st August, 1954.

No. L.M. 42/55/1/54.

RE: APPLICATION FOR LAND AT PSAV - MURURU.

With reference to the interview on the 2nd August with yourself and Colonel Jervis, I have the honour to inform you that your application for a lease of land at Psav is hereby granted subject to the following terms and conditions:-

- (a) The area to be granted to be 100 acres as approximately indicated on the sketch plan supplied by you.
- (b) The term of the grant to be 99 years from the date of the registration of the Company which you propose to form for the purpose of working the Land Concession at Psav held by you.
- (c) Stand premium, Shs. 800/- to be paid on or before the issue of the title.
- (d) Rental, Shs. 100/- per annum.
- (e) The land to be used for the purpose of making pulp or for affiliated industries, and accommodation for the necessary staff.
- (f) The factory to be in working order within two years from the date of the registration of the said company.
- (g) Any rights of way or public roads which cross the land and which you desire to be deviated to be the subject of special application. Any deviation that you may require, and which may be approved, to be carried out by the Company at its own expense to the satisfaction of the Director of Public Works.
- (h) Water rights required by the Company to be the subject of special application to the Director of Public Works.
- (i) Railway sidings which may be required by the Company to be the subject of agreement between the Company and the General Manager, Kenya and Uganda Railways and Harbours.
- (j) The title will be issued direct in the name of the Company to be formed.

(k) ...

C. UDALL, ESQ.,  
C/O MESSRS. MITCHELL GOTTES & CO.,  
NAIROBI.

... and registration within  
... date hereof, failing  
... will be cancelled.

2. If it is proved that any residential  
areas for staff and their families can be found  
within the boundaries of the land, any application  
for additional land in the vicinity thereof will  
be favourably considered.

3. The grant of the land at Kijasa (containing  
approximately 10 acres) for which you have registered an  
application is approved under similar conditions to those  
applicable to the Isavo land, except that the Stand Premium  
will be Shs. 2,000/- and the annual rental Shs. 400/-  
annum.

I have the honour etc.,

SD: C.E. MORTIMER.

For COMMISSIONER FOR LOCAL  
GOVERNMENT, LANDS AND SETTLEMENT.

Copies to:-

- The Surveyor General, Nairobi.
- The Provincial Commissioner, Mombasa.
- The District Surveyor, Mombasa.
- The District Commissioner, Voi.
- The Hon. Provincial Commissioner,  
Rift Valley Province, Nairobi.
- The Hon. General Manager, Kenya and Uganda  
Railways and Harbours, Nairobi.
- The Hon. Director of Public Works, Nairobi.

PUBLIC WORKS DEPARTMENT  
WATER PERMIT

CROWN LANDS WATER PERMIT

Permission is hereby granted to the undersigned to divert water from the  
stream in accordance with the plan attached hereto and to use the same for the  
purpose specified hereunder.

1. The water is to be utilised for the purpose of the production of  
pulp for the manufacture of paper on an area adjacent to the  
Isavo railway bridge in the Machakos District of Isavo in the Central  
Province, which area is the subject of a special grant by  
Government comprising about 100 acres.
2. The plan of the area is that numbered ..... signed by  
..... and dated .....
3. The quantity of water which may be diverted is not to exceed
  - (a) for farm purposes 6000 cusecs
  - (b) for industry 22.25 cusecs,being a total diversion of 22.25 cusecs or 25% of the flow of  
the stream at the point of diversion at the time diversion is  
taking place (whichever may be the lesser) and the amount  
returned to the river shall not be less than 80% of the quantity  
diverted for industry.
4. The method of diversion and the return of water to the river and  
all works therefor shall be in accordance with plans to be  
submitted to and approved by me.
5. Any effluent from any works in which water is used in any process  
or for any purpose whatever shall not be returned to any body of  
water unless it shall contain no matter poisonous or otherwise  
likely to be injurious to public health, to livestock, to fish  
or to crops, or to any products for which such water is used in  
any process whatsoever, or to cause a nuisance or interfere with  
the amenities of other persons.

This permit shall lapse and become null and void if the works  
specified herein have not been completed within 12 months from the  
date hereof or such extended period as may be granted for good  
reasons shown.

ARRIVAL MEMBERS.  
To His Excellency,  
Sir Joseph Burrell, G.C.B.,  
Government House,  
MOMBASA.

Your Excellency,

CONCESSIONS.

As arranged at the interview you granted me on Saturday last, 11th August, in Mombasa, I returned to Nairobi and immediately consulted our solicitor, Mr. G.A.N. Hamilton.

The result of that conference is explained in a letter which Mr. Hamilton wrote me, outlining the case and expressing his considered opinion.

As you asked me, when I was in Mombasa to obtain an opinion on the question, as to whether the Government would grant a Permit or Concession to a company not actually formed, it appears this is not possible, but to overcome the difficulty, Mr. Hamilton suggests an alternative, by appointing an Independent Trustee, to whom these new concessions could be granted.

If you are agreeable to approve this procedure, I will immediately arrange for a trustee to be appointed in London, in whose name the Permits and Concessions granted by you will be made.

They are as follows:-

- (a) a 99 years' license over the extra area of Bamboo Forest, of approximately 25,000 acres.
- (b) a Permit to extract either 25% or 20 million gallons of water per day from the Isavo River whichever is the greater.
- (c) a lease of approximately 5,000 acres (including the 200 acres already applied for).

As I explained to your Excellency at our interview, the reason for the request for this larger area is to enable the proposed Company to carry out Anti-Malarial control measures to safeguard the health of the Staff.

This will involve the Company in the expenditure of a large sum of money in cleaning up this area.

It is understood that these Permits and Concessions are only granted for a period of one year from the date of signing, unless the Company is formed and acquires them before twelve months elapse.

As my date of departure is drawing near, would you be so kind as to let me have your answer this week?

I have the honour etc.

Sd/- E.C.L. JENYLS.

Nairobi.

No. 44/1. 14th August '33

Col. L.C. Lockhart-Jervis,  
Nairobi.

Dear Colonel Jervis,

PROPOSED BAMBOO PULP COMPANY.

With reference to our discussion this morning when you informed me of your interview with his Excellency regarding the possibility of obtaining various facilities for the operations of the proposed Company, and that his Excellency had intimated that Government would be willing to grant the following concessions to the Company, namely:-

- (a) a licence over an extra bamboo area of approximately 25,000 acres;
- (b) a permit to extract approximately 20,000 gallons of water per day from the Isavo river for manufacturing purposes; and
- (c) a lease of an area of approximately 5,000 acres at Isavo for the necessary works and anti-malarial control measures and residential area for Europeans and Natives.

I have considered the position and am of opinion that no concessions can be granted to a Company which is not in existence, but that the matter could be arranged by Government granting such concessions forthwith to a trustee for the proposed Company and providing that the concessions would lapse unless

- (1) the company is formed and acquires the concessions before an agreed date, and
- (2) acquires the present Concession held by Mr. Udall before the same date.

This method would safeguard the Government in the event of either of the above conditions not being complied with, and would at the same time grant sufficient security to prospective investors to enable the Company to be formed without delay.

I understand that Government have expressed their willingness to extend the period of Mr. Udall's present concession to 99 years and that the other concessions above referred to would be for a similar period.

Yours faithfully,

SD: G.A.H. HAMILTON.

3rd September, 1934.

URGENT.

The Hon'ble, the Colonial Secretary,  
NAIROBI.

BAMBOO CONCESSION.

I have the following comments to offer on the memorandum of the Conservator of Forests, No. 70/24/130 dated the 31st of August, which has been circulated for the information of members of Executive Council and which will be considered this afternoon.

2. Now that competent preliminary investigations have been completed, the prospects of flotation of a company to exploit on a large scale the bamboo forest referred to in the draft Licence appear favourable, I look upon the successful launching of this entirely new enterprise as a matter of the very first importance to the future prosperity of the Colony and for this reason should view with grave apprehension any action on the part of Government which might have the effect of discouraging investors from supporting the venture.

3. It will be generally agreed that if the large capital sums expended in the Colony on Transport and other services are to be justified, the elaborate Transportation and Government machinery which has been built up must work to full capacity, and that if this result could be achieved many of the present difficulties would disappear. By the successful operation of the proposed Company, the goal of a Railway and Harbours with subsidiary Government services working to capacity (and as a corollary a return to prosperity) will be brought a great deal nearer realisation.

It is on these grounds that I dislike the possibility that, at the outset, Government should be anything but generous in the matter of fixation of the royalties chargeable on the results of exploitation of the proposed bamboo concession, or that in computing the benefits accruing to Government and to the Colony as a whole, the question of the income to be derived from royalties should be given undue prominence.

4. On the supposition that the Company will be granted a 99 years' lease of the Concession, it appears reasonable that the rate at which royalties shall be paid should be fixed for the whole period in order that prospective shareholders may know the exact position so far as the obligations of the Company in respect of royalties are concerned. The fixation of equitable rates of royalty over so long a period has, however, proved a matter of some difficulty.

5. Methods of assessment on the basis of (a) the selling price of pulp, (b) the cost of production and (c) the profits from sale were all considered and ultimately abandoned as being impracticable. There remained the simple and practical method of assessment on the basis of the tonnage output of pulp.

6. The rate for the first twenty years has been fixed from bamboo... of pulp... on the... of the lease.

7. This matter was discussed at some length and I submitted as a purely tentative suggestion the proposal that the rate should be increased by Shs. 2/- on the completion of every 20 years of the lease. If anticipated output is realised these rates would result in the collection of Revenue from royalty as follows:-

For the first 20 years	£10,000 per annum
" " next 20 "	£20,000
" " " 20 "	£30,000
" " " 20 "	£40,000
" " last 10 "	£50,000

8. In making this suggestion I had in mind not only the substantial amounts which would accrue to Government by way of royalties on a commodity which hitherto has been valueless but also the much more important revenues through Customs duties, etc. which would follow successful exploitation of the forest. In my opinion the indirect revenues (excluding of course Railway freights) should amount to at least £50,000 per annum.

9. I agree that an ascending scale of royalty is not completely logical but I do not agree with the Conservator of Forests that, on this basis of assessment, Government is "giving away its assets" and as fixation of royalties on profits cannot be arranged and as the future trend of pulp prices cannot possibly be foreseen, it appears to me that the only alternatives are either fixation on an ascending scale or quotation of a fixed figure after the first 20 years of working.

10. Decision as to which of these alternatives is preferable would seem to depend very largely on what is deemed to be a reasonable rate of royalty after the initial period has elapsed and for the reasons given above I do not consider that a figure representing 2% of the value of a commodity which may bring in a net return of 5% to the Company is unduly low having regard to all the circumstances I was therefore rather agreeably surprised to find that Colonel Jervis was disposed to accept an ascending scale which, on present prices, will ultimately yield to Government a return of 5% of the value of the pulp.

11. As regards the institution of other methods of taxation whereby Government will participate to some extent in the profits of the Company, if the development of the Colony continues to be pursued along "Company" lines, it is almost inconceivable that after the lapse of 20 years, absentees drawing profits from the Colony will continue to enjoy complete immunity from local taxation, payment for the services which make profitable local enterprises possible still being made in full by "the man on the spot"

SD: G. WALSH.  
TREASURER.

FOREST DEPARTMENT  
NAIROBI  
KENYA COLONY  
31st August, 1934.  
No. 70/24/130.

The Hon'ble  
Colonial Secretary,  
Nairobi.

BAMBOO CONCESSION.

I forward herewith a draft of the licence proposed to be issued to the new Company who will take over Mr. Udall's original licence in accordance with the draft agreement which is being submitted to Government.

2. The main terms in which it differs from Mr. Udall's licence are (a) the term of the licence has been extended to 99 years from 20 years renewable for 20 years. (b) the area has been extended from approximately 46,000 acres to approximately 85,000 acres. Both of these extensions are due to the fact that the Company propose to erect a very large factory capable of an output of 100,000 tons of pulp which is 2½ times the output originally contemplated.

3. As regards the extension of the area there is no difficulty or objection. The new area lies between the S. Chania and the S. Mathioya rivers and contains a dense forest of exceptionally fine bamboo. Compared with the old ~~area~~ area it is much more broken country and further from the railway but Col. Jervis representing the Company has seen the area and is apparently satisfied that it is workable.

4. The extension to 99 years appears to be necessary in view of the much larger capital which has to be raised. There is no great objection to this as it is certain that the area will in any case be maintained as a Forest Reserve and the only right the Company has is to cut bamboo. The extension

107  
question of the royalties to be paid during the extension.

In the original licence the royalty was 2/- per ton of pulp for 20 years and thereafter the licence could be renewed on terms to be agreed upon. The 2/- royalty was almost a nominal one and it was considered that in future Government should have a chance to obtain a royalty commensurate with what may then be the commercial value of the product. I consider that this right should be preserved in the new licence and this has been a matter of negotiation with Col. Jarvis. The latter agreed with the principle but it has proved difficult to devise a satisfactory formula. I wished for a clause that every 20 years a new royalty might be fixed by mutual agreement up to a maximum of 3% of the selling price of pulp. It was considered, however, that there might be a much difficulty in coming to an agreement and that it might be impossible to determine the true selling price of pulp. The Honourable, The Treasurer suggested tentatively for discussion that the rate should increase by 2/- every 20 years. This was agreed by Col. Jarvis and has been incorporated in the draft licence (Condition 1) for consideration by Government.

6. I consider that there is no real logic in the ascending scale or in fixing arbitrary rates so far ahead and that so far as can be seen at present the rates are unduly low and do not give Government a fair share of the return from the forest.

7. The rate of 2/- is only 1% of the present exceptionally low price of chemical pulp. On the present very low rates Government will only get 2% for the second 20 years while the Company may well be getting very much

higher

...with Government...  
...are certain to become of  
...in the future and Government  
should not give away its assets for such a long period  
without securing opportunities of obtaining a fair share  
of their current value from time to time. The only  
possible justification for accepting the proposed very  
low fixed rates for such a long period would be the  
assurance that Government will obtain a more adequate  
share of the financial return from its forest in some  
other way, such as by an income tax.

CONSERVATOR OF FORESTS.

BAMBOO

ANCE

WALA

(TOTAL AREA 65,000 AC APPROX)

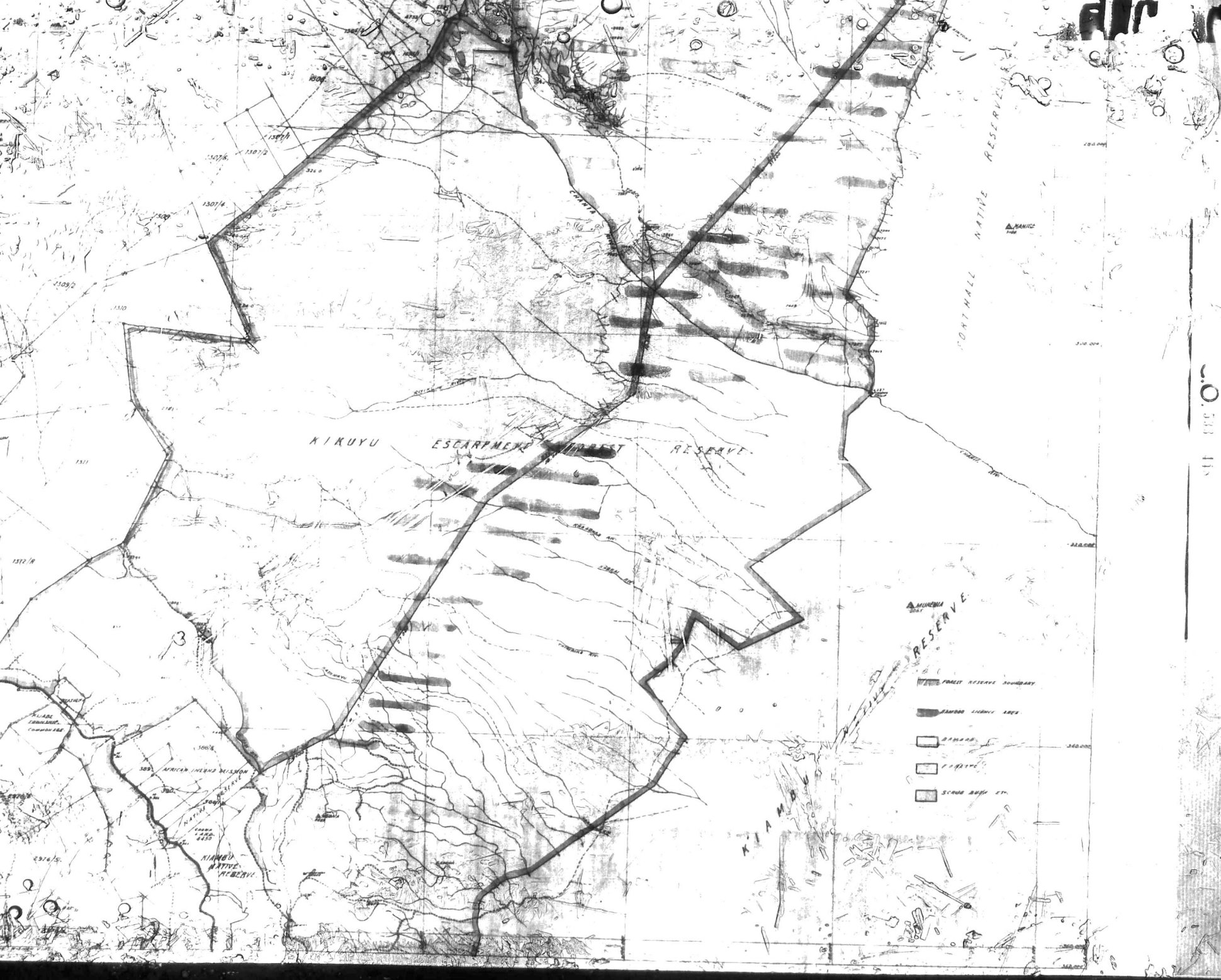
SCALE 1/62,500.

ABERDARE FOREST RESERVE

WATER POND

NATIVE RESERVE

0.533 118



KIKUYU ESCARPMENT FOREST RESERVE

AMURUWA RESERVE

PORT HALL NATIVE RESERVE

AFRICAN INDIAN MISSION  
KIAMBU NATIVE RESERVE

- FOREST RESERVE BOUNDARY
- SAMBRO LIBRARY AREA
- SAMBRO
- FOREST
- SCRUB BUSH ETC.

My dear Bottomley,

A hurried line by this Air Mail to tell you that the Bamboo Concession business is shaping well. Colonel Jervis, the Consulting Engineer, leaves tomorrow having reached with us a settlement of most of the controversial points. A Draft Agreement has now been prepared which will be laid before Executive Council next week, after which a despatch will be sent to the Secretary of State.

My main object in writing is to let you know that Gurney of the Secretariat who has throughout dealt with this question will be in London (on leave) about the 21st September. Should you want any information you will find him most useful.

Yours sincerely,  
*Gurney*

Sir W. G. Bottomley. K.C.M.G., C.B., C.B.E.  
The Colonial Office.  
LONDON S.W.1.

(Over)

My dear Bottomley,

A hurried line by this Air Mail to tell you that the Bamboo Concession business is shaping well. Colonel Jervis, the Consulting Engineer, leaves tomorrow having reached with us a settlement of most of the controversial points. A Draft Agreement has now been prepared which will be laid before Executive Council next week, after which a despatch will be sent to the Secretary of State.

My main object in writing is to let you know that Gurney of the Secretariat who has throughout dealt with this question will be in London (on leave) about the 21st September. Should you want any information you will find him most useful.

Yours sincerely,



Sir W. G. Bottomley, K.C.M.G., C.B., C.B.E.  
The Colonial Office.  
LONDON S.W.1.

*By Air Mail*

Downing Street,

25th July, 1934.

Dear Sir Joseph,

The Secretary of State has telegraphed to you announcing that Mr. Udall, accompanied by Major Jervis, are flying out to Kenya in order to discuss the bamboo pulp proposition and also adding that they have got in touch with Mr. Hall Caine, M.P.

Mr. Hall Caine is a very big man indeed in the paper industry and served as Adviser to the Government on paper during the War. He has been made acquainted with all the correspondence by Udall and his associates and the result of his impressions is contained in the enclosed note of an interview which he had at the Colonial Office after perusing the documents. The note is written rather fully and it shows you what he has in mind and what his views are. We here think that it is a very good thing that at last Udall has got in touch with somebody connected with the paper industry and it is now on the cards that something

SIR JOSEPH BYRNE, G.C.M.G., K.B.E.

something may come of it.

At his interview Clauson and myself got a most favourable impression of Mr. Hall Gaine's knowledge and technical ability. He is now on the Board of fourteen companies and is in direct control of five paper mills employing 15,000 hands. We don't quite know what his own reactions are, on the one hand he is not looking for work, as he says that he has already a great deal too much, but, if the Secretary of State were prepared to ask him as a matter of importance for colonial development to go into the thing and help to clean up the Company we think that he will probably be prepared to do it. He has had one interview with the Secretary of State personally but I don't know what happened.

Yours sincerely,

(Signed) J. E. W. FLOOR

C. O.

23201/200  
34. 109

Mr. Clouston 25.7

Mr. J. 25.

Mr.

Mr. Parkinson

Sir C. Tomkinson

X Sir C. Bottomley 25.7. for

Sir J. Shuckburgh

Permt. U.S. of S.

Parly. U.S. of S.

Secretary of State.

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DRAFT. tel. code

Governor

Nairobi

No. 180 Confidential

My Confidential des. of 17th July. Matters have taken new turn. [Name] & his associates, have got into touch with Hall Cairns, Member of Parliament & leading figure in paper industry in this country who after consulting me has decided to advise on scheme. Briefly his views that bamboo proposition is promising but has so far been <sup>very</sup> badly handled. Letter follows giving details. W. Ball & Lewis have left by this mail to continue investigations on spot with a view to resubmitting request to C.O. A.C. in autumn.

FURTHER ACTION.

Secur

Mr. Hall Caine, M.P., called on Mr. Flood and myself by appointment this morning to discuss the ~~King's~~ Bamboo pulp scheme. He said he had now gone through all the papers which the promoters had lent to him, and had discussed matters with the principal people concerned. Mr. Fox was undoubtedly a good and competent Chemist; the Consulting Engineers were nice people, but he did not think that they knew anything about paper; and Mr. Udall did not seem to him to be very capable. He thought that the whole business had been put up to us in the worst possible fashion and he could well understand that we found a great deal to criticise in it.

2. The principal kind of pulp which the undertaking would produce is strong sulphide pulp, which is an essential constituent of all papers and can be used by itself to make paper, or can be mixed with mechanical pulp to make the lower qualities.

3. His first reaction to the scheme was that it was quite essential that the Company should confine its operations to bamboo, and ~~should not go playing about with sisal bores or cotton seed~~, or any other odd materials if they ~~or~~ not work the bamboo. They could make experiments with some of these other substances <sup>later</sup> (nobody on earth had ever made paper from ~~sisal~~ bores so far!), but the foundation of

of bamboo as being most be bamboo.

4 There was no doubt whatever that bamboo could now be turned into satisfactory pulp by the chlorinating process. That could be taken as definitely proved. Another point in favour of the scheme was that there was now definitely a world shortage of insulating paper of the type for which this pulp would be suitable. The third point was that Australia, South Africa, New Zealand etc., were now almost entirely dependent for their sulphate pulp upon Scandinavia, and that it would be very convenient for them to have ~~any other~~ <sup>a near</sup> source of supply. There is therefore no doubt about the market for the pulp when available.

5 A good deal seemed to have been talked about the period which would be required for the re-generation of the plantations. He could not speak on the botanical side, but he did know that a satisfactory pulp could be made from bamboo aged five years and up to 30 years when it flowers, and for a short time after that before it decays. He did not know whether bamboo less than five years old could be used, and he did not know which was the most satisfactory age.

6 His own feeling was that the Government ought to consider the matter from a positive point of view. He did think that the scheme contained the germ of a useful idea. If that idea was to be developed everybody would have to co-operate. The Government here, the Government of the Colony, the Railways,

Forestry

Secretary Department, the people in charge of water rights and everybody else. He thought himself that it was worth doing.

On the other hand it is not clear whether the present Company was the right body to do it. Certainly in its present form they were not. They required a great deal of cleaning up. A lot of nonsense had to be pushed out of the scheme, and the prospect was a perfectly ridiculous argument which looks as if it had been drafted by the Office Boy.

Mr. Caine made, if I may say so, an excellent suggestion on Mr. Flood and myself. He is obviously of great knowledge. He was Adviser to the Government Paper during the war and is now on the Board of Companies and in direct control of 5 paper mills and 5,000 hands.

What I think is that he rather hopes that the Secretary of State will ask him as a matter of importance for Colonial development, to go into the business and clean the Company up. He is not looking for work. He says he already had a great deal too much; but I think he would feel that if it was put to him as a matter of National importance he would do it.

I understand that he is seeing the Secretary of State this afternoon. He can be got at at any time at the House of Commons or at "Whitehall 1654".

G. E. P. Causon

20/8/34

As by J. K. ... and before he saw ...  
R. Hall Civic on 20<sup>th</sup> July

St. Luke

474

Downing Street,

July 1951

Permt. U.S. of S.

Parly. U.S. of S.

Secretary of State

**DRAFT**

KENYA.

CONFIDENTIAL.

GD.

Sir,

I have the honour to refer to my confidential despatch 3, of the 3rd of July and to transmit to you for your consideration the enclosed copy of a further letter received from Mr. C. Udall replying to the letter addressed to him on the 3rd July.

2. It is obviously out of the question for the application for assistance from the Colonial Development Fund to ~~receive~~ <sup>be given</sup> further <sup>(at the moment)</sup> consideration on the information at present before the Committee and I shall be glad to receive your comments

9 July

=====

=====

=====

(The first copy of sample can be in original)

7/10/51

**FURTHER ACTION.**

the letter addressed to Mr. Udall  
on his reply as soon as convenient,

order that the matter may be further

enclosed. I enclose a copy of a letter  
addressed to him by my division  
I have etc.

and that the Committee  
may have the fullest  
possible information available  
when the question again comes  
before them

(66) 500N1KFBALISTEN

C. O.

83201/54. Kenya.

Mr. Flood. 137

Mr.

Mr.

Mr. Parkinson.

Sir G. Tomlinson.

X Sir C. Bottomley. 137 f

Sir J. Shackburgh

Permt. U.S. of S.

Parly. U.S. of S.

Secretary of State.

Downing Street,

14 July, 1954.

C. O.  
R 13 JUL  
14

DRAFT

E. UDALL, ESQ.

Sir,

I am etc. to acknowledge  
the receipt of your letter of the 9th  
July on the subject of the application  
made to the Colonial Development  
Advisory Committee for assistance in  
regard to your proposals for the  
manufacture of paper pulp in Kenya  
and to state that he is not in a  
position to take the matter any  
further without detailed reference  
to the Governor of Kenya to whom  
copies of the correspondence are  
being sent by air mail with a  
request for observations.

copy Kenya. etc.

FURTHER ACTION.

2. In the circumstances it is

it is possible to  
make any  
his app  
ater will be  
on in the course.

~~I am, etc.~~

3. I am to add that your letter of the 2<sup>nd</sup> of July can scarcely be regarded as furnishing the <sup>full</sup> information for which you were asked in the letter of the 3<sup>rd</sup> of July and you will no doubt wish to amplify it during the interval.

(Signed) J. E. W. FLOOD

... if possible to  
... make any  
... this app  
... letter will  
... on in due course.

~~I am, etc.~~

3. I am to add that your letter of the 9<sup>th</sup> of July, can scarcely be regarded as furnishing the <sup>full</sup> information for which you were asked in the letter of the 3<sup>rd</sup> of July and you will no doubt wish to amplify it during the interval.

(Signed) J. E. W. FLOOD

10th July 1934.

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

For attention of L.B. Freeston Esq.

Dear Sir,

I beg to acknowledge receipt of your letter of the 3rd instant, Ref. No. 23201/34, and I have pleasure in replying to the queries raised in the order set out therein.

2. The impression my colleagues and I gathered on leaving the meeting from the closing remarks of the Chairman, Sir Basil Blackett, was that it might not be possible to provide the financial assistance in the form required as disclosed in the draft printed proposals submitted to the Committee. However, Sir Basil did say at the meeting that the Colonial Development Fund did not permit of the granting of guarantees but he expressed the opinion that if our proposals were approved by the Committee, ways and means could no doubt be found to get over that point.

3. SUPPLY OF RAW MATERIAL. The Concession at Kijabe is based upon the production of 40,000 tons of pulp from 35,000 acres of Bamboo for a period of 20 years using the formula of 15 years rotation for the cutting of the Bamboo. There are to my own personal knowledge as a resident of 26 years standing in Kenya

No 34

copy 9 all memo file 44

Amended

19th July 1934.

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

For attention of L.B. Freeston Esq.

Dear Sir,

I beg to acknowledge receipt of your letter of the 3rd instant, Ref. No. 23301/34, and I have pleasure in replying to the queries raised in the order set out therein.

2. The impression my colleagues and I gathered on leaving the meeting from the closing remarks of the Chairman, Sir Basil Bissett, was that it might not be possible to provide the financial assistance in the form we required as disclosed in the draft printed prospectus submitted to the Committee. However, Sir Basil did say at the meeting that the Colonial Development Fund did not permit of the granting of guarantees but he expressed the opinion that if our proposals were approved by the Committee, ways and means could no doubt be found to get over that point.

3. SUPPLY OF RAW MATERIAL The Concession at Kijabe is based upon the production of 40,000 tons of pulp from 35,000 acres of Bamboo for a period of 20 years using the formula of 15 years rotation for the cutting of the Bamboo. There are to my own personal knowledge as a resident of 26 years standing in Kenya

NO 34  
copy 9 all under H/4.

20/4/34

two other large Bamboo areas in that Colony, as detailed later in this report, namely "The Kiara" and "The Kianga" are also of the same nature. These areas, if properly managed, could give far more than 100,000 tons of pulp per annum. I cannot too strongly emphasize the fact that my Concession is only a small portion of the Bamboo Forest area at Kijabe. (See plan attached marked "A").

The Bamboo in my Concession is in nature and ready to cut. It has subsisted as far as I am aware from time immemorial.

I can positively say that the quantities of Bamboo in Kenya available for the proposed Company are inexhaustible.

In India where large quantities of pulp for paper making are made from Bamboo the rotation of crops is given at 3 to 4 years (See Report of Mr. Raitt, M.I.Chem.E., F.C.S. published by order of the Government of India in 1929, Vol. XIV Part 1.) It, therefore, seems incredible that Kenya Bamboo should take 13 years to reach maturity for pulp making. The writer has himself seen shoots of Kenya Bamboo at Kijabe 8 ft. high of 2 weeks growth.

Enclosed you will find a copy of the World's Paper Trade Review (marked B) of October 1933 giving particulars of Bamboo cut after one year's growth from which paper was produced of greater strength and quality than from older plants.

The samples of paper manufactured from Kenya Bamboo submitted to The Imperial Institute and Stazione Sperimentale Per la Industria della carta e delle fibre tessili vegetali, Milan, were made from Bamboo of under 10 years growth. The Bamboo culms I cut

myself from the

approximate

t, rev: 10

10/21/21

the base and the foot to

young growth. Sample marked

4. SISAL BOLES The 63,000 acres mentioned in your letter would produce 630,000 tons of fibre and according to Dr. Goulding and for this sisal fibre will give a yield of 45% of actual pulp, namely 300,000 tons.

Sisal boles mature in 4 years after the first cutting so that from this area you could safely rely on 75,000 tons of actual pulp per annum from this fibre. I presume each Sisal Grower would be at liberty to enter into a Contract for the sale of his own farm produce which is at present entirely waste material.

At a distance of 230 miles the cost of Sisal Boles is estimated at eighteen shillings and ten pence per ton delivered Mills at Tsavo.

From Kijabe the cost of Bamboo is estimated at seventeen shillings and three pence per ton delivered Mills at Tsavo.

The output of cellulose from Bamboo and Sisal by the Chlorinating Process is higher than by the Caustic Soda Process, and the Pulp are stronger and of better quality than from any of the grasses.

Sisal Boles have also been subjected to experiment by Dr. E. Goulding B.Sc. Vice-Principal of the Imperial Institute, and he has made these experiments the subject of a Report in 1929 in which

he great value of 44% of cellulose from Sisal pulp  
proves that great value as a raw material. Dr. Fox is quite  
prepared to appear before your Committee and explain to the  
members his own opinion as one of the leading experts on  
the great value of Bamboo and Sisal Fibres for the production of  
high-grade pulps.

I have merely mentioned Cotton Seed to show the vast  
amount of raw material there is in Kenya and Uganda for such an  
industry as Pulp Manufacture in addition to Bamboo and Sisal.

The production of pulp from hulls and second cut lints  
of Cotton Seed is common practice in the United States of America;  
the yield of cellulose being about 60% from the hulls and 75%  
from lints. High grade white pulp suitable for Rayon and  
explosives is obtainable from these hulls. Analysis of ginned  
Uganda Uplands Cotton Seed obtained from the Imperial Institute,  
London, is as follows :-

Linters	...	...	10%
Hulls	...	...	35.8%
Oil	...	...	20.0%
Oil Cakes	...	...	34.8%

of this analysis 45.8% of the weight of Cotton Seed is convertible  
to pulp with a return of 80% of cellulose.

5. RAILWAY RATES I have accepted the Railway rates provisionally  
quoted for Bamboo etc. If the Railway does not desire to assist  
the Sisal or the Cotton Growers by economic freights, then these  
potential developments in Kenya will undoubtedly suffer.

6. FINANCE With regard to the scheme when  
 Col. Jervis's letter of 2nd July was written it was thought  
 that a loan of £100,000 to cover the interest on the proposed  
 debenture issue for a period of 3 years would suffice, but when  
 I and those associated with me approached an important financial  
 issuing house in the City prior to our recent meeting with the  
 Colonial Development Advisory Committee, to ascertain what  
 underwriting support was likely to be forthcoming it was made  
 plain to us that it was essential to obtain a guarantee from The  
 Home or Kenya Governments for the payment of interest on the  
 proposed £700,000 4% Debenture Stock for a minimum of five years.

If this guarantee is given a great new Imperial Industry  
 will be set in motion involving an expenditure in Great Britain  
 of over £700,000 for machinery, plant etc., and will in addition  
 provide the Government Railway and Harbours in Kenya with a bulk  
 freight producing a revenue amounting to over £300,000 per annum  
 and British coal and shipping trades with a customer of the first  
 magnitude.

The writer recently submitted to Messrs. Bertram & Co. of  
 Edinburgh, the well known firm of Paper Mill Engineers,  
 samples of Bamboo and Sisal pulp made from Kenya raw material,  
 and in reply thereto they state their views thereon as follows:-

"The Sisal pulp in its bleached form is undoubtedly  
 magnificent material, and we think Mr. Normand's figure of £30  
 per ton is not ~~low~~. Bamboo pulp in its bleached form  
 is also magnificent material and would, we think, be superior to

and Mr. Norman's figure of £18 per ton cannot be far

You make mention of inaccuracies in the draft Prospectus, I presume you refer to:-

1. The reference to a 99 years lease of the Colchester.
2. The water supply has not been definitely finalised.

I point out that this Prospectus is only a draft and you can rely on it conforming in due course to the strictest legal scrutiny not only by Messrs. Harrison, Sugden & Co. but by one of the leading firms of Company's Solicitors in the City who would be acting for the Issuing House.

I should like to add that if the financial assistance I have asked you for is forthcoming, my colleagues and I are already satisfied from information in our possession that the underwriting of the ordinary shares is also assured.

In conclusion, I feel that I must add that I have been engaged for nearly seven years on this scheme and have personally spent a large sum of money in connection with this business over this period, and I have had an engineer at my own expense in England for three years checking all details and further I have been since October 1933 in this country, and I would naturally therefore appreciate a quick decision by your Committee with regard to the proposed guarantee asked for, otherwise it seems that I shall be detained here until the Autumn.

I am,

Your obedient servant,



See list of enclosures attached.

CHAS. UDALL

List of Enclosures

- "A" Map of Colony & Protectorate of Kenya showing Forest Areas and position of Crushing Mill at Kijabe and Pulp Mill at Tsavo.
- "B" The World's Paper Trade Review - October 1933, First three pages.
- "C" Copy of letter received from Kenya Government dated 14.6.34 re land requirements at Tsavo.
- "D" Public Works letter dated 26th September 1933 Ref.No.D.1276/117/11/2
- "E" Department of Local Government Lands, Settlement & Mines dated 12th March 1934.
- "F" Report of the Imperial Institute dated May 10th 1933.
- "G" Callenders Cable & Construction Co.Ltd. dated 27th June 1933 (Two Reports)
- "H" Extract from The Imperial Institute Handbook re Cotton and other vegetable fibres.
- "I" Sample of bleached pulp and Kraft paper.

P.O.Box 339  
Telephone No.2411

Department of Lands and Settlement  
Lands

Nairobi 1st June 1954

M.P. 42/55/1/17



Sir,

RE APPLICATION FOR LAND AT TSAVO

With reference to your letter U/G of the 5th June, I have the honour to inform you that if further land is required adjacent to the 100 acres already reserved, it will no doubt be possible to meet the need.

No application for land in that locality will be entertained until you have been given an opportunity of making a definite application.

I have the honour to be,

Sir,

Your obedient servant

Sgd. C.E.MORTIMER

COMMISSIONER FOR LOCAL GOVERNMENT  
LANDS AND SETTLEMENT.

Chas. Hall Esq.,  
c/o Messrs. Hitchins Jervis & Partners,  
Hallam House,  
3, Central Buildings,  
Westminster,  
S.W.1.

C O P Y.

Ref. No. 2426

Ref. No. 2426

Thos. Hall Esq.,  
P.O. Box 884,  
Nairobi.

Public Works Department,  
Nairobi.

31

BAMBOO CONCESSION

Ref. Your letter of the 23. 9. 33

I have the honour to confirm that, in the event of your establishing a factory on the Tsavo River at an early date, there will be no objection by this Department to the grant of a permit for the abstraction of such amount as you may require for any manufacturing process or for water incidental thereto up to an amount not exceeding one quarter of the flow of the river, subject always to the fulfilment of the usual conditions with regard to the submission of your proposals, my approval of the same and the return of the water free from pollution to the river.

I have the honour to be,

Sir,

Your obedient servant,

(Sgd) C.H. Walmsley.

DIRECTOR OF PUBLIC WORKS.

re BAMBOO CONCESSION

With reference to your letter of 26th Fe  
1934, I have the honour to inform you that an extens  
for a further six months of the period of reservation in  
respect of the 100 acres of land at Tsavo, is approved  
subject to the proviso that if in the meantime any other  
application is made for this land you will be called upon  
either to withdraw your application or to substantiate it.

