

1935

Kenya

No. 38030

SUBJECT

CO.533/455

Manufacture of pulp from Bamboo + Sisal

Previous

23201/34

Subsequent

1936

HAMCC...

Furnishes views on railway rates on crushed bamboo and bamboo poles, and states that if Coy. propose to withdraw from Kenya unless 3 1/2 cent rate is granted he will agree to that rate.

S. of S. saw Mr. Rae Smith yesterday, and afterwards drafted the annexed telegram.

Mr. Rae Smith understands that Cazemove, Ackroyd are very much interested in the scheme, but may wish to suggest a rearrangement of capital structure, e.g. £500,000 debentures, £500,000 Prefrs. and £500,000 ordinaries. This may involve an increase in the extent of the Treasury guarantee by £8,000 or so. Messrs Cazemove have been given no hint that this would be accepted, but S. of S. and Mr. Rae Smith agreed in thinking it would be necessary, if this alternative were the collapse of the scheme.

I reminded Mr. Rae Smith that in agreeing to any capital arrangement, sight should not be lost of the Kenya Govts. interest i.e. 7 1/2% on profits available for dividend on £700,000 ordinary shares.

(Sgd.) L.B. Freeston.

26.1.35 at once.

2. To Gov. Tel. (P.P.) 1 ansd. 26th Jan. 35.

3. s.o. letter from Mr. W. McHardy to Mr. Freeston dated 2nd Feb. 1935 enclosing a copy of a lr. from the Genl. Manager, K.U.R., with encl.

4. s.o. letter from Mr. W. McHardy to Mr. Freeston dated 6th Feb. 1935 enclosing a copy of a lr. to General Rhodes.

5. Extract from the "Times" (Annual ~~and~~ Financial and Commercial Review) dated 12th Feb. 1935.

DESTROYED UNDER STATUTE

(This paper returned to E.A. Dept at the end of last week).

Nº 3 & 4 relate to a serious ~~unforeseen difficulty~~ in the promoters' plans. Their intention has always been to crush and take the bamboo at Kijiji for economy.

of transport to the manufacturing plant at Tsavo. Col. Jarvis tells me that they now decide that the water power available at Ngjoh is quite insufficient to work the crushing & baling plant. They are driven to consider sailing the bamboo poles, uncrushed, to Tsavo.

We cannot usefully intervene at this stage; nor is there any need to communicate at present with the Government. Sir Joseph Byrne will, no doubt, be kept informed by Sir G. Rhodes.

From a chance remark by Col. Jarvis I gather that his friends are worried at a recent fall in the price of pulp. As we have always recognized, the world price of their end-product is the keystone of the whole project; a variation of a pound or two will make all the difference between failure & success. It is comforting to learn that the Times expert (see No. 5) takes not too gloomy a view of the situation.

Pit by

S. S. G. P. G.

19/3/35

DESTROYED UNDER STATUTE

To Mr. B. C. L. Jarvis (S.O.)
Trade for personal return copies of issues, with leave on the subject of railway rates etc.

The correspondence is largely technical, turning on the question of providing special rolling stock to carry 2 bamboo poles, & the rates to be charged for such carriage.

Jh.

S. S. G. P. G.

4/3 etc.

DESTROYED UNDER STATUTE

DM

To Mr. B. C. L. Jarvis 210 6/3/35

(6 and 1 small note)

Mr. Clouston

I annex a brief record of recent events. We can only await developments.

! Pit by

S. S. G. P. G.

29/3/35

I have made one or two minor alterations.

O. S. G. P. G.

29/3/35

I hope that on general grounds the hydrogenation of oil will be dropped. There is a spill enough from local African interests that something ought to be done about hydrogenated white oil and if they find a market in East Africa being backed by the C.O.P. to come out with other hardened oils they will raise Cain. The S. of. is of course well aware of this.

S. S. G. P. G.

of transport to the manufacturing plant at Tsawo! Col. Jarvis tells me that they now desire that the water-power available at Kiyoko is quite insufficient to work the crushing & boiling plant. They are driven to consider reaching the bamboo poles, uncrushed, to Tsawo.

We cannot usefully intervene at this stage; nor is there any need to communicate at present with the Japanese. Sir Joseph Byrne will, no doubt, be kept informed by Sir G. Rhodes.

From a chance remark by Col. Jarvis I gather that he & his friends are worried at a recent fall in the price of pulp. As we have always recognized, the world price of their end-product is the keystone of the whole project; a variation of a pound or two will make all the difference between failure & success. It is a comfort to learn that the "Times" expert (see N^o 5) takes not too gloomy a view of the situation.

Put by
S. J. [Signature]
19/3/35

To Lt. Col. B. C. L. Jarvis (S.O.) _____ 17 March 35
Encls. for personal & retention copies of notes, with comments on the subject of railway rates etc.