I have the honour to be,

Sir,

Your obedient servant,

(Sgd) C.E. MORTIMER

AG. COMMISSIONER FOR LOCAL GOVERNMENT  
LANDS SETTLEMENT AND MINES

C. Udall Esq.,  
Mitchell Cotts & Co. Ltd.  
3, St. Helen's Place,  
E.C.3.

... sample of pulp from ...  
 process from ... an Bamboo (Arundinaceae) and  
 sisal hemp were submitted to the Imperial Institute by Mr. W.T.  
 Kerr. They consisted of bleached pulp "lap" and were of  
 excellent colour and equal in appearance to sulphite wood-pulp  
 of good quality. It was desired to obtain evidence as to the  
 suitability of the pulps for the manufacture of strong wrapping  
 paper for cable insulation.

Preliminary inspection and microscopical examination  
 of the pulps showed that the fibre had not been injured during  
 the course of preparation. The ultimate fibres exhibited the  
 typical form and appearance of bamboo and Sisal fibres respectively  
 and were found to have the following dimensions:-

Length in mms.

	<u>Minimum</u>	<u>Maximum</u>	<u>Average</u>
East African Bamboo	1.4	4.5	2.7
East African Sisal	1.7	5.3	3.0

Diameter in mms.

	<u>Minimum</u>	<u>Maximum</u>	<u>Average</u>
East African Bamboo	0.0076	0.0381	0.0188
East African Sisal	0.0076	0.0330	0.0211

These measurements agree with those previously  
 observed at the Imperial Institute for the ultimate fibres of  
 the East African Bamboo and Sisal Hemp.

A test of each pulp was carried out by maintaining portions  
 of the specimens at a temperature of 105 degrees C for 45 hours.  
 At the end of this period the bamboo pulp was found to have become  
 slightly yellow; the Sisal pulp was also discoloured but to a

... noted that both specimens were  
... The paper did not appear to  
... during this treatment and showed no signs of

... present year a considerable amount of work has  
been carried out at the Bureau of Plant Industry in studying the paper  
making qualities of the African Bamboo and Sisal Hemp, and it  
has been found in both cases satisfactory percentages of pulp  
of good quality can be obtained. Water-leaf paper produced in  
the laboratories of the Institute from the Bamboo is soft and  
bulky and although the ultimate texture is somewhat resemble that  
of straw-pulp in appearance, the pulp is more similar to wood  
pulp in its working characteristics. Sisal pulp furnishes  
a water-leaf paper of exceptional strength and quality, resembling  
in these respects the paper obtainable from Manilla Hemp.  
The papers prepared from both Bamboo and Sisal pulps have been  
found to possess excellent strength. The results of this work  
have indicated that Bamboo Pulp would furnish a considerable range  
of papers and that Sisal pulp should produce exceptionally  
strong papers of excellent quality and finish. In the unbleached  
condition mixtures of these two pulps (in approximately equal  
proportions) should furnish strong papers of similar strength and  
quality to the wood-pulp papers now marketed.

Large quantities of strong pulps such as Manilla pulp,  
Jute pulp, and Kraft wood pulp are used as cable or insulating  
papers. Such paper is usually unsized and finished on one side  
only. In view of the strength of the paper furnished by Sisal  
pulp it is probable that its addition to Bamboo would add the  
necessary strength to the latter to enable the mixture to serve  
for the production of a satisfactory insulating paper.

paper thus produced, from pulp of the quality of the  
samples analyzed, will probably give strong sheets  
of class, even texture, good "lock through", and capable of  
standing impregnation treatments usually applied to insulating  
papers.

May 10th 1933.



Copy of

128

WIRE ROPE & CONSTRUCTION COMPANY LTD.

G

Belvedere,  
17th June, 1933.

REPORT ON BAMBOO & SISAL PAPER RECEIVED

FROM Mr. Kerr.

These were tested with the following results  
These were tested with the following results  
one sample of sisal were received from Kenya  
The papers had been made from Kenya

UNBLEACHED BAMBOO SERIES :

<u>Breaking Load</u> <u>Lbs per sq. inch</u>		<u>Elongation on 7 inches</u> <u>Per Cent</u>	
<u>Along</u>	<u>Across</u>	<u>Along</u>	<u>Across.</u>
7,900	5,900	4.5	10.6

Thickness:- 5.6 mils.

Weight:- Grammes per sq.ft. per mil as received = 1.98.

Air Porosity as measured on Gurley instrument = 310 seconds per 100 ccs. of air.

The paper withstood treatment in a manner similar to the present insulating papers.

The Oil absorption was also similar to the wood pulp papers with the same characteristics.

UNBLEACHED BAMBOO SERIES 5.

Only one small sample of this was available for test.

<u>Breaking Load</u> <u>Lbs. per sq. inch.</u>		<u>Elongation on 7 inches.</u> <u>Per Cent.</u>	
<u>Along.</u>		<u>Along.</u>	
9040		13	

Thickness :- 4.1 mils.

Weight. Grammes per sq.ft. per mil as received = 2.71.

Air Porosity as measured on Gurley = 1700 seconds per 100 ccs.

This paper withstood heat treatment satisfactorily and was similar in this respect to modern insulating papers.

The Oil absorption was good considering the high density of the paper.

27.6.35.

UNBLEACHED BAMBOO SERIES 8.

<u>Breaking Load</u> <u>Lbs. per sq. inch.</u>	<u>Thickness</u>	<u>Elongation on 7 inches.</u>	
		<u>Along.</u>	<u>Across.</u>
10,900	4.1 mils	5.2	22.4

Weight: Grams per sq. ft. per mil as received - 2.06.  
Air Porosity as measured on Gurley = 650 seconds per 100 ccs.

This paper withstood heat treatment satisfactorily  
 oil absorption was not what would be expected from such a  
 Gurley Paper.

UNBLEACHED SISAL PAPER.

<u>Breaking Load</u> <u>Lbs per sq. inch.</u>	<u>Elongation</u> <u>Per Cent.</u>
5,300	22.6 per cent.

Thickness: 4.41 mils.  
Weight: Grams per sq.ft. per mil - 1.81

The air porosity of this paper as measured by the  
 Gurley instrument was very high, while the paper, although absorbent  
 took some time to absorb the oil. High gurley figure and the long  
 time taken to absorb oil are usually associated.

The paper did not bake quite so well as the bamboo  
 papers.

REMARKS.

The Bamboo papers examined show a wide range of  
 properties and indicate that it should be possible to obtain in  
 this type of paper all of the characteristics considered desirable  
 in cable insulating papers.

27.2.33

TYPE 2 had characteristics practically the same as those of most insulating papers, although it would be desirable to get its breaking load up to that of Series 5 or 6.

The high elongations of the bamboo papers are also very good and are superior to those of most wood pulp insulating papers.

The sisal paper was an interesting paper and its elongation was very high. The paper did not withstand heat-treatment so well as the bamboo papers, but it is possible that this could be improved.

The air porosity of this sisal paper was also high. It is round desirable for cable insulating papers, as such a paper would take a long time to impregnate. The paper could, however, probably be made more porous.

(Sgd) S. Beckinsdale.

EXT. 100 P.P. 1011

COTTON AND OTHER FIBRES

BY ERNEST GOULDING, B.Sc., (LOND.)

CHLORINATION PROCESS.

CELLULOSE. - The fibre is boiled for five minutes with a solution of dilute sodium hydroxide (1 per cent  $\text{NaOH}$ ), is washed free from alkali, and, while still moist, is exposed to the action of chlorine gas for one hour; in some cases a longer exposure is necessary. It is then washed and treated with a solution of sodium sulphite, which is slowly heated until it boils; after two or three minutes boiling, the product is collected on a calico filter and washed; it is afterwards treated with acetic acid (20 per cent) and again washed, dried, and weighed.

When the chlorinated fibre is immersed in the sodium sulphite solution, a brilliant purple or crimson coloration is produced if the fibre belongs to the lignocellulose type, whilst in the case of non-lignified fibres, the solution remains practically colourless.

In this method of determining the percentage of cellulose, the non-cellulose substance is rendered soluble and removed, whilst the true cellulose is not attacked. The percentage of true cellulose in a fibre is the most important criterion of its composition and value. A good fibre contains 75 to 80 percent, or even more.

RECEIVED  
E 30 JUN 1934  
C. O.

2322  
4

Telegram from the Governor Kenya to the Secretary of State for the Colonies.

Dated 30th June. Received at 10-52am 30th June 1934.

No 148.

My telegram No 143 Confidential. One hundred and fifty first word should read 230 not 130.

Bamboo.

but  
127. has seen 47)

Mr. Tomlinson

Sir C. Bottomley

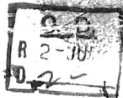
Sir J. Strachan

Sir G. Grigg

Permt. U.S. of S.

arly. U.S. of S.

Ministry of State



*4c for me*

*George*

Colonel Jeron

Thank you for your

note of June 29<sup>th</sup>. The  
members of the Col. development  
Advisory Ctee present at

Last week's meeting were:-

Sir Basil Blackett K.C. K.C.S.I.  
(Chairman)

Sir Edward Dawson, Bt.

Sir John Eagleon K.C.M.G.

Sir Richard Jackson

The Colonial Office was represented  
by Sir John Campbell, K.C.M.G.

**DRAFT.**

~~ACT. B.C. Lochant Jeron~~  
~~DSO. D. Hunt C.E.~~

CSI OBE Financial Address E the

So. 1/3

your off book

60) L.B. Austin

124  
The [unclear]  
I agree that  
we can't very  
well withhold the  
names but - )

hope this does  
not mean that  
they intend to  
spend the summer  
holidays circulating  
the information  
members and  
playing them  
with samples of  
bamboo!

J.B.W.  
30-6

CHARLES JERVIS & CO. ENGINEERS.

CHARTERED CONSULTING ENGINEERS.

CHARLES F. HITCHING, M.I.M.E.C.H.E., M.I.M.A.  
B.C. LOGKHART-JERVIS, B.O.M. INST. C.E., M.I.M.E.C.H.E., M.A.E.E.  
L.S. SWINHERTON DYER, A.M.I.M.E.C.H.E.

TELEPHONE: WHITMALL 4116 (2 LINES)  
TELEGRAMS: JERVINA, LONDON.  
CODES: A.B.C. 2D EDITION, BENTLEY AND PRIVATE.

*Hullam House,  
3, Central Buildings,  
Westminster,  
London, S.W.1.*

J/C

29th June, 1934

L. B. Freeston, Esq.,  
Colonial Office,  
Downing Street, S.W.1.

Dear Mr. Freeston,

NEW PULP SCHEME

On behalf of Mr. Udall and myself I am writing to thank you for all your kind assistance over this scheme.

Your criticisms and advice have always been most helpful, and we realise more than ever, since our meeting on Wednesday last with the Committee, that without your help we would not have been able to visualise ahead of the meeting the questions that were likely to arise.

Would you be good enough to let us know the names of the members of the committee who were present at the meeting, and also the names of the other persons who attended.

Yours very truly,

*[Handwritten signature]*

C. O.

*Handwritten:* June 21/74

23

357

*Handwritten:* Kemp

Mr. Tomlinson.  
Sir C. Bottomley.  
Sir J. Shuckburgh.  
Sir G. Grindle.  
Perm. U.S. of S.  
Parly. U.S. of S.  
Secretary of State.

C. D.  
R 2-JUL  
D. ?

3 JUL 1974

*Handwritten:* Sir

*Handwritten:* W. ref: to yr. let of

*Handwritten:* the 26<sup>th</sup> of June I have  
re. to transmit to you,  
for your info, copies  
of the documents laid  
before the Col. Dev. Auth.  
C'tee regarding the  
application for assistance  
towards the establishment  
of a bamboo-pulp factory

**DRAFT.**

*Handwritten:* Kemp  
Conf. (3)

*Handwritten:* Date 15/22  
(19/1)

*Handwritten:* C Date 15/22  
(19)

*Handwritten:* To Udell  
(conf. 1/1)

The selection of the  
Committee & their proposals  
is reflected in the letter of the 23rd July  
addressed by my daughter to  
Th. C. Udall, of which  
copies are also enclosed

1992 R. OUNLIFFE-LISTE

Fair Copy of draft below

Sir B. Blackett

137

UDALL 598

DOCKERS STREET

3 July

DRY

Mrs. Franklin 28.6.34

Mr. J. D. Williams 28.6

Sir J. Campbell 29.6.34

Sir J. Atkinson 2/7/1

Sir,

I am directed by Secretary

Sir Philip Cunliffe-Lister to refer to the

discussion in regard to your proposals for

manufacturing paper pulp in Kenya, which took

place at a meeting of the Colonial Development

Advisory Committee on the 27th June, when you

and your associates were present.

2. At the close of the discussion you

were informed by the Chairman that the Committee

found themselves unable, on the information

before them, to make a recommendation in favour

of your application for financial assistance

from the Colonial Development Fund. It was

stated, however, that the Committee did not

desire to exclude the possibility of giving

further consideration to your proposals at a

later date, should it be found possible to

remove, as a result of further examination and

discussion

x 1/6 H. (2) Jones  
+ 1/6 H. (2) Jones  
3 (Cable Building)

copy to Kenya (35)  
T. J. (36)  
C.D.A.C. (37)

Copy to  
J. J. LFF  
C.D.A.C.

Copy to Kenya in  
cont. aft. Antial

discussion, regarding certain features of the scheme.

3. The first matter on which further information is sought is an assurance of an adequate supply of raw material for the pulping factory. The Governor's telegram of the 15th of June (of which an extract was communicated to you on June 16th) stated that the maximum possible yield of air-dried bamboo from the area included in your concession was unlikely to exceed 98,000 tons per annum. In your reply of the 19th of June you suggested that this figure could be increased by cutting the bamboo on a 7½ year instead of a 15 year rotation. This suggestion was telegraphed to the Governor who, in his reply (of which the substance has already been communicated to you), stated that "15 years rotation is confirmed by Forest Department as minimum reasonably safe for clear felling."

21)

22)

25)

32)

This

This is based on actual observation in Forest  
and on experimental plots the best of which  
after clear felling has not attained previous  
growth in 13 years. Period might possibly  
be slightly reduced by leaving 20% uncut, but  
this entails corresponding reduction in output.

During the discussion with the Colonial  
Development Advisory Committee, you pointed out  
that the Kenya Forest Department's figures  
related to the period of years required by the  
bamboo to attain maturity, and you stated that  
mature bamboo stems would be at least  
equally suitable for your purposes. I am to  
invite you to furnish any evidence that may  
be available in support of this statement;  
and, in particular, I am to enquire whether,  
if the bamboo were cut at 7 1/2 years in place of  
natural <sup>regeneration</sup> regeneration of the bamboo  
could be relied on with certainty.

I am further to ask whether any samples can  
be produced of pulp manufactured from Kenya

... of less than - say - 10 years' ...

4. In your letter of the 19th of June, you further suggested that in the event of a shortage of bamboo, an alternative raw material would be procurable in the shape of sisal-boles, of which you estimated that 400,000 tons per annum could be obtained within a reasonable distance from the mill. This estimate was based upon an area under sisal of 113,000 acres. In commenting upon this suggestion, the Governor has pointed out,

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inter alia, that over 67,000 acres included in this area (in the Nairobi and Fort Hall Districts) are on the average 130 miles distant from Tsavo by rail. He adds that the Chairman of the Kenya Sisal Association has not been approached by you in regard to supplies of sisal-boles. I am to invite your comments upon these statements, and to request you to furnish evidence showing

230

(See later connection  
to...)

W.H.

(a)

1. (a) What quantity of sisal-boles (wet or dry) is required to produce 1 ton of pulp?

(b) What you estimate as the average cost to the Company of sisal-boles (wet or dry) per ton, delivered at [save], and how this cost compares with that of bamboo.

(c) How the pulp produced by the chlorine process from sisal-boles compares in quality with that from bamboo. It is understood that reports as to this from Dr. C. J. Fox are in your possession. You suggested that, in the last resort, recourse might be had to Uganda cotton seed as a raw material for the manufacture of pulp. It would be a convenience if information as regards cotton seed, similar to that asked for above with reference to sisal-boles, could be supplied.

5. The second point of uncertainty is that of railway rates. In your letter of the 12th of June, you stated your readiness to accept provisionally (i.e. pending further discussion

in connection with the Railway Administration (see)

the rates and conditions put forward by the Kenya and Uganda Railway Administration in the General Manager's letter to you of the 9th of June. These rates do not, however, cover the carriage of sisal-bales or cotton seed; and it is stated among the conditions that "the rates are quoted subject to the condition that the Railway may revise the rates if there is any material variation in the relative tonnage of any of the commodities". You will no doubt wish to pursue this aspect of the matter with the General Manager of the Railway, who is now in England; and the Secretary of State will be interested to learn of any conclusions that may be reached.

19

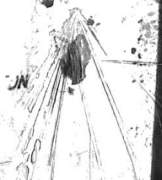
6. In regard to the general finance of the scheme, the memorandum enclosed in Colonel Jervis's letter of the 2nd of June applied for a Loan of £100,000, representing approximately the interest on £700,000 Debenture Stock for a period of three years.

10

...subsequent discussions have  
 ...on this basis. It was learned  
 with some surprise, therefore, from your  
 remarks at the Committee's meeting, and  
 from the draft Prospectus then produced,  
 that the assistance required has been increased  
 to a guarantee of interest on 2700,000 4 1/2  
 Debentures for 5 years, involving a potential  
 liability of 2157,500. I would invite your  
 attention upon this change in your plans.  
 I am so sure that the  
 grant of any assistance from Governmental  
 sources would be conditional upon governmental  
 approval of the Company's prospectus. The  
 draft prospectus circulated at the Committee  
 Meeting contains various inaccuracies and  
 you would no doubt be prepared to correct  
 before any prospectus was issued.

I am, etc.

(Signed) L. B. FAY



PRIVATE AND CONFIDENTIAL - NOT FOR PUBLICATION.

A copy of this Prospectus has been delivered to the Registrar of Companies for registration.

Application will be made to the Committees of the London, Glasgow and Edinburgh Stock Exchanges for permission to deal in and for a quotation for the Debenture Stock and Ordinary Shares now being offered.

The subscription list will open on the \_\_\_\_\_ day of \_\_\_\_\_ 1934 and will close on or before the \_\_\_\_\_ day of \_\_\_\_\_ 1934.

# BRITISH EAST AFRICAN PULP MILLS LIMITED.

(Incorporated in England under the Companies Act 1929.)

For the manufacture within the British Empire of Chemical Pulp.)

SHARE CAPITAL - - - - £700,000.

Divided into 700,000 Ordinary Shares of £1 each.

FIRST MORTGAGE GUARANTEED DEBENTURE STOCK - £700,000.

ISSUE

OF

**700,000  $4\frac{1}{2}\%$  First Mortgage Guaranteed Debenture Stock at £100%**

(Redeemable at £105 per cent.)

(The interest whereon is guaranteed by \_\_\_\_\_ for five years from 1st July 1934.)

AND

**640,000 Ordinary Shares of £1 each at par,**

PAYABLE AS FOLLOWS:-

Debenture Stock.		Ordinary Shares.	
		s.	d.
On application	5 per cent.	1	0
On allotment	20 " "	4	0
On _____ 1934	25 " "	5	0
On _____ 1934	50 " "	10	0
	100 " "	£1	0

The interest of the Debenture Stock is guaranteed for five years from the 1st July 1934, by \_\_\_\_\_ and will be secured by a Trust, and comprising a specific first mortgage over the Government of Kenya and the site adjacent to be purchased by the Company, and containing a specific first mortgage over the Government of Kenya and the site adjacent to be purchased by the Company, and containing a specific first mortgage over the Government of Kenya and the site adjacent to be purchased by the Company.

A Trust deed securing the Debenture Stock now issued by the Company will provide that no security ranking in priority to the Debenture Stock can be created, except with the consent in writing by separate written resolutions of the Directors of the Company, with the holders of the Debenture Stock can be created, except with the consent in writing by separate written resolutions of the Directors of the Company.

The Articles of Association provide that this latter provision shall have full effect and be binding on the Company.

The Debenture Stock will be issued in multiples of £1 and will be transferable in whole or in part from any date not later than the 31st December 1934, subject to the usual conditions of transfer.

Each holder of the Debenture Stock will have the right by giving not less than one month's notice on any date not later than the 31st December 1934, to convert any Debenture Stock held by him into Ordinary Shares on the basis of two £1 Ordinary Shares for each £3 of Debenture Stock converted, and such conversion shall take effect as on and from the next following interest date, and the Shares will rank for dividend as on and from the date of allotment.

The interest on the Debenture Stock will be payable on the 30th June and the 31st December in each year, the first payment being due on the 31st December 1934, calculated from the dates of payment of the instalments.

During the year ending 31st December 1934, and during each succeeding year a sum calculated to be sufficient to redeem at 105 per cent. the amount of Debenture Stock before 31st December 1934, will be applied in redemption of the Stock by drawings of 250 per cent. on the amount of Debenture Stock in the market under 105.

The Company has the option of redeeming at 105 per cent. the whole or any part of the Stock outstanding after the 31st December 1934, on giving six months' notice of its intention to do so.

The interest on the Debenture Stock will be reduced at 105 per cent. on the 31st December 1934, and on any conversion of 15 per cent. until the Articles of Association also provide that the dividend paid on the Ordinary Shares of the Debenture Stock of the Company shall have created out of the profits a Reserve Fund equal in amount to \_\_\_\_\_ of the Company's capital.

The Articles of Association also provide that the dividend paid on the Ordinary Shares of the Debenture Stock of the Company shall have created out of the profits a Reserve Fund equal in amount to \_\_\_\_\_ of the Company's capital.

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## TRUSTEES FOR THE DEBENTURE STOCKHOLDERS

### DIRECTORS

SIR EDWARD GRIGG, K.C.M.G., C.V.O., D.S.O., M.L.C., M.P., 141 Eaton Square, S.W.1.  
 ALEXANDER HAMILTON, Director of Shell Coils & Co. Ltd., 1 St. Helen's Place, E.C.4.  
 CHARLES DALL, A.M.I.E.E., General, Kenya, Managing Director.  
 CHARLES JAMES JOHN FOX, D.Sc., F.I.C., 3 New Court, London, W.C.2. (Technical Director & Partner in the firm of  
 Oates & Bevan, London, Analytical Chemists.)

### GENERAL MANAGERS

### BANKERS

### CONSULTING ENGINEERS

HITCHINS, JERVIS & PARTNERS, Central Buildings, Westminster, S.W.1.

### CONSULTING CHEMISTS

CROSS & BEVAN, 3 New Court, London, W.C.2.

### SOLICITORS

HARRISON, SUGDEN & CO., Australia House, London, W.C.2.  
 HAMILTON, HARRISON & MATHEWS, Nairobi, Kenya Colony.

### BROKERS

### AUDITORS

GILL & JOHNSON, Nairobi, Kenya Colony.

**PROSPECTUS.**

The Government Forest at Kijabe in Kenya is a forest of bamboo and sisal trees, situated in the highlands of Kenya, and is one of the largest and most valuable forests in the Colony. The forest is situated on a plateau at an altitude of 5,000 feet, and is bounded on the north and east by the Kijabe Range, and on the south and west by the Kijabe Gorge. The forest is situated on a plateau at an altitude of 5,000 feet, and is bounded on the north and east by the Kijabe Range, and on the south and west by the Kijabe Gorge.

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The annual interest on the Debenture Stock is 6 per cent. The Debenture Stock is redeemable at the option of the Company at any time after the expiration of five years from the date of issue. The Debenture Stock is redeemable at the option of the Company at any time after the expiration of five years from the date of issue.

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**BOARD OF TRADE FIGURES.**

QUANTITIES OF FOREIGN-PRODUCED PULP IN TONS IMPORTED INTO GREAT BRITAIN.

	1928.	1929.	1930.	1931.	1932.	1933.
Chemical pulp —						
Dry bleached	33,081	38,077	41,578	57,516	76,865	82,387
Dry unbleached	426,071	602,376	552,324	457,375	510,245	479,529
Wet	20,118	33,631	61,903	116,627	237,696	262,324

VALUE IN STERLING.

	1928.	1929.	1930.	1931.	1932.	1933.
Chemical pulp —						
Dry bleached	£565,294	£655,826	£655,283	£740,699	£836,772	£863,558
Dry unbleached	£5,068,674	£6,896,483	£6,269,105	£4,554,340	£4,158,711	£3,589,982
Wet	1,115,719	1,855,315	£351,025	£562,247	£976,020	£960,673

**QUANTITIES OF EMPIRE PULP IN TONS IMPORTED INTO GREAT BRITAIN.**

	1928.	1929.	1930.	1931.	1932.	1933.
Dry bleached	969	285	409	2,767	179	No figures available.
Dry unbleached	78	1,829	391	2,598	553	Do.
Wet	1,841	No figures available.				

The Concession granted to Mr. Charles Udall, who has had a life-long industrial experience in Kenya as an engineer, is, in the opinion of your Directors, one of the most valuable. The Company is acquiring this Concession, including the heavy cost of the research work and other expenses incurred by Mr. Udall in the past few years in collecting the necessary data for this important concession for £110,000, payable by the issue of 110,000 Ordinary Shares of £1 each in the Company credited as fully paid up.

The Company's factories at Kisumu will be erected under the direction of Messrs. Hitchens, Jervis & Partners, Consulting Engineers, of Westminster, who estimate that these factories will be completely erected and the plant installed and ready for operation within two years, and the cost of the land, factories, plant and machinery and all accessories will amount to £901,000.

The amount to be provided by the Company after deducting £110,000 for the estimated preliminary expenses thereof will be approximately £1,229,000, leaving available for working capital a sum estimated at approximately £229,000, which should be ample for the requirements of the Company.

It is estimated that on an output of 100,000 tons of chemical pulp, with present selling prices prevailing throughout the world, the Company should make a net profit of £1,000 per annum, before charging Debenture Interest, but after charging Depreciation.

**ARTICLES OF ASSOCIATION.**

The Articles of Association of the Company contain the following provisions:—  
 69. Subject to the provisions of Section 61 of the Act, all or any of the rights or privileges attached to any class of shares forming part of the capital for the time being of the Company may be affected, modified, added, varied, increased or abrogated in any manner with the sanction of an Extraordinary Resolution passed at a general meeting of the members of that class. To any such separate meeting all the provisions of these Articles as to General Meetings shall mutatis mutandis apply, but so that the necessary quorum shall be members of the class holding or representing by proxy one-fifth of the capital paid or credited as paid on the issued shares of the class, and so that the members of such class shall on a poll have one vote for each share of the class held by them respectively.  
 70. Subject to any special rights or restrictions for the time being attached to any special class of shares in the capital of the Company, on a show of hands every member personally present shall have one vote only, and in case of a poll every member present personally or by proxy, shall (subject as hereinafter provided) have one vote for every share held by him.  
 71. The qualification of a Director shall be the holding in his own right alone, and not jointly with any other person, of registered shares or stock of the Company of the nominal value of £500, and this qualification shall be required as well of the first Directors as of all future Directors, and Section 141 of the Act shall be duly complied with in every respect.  
 72. The remuneration of the Directors shall be at the rate of £2,000 per annum for the Chairman, and £500 per annum for each of the other Directors. The Directors shall also be entitled to such further remuneration as may be determined from time to time by vote of the Company in General Meeting, and any such further remuneration shall be divided amongst the Directors as they shall agree, or failing agreement equally. The Directors shall also be entitled to be repaid all travelling, hotel and other expenses incurred by them in and about the business of the Company, including the expenses of travelling to and from Board or Committee Meetings.  
 73. The Directors may grant special remuneration to any member of the staff who, being called upon solely to render any special or extra services to the Company, or to go or reside abroad in connection with the affairs of the Company. Such special remuneration may be made payable to such Director in addition to or in substitution for his ordinary remuneration as a Director, and may be made payable by a lump sum or by way of salary, or by a percentage of profits, or by any or all of those modes.  
 74. The Directors may from time to time appoint one or more of their body to be Managing Director or Managing Directors, for such period at such remuneration and upon such conditions as the duties to be performed, the powers to be exercised and all other matters as they think fit.

**CONTRACTS.**

The following Contracts have been entered into:—  
 (1) Agreement, dated the day of 1934, between the Company and Charles Udall, whereby the latter has agreed to act as Consulting Engineer in connection with the design, erection and equipping of the Company's factories for the remuneration therein mentioned.  
 (2) Agreement, dated the day of 1934, between the Company and Messrs. Hitchens, Jervis & Partners, whereby the latter have agreed to act as Consulting Engineers in connection with the design, erection and equipping of the Company's factories for the remuneration therein mentioned.  
 (3) Agreement, dated the day of 1934, between Charles James Fox and the Company, whereby the latter has agreed to act as Managing Director of the Company in Kenya for five years from the 1st July 1934, at a salary of £2,000 per annum.  
 (4) Agreement, dated the day of 1934, between the Company and Messrs. Cross and Bevan, whereby the latter have agreed to act as Consulting Chemists to the Company.  
 (5) Agreement, dated the day of 1934, between the Company and Messrs. Jervis & Partners, whereby the latter have agreed to underwrite the 700,000 4 1/2 per cent. Debenture Stock and 600,000 Ordinary Shares of £1 each in the capital of the Company for an underwriting commission of 1 per cent. on the nominal amount of the Debenture Stock underwritten, and as to the said 600,000 Ordinary Shares for an underwriting commission of 1 per cent. and an over-riding commission of 1 per cent. as to the interests of the Directors.

The following Report has been received from the Company's Auditors for the purpose of complying with the provisions of the Companies Act 1929:—  
 To the Directors of BRITISH EAST AFRICAN PULP MILLS LTD.,  
 GENTLEMEN.—The business of the Company has been carried on since the 1st July 1933, and we report in accordance with Schedule IV, Part II (1) of the Companies Act 1929, that we have examined the Company's books and vouchers and find that the accounts are correct and that the balance sheet is a true and correct statement of the Company's affairs as at the 31st December 1933. Yours faithfully,  
 Chartered Accountants.

A copy of the Company's Memorandum of Association is printed on the fold of this Prospectus and forms part of it.

**GENERAL INFORMATION.**

Prints of the Company's Memorandum and Articles of Association, a draft (subject to modification) of the Trust Deed to secure the Debenture Stock, copies of the above Contracts and Auditors' Reports set out above may be inspected at the offices of Messrs. Cross and Bevan, Solicitors, Australia House, London, during usual business hours.  
 Applications for Shares should be made on the accompanying form and forwarded to the Company's Bankers, together with a cheque for the amount payable on application.  
 If no allotment is made the application money will be returned in full, and if the Debenture Stock or Shares are allotted that are applied for the balance of the application money will be applied towards the amount due on allotment, and any excess will be returned by cheque through the post to the applicant.  
 The Company will pay any instalment when due and will render the Debenture Stock or Shares allotted and all previous payments made on account. Interest will be charged on the rate of 6 per cent. per annum on sums due in arrears.  
 A broker's commission of 1 per cent. on the Debenture Stock and 3d. per Share on each Ordinary Share will be paid on all applications allotted which bear the stamp of a Broker, Banker or other approved agent.  
 The Company agrees to split Allotment Letters up to and including the 1st day of 1934, and to issue Debenture Stock and Allotment Letters.

Copies of the Prospectus and Forms of Application can be obtained at the Company's office of the Company and from the Bankers, Bankers and Solicitors to the Company.  
 Dated 1934.

**BRITISH EAST AFRICAN PULP MILLS  
LIMITED.**

**ISSUE AT PAR OF**

**£700,000 4½ % First Mortgage Guaranteed  
Debenture Stock**

**AND**

**640,000 Ordinary Shares of £1 each.**

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**PROSPECTUS.**

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33 146  
DOWNING STREET,

26th June, 1954.

PRIVATE AND CONFIDENTIAL

Many thanks for your letter of the 22nd of June which I should have acknowledged before this if I had had time.

Your summary of the position with regard to the pulp proposition in Kenya will be very useful and we will respect the confidence.

The scheme goes before the Colonial Development Advisory Committee tomorrow. We have hurried the matter forward so as to give the promoters every chance, but I am afraid that the Committee will say that the scheme is not yet ripe for their consideration, however, we shall soon know.

One thing that worries me is the absence of convincing evidence that the chlorine process is applicable to sisal. ~~We know that the soda process is not applicable to sisal.~~ That point may settle the fate of the scheme or of the enterprise if it gets actually started.

HARRIOT ESQ.

W. G. ...

26 JUN 1934  
G. O. ARMY

32  
T 147

Telegram from the Governor Kenya to the Secretary of State for the Colonies

Dated 26th June. Received at 10-45am 26th June 1934.

~~Confidential~~

Year 152 Confidential. (a) 15 years rotation

No 24

Forward 38

is confirmed by Forest Department as a minimum reasonably safe for clear felling. This is based on actual observation in Forest and on experimental plots the best of which after clear felling has not attained previous growth in 13 years. Period might possibly be slightly reduced by leaving 20% uncut but this entails corresponding reduction in output.

(b) Total acreage of sisal in Kenya in February 1933 was 13,834 acres, vide Agricultural Census 1933 page 43. Uncertain what is meant by economic range Tsavo, but above figures include following acreages for districts named. Teita 1,638 acres. Machakos and Kitui 14,418. Nairobi Fort Hall 63,445. Naivasha 8242. In these districts areas of sisal up to 3 years old at February 1933 was 23,368 indicating annual planting of 7789 acres as compared with 20,000 acres necessary to produce 400,000 tons annually. Sisal in Nairobi Fort Hall areas is on the average 180 miles distant by rail from <sup>Tsavo</sup>Teita. Transport costs Boles to railhead must be added. Director of Agriculture considers that available supply much below Udall's estimate and that rotation should be 7 years.

Regarding suitability of sisal poles I am of course unaware whether promoters have in view some special process as a result of more recent experiments: only a local information available is that sisal poles are more promising than boles, see report of Imperial Institute May 1929 published in Institute Bulletin October 1929 and letter from the Institute to the Sisal Growers Association August 1929 pointing out comparative prices of ordinary soda wood pulp with which sisal would have to compete.

Chairman of the Kenya Sisal Association inform

informs me that the Association has  
regarding supplies of steel  
it would clearly appear that  
failure to approach them is very  
likely

This ~~unofficially~~ ~~brief~~ ~~summary~~ of  
suggestions confirms that in better  
investigations as to possible sources of supply is necessary before  
accepting estimate of output on which revised scheme appears to  
be based.

TELEPHONE 1315 SPEEDWELL.

WALDRAND COMPANY, CORP.

SPANIARDS FIELD.

WILDWOOD RISE,  
N.W. II.

(Hamstead, North End)

PRIVATE & CONFIDENTIAL

22nd June 1934.

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

*Sy dea Bottomley.*

Bamboo and Sisal Pulp in Kenya.

I have now had an opportunity of hearing the views of all the parties primarily concerned in this business; Colonel Jervis and his friends for the Manufacturers; General Rhodes for the Railway, and the Members of the I.C.I. and the Magadi Soda Board for the Chemical side of the question. I have thus been able to visualise the position from all points of view that have been presented to me and it may be of some assistance to you if I put before you concisely the conclusions arrived at.

The Manufacturers have chosen Tsavo as a site on account of the necessary requirements of water. This seems to be a suitable location for this reason.

The Manufacturers have, at any rate for the moment, decided on the Chlorine Process in preference to

the Soda Process for the reason that, according to their statements, while the soda process is applicable to bamboo, the Chlorine process is necessary for the treatment of sisal and they wish to have one treatment that is common to both.

The Manufacturers state that they consider they can manufacture the pulp as cheaply by the chlorine process with imported salt as can be done with soda supplied from Magadi lake; that they are prepared to buy salt from Magadi provided the cost is not higher than that at which they can import it from Aden. The manufacturers are prepared to scrap their surplus Caustic Soda if it cannot be marketed.

The Railway favours the Chlorine Process with works located at Tsavo in preference to the soda process as, with the soda process they will get, in addition to the huge haulage of bamboo down country from Kijabe to Tsavo with empty trucks returning to Kijabe, increased one-way of Magadi Soda in the same direction.

With the Chlorine Process, however, they will still have the one-way traffic from Kijabe to Tsavo with bamboo, but they will have large consignments of salt from the coast to Tsavo to help balance the carriage of manufactured product from Tsavo to the coast.

The Railway ... favour giving preferential rights to Magadi for ... Magadi to Tsavo as they ... look for increased trade by consignments of salt at ... rates to assist in ... near ... soda.

The point of view of the I.C.I. interests, which includes Magadi is that the Soda Process is definitely the most economical one to apply in Kenya in manufacturing pulp, in that all the raw products are available in the Colon, within comparatively short distances of one another and the price of soda which can be purchased at a low rate as it can be purchased anywhere else in the world in the first instance, can be still further reduced as the works extend; this will enable the manufacturers to ... lines with other suppliers of pulp in other countries.

The I.C.I. interests further state that the Chlorine process must of necessity be less economical than the soda process as the chlorine process depends very largely (probably 80% of its cost) on a supply of cheap power and power at Tsavo must of necessity only be obtained at a much higher rate than that available to competing pulp producers.

They also state that the surplus caustic will be a dead loss to the manufacturers. They state that

Magadi cannot produce salt to compete with Aden.

The I. C. I. interests have not yet had an opportunity of considering the details of the process as proposed by the Manufacturers but on the outlines given them by the Manufacturers and taking an outlay of say £1,000,000 for the entire equipment, they estimate that at least £600,000 will have to be devoted to the installation of the Chlorine plant. If, at a later date, the Chlorine plant did not produce the pulp at competitive prices and the Manufacturers had to change over to the Soda Process, the whole of the £600,000 would have to be written off, as this portion of the plant would not be required. On the other hand, the installation of a Soda plant in the first instance would save practically the whole of this first outlay of £600,000 and halve the initial capital requirements. Further, they point out, that a Soda Process will benefit the internal industries of the Colony much more than in the case of a Chlorine Process.

They state that at any time, should it be desired to change over from a Soda Process to the Chlorine Process, practically the whole of the soda plant would remain in use and only require the addition of the chlorine plant for this purpose.

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- 5 -

A sound financial view appears to be that if a million pounds is available for the pulp industry in Kenya the full output available by the expenditure of this sum on the Chlorine Process can be obtained with the expenditure of only half the sum, or £500,000 utilising the Soda Process, with the other £500,000 in reserve and the pulp put on the market at the lowest competitive cost that can be attained.

If, on the other hand, it is decided at a later date, on account of quantity of pulp or nature of the raw material, to change over to the Chlorine Process, on figures which show that the further expenditure is called for, then the extra £500,000 can be expended and none of the first expenditure written off or wasted. In this case only half the capital would be related in the first instance instead of the whole of it as at present contemplated by the Manufacturers.

These conclusions are of course only arrived at in general terms on the broad lines discussed and if at any time you desire a closer examination of any expenditure, either on capital account or working costs, submitted, I can get this done by the Technical Experts of the I.C.I. who would, I know, be quite ready to give a fair, unbiased criticism on the basis of their vast experience.

*Yours sincerely*  
R.D. Smith

DECODE OF CABLE

FROM: Kenya & Uganda Railways, Nairobi.

TO: H.M.E.A. Dependencies.

DATE: 19th June 1954.

REWIDES  
 PERSONAL LETTER  
 JUNE 12th  
 PLEASE INFORM  
 HIM  
 AS FOLLOWS - BEGINS  
 KENYA  
 GOVERNMENT HAS  
 NOW  
 RECEIVED  
 FULL DETAILS OF  
 TONNAGE  
 FROM  
 COMPANY  
 AND HAS  
 RAISED  
 SERIOUS  
 DOUBTS AS TO WHETHER  
 MORE THAN  
 40,000  
 TONS  
 UN-  
 BLEACHED  
 PULP  
 CAN BE  
 PRODUCED  
 ANNUALLY  
 FROM  
 CONCESSIONS  
 AREA  
 FULLSTOP.  
 SUGGEST THEREFORE  
 YOU SEE  
 COLONIAL OFFICE  
 ON THE SUBJECT  
 FULLSTOP.  
 HIGH COMMISSIONER  
 NOW ON  
 TOUR

and  
RATES  
BASED  
RAILWAY  
COUNCIL  
ADVICE  
WERE  
APPROVED BY  
HIM WITH  
OBJECT OF  
SAFEGUARDING  
RAILWAY  
AGAINST  
POSSIBLE  
LOSSES  
AS  
SERIOUS  
DOUBTS  
EXISTED  
AS TO WHETHER  
TONNAGE  
QUOTED  
COULD BE  
REALISED  
FULLSTOP. NO  
CONDITION  
IS  
DESIGNED TO  
PENALIZE  
COMPANY  
FULLSTOP. IF  
A  
FIRM  
FIGURE OF  
ANNUAL  
TONNAGE  
CAN BE  
QUOTED  
AS A RESULT  
OF FURTHER EXAMINATION  
AT HOME  
I AM SURE  
RAILWAY  
COUNCIL  
AND  
HIGH COMMISSIONER  
WOULD  
SUPPORT  
A  
SUITABLE

156  
INFORMATION  
TO ME  
IN  
HIGH COMMISSIONER'S  
ABSENCE  
HE COULD NOT  
POSSIBLY  
ALTER  
A  
DECISION  
GIVEN BY  
HIGH COMMISSIONER  
ON  
FULL  
COUNCIL'S  
ADVICE

-----

157  
C. D. A. C. 522 A.

COLONIAL DEVELOPMENT ADVISORY COMMITTEE.

Kenya: Paper Pulp Factory.

With reference to C.D.A.C. 1522, I circulate for consideration a supplementary Colonial Office memorandum, to which is attached copies of a telegram from the Governor of Kenya and correspondence with the holder of the Kijabe Bamboo Concession regarding the amount and accessibility of the bamboo available for the purpose of the proposed Paper Pulp Factory.

J. B. Williams.

Secretary to the Committee.

Colonial Office.

22nd June, 1934.

*copy to Kenya (SS)*

Telegram from the Govt of Kenya to the Secretary of State for the Colonies

Dated 15th June. Received at 11.5 a.m. 15th June 1964.

No. 15- Confidential.

Your despatch of 5th June and your ~~tax~~ of 11th June. Memorandum enclosed with your despatch estimate carriage by railway of 219,000 ~~tons~~ of bamboo annually from Kijabe to Tsav. Letter from Rhodes to Hamp ~~on~~ which was recently considered by the Railway Council refers to 250, ~~tons~~ in wide transport Air Mail despatch of 7th June. In view of ~~the~~ discrepancy careful estimates of possible yield of licence area ~~has~~ been made by the Forest Department. Conservator of Forest ~~states~~ that maximum possible yield of air dry bamboo from ~~the~~ area is about 98,000 tons annually which is unlikely to produce more than 40,000 tons unbleached pulp, and that production of 100,000 tons of pulp annually from the licence area is quite impossible see paragraph 2 of Conservator's letter to Udall 22nd ~~May~~ 1951 enclosed in your despatch 17th May 1955 No. 359. Extension of licence area northwards would greatly increase haulage distance to the railway and for topographical reasons more than double difficulties of extraction. In Conservator's opinion extraction daily quantity of bamboo sufficient for annual output of 40,000 tons of pulp ~~would~~ tax Company's organisation very highly. Further supplementary supply could possibly be obtained from an accessible area in Mau Forest above Njoro, but this would require separate baling and crushing plant.

Availability of supplies is of course fundamental and is surprisingly ignored in Memorandum. In the light of the above and in view of history of earlier smaller schemes you may consider it desirable to inform promoter that greatly enlarged scheme now proposed appears to require extended local survey of material available, and to defer application to Colonial Development Advisory Committee until technical soundness of proposition has been established. Benefits



S. J.

With reference to previous communications of the subject of your bamboo concession at Kijabe, Kenya, I am directed by Secretary Sir Philip Cunliffe-Lister to enclose, for your consideration, an extract from a telegram received from the Governor of that Colony relating to the estimated amount of bamboo available for manufacture into pulp.

2. In the light of the figures now disclosed by the Governor you ~~will~~ recognise that the Secretary of State feels unable to proceed with the submission of your application for financial assistance to the Colonial Development Advisory Committee unless definite evidence can be adduced that the success of the pulp manufacturing scheme will not be gravely impaired by the shortage of raw material.

5. Any further representations which you may wish to make should reach this Office not later than Tuesday morning, the 19th of June, if they are to be considered in time for the matter to be brought to the notice of the Colonial Development Advisory Committee at their meeting on June 27th.

I am Ac.,

(Sgt.) A. B. Freeston.

C. UDALL, ESQ.

Telephone  
Whitehall 4116.

37 Central Buildings,  
Westminster, S.W.1.

25201/54

For attention of L.B. Freestone, Esq. 19th June, 1954.

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

Dear Sir,

Kenya Bamboo Co. concession.

1. I wish to thank you for your letter of the 16th instant, in which you were good enough to enclose an extract from a cable received from H.E. The Governor of Kenya.

2. With regard to paragraph 2, I wish to state from an intimate knowledge extending over some 26 years in the Colony there can be no possible shortage of raw materials required for a production of 100,000 tons of high class chemical pulp, per annum from the proposed plant at Tsavo.

Definite evidence of this being that there is available in Kenya, apart from Bamboo, 400,000 tons of sisal boles from which an excellent quality of pulp can be produced within a reasonable distance of the mill. This quantity is available per annum.

No such opportunity has ever been presented for the production of pulp in any other part of the world.

3. With regard to the discrepancy mentioned in the above cable between 250,000 tons of Bamboo (the figure given to Sir Godfrey Rhodes in the month of May) and 219,000 tons contained in the despatch in June, the explanation is that the latter figure is the actual amount of fibre required to produce 100,000 tons of chemical pulp. The former figure refers to the amount of Bamboo to be cut in the forest which may contain 10 to 15% of moisture which has to be allowed for. It may be possible to eliminate this moisture before raiiling the material to Tsavo, in which case the

162  
figure of 219,000 tons would be correct. Much, however, will depend on the climatic conditions at the time of crushing and ralling.

4. With reference to the comments of the Conservator of Forests on the organisation of the Company to extract the amount of Bamboo capable of producing 40,000 tons of pulp per annum, I would definitely say that with the application of modern appliances which it is proposed to utilise, I am advised by competent engineering authorities that this presents no difficulty, as problems similar to this have been handled by this same authority in other parts of the world under more rigorous conditions. The same remarks apply to an output of 100,000 tons or more.

5. I am glad to note if further supplies of Bamboo are required by the proposed Company, the Government of Kenya will make a further area available, but as stated above, no difficulty is anticipated in the delivery of Bamboo to the crushing mills from the present concession and adjoining areas.

6. With regard to the opinion of the Conservator of Forests who has taken a period of 15 years for re-growth, it may be worth mentioning that the Encyclopedia Britannica states, Bamboo reaches its full height inside of 12 months, therefore, allowing a period of 7½ years, being half the amount the Conservator prescribes there would be sufficient raw material available for the full output of 100,000 tons per annum from the present concession, and further that the present concession is only a small portion of the Bamboo available in this district.

7. In addition to the Bamboo and Sisal I know there is approximately 80,000 tons of cotton seed which might be available for pulp making if necessary in Uganda.

8. With regard to co-operation with the Magadi

... extra tonnage  
... tonnage of  
the Railway ... report.

13. ... any delay ... establish  
this industry ... provisions ... accept  
the rates ... discussion between the

Railway Authorities and the ... to the  
actual rate upon which it will be ... agreed

14. At the present time the United Kingdom is  
purchasing chemical pulps mostly from Scandinavian  
countries to the value of about £5,000,000 per annum  
and the paper manufacturers in this country  
are to some extent at the mercy of these foreign  
suppliers, both as to price and delivery. The former  
has varied considerably due to all sorts of difficulties  
which have caused the prices at various times to be  
considerably increased, making it necessary for British  
paper makers to order forward sufficient stocks of  
pulp to carry them through the winter months, when most  
of the principal foreign ports are ice-bound.

15. Regular deliveries can be guaranteed from  
Kenya throughout the year.

16. The proposed Company will use British machinery  
and the plant for this Company will be manufactured  
in Great Britain and the total cost not less than  
£800,000.

17. The shipping of this plant and probably  
British coal to Mombasa will be an important assistance  
to the shipping industry of this country together with  
the return cargoes of finished chemical pulp from Kenya  
to Europe which when the plant is in full operation  
should not be less than 100,000 tons per annum.

18. As already stated, it is the Company's

... to ... chemical supplies that it can  
Sagadi Soap Company Limited.

19. Pulp can be manufactured entirely  
from Bamboo or partly from Bamboo and partly from Sisal  
Boles, alternatively entirely from Sisal Boles.

20. The Sisal industry in Kenya is an important  
one and will be materially assisted by this proposal  
to manufacture pulp at Tsavo.

21. It is significant to note that the price of  
pulp has not been lower on the British market since  
the year 1882 than at present and all indications show  
that these prices must improve.

Yours faithfully,

(Sd.) Chas. Udall.

P.S. I would like to add the following to paragraph 2  
which is "That Sisal Boles are to-day in Kenya  
a waste product".

122 A 166

Colonial Development Advisory Committee

Kenya Pulp Factory (Supplementary Memorandum).

1. In the Colonial Office memorandum circulated with C.D.A.C. 1522<sup>o</sup> (paragraph 4) it was stated that ~~the~~ supplementary note would be circulated to the Committee on receipt of a reply from the Governor of Kenya. A copy of the Governor's telegram of June 18th is now enclosed, together with subsequent correspondence with the promoters of the scheme.

2. Mr. Udall's letter of the 19th June traverses the Kenya Government's comments in regard to the quantity and accessibility of the bamboo available. It further states that as an alternative raw material for the factory there are ample supplies of sisal-boles. No evidence is adduced however, to show (a) what quantity of sisal-boles is required to produce one ton of pulp (b) what would be the cost of sisal-boles per ton delivered at Isavo, (c) how the quality of the pulp resulting from the treatment of sisal-boles by the chlorine process compares with that produced from bamboo. (It may be noted that, according to experiments carried out by the Imperial Institute some years ago by the caustic soda process, the pulp resulting from the treatment of sisal-boles is of very little value.)

3. The promoters have been invited to defer their application until these and other points of uncertainty (e.g. in regard to railway rates) have been satisfactorily cleared up. This course, however, does not commend itself to them, as they attach very considerable importance to arranging their proposed

Telegram from Governor  
18th June (No. 21 on file)

o C. Udall 16th June  
No. 22 on file.

From C. Udall 19th June  
(No. 25 on file).

capital

118  
28

SAVING ya.

Ser. London & S.A.S.

*[Signature]*  
H.L. Marriott, Esq.

DOWNING ST. W.

20 June, 1934.

*Mr. Marriott*

*Battersea*

Dear Marriott,

Many thanks for your letter of the 15th June which clears up the position of Mr. Udall in relation to the bamboo pulp scheme. You may care to have on record the following extract from a recent official letter from Mr. Charles Udall, who holds the bamboo concession:-

"With regard to co-operation with the Magadi Soda Co. Ltd. I can only confirm and repeat what was said to Mr. Marriott at the interview on the 15th instant at the Colonial Office, namely that the most economic process for my Company's purpose is what is known as the Chlorine Process. This process requires a large quantity of salt, and the Company will be only too pleased to take all the salt it can obtain from the Magadi Soda Company up to the maximum

out: competitive be

and I am anxious

with this Company.

Yours sincerely

A handwritten signature in dark ink, appearing to be the initials 'L.S.' or similar, written in a cursive style.

regu... competitive be...  
... and I've anxious  
... with this Company.

You.s sincerely,

CRG

G.O.

Mr. Preston 20/6

Mr. Shaker 2/16

Mr.

Mr. Johnson

Mr. G. Tomlinson

Mr. Bottemley 2/16

S. J. ...

Perms. U.S. of S.

Parly. U.S. of S.

Secretary of State.

77.

**DRAFT.**

Telegram.  
Gov. Nairobi.

No 152

Confidential.

Your telegram 134, confidential.

Paragraph 1 has been communicated to  
 Ball who suggests in reply (a) period  
 of cutting can safely be reduced from  
 15 to 7 years; (b) a satisfactory  
 alternative raw material is available  
 in sisal-boles of which he estimates  
 400,000 tons should be procurable  
 annually. Estimate is based on 115,000  
 acres under sisal ~~boles~~ within economic  
 range of Tsevo; 900 plants per acre,  
 boles being cut in 6-year rotation,  
 average weight of bole 50 lbs.

$$\frac{11500 \times 900 \times 50}{6 \times 2200} = 340000 \text{ tons}$$

**FURTHER ACTION.**

If you have any comments on either  
 of these suggestions I should be glad  
 if they could reach me by June 26th.

C.O.

Mr. Eneason 20/6

Mr. S. ... 2/6

Mr.

Mr. ...

Mr. ...

Mr. ...

S. ...

Perms. U.S. of S.

Parly. U.S. of S.

Secretary of State.

H.

**DRAFT.**

Telegram.  
Gov. Nairobi.

No 152

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Your telegram 134, confidential.

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range of Tsavo; 900 plants per acre,

boles being cut in 6-year rotation;

average weight of bole .50 lbs.

If you have any comments on either

of these suggestions I should be glad

if they could reach me by June 26th.

$$\frac{11500 \times 900 \times 50}{6 \times 2200} = 340000 \text{ tons}$$

**FURTHER ACTION.**

20th June, 1934.

Dear Colonel Jervis,

At the next meeting of the Colonial Development Advisory Committee an application will be considered for assistance from the Colonial Development Fund towards ~~the~~ a scheme for the manufacture of paper pulp in Kenya.

Sir Basil Blackett, the Chairman of the Committee, has requested me to invite you to attend the meeting and give evidence regarding this scheme of which, I understand, that you are a promoter.

The meeting will be held in the Conference Room at the Colonial Office on the afternoon of Wednesday, June 27th. If you are able to come, perhaps you could go to Mr. Freeston's room <sup>in the Colonial Office</sup> at 2.30 p.m. and he would then show you to the room in which the Committee are meeting when the item in which you are interested is before them. I should be very glad if you would kindly let me know whether you will be able to come.

I

Colonel Jervis, D.S.O.

23201/33  
For attention of W.B. Freeston Esq.

WESTMIN

R. S. I.

334.

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

Dear Sir,

Kenya Bamboo Concession

1. I wish to thank you for your letter of the 16th instant, in which you were good enough to enclose an extract from a cable received from H.E. The Governor of Kenya.

2. With regard to paragraph 2, I wish to state from an intimate knowledge extending over some 26 years in the Colony there can be no possible shortage of raw materials required for a production of 100,000 tons of high class chemical pulp, per annum from the proposed plant at Tsavo.

Definite evidence of this being that there is available in Kenya, apart from Bamboo, 400,000 tons of sisal boles from which an excellent quality of pulp can be produced within a reasonable distance of the mill. This quantity is available per annum.

No such opportunity has ever been presented for the production of pulp in any other part of the world.

3. With regard to the discrepancy mentioned in the above cable between 250,000 tons of Bamboo (the figure given to Sir Godfrey Rhodes in the month of May) and 219,000 tons contained in the despatch in June, the explanation is that the latter figure is the actual amount of fibre required to produce 100,000 tons of chemical pulp. The former figure refers to the amount of Bamboo to be cut in the Forest which may contain from 10 to 15% of moisture which has to be allowed for. It may be possible to eliminate this moisture before raiiling the material to Tsavo, in which case the figure of 219,000 tons would be correct. Much, however, will depend on the climatic conditions at the time of crushing and raiiling.

4. With reference to the comments of the Conservator of Forests on the organisation of the Company to extract the amount of Bamboo capable of producing 40,000 tons of pulp per annua, I

would definitely that with the application of modern appliances which are proposed to utilize, I am advised by competent engineering authorities that this presents no difficulty, as problems similar to this have been handled by this same authority in other parts of the world under more rigorous conditions. The same remarks apply to an output of 100,000 tons or more.

5. I am glad to note if further supplies of Bamboo are required by the proposed Company, the Government of Kenya will make a further area available, but as stated above, no difficulty is anticipated in the delivery of Bamboo to the crushing mills from the present concession and adjoining areas.

6. With regard to the opinion of the Conservator of Forests who has taken a period of 15 years for re-growth, it may be worth mentioning that the Encyclopedia Britannica states, Bamboo reaches its full height inside of 12 months, therefore, allowing a period of  $7\frac{1}{2}$  years, being half the amount the Conservator prescribes there would be sufficient raw material available for the full output of 100,000 tons per annum from the present concession, and further that the present concession is only a small portion of the Bamboo available in this district.

7. In addition to the Bamboo and Sisal I know there is approximately 80,000 tons of cotton seed which might be available for pulp making if necessary in Uganda.

8. With regard to co-operation with the Magadi Soda Co. Ltd. I can only confirm and repeat what was said to Mr. Marriott at the interview on the 15th instant at the Colonial Office, namely that the most economic process for my Company's purpose is what is known as the Chlorine Process. This process requires a large quantity of salt, and the Company will be only too pleased to take all the salt we can obtain from the Magadi Soda Company up to the maximum required on a competitive basis, and I repeat that my colleagues and I are anxious to work very closely with this Company.

9. I and those associated with me have had several conferences with General Rhodes on the subject of Railway Freights, and I have put before him the volume of traffic that this industry will provide. I venture to suggest that this is a very important aspect on the working results of the Kenya & Uganda Railway because the traffic which will be given it, is not seasonal and can be uniform in volume over the whole year or adjustable to the peak conditions of the Railway at seasonal periods which would be very advantageous to the Railway.

10. Arising out of these conferences General Rhodes advises that the Railway Council has agreed to quote a rate of 8 cents per ton mile for the first third of our full tonnage for each year and 6 cents for the balance with a rebate of 2 cents on the first third if the full tonnage is reached in any one year.

11. It will be appreciated that it is almost impossible for any Company to guarantee 100% working in face of strikes, force majeure etc. But I consider that this matter is one that deserves further consideration at a later date.

12. In view of the tonnage involved it would have been a very helpful and sympathetic gesture to have offered an all round rate of 6 cents per ton mile which would have been 100% increase on the Railway working costs as given in Mr. Roger Gibbs Report 1932, as this extra tonnage represents an increase of 70% of the total tonnage of the Railway in 1931 as stated in the above report.

13. In order to avoid any delay in establishing this industry I am prepared to provisionally accept the rates quoted pending a discussion between the Railway Authorities and the proposed Company as to the actual rate upon which it will be ultimately a need.

14. At the present time the United Kingdom is purchasing chemical pulps mostly from Scandinavian countries, to the value of about £5,250,000 per annum, and further the paper manufacturers in this country are to some extent at the mercy of these foreign suppliers, both as to price and delivery. The former has varied considerably due to all sorts of difficulties which have caused the prices at various times to be considerably increased, making it necessary for British paper makers to order forward sufficient stocks of pulp to carry them through the winter months, when most of the principal foreign ports are ice-bound.

15. Regular deliveries can be guaranteed from Kenya throughout the year.

16. The proposed Company will use British machinery and the plant for this Company will be manufactured in Great Britain and the total cost not less than £800,000.

17. The shipping of this plant and probably British coal to Mombasa will be an important assistance to the shipping industry of this country together with the return cargoes of finished chemical pulp from Kenya to Europe which when the plant is in full operation should not be less than 100,000 tons per annum.

18. As already stated, it is the Company's intention to take all chemical supplies that it can from the Magadi Soda Co. Ltd.

TELEPHONE 1315 SPEEDWELL.

TELEGRAMS OTHARI, LONDON.

17a  
"SPANIARDS FIELD,"  
WILDWOOD RISE,  
N.W.11.

(Hampstead, North End)

10th June 1934.

L. B. Freeston, Esq., C.B.E.,  
Colonial Office,  
Downing Street,  
S. W. 1.

My dear Freeston,

*was not a failure*

I gathered from the I.C.I. that they are disappointed that Jervis & Co. are definitely fixed on Chlorine treatment as against Caustic. The large salt consumption will, of course, help Magadi in the long run when the pulp people declare they are ready for salt deliveries and Magadi ascertain step by step in increased production what are their economic limits in providing the salt. Any Magadi calculations in cost of production of salt to-day would have to allow for all the soda by-products being scrapped as, with the keenness of competition all the world over on the part of the soda producers to market their products from their present plants, there is no inducement to put up further heavy capital expenditure to produce yet more soda.

This, of course, may all change in three years from now when the pulp people are getting into their stride, but in the meantime Magadi can only get on with its

... of a moderate output to supply the  
needs of ... base the ... of increased  
plant to meet ... the results obtained.

I have asked the I.C.I. for their views of the comparative costs of making pulp with Chlorine or Caustic and have also asked them for a general statement on the feasibility of changing over a Chlorine plant to a Caustic plant if such should be contemplated later on. Any information they may give me in this direction will, of course, be only of general interest in looking into the future.

I cannot help feeling myself that once the pulp business is definitely installed and working profitably in the Colony any enlargement over and above the first installation will be in the direction of Caustic treatment as all the raw materials required are ready to hand at low cost.

In the meantime and from the very declared attitude of Jervis and Co., the only thing to be done seems to be to let them start up on their Chlorine process and make their name for their output; afterwards ordinary business principles will do the rest.

I will let you know of anything more I hear from the I.C.I. in this connection when it comes along.

Yours very sincerely,  
*B. J. Harris*

1934

179



# His Majesty's Eastern African Dependencies

WHICH/VOY.

KENYA, UGANDA,  
TANGANYIKA, ZANZIBAR.

TELEPHONE: WHITEHALL 2701/2/3.  
ANY COMMUNICATION RESPECTING THIS  
MATTER SHOULD BE ADDRESSED TO THE  
SECRETARY,  
REF. 5405/34

TRADE & INFORMATION OFFICE.

*Grand Buildings,  
Nafziger Square,  
(ENTRANCE IN THE STRAND)*

*London, W.C.2.*

NYASALAND,  
NORTHERN RHODESIA

CABLES: EAMATTERS, RAND, LONDON.  
TELEGRAMS: EAMATTERS, RAND, LONDON.

16th June, 1934.

Dear Mr. Freeston,

With reference to our conversation on the telephone this morning, I give you below the extract from Rhodes' letter as promised:-

"I had a talk with Udall and wrote to Hamp by last Air Mail to say they must vary the tonnage condition. Udall asked for the rebate if they get to one third of the total tonnage, say 160,000 tons. I suggested a rebate on all previous traffic if they get to two thirds the total tonnage at the end of three years.

You will have got the full details of their proposals by yesterday's Air Mail, but I have not got a copy. I don't suppose there is any discrepancy.

From letters I have got to-day it would appear that the Uganda Members were awkward, particularly Tothill, who did not think it was an economic proposition and asked what about the Canadian pulp industry. All this is somewhat natural in view of the fact that the Company have told them so little. At the same time, we are not quoting subsidy rates so we are not really interested as a Railway in this point. It would, however, help matters if the Colonial Office could cable to the Governor of Kenya their impression of the scheme and the present state of negotiations. They should particularly state that they will insist on vetting the prospectus and that the Company's case for a grant from the Colonial Development Fund is to

come.....

L.B. Freeston, Esq., O.B.E.,  
Colonial Office,  
Downing Street,  
London, S.W.1.

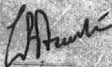


Tuesday morning, the 19th of June, if they are to be considered in time for the matter to be brought to the notice of the Colonial Development Advisory Committee at their meeting on June 27th.

I am,

Sir,

Your obedient servant,

A handwritten signature in dark ink, appearing to be 'A. H. ...', written over a faint horizontal line.

JUN 14 1934

Telegram from the Governor to the Secretary of State for the Colonies.

Dated 15th June. Received at 11-5am 15th June 1934.

No 134 Confidential.

No 11  
No 16

No 20

No 3  
316/33

Your despatch of 5th June and your telegram of 11

June. Memorandum enclosed with your despatch estimate carriage by railway of 219,000 tons of bamboo annually from Kijabe to Tsavo. Letter from Rhodes to Hamp of 15th May recently considered by the Railway Council refers to 250,000 tons vide Transport and Air Mail Despatch of 7th June. In view of this discrepancy careful estimate of possible yield of licence area have been made by the Forest Department. Conservator of Forests states that maximum possible yield of air dry bamboo from this area is about 98,000 tons annually which is unlikely to produce more than 40,000 tons unbleached pulp, and that production of 100,000 tons of pulp annually from the licence area is quite impossible see paragraph 2 of Conservator's letter to Udall 22nd May 1931 enclosed in your despatch 17th May 1933 No 339. Extension of licence area northwards would greatly increase haulage distance to the railway and for topographical reasons more than double difficulties of extraction. In Conservator's opinion extraction daily quantity of bamboo sufficient for annual output of 40,000 tons of pulp would tax Company's organisation very highly. Further supplementary supply could possibly be obtained from an accessible area in Mau Forest near Njoro, but this would require separate baling and crushing plant.

Availability of supplies is of course fundamental and is surprisingly ignored in Memorandum. In the light of the above and in view of history of earlier smaller schemes you may consider it desirable to inform promoter that greatly enlarged scheme now proposed appears to require extended local survey of material available, and to defer application to Colonial Development Advisory Committee until technical soundness of proposition has been established. Benefits that would result from sound scheme are fully appreciated but consider it essential that no encouragement should be given to flotation of Company to develop resources that do not appear to exist.

exist.

No difficulty need be anticipated in the water being available if required in excess of 100 acres and in fact the licence accordingly, on the authority for diversion of 12 millions gallons of water a day which does not exceed one quarter of known flow. As regards extension of term of licence I am prepared to agree <sup>that</sup> its terms should be extended if necessary for reasonable period consistent with capital invested but consider present proposition offers no ground on which extension for so long a period as 99 years can be entertained. In any case this Government would wish to adhere to paragraph 3 of Kenya despatch No 475 12th August regarding financial responsibility.

No. 2  
 2/24/33

2/24/33  
 10





Paper Pulp

Tsavo to Kilindini Harbour

First 55,000 tons @ Shs. 10.88 (i.e. @ 8 cents per ton per mile)  
Next 67,000 " " " 8.16 (i.e. @ 6 " " " " )

100,000

If 100,000 tons, or more, are conveyed in one year, rebate of 2 cents per ton per mile will be granted on first 33,000 tons.

Caustic Soda

Tsavo to Kilindini Harbour

First 4,000 tons @ Shs. 10.88 (i.e. @ 8 cents per ton mile)  
Next 8,000 " " " 8.16 (i.e. @ 6 " " " " )

12,000 " " " "

If 12,000 tons, or more, are conveyed in one year, rebate of 2 cents per ton per mile will be granted on first 4,000 tons.

Coal

Kilindini Harbour to Tsavo

First 37,000 tons @ Shs. 10.88 (i.e. @ 8 cents per ton mile)  
Next 75,000 " " " 8.16 (i.e. @ 6 " " " " )

112,000

If 112,000 tons, or more, are conveyed in one year, rebate of 2 cents per ton per mile will be granted on first 37,000 tons.

Coarse Salt

Kilindini Harbour to Tsavo

First 22,000 tons @ Shs. 10.88 (i.e. @ 8 cents per ton mile)  
Next 43,000 " " " 8.16 (i.e. @ 6 " " " " )

If 65,000 tons, or more, are conveyed in one year, rebate of 2 cents per ton per mile will be granted on first 22,000 tons.

the conditions to be incorporated being:-

1. The Company must satisfy the High Commissioner that their financial stability is such that they can successfully carry out their project.
2. The rates quoted are subject to revision at the end of five years from the date of the despatch of the first consignment.
3. The figures and rates given in the schedule of rates below

will.....

to the extent of each full year.  
The rates, he quoted subject to the condition that the Railway may revise the rates if there is any material variation in the relative tonnages of any of the commodities.

5. That the rates quoted are only applicable between the points named and for the commodities mentioned, i.e. a change of the type of fuel used would leave the Railway free to revise all the rates.
6. That all other commodities will be charged at Tariff Book rates, including the machinery and materials for the establishment of the factory.
7. That these rates are quoted subject to the condition that no reductions are made in the Port charges on the commodities mentioned and that if the question of reduction of Port charges is raised that the whole question of the Railway rates should be re-examined.
8. That although the Railway understand that the Company desire to avoid Port storage charges, the Railway will only undertake to move the traffic in accordance with the facilities available.

4. I have approved the above recommendations of the Railway Advisory Council.

5. A copy of this despatch is being forwarded to the Governor of Kenya.

I have the honour to be,

Sir

Your most obedient, humble servant,

*C. G. Walker*

for HIGH COMMISSIONER.

MEMORANDUM FOR RAILWAY ADVISORY COUNCIL.

Development of Bamboo Pulp Industry.

An application has been made (through General Rhodes, at present on leave) by the promoters of the Bamboo Pulp Industry, for a flat rate of 6 cents per ton mile on the following commodities between the points mentioned. The estimated annual tonnages are also given.

Crushed Bamboo, pressed to a minimum of 25 lbs per cu. ft. (Pressure will probably be increased to 40/45 lbs) Kijabe to Tsavo..... 250,000 tons per annum

Paper Pulp, baled in bales 2' x 2' x 2' weighing approximately 480 lbs each. Tsavo to Kilindini Harbour.... 100,000 tons per annum

Caustic Soda in drums Tsavo to Kilindini Harbour.... 12,000 tons per annum

Coal Kilindini Harbour to Tsavo.... 112,000 tons per annum

Coarse Salt Kilindini Harbour to Tsavo.... 65,000 tons per annum

2. The proposal is that the principal factory will be erected at Tsavo and the crushed bamboo will be railed there from Kijabe and be reduced to Paper Pulp at Tsavo.

3. Members of Council will note that the estimated tonnages are very large and represent approximately one-third of the existing traffic.

4. The promoters are unable to give any guarantee of the success of their operations, but draw attention to the fact that their own expenditure will be exceedingly heavy and will be incurred before any Railway expenditure is necessary.

5. If the project is successful, it is anticipated that it will take some 18 months or two years to erect the factories, but upon completion, provided marketing arrangements have been satisfactorily completed, the maximum output should be realised.

6. The promoters estimate that crushed bamboo should be sold to be Shs. 3/- per ton and the paper pulp at the London market approximately £1.50 per ton at the present time.

7. The applicants make a point that they cannot afford

to...

In connection with this commodity, Council will be aware that a special rate of 18/50 per ton is already in existence from Magadi to the Magadi Soda Company's depot at Shimanzi. This is equivalent to 4.96 cents per ton mile.

Coal - Kilindini Harbour to Tsavo - 136 miles.  
Estimated annual quantity 112,000 tons.

First	37,000 tons	@	Shs.10.88	(8 c.p.t.m.)	20,128	£
Next	37,000 "	"	"	8.16 (6 "	15,096	
"	37,000 "	"	"	5.44 (4 "	10,064	

£45,288

Coast Salt - Kilindini Harbour to Tsavo - 136 miles.  
Estimated annual quantity 65,000 tons.

First	21,600 tons	@	Shs.10.88	(8 c.p.t.m.)	11,750	£
Next	21,600 "	"	"	8.16 (6 "	8,812	
"	21,600 "	"	"	5.44 (4 "	5,875	

£1,800

£26,437

13. Council will appreciate that by basing the rates on all the important commodities in the foregoing manner, the Railway will, if the firm fail to realise their estimate, be assured of a rate commensurate with the expenditure incurred, also that the method will give the firm incentive to achieve the estimated tonnage in order to secure the low rates.

14. CONDITIONS:

1. The figures given and the rates quoted will be applicable to the output of each full year.
2. That the rates be quoted subject to the condition that the Railway may revise the rates if there is any material variation in the relative tonnages of any of the commodities.
3. That in the event of the actual tonnages exceeding the estimated tonnages in any one year, the balance of the tonnage will be charged at 6 cents per ton mile.
4. That the rates quoted are only applicable between the points named and for the commodities mentioned, i.e. a change of the type of fuel used would leave the Railway free to revise all the rates.

The rates are quoted subject to revision at the end of 5 years and if possible a properly drawn agreement should be obtained on the lines indicated by the foregoing proposals.

charged at Tarapur, including  
the machinery and materials for the  
equipment of the factory.

GENERAL MANAGER'S OFFICE,  
NAIROBI.

29th May, 1934.

COLONIAL DEVELOPMENT ADVISORY COMMITTEE

Kenya: Paper Pulp Factory.

With reference to C.D.A.C. 1265 and 1271, I circulate, for consideration, a revised application for assistance towards a scheme for the manufacture of paper pulp from bamboo and from sisal waste in Kenya. It will be observed that the present scheme has been modified, and will be under different auspices, from the former scheme (submitted to the Committee in C.D.A.C. 1265) which is now regarded as having fallen in abeyance.

J. B. WILLIAMS.

Secretary to the Committee.

Colonial Office,

15th June, 1954.

copy to Kenya (35)

CONFIDENTIAL

2nd June, 1954.

HITCHENS

AFRICAN PULP MILLS LIMITED.

1. It is proposed to build a Pulp & Chemical Pulp Factory in Kenya, capable of absorbing annually a quarter of a million tons of bamboo or sisal and employing two thousand native labourers.

2. The details of the project are as follows:-

- (a) The pulp mills will be constructed at Tsavo adjacent to the river, where the Kenya & Uganda Railway crosses it.
- (b) Supplies of bamboo will be obtained from a 50,000 acre concession at Kijabe.

The necessary land and water and bamboo cutting rights have been granted to Mr. Charles Udall by the Kenya Government and copies of the relevant letters are attached. Not reproduced.

(c) The plant to be installed for the production of pulp from bamboo has proved to be capable of producing high class pulp also from sisal. This will enable the Company, if urged by the Government, to use sisal as their raw material, thereby assisting the farmers should a crisis ever arise in that industry.

3. After full examination of the scheme by Hitchens, Jervis & Partners and other experts it is considered that the original programme for construction of a mill with an output of 40,000 tons of pulp would not be ideal.

It is considered that the smallest economic unit would be one which will give a production of 100,000 tons of high class finished pulps per annum.

The advantages of the larger scheme will be reductions in freight by taking full train loads and chartering a regular service of steamers throughout the year to take back to England from Mombasa pulp as a return freight in place of coal. Therefore it will be possible to have a regular supply of pulp imported into Great Britain, thereby giving a service that the Scandinavian countries cannot undertake with regularity owing to the ice-bound condition of their ports in winter months. These uncertain deliveries cause manufacturers considerable expense in holding stocks of pulp.

With reference to Clause 4 of the Licence it has been found that it is not feasible to put the whole of the pulp factory as stipulated in Clause 4 of the Concession granted to Mr. Charles Udall at Kijabe. It has, therefore, been decided to place the pulping portion of the factory at Tsavo on the Tsavo River, in order to obtain a supply of 12,000,000 gallons per day of pure water, this amount was not obtainable within the forest area at Kijabe. However, in that area all the necessary plant and machinery will be installed for the crushing and baling of the bamboo prior to its transport to Tsavo.

We now ask for permission to erect the pulping portion of the plant at Tsavo.

The success of the project is greatly dependent on the railway freight rates in Kenya, in view of the 224 mile haul from Mombasa to Tsavo and the 150 mile haul from Mombasa to Tsavo. We have approached the Kenya & Uganda Railways on the question of a flat rate on the materials to be used for the manufacture of pulp and we are at present awaiting their decision.

5. Subject to a favourable decision on para 4 above it is anticipated that the Company will be able to earn a profit of £2 per ton of finished pulp after providing for depreciation and all charges. From an output of 100,000 tons per annum this will give a profit of £200,000.

6. It is proposed that the financial structure of the Company shall consist of:-

£700,000 4½% first mortgage guaranteed debenture stock issued for cash and,  
 £700,000 in ordinary shares, of which £640,000 will be issued for cash.

The capital will be utilised as follows:-

Expenditure in Great Britain.

Plant & Machinery	£812,000	
Shipping, Insurance & Transportation to Kenya	37,500	
Cost of issue	<u>110,000</u>	£959,500

Expenditure in Kenya.

Erection and construction of plant including purchase of local materials etc. at Tsavo and Kijabe	141,500	
Vendors concession	70,000	
Working capital	229,000	£440,500
	<u>TOTAL</u>	<u>£1,400,000</u>

7. It is anticipated that the plant of this Company will be ready for operation within two years of the commencement of construction work in Kenya.

8. His Majesty's Government on the recommendation of the Colonial Development Advisory Committee subject to certain conditions have approved on the advice of the Treasury of an advance of £60,000 to the Government of Kenya, which that Government will re-lend to the Company. The conditions of this loan are that it will bear interest at 5% per annum and be redeemed within 10 years. As the project has been increased from 40,000 tons to 100,000 tons per annum of finished pulp, we require this assistance to be increased to £100,000 and to take the form of a guarantee of interest on this debenture stock at the prevailing rate, for a period of three years.

9. To raise the capital it is essential that the harbours concession at Kijabe, which is at present granted for a period of 20 years with the right to renew for a further 20 years, should be granted for a period of 99 years.

MEMORANDUM

Dr. [Name] 12/6  
S. [Name] 12/6  
[Name] 12/6

of June 1934...  
to the Government of Kenya...  
certain conditions) to...  
of a factory to convert bamboo...  
paper-pulp (C.D.A.C. 1263 and 1271).  
recommendation was approved by the Treasury...  
to circumstances which...  
process was made with...  
was informed on...  
having lapsed... the present...

The...  
parent authority and with certain important...  
modifications... which the principal... are as follows:  
(1) The... the...  
moved... to leave on the K...  
coast.

40,000...  
It is now proposed to raise...  
which 1700... will be 4...  
and the remainder ordinary shares...

The... processes...  
waterfall...  
however, which under the...  
been derived from sea-water...  
common-salt, of which limited supplies...  
available from the Magadi Soda company which operates...

be limited to refunding to the Exchequer all payments (whether of interest or principal) received by them from the Company.

7. The Secretary of State desires to suggest, further, that the fulfillment of the following conditions should be a necessary precedent to the issue of any monies from the Fund:-

(a) The loan from the Kenya Govt. to be accepted as a first charge against all assets of the Company; i.e., ranking prior to the Debenture Stock,

(b) The Prospectus to be approved by the Secretary of State before publication.

(c) The issue to be fully subscribed.

(d) The Company to undertake that all plant and materials shall be obtained from Empire sources unless a case to the contrary can be made out to the Secretary of State's satisfaction. In particular, the graphite rods to be used in the process of manufacture should be manufactured in the United Kingdom from the raw material obtained from Ceylon.

C. O.

FINANCIAL SUMMARY.

1. Agency: *Kwango*
2. Description of scheme: *Maintenance of paper-pulp from bark and stock waste*
3. Date of commencement: *Contribution will be put in fund = 12 months capital has been raised on receipt of Secretary of State's approval. .... months (after receipt of Secretary of State's approval) on .....*
4. Period of Scheme: *Contribution should be complete in two years from commencement. .... years of months.*
5. (a) Total cost *21,400,000*
- (b) Estimates *have been based on technical advice. have not*
6. Allocation of cost  
*Local: ~~2,400,000~~ £ 440,500*  
*U.K. ~~2,400,000~~ £ 900,500*
7. Assistance desired  
*Loan of £ 100,000. (= 3 years' interest on debentures, approximately free grant of £ 20,000)*  
*Grant of interest on £ ..... for ..... years.*
8. Suggested terms of loan  
*Issued in form of instalments, capital to be repaid by Company not later than 10 years from date of first instalment. Interest at 4%. Kwango Government to repay to H.M.C. all receipts from Company.*
9. Probable yearly amounts required
- |              |          |
|--------------|----------|
| 1934/35      | £ 1,5750 |
| 1935/36      | 2,31,000 |
| 1936/37      | 2,31,500 |
| Subsequently | 2,21,250 |

NOTES.

Questions 3, 4, 5(b) & 7. - delete words not required.

Question 8. If a loan is not applied for, write "not applicable". If application is being made for a loan state suggested period within which the loan should be repaid, suggested terms of repayment and whether application is made for a loan free of interest for any period.

Question 9. Assuming that the scheme is begun on the date given in Question 3, state the estimated sums which will be required from the Fund during each financial year (ending 31st March) during the currency of the scheme.



# His Majesty's Eastern African Dependencies

WMCH/EMN

KENYA, UGANDA,  
TANGANYIKA, ZANZIBAR

TELEPHONE: WHITEHALL 5701/9/3.  
ANY COMMUNICATION RESPECTING THIS  
MATTER SHOULD BE ADDRESSED TO THE  
SECRETARY.  
REF.

TRADE & INFORMATION OFFICE

*Grand Buildings  
Atrium Square  
(ENTRANCE IN THE STRAND)  
London, W.C.2*

NYASALAND  
NORTHERN RHODESIA

ABLES EXAMINERS, LONDON  
TELEGRAMS EXAMINERS, RAND, LONDON

RECEIVED  
11 JUN 1934  
C. O. REGY

9th June 1934.

Dear Freeston,

I enclose you herewith a copy of a letter which General Rhodes has addressed to Messrs. Hitchens, Jervis & Partners, regarding the rates on the bamboo pulp proposition, for your information.

Yours sincerely,

*L. B. Freeston*

L. B. Freeston, Esq., O.B.E.,  
Colonial Office,  
Downing Street,  
London, S.W.1.

Confidential

9th June 1954.

Dear Sirs,

With reference to interviews and correspondence with you regarding railway rates in connection with the establishment of a Pulp Factory by the British East Africa Pulp Mills Ltd., I have now had from the Acting General Manager, Kenya & Uganda Railways & Harbours, preliminary telegraphic advice of the rates which have been agreed to by the High Commissioner for Transport.

The rates are based on the following tonnages to be railed annually as supplied by you:-

250,000 tons	Crushed Bamboo	- Kijabe to Tsavo.
100,000 tons	Paper Pulp	- Tsavo to Mombasa.
12,000 tons	Caustic Soda	- Tsavo to Mombasa.
112,000 tons	Coal	- Mombasa to Tsavo.
65,000 tons	Coarse Salt	- Mombasa to Tsavo.

and approval has been given to a flat rate applicable to all the above commodities as follows:-

3 cents per ton per mile on the first third of the quantities mentioned and 6 cents per ton per mile on the balance, with a rebate of 2 cents per ton per mile on the first third when the total quantities mentioned have been reached or exceeded, subject to the following conditions.

Messrs, Hitchens, Jervis & Partners,  
Mallan House,

3, Central Buildings,  
West Street,  
Nairobi.

1. The figures given and the rates to be applicable to the output of each full year

2. That the rates are quoted subject to the condition that the Railway may revise the rates if there is any material variation in the relative tonnages of any of the commodities.

3. That the rates quoted are only applicable between the points named and for the commodities mentioned i.e. a change of the type of fuel used would leave the Railway free to revise all the rates.

4. The rates quoted are subject to revision after 5 years working and will be secured by a properly executed agreement. Before this agreement is completed it will be necessary for the Government to satisfy the High Commissioners that they have the necessary financial stability to carry out this project.

5. All other commodities will be grouped at their base rates, including the machinery and materials for the establishment of the factory.

6. That the rates are quoted on the understanding that the traffic is moved in accordance with the facilities available.

7. That the rates are quoted subject to the condition that no reductions are made in the Port charges on the commodities mentioned and that if the question of reduction of Port charges is raised, the whole question of the Railway rates should be re-examined.

8. It will be observed that it has not been possible to agree to the request for a special rate for the materials and machinery for the establishment of the factory.

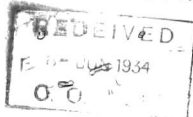
It must be realized that the above is compiled from a cabled summary of the conditions and decisions arrived at and that there may be alterations and modifications of the wording when the full report is received.

Meantime, it is thought that the information given in regard to the rates may be sufficient for your immediate purposes, and a full statement will be sent you as soon as the papers arrive from East Africa.

Yours faithfully,

*S.A. G.D. Rhodes*

COPY FOR REGISTRATION



Telegram from the Governor of Kenya to the Secretary of State for the Colonies.

Dated 8th June, 1934.

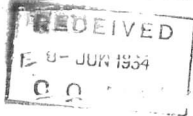
Received 12.8.p.m. 8th June.

No. 125 Confidential.

Your telegram No 136 Confidential. Subject to full statement promised replies to your questions are (a) I prefer to defer consideration of proposal (s) to extend to 99 years until full statement promised by next air mail has been considered (b) Udall has been given an option on 100 acres on Crown Land at Tsavo until September next but specific terms have not yet been considered. Udall has not applied for a water permit at Tsavo and this Government has no detailed knowledge of his intended developments there. Indications are that an ample water supply would be available no assurance can be given in the absence of any estimate of amount of water he would require and use to which it would be put.

Generally I suggest that it should be made clear to Udall that negotiations would be facilitated if this Government was furnished with final scheme contemplated by him and this I trust will be in your despatch together with information as to financial stability of the company see my telegram No 118 Confidential.

COPY FOR REGISTRATION



103

18

Governor of Kenya to the Secretary of State for

Received 12.8.

de no  
y estimate of amount of  
it would be put.

gest that it should be made cl  
ms would be facilitated if th  
final scheme contemplated

ALL COMMUNICATIONS  
TO BE ADDRESSED TO THE  
CROWN AGENTS FOR THE COLONIES.  
THE FOLLOWING REFERENCE AND THE  
DATE OF THIS LETTER BEING QUOTED.

TELEGRAMS: "CROWN LONDON".  
TELEPHONE: VICTORIA 7730.



RECEIVED  
- 25 MAY 1934  
REGD

4, MILLBANK  
LONDON, S.W.6

CONFIDENTIAL

Sir,

NOH.

I have the honour to acknowledge the receipt of your letter No. 3126/1/34 dated 29th May, with reference to the firm Messrs. Hitchens, Jervis and Partners, Consulting Engineers, of 3, Central Buildings, Westminster, W. 1.

We have had no connection with this firm and are unable, therefore, to submit any recommendation as to their professional standing or experience in any branch of engineering. The following particulars of the partners of the firm, obtained from records at our disposal, may be of interest:-

Col. Charles Eauce Hitchens,  
D.S.O., M.I.M.E., M.I.N.A.

Col. Beresford Clayton Lockhart Jervis, D.S.O.,  
M.C., F.R.G.S., M.I.C.E., M.I.M.E.,  
M.I.E.E.

I have the honour to be,

Sir,

Your obedient servant

C.O. 2.D.

25201/54

16

H 11 JUN 55

Mr. Preston.

Mr. Ford

Mr. Carson

Mr. Robinson

Sir G. Tomlinson

Sir C. Bottomley

Str J. Shuckburgh

Permt. U.S. of S. 8/6

Parly. U.S. of S.

Secretary of State.

9/6/54

Answered by No 21

Covered & Sold 4/6

To go on Monday June 11th

4/6/54

**DRAFT TELEGRAM.**

GOV.

NAIROBI.

AMRFD.

Conf. No. 145

Scheme outlined in my despatch

5th June confidential 2 (sent by air mail) has been further examined here.

As a result I am satisfied that, provided requisite local facilities can be granted and Colonial Development

Fund assistance is forthcoming it stands a reasonable chance of success.

I need not enlarge on potential benefits both to colony and to railway.

As regards Kenya Government's liability, I shall endeavour to arrange

(a) that loan is accepted by the Company as first charge on all their

assets, i.e. ranking prior to Debenture stock;

*You will appreciate that the nature of scheme, the value of other factors, would be unworkable for me to obtain reliable technical advice as to its inherent soundness.*

**FURTHER ACTION.**

(b) that your Government's  
responsibility towards Imperial  
Enterprise is limited to handling  
over monies actually received from  
the Company (both as regards interest  
and principal).

I shall be glad to learn  
early as possible that you concur  
proposed application to Colonial  
Development Fund and that questions  
regarding extension of forest lease  
facilities at Travo, etc. are capable  
of satisfactory settlement.

*this is clearly a risk;  
but in the circumstances  
that risk seems to me  
well worth ~~accepting~~  
accepting.*

... or-mak 1. ...

	Source	Quantity
Pulp.	Foreign countries.	76,636
	Canada.	179
Chemical, dry, unbleached.	Foreign countries	509,692
	Canada.	553
Chemical, wet	Foreign countries	237,696
	Canada	Nil.
Mechanical	Foreign countries	979,937
	Canada	35,895
Fibre, etc.	Foreign countries	241,505
	British countries	14
Other Vegetable Fibre.	Foreign countries	3,847
	British countries	125

84,058

13

RECEIVED  
JUN 1934  
C. O. R. Y

COPY FOR REGISTRATION

Telegram from the High Commissioner for Transport, Kenya and Uganda, to the Secretary of State for the Colonies. Dated 6th June, 1934. Received 3-10 pm 6th June, 1934.

No. 5. Confidential.

Nos

Your telegram No. 135 confidential. Kenya. Rates have been discussed by the Railway Council and I agree with their recommendations which are being sent by air mail of 8th June. Précis has been telegraphed to the Trade and Information Office by Acting General Manager.

**HITCHINGS, JERVIS & PARTNERS.**

CHARTERED CONSULTING ENGINEERS.

CHARLES F. HITCHINGS, D.S.O., M.I.MECH.E., M.I.N.A.  
S.C. LOCKHART-JERVIS, D.S.O., M.I.MECH.E., M.I.E.E.  
L.S. SWINNERTON DYER, A.M.I.MECH.E.

TELEPHONE: WHITEHALL 4116 (5 Lines)  
TELEGRAMS: JERVIRA, LONDON.  
CODES: A.B.C. 5th EDITION, BENTLEYS AND PRIVATE.

*Kallam House,  
3. Central Buildings  
Westminster,  
London, S.W.1.*

J/G

5th June 1934.

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

Dear Sir Cecil,

British East African Pulp Mills

Thank you for your letter of the 2nd instant, which we received yesterday, and in reply would say that we understand Dr. Pomilio's patented process is under negotiation with certain interests in Egypt, but in no way would this conflict with Pulp manufactured from Bamboo under the same process.

Actually the pulp users to whom we should be selling our product are not the same as those handling Canadian Pulp which is used mostly for newsprint.

Kenya pulp will fetch a much higher price owing to its superior quality, but as we based our figures on a low grade instead of a high grade pulp, it would appear as if we were competing with Canadian pulp, whereas our figures are compiled solely for the purpose of the issue, for which purpose we must be on the safe side.

This explains the third paragraph of your letter showing that we shall not be competing with Canada in the Pulp market.

As for Egypt, we do not know what class of pulp they intend to manufacture, - probably for local Paper Trade - but it is quite certain that the quantity they do produce will not affect the Pulp market here.

Pulp produced in Kenya, however, will be an Empire Pulp in every sense of the word, and will at least represent by 100,000 (one hundred thousand) tons per annum Foreign produced pulp imported into this country, which Foreign produced pulp in 1933, the last year Board of Trade figures are available, amounted

*109*

to over 700,000 (seven hundred thousand) tons, costing over five million sterling, so it will be seen there is plenty of room in the United Kingdom Market alone for ~~the~~ produced pulp, to say nothing of other parts of the Empire which are pulp importers for their own use.

Yours truly,

For  
HITCHINS JERVIS & PARTNERS.

*[Handwritten signature]*

Mr. Preston. 4/8/34.

Mr. Flood 4.6.

Mr. Dawson

Mr. Parkinson.

Sir G. Tomlinson

Sir C. Bottomley. 4.6 f

Sir J. Shuckburgh

Permt. U.S. of S.

Parly. U.S. of S.

Secretary of State.

Downing Street.

C. B.  
R 4 JUN.  
D 5

20 JUN 1934

Sy Answered to No 21

Sir,

**DRAFT.**

KENYA.

CONFIDENTIAL. (2)

GOVERNOR.

I have the honour to refer

to my confidential telegram No. 138

of the 30th May and to ~~enclose~~ <sup>transmit</sup> for

your consideration a copy of a letter

with enclosure in receipt from the

promoters of the East African Paper Mills

East African Paper Mills Company

Limited.

2. You will observe that the

objects of the Company are much

in common with those of the enter-

prise referred to in the correspondence

with Mr. Moore's

14 August

FURTHER ACTION.

12 on 31

- Mr. Parkinson.
- Sir E. Tomlinson.
- Sir C. Bottomley.
- Sir J. Shuckburgh
- Prmt. U.S. of S.
- Parly. U.S. of S.
- Secretary of State.

**DRAFT.**

concession which he holds from your Government (dated <sup>16th</sup> / <sup>7</sup> / June 1932) and extended for a further two years by a 1 from the Conservator of Forests of the 22nd / August, 1933) he is required to establish the factory "within the area of the Licence or within the adjacent forest preserve" and that the transference of the factory to Tsavo will necessitate a formal amendment in the Licence.

(b) Mr. Udall has given me to understand that he anticipates that in the course of time, the Company will require a larger area of land at Tsavo than the 100 acres which formed the ~~was dealt with in letter~~ subject of ~~leases~~ from the Lands Department of <sup>the 19<sup>th</sup> of</sup> September 1933, and <sup>the 11<sup>th</sup> of</sup> March, 1934.

**FURTHER ACTION.**

all matters for consideration at  
their meetings. I shall be grateful,  
therefore, if you will inform me by  
telegram as soon as possible after the  
receipt of this despatch, whether you  
concur generally in my proposal to  
apply on ~~your~~ <sup>(gold Coast of Kenya)</sup> behalf to that Committee  
for the financial assistance desired  
by the Company on terms similar to  
those described in the enclosures  
to my despatch No. 1032 of the  
19th July, 1933.  
I have, etc.

18. 3 126/33

(Sgd.) P. CUNLIFFE-LISTER

HITCHINS, JERVIS & PARTNERS.

CHARITERS CONSULTING ENGINEERS.

CHARLES F. HITCHINS,  
ROCKHART-JERVIS, D.S.O.  
"INNERTON DRIVE"

Hallam House,  
3, Central Buildings  
Westminster,  
London, S.W.1.

4 June, 1931.

Mr Cecil Bottomley, K.C., D.S.O.,  
Colonial Office,  
Downing Street,  
S.W.1.

BRITISH EAST AFRICA

Dear Sir Cecil Bottomley,

As requested to-day at 11, I enclose in enclosing herewith a memorandum on the formation of the proposed Company for the Hambo Concession. You will notice in it that we have set out -

- (a) the money required, and
- (b) its allocation.

At the back of the memorandum you will find a complete schedule showing the approximate amount of the expenditure in Great Britain and Kenya.

We trust that you will see your interests and wish to thank you for the opportunity of the concession granted us to-day.

We are,

Yours faithfully,

For  
HITCHINS, JERVIS & PARTNERS.

copy to Kemp (13)

*[Handwritten signature and scribbles]*

ESTIMATED TRAFFIC ON THE KENYA & UGANDA RAILWAY PER ANNUM

<b>BAMBOO:</b>	228,000 tons from Kijabe to Tsavo distance 258 miles x 228,000 = ton miles	52,341,000
<b>COAL:</b>	112,000 tons from Kilindini to Tsavo distance 136 miles x 112,000 = ton miles	12,544,000
<b>PULP:</b>	100,000 tons from Tsavo to Kilindini distance 136 miles x 100,000 = ton miles	13,600,000
<b>SALT:</b>	65,000 tons from Kilindini to Tsavo distance 136 miles x 65,000 = ton miles	8,450,000
<b>GRAPHITE:</b>	1,800 tons from Kilindini to Tsavo distance 136 miles x 1,800 = ton miles	324,000
<b>SUNDRIES:</b>	General stores, Posho for boys, etc. 2,000 tons x 200 = ton miles	400,000
		<u>90,259,000</u>

Traffic in tons 500,000

Traffic in ton miles 90,250,000

CONSTRUCTION MATERIAL

20,000 tons Kilindini to Tsavo distance 136 miles x 20,000 = ton miles	2,720,000
5,000 tons Kilindini to Kijabe distance 376 miles x 5,000 = ton miles	<u>1,880,000</u>
	<u>4,600,000</u>

NOTE:

Additional revenue will be derived from Passenger Traffic between stations mentioned.

ESTIMATED AMOUNT OF SHIPPING TO BE HANDLED AT THE PORT OF KILINDINI.

Inwards	Coal ... ..	112,000 tons
	Salt ... ..	65,000 "
	Graphite ... ..	1,800 "
	Sundries ... ..	300 "
		<u>179,100 "</u>
	Construction Material	25,000 tons
Outwards	Pulp ... ..	100,000 tons

Subject to a favourable decision on para. 4 above it is anticipated that the Company will be able to earn a profit of 22 per ton of finished pulp after providing for depreciation and all charges. From an output of 100,000 tons per annum this will give a profit of £200,000.

It is proposed that the financial structure of the Company shall consist of :-

£700,000 4½% first mortgage guaranteed debenture stock issued for cash and,  
£750,000 in ordinary shares, of which £700,000 will be issued for cash.

The capital will be utilized as follows:-

Expenditure in Great Britain.

Plant & Machinery .....	£212,000	
Shipping, Insurance & Transportation to Kenya.	57,500	
		£249,500

Expenditure in Kenya.

Erection and Construction of Plant.....	141,500	
including purchase of local materials etc., at Tarvo & Kijabe.		
Working Capital.....	239,000	
Vendor's commission and other expenses.....	110,000	
Cost of issue.....	110,000	
		£1,450,000

It is anticipated that the plant of this company will be ready for operation within two years of the commencement of constructional work in Kenya.

His Majesty's Government on the recommendation of the Colonial Development Advisory Committee subject to certain conditions have approved on the advice of the Treasury of a loan of £60,000 to the Government of Kenya, which that Government will re-lend to the Company. The conditions of this loan are that it will bear interest at 5% per annum and be redeemed within 10 years. As the project has been increased from 40,000 tons to 100,000 tons per annum of finished pulp, we require this assistance to be increased to £100,000 and to take the form of a guarantee of interest on this debenture stock at the prevailing rate, for a period of three years.

To raise the capital it is essential that the bamboo concession at Kijabe, which is at present granted for a period of 20 years with the right to renew for a further 20 years, should be granted for a period of 39 years.



Forest Department,  
P.O. Box 23,  
Nairobi,  
Kenya, August, 1933.

In reply please quote  
No. 70/24/91 and date.

Chas G. L. Esq.,  
Kenya Marble Quarries Co.,  
P.O. Box 234,  
Nairobi.

I beg to refer to your letter of the  
21st instant, and to inform you that Government has  
approved of the extension, for a further period of two  
years, of the two years term provided for in clause 4  
of the licence.

I have the honour to be,  
Sir,  
Your obedient servant

(Sgd.)

For CONSERVATION

Sir,

RE: APPLICATION FOR LAND AT TSAVO.

BAMBOO CONCESSION.

With reference to your letter of the 17th September, 1933, I have the honour to inform you that the 100 acres of land at Tsavo for which you provisionally apply will be held in reserve for a period of six months pending the receipt of a formal and definite application for a specified area. Upon receipt of such application the terms and conditions upon which the land may be granted and the position regarding the existing Hydraulic ram, will be considered.

2. You are, no doubt, aware that the issue of a water permit is in the hands of the Director of Public Works to whom an application for a permit should be made.

I am Sir,

Your obedient servant,

(Sgd) C.E. MORTIMER.

AS: COMMISSIONER FOR LOCAL GOVERNMENT  
LANDS AND SETTLEMENT.

P.O. Box 568  
Telephone No. 2426

Public Works Department  
Head Office  
Nairobi.

In reply please quote  
Ref. No. B.1276/117/11/a

26th September, 1933.

Chas. Udall Esq.,  
P.O. Box 234,  
Nairobi.

Sir,

BAMBOO CONCESSION

Ref: Your letter of the 23-9-33.

I have the honour to confirm that, in the event of your establishing a factory on the Tsavo River at an early date, there will be no objection by this Department to the grant of a permit for the abstraction of such amount as you may require for any manufacturing process or for water incidents, there is up to an amount not exceeding one quarter of the flow of the river subject always to the fulfilment of the usual conditions with regard to the submission of your proposals, my approval of the same and the return of the water free from pollution to the river.

I have the honour to be,

Sir,

Your obedient servant,

(Sgd) C. H. Walsley.

DIRECTOR OF PUBLIC WORKS

Department of Local Government,  
Lands, Settlement and Mines.

Nairobi, 12th March, 1934.

When replying please quote  
No. LND. 42/55/1/11 and date

Sir,

RE: BAMBOO CONCESSION.

With reference to your letter of 26th February, 1934, I have the honour to inform you that an extension for a further six months of the period of reservation in respect of the 100 acres of land at Taave, is approved subject to the proviso that if in the meantime any other application is made for this land you will be called upon either to withdraw your application or to substantiate it.

I have the honour to be,

Sir,

Your obedient servant,

(Sgd) C. E. MORTIMER.

AG: COMMISSIONER FOR LOCAL GOVERNMENT,  
LANDS SETTLEMENT AND MINES.

Udall Esq.,  
Mitchell Cotts & Co. Ltd.  
3, St. Helen's Street  
London, E.C.3.  
ENGLAND

Department of Local Government,  
Lands, Settlement and Mines.

Nairobi, 18th March, 1934.

When replying please quote  
No.LND.42/55/1/11 and date

Sir,

RE: BAMBOO CONCESSION.

With reference to your letter of 26th

February, 1934, I have the honour to inform you that an extension for a further six months of the period of reservation in respect of the 100 acres of land at Taavo, is approved subject to the proviso that if in the meantime any other application is made for this land you will be called upon either to withdraw your application or to substantiate it.

I have the honour to be,

Sir,

Your obedient servant,

(Sgd) C. E. MORTIMER.

AG: COMMISSIONER FOR LOCAL GOVERNMENT,  
LANDS SETTLEMENT AND MINES.

DOWNING STREET,

2nd June, 1934.

Dear Colonel Jervis,

There is one point arising out of our discussion yesterday which I ought to have taken up at the time.

You will remember that we were discussing the question whether the produce of the proposed bamboo pulp factory in Kenya would compete with other Empire pulp or with the paper manufactured from that pulp. Mr. Udall mentioned that arrangements had been made for applying the Pomilio process to similar purposes in Egypt, and that as this would be in competition with Canada there seemed to him to be no objection to similar competition between Kenya and Canada. At the same time I gathered that the produce of the Kenya factory would largely be sold in a different kind of market from the produce of Canadian pulp.

My present point is this: if Egypt is going to compete with Canada it would presumably compete with Kenya also. It will have a definite advantage

as

COLONEL B. G. LOCKHART JERVIS, D. S. O., M. A., C. B.

22

as regards ocean freights and possibly as regards  
the raw material. Have you considered whether the  
Egyptian factor is going to militate against the  
success of your interests?

You will understand that as the existence of the  
Egyptian enterprise has come up it will be necessary for  
us to satisfy the Secretary of State that it is not a  
matter for which considering your scheme.

No doubt there is a simple answer. I confess  
I am not being very clear about the different classes  
of pulp and the extent to which the markets for them

Yours sincerely,

*W. C. Wood*

Mr. [unclear]  
Mr. [unclear]  
Mr. [unclear]

Mr. Parkinon.

Mr. Tomlinson.

X Sir C. Bottomley. 50, [unclear]

Sir J. Shuckburgh.

Permt. U.S. of S.

Parly. U.S. of S.

Secretary of State.

Answered by No 15

To go tonight 30/5

7:30

30/5

WHT

He

Conf. No 138

O.D.  
R-31 MAY  
D 31

**DRAFT. TELEGRAM.**

GOVERNOR.

NAIROBI.

CONFIDENTIAL.

My Telegram 136 confidential

I have to-day been approached by promoters of Company and hope to send you full statement by next week's air mail. Meantime please

inform me by telegram -

if you see any objection

of Udall bamboo

subject to total

of this would

of capital.

for misuse or

to be used as,

re. H.

(b) [unclear]

promoters' statement that they

FURTHER ACTION

Review to E.H. Dept  
by Friday morning

J. J. JERVIS & PARTNERS

ENGINEERS

CHARLES F. MITCHING, D.S.O., M. INST. C.E., M. INST. M.E.  
S. C. LOCKHART-JERVIS, D.S.O., M. INST. C.E., M. INST. M.E.  
I. S. SWINERTON DYER, A.M. INST. C.E.

TELEPHONE: WHITEHALL 4115 (8 LINES)  
TELEGRAMS: JERVISIA, LONDON.  
CODES: A & C 2<sup>ND</sup> EDITION, BENTLEY AND PRIVATE

RECEIVED  
30  
MAY 1934  
C. O. RECD.

6  
Holland House,  
3, Central Buildings,  
Westminster,  
London, S.W.1.  
29th May, 1934.

Rt. Hon. Sir Philip Cunliffe-Lister, G.B.E., M.C., M.P.,  
The Secretary of State for the Colonies,  
Colonial Office, S.W.1.

Sir,

We have been appointed by Mr. Charles Udall of Nairobi, who is now in this country, as his Consulting Engineers and have completed the preparation of the plans and specifications to enable him to float a Company to produce high class pulp from bamboo and sisal in Kenya. The company, which will have the title of British East African Pulp Mills Ltd, will have works on the River Tsavo, adjacent to the Kenya & Uganda Railway, and also at Kijabe, which is near the bamboo forest.

Mr. Udall holds a concession from the Kenya Government cut bamboo at Kijabe over an area of about 50,000 acres for a period of 20 years, subject to a further 20 year renewal, making a total of 40 years.

3. We also holds a letter dated 18th July 1933 from the Under Secretary of State Colonial Office copy of which we attach. In this letter the Colonial Development Advisory Committee have recommended, with the concurrence of the Treasury, an advance from the Colonial Development Fund a sum of £60,000 to the Government of Kenya; this sum will be re-lent to the Company (British East African Pulp Mills Ltd) which is to be formed for the establishment of this great Imperial industry. This loan to be made from the Kenya Government to the Company bears interest at 5% per annum, and will be repayable by that Company to the Government within 10 years or earlier at the Company's option.

4. After full examination of this scheme by ourselves and other experts it is our opinion that the original programme for the construction of a Mill with an output of 40,000 tons of high class pulp was not adequate considering the huge areas of sisal already in existence in the Colony, and from which, as also from

NO 57  
3126/33

bamboo, it has been proved that they can manufacture high grade pulps.

We and those associated with us feel that the smallest economic unit is that which will give a production of 100,000 tons of high-class finished chemical pulps per annum. This will involve a capital issue of £1,400,000. In view of this we shall be glad if you will consider :-

- (1) An extension of the period of the bamboo concession to 99 years. The period of 20 years already granted raises difficulties in obtaining the capital.
- (2) In view of the enlargement of the scheme an increase of the loan to £100,000 on the same terms as to interest and repayment as those already recommended by the Colonial Development Advisory Committee.
- (3) Give your active support to this Imperial Undertaking by obtaining a preference in the use of Empire pulp for the paper used in Government Departments.

We shall be glad if you can give this letter your consideration and grant us an interview.

We are, Sir, yours faithfully,

W. HITCHINS, JERVIS & PARTNERS.

*[Handwritten signature]*

Communications on this subject should be addressed to-

The Under Secretary of State,

Colonial Office,

London, S.W.1.

and the following number quoted, 3126/55.

Downing Street,

19 July 1955

Sir,

I am directed by the Secretary Sir Philip Sunliffe-Lister to refer to previous correspondence and discussions regarding the proposed establishment in Kenya of a factory to convert bamboo and miscelaneos into pulp and kindred products.

2. As you are aware, an application for financial assistance towards this enterprise has been submitted to the Colonial Development Advisory Committee, and was considered by them at their meeting on the 18th of June. On the Committee's recommendation and with the concurrence of the Treasury, approval has been given for an advance from the Colonial Development Fund on the following terms and conditions:

1. The sum of £50,000 will be advanced to the Government of Kenya, to be lent to the Company which is to be formed for the purpose of establishing the factory. The loan from the Government to the Company will bear interest at 5% per annum, and will be repaid by the Company to the Government within ten years or earlier at the Company's option.

4. The loan will not be a first charge against all the assets and undertaking of the Company.

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.

6. You will, no doubt in due course notify this Department 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.

I am,

Sir,

Your obedient servant,

(Signed) J. F. Field.

Mr. Hamilton.

Mr. Hamilton.

Mr.

Mr. P. H. Mason.

Mr. Tomkinson.

Mr. C. Bottomley.

Sir J. Shuckburgh.

Perms. U.S. of S.

Parly. U.S.

Secretary.

For Sir C. Bottomley's sig.

DOWNING STREET,

May, 1934.

CONFIDENTIAL

Dear Mr. Hamilton,

You may remember having had a discussion and some correspondence with me in December 1933 about the difficulties of the Kenya maize farmers. I am now taking the liberty of writing to you on another subject of great potential interest to Kenya.

I understand from General Knoder that proposals are afoot for establishing a bamboo pulp factory at Teave and that the scheme has been engaging your attention. During 1933 we heard a good deal about a proposal on apparently similar lines, but Mr. Charles Udall, who was prominently connected with it, has not yet informed us of any new developments.

An exchange of views and information would, I think, be mutually helpful.

**FURTHER ACTION.**

helpful before matters proceed  
much further. Can you conveniently  
arrange to come and discuss the  
question with me, bringing  
Mr. Udall with you if he cares to  
come? I shall be free at any time  
tomorrow or on Friday, but  
Thursday is fully occupied.  
Perhaps you will be good enough  
to let me know by telephone  
when I may hope to have the  
pleasure of seeing you.

Yours sincerely,

(Signed) W. C. BOTTOMLEY.

THE MAGADI SODA COMPANY LIMITED  
Lake Magadi, Kenya.

2nd May 1934.

P. 16/34

J. D. Karlam, Esq.,  
Imperial Chemical House  
Millbank, S.W.1.

My Dear Karlam,

I am able to peruse in confidence a broad outline of the scheme mooted for the projected Bamboo Pulp and Salt (Soda) Kenya Colony". To my surprise I found that caustic soda is to be produced by electrolysis of NaCl (imported). The hydrochloric acid, during the electrolysis will be utilised in the manufacture of the business. At the present moment, the scheme is more or less at a stand-still, although the development fund has expressed its willingness to contribute to the tune of £60,000 under certain conditions.

Major Conrad Walsh, c/o Messrs. Matheson & Co. Ltd., 3 Lombard Street, London, E. C., knows a good deal about this scheme, which is capitalised at £900,000 with Vendors being given £100,000, making a total of £1,000,000 in all.

The Company apparently does not intend to buy any of our Soda or Salt under the present scheme, so that Mr. Udall has not been exactly frank with us. My impressions are :-

- (a) They have not got their finance,  
and
- (b) They are relying on Mathesons to do the trick for them.

Yours sincerely,

(signed) A. J. PELLING

P. S. As the scheme is not dead by any means, I suggest that the Colonial Office might be asked why a scheme involving the manufacture of Soda from imported salt should be backed 'when close-at-hand cheap Soda is available'.

A.J.P.

Handwritten notes at the top of the page, including the word "Agreement" and "find".

Agreement to find period this afternoon  
have noted this concurred in  
carbon copy in 35. The Schedule

has been found the  
more than  
found.

The staff should read Naviti  
on Monday Oct. 8th. R. Bada lets  
ultimate that Ex. Co. normally meets on  
Fridays, but may have to be  
specially summoned. It will no  
doubt facilitate any necessary  
arrangements if we want you, as  
in the aft. let. herewith.

As regards the loyalty  
question. Cf. Jones  
memo, as the basis  
of the



it is necessary, it is desirable  
that it should be stamped here.

19/10/34

A. J. Duncan

Shunt  
25/10

After the meeting of the Executive Council, in which he was  
regarding the rate of royalties or that of after considering  
them it is thought that perhaps in Nov. 5th should state  
he is prepared to agree rather than prejudicial success of  
negotiations.

78 To J. J. (Lt) 23<sup>rd</sup> Oct.

from J. J. (Lt) 25<sup>th</sup> Oct.

(Stamp date on Agreement 4/1-)

dupes of Mr. Duncan's point as regards  
local stamp duty. It will, no doubt, be  
due when we return the Gopman's copy to  
Nauru, so that it can be duly stamped  
there.

As regards V.K. duty, if any  
against such a copy, E. Nauru, should

until the three original copies have been  
returned by Messrs. Harrison & Snyden.

77 I discussed with Col. Jones the  
question of increasing the effective rate of  
royalty above the 6% + 5% previously  
agreed provisionally. He has since  
seen his associates, & has now  
telephoned that they accept the suggestion  
that I put to him, viz. that 7 1/2%  
should be substituted for 5%. This  
should go some way towards  
meeting Messrs. Jones' wishes.

Dh. which Mr. Flood saw  
in rough draft, & agreed.

Shunt  
25/10

80 Tel. no. 259 to Gwaha Camp. (no 77 and) - 26 Oct. 1934

RECORDED UNDER SECTION 10  
No 46

26 Oct 34

W. H. Illiss

29.10.34

Byrd



89 To H. W. Birchall (part)  
 90 To H. W. Birchall (part)  
 90A To H. W. Birchall (part)  
 91 To H. W. Birchall (part)  
 92 To H. W. Birchall (part)

All goes into the credit of the day on  
 today but...

of Michael Cell...  
 The R. W. S. and...

the base of net profit  
 for purposes of the...  
 share is...  
 It might work out...  
 Division in N. 1/2...

2600  
 580

(B.P.L.)  
 117500  
 26,000  
 143,944  
 Net profit 56,000  
 £200,000

7 1/2% of net profit = £4,200  
 + fixed royalty  
 Total: £4,200

(faint handwritten notes and scribbles)

has only...  
 will not be decisive...  
 He is afraid that it may...  
 come to Sir E. Grey...  
 his name appeared on the Board...  
 it is now proposed to have him...

120 Governor Byrne Tel 253 8 November 34

States that railway of S. L. require to special rates averaging 5.000 cents per ton, owing to bulk haulage & that he is reluctant to agree to any reduction of rates or to be included in the Concessionary.

There is to be a further meeting at 2.30 pm on 11th Nov. Friday before Mr.

44. S. L. Hall Tel 253 11 Nov 34  
State that he has long been a supporter of the Government's policy in the railway & is now in the same position with his action in the

45. Governor Byrne Tel 253 11 Nov 34  
It seems important that I should be able to convey to the railway the decision on railway rates.

The following passages in the voluminous file are relevant:  
High Commissioner's despatch of 10th Sept 34  
Pp. 8-10 of Mr. Hall-Caine's letter of 9th Oct. (68)  
S. L.'s letter of 15th Oct. (71)  
Yesterday's letter (N: 98)

In spite of Mr. Hall-Caine's arguments, it cannot be disputed that the question of railway rates is a highly technical matter in which no one is qualified to speak with authority but

67. This gives us the basis for the proposed purposes; small items of expenditure may be adjusted with the same care as the year draft the 1934-35 draft. 1930-31 drafted to Colonial  
68. Mr. Hall-Caine's draft of these letters to the Governor and to be sent to them on the 12th of October. He has no objection to the draft being circulated and is prepared himself if asked.  
Sent over to Mr. Campbell  
Colonel Jervis

per  
Director  
7/11/34

97. To S. L. Jervis (S.O) 8 Nov 34

98. To Governor Kenya Tel 265 Conf - com - 7 Nov 34

substance of this letter to the promoters,  
says that the Sigs. agree

I S. proceed

Sturtevant  
Sigs.

I fully agree. This settles it.

S. E. W. Hood  
8-11

the Rys have given their best  
but considered... with every  
desire to help they cannot but  
relay into the full estimates  
I believe they have pushed the lowest  
figure which will not involve a  
Whitely. We must accept this.

MW

9/11.

To Hitchins, Jennet & Partners

10/11/24

9 Nov 312  
State that Mr. Hall Caine has accepted... as Chairman  
of the Company, that copy of draft Prospectus prepared last Feb  
may be returned & that final Prospectus will be submitted next

REVISED UNDER STATUTE

There was a further meeting last Friday  
between Mr. Rose Smith, Mr. Hall Caine, Col.  
Jervis & myself. Mr. Hall Caine pressed  
for that the best guarantee should cover  
the without you (as well as the...)  
- scheme for... this  
suggested additional burden has... obvious.

It was suggested that... an  
alteration to a public issue, the whole  
of the capital might be obtained privately  
from e.g. the President. Mr. Hall Caine  
undertook to put the matter before the  
Chairman of the President, whom he  
knew, on the basis of No. 95 (i.e.  
a 4-year guarantee) & to report

enter by  
76B, 90A

(P) - dated  
11/11/24  
from Col. Jervis  
and attached  
of an...  
Sigs.

What

Sturtevant  
11/11  
above

103. Extract from Financial Times 5 Nov 34  
DESTROYED UNDER STATUTE

104. News 10 Nov 34  
DESTROYED UNDER STATUTE

105. News 12 Nov 34  
DESTROYED UNDER STATUTE

106. Seck Machinery Co Ltd 12 Nov 34  
DESTROYED UNDER STATUTE

State that they are leading manufacturers of machinery  
for pulp & paper industry & seek information regarding  
the bamboo pulp scheme.

107. Seck Machinery Co Ltd 14 Nov 34

(106 annot.)  
Re H/S Hitchen Jarvis - re 104, 106 - 14 Nov 34

108. Seck Machinery Co Ltd 15 Nov 34  
DESTROYED UNDER STATUTE

Notes No 107 & state they are in communication with  
Messrs Hitchen Jarvis Partners.

109. Hitchen Jarvis Partners 11 Nov 34  
DESTROYED UNDER STATUTE

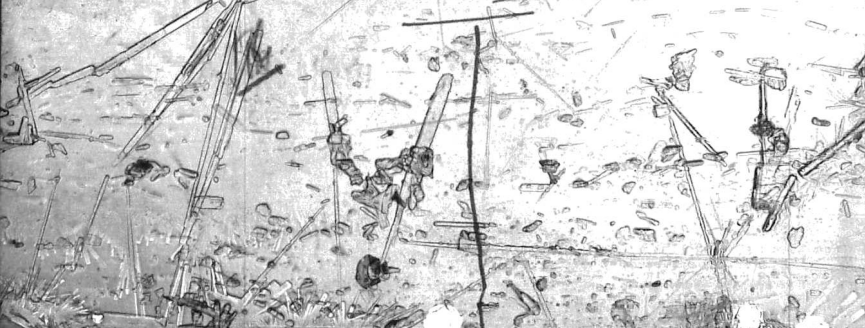
Notes No 101 & state they will write again when it has  
been considered further.

By air mail  
20/11/34

110 to Kenya, Conf 2 (20 Nov 1934)  
(N/2 in CD/C 1608 + do 101 + 109)

Further action  
re envelope

Contd on Part III



Mr. Procter, 19/10

Mr.

Mr.

Mr. [illegible]

Sir G. Tomlinson

Sir C. Bottomley

Sir J. Shuckburgh

Perm. U.S. of S.

Early U.S. of S.

U.S. of S.

AIR MAIL of  
Tuesday 20th  
November.

Downing Street,

20 November, 1934.

Sir,

With reference to prev

**DRAFT**

**CONFIDENTIAL**

GOVERNMENT

we have further from C

C/M

What

passage; copies of the Reports were

forwarded to you under cover of my

air mail despatch Confidential (2)

the 9th of October.

meeting on the

of U.S. the Committee

arranges to

**FURTHER ACTION.**

(61)

From Colonel Jervis (109)

11010

...of certain

...referred to a sub-

...the consideration of

...which relate principally

...with the promoters of the

...subject of the freight

charges of the Kenya-Uganda Rly. You

will no doubt arrange for this correspondence

to be recorded in the office of the High

Commissioner for Transport.

I have, etc.

(Sgd.) P. OUNLIFFE-LISTER.

U. S.

23201/26

107

Mr. Tassell 12/14

fr. R 297

Kiang

Mr. Parkinson.

Mr. Tomlinson.

Sir C. Bottomley.

Sir J. Shuckburgh.

Perm. U.S. of S.

Partly. U.S. of S.

Secretary of State.

O. D.  
R 13 NOV  
R 137

14 NOV 1934

gentlemen

DRAFT

The Sack Trading Co. Ltd.

Copy to Mr. ...

Copy comm. to  
Hobbs from LF. with  
my comp.

The ... of the  
... to inform  
... negotiations for  
the formation of a company  
to manufacture bamboo pulp  
in Kiang are still  
pending.

The Consulting Engineers  
to the promoters of this  
enterprise are Messrs.

Mr.  
Mr.  
Mr. Parkinson  
Sir G. Tomlinson  
Sir C. Bottomley  
Sir J. Shuckburgh  
Parly. U.S. of S.  
Parly. U.S. of S.  
Secretary of State

O. D.  
R/O - NOV  
D. D.

Hutchinson

Communication on the subject  
of the rates to  
be fixed by the Government  
of the Kingdom  
of Belgium

to inform you that  
according to a Belgian  
receipt from S. - graph  
the matter was further discussed at  
a meeting of  
the Railway Council  
held on the 3<sup>rd</sup> November  
The High Court  
has ruled that the  
rest of the

copy to Kanga

FURTHER ACTION.  
Recive to me  
quicker

Kenya Uganda Railway, averaged in 1935  
to 8.816 cents per ton-mile. Working  
costs, excluding loan charges, but including

provision for depreciation, was averaged  
8.945 cents per ton-mile. (These figures

are taken from the General Manager's  
Annual Report for 1935, of which a

copy is available for your inspection  
(if desired.) In the case of the Pulp

Industry, the Railway Administration...

to your attention... 5.2 - 5.8 cents  
ton-mile, owing to bulk haulage  
reduction below these rates will

to quantity in contracted supply  
to the Bamboo Pulp Company; he is therefore

not reluctant to agree to any reduction  
in the rates already quoted to the Company.

4. Sir Philip Cunliffe's letter states  
that the Railway is in agreement with

the attitude to this question which has  
been taken up by the High Comm.

for Transport.

(3)5- Joint by me  
further views that in

RECEIVED  
NOV 1934

TELEGRAM from the Governor of Kenya to the Secretary of State for the Colonies.

Dated 8 November 1934. Received 2.44 p.m. 8 November 1934.

IMPORTANT.

No 98

No. 253. Confidential. Your telegram No. 265 Confidential. Matter has discussed this morning in the Railway Committee. All of rate of rail for transport approximately 11 cents per ton mile including overheads excluding 9 cents per ton mile depreciation average approximately 11 cents per ton mile vide Annual Report of Kenya Uganda Railway 1933 page 9. In such case railway is able to agree to especially favourable rates averaging 3.48 cents per ton mile owing to bulk haulage. Any reduction below these rates would amount to concealed subsidy to the Company, I am therefore most reluctant to agree to any reduction of rates already quoted the Company. If you agree with me would be grateful if you would inform the Company.

C. O.

23/10/29

98

Mr. Hord  
Mr. Hord (copy)

Mr. Parkinson

Sir G. Tomlin

Sir C. B. ...

Sir J. Shuckburgh

Paper, U.S. of S

Webb, U.S. of S

Wardens of State

DRAFT



Application for

complete  
with  
information

regarding altitude of City

on question of railway rate

but I am advised that

one cent a flat rate

means nine shillings on

cost of finished pulp. I

am anxious that lowest

possible rate should be

FURTHER ACTION.

to the inspection of the embargo,  
but agree to the addition of  
the words "without first obtaining  
the concurrence of H. W. Frost."

3. In reply to your note  
of the 6th inst. (heavily annotated)  
a single copy of the draft

Prospectus prepared last June, and  
while we should be reluctant to  
part with it, we may not

5.44. assured that it will not fall  
bulk into the hands of the  
person.

A copy of the typewritten  
copy, would it not be safe  
for you to write to Miss Private  
Secretary, asking for it to be  
destroyed or returned to you?

Yours sincerely

PH

96

RECEIVED

E 7-NOV 1934

C. O. REGY

Telegram from the Governor of Kenya to the Secretary of State  
for the Colonies.

Dated 7th November, 1934. Received 9.15 a.m. 7th November.

No. 259. Confidential.

Your telegram No. 259 Confidential Bamboo pulp.

Following telegram communicated by Hamilton local solicitor  
Begins:- Pulp scheme now approved by the Government here. City  
financial interests state that railway rates crushed bamboo  
pulp salt coal too high and gravely imperilling successful  
public issue. They demand 5 cents flat rate. Matter so  
urgent that we ask that you see the Governor and railway  
management representing seriousness of position. Very  
urgent cable signed Jarvis ends.

Should be glad of early confirmation that position  
is as represented.

This copy must be made to [unclear]

...guarantee of interest on the Debentures to be issued by the East African Palm Mills

...an additional sum to be raised by the Company on the formation by the issue of Ordinary Shares sufficient to meet the interest on the Debentures for the first three years, namely a maximum sum of £21,500 per annum

subject to settlement of certain details

...in the first year the interest payable on the Debentures less than £21,500, deferred until the date on which the Debentures are called up

...sum of £21,500 to be placed in a Treasury Fund of the East African Palm Mills or for such other purposes as the Treasury may approve

Act 1 - The Company to take power to pay to the British Government during the construction period

(2) The British Government to guarantee the payment of the interest (at a rate not exceeding 4%) on the £21,500 Debentures for a period of seven years, dating from the formation of the company

(3) As security for the foregoing guarantee, the company is

to lodge

to the  
S. 10  
lay  
(11)

bank  
to

on

in the

with to say that  
Philip Curdiffe  
objection to  
approaching

in connection with an  
investigation to be  
conducted

the records  
of the  
the records of

British Treasury, who shall be  
with all the information and facts

533

months arising in  
of the c  
days

part  
limited

(5) Any sums found by the British Government in respect of its guarantee to be treated as advances to the company bearing interest (until repaid) at 4 1/2% per annum, and to be secured on the sums paid into the Special Joint Account (as in (3) above) and by a charge on the company's undertaking, ranking <sup>after the First Debentures</sup> ~~equally with the principal sum secured by the First Debentures~~ after any sums secured by such debentures.

by the company within five years after the formation of the company.

guarantee so long as the company is in existence and no charge is to be made against profits for Debenture redemption).

(7) The 2700,000 Debentures to bear interest at a rate not exceeding 4 1/2% per annum, redemption of the Debentures not to commence earlier than 10 years after the issue.

(8) The auditors referred to in (4) above shall certify to the Kenya Government as to the correctness of the sums paid by the company to that Government in respect of royalty, and the Government's 7 1/2% share of profit (free of British Income Tax), such share of profit to be calculated upon the net earnings of the company arrived at after making appropriate provision for depreciation and British Income Tax and after charging (1) Debenture Interest and Debenture Sinking Fund





21  
The Board of Directors of the  
Company shall have the honor to be  
informed that the Board of Directors  
has approved the following proposal:

(1) An additional sum to be raised by the company on the formation by the issue of ordinary shares sufficient to cover interest on the Debentures for the first three years, namely, a maximum sum of £94,500 ( £31,500 per annum x 3). This will mean that the ordinary share issue will be about £800,000 instead of the £700,000 originally proposed.

Note: In the first year the interest payable will probably be less than £31,500, as ending upon the dates on which the shares are called up.

The additional sum of £94,500 so raised to be placed on deposit in the joint names of the British Treasury and the Company, and to be released for the payment of Debenture interest as and when such interest is due, or for such other purposes as the Treasury may approve.

Note: The company to take power to charge to Capital Interest on Debentures during the construction period.

(2) The British Government to guarantee due payment of the interest (at a rate not exceeding 4%) on the £700,000 Debentures for a period of seven years, dating from the formation of the company.

(3) As security for the foregoing guarantee, the company is -



ordinary ways It is felt that  
as former London was central on  
behalf of the K. emp. Government.  
it is only right that  
Government should pay

Rate on we do about  
weekdays, up to 1000  
bills in sleeping  
to go to with the  
Chairman, but he  
has yet

Yours sincerely

DP

and some other  
request by the  
am further to say  
would then be with  
the two bills

0  
0  
0 2

12/11/10

as a result of enquiry from  
the Kango Dept that the stamp  
duty payable under the Kango

Ordinance is purely nominal  
no shilling to be exact.

Yours sincerely

TELEPHONE:  
WHITEHALL-5116.

83 39  
5, CENTRAL BUILDINGS,  
WESTMINSTER, W. 1.

31st October 1954.

L. B. Freeston Esq.,  
Colonial Office,  
WHITEHALL S.W. 1.

Dear Mr. Freeston,

Kenya Bamboo Pulp Royalty

I had hoped to have written you earlier on this subject which we recently discussed together. That the proposal made of 30 per cent royalty plus net profits of the Company after making the deductions set out in your letter of the 11th inst. is not accepted by the Government of Kenya sufficient.

However, as a result of talks with my colleagues on the subject we would agree that in view of the change that has taken place in regard to the royalty that the following is put forward to the Government.

That the royalty should be 30 per cent of Bamboo Pulp manufactured at Tsavo, plus 7% on the net profits earned by the Company (such net profits being as defined in your letter above referred to).

We hope that this proposal will be acceptable, and that we may hear from you in due course that this is so, because you will realise we can do very little with the financial structure of the Projectus until we get this matter settled.

Yours truly,

*John G. Jones*

WEST AFRICAN PULP MILLS SCHEME

1950

The scheme is being financed by the Government of the United Kingdom.

In addition, there is a grant of £100,000 by the Government of the United Kingdom to the project.

The mill will be the first of its kind in the West Indies and will be a major contribution to the development of the island.

The mill is expected to be completed by the end of 1951 and will be a major contribution to the development of the island.

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The scheme is being financed by the Government of the United Kingdom.

In addition, there is a grant of £100,000 by the Government of the United Kingdom to the project.

The mill will be a major contribution to the development of the island.

The mill is expected to be completed by the end of 1951 and will be a major contribution to the development of the island.

The mill will be a major contribution to the development of the island.

The mill will be a major contribution to the development of the island.

is not deducted in computation of  
net profit. Promoters have now

accepted  $7\frac{1}{2}\%$  instead of  $5\%$  as  
Government's share of net profits.  
On such  $\downarrow$  forecasts as are available

Government's share this should yield equivalent

of  $\text{Rs } 2/-$  per ton after fifth year  
i.e.  $2/6^d$  per ton if when  
fixed royalty is <sup>added</sup> included.

You will no doubt bear in mind  
that bamboo unlike gold or minerals  
is not a wasting asset. After

my expert opinion I am  
convinced that it would be  
unwise to press for interest on  
higher rate, and unless I hear

from you in this <sup>direction</sup> I  
propose to inform C.D.A. on

31 Oct. that you ~~are~~ <sup>are</sup> ~~proposed~~  
to accept basis proposed.  $6\%$   
 $+ 7\frac{1}{2}\%$ .

SECEA.

22 OCT 1934

C. O. REGY

Telegram from the Governor Kenya to the Secretary of State for the Colonies.

Dated 22nd October. Received at 10-48am 22nd October 1934.

Immediate

No 234 Confidential.

Your telegram No 245 Confidential was considered by the Executive Council on the 20th. Udalls original licence now transferred to Company continued as a main provision payment of royalty of 2 shillings per ton exported during first 20 years of term; with first 5 years, 2 of which have now elapsed after 20 years was based on a clear understanding with the provision would stand the only point of issue then after first 20 years had elapsed (the memorandum of 6th September No 128 Confidential is my dispatch) is a conclusion to vary integral parts of original licence of first 20 years should be re-examined with the consideration of the Government would prefer simple tonnage basis subject to re-assessment every 20 years since considerable difficulties are foreseen in the assessment of profits for the purpose of computation of royalty which difficulties may be accentuated if income tax is imposed during currency of licence. Interest of Company could be safeguarded by provision that increase of royalty at any re-assessment should not exceed 50% figure by more than 2 shillings per ton. I consider it only right to acquaint you with the views of the Council as set out in above, with which I concur. If, however, after considering them, you are still of opinion that proposal in your telegram No 245 Confidential should stand, I am prepared to agree rather than prejudice success of negotiations.

25073/54.

Colonial Office,  
Downing Street, S.W.1.  
October, 1954

*my dear Sir,*

You will, I think, be interested in the enclosed copy of a letter from Harriett about the prospects of Magadi Soda. The news about the probable curtailment of the Japanese and American markets is depressing, and the Company has every incentive to concentrate on producing soda salt for the bamboo pulp mill. I understand that Colonel Jervis and his friends will be very ready to take their supply of salt from Magadi rather than from Aden or elsewhere as soon as Magadi can produce it at a price (c.i.f.) which is more favourable than other sources.

The bamboo pulp scheme goes before the Colonial Development Advisory Committee at the end of this month. If it meets with the success for which the promoters hope, it will indeed be a good thing

Mr. Frenton 19/10  
Mr.  
Mr.

23201/34  
Kenya

76

Mr. Parkinson.  
Sir G. Tomlinson  
Sir C. Bottomley.  
Sir J. Shackburgh  
Permt. U.S. of S.  
Parly. U.S. of S.  
Secretary of State.

23 OCT 1954

**DRAFT.**

O. D.  
R 20 OCT

Messrs. Harman Suggden & Co.

Gentlemen,

Ref. to your letter  
of the 1st of Octob. I am  
pleased to transmit to you  
the ~~enclosed~~ <sup>enclosed</sup> in triplicate the  
Agreement between the  
Government of Kenya, Mr.  
Charles Udell & Mr. Sandy  
Macaskie regarding the  
provision for certain  
matters connected with  
the establishment of  
Bamboo Pulp Factory  
in Kenya. You will  
observe that the Agreement  
has been duly executed

in sig

FURTHER ACTION.  
Please to me

by Sir Joseph Byrne.

2. I am to request

that the various alterations

typing corrections in the text

of each copy may be

initiated by the Uddell & the

Macaskie. ~~The copies should~~

~~not refer to in the draft~~

~~to the Agreement. These questions~~

~~should also be noted in copy~~

~~of the document. The~~

~~sketch, now attached~~

~~to the draft, is to be~~

~~sent to the Agreement.~~

~~3. One copy of the Agreement~~

~~should in due course be returned to~~

~~this Department for retransmission to~~

~~the Governor of Kenya. All further~~

~~communication will be addressed to you~~

~~in regard to the Stamp Duty~~

~~on the Agreement.~~

AIR MAIL

KENYA  
No. 153

CONFIDENTIAL.



5175  
GOVERNMENT HOUSE  
NAIROBI  
KENYA

RECEIVED  
19 OCT 1934  
C. O. REGY

11th OCTOBER, 1934.

Sir,

1054

With reference to the despatch of the 2nd October 1934, on the subject of the proposed settlement of the ... have the ... have been ... and enclosed a minute by ... explain the course taken. 2. The views of this Government on the question of the rate of the ... later despatch.

BRANDLER-GENERAL  
GOVERNOR

THE RIGHT HONOURABLE  
MAJOR SIR PHILIP CUNLIFFE-LISTER, P.C., G.B.E., M.C., M.P.,  
SECRETARY OF STATE FOR THE COLONIES,  
BOWLING STREET,  
LONDON, S. W. 1.



ATTORNEY GENERAL'S OFFICE  
P. O. Box. 112.

NAIROBI,  
KENYA.

11th October 1934.

The Honourable,  
The Colonial Secretary.  
(Mr. Deverell)

BAMBOO CONCESSION

Ref. Your No. C/Trd. 10/6/68 of 7th September, 1934.

I have gone carefully through the three copies of the Agreement received from the Secretary of State and find that, apart from several typographical errors in each, the copies differ from one another in several respects.

2. If time had permitted it would have been desirable to have had three fair copies engrossed, signed by His Excellency and then forwarded to the Secretary of State for signature by the other parties. In view, however, of the urgency of the matter, I have thought it advisable to amend the copies in ink, and these amendments should be initialled by His Excellency, and the Secretary of State asked to obtain the initials of Messrs Macaulay and Udal. As this has been added since the Agreement was signed by these gentlemen, their signatures to the insertion of the map should be obtained.

3. The Public Seal should be impressed on the red paper seals at the back of each copy of the Agreement after it has been signed by His Excellency.

4. It is noted that the Agreement has been signed at the end of the Schedule instead of immediately below Clause 10. For that reason His Excellency should sign in the correct place and also at the end of the Schedule where provision has been made for his signature.

14, Waterloo Place,

S.W.1.

16th October, 1934.

L. B. Freeston, Esq.,  
Colonial Office,  
Downing Street, S.W.1.

Dear Mr. Freeston,

I have now had an opportunity of looking into the question of getting the bamboo out of the forest, and I find that I did examine this question carefully before but was confused with the suggestion that they intended to cut twenty-four hours a day which, of course, is impossible. What is intended is to store at the loading points of the branch feeders enough bamboo poles to enable the rope-way to be fed during the night as well as during the day; in this way it will be possible to bring down from the concession more than sufficient bamboo to meet the demands of the pulp mill during a six days week without the necessity of working on Sundays. In addition to this, as I told you, it is hoped that it will be possible by outside contracting to gradually ease, if not eliminate night work altogether. Therefore, having regard to the arrangements that will be made there is no insuperable difficulty about working night-work on loading the rope-way.

Yours sincerely,

J. R. Hall

1934  
COLONIAL DEVELOPMENT COMMISSION COMMITTEE

Kenya: Paper Pulp Factory

D.N.C. 1522.  
D.N.C. 1522A.  
Item 7 of  
70th Minutes.  
Item 2 of  
71st Minutes.

With reference to the papers marginally noted  
I circulate for consideration an application from the  
Government of Kenya for assistance from the Colonial  
Development Fund towards a further revised scheme for  
the manufacture of paper pulp from bamboo in Kenya.

J. H. Williams.

Secretary to the Committee

Colonial Office.

18th October, 1934.

55

FINANCIAL SUMMARY.

1. Dependency: Kenya.
2. Description of scheme. Establishment of factory by a Company to manufacture pulp from Bamboo.
3. Date of commencement. It is hoped that the Company will be formed and the capital raised by the end of November, 1954.
4. Period of scheme. Estimated period of construction - 2 years.
5. (a) Total cost. £400,000.  
(b) Estimates have been based on technical advice.  
Allocation of cost. Local: £445,000 approx.  
U.K. £950,000 approx.  
Assistance desired. Loan of £220,500 (maximum).
6. Suggested terms of loan. Interest at 4%; capital to be repaid within 15 years of date of issue of first instalment.
7. Probable yearly amounts required

1954/55	£ Nil.
1955/56	£31,500.
1956/57	£31,500.
Subsequently	£31,500 annually for seven years in all.

COLONIAL OFFICE MEMORANDUM.

C.D.A.G.  
1265  
1271  
1522  
1522A

The Committee will remember the earlier history of this scheme, which is recorded in the marginally noted papers. At their Meeting on the 27th of June they postponed further consideration until various outstanding uncertainties had been resolved to the satisfaction of the Secretary of State.

2. Since that date much discussion and correspondence has taken place between the several parties interested; the promoters of the scheme have paid a visit to Kenya; and the proposals have been submitted to a disinterested and searching analysis by Mr. G.B. Hall-Caine, C.B.E., M.P., one of the foremost authorities on the paper trade who was Adviser to Government on paper during the War.

3. The following documents are now laid before the Committee:

- I. Despatch from the Governor of Kenya of the 6th September (enclosures not reproduced).
- II. Letter from Colonel Jervis's solicitors of October 16th covering Reports A, B and C.
- III. Letters of the 9th and the 11th of October from Mr. Hall-Caine, M.P.

4. It will be seen from I and II that:-

- (a) A supply is now ensured of enough bamboo to produce 100,000 tons of pulp per annum.
- (b) Definite and satisfactory arrangements have been made as regards water supply and a factory site at Tsavo.

57

(c) An understanding has been reached with the Railway Administration in regard to freight charges.

5. Two points arising from the Governor's despatch have since been settled.

(a) The Agreement (which provides for the transfer of Mr. Udall's rights to the Company when formed), in a revised form, has now been executed; a copy will be available for the Committee's perusal if desired.

(b) The rate of royalty payable to the Government of Kenya has been agreed on a basis which can be explained to the Committee.

6. From Messrs. Harrison, Suggden's letter it will be seen that the promoters now ask a guarantee of seven years' interest at 4 per cent. on £700,000 of First Mortgage Debenture Stock. The Committee is, therefore, in effect being asked to recommend an advance of £220,500 payable in fourteen half-yearly instalments, though there is the possibility that the later instalments will not be called for. It is proposed that the amount advanced should be regarded as a loan, bearing interest at 4 per cent., repayable at the end of fifteen years from the date of issue of the first instalment, or earlier at the Company's option.

7. The Committee's advice is sought as to the security which should be required for this advance. To assign to it specific priority over the Debenture Stock would clearly prejudice the issue of that Stock; on the other hand it would seem difficult to justify an arrangement whereby, in the event of failure, the interests of His Majesty's Government were effectively subordinated to those of the Debenture holders.

B. The Secretary of State suggests that if the

Committee consider the application favourably the following conditions should be attached to their recommendation:-

(a) The liability of the Government of Kenya (through whom the advance will necessarily be made) to be limited to refunding to the Exchequer all payments by way of interest and principal received from the Company. The financial position of that Government is such that it cannot possibly undertake any commitment the return on which, however attractive, must necessarily be uncertain.

(b) The Company's prospectus to be approved by the Secretary of State before publication.

(c) The Board of Directors to be approved by the Secretary of State.

(d) The issue to be fully subscribed.

(e) The Company to undertake not to manufacture paper or any other finished product of the pulp in Kenya (except for the wrapping paper which, it is understood, will be required for packing the pulp for shipment).

(f) The Company to undertake that all plant and materials shall be obtained from Empire sources and shipped in British bottoms, unless a case to the contrary can be made out to the Secretary of State's satisfaction.

9. The Secretary of State considers that the scheme as now presented offers a reasonable prospect of success, and in this view he is supported by the considered judgment of Mr. Hall, as disclosed in his letters attached.

The ultimate benefits of such success to Kenya, the Kenya-Uganda Railway, and the British paper trade, are of a magnitude which justifies the substantial measure of assistance now desired from the Colonial Development Fund; and the Secretary of State trusts that the proposals will meet with the Committee's prompt and ready support.

Colonial Office,

17th October, 1934.

AIR MAIL

KENYA  
No. 152.

Government House,

Nairobi,

KENYA.

6th September, 1954.

Sir,

With reference to your Confidential telegram No. 180 of the 25th July in which you informed me that Mr. Udall and Colonel Jervis had left for Kenya to continue investigations into the scheme for the establishment of a bamboo pulp factory in the Colony, I have the honour to inform you of the progress of the negotiations during their stay. You will appreciate that owing to the short time available, much of which moreover was occupied by visits to the bamboo forest area and to Tsavo, the negotiations largely took the form of personal interviews with myself and the Heads of the various Departments concerned and that it is therefore somewhat difficult to furnish a detailed account of the negotiations in chronological order.

2. You will recall that prior to the visit the position reached was that Mr. Udall had been granted an exclusive licence to cut and convert bamboo into paper pulp over an area of 16,000 acres in the Kikuyu Escarpment Forest Reserve and had been informed that provided certain conditions were fulfilled he would be granted a site and a water permit at Tsavo in connection with the establishment of a factory there.

THE RIGHT HONOURABLE  
MAJOR SIR PHILIP GUNLIFFE-LISTER, P.C., G.B.E., M.C., M.P.,  
SECRETARY OF STATE FOR THE COLONIES,  
DOWNING STREET,  
LONDON, S.W.1.

3.

Mr. Udall's letter  
of 25.7.54.

3. The negotiations were reopened by Mr. Udall in his letter of the 25th July, of which I enclose a copy. You will observe that four concessions were asked for. In regard to the first two I enclose for your information a copy of the letter addressed to Mr. Udall on the 15th August approving a lease of 100 to 200 acres at Tsavo and approximately 10 acres at Kijabo on the terms therein stated. Also a copy of the Water Permit approved on the 15th August and issued to Mr. Udall on the 21st August is attached.

Letter of  
15.8.54. to  
Mr. Udall.

Water Permit  
of 21.8.54.

Letter of 15.8.54.  
and encl.  
from  
Colonel Jervis.

4. Before however a decision had been taken regarding the last two concessions applied for in his letter Mr. Udall dropped out of the negotiations and Colonel Jervis took up the running. I enclose for your information a copy of his letter of the 15th August from which it will be seen that he requested that the new concessions should be granted in the name of a Trustee to be appointed on behalf of the Company to be formed. Having been advised that there was no legal objection I agreed to this procedure.

5. Application was at the same time made for a concession over a further area of approximately 25,000 acres of Bamboo Forest. Subsequently however as the result of two visits to the area by Colonel Jervis with the Conservator of Forests the area applied for was extended to approximately 59,000 acres.

6. An application was also made for the lease of an additional area of 4,800 acres at Tsavo on the ground that this area was necessary to provide for the housing of at least 50 Europeans and 1500 natives under decent conditions and to ensure control by the

Company

Company of the land adjoining the residential area on which it was proposed to carry on a continuous anti-malarial campaign for health reasons.

Both of the above proposals were agreed to by Government.

7. At this stage of negotiations it was realised by all parties that the position of the Government was in a difficult position and the proposed licence was not a licence and it was therefore not a licence. The position between my legal advisers and the Government was such that the position could best be realised by an agreement under which the Government would agree later on to transfer the licence to the Company, the Company to surrender the licence to the Government, and the Government to issue a new licence which would include the

Draft Agreement

enclosed for your consideration the draft licence and agreement which have accordingly been prepared, in consultation with the Company's solicitors. They were considered at a special meeting of Executive Council on the 3rd September and a copy of the relevant Minute of the Council is also enclosed. You will observe that I was advised to approve both documents subject to minor amendments and subject to further consideration of the question of royalties. It was considered that this Government had insufficient information to determine what would be a reasonable royalty in the circumstances and in particular whether a system providing for revision at stated intervals would be preferable to a fixed but ascending scale throughout the period of the licence, and I was accordingly advised to refer the question to you so that

Executive Council  
Minute  
5.9.34.

an expert opinion might be obtained and to seek your assistance in obtaining agreement with the Company in the light of that opinion. In this connection I enclose for your information copies of memoranda by the Treasurer and the Conservator of Forests on the subject.

Treasurer's Memorandum of 3.9.34.

Conservator of Forests Memorandum of 31.8.34.

9. I feel sure that you will share my view that good progress has been made during the short time available and that the obstacles to a satisfactory conclusion of the negotiations which have been somewhat prolonged have now been removed. Council of the Government has considered the subject of the scheme and I am confident that the negotiation of the necessary will be completed in the near future as a result.

Yours faithfully,  
[Signature]

SECRET

~~CONFIDENTIAL~~

House of Commons

9th October, 1954.

Rt. Hon. Sir Philip Cunliffe-Lister, G. B. E., M. C., & P.,  
Colonial Office,  
Downing Street, S.W.1.

My dear Cunliffe-Lister,

~~SECTION 14 OF AFRICAN PULP DEVELOPMENT~~

I learn from the solicitors to Mr. Charles Udall and his associates that a proposition upon which the above Company based has today been placed before your Department in a new and enlarged form, together with such agreements and data as was thought necessary for its proper consideration.

Following my interview with you last July when we discussed this proposition, at your request I have now been very fully into the matter and have explored and verified so far as possible every detail in connection therewith; this work has been a considerable undertaking because the scheme is a big one and, if successful, should be of immense value to Kenya Colony.

I understand that the original project of establishing a pulp mill in Kenya to manufacture chemical pulp from bamboo and other materials yielding fibre was first brought to your Department by Mr. Charles Udall over eighteen months ago. The project then put forward though on a smaller scale advanced so far in its then form as to be placed before the Colonial Development Advisory Committee who approved of certain grants being given to the proposed Company. However, in spite of their approval the scheme was not proceeded with but was recast and again submitted in June last in an enlarged form to your

Department

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Department and the Colonial Development Advisory Committee who asked for further and fuller particulars regarding certain important details before they would consent to recommend.

It was at this stage that I came into the matter, and following your suggestion that I should use what technical knowledge I had, not only to investigate the scheme and report to you my opinion thereon, but also to help those who were responsible with constructive ideas. I have spent a great deal of time in investigation and endeavouring to assist in getting the present scheme into the shape in which it is now presented.

As I previously mentioned the originator of the smaller scheme is a gentleman long resident in Kenya, Mr. Charles Udall. Mr. Udall's record and career are well-known to your Department and from my own enquiries I find him to be a man of good record in Kenya, entirely honest and reliable, but without any special knowledge of the technical side of manufacturing pulp, or, so far as I can discover, any previous experience of managing or controlling big enterprise. His project was based upon the idea that a forest concession granted to him by the Kenya Government some years ago of 50,000 acres, containing - roughly - 35,000 acres of bamboo, could be utilized for conversion of this bamboo into chemical pulp.

The fact that bamboo is a suitable material for pulp making has been known to paper-making chemists for many years and has been put to a practical test upon a commercial scale by at least one mill in India. The difficulty up to quite recently has been that in each bamboo pole there are several knots or nodes containing sap or resin which it has been difficult or expensive to disperse. Thus, although chemical pulp manufactured from bamboo has been accepted as a satisfactory pulp out of which to manufacture even high grades of paper its cost has hitherto been excessive. Within the

last two or three years, however, a process has been perfected by a well-known Italian chemist, Dr. Pomilio, and put into practical operation in three mills, one in Italy and two in South America, under his personal management and control, which mills I understand are running on a remunerative basis. They are at present only utilising the process for the extraction of fibre from straw and other reeds though the process can be used with equal effect upon bamboo. A large scale practical test on bamboo has been carried out by Dr. Pomilio at his mill in Italy. The process is a chlorination and electrolysis process and is based upon one invented and employed many years ago for laboratory purposes by the firm of Cross & Bevan, one of the best-known British paper-making chemists. The new process, or really old process now commercialised, makes a complete difference in the cost of the conversion of raw bamboo into the finished pulp product without in any way impairing the valuable fibre content of the bamboo. I am, therefore, satisfied from the tests I have had made and the resultant pulp that it should now be a commercially successful proposition to manufacture pulp out of bamboo on a large scale.

The next thing I had to ascertain was whether bamboo was available in Kenya in sufficiently large quantities, and readily available; then to see if the cost of cutting the bamboo and getting it from the forest to the mill was going to be low enough to enable the pulp to be manufactured and sold on the British market at a figure which would be competitive with foreign pulps of equal grade.

On the point of availability I found that the concession granted Mr. Udall contained, roughly, 35,000 acres of growing bamboo; this growing bamboo was, naturally, in various stages of growth from the dead or flowered

polespr approximately 20-25 years old to the saplings which come into maturity within two or three years. There was some divergence of opinion between the Forestry Department of Kenya and the Company's consulting chemist as to the state of maturity which the bamboo would require to have reached before it could be considered suitable for cutting and converting into pulp. The Company's chemists were of opinion that all bamboo over five years would be available while the Kenya Forestry Department took the view that nothing under fifteen years' growth should be cut, and that bamboo which had flowered and was now dying would be too old for the purpose. As a deduction from the view expressed by the Forestry Department your officials at the Colonial Office quite rightly assumed that it was impossible to obtain from the concession of 35,000 acres a sufficiency of raw material to supply a mill whose object was to manufacture 100,000 tons of finished pulp per annum, having regard to the fact that it takes 2.4 tons of bamboo to produce 20 cwt. of finished pulp. I, therefore, thought it wise to lay <sup>1</sup>down to Mr. Udall that as a condition precedent to the consideration of the scheme a further concession should be obtained of at least another 35,000 acres of growing bamboo, adjoining if possible the present concession, in order to make certain of the availability of raw material without regard to the divergence of opinion between the Kenya Forestry Department and the Company's consulting chemist. The extra concession has now been granted by the Kenya Government and is embodied in an agreement containing other facilities, such as water rights, site for factory, etc., which agreement ~~is embodied in an agreement~~ <sup>is embodied in an agreement</sup> is in the hands of your Department. It may be interesting here for me

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to point out that I have closely investigated the question as to how far it is possible to utilise bamboo in its various stages of growth, and I am satisfied that any bamboo pole over five years old would contain as much fibre, and as strong fibre, as a fifteen year old growth and could be readily utilised for pulp manufacture. Also that the flowered bamboo, so long as the pole has not rotted, could equally be utilised without detriment to the quality of the pulp. The enlarged area, including the new concession, now ensures supplies from 85,000 acres which is much more than sufficient to meet any demands by the mill for raw material even assuming that only fifteen year old growth and over was cut.

Having reached the stage of being satisfied of the availability of supply of raw material the next point I had to consider was whether this was readily and cheaply available. In order to convince myself on this point I have had the advantage of going fully into the matter of the pulling and removal of the bamboo from the forest to the mill with Messrs. Hitchens, Jarvis & Partners, Consulting Engineers. A partner in this firm, Colonel Lockhart Jarvis, has recently been on the spot in Kenya and made a thorough investigation and report on this and other questions. I also had the benefit of a long conversation with Mr. Gurney, an official of the Kenya Government at present in England, who advised me on the cost and availability of native labour. I have, therefore, come to the conclusion that there will be no overwhelming difficulty in obtaining the crushed bamboo at the cost figure mentioned in the estimate of 4/- per ton.

I have naturally had to spend a good deal of time on the question of availability and supply, and justly the getting the bamboo cut and crushed at an economical figure, as through the satisfactory accomplishment of this in my view, lies the success or otherwise of the whole undertaking.

The subsequent operation of turning the crushed or shredded bamboo into chemical pulp is now proved and does not require argument.

Apart from the question of the bamboo, its availability and economic supply, the next important factor in the production of this chemical pulp on a commercial basis is the charge for freight. It will be realised that many thousands of tons will require to be carried thousands of miles per annum by the Kenya & Uganda Railway if the Company establishes its mill in Kenya, and as this is such an important consideration in the cost figure I turned my attention to looking closely into these freight charges. I found that the Company had already had some consultation with the General Manager of the Railway and had been given provisional freight figures, but in spite of all the arguments advanced by the Railway for the substantiation of these rates I did not think they could be entirely justified if the Railway took into consideration the large and regular tonnage which could be guaranteed by the Pulp Company when it came into being. Part of the difficulty arises from the fact that although the Railway Company was in the habit of carrying coal, chemicals, etc., and had a standard rate for these commodities in their rate book I had naturally, no experience of carrying crushed baled bamboo, and the quantity ultimately to be carried of this commodity from the crushing mill at the edge of the forests to Tsavo, the site of the pulp mill, would amount to about 240,000 tons per annum when the mill reached full production, every cent - or even decimal point - of increase or decrease in freight charges made a considerable difference to the Company in its cost of production and its possibility of competing with the prices of foreign pulps. Colonel Jervis undertook to go into the matter with the Railway officials when in Kenya, and, as he had the advantage of considerable transport experience he was able to argue the cost case to some good purpose. As a result the

average freight figure, in and out, for the commodities necessary to the Company now stand at the figure of 5.40 cents, but when this is translated into cost per ton of pulp I find that it means about £2.4.- per ton on the cost without taking into account port charges or shipping to London which charges amount to an additional 20/6d. That is to say nearly 50% of the whole cost is accounted for by freight and shipping charges.

Although I know you laid down in conversation with me when I raised the question of these freight charges that in spite of the fact that the Kenya & Uganda Railway was Government owned, or Government guaranteed, you could not allow the Railway to be utilised to subsidise industries either in Kenya or Uganda, I still feel that the rates quoted to the Company are substantially on the high side having regard to the fact that the total income to the Railway by the establishment of this when on full production would amount to no less than £220,000 per annum; that in many cases it would be possible to give complete trainloads, and that - particularly in relation to the freight of crushed bamboo bales - arrangements could be made to transport this during periods when the Railway was not pressed, and many other factors favourable to the Railway. I am of opinion that without in the very least utilising the Railway as a subsidy, but on a purely commercial basis, there could be a cut in the average freight of anything from .35 to .50 cents per ton mile. It is not for me to say where this saving could be effected but I would call their attention to rate of 4 cents quoted on crushed bamboo. Every cent railway flat rate saved means a saving of 9/- per ton on the cost of the pulp.

I would here point out that the present freights quoted to the Company by the Railway are merely those as stated in their rate book, and without, so far as I can see, any concession being made to the Company for the large and

continuous tonnage it could guarantee or for its meeting the Railway as I suggested by transporting during slack periods. If industries are to be promoted successfully in Kenya the Railway should do what any ordinary commercial undertaking would do, or would be compelled to do if there were an alternative route, namely, endeavour to meet the situation so far as it is economically possible for them to do so.

A careful computation of the costs of production based on definite quotations for coal, salt and other raw materials necessary, and upon the standard rate of wages paid for native labour, and including all charges including Government royalties, (which I think might reasonably be eased during the early years of the Company's life) and the freight at the quoted rate, the all-in cost per ton c.i.f. London works out at £7.15.6.; this figure further includes depreciation, Debenture interest and Sinking Fund, allowance for interest and redemption on Debenture guarantee, selling expenses and London office expenses. In other words I regard it as a "safe" figure though if my suggestions were acted upon it could be reduced to £7.12.6. Now, being in possession of that figure one has to consider, assuming the pulp to be up to standard quality, how this cost compares with the selling prices of competitive chemical pulps in England. There are three qualities of chemical pulp sold to British paper mills by the Scandinavian and other foreign makers:-

Strong Sulphite,  
Easy Bleaching Sulphite, and  
Bleached Sulphite.

The prices now quoted for these pulps are at the moment the lowest that have been quoted for many years, due to the fact that there has recently been a break-up in the Price Convention in Scandinavia and a good deal of "cut-throat" competition is being engaged in; the present lowest prices are:-

Strong Sulphite	£ 7.10.	10. 7. 12.
Easy Bleaching	8.10.	8.15.
Bleached Sulphite	10. -	10.10.

It will therefore be seen that on the present market bamboo pulp could not be sold to show a profit in competition with Strong Sulphite, but it could be sold profitably in competition with either of the two higher grades. It would, however, be quite possible later to manufacture an unbleached quality at competitive prices. Now the qualities of bamboo pulp as it is intended to be furnished by this pulp mill are those both of strength and colour; in other words the pulp will be of a high grade bleached variety and, therefore, it would seem to compare with Bleached Sulphite. This market, however, is not a very large one only some 80,000 tons per annum being imported into Britain at the present time, but it is a market which has a tendency to grow and has nearly doubled in the last five years. On the other hand Easy Bleaching Sulphite, that is to say Sulphite which the paper-mill bleaches for itself, is sold in this country in very considerable quantities. Although the Board of Trade does not differentiate between the two items of Strong and Easy Bleaching Sulphite but places them both under the generic term of "Chemical Pulp Strong Unbleached", I should compute from my own knowledge that out of the 600,000 tons of dry and wet unbleached pulp of foreign origin imported into Great Britain last year at least 200,000 is of the Easy Bleaching variety, so that the available market which high grade bleached bamboo pulp would have would be somewhere in the region of a demand for 300,000 tons per annum in Great Britain alone.

Having regard as I have said that this bamboo pulp would be a high grade bleached variety, I am of opinion that paper-makers who now use Easy Bleaching Pulp would find it cheaper and more convenient to utilise the bamboo pulp rather than the Easy Bleaching wood pulp and so save both cost and labour. In other words, I believe that a market at a nice average

average of 25/- a ton profit on cost, after providing for Debenture interest, depreciation and selling costs, in sufficient quantities to take a substantial proportion of the mill's output could be found in Great Britain alone.

I would like here to make it quite clear that the present prices of Scandinavian pulps are at an extremely low figure, due to the causes stated, and the opinion is that these prices cannot last for very long and must harden in view of the fact that they are now probably below cost of production in Scandinavia.

In addition to the market in Great Britain I see another important market for Kenya-produced bamboo pulp; Australia, South America, India and other Dominions and Colonies where paper-making has been established, for, apart from the small production of bamboo pulp in India, practically all chemical pulp necessary to the manufacture of paper has to be imported from Scandinavia, Germany or Austria. In all these Dominions where paper-making is in operation the long distance that the Scandinavian pulps have to be carried naturally makes the cost considerably higher than the market price quoted in England; whereas, if bamboo pulp were bought in Kenya the haul would in most instances be only half the distance. I, therefore, anticipate a considerable and profitable market for bamboo pulp in our various Dominions and Colonies which are rapidly inaugurating paper-making for themselves. In addition Japan is a large manufacturer of paper today and relies almost entirely upon Scandinavia for its raw material.

I have also looked into the cost of construction and general financial position of the projected company, and I find that the estimated expenditure on the construction of the plant has been taken on a safe and conservative side and should

not

not in my view be exceeded; on the other hand there have been ample allowances made for contingencies, and it is more than possible that the final figure would be lower than the £990,000 provided for this purpose. The period required for the construction of the mill is set down at two years, and I see no reason why the mill should not be completed in that time. Naturally the first operations would be concentrated on the crushing mill and ropeway into the forest and everything appertaining to the extraction of the bamboo from the forest concession; these having been completed first would enable operations to be started and so a substantial reserve of crushed bamboo would be created at the mill site before the mill began its conversion into pulp.

I have not been asked to advise on the capital position of the suggested Company, but as I understand that the promoters are asking for a guarantee from the Government of Kenya for the interest on the first Mortgage Stock for a period of five years, I am of opinion that this guarantee for greater safety should be for ten years, and certainly not less than seven, though it is more than possible that the mill would be on a remunerative basis within two years of starting up, yet, my experience in the construction of pulp mills is that it would be much safer to cover the longer period and so enable the Company to get well-away with the production.

I would like to say that I have had every facility placed at my disposal by those responsible for proposing the scheme and have been helped by the consulting engineers, Colonel Hitchins and Colonel Jervis, and specially by Colonel Jervis who undertook at short notice a visit to Kenya where he stayed and worked for over a month and gathered most valuable

valuable information and carried on negotiations with the Kenya Government on behalf of the Company which were absolutely essential to the proper presentation of the scheme. Colonel Jervis's work has been invaluable and it is not too much to say that it would have been impossible to put forward a complete scheme of this magnitude without his aid.

I am also much indebted to your Officials at the Colonial Office for their help and courtesy. I have been a little surprised at the grasp they had of what, after all, in most of its aspects, is a highly technical problem.

My final view after taking all the difficulties into consideration is that if the project is carried out in the manner now submitted you can give it your support with the confidence that you are assisting in the establishment in Kenya of a thoroughly practical pulp-making mill which should not only be of the greatest benefit to the Colony itself, but by its product be of value to papermakers in Great Britain and the British Empire.

I must however strongly emphasise that as the right personnel associated with the control and management is a vitally important factor, the Government must insist on approving all those appointed to high positions whether on the Board of Directors or Technical Management.

I trust the above may be of some value to you when you come to examine and consider your attitude in relation to the suggested Company.

Believe me,

Yours sincerely,

(Sgd.) G.R. Hall Caine.

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Believe me,

Yours sincerely

(Sgd.) G. S. Hall Caine.

11th October, 1954

At 2.30 p.m. Sir Philip Cunliffe-Lister, G.B.E., M.C., M.P.  
Colonial Office,  
Downing Street, S.W.1.

My dear Cunliffe-Lister,

Accompanying this letter is my official report to you on the Kenya bamboo pulp proposition. I am afraid necessarily it has had to be rather long as I wanted to explain to you the whole situation in the plainest possible terms. I trust that you may find 45 or 50 minutes in which to read it.

Apart from what is dealt with in the report, namely, an analysis of the proposition as put forward, I wish to add a few general words on the pulp situation.

There is no doubt but that the amount of soft wood available for pulp manufacture in Canada is growing smaller owing to the enormous world demand, and, unfortunately re-afforestation and re-growth do not pace with the timber cut down. In the opinion of the subject as Lord Rothermere writes, so long as there will be a definite world shortage, and therefore extremely necessary and desirable to find a substitute for spruce wood out of which paper pulp can be made efficiently made. The enormous quantity of pulp available within the British Empire would seem to offer a definite alternative, and a point worth bearing in mind when considering the whole proposition.

Another point is that apart from Canada the British Empire is entirely dependent for its supplies of paper-making raw materials upon foreign sources, and, although it has been up to now friendly sources, any effort must be made to retain a substantial portion of the supplies of the raw

material within the Empire would make for greater safety. Canada I know makes large quantities of all grades of pulp, but the tendency there has been to convert their raw material into the finished paper in their own mills, and when this has been done the further tendency is to export it to the nearest readily available market - the United States. As a result hardly any Canadian wood pulp reaches these shores and only a small proportion of Canadian made paper.

I only mention these two aspects to show that if, as I believe, Kenya offers a suitable opportunity for the establishment of the first really big bamboo pulp manufacturing mill, and this can be turned into a commercial success, there are limitless opportunities for further development in other Colonies and Dominions where bamboo also grows in profusion.

Believe me,

-Yours sincerely,

(Sgd.) G.R. Hall Caine

- Dependency: Kenya by Company
3. Description of scheme. Establishment of factory to manufacture pulp from bamboo.
4. Date of commencement. Immediately (i.e. on receipt of Sec. of State's approval) months after approval.
4. Period of scheme. It is hoped that the Company will be formed & the capital raised by the end of November 1936. Estimated period of construction 12 months.
5. (a) Total cost. £1,400,000.
- (b) Estimates have been based on technical advice. ~~have not~~
6. Allocation of cost. Local: £1,145,000 approx.  
U.K. £255,000 approx.  
or Nearly all expenditure will be local / In U.K.
7. Assistance desired. Loan of £470,500 (maximum)  
Free grant of £.....  
Grant of interest on ..... years.
8. Suggested terms of loan. Interest at 4 1/2% capital to be repaid within 15 years of date of issue of first instalment.
9. Probable yearly amounts required. 1934/35 £..... Nil.....  
1935/36 £..... 20,000.....  
1936/37 £..... 21,500.....  
Subsequently £..... 21,500 monthly for seven years in all.

**NOTES**

Question 2. A very brief description only of the scheme is required.  
Questions 3, 4, 5(b) & 7 - delete words not required.

Question 8  
If a loan is not applied for, write "not applicable".

If application is being made for a loan state suggested period within which the loan should be repaid, suggested terms of repayment and whether application is made for a loan free of interest for any period.

In the absence of special considerations to the contrary the rate of interest usually recommended at present on loans from the Colonial Development Fund is 4 1/2%.

Question 9.  
Assuming that the scheme is begun on the date given in Question 3 state the estimated sums which will be required from the fund during each financial year (ending 31st March) during the currency of the scheme.

• Attention 16/11  
Th. Wood  
S. J. Campbell (this seen)  
S. C. Bottomley 16/11  
98 Th. Williams 17.10

\* CDAC 1265  
1271  
1522  
1522A

The Committee will remember the earlier history of this scheme which is recorded in the marginally noted papers. At their Meeting on the 27th of June they postponed further consideration until various outstanding uncertainties had been resolved to the satisfaction of the Secretary of State.

2. Since that date much discussion and correspondence has taken place between the several parties interested; the promoters of the scheme have paid a visit to Kenya; and the proposals have been submitted to a disinterested and searching analysis by Mr. G. B. Hall-Caine, C.B.E., M.P., one of the foremost authorities on the paper trade who was Adviser to Govt. on paper during the War.

3. The following documents are now laid before the Committee:-

- I. Despatch from the Governor of Kenya of the 8th September (enclosures not reproduced)
- II. Letter from Colonel Jervis <sup>of Oct her</sup> covering Reports A, B and C.
- III. Letters of the 9th and the 11th of October from Mr. Hall-Caine, M.P.

4. It will be seen from I and II that:-
- (a) A supply is now ensured of ~~which~~ bamboo to produce 100,000 tons of pulp per annum.
  - (b) Definite and satisfactory arrangements have been made as regards water supply and a factory site at Tsavo.

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72 (amended version)  
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(c) An understanding has been reached with the Railway Administration in regard to freight charges.

5. Two points arising from the Governor's despatch have since been settled.

(a) The Agreement, in a revised form, has now been executed; a copy will be available for the Committee's perusal if desired.

(b) The rate of Royalty payable to the Govt. of Kenya has been agreed on a basis which can be explained to the Committee.

6. From <sup>Nasser Harrison, Sugden's</sup> ~~Colonel~~ letter it will be seen that the promoters now ask a guarantee of seven years interest at 4% on £700,000 of First Mortgage Debenture Stock. The Committee is, therefore, in effect being asked to recommend an advance of £280,500 payable in fourteen half-yearly instalments, though there is the possibility that the later instalments will not be called for. It is proposed that the amount advanced should be regarded as a loan bearing interest at 4% repayable at the end of fifteen years from the date of issue of the first instalment, or earlier at the Company's option.

7. The Committee's advice is sought as to the means to be adopted to obtain adequate security for this advance. To assign to it specific priority over the Debenture Stock would clearly prejudice the issue of that Stock; on the other hand it would seem difficult to justify the arrangement whereby, in the event

of failure the interests of H.M.G. were subordinate to those of the Debenture Holders.

<sup>If the Committee consider the application favourable,</sup>  
8. The Secretary of State suggests that the following conditions <sup>shall</sup> be attached <sup>to</sup> the Committee's ~~recommendation~~ <sup>recommendations</sup>.

(a) The liability of the Govt. of Kenya (through whom the advance will necessarily be made) to be limited to refunding to the Exchequer all payments by way of interest and principal received from the Company. The financial position of that Govt. is such that it cannot possibly undertake any commitment the return on which, however attractive, must necessarily be <sup>adequate</sup> ~~adequate~~.

(b) The Company's prospectus to be approved by the Secretary of State before publication.

(c) The Board of Directors to be approved by the Secretary of State.

(d) The issue to be fully subscribed.

(e) The Company to undertake not to manufacture paper or any other finished product of the pulp in Kenya (except for the wrapping paper which it is understood will be required for packing the pulp for shipment.)

(f) The Company to undertake all plant and materials shall be obtained from Empire sources and shipped in British bottoms unless a case to the contrary can be made out to the Secretary of State's satisfaction.

9. The Secretary of State considers that the scheme as now presented offers a reasonable prospect of success, and in this view he is supported by the considered judgment of Mr. H. J. Gaine, as disclosed in his letters attached.

The ultimate benefits of such success to Kenya, the Kenya-Uganda Railway, and the British paper trade are of a magnitude which justifies the substantial measure of assistance now desired from the Colonial Development Fund; and the Secretary of State trusts that the proposals will meet with the Committee's prompt and ready support.

*Colonial Office*

*11<sup>th</sup> October 1934*

HARRISON, SUGDEN & CO

SOLICITORS

COMMISSIONERS FOR OATHS

WILLIAM HARRISON, LL.B.

T. E. SUGDEN, LL.B.

TELEGRAPHIC ADDRESS

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*Australia House  
Strand*

*London, W.C. 2*

16th October

1934

The Under Secretary of State for the Colonies,  
Whitehall,  
S.W.1.

Sir,

BRITISH EAST AFRICAN PULP MILLS SCHEME

1. My clients propose, if Government assistance is forthcoming, to establish a Chemical Pulp Factory in the Colony & Protectorate of Kenya capable of absorbing annually a quarter of a million tons of Bamboo and employing in the Concession Forest, at the Crushing Plant and at the Mill at Tsavo up to 6,000 native labourers.
2. This project will be of great Imperial value. Approximately one million pounds will be spent within the United Kingdom on purchase of the plant and on its erection in Kenya.
3. Thereafter three quarters of a million pounds will be spent annually in salaries, wages, transport charges, and purchase of necessary raw materials. It will bring to the Kenya & Uganda Railways & Harbours half a million tons of freight each year, and give them approximately 100 million ton-miles of goods. It will

add to their revenue some quarter of a million pounds per annum.

4. It will bring to the British Shipping Industry in the midst of its depression, nearly one hundred and fifty thousand pounds sterling per annum of freight.

5. The project is as follows:-

(i) Supplies of Bamboo will be obtained from an 85,000 Acre Kenya Government Forest Concession near Kijabe. The details of this Concession are set out on pages 4 to 12 of Colonel Lockhart-Jervis's Report of October 3rd 1934 attached. The method of extraction and transportation of Bamboo is detailed in the plan and Report "B" included in the Memorandum before you.

(ii) The Pulp Mills will be constructed at Tsavo near to the Tsavo River and to the Kenya & Uganda Railway Station there. Particulars of this area are dealt with on pages 12 to 17 of Colonel Lockhart-Jervis's Report of October 3rd 1934, and the important subject of Water on pages 17 to 19. A plan and Report "C" detailing the particulars of the proposed Pulp Factory accompany the Memorandum attached.

6. The cost of the plant and equipment in the Forest

-3-

Concession and at Tsavo is estimated at £991,000.

Sheet "D" attached to this letter shows how this figure is arrived at.

7. The necessary land, water, and bamboo cutting rights have been granted, and the relevant documents are included in the Memorandum before you.

8. It is considered that the most economic unit would be one which will give a production of 100,000 tons of high class finished Bamboo pulp per annum.

9. Full Train and Ship loads throughout the year will give the Company advantages in their cost of transport. Thus it is possible to have a continuous supply of pulp imported into Great Britain throughout the year, thereby giving a service that Scandinavian Countries cannot undertake with regularity, owing to the ice-bound condition of their ports in certain winter months. This entails paper manufacturers either holding large stocks of pulp, which they have to finance, or conveying the pulp overland to the nearest open water port at considerable expense.

10. To carry out this project it is proposed to form a Company called

BRITISH EAST AFRICAN PULP MILLS LIMITED

The financial structure is as follows:-

- £700,000 4½% first mortgage guaranteed debenture stock issued for cash, and
- 700,000 £1 ordinary shares of which 627,500 shares are issued for cash.

This will be dealt with as follows:-

Expenditure in Great Britain:-

Plant & Machinery	£812,000	
Shipping, Insurance & Transportation of Machinery etc. to Kenya	37,500	
Expenses of issue, underwriting etc.	80,000	
Process Licence (shares)	12,500	
		£942,000

Expenditure in Kenya Colony:-

Erection and construction of plant including local purchases	141,500	
Vendors concession	70,000	
Working capital	234,000	
		£445,500

Expenditure in Italy

Process Licence (cash)		12,500
	TOTAL	£1,400,000

11. The cost of production of finished Bamboo pulp, including maintenance and depreciation, debenture interest and sinking fund, interest and provision for redemption of guaranteed loan, and the suggested flat rate royalty of 6d per ton payable to the Kenya Government is estimated at £7. 16. 3d per ton c.i.f. U.K. Port.

Sheet E attached, shows how this figure is arrived at.

12. This pulp will be sold in competition with grades of pulp which at today's depressed prices range from £9. 10. 0. to £10. 10. 0. per ton. Taking an average margin of 25/- per ton profit, the Company should have available for reserves and for distribution a yearly net profit of £125,000, after providing for maintenance and depreciation, debenture interest and sinking fund, interest and provision for redemption of guaranteed loan, and flat rate royalty. It is proposed to offer 5% of the net profits calculated on the above basis to the Kenya Government as a further contribution for the Bamboo cutting rights.

13. It is estimated that it will take two years to erect the plant and commence to operate; and then take one further year to get into commercial production, reaching full production in the second year after commencement of operations.

14. It is obvious from this that Ordinary Shareholders cannot expect dividends until the fourth year from the registration of the Company.

15. A guarantee of the debenture interest for a period of not less than seven years is asked for.

We are, Sir,

Your obedient Servants,

*[Handwritten signature]*  
HARRISON SUGDEN & COMPANY.

ESTIMATE OF EXPENDITURE

FOR  
BRITISH EAST AFRICAN PULP MILLS SCHEME.

Output of 100,000 tons of pulp per annum.

TSAVO.

Clearing and other expenses of Site.	10,000
Steam and electric generating plant complete with buildings, conveyors etc.	261,000
Pomilio cells, chlorine and soda plant complete	90,000
Cellulose extraction plant complete with conveyors	60,000
Screening, bleaching and pulp plant	85,000
Office and factory buildings	80,000
Fire Service	3,000
Ventilation	5,500
Railways sidings and equipment	6,000
European staff housing	12,000
Native labour housing	3,000
Road fencing etc.	4,000
Water conditioning, Pumping Plant & Filter Beds	22,000
Travelling and other expenses during construction	6,000
Repair plant, tools etc.	6,000
Weighing machines and laboratory	5,000

662,000

Contingencies 10%	67,000
Consulting Engineers, Inspection, Testing etc.	35,000

2762,000

KIJABE.

Crushing Mills and buildings	50,000
Steam and electric generating plant complete with buildings, conveyors etc.	12,000
Ropeways, including feeder lines	105,000
Railway sidings, bamboo stores etc.	10,000
European staff housing	8,000
Native labour housing	7,000
Machine shop and carpenters shop	4,000
Forest cutting tools and sundries	2,000

189,000

Contingencies 10%	20,000
Consulting Engineers, Inspection, Testing etc.	10,000

229,000

Cost of Tsave.....2762,000

Cost of Kijabe... 229,000

Total.....2991,000

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ESTIMATE OF PRODUCTION COST  
FOR  
BRITISH EAST AFRICAN PULP MILLS SCHEME.

Output of 100,000 tons of pulp per annum.

European Staff and Native Labour, Establishment charges, Rents, Rates etc.	35,000
Shredded Bamboo Cost at Tsavo	149,160
Coal " " "	123,750
Salt " " "	110,900
Oils, Waste & General Stores	5,000
Graphite, Wires, Felts & Pulp Machinery Renewals	7,000
General Maintenance and Depreciation at 7% on £812,000	60,900
Government Royalty charge at 6d per ton of pulp	2,500
Process Royalty at 1/- per ton of pulp	5,000

Production cost ex Tsavo Factory 549,210

Freight on Pulp to Mombasa	40,800
Port charges	15,000
Ocean freights	87,500
Brokers Commission on sales at 1%	13,500
Insurance 6/8%	3,000
Agents handling charges at 6d per ton	2,500

Production cost s.i.f. U.K. Port 711,610

Debenture Interest at 4%	31,500
Debenture Sinking Fund at 1%	7,000
Annual interest at 4% on 7 year debenture guarantee	8,820
Redemption of guaranteed loan on 15 year basis	14,700
London office expenses	8,000

All-in cost - £781,530

Say, 27/16/3d. per ton.

*The Director*

Confidential

15th October 1934.

*My dear Mr. Lane,*

I have just read your report on the Kenya bamboo proposition, and I must write at once to thank you for the great amount of trouble which you have taken, and the thoroughness of the report, which will be of the greatest possible value.

I very much appreciate what you say about my people here, which is good reading.

General Rhodes, the General Manager of the Railway, had a talk here before he went back to Kenya. We have made great efforts in Kenya to get back to the sound position that a railway rate shall cover haulage costs and contribute something to other railway expenditure. You will, I know, appreciate the importance of this. We got into a very bad patch in the past by one concealed subsidy leading to another.

*Yours sincerely,*

(Sgd.) P. OUNTER, DIRECTOR

This is a copy of the  
report I did like by  
Glasgow to see Jim Rhodes  
about the railway rates  
before his first talk.

I will dictate to Hall  
Camm on Monday.

M

13/10

(S. J. was informed yesterday that S. J. Rhodes  
had returned to Kenya.)

(H. J.)

I will have the return  
referred to sent for you  
after you have seen the letters

Edw. 12/10/34

Downing Street,  
12th October 1934.

Dear Mr. Hall Caine,

In Sir Philip Cunliffe-Lister's  
absence in the country I have opened  
your letters of the 9th and 11th of  
October, which I will bring to his  
notice at the first opportunity.

Yours very truly,

G. R. Hall Caine, Esq., MP.

69  
12  
11th October, 1934.

Rt. Hon. Sir Philip Cunliffe-Lister, C.B.E., M.C., M.P.,  
Colonial Office,  
Downing Street, S.W.1.

*My dear Cunliffe-Lister*

Accompanying this letter is my official report to you on the Kenya bamboo pulp proposition. I am afraid of necessity it has had to be rather long as I wanted to explain to you the whole situation in the plainest possible terms. I trust that you may find a few minutes in which to read it.

Apart from what is dealt with in the report, namely, an analysis of the proposition as put forward I could wish to add a few general words on the pulp situation.

There is no doubt but that the amount of spruce wood available for pulp manufacture in the world is rapidly growing smaller owing to the enormous world demand for paper, and, unfortunately re-afforestation and re-growth is not keeping pace with the timber cut down. In the opinion of such experts on the subject as Lord Rothermere within the next twenty years there will be a definite world shortage, and, therefore, it is extremely necessary and desirable to find a substitute for spruce wood out of which paper pulp can be cheaply and efficiently

made. The enormous quantity of bamboo available within the British Empire would seem to offer a solution of this and a point worth bearing in mind when considering the whole proposition.

Another point is that apart from Canada the British Empire is entirely dependant for its supplies of paper-making raw materials upon foreign sources, and, although these have been up to now friendly sources, any effort that can be made to retain a substantial portion of the supplies of this raw material within the Empire would make for greater safety. Canada I know makes large quantities of all grades of pulp, but the tendency there has been to convert their raw material into the finished paper in their own mills, and when this has been done the further tendency is to export it to the nearest readily available market - the United States. As a result hardly any Canadian wood pulp reaches these shores and only a small proportion of Canadian made paper.

I only mention these two aspects to show that if, as I believe, Kenya offers a suitable opportunity for the establishment of the first really big bamboo pulp manufacturing mill, and this can be turned into a commercial success, there are limitless

opportunities for further development in other Colonies and  
Dominions where bamboo also grows in profusion.

Believe me,

Yours sincerely,

G. H. Newcomb

9th October, 1934.

Confidential

Rt. Hon. Sir Philip Cunliffe-Lister, C.B.E., M.C., M.P.,  
Colonial Office,  
Downing Street, S.W.1.

*My dear Cunliffe - Lister*

BRITISH EAST AFRICAN PULP MILLS LIMITED.

I learn from the Solicitors to Mr. Charles Udall and his associates that a proposition upon which the above Company is based has today been placed before your Department in a new and enlarged form, together with such agreements and data as was thought necessary for its proper consideration.

Following my interview with you last July when we discussed this proposition, at your request I have now been very fully into the matter and have explored and verified so far as possible every detail in connection therewith; this work has been a considerable undertaking because the scheme is a big one and, if successful, should be of immense value to Kenya Colony.

I understand that the original project of establishing a pulp mill in Kenya to manufacture chemical pulp from bamboo and other materials yielding fibre was first brought to your Department by Mr. Charles Udall in August 1931. The

project then put forward though on a smaller scale advanced so far in its then form as to be placed before the Colonial Development <sup>Advisory</sup> ~~and~~ Committee who approved of certain grants being given to the proposed Company. However, in spite of their approval the scheme was not proceeded with but was recast and again submitted in June last in an enlarged form to your Department and the Colonial Development <sup>Advisory</sup> ~~and~~ Committee who asked for further and fuller particulars regarding certain important details before they would consent to recommend.

It was at this stage that I came into the matter, and following your suggestion that I should use what technical knowledge I had, not only to investigate the scheme and report to you my opinion thereon, but also to help those who were responsible with constructive ideas. I have spent a great deal of time in investigation and endeavouring to assist in getting the present scheme <sup>the</sup> into shape in which it is now presented.

As I previously mentioned the originator of the smaller scheme is a gentleman long resident in Kenya, Mr. Charles Udall. Mr. Udall's record and career are well-known to your Department and from my own enquiries I find him to be a man of good repute in Kenya, entirely honest and reliable, but without any special

knowledge of the technical side of manufacturing pulp, or, so far as I can discover, any previous experience of managing or controlling big enterprise. His project was based upon the idea that a forest concession granted to him by the Kenya Government some years ago of 50,000 acres, containing - roughly - 35,000 acres of bamboo, could be utilised for conversion of this bamboo into chemical pulp.

The fact that bamboo is a suitable material for pulp making has been known to paper-making chemists for many years and has been put to a practical test upon a commercial scale by at least one mill in India. The difficulty up to quite recently has been that in each bamboo pole there are several knots or nodes containing sap or resinous matter which it has been difficult or expensive to disperse. Thus, although chemical pulp manufactured from bamboo has been accepted as a satisfactory pulp out of which to manufacture even high grades of paper its cost has hitherto been excessive. Within the last two or three years, however, a process has been perfected by a well-known Italian chemist, Dr. Pemilio, and put into practical operation in three mills, one in Italy and two in South America, under his personal management and control, which mills I understand are running on a remunerative basis. They are at present only utilising the

process for the extraction of fibre from straw and other reeds though the process can be used with equal effect upon bamboo. A large scale practical test on bamboo has been carried out by Dr. Fomilio at his mill in Italy. The process is a chlorination and electrolysis process and is based upon one invented and employed many years ago for laboratory purposes by the firm of Cross & Bevan, one of the best-known British paper-making chemists. The new process, or really old process now commercialised, makes a complete difference in the cost of the conversion of raw bamboo into the finished pulp product without in any way impairing the valuable fibre content of the bamboo. I am, therefore, satisfied from the tests I have had made and the resultant pulp that it should now be a commercially successful proposition to manufacture pulp out of bamboo on a large scale.

The next thing I had to ascertain was whether bamboo was available in Kenya in sufficiently large quantities, and readily available; then to see if the cost of cutting the bamboo and getting it from the forest to the mill was going to be low enough to enable the pulp to be manufactured and sold on the British market at a figure which would be noncompetitive with foreign pulps of equal grade.

On the point of availability I found that the concession

granted Mr. Udall contained, roughly, 35,000 acres of growing bamboo; this growing bamboo was, naturally, in various stages of growth from the dead or flowered poles of approximately 30-25 years old to the saplings which come into maturity within two or three years. There was some divergence of opinion between the Forestry Department of Kenya and the Company's consulting chemist as to the state of maturity which the bamboo would require to have reached before it could be considered suitable for cutting and converting into pulp. The Company's chemists were of opinion that all bamboo over five years would be available while the Kenya Forestry Department took the view that nothing under fifteen year's growth should be cut, and that bamboo which had flowered and was now dying would be too old for the purpose. As a deduction from the view expressed by the Forestry Department your Officials at the Colonial Office quite rightly assumed that it was impossible to obtain from the concession of 35,000 acres a sufficiency of raw material to supply a mill whose object was to manufacture 100,000 tons of finished pulp per annum, having regard to the fact that it takes 2.4 tons of bamboo to produce 20 cwts. of finished pulp. I, therefore, thought it wise to lay it down to Mr. Udall that as a condition precedent to the consideration of the scheme

a further concession should be obtained of at least another 35,000 acres of growing bamboo, adjoining if possible the present concession, in order to make certain of the availability of raw material without regard to the divergence of opinion between the Kenya Forestry Department and the Company's consulting chemist. The extra concession has now been granted by the Kenya Government and is embodied in an agreement containing other facilities, such as water rights, site for factory, etc., which agreement accompanies the papers in the hands of your Department. It may be interesting here for me to point out that I have closely investigated the question as to how far it is possible to utilise bamboo in its various stages of growth, and I am satisfied that any bamboo pole over five years old would contain as much fibre, and as strong fibre, as a fifteen year old growth and could be readily utilised for pulp manufacture. Also that the flowered bamboo, so long as the pole has not rotted, could equally be utilised without detriment to the quality of the pulp. The enlarged area, including the new concession, now ensures supplies from 85,000 acres which is much more than sufficient to meet any demands by the mill for raw material even assuming that only fifteen year old growth and over was cut.

Having reached the stage of being satisfied of the

a further concession should be obtained of at least another 35,000 acres of growing bamboo, adjoining if possible the present concession, in order to make certain of the availability of raw material without regard to the divergence of opinion between the Kenya Forestry Department and the Company's consulting chemist. The extra concession has now been granted by the Kenya Government and is embodied in an agreement containing other facilities, such as water rights, site for factory, etc., which agreement accompanies the papers in the hands of your Department. It may be interesting here for me to point out that I have closely investigated the question as to how far it is possible to utilise bamboo in its various stages of growth, and I am satisfied that any bamboo pole over five years old would contain as much fibre, and as strong fibre, as a fifteen year old growth and could be readily utilised for pulp manufacture. Also that the flowered bamboo, so long as the pole has not rotted, could equally be utilised without detriment to the quality of the pulp. The enlarged area, including the new concession, now ensures supplies from 85,000 acres which is much more than sufficient to meet any demands by the mill for raw material even assuming that only fifteen year old growth and over was cut.

Having reached the stage of being ~~EXHAUSTED~~ BY THE

availability of supply of raw material the next point I had to consider was whether this was readily and cheaply available. In order to convince myself on this point I have had the advantage of going fully into the matter of <sup>the</sup> cutting and removal of the bamboo from the forest to the mill with Messrs. Hitchens, Jervis & Partners, Consulting Engineers. A partner in this firm, Colonel Leckhart Jervis, has recently been on the spot in Kenya and made a thorough investigation and report on this and other questions. I also had the benefit of a long conversation with Mr. Gurney, an official of the Kenya Government at present in England, who advised me on the cost and availability of native labour. I have, therefore come to the conclusion that there will be no overwhelming difficulty in obtaining the crushed bamboo at the cost figure mentioned in the estimate of 4/- per ton.

I have naturally had to spend a good deal of time on the question of availability and supply, and lastly the getting the bamboo cut and crushed at an economical figure, as through the satisfactory accomplishment of this, in my view, lies the success or otherwise of the whole undertaking.

The subsequent operation of turning the crushed or shredded bamboo into chemical pulp is now proved and does not require argument.

Apart from the question of the bamboo, its availability and economic supply, the next most important factor in the production of this chemical pulp on a commercial basis is the charge for freight. It will be realized that many thousands of tons will require to be carried thousands of miles per annum by the Kenya & Uganda Railway if the Company establishes its mill in Kenya, and as this is such an important consideration in the cost figure I turned my attention to looking closely into these freight charges. I found that the Company had already had some consultation with the General Manager of the Railway and had been given provisional freight figures, but in spite of all the arguments advanced by the Railway for the substantiation of these rates I did not think they could be entirely justified if the Railway took into consideration the large and regular tonnage which could be guaranteed by the pulp Company if, and when, it came into being. Part of the difficulty arose from the fact that although the Railway Company was in the habit of carrying coal, chemicals, etc., and had a standard rate for these commodities in their rate book it had, naturally, no experience of carrying crushed baled bamboo, and, as the quantity ultimately to be carried of this commodity from the crushing mill at the edge of the forests to ~~Kisumu~~, the site of the pulp mill, would amount to about 240,000 tons per annum.

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when the mill reached full production, every cent - or even decimal point - of increase or decrease in freight charges made a considerable difference to the Company in its cost of production and its possibility of competing with the prices of foreign pulps. Colonel Jervis undertook to go into the matter with the Railway officials when in Kenya, and, as he had the advantage of considerable transport experience he was able to argue the cost case to some good purpose. As a result the average freight figures, in and out, for the commodities necessary to the Company now stand at the figure of 5.48 cents, but when this is translated into cost per ton of pulp I find that it means about £2. 4. - per ton on the cost without taking into account port charges or shipping to London which charges amount to an additional 20/6d. That is to say nearly 50% of the whole cost is accounted for by freight and shipping charges.

Although I know you laid down in conversation with me when I raised the question of these freight charges that in spite of the fact that the Kenya & Uganda Railway was Government owned, or Government guaranteed, you could not allow the Railway to be utilised to subsidise industries either in Kenya or Uganda, I still feel that the rates quoted to the Company are substantially on the high side having regard to the fact that the total

income to the Railway by the establishment of this mill when on full production would amount to no less than £220,000 per annum; that in many cases it would be possible to give complete train-loads, and that - particularly in relation to the freight of crushed bamboo bales - arrangements could be made to transport this during periods when the Railway was not pressed, and many other factors favourable to the Railway. I am of opinion that without in the very least utilising the Railway as a subsidy, but on a purely commercial basis, there could be a cut in the average freight of anything from .35 to .50 cents per ton mile. It is not for me to say where this saving could be effected but I would call their attention to rate of 4 cents quoted on crushed bamboo. Every cent railway flat rate saved means a saving of 9/- per ton on the cost of the pulp.

I would here point out that the present freights quoted to the Company by the Railway are merely those as stated in their rate book, and without, so far as I can see, any concession being made to the Company for the large and continuous tonnage it could guarantee or for its meeting the Railway as I suggested by transporting during slack periods. If industries are to be promoted successfully in Kenya the Railway should do what any ordinary commercial undertaking would do, or would be compelled to do if

There were an alternative route, namely, endeavour to meet the situation so far as it is economically possible for them to do so.

A careful computation of the costs of production based on definite quotations for coal, salt and other raw materials necessary, and upon the standard rate of wages paid for native labour, and including all charges including Government royalties, (which I think might reasonably be eased during the early years of the Company's life) and the freight at the quoted rate, the all-in cost per ton c.i.f. London works out at £7. 15. 6. ; this figure further includes depreciation, Debenture interest and Sinking Fund, allowance for interest and redemption on Debenture guarantee, selling expenses and London office expenses. In other words I regard it as a "safe" figure, though if my suggestions were acted upon it could be reduced to £7. 12. 6. Now, being in possession of that figure one has to consider, assuming the pulp to be up to standard quality, how this cost compares with the selling prices of competitive chemical pulps in England. There are three qualities of chemical pulp sold to British paper mills by the Scandinavian and other foreign makers:-

Strong Sulphite,  
Easy Bleaching Sulphite, and  
Bleached Sulphite.

The prices now quoted for these pulps are at the moment the lowest

that have been quoted for many years, due to the fact that there has recently been a break-up in the Price Convention in Scandinavia and a good deal of "cut-throat" competition is being engaged in; the present lowest prices are:-

Strong Sulphite	- -	£ 7. 10. - -	to	£ 7. 12. - -
Easy Bleaching	- -	8. 10. - -	"	8. 15. - -
Bleached Sulphite	- -	10. - - - -	"	10. 10. - -

It will therefore be seen that on the present market bamboo pulp could not be sold to show a profit in competition with Strong Sulphite, but it could be sold profitably in competition with either of the two higher grades. It would, however, be quite possible later to manufacture an unbleached quality at competitive prices. Now the qualities of bamboo pulp as it is intended to be furnished by this pulp mill are those both of strength and colour; in other words the pulp will be of a high quality bleached variety and, therefore, it would seem to compare well with Bleached Sulphite. This market, however, is not a very large one, only some 80,000 tons per annum being imported into Britain at the present time, but it is a market which has a tendency to grow and has nearly doubled in the last five years. On the other hand Easy Bleaching Sulphite, that is to say Sulphite which the paper-mill bleaches for itself, is sold in this country in very considerable quantities. Although the Board of Trade does not differentiate

between the two items of Strong and Easy Bleaching Sulphite but places them both under the generic term of "Chemical Pulp Strong Unbleached". I should compute from my own knowledge that out of the 600,000 tons of dry and wet unbleached pulp of foreign origin imported into Great Britain last year, at least 200,000 is of the Easy Bleaching variety, so that the available market which high grade bleached bamboo pulp would have would be somewhere in the region of a demand for 300,000 tons per annum in Great Britain alone.

Having regard as I have said that this bamboo pulp would be a high grade bleached variety I am of opinion that paper-makers who now use Easy Bleaching Pulp would find it cheaper and more convenient to utilise the bamboo pulp rather than the Easy Bleaching wood pulp and so save both cost and labour. In other words, I believe that a market at a net average of 25/- a ton profit on cost, after providing for Debenture interest, depreciation and selling costs, in sufficient quantities to take a substantial proportion of the mill's output could be found in Great Britain alone.

I would like here to make it quite clear that the present prices of Scandinavian pulps are at an extremely low figure, due to the causes stated, and the opinion is that these

pieces cannot last for very long and must <sup>now</sup> harden in view of the fact that they are probably below cost of production in Scandinavia.

In addition to the market in Great Britain I see another important market for Kenya produced bamboo pulp; Australia, North Africa, India and other Dominions and Colonies where paper-making has been established, for, apart from the small production of bamboo pulp in India, practically all chemical pulp necessary to the manufacture of paper has to be imported from Scandinavia, Germany or Austria. In all these Dominions where paper-making is in operation the long distance that the Scandinavian pulps have to be carried naturally makes the cost considerably higher than the market price quoted in England; whereas, if bamboo pulp were bought in Kenya the haul would in most instances be only half the distance. I, therefore, anticipate a considerable and profitable market for bamboo pulp in our various Dominions and Colonies which are rapidly inaugurating paper-making for themselves. In addition Japan is a large manufacturer of paper today and relies almost entirely upon Scandinavia for its raw material.

I have also looked into the cost of construction and general financial position of the projected Company, and I find that the estimated expenditure on the construction of the plant has been taken on a safe and conservative side and should not in

My view be exceeded; on the other hand there have been ample allowances made for contingencies, and it is more than possible that the final figure would be lower than the £990,000 provided for this purpose. The period required for the construction of the mill is set down at two years, and I see no reason why the mill should not be completed in that time. Naturally the first operations would be concentrated on the crushing mill and rope way into the forest and everything appertaining to the extraction of the bamboo from the forest concession; these having been completed first would enable operations to be started and so a substantial reserve of crushed bamboo would be created at the mill site before the mill began its conversion into pulp.

I have not been asked to advise on the capital position of the suggested Company, but as I understand that the promoters are asking for a guarantee from the Government of Kenya for the interest on the First Mortgage Stock for a period of five years, I am of opinion that this guarantee for greater safety should be for ten years, and certainly not less than seven, though it is more than possible that the mill would be on a remunerative basis within two years of starting up, yet, my experience in the construction of pulp mills is that it would be much safer to cover the longer period and so enable the Company to get well-away with the production.

I would like to say that I have had every facility placed at my disposal by those responsible for proposing the scheme and have been helped by the consulting engineers, Colonel Hitchins and Colonel Jervis, and specially by Colonel Jervis who undertook at short notice a visit to Kenya where he stayed and worked for over a month and gathered most valuable information and carried on negotiations with the Kenya Government on behalf of the Company which were absolutely essential to the proper presentation of the scheme. Colonel Jervis's work has been invaluable and it is not too much to say that it would have been impossible to put forward a complete scheme of this magnitude without his aid.

I am also much indebted to your Officials at the Colonial Office for their help and courtesy. I have been a little surprised at the grasp they had of what, after all, in most of its aspects, is a highly technical problem.

My final view after taking all the difficulties into consideration is that if the project is carried out in the manner now submitted you can give it your support with the confidence that you are assisting in the establishment in Kenya of a thoroughly practical pulp-making mill which should not only be of the greatest benefit to the Colony itself, but by its product be of value to papermakers in Great Britain and the British Empire.

I must however strongly emphasise that as the right personnel associated with the control and management is a vitally important factor, the Government must insist on approving all those appointed to high positions whether on the Board of Directors or Technical Management.

I trust the above may be of some value to you when you come to examine and consider your attitude in relation to the suggested Company.

Believe me,

Yours sincerely,

C. H. Hawland

**HITCHINS, JERVIS & PARTNERS.**

CHARTERED CONSULTING ENGINEERS.

CHARLES F. HITCHINS, D.S.O., M.L.MECH.E., M.I.N.A.  
R. G. LOCKHART-JERVIS, D.S.O., M. INST. C.E., M.L.MECH.E., M.I.E.E.  
L. S. SWINBERTON DYER, A.M.L.MECH.E.

TELEPHONE: WHITEHALL 4116 (5 LINES)  
TELEGRAMS: JERVISA, LONDON.  
CODES: A.S.C. 5TH EDITION, BENTLEYS AND PRIVATE.

*Hallam House,  
3, Central Buildings,  
Westminster,  
London, S.W.1.*

J/G

13th October 1934.

The Secretary of State for the Colonies,  
Colonial Office,  
WHITEHALL S.W.1.

Sir,

Finance  
British East African Pulp Mills Scheme.

We wish to thank you for your letter of the 11th instant, on the subject of the proposed Kenya Government Royalty on Bamboo Pulp.

We have given your letter considerable thought, and we should like to make the following comments:-

"A" We accept your proposed fixed rate of 6d per ton of Bamboo Pulp produced at the Mills at Tsavo. We also accept the complete exemption period of three years from the date of the registration of the Company, although this only gives us one year of pulp exemption.

"B" This paragraph in general we accept, but we should like to know if you are agreeable to the addition of the words "AND MAINTENANCE" after the word depreciation at the end of the 5th line of this paragraph, as we had intended to sub-divide this item -

Depreciation 5% per annum on £212,000  
Maintenance 4% " " " " £212,000

Would you be prepared to reduce the general reserve fund from 10% to 5%, and carry this into the net profits instead of leaving it in the fixed charges account.

"C" We accept your suggestion that the Kenya Government should undertake not to levy export duty on the Company's pulp during the period of the Forest Licences.

"D" We accept your suggestion that the Kenya Government should have the right to review the whole of their arrangement with the British East African Pulp Mills Ltd. in the event of a change in the Company's capital structure.

We are glad to hear that this matter is now reaching its final stage, and that in principle we agree on the outstanding points.

We trust that you will have a satisfactory reply from the Kenya Government at an early date.

We are, Sir,

Your obedient Servants,

For  
HITCHINS JERVIS & PARTNERS.



C. O.

Mr. ~~Harwin~~ 12/10/34  
Mr.

23200/34  
Henry  
4-10-34  
P.P.

66 114

12 OCT 1934

Mr. Parkinson.

Mr. Tomlinson.

Sir C. Bottomley.

Sir J. Shuckburgh.

Permt. U.S. of S.

Party. U.S. of S.

Secretary of State.

DRAFT

H. F. Marshall Esq.

N. West. N.D. etc.

Shamrock's Field

Dear Marshall

I had a further conversation with Col. Jones yesterday, from which I learned that the bamboo

pulping process requires crude ~~ashes~~, not refined, salt;

that he so informed when he met him Mr. Nicholson some time ago; and that

Magadi will find a ready customer in the pulp works

of them are so  
their pace as to complete successfully  
with the alternative sources of supply.

It might perhaps be useful for if  
the expert whom Nagata is  
sending out could have a talk  
with Jervis before he goes.

Yours sincerely

(Signed) L. B. FREESTON

rx.  
(Signed) C. A. L. CLIFFE.

Mr. Stratton: 12

Mr. Ford: 12

Mr.

Mr. Parkhurst

Sir G. Tomlinson

Sir C. Bottomley

Sir J. Shuchburgh

Permt. U.S. of S.

Parly. U.S. of S.

Secretary of State.

Handwritten box containing 'C', 'D', '12', '13' and other scribbles.

Approved by No. 7

October, 1954

No. 245 Confidential

**DRAFT TELEGRAM.**

GOVERNOR,

NAIROBI.

Your despatch No.132 Confidential.

After full consideration I am convinced that if success of company is not to be prejudiced Govt. of Kenya should be satisfied with following royalty:-

(a) 6d. per ton of pulp manufactured during fourth and subsequent years from date of registration of company.

(b) 5% on company's net profits defined as in para.4 of my despatch

2nd October Confidential (S). Shall

be glad to learn with least possible delay <sup>whether</sup> you concur in acceptance of these terms.

**FURTHER ACTION.**

Rec'd to me  
SP

Printed at end)

Arrangement to be subject to Govt. of Kenya to have the right to review the arrangements in the event of any change in capital structure of Company, and to undertake

not to impose export duty on Company  
products during emergency of great business (from one)

SECRET.

TELEPHONE HOLBORN BRANCH

AFRICA HOUSE

KINGSWAY

LONDON, W.C.2.

10th October 1934.

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

My dear Bottomley.

Magadi Soda Company Ltd.

I have followed up the question of supply of salt from Magadi for the pulp factory and find that it is quite likely that the Magadi Company may be ready to revise their figures of cost of salt production considerably below the estimates that were given to the pulp people some time ago.

The reason for this is that their figures were based on salt which had passed through the complete process of refining whereas I now gather that crude salt would be quite suitable for the purposes connected with the pulp, and the crude salt does not require so large an outlay of capital expenditure nor entail so high a cost of production owing to the process being curtailed to eliminate the final process of refining.

As I informed you yesterday, the Magadi people are sending out an expert to look into the whole question of salt production.

\* Subject to further enquiries

working profit-less interest and

sinking fund contribution on the

debenture stock; interest and

amortisation provision on the

Colonial Development Fund advance,

depreciation of plant and buildings

(calculated approximately at 7 1/2% per

annum on £812,000); annual contribu-

tion to reserve fund up to a

maximum of £14,000 annually (= 2%

on £700,000 ordinary stock); amount

paid in fixed royalty.

(c) The Kenya Government should to

undertake not to levy export duty on

the Company's pulp during the period

of the Forest Licence.

(d) The Kenya Government to have

the right to review the whole arrange-

ments in the event of any change in the

Company's capital structure.

If I hear from you that you

are satisfied with my conclusions,

the next step will be for us to secure the

consent

C. O.

Mr.

Mr.

Mr.

Mrs. Robinson

Sir G. Tomlinson

Sir C. Bottomley

Sir J. Shuckburgh

Permt. U.S. of S.

Partly. U.S. of S.

Secretary of State.

conurrence of the Government of  
U. States and the Government of Kenya  
Yours sincerely,

(Signed) L. B. FREESTON

DRAFT.

FURTHER ACTION.

100,000 tons at £2 per ton profit, gives gross profit... 200,000

Deduct:-

In 8th Year.    In 16th Year.

Interest (4 1/2%) & Sinking Fund (1%) on £700,000		
Debenture Stock	£38,500	£38,500
Interest (4%) on C.D.F. advance of £220,000	8,800	Nil.
Provision for repayment in 15 years = annually	14,000	Nil.
Depreciation on plant, say 7 1/2% on £812,000	60,900	Nil.
Allocation to Reserve (2% on ordinary capital)	14,000	14,000
Fixed rate royalty	2,500	2,500

Total Deductions    £138,700    £155,000

Leaving Net Profit    £61,300    £145,000

Government 5%    £3,065    £7,250

Fixed Royalty    2,500    2,500

Total £/ton    5565    9750  
 ( = 1/1 1/2 p/ton )    ( = 1/11 1/2 p/ton )

In 5th year

10500

51000

106900

93060

6980

9480

= 1/104

47 1/2 = 10875

13370

( = 2/13 )

HARRISON, SUGDEN & CO  
SOLICITORS  
COMMISSIONERS FOR OATHS  
WILLIAM HARRISON, LL.B.  
T. E. SUGDEN, LL.B.  
TELEGRAPHIC ADDRESS  
FIFTYFOUR, ESTRAND, LONDON.  
WEST END OFFICE  
14, CONNAUGHT STREET, W.2.

TELEPHONE NO 97 TEMPLE BAR 1027  
1028 HEAD OFFICE.  
PADDDINGTON 3091  
3092 WEST END OFFICE.

Australian House,  
Strand,  
London, W.C.2

9th October 1934.

Sir,

Royalties.  
British East African Pulp Mills Scheme.

Several conferences have taken place with your Department on the above subject, and we beg to submit for your consideration on behalf of our clients, which we hope you will consider, an equitable proposal to cover this situation namely:-

The Government of Kenya shall be paid by the Company a royalty of 6d. per ton on all pulp manufactured from bamboo at the Company's Factory at Tsavo and further shall be paid an additional royalty on all pulp so manufactured calculated at the rate of 5% of the audited net profits of the Company (after allowing for all taxation if any, in Kenya in each and every year) which shall remain after the Ordinary shareholders of the Company shall have been paid a dividend at the rate of 10% on the Ordinary shares of the Company.

The above has been the object of making this formula as brief as possible, because it will have to appear in the Prospectus and will facilitate the interpretation for prospective investors.

We are, Sir,  
Your obedient servants,

Secretary of State for the Colonies,  
Colonial Office,  
Whitehall, S.W.

23201/34

61

C. O.

Kerry

Mr. *Archer* 9/10/34

Mr.  
Mr.

Mr. *Parkinson.*

Mr. *Tomlinson.*

Sir *G. Bottomley.*

Sir *J. Shuckburgh.*

Paymt. U.S. of S.

Partly U.S. of S.

Secretary of State.

Air Mail

Q. D.  
R 9-OCT.  
D 9

9 OCT 1934

Sir

W. refer to my

last Conf. (2) of the

2<sup>nd</sup> of Oct. I have a

to enclose for you

information a copy of

three Reports furnished by

Dean Hitchins. These are

Partners in connection

with the Bamboo Pulp

DRAFT.

Kerry  
for  
Conf. (2)

A  
B  
C

which in  
the

Schemes

These Reports will form  
part of the case submitted  
on behalf of the promoters  
to the Col. Dev. Adv. C'ty.

(Sgd.) P. GUNIFFE-LISTER

HARRISON, SUGDEN & CO.  
SOLICITORS  
CONDOMINIUM MANAGERS  
WILLIAM HARRISON, M.A.  
T. E. SUGDEN, M.A.

TELEGRAPHIC ADDRESS  
SPTNWT, EAST AFRIC LONDON  
WEST AFRIC OFFICE  
14, CONNAUGHT STREET, W. E.

TELEPHONE NO 1 TEMPLE BAR 1027  
1028 1029  
PADDINGTON 3032  
HEAD OFFICE  
WEST END OFFICE

RECEIVED  
OCT 1934  
O. O. REGY

*Australian House,  
Strand*

*London, W.C. 2*

8th October 1934.

Sir,

Proposed New Company.  
British East African Pulp Mills Ltd.

We are instructed by our clients to send you herewith,

- (a) A Report of Colonel Lockhart Jervis' investigations in Kenya.
- (b) A Report as to the methods of cutting and handling the raw material from the bamboo forests covered by the Concession.
- (c) A Report on the layout, and the proposed operations for the manufacture of high grade pulp from bamboo at Tsavo (15 copies of each).

also an Album of photographs showing the bamboo area to be covered by the proposed Company in its operations, the great majority of which photographs were recently taken by Colonel Jervis himself on his recent visit to Kenya.

All this data has been compiled from a mass of material in our client's possession in order to present in as concise a form as possible the whole matter to the members of the Colonial Development Advisory Committee so that the Committee may quickly visualise what is involved in this important and imperial enterprise.

As a result of Colonel Lockhart Jervis' recent visit to Kenya with Mr. Udall, it has been possible to

*1/56*

HARRISON, SUGDEN & CO.

SOLE AGENTS

COMMISSIONERS FOR THE

WILLIAM HARRISON & CO.

15, COLINAHAY STREET, W.2.

TELEGRAPHIC ADDRESS

ROBINSON, ESTIMAND, LONDON.

WEST LONDON OFFICE:

15, COLINAHAY STREET, W.2.

TELEPHONE NOS TEMPLE BAR 1027

3001

HEAD OFFICE

PADDINGTON

3002 WEST END OFFICE

*Australia House,  
Strand  
London, W.C.2*

RECEIVED  
OCT 1934  
C. O. REGY

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As a result of Colonel Lockhart Jarvis' recent visit to Kenya with Mr. Udall, it has been possible to

1/15/34

-2-

amplify the material which was already in our client's possession, and in some respects operations of the proposed scheme have in consequence been considerably re-cast.

The draft agreement which was discussed between Colonel Lockhart Jervis and H.E. the Governor and legal advisers of the Government of Kenya has now been revised and approved in London between ourselves and the advisers of the Colonial Office who have had the benefit of the assistance of Mr. Burchell of Messrs. Burchells. This revised agreement provides for an extension of the bamboo concession to approximately 80,000 acres for 99 years and provides also for the Water Rights on the River Tsavo and the acquisition of the necessary land on which the Factory and other buildings are to be erected.

Our clients are of the opinion that these large works will take about 2 years to erect and after allowing for the starting-up of the plant, it is anticipated that the plant will not be in full operation for 6 months after all the construction work and installation of the plant has been completed.

It is obvious that the ordinary shareholders cannot expect to receive a dividend for some 4 years and it is therefore necessary for the 2,700,000 4% Debenture Stock to be issued on such terms that it will prove an attractive.

H.S.

security and we have advised our clients that it is necessary for the guarantee for the interest on the debenture stock to cover a period of not less than 7 years from the incorporation of the Company so that this great imperial undertaking can be put on a sound financial basis.

We are, Sir,

Your obedient servants.

A large, stylized handwritten signature, likely "James Thomson", is written across the middle of the page. The signature is written in dark ink and is somewhat cursive and elongated.

The Secretary for the Colonies,  
Whitehall  
London.S.W.

# This Deed

made the day of <sup>One thousand nine hundred and thirty-</sup>  
~~Between~~ **SIR ARNOLD WEINHOLT HODSON K.C.M.G.**  
Governor of the Colony and Protectorate of Sierra Leone (hereinafter referred to as "the Governor") acting for and on behalf of the Government of the said Colony and Protectorate (hereinafter referred to as "the Government") of the one part and **SIERRA LEONE SELECTION TRUST LIMITED** a Company incorporated in England under the Companies Act 1929 and having their registered office at Selection Trust Building Mason's Avenue Coleman Street in the City of London (hereinafter referred to as "the Company" which expression shall include their permitted assigns) of the other part

**Witnesseth** and it is hereby agreed and declared as follows:—

1. IN this Deed the following expressions shall have the following meanings:—

EXPRESSION.	MEANING.
"The Governor" ... ..	The Governor for the time being of the Colony and Protectorate of Sierra Leone.
"The Crown Agents" ... ..	The Crown Agents for the Colonies for the time being.
"The Colony" ... ..	The Colony and Protectorate of Sierra Leone.
"The area comprised in the Licence"	The whole of the Colony with the exception of the areas comprised in the concessions known as the Marampa Concession and in the Tonkolili Agreement already granted or under negotiation for granting to the Sierra Leone Development Company Limited.
"The Minerals Ordinance 1927"...	The Ordinance passed in that year by the Legislative Council of the Colony regulating the working of minerals and all amending Ordinances.
"Mining Benefits Trust Fund"...	The fund to be established and administered in accordance with the provisions of Sierra Leone Ordinance No. 18 of 1932.

Definitions

Grant of Licence for 99 years.

(1) The Governor hereby grants to the Company for the term of ninety-nine years from the first day of July One thousand nine hundred and thirty-three (determinable as hereinafter provided) a sole and exclusive licence to explore for exploit produce take dispose of and market diamond throughout the area comprised in the Licence.

Power for Company to determine licence if not workable at a profit.

(2) If in the opinion of the Company (which shall for this purpose be conclusive) the Licence cannot be worked or has ceased to be workable at a profit for any reason beyond the control of the Company and of the Government and the Company shall give to the Governor not less than twelve months' notice in writing expiring on any first day of July during the said term of the desire of the Company to determine this Licence then and in such case immediately after the expiration of such notice this Licence and everything herein contained shall cease and be void but without prejudice to any claim by the Governor in respect of any antecedent breach of any of the obligations hereby imposed on the Company.

Yearly rent of £7,000 payable by the Company.

3. (1) In consideration of the grant of this Licence to the Company the Company shall pay to the Government the yearly rent or sum of Seven Thousand Pounds payable by equal half-yearly payments on the first day of January and the first day of July in each year the next payment to be made as on the first day of January One thousand nine hundred and thirty-five and to be a full half-year's payment.

(2) The said yearly rent or sum of Seven Thousand Pounds shall be treated as constituting moneys subject to the trusts of the Mining Benefits Trust Fund and shall be applied accordingly.

Exemption of the Company from other mineral rents, taxes, and charges with certain exceptions.

4. EXCEPT and subject as provided by Clause 3 the Company shall at all times during the continuance of this Licence be exempt in respect of their operations in connection with the production and disposal of diamond from all rents taxes royalties export duties charges or impositions whatsoever in respect of minerals or profits which might otherwise be imposed upon or become payable by the Company with the following exceptions:—

(1) Such tax as the Government may impose on profits of the diamond industry not exceeding twenty-seven and one-half per centum of the net profit of the Company ascertained in accordance with the First Schedule hereto.

(2) Surface rents and compensation payable to Tribal Authorities and other persons under the Minerals Ordinance 1927 and any amendments thereto for the time being in force.

Surface rights

5. (1) The rights and obligations of the Company over the surface of the area comprised in the Licence shall be those prescribed by the provisions of the Minerals Ordinance 1927 and the rules thereunder.

(2) The Governor shall not in exercise of the powers conferred on him by Section 30 of the Minerals Ordinance 1927 impose any restriction limiting the exercise of such rights without the consent of the Company such consent not to be unreasonably withheld.

Production and sale of output.

No agreement to be entered into for control of output or restriction of marketing.

General reserve.

6. THE Company shall be at liberty to produce and sell their diamond output as they shall deem fit but the Company shall commence their operations forthwith and shall during the continuance of this Licence use their best endeavours to work the diamond deposits to the highest economic advantage and to sell as large an amount in value of diamond as they may be able to do having regard to the conditions of the market from time to time.

7. THE Company shall not without the sanction of the Governor or Crown Agents on his behalf enter into any agreement for the control of output or restriction of marketing of diamond produced under this Licence or dispose of any interest in this Licence to any other person or persons or Corporation as a consequence of which any restrictions of production or interference with the local diamond industry may or could be brought about.

8. (1) The Company shall at the end of each of its financial years during the continuance of this Licence set aside and transfer to general reserve an amount equal to five per centum of the profit for that year ascertained on the basis set out in paragraph (a) of the said First Schedule hereto.

(2) Such reserve shall not exceed Two Hundred Thousand Pounds in value in cash and securities.

(3) Such reserve may be utilised for:

(a) The extension of the Company's operations in the area comprised in this Licence in lieu of raising new capital.

(b) Replacement of plant.

(c) Meeting contingencies.

(d) Equalisation of dividends.

(e) Such other purposes as in the opinion of the Board of Directors shall be conducive to the Company's business in the said area.

(4) Such reserve shall to the extent to which it is not from time to time required for the purposes set out in Sub-clause (3) of this Clause be held or invested in the government securities of the United Kingdom of Great Britain and Northern Ireland or in the securities of any British colony or dependency including in those expressions India and any British dominion commonwealth or union or any province or state of any such dominion commonwealth or union but not in any other security.

(5) Such reserve shall not be used for mining business or operations outside the area comprised in this Licence.

9. (1) The Company shall at all times during the continuance of this Licence keep at their registered or other office approved by the Governor or by the Crown Agents on his behalf all usual and proper books of account relating to their operations under this Licence showing the capital expenditure for the time being upon or in connection with the area comprised in the Licence and also all receipts and expenditure on account of revenue in connection with the said area which books of account shall be open at all reasonable times for the inspection of the duly appointed agents of the Governor.

Books and accounts.

(2) The Company shall appoint some chartered accountant or firm of chartered accountants approved by the Governor or by the Crown Agents on his behalf or in default of agreement to be nominated by the President for the time being of the Institute of Chartered Accountants in London to act as auditor.

(3) Such auditor shall not less than once in every year during the continuance of the Licence audit, the Company's accounts and prepare and certify a proper balance sheet and profit and loss account and a copy of each such balance sheet and profit and loss account so certified shall forthwith be furnished to the Crown Agents.

10. THIS Licence is limited exclusively to exploring for exploiting producing and taking diamond and if the Company in the course of their operations shall discover any precious stones other than diamond, or precious or base metals or mineral oil or other matters of geological interest they shall forthwith give notice of such discovery to the Governor with a correct indication of the site of such discovery.

11. (1) Nothing in this Licence shall preclude the Company from engaging in the mining of minerals (other than diamond) of economic importance in the area comprised in the Licence under any mining title hereafter to be granted.

(2) Any such mining shall be conducted in accordance with the law applicable thereto for the time being in force in the Colony.

(3) The Company shall keep separate accounts of all such mining operations and the profits therefrom shall (subject as provided in Sub-clause (4)) be excluded from the provisions of Clause 4 hereof.

(4) In the event of such other minerals being recovered by the Company in conjunction with the recovery of diamond the revenue resulting therefrom shall be treated as revenue accruing from the production and disposal of diamond and Clause 4 hereof shall accordingly apply thereto.

12. (1) Every statement or representation having reference to the Licence hereby granted to be contained in any prospectus notice advertisement or circular inviting subscriptions to any further capital of the Company now and above the initial capital of Six hundred thousand shares of Five Shillings each to be issued either in the United Kingdom of Great Britain and Northern Ireland or in the Colony or elsewhere shall be first submitted to the Crown Agents together with the whole of such prospectus or other document before the same shall be issued and shall not be issued if the Crown Agents shall within one month after any such statement or representation has been so submitted serve on the Company a notice disapproving of the same and in the event of any breach of this clause it shall be lawful for the Governor or the Crown Agents on his behalf by notice in writing to be served on the Company to determine this Licence.

Licence limited to production of Diamond. Any discovery of other metals etc. to be communicated.

Company not to be precluded from mining other minerals under licence to be granted hereafter.

Prospectuses and advertising notices inviting subscriptions to capital to be submitted for approval.

(2) Any approval given under Sub-clause (1) shall in no way extend to or be deemed to extend to any other statement or representation contained in or implied by any such prospectus or other document as aforesaid nor shall the Governor or the Crown Agents by reason of any such approval be represented or be deemed to have in any way authorised the issue of such prospectus or other document as aforesaid.

85% of supplies to be of British manufacture.

13. SAYE with the sanction of the Governor or Crown Agents on his behalf of all supplies required by the Company for the purposes of its operations in Sierra Leone under this Licence not less than eighty-five per centum shall be of British manufacture.

Licence not to be assigned.

14. THE Company shall not assign sublet or otherwise dispose of this Licence or any interest therein or create any mortgage thereof or charge thereon whether specific or floating without the previous consent in writing of the Governor or of the Crown Agents on his behalf.

Minerals Ordinance 1927 and Rules to apply except so far as not inconsistent with this Licence.

15. THE Company shall be subject only to such of the provisions of the Minerals Ordinance 1927 and any amending Ordinances and the Rules made and to be made thereunder as are consistent with the terms of this Licence.

Rights may be granted over the area for other minerals.

16. NOTHING in this Licence contained shall be construed as precluding the Government from granting any right licence or lease for the recovery of any minerals or substances other than diamond over all or any part of the area comprised in this Licence either to the Company or to any other applicant and any such right licence or lease which the Company may not apply for shall be expressed to be subject to the prior rights of the Company as regards diamond under this Licence.

Information to be given to the Company of any discoveries of Diamond.

17. (1) The Government shall at all times during the continuance of this Licence give to the Company free of cost full particulars and details of all information relating to or affecting discoveries of diamond which the Government may acquire or which may come to the knowledge of the Government and also deliver to the Company free of cost any diamond recovered from third parties and the Government shall in its discretion use its best endeavours for the recovery of diamond from such third parties.

(2) In the event of diamond being discovered in the areas of the Marampa Concession and Tonkolili Agreement aforesaid the Government will use their best endeavours to make such arrangements with the Sierra Leone Development Company as will effectually control the production and marketing of diamond produced from the areas of the said Concession and Agreement and the Company shall use their best endeavours to assist the Government in carrying out any arrangements which may be made with the Sierra Leone Development Company.

Government to introduce legislation to give full effect this Licence.

18. For the purpose of giving full effect to the terms of this Licence the Government will forthwith introduce and use its best endeavours to cause to be passed legislation for the purpose of ratifying and confirming the Licence hereby granted and all the terms hereof.

137.

(2) If such legislation shall not be duly passed and become law within twelve months from the date hereof or within such extended time as the Government and the Company may mutually agree this Deed shall be void and of no effect.

(3) Inasmuch as the Company since the first day of July One thousand nine hundred and thirty-three has been prospecting for exploiting producing and marketing diamond within the area comprised in this Licence upon and subject to the provisions herein contained and has duly paid to the Government all the said yearly rent of Seven Thousand Pounds payable hereunder up to the date hereof now in the event of this Deed becoming void under the provisions of Sub-clause (2) of this clause the Government shall so soon as practicable after the happening of such event repay to the Company all sums theretofore paid in respect of the said yearly rent and all other sums (if any) whether in respect of tax or profits or otherwise paid by the Company to the Government in pursuance of the provisions of this Licence and the Company shall retain for its own absolute benefit subject always to the provisions of the Minerals Ordinance 1927 all diamond produced and/or disposed of within the area comprised in this Licence.

(4) The failure of the Government to pass the required legislation shall not entitle the Company to any damages compensation or other payment from the Government except as aforesaid.

19. THE Governor grants this Licence in virtue of his office and on behalf of the Government of the Colony and the Governor shall not nor shall any Government officer be in any way personally liable for any default or omission in the observance or performance of any obligation hereby undertaken by the Governor or the Government.

20. (1) Any notice to be given hereunder to the Governor may be given by sending the same by registered post addressed to the Colonial Secretary at Freetown, Sierra Leone.

(2) Any notice to be given hereunder to the Company may be given by registered post addressed to the Company either at their registered office in England or their principal place of business in the Colony.

(3) Any notice sent by registered post shall be deemed to have been given at the time when it should have been received in due course of post.

21. THIS Licence shall be construed and the rights of the parties determined according to the Law of England and (except as provided in the said First Schedule hereto in relation to the ascertainment of net profits) any difference between the parties in relation to this Licence or the construction meaning or effect of any of its provisions shall unless the parties otherwise agree be determined by the Supreme Court of Sierra Leone. Any writ, order, judgment or other legal process or document required by virtue of this clause to be given to or served upon the Governor shall

Governor not to be personally liable.

Notices.

English law to apply.

be sufficiently given or served if left at the Office of the Crown Agents for the Colonies addressed to them on behalf of the Governor and any writ notice order judgment or other legal process or document required by virtue of this clause to be given to or served upon the Company shall be sufficiently given or served if left at the registered office of the Company addressed to them.

22. THE marginal notes are intended for convenience of reference only and shall not affect the construction or interpretation of this Licence.

IN WITNESS whereof the Governor has hereunto set his hand and seal and the Company have caused their Common Seal to be hereunto affixed the day and year first above written.

#### THE FIRST SCHEDULE.

The "net profit" in any one year shall be ascertained in manner following:—

(a) The profit of the Company resulting from the production and sale of diamond and other minerals recovered in conjunction with the recovery of diamond shall be calculated in accordance with good accountancy practice and shall be ascertained after charging all operating and overhead expenses and depreciations including the said annual sum of £7,000 or proportion thereof payable in accordance with Clause 3 of the Licence which shall be charged in the Company's operating accounts as rent payable and all interest payable on capital sums borrowed except to the extent that such interest may be covered by interest receivable. In ascertaining the profit for each accounting period the stock of unsold diamond and of such other mineral as aforesaid held by the Company at the close of such period shall be valued for the purposes of the account at the nominal figure of £1.

(b) There shall be deducted from the profit ascertained in accordance with (a) above:

(1) An amount of five per centum of the profit so ascertained and this sum shall be transferred to general reserve.

(2) The amount of any losses brought forward from previous accounting periods except to the extent (if any) that such losses may be reduced by transfers from the general reserve.

The balance thus ascertained shall be deemed to be the "net profit" as referred to in Clause 4 of the Licence.

(c) The amount of "net profit" referred to above shall be certified by the auditors approved under Sub-clause (2) of Clause 9 of the Licence. In the event of any difference of opinion concerning the ascertainment of the "net profit" in any one year the matter shall be referred for decision to an independent firm of chartered accountants to be agreed upon between the Government and the

be sufficiently given or served if left at the Office of the Crown Agents for the Colonies addressed to them on behalf of the Governor and any writ notice order judgment or other legal process or document required by virtue of this clause to be given to or served upon the Company shall be sufficiently given or served if left at the registered office of the Company addressed to them.

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### THE FIRST SCHEDULE.

The "net profit" in any one year shall be ascertained in manner following:—

(a) The profit of the Company resulting from the production and sale of diamond and other minerals recovered in conjunction with the recovery of diamond shall be calculated in accordance with good accountancy practice and shall be ascertained after charging all operating and overhead expenses and depreciations including the said annual sum of £7,000 or proportion thereof payable in accordance with Clause 3 of the Licence which shall be charged in the Company's operating accounts as rent payable and all interest payable on capital sums borrowed except to the extent that such interest may be covered by interest receivable. In ascertaining the profit for each accounting period the stock of unsold diamond and of such other mineral as aforesaid held by the Company at the close of such period shall be valued for the purposes of the account at the nominal figure of £1.

(b) There shall be deducted from the profit ascertained in accordance with (a) above:—

(1) An amount of five per centum of the profit so ascertained and this sum shall be transferred to general reserve.

(2) The amount of any losses brought forward from previous accounting periods except to the extent (if any) that such losses may be reduced by transfers from the general reserve.

The balance thus ascertained shall be deemed to be the "net profit" as referred to in Clause 4 of the Licence.

(c) The amount of "net profit" referred to above shall be certified by the auditors approved under Sub-clause (2) of Clause 9 of the Licence. In the event of any difference of opinion concerning the ascertainment of the "net profit" in any one year the matter shall be referred for decision to an independent firm of chartered accountants to be agreed upon between the Government and the

Company and in default of agreement to be appointed by the President for the time being of the Institute of Chartered Accountants in London. The decision of such independent firm of chartered accountants shall be final and binding upon the parties.

Signed Sealed and Delivered  
by the above-named Sir Arnold  
Weinholt Hodson in the presence  
of

The Common Seal of Sierra Leone  
Selection Trust Limited was hereunto  
affixed in the presence of

Directors.

Secretary.

Dated

1934.

---

THE GOVERNOR OF THE COLONY  
AND PROTECTORATE OF SIERRA  
LEONE

— AND —

SIERRA LEONE SELECTION TRUST  
LIMITED.

---

## Licence

for Diamond Mining in the Colony and  
Protectorate of Sierra Leone.

---

C. O.

Mr. ~~Heath~~ 2/10 ~~Alona~~

Mr.

Mr.

Mr. Parkinson

Sir G. Tomlinson

Sir C. Bouamiey

Sir J. Shuchburgh

Permt. U.S. of S.

Parly. U.S. of S.

Secretary of State.

23201/21

Kemner

175  
- O.D.  
# 34 OCT  
# 3 Oct

Coal down  
8.4.20 for 2/11  
2/10/21

17C

DRAFT. Tol.

Gov. Nairobi

(18)

Conf. No. 233

your desp.

6 Sept 1921 Conf.

Draft agreement

enclosed in L has been  
revised and copies are  
being sent for your

examination and signature  
in my desp. 2 Oct. Conf. (3)  
by air mail of Oct. 31

I trust you will find it  
possible to return signed  
copies by air mail bearing

Nairobi 13<sup>th</sup> Oct

FURTHER ACTION.

~~CS~~

PUBLIC WORKS DEPARTMENT

WATER PERMIT

File No. \_\_\_\_\_ NAIROBI, 21 - 8 - 1934.

FARM ~~INDUSTRIAL~~ ~~INDUSTRIAL~~ ~~INDUSTRIAL~~ } Yearly permits lapse  
 \_\_\_\_\_ H.P. ~~INDUSTRIAL~~ PERMIT NO. 1274 } December 31st. See  
 \_\_\_\_\_ } over, Clause 27.

INDUSTRIAL

Name of ~~Concessionaire~~ Concessionaire Charles Udall, Esq.,  
 of C/o Kenya Marble Quarries Ltd.,  
 P.O. Box 834, Nairobi.

CROWN LANDS (WATER PERMIT RULES), 1919.

Permission is hereby granted to the above-named to divert water from the undermentioned source, in accordance with the plan herein below referred to and subject to the stipulations and conditions following hereafter and endorsed hereon: -

1. Source of Supply:- Tsavo River.
2. The water is to be utilized for the purpose of the production of pulp for the manufacture of paper on an area at Tsavo in the Machakos District of the Central Province.
3. The plan of the area is that numbered 49 and registered as P.W.D. No. 10999 signed by Charles Udall and D. Boucher and dated September 1933.
4. The quantity of water which may be diverted is not to exceed
 

(a) for Farm purposes	0.05 cusecs
(d) for Industry	22.20 cusecs,

 being a total diversion of 22.25 cusecs or 25% of the flow of the stream at the point of diversion at the time diversion is taking place (whichever may be the lesser) and the amount returned to the river shall not be less than 80% of the quantity diverted for industry.
5. The method of diversion and the return of water to the river and all works therefor shall be in accordance with plans to be submitted to and approved by me.
6. Any effluent from any works in which water is used in any process or for any purpose whatever shall not be returned to any body of water unless it shall contain no matter poisonous or otherwise likely to be injurious to public health, to live stock, to fish or to crops, or to any products for which such water is used in any process whatsoever, or to cause a nuisance or interfere with the amenities of other persons.
7. This permit shall lapse and become null and void if the works specified hereinbefore have not been completed before the thirty-first day of March 1936 or such later date as may be authorised for good reasons shown.

*Charles Udall*

*W. Udall*  
 Agt Director of Public Works

HARRISON SUGDEN & CO  
SOLICITORS  
COMMISSIONERS FOR OATHS.  
WILLIAM HARRISON, LL.B.  
T. E. SUGDEN, LL.B.  
TELEGRAPHIC ADDRESS:  
FIFTHOTI, ESTRAND, LONDON.  
WEST END OFFICE:  
14, CONNAUGHT STREET, W. 2.

ONE 109 TEMPLE BAR 1027 HEAD OFFICE.  
1028  
ADDRESS: 309 WEST END OFFICE.  
302

137  
55  
*Australia House,  
Strand,  
London, W.C. 2.*

W.H.  
Encls.

2nd October

1934.

BY HAND.

Dear Sir,

re Proposed Company.  
British East African Pulp Mills Ltd.

As requested over the telephone this morning,  
we enclose for your file a carbon copy of the  
agreement which was executed yesterday. We also  
return herewith the copy which you kindly lent us  
of the draft Licence to cut Bamboo.

Yours faithfully,

*Encls. 6 Nos 48  
(attached).*

For the attention of Mr. Freeston.  
The Secretary for the Colonies,  
Colonial Office,  
Downing Street,  
S.W. 1.

*Handwritten notes:*  
The above is a copy of the Agreement of 22nd Oct 1934  
as settled by the Hon. Justice G. C. (S. J. C.) for the  
(Attorneys) and Mr. [unclear]  
It also appears to be a copy  
Signed [unclear]

A B A G R E E M E N T made the first day of October One thousand  
nine hundred and thirty four  
JOSEPH ALOISIUS BYRNE Knight Grand Cross of the Most Distinguished Order  
of Saint Michael and Saint George, Knight Commander of the Most Excellent  
Order of the British Empire, Companion of the Most Honourable Order of  
the Bath, a Knight of Grace of the Honorable Order of the Hospital of  
Saint John of Jerusalem, having the honorary rank of Brigadier General  
in His Majesty's Army, Governor and Commander in Chief of the Colony and  
Protectorate of Kenya, acting on behalf of the Government of the said  
Colony and Protectorate (hereinafter called "The Government") of the first  
part CHARLES UDALL of Nairobi in the said Colony of Kenya Electrical  
Engineer (hereinafter called "the Vendor") of the second part and SANDYS  
MACASKIE of Salisbury South Devon in England Solicitor of the Supreme  
Court of Judicature in England (hereinafter called "the Trustee") of  
the third part W H E R E A S the Vendor is possessed of and entitled to  
a Concession dated the sixteenth day of June One thousand nine hundred  
and thirty two issued by the Conservator of Forests of the said Colony and  
Protectorate authorizing him to extract bamboo from an area of approxi-  
mately forty-six thousand acres in the Colony of Kenya for the purpose of  
converting the same into pulp AND WHEREAS the Vendor lately applied to  
the Government of the said Colony and Protectorate for a lease of ninety-  
nine years of approximately two hundred acres of land situate at Tevo  
in the said Colony for the purpose of erecting a factory thereon for the  
conversion of bamboo into pulp and the Government has granted the said  
application but no lease has yet been issued AND WHEREAS the Vendor is  
also possessed of and entitled to a non-transferable Permit issued by  
the Acting Director of Public Works in the said Colony dated the  
twenty-first day of August One thousand nine hundred and thirty four  
authorizing him to extract from the Tevo river 22.50 cusecs of water  
or alternatively twenty five per centum of the flow of the said River  
whichever may be the less for use in connection with the said Factory  
AND WHEREAS a Company to be called "British East African Pulp Mills  
Limited" is about to be formed in Great Britain under the Companies  
Act, 1929, having for its objects among other things the acquisition  
and working of the said Concession and the manufacture of bamboo into  
pulp and the like hereinafter called AND WHEREAS the authorized  
capital of the said Company is to be one hundred thousand pounds sterling  
divided into seven hundred thousand shares of one pound each and it is  
proposed that the Company shall also issue Debenture Stock not exceeding  
seven hundred thousand pounds sterling NOW IT IS HEREBY AGREED as follows:-

*... of the Government of Kenya*  
*... in Kenya*  
*(Trusts) and Mr. [Name]*  
*... to be in order*  
*4/10/54*

A B A B E E M E E T made the first day of October One thousand  
nine hundred and thirty four E E E E E E E E

JOSEPH ALOISIUS WIRNS Knight Grand Cross of the Most Distinguished Order of Saint Michael and Saint George, Knight Commander of the Most Excellent Order of the British Empire, Companion of the Most Honourable Order of the Bath, a Knight of Grace of the Venerable Order of the Hospital of Saint John of Jerusalem, having the honorary rank of Brigadier General in His Majesty's Army, Governor and Commander in Chief of the Colony and Protectorate of Kenya, acting on behalf of the Government of the said Colony and Protectorate (hereinafter called "The Governor") of the first part CHARLES UDALL of Nairobi in the said Colony of Kenya Electrical Engineer (hereinafter called "the Vendor") of the second part and SANDYS MACASKIE of Salcombe South Devon in England Solicitor of the Supreme Court of Judicature in England (hereinafter called "the Trustees") of the third part W H E R E A S the Vendor is possessed of and entitled to a Concession dated the sixteenth day of June One thousand nine hundred and thirty two issued by the Conservator of Forests of the said Colony and Protectorate authorizing him to extract bamboo from an area of approximately forty-six thousand acres in the Colony of Kenya for the purpose of converting the same into pulp AND WHEREAS the Vendor lately applied to the Government of the said Colony and Protectorate for a lease of ninety-nine years of approximately two hundred acres of land situate at Teave in the said Colony for the purpose of erecting a Factory thenceforth for the conversion of bamboo into pulp and the Government has granted the said application but no lease has yet been issued AND WHEREAS the Vendor is also possessed of and entitled to a non-transferable Permit issued by the Acting Director of Public Works in the said Colony dated the twenty-first day of August One thousand nine hundred and thirty four authorizing him to extract from the Teave river 22.25 cusecs of water or alternatively twenty five per centum of the flow of the said River whichever may be the less for use in connection with the said Factory AND WHEREAS a Company to be called "British East African Pulp Mills Limited" is about to be formed in Great Britain under the Companies Act, 1929, having for its objects among other things the acquisition and working of the said Concession and the manufacturing of bamboo into pulp and the lease hereinafter recited AND WHEREAS the authorized capital of the Company is to be seven hundred thousand pounds sterling divided into seven hundred thousand shares of one pound each and it is proposed that the Company shall also issue Debenture Stock not exceeding seven hundred thousand pounds sterling NOW IT IS HEREBY AGREED as follows:-

1. The Vendor shall sell and the Trustee shall purchase -
  - (a) the said Concession comprising forty six thousand acres or thereabouts.
  - (b) all the right of the Vendor to the Lease of the said area of two hundred acres or thereabouts situate at Tsavo aforesaid.
2. The consideration for the said sale shall be the sum of seventy thousand pounds which shall be paid in manner hereinafter provided.
3. The Trustee shall use his best endeavours to cause the Company to be incorporated in England on or before the thirty first day of May One thousand nine hundred and thirty five with a memorandum and articles of association in a form approved by or on behalf of His Majesty's Secretary of State for the Colonies and to procure that the Company will within fourteen days of obtaining its certificate to commence business adopt this agreement and upon such adoption the interest and liabilities of the Trustee under this agreement shall cease and the Company shall thenceforth be bound by the provisions of this agreement in his place.
4. Within two months after such adoption the Company shall pay to the Vendor the said purchase price of seventy thousand pounds in manner hereinafter provided at the office of Messrs. Harrison Suggden & Company Australia House, Strand, London that is to say the sum of ten thousand pounds in sterling and the balance of sixty thousand pounds shall be satisfied by the allotment by the Company to the Vendor or his nominee of sixty thousand ordinary shares of one pound each credited as fully paid up in the capital of the Company.
5. Upon the completion of the purchase from the Vendor the Company shall surrender the said Concession of forty six thousand acres or thereabouts to the Governor upon the terms that the Governor shall issue to the Company in lieu thereof the Concession mentioned in the next succeeding clause hereof.
6. Upon the surrender by the Company of the said Concession the Governor shall cause to be issued to the Company in lieu thereof a Concession authorising the Company to cut and take away bamboo from an area comprising approximately eighty five thousand acres or thereabouts (the said area shall include the area of the Vendor's original Concession) situated in the Kilima Escarpment Forest Reserve within the boundary limits hereunder set out on the map attached hereto and such Concession shall be for a period of ninety nine years from the date thereof and shall be in the form set out in the Schedule to this agreement.

7. The Governor shall also grant to the Company at any time before the thirty-first day of December One thousand nine hundred and thirty-five upon being requested so to do a lease of a further area of approximately four thousand eight hundred acres adjacent to the above-mentioned factory site of two hundred acres such further area to be within a radius of three miles from the said factory site and to be in a position selected by the Company with the approval of the Governor (the lease shall be granted under the provisions of Part V of the Crown Lands Ordinance Chapter 140 of the revised edition) and shall be for a period of ninety-nine years from the date thereof and shall be made subject to the payment to the Government of a stand premium at the rate of Shillings five per acre and to an annual rent at the rate of Cents twenty per acre.

8. As part of the consideration aforesaid upon completion of the purchase the Vendor shall forthwith surrender to the Governor the said water permit and the Governor shall issue or cause to be issued by the appropriate authority for the time being a water permit to the Company to extract water from the river Tavo for use in connection with the said factory such permit to be similar in all material respects to the permit granted to the Vendor.

9. If this agreement shall not be adopted by the Company and the purchase completed in manner hereinbefore provided before the thirty-first day of August One thousand nine hundred and thirty-five any of the parties hereto may by notice in writing to the others determine the same.

10. The determination of this agreement under 9 hereof shall not give rise to any claim by any of the parties for compensation expenses or otherwise.

IN WITNESS WHEREOF the parties hereto have hereunto set their hands the day and year first above written.

SCHEDULES HEREBINAFORE REFERRED TO

LEGISLATION AND PROTECTORATE OF KENYA

FOREST ORDINANCE, 1911.

Chapter 140 of the Laws of Kenya

Licence to cut Bamboo for the manufacture of Pulp.

This is to certify that Messrs. The British East African Pulp Mills Limited of

hereinafter called the Licensees are hereby granted sole permission pursuant to the rules as proposed in force or that may be made in the future under the Forest Ordinance 1911 or under any ordinance amending or replacing the same, to cut and convert into pulp bamboo growing in an

7. The Governor shall also grant to the Company at any time before the thirty-first day of December One thousand nine hundred and thirty-five upon being requested so to do a lease of a further area of approximately four thousand eight hundred acres adjacent to the above-mentioned Factory Site of two hundred acres such further area to be within a radius of three miles from the said factory site and to be in a position selected by the Company with the approval of the Governor (the lease shall be granted under the provisions of Part V of the Crown Lands Ordinance Chapter 140 of the revised edition) and shall be for a period of ninety-nine years from the date thereof and shall be made subject to the payment to the Government of a stand premium at the rate of Shillings five per acre and to an annual rent at the rate of Cents twenty per acre.

8. As part of the consideration aforesaid upon completion of the purchase the Vendor shall forthwith surrender to the Governor the said water permit and the Governor shall issue or cause to be issued by the appropriate authority for the time being a water permit to the Company to extract water from the river Tsavo for use in connection with the said Factory such permit to be similar in all material respects to the permit granted to the Vendor.

9. If this agreement shall not be adapted by the Company and the purchase completed in manner hereinbefore provided before the thirty-first day of August One thousand nine hundred and thirty-five any of the parties hereto may by notice in writing to the others determine the same.

10. The determination of this agreement under 9 hereof shall not give rise to any claim by any of the parties for compensation expenses or otherwise.

IN WITNESS WHEREOF the parties hereto have hereunto set their hands the day and year first above written.

SCHEDULE HERINMENTIONED IN  
THE PROVISIONS OF THE  
FOREST ORDINANCE, 1911.

Chapter 149 of the Laws of Kenya

Licence to cut Bamboo for the manufacture of Pulp.

This is to certify that Messrs. The British East African Pulp Mills Limited of

(hereinafter called the Licensees) are hereby granted sole permission pursuant to the rules of practice in force at that time to cut bamboo under the Forest Ordinance 1911 or under any Ordinance amending or replacing the same, to cut and convert into pulp bamboo growing in an

area of approximately eighty-five thousand acres in the Kinangop Escarpment and Aberdare Forest Reserves comprised within an area of land as follows:-  
Commencing at the intersection of the Uplands - Kinangop Road with the western boundary of the Kibuyu Escarpment Forest Reserve; thence generally North Easterly by that boundary to the Southern Chania River; thence down stream by that River for approximately seven thousand three hundred feet; thence due North by a straight line to the Kibuyu River; thence up stream by that River to the upper edge of the main bamboo forest; thence generally easterly, and North westerly by that edge round the hill known as "The Elephant" and north easterly to the northern tract of the Southern Mathinya River; thence down stream by that river to its intersection with the Eastern boundary of the Aberdare Forest Reserve; thence north westerly by that boundary for approximately One thousand feet to a point bearing South westerly by a straight line bearing One hundred and ninety three degrees for about twenty one thousand five hundred feet to a point on the Kinyonyo-Mathinya Track approximately four thousand three hundred feet from the eastern boundary of the Aberdare Forest Reserve; thence south westerly by a straight line bearing two hundred and twelve degrees for about thirty seven thousand two hundred feet to its intersection with the Chania River at a point situated approximately thirty six thousand feet down stream from where that River crosses the western boundary of the Forest Reserve; thence south westerly by a straight line bearing one hundred and eighty nine degrees thirty feet for about ten thousand three hundred feet; thence south westerly by a straight line bearing two hundred and thirty two degrees fifteen feet for about Eighteen thousand feet; thence south westerly by a straight line bearing two hundred and twelve degrees for about twenty seven thousand feet; thence south westerly by a straight line bearing two hundred and forty one degrees thirty feet for about eight thousand feet to its intersection with the Pasi River; thence up stream by that river for about fourteen thousand feet; thence north westerly by a straight line bearing three hundred and eleven degrees for about two thousand feet to its intersection with the Uplands - Kinangop Road; thence north westerly by that road to the point of commencement, which lands are more particularly shown edged in red on the sketch-plan attached hereto, for a period of ninety nine years from the date of this licence (subject to the conditions hereunder mentioned):-

CONDITIONS.

royalty payable:

1. The Licensees shall pay to the Government of Kenya a royalty per ton on all dried bamboo pulp manufactured by them at the rate of fifteen shillings which shall be hereafter agreed upon with the said Government whereupon a supplemental agreement shall be entered into between the parties aforesaid

area of approximately eighty-five thousand acres in the Kinyoni-Kunyungu and Aberdare Forest Reserves comprised within an area bounded as follows: commencing at the intersection of the Uplands - Kinangop Road with the western boundary of the Kinyoni-Kunyungu Forest Reserve; thence generally North Easterly by that boundary to the Southern Chania River; thence down stream by that River for approximately seven thousand three hundred feet; thence due North by a straight line to the Kibuyu River; thence up stream by that River to the upper edge of the main bamboo forest; thence generally easterly, and North westerly by that edge round the hill known as "The Elephant" and north easterly to the northern tract of the southern Mathionga River; thence down stream by that river to its intersection with the Eastern boundary of the Aberdare Forest Reserve; thence north westerly by that boundary for approximately One thousand feet; a bearing of one hundred and twenty three degrees for about twenty one thousand five hundred feet to a point on the Kinyoni-Kunyungu Creek approximately four thousand three hundred feet from the eastern boundary of the Aberdare Forest Reserve; thence south westerly by a straight line bearing two hundred and twelve degrees for about thirty six thousand two hundred feet to its intersection with the Chania River at a point situated approximately thirty six thousand feet down stream from where that River crosses the western boundary of the Forest Reserve; thence south westerly by a straight line bearing one hundred and eighty nine degrees thirty feet for about ten thousand three hundred feet; thence south westerly by a straight line bearing two hundred and thirty two degrees fifteen feet for about Eighteen thousand feet; thence south westerly by a straight line bearing two hundred and twelve degrees for about twenty seven thousand feet; thence south westerly by a straight line bearing two hundred and forty one degree thirty feet for about eight thousand feet to its intersection with the Pasi River; thence up stream by that river for about fourteen thousand feet; thence north westerly by a straight line bearing three hundred and eleven degrees for about two thousand feet to its intersection with the Uplands - Kinangop Road; thence north westerly by that road to the point of commencement, which lands are more particularly shown edged in red on the sketch-plan attached hereto, for a period of ninety nine years from the date of this licence subject to the conditions hereunder mentioned:-

CONDITIONS.

1. The Licensee shall pay to the Government of Kenya a royalty per ton on all dried Bamboo pulp manufactured by them at a rate of water which shall be hereafter agreed upon with the said Government thereupon a supplemental agreement shall be entered into between the parties duly

Royalty payable.

resolving the rate or rates to be paid by the Licensees and after the execution of this supplemental agreement the same shall be read and construed as part of this License

Annual  
license fee  
payable.

2. The Licensees shall pay an annual license fee of One hundred pounds per annum in respect of the area for each of the first three years, the first payment to be made on the issue of the license and thereafter for each succeeding year in advance on the corresponding date and thereafter an annual license fee of Five hundred pounds per annum to be paid as aforesaid in respect of each of the fourth and fifth years, an annual license fee of One thousand pounds per annum to be paid as aforesaid in respect of each of the sixth and seventh years, and an annual license fee of Two thousand pounds per annum to be paid as aforesaid in respect of each succeeding year; provided that the Licensees shall be entitled to set off against the license fee paid in any one year the royalties payable for the same year, but in no case shall a less sum than the license fee be paid to the Conservator of Forests

Accounts to  
be kept and  
returns to be  
made

3. The Licensees shall keep full and true accounts showing the quantity of bamboo brought into the factory, the quantity of pulp manufactured and in process of manufacture and exported, and shall on the fifteenth day of each month send to the Conservator of Forests in such a form as he may prescribe a true analysis thereof for the month immediately preceding

The royalty appearing by such statement to be due in respect of the pulp manufactured shall be due and payable on or before the last day of the next succeeding month

All books of accounts shall be open to inspection by Government officers who shall be allowed every facility for checking the same

Factory to be  
built, and  
output to be  
maintained

4. The Licensees shall erect and complete a factory and subsidiary buildings for the manufacture of pulp within two years from the date of the license. The factory shall thereafter be worked for not less than one hundred and twenty days in each year for the manufacture of pulp. From and after the expiration of five years from the date of the license the Licensees shall produce an annual out-turn from the said factory of at least ten thousand tons of pulp, and from and after the expiration of ten years from the same date an annual out-turn of at least twenty thousand tons of pulp.

License to be  
cancelled if  
working is not  
satisfactory.

5. If at any time the Conservator of Forests is satisfied that the Licensees are not working the bamboo on the lands included in the license with reasonable diligence, he may cause the factory to be dismantled and may work the bamboo in a more satisfactory manner, and if at any

recording the rate or rates as agreed to be paid by the licensees and after the execution of this supplemental agreement the same shall be read and construed as part of the Licence

Annual  
Licence fee  
payable.

2. The Licensees shall pay an annual Licence fee of One hundred pounds per annum in respect of the area for each of the first three years, the first payment to be made on the issue of the licence and thereafter for each succeeding year in advance on the corresponding date and thereafter an annual licence fee of Five hundred pounds per annum to be paid as aforesaid in respect of each of the fourth and fifth years, an annual licence fee of One thousand pounds per annum to be paid as aforesaid in respect of each of the sixth and seventh years; and an annual licence fee of Two thousand pounds per annum to be paid as aforesaid in respect of each succeeding year; provided that the Licensees shall be entitled to set off against the licence fee paid in any one year the royalties payable for the same year, but in no case shall a less sum than the licence fee be paid to the Conservator of Forests

Accounts to  
be kept and  
returns to be  
made

3. The Licensees shall keep full and true accounts showing the quantity of bamboos brought in the factory, the quantity of pulp manufactured and in process of manufacture and exported, and shall on the fifteenth day of each month send to the Conservator of Forests in such a form as he may prescribe a true analysis thereof for the month immediately preceding

The royalty appearing by such statement to be due in respect of the pulp manufactured shall be due and payable on or before the last day of the next succeeding month

All books of accounts shall be open to inspection by Government officers who shall be allowed every facility for checking the same

Factory to be  
built, and  
output to be  
maintained

4. The Licensees shall erect and complete a factory and subsidiary buildings for the manufacture of pulp within two years from the date of the licence. The factory shall thereafter be worked for not less than one hundred and twenty days in each year for the manufacture of pulp. From and after the expiration of five years from the date of the licence the Licensees shall produce an annual out-turn from the said factory of at least ten thousand tons of pulp, and from and after the expiration of ten years from the same date an annual out-turn of at least twenty thousand tons of pulp.

Licence to be  
cancelled if  
working is not  
satisfactory.

5. If at any time the Conservator of Forests is satisfied that the Licensees are not working the bamboo on the lands included in the licence with due diligence, he may cause the latter to be warned that they must work the bamboo in a more satisfactory manner, and if at any

expiration of three months from the date of such warning no sufficient improvement is in the opinion of the Conservator of Forests shown in the manner in which such bamboo is being worked the Conservator of Forests may cancel the licence and no compensation shall in such case be payable to the Licensee or to any one claiming directly or indirectly through them, but all fees and royalties due to the Crown at the date of the cancellation of the licence shall be payable as though the licence had not been cancelled

In causing such warning to be given regard will be paid to the market prices and to the seasons

Such warning shall be in writing and shall specify the various reasons which cause the Conservator of Forests to be dissatisfied with the manner in which the bamboo is being worked. Warning shall be deemed to be given by posting the notice of warning to the Licensee at their address as mentioned in the licence or by service of the notice on a manager or agent of the Licensee.

6. If the Licensee shall fail to commence and effect substantial operations in the terms of the licence within a period of eighteen months from the date thereof, the licence shall be void.

7. The bamboo forest comprising the licence area will be divided by the Conservator of Forests into compartments arranged in cutting series and the Licensee shall completely cut out a compartment before entering the next compartment of the same cutting series.

The order in which the said compartments shall be worked will be laid down by the Conservator of Forests in consultation with the Licensee in a plan of operations so that the whole area may be worked over systematically. The plan of operations will be based on a fifteen years' rotation period unless the Conservator of Forests decides after further experience that a reduction of this period is justified. The Licensee shall not be at liberty to deviate from the plan of operations so laid down without the previous sanction in writing of the Conservator of Forests.

At the end of each year the Licensee shall supply to the Conservator of Forests maps showing the area cut over during the year.

8. No rights other than to cut bamboo are given or implied under this licence but the Licensee may fell trees that have been marked for felling by the Forest Department. In the event of any unmarked trees being felled or any unmeasured timber being removed the Licensee shall be liable to pay five times the value the measurement being based on the stump. All saws, poles and other forest produce the cutting of which has been authorized by the Forest Department shall be paid for at

Work to be begun within eighteen months of issue of licence.

Method of working the forest.

Royalties payable on timber, fuel, etc.

expiration of three months from the date of such warning no sufficient improvement is in the opinion of the Conservator of Forests shown in the manner in which such bamboo is being worked the Conservator of Forests may cancel the licence and no compensation shall in such case be payable to the Licensees or to any one claiming directly or indirectly through them, but all fees and royalties due to the Crown at the date of the cancellation of the licence shall be payable as though the licence had not been cancelled.

In causing such warning to be given regard will be paid to the market price and to the seasons.

Such warning shall be in writing and shall specify the various reasons which cause the Conservator of Forests to be dissatisfied with the manner in which the bamboo is being worked. Warning shall be deemed to be given by posting the notice of warning to the Licensees at their address as mentioned in the licence or by service of the notice on a manager or agent of the Licensees.

6. If the Licensees shall fail to commence and effect substantial operations in the terms of the licence within a period of eighteen months from the date thereof, the licence shall be void.

7. The bamboo forest comprising the licence area will be divided by the Conservator of Forests into compartments arranged in cutting series and the Licensees shall completely cut out a compartment before entering the next compartment of the same cutting series.

The order in which the said compartments shall be worked will be laid down by the Conservator of Forests in consultation with the Licensees in a plan of operations so that the whole area may be worked over systematically. The plan of operations will be based on a fifteen years' rotation period unless the Conservator of Forests decides after further experience that a reduction of this period is justified. The Licensees shall not be at liberty to deviate from the plan of operations so laid down without the previous sanction in writing of the Conservator of Forests.

At the end of each year the Licensees shall supply to the Conservator of Forests maps showing the area cut over during the year.

8. No rights other than to cut bamboo are given or implied under this licence but the Licensees may fell trees that have been marked for felling by the Forest Department. In the event of any unmarked trees being felled or any unmeasured timber being removed the Licensees shall be liable to pay five times the value the measurement being based on the stump. All timber, poles and other forest produce the cutting of which has been authorized by the Forest Department shall be sold for at

Work to be begun within eighteen months of issue of licence.

Method of working the forest.

Royalties payable on timber, fuel, etc.

expiration of three months from the date of such warning no sufficient improvement is in the opinion of the Conservator of Forests shown in the manner in which such bamboo is being worked the Conservator of Forests may cancel the licence and no compensation shall be payable to the Licensees or to any one claiming directly or indirectly through them, but all fees and royalties due to the Crown at the date of the cancellation of the licence shall be payable as though the licence had not been cancelled.

In causing such warning to be given regard will be paid to the market prices and to the seasons.

Such warning shall be in writing and shall specify the various reasons which cause the Conservator of Forests to be dissatisfied with the manner in which the bamboo is being worked. Warning shall be deemed to be given by posting the notice of warning to the Licensees at their address as mentioned in the licence or by service of the notice on a manager or agent of the Licensees.

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Work to be begun within eighteen months of issue of licence.

Method of working the forest.

Royalties payable on timber, fuel, etc.

the rates specified from time to time under the Forest Ordinance, provided that the Conservator of Forests will reserve for the use of the Licensees, areas of Forest and plantations as conveniently accessible to the licence area as possible, sufficient to supply such reasonable quantity of woodfuel as may be required for any factory or plant erected within or adjacent to the licence area and that the royalty will be payable on such fuel at the rate of two shillings per one hundred stacked cubic feet for rough forest fuel and four shillings per one hundred stacked cubic feet for plantation fuel during the currency of the licence.

All reasonable demands of the Conservator to be complied with.

9. The Licensees shall comply with all reasonable demands and requests made upon them by the Conservator of Forests in matters concerning felling removal and general operations under this licence, and allow any official of the Forest Department to enter upon the licence area at all reasonable times to afford such Official all reasonable facilities as may be within the power of the Licensees.

Fires and fire protection

10. The Licensees shall exercise all reasonable precautions for the prevention of forest fires both within the area the subject of the licence and in any area of the Forest Reserve through which they may transport their produce or material and shall make and maintain effective fire traces in such places and manner as the Conservator of Forests may direct.

Rights of the licence not to be sublet without permission.

11. The rights conferred by this licence shall not be mortgaged, sublet, or transferred by the Licensees wholly or in part except with the consent of the Conservator of Forests in writing.

The area to be used only for the purpose authorised under the licence.

12. The Licensees shall not at any time during the said term use the licence area for any purposes not expressly or by implication authorised under or by virtue of this licence and in particular will not at any time get or remove any precious stones or any ores or minerals from the licence area except in accordance with any mining law for the time being in force.

The Conservator may authorise the felling of timber for public works.

13. The Conservator of Forests shall be at liberty to authorise the cutting within the area of timber or bamboo necessary for Public Works, and to sell a limited number of bamboos for the use of the inhabitants of the surrounding districts.

The Conservator may introduce squatters.

14. The Conservator of Forests reserves the right to introduce forest cultivators into the area for the purpose of reforestation operations and to utilize any grasslands required for the residence of his employees and his staff and their stock.

Protections to be taken against pollution of rivers, etc.

15. (a) For the interpretation of the sub-clauses under this paragraph the following expression shall have the meanings hereby assigned to

the rates granted from time to time under the Forest Ordinance, provided that the Conservator of Forests will reserve for the use of the Licensees, areas of forest and plantations as conveniently accessible to the licence area as possible, sufficient to supply such reasonable quantity of woodfuel as may be required for any factory or plant erected within or adjacent to the licence area and that the royalty will be payable on such fuel at the rate of two shillings per one hundred stacked cubic feet for rough forest fuel and four shillings per one hundred stacked cubic feet for plantation fuel during the currency of the licence.

All reasonable demands of the Conservator to be complied with.

9. The Licensee shall comply with all reasonable demands and requests made upon them by the Conservator of Forests in matters concerning felling removal and general operations under this licence, and allow any official of the Forest Department to enter upon the licence area at all reasonable times to afford such Official all reasonable facilities as may be within the power of the Licensee.

Fires and fire protection

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Rights of the licence not to be sublet without permission.

11. The rights conferred by this licence shall not be mortgaged, sublet, or transferred by the Licensee wholly or in part except with the consent of the Conservator of Forests in writing.

The area to be used only for the purpose authorized under the licence.

12. The Licensee shall not at any time during the said term use the licence area for any purposes not expressly or by implication authorised under or by virtue of this licence and in particular will not at any time get or remove any precious stones or any ores or minerals from the licence area except in accordance with any mining law for the time being in force.

The Conservator may authorize the felling of timber for public works.

13. The Conservator of Forests shall be at liberty to authorize the cutting within the area of timber or bamboo necessary for Public Works, and to sell a limited number of bamboo for the use of the inhabitants of the surrounding districts.

The Conservator may introduce aqueducts.

14. The Conservator of Forests reserves the right to introduce forest cultivators into the area for the purpose of reafforestation operations and to utilize any grasslands required for the residence of his employees and his and their stock.

Precautions to be taken against pollution of rivers, etc.

15. (a) For the interpretation of the sub-clauses under this paragraph the following expression shall have the meanings hereby assigned to

it, that is to say:-

any water means water contained in or flowing in a spring, stream, natural lake or swamp or in or beneath a watercourse and includes the water diverted or abstracted therefrom, or stored therein by means of works.

(b) Any effluent from any works in which water is used in any process or for any purpose whatsoever shall not be returned to any body of water unless it is as pure as when it was withdrawn from the stream or alternatively unless it shall contain no matter, poisonous or otherwise, likely to be injurious directly or indirectly to public health, to live stock, to fish or to crops, to orchards or gardens irrigated with such water, or to any products for which such water is used in any process whatsoever, or to cause a nuisance or interfere with the amenities of other persons, and it shall not contain a burden of silt, gravel, boulders or other matter in suspension in excess of that normally carried by the body of water from which it is diverted or abstracted or to which it is returned. During the period when the water was withdrawn from or returned to a stream under natural conditions or circumstances over which the Licensees have no control and which, in the opinion of the Director of Public Works, render it impracticable, any effluent which complies with the conditions of purity stated in this sub-clause shall be returned to the same body of water from which the original water was diverted.

(c) When water is used in any process which causes the effluent to contain any matter in suspension, the said effluent shall be efficiently screened in such a manner that no portion of the suspended matter shall be returned to any body of water or into any watercourse and all solid residue obtained from any effluent shall daily be removed to such place not within one hundred yards of any obvious watercourse, as may be approved from time to time by the Director of Public Works so that there shall be no possibility of any solid residue as aforesaid, at any time being washed into or due to any other cause whatsoever, entering into or upon any watercourse or body of water.

(d) The Licensees shall construct all works necessary at any time for the due fulfilment of the last two preceding sub-clauses and the plans and specifications of all such works shall be prepared by a qualified Engineer or Industrial Chemist of such professional standing as may be approved by the Director of Public Works and the said plans and specifications shall be approved by the Director of Public Works before any construction of the work is commenced, but notwithstanding any approval of the said plans and specifications given by the Director of Public Works the responsibility for the due fulfilment of the conditions of the last two preceding sub-clauses shall rest with the Licensees.

The Licensees to keep an agent at a stated address.

16. The Licensees shall keep an agent at an address to be notified to the Conservator of Forests and service upon him or delivery at the said address of all notices and other documents shall be deemed good service upon all Licensees.

The Conservator may determine the Licensee.

17. Upon breach of any of the conditions of this license or of the rules and regulations under the Forest Ordinance, 1911, or other laws of the Colony or in default of payment by the Licensees of the royalties within six weeks from the date fixed for the payment thereof, or if the Licensees shall become bankrupt or shall compound or arrange with their creditors or suffer his effects to be taken in execution, the

it, that is to say:

"body of water" means water contained in or flowing in a spring, stream, natural lake or swamp or in or beneath a water-course and includes the water diverted or abstracted therefrom, or stored therein by means of works.

- (b) Any effluent from any works in which water is used in any process or for any purpose whatsoever shall not be returned to any body of water unless it is as pure as when it was withdrawn from the stream or alternatively unless it shall contain no matter, poisonous or otherwise, likely to be injurious directly or indirectly to public health, to live stock, to fish or to crops, to orchards or gardens irrigated with such water, or to any products for which such water is used, in any process whatsoever, or to cause a nuisance or interfere with the amenities of other persons, and it shall not contain a burden of silt, gravel, boulders or other matter in suspension in excess of that normally carried by the body of water from which it is diverted or abstracted or to which it is returned during the period when the water was withdrawn from or returned to, except where natural conditions or circumstances over which the Licensees have no control and which, in the opinion of the Director of Public Works, render it impracticable, any effluent which complies with the conditions of purity stated in this sub-clause shall be returned to the same body of water from which the original water was diverted.
- (c) When water is used in any process which causes the effluent to contain any matter in suspension, the said effluent shall be efficiently screened in such a manner that no portion of the suspended matter shall be returned to any body of water or into any watercourse and all solid residue obtained from any effluent shall daily be removed to some place not within one hundred yards of any obvious watercourse, as may be approved from time to time by the Director of Public Works so that there shall be no possibility of any solid residue as aforesaid, at any time being washed into or due to any other cause whatsoever, entering into or upon any watercourse or body of water.
- (d) The Licensees shall construct all works necessary at any time for the due fulfilment of the last two preceding sub-clauses and the plans and specifications of all such works shall be prepared by a qualified Engineer or industrial chemist of such professional standing as may be approved by the Director of Public Works and the said plans and specifications shall be approved by the Director of Public Works before construction of the work is commenced, but notwithstanding any approval of the said plans and specifications given by the Director of Public Works the responsibility for the due fulfilment of the conditions of the last two preceding sub-clauses shall rest with the Licensees.

The Licensees to keep an agent at a stated address.

16. The Licensees shall keep an agent at an address to be notified to the Conservator of Forests and service upon him or delivery at the said address of all notices and other documents shall be deemed good service upon all Licensees.

The Conservator may determine the amount.

17. Upon breach of any of the conditions of this license or of the rules and regulations under the Forest Ordinance, 1911, or other laws of the colony or in default of payment by the Licensees of the royalties within six weeks from the date fixed for the payment thereof, or if the Licensees shall become bankrupt or shall compound or arrange with their creditors or suffer his assets to be taken in execution, the

"body of water" means water contained in or flowing in a spring, stream, natural lake or swamp or in or beneath a water-course and includes the water diverted or abstracted therefrom, or stored therein by means of works.

- (b) Any effluent from any works in which water is used in any process or for any purpose whatsoever shall not be returned to any body of water unless it is as pure as when it was withdrawn from the stream or alternatively unless it shall contain no matter, poisonous or otherwise, likely to be injurious directly or indirectly to public health, to live stock, to fish or to crops, to orchards or gardens irrigated with such water, or to any products for which such water is used in any process whatsoever, or to cause a nuisance or interfere with the amenities of other persons, and it shall not contain a burden of silt, gravel, humus or other matter in suspension in excess of that normally carried by the body of water from which it is diverted or abstracted or to which it is returned during the period when the water was withdrawn from or returned to, except where natural conditions or circumstances over which the Licensees have no control and which, in the opinion of the Director of Public Works, render it impracticable, any effluent which complies with the conditions of purity stated in this sub-clause shall be returned to the same body of water from which the original water was diverted.

- (c) When water is used in any process which causes the effluent to contain any matter in suspension, the said effluent shall be efficiently screened in such a manner that no portion of the suspended matter shall be returned to any body of water or into any watercourse and all solid residue obtained from any effluent shall daily be removed to such place not within one hundred yards of any obvious watercourse, as may be approved from time to time by the Director of Public Works so that there shall be no possibility of any solid residue as aforesaid, at any time being washed into or due to any other cause whatsoever, entering into or upon any watercourse or body of water.

- (d) The Licensees shall construct all works necessary at any time for the due fulfilment of the last two preceding sub-clauses and the plans and specifications of all such works shall be prepared by a qualified Engineer or industrial chemist of such professional standing as may be approved by the Director of Public Works and the said plans and specifications shall be approved by the Director of Public Works before any construction of the work is commenced, but notwithstanding any approval of the said plans and specifications given by the Director of Public Works the responsibility for the due fulfilment of the conditions of the last two preceding sub-clauses shall rest with the Licensees.

The Licensees to keep an agent at a stated address.

16. The Licensees shall keep an agent at an address to be notified to the Conservator of Forests and service upon him or delivery at the said address of all notices and other documents shall be deemed good service upon all Licensees.

The Conservator may determine the license.

17. Upon breach of any of the conditions of this licence or of the rules and regulations under the Forest Ordinance, 1911, or other laws of the colony or in default of payment by the Licensees of the royalties within six weeks from the date fixed for the payment thereof, or if the Licensees shall become bankrupt or shall compound or arrange with their creditors or suffer his estate to be taken in execution, the

Conservator of Forests may by notice in writing determine the licence, and upon receipt of such notice by post or otherwise on the Licensees or any manager or person appearing to be manager for the Licensees the rights and privileges conferred by this licence shall forthwith determined.

Recovery of  
fees and  
royalties.

18. The determination, cancellation or forfeiture of this licence shall not preclude the Crown from recovering any fees, royalties or other debt due to the Crown under the licence by action in Court or by other lawful proceedings, or from recovering in a Court of Law damages against the Licensees for any injury done by the Licensees their agents or servants to property of the Crown in the area defined by this licence.

The Licensees  
may give  
notice

19. If the Licensees shall at any time be desirous of determining this licence and shall give to the Conservator of Forests three calendar months' previous notice in writing and shall pay the rent, royalties and moneys due and observe and perform all the conditions and agreements herein contained or implied up to such determination then this licence shall cease and be void.

DATED this

day of

1934.

CONSERVATOR OF FORESTS.

We hereby accept this licence on the conditions stated therein.

LICENSEES.

Witness to the signature of )  
SIR JOSEPH ALOYSIUS BYRNE )

Conservator of Forests may by notice in writing determine the licence, and upon service of such notice by post or otherwise on the Licensees or any manager or person appearing to be manager for the Licensees the rights and privileges conferred by this licence shall forthwith determine.

Recovery of  
fees and  
royalties.

18. The determination, cancellation or forfeiture of this licence shall not preclude the Crown from recovering any fees, royalties or other debt due to the Crown under the licence by action in Court or by other lawful proceedings, or from recovering in a Court of Law damages against the Licensees for any injury done by the Licensees their agents or servants to property of the Crown in the area defined by this licence.

The Licensees  
may give  
notice

19. If the Licensees shall at any time be desirous of determining this licence and shall give to the Conservator of Forests three calendar months' previous notice in writing and shall pay the rent, royalties and moneys due and observe and perform all the conditions and agreements herein contained or implied up to such determination then this licence shall cease and be void.

DATED this                      day of                      1956.

CONSERVATOR OF FORESTS.

We hereby accept this licence on the conditions stated therein.

LICENSEES.

Witness to the signature of )  
SIR JOSEPH ALOYSIUS BYRNE )

Witness to the signature  
of CHARLES HALL.

Chas. Hall.

William Harrison

Australia House

London

Solicitor.

Witness to the signature  
of SANDY MACASKIE

Sandy Macaskie.

Kileen Dixon

42 Wigmore St.

London W.1.

Librarian.

PUBLIC RECORD OFFICE

END

TOTAL EXPOSURES →