DESTROYED UNDER STATUTE

The correspondence is largely technical, turning on the question of providing special rolling stock to carry 4 bamboo-poles, & the rates to be charged for such carriage.

Jh.
S. J. [Signature]
4/3 etc.

To Lt. Col. B. C. L. Jarvis 210 Sans. 7/3/35

DESTROYED UNDER STATUTE

Mr. Clouston

I annex a brief record of recent events. We can only await developments.

! Pity
S. J. [Signature]
29/3

I have made one or two minor alterations.

C. L. [Signature]
29/3/35

I hope that on general grounds the hydrogenation of oil will be dropped. There is a great enough fear that Japan will be able to get something out of them about hydrogenated whale oil and if they find a market (or at least a price) for this by the C.I.P. to come out with other hydrogen oils they will raise Cain. The S. of C. is of course well aware of this.

Seen the p.p. are as per, but
satisfying were sent by 23/3/35
and thought that the
had previously been approved

Wait
WCS
30.3.35
at once

8. Lt. Col. B. P. L. Lewis (S.O) _____ 29 April 35
States that it has been decided to abandon the
idea of crushing & baling bamboo from the forest at Likiep
or Nijabe & that the whole of the plant will be centralized
at Toxos. Gives details of proposed transport arrangements
& states that the financial structure is not increased by this change.

Put by
J. A. Hunter
1/4

80M

9. A. Rae Smith % _____ 10 April 35
Encls. copy of copies with Lt. Lewis, Mr. Leaver & Mr. Kay
regarding financial aspects of the bulk scheme.

Nothing doing till Mr. Leaver replies

Put by
J. A. Hunter
12/4

The Clerk, etc. see.
G. L. A. [unclear]
1/4

10 H. M. Gardner _____ 15 April 35
DESTROYED UNDER STATUTE

that he could call for an interview regarding the
Bamboo Pulp Concession on Thursday or when on his next visit
to London in the middle of May or later

After speaking to Mr. Flood, I have told Mr.
Gardner S.O. that 2-0 p.m. on Thursday
will suit us very well.

Wait
J. A. Hunter
16/4

Mr. Gardner called & we exchanged
information. No action necessary.

Put by
J. A. Hunter
18/4

11. Burchells _____ 16 April 35
DESTROYED UNDER STATUTE

Encls. note of charges in connection with Kenya Bamboo
Pulp Concessions.

12. Lt. Col. B. P. L. Lewis (S.O) _____ 18 April 35

Gives explanation as to reason for the agreement not ceasing
because & becoming null & void after 31st May 35 & before that
the company will be formed & financed before 31st August 35.

13. A. Rae Smith (S.O) _____ 23 April 35
DESTROYED UNDER STATUTE

Encls. copy of a ltr from Mr. Leaver stating it is desirable
for matter to be dealt with until his return about 20 May

No. 11. Send the account to Crown Agents,
asking them to pay Messrs. Burchells from Kenya Govt.
funds.

No.12. I have several times urged Colonel Jervis on the telephone not to overlook the various dates specified in the Agreement with the Kenya Govt. a copy of which will be found behind No.55 on 23201/34. The earlier part of my draft reply to his letter of 18th April is I hope self-explanatory. As regards the latter part of the draft the Forest Licence will be found in No.2 on 3126/33; and the extension of Clause 4 in the letter of August 22nd, 1933, enclosed in No.10 on 23201/34.

No.13 is disappointing. When the rest of the action has been taken Mr. Clouston should see and the Secretary of State may possibly be interested.

I attach a note by Mr. Morgan (Assistant Attorney General, Nyasaland).

It seems to me that Colonel Jervis is right in what he says in No.12. Under Clause 3 of the Agreement of 1/10/34 the trustee must "use his best endeavours" (1) to cause the Company to be incorporated in England on or before 31/5/35, and (2) to procure that the Company will adopt the Agreement within fourteen days of obtaining its certificate to commence business - but it does not follow that he will succeed in doing so. Under Clause 4 the Company must pay the purchase price within two months after the date on which

it does in fact adopt the Agreement - which may or may not be within fourteen days after obtaining the certificate in question. Under Clause 9, the Agreement may be determined by any party by notice in writing to the other parties if the Agreement is not adopted by the Company and the purchase completed before 31/8/35.

I hardly think, therefore, that any reply to No.12 is called for beyond the usual acknowledgment.

What is important, however, is the point about Clause 6 of the licence of 16/6/32. If Mr. Udall in fact failed to commence and effect substantial operations in the terms of the licence within a period of eighteen months from 16/6/32, and if the period in question was ^{not} extended, the licence became void.

I doubt if it would be wise to raise this point now in the letter to Colonel Jervis; but I think we had better take it up at once with the Governor of Kenya, who is a party to the Agreement of 1/10/34 on behalf of the local Government, and point out that, if the licence did become void, appropriate steps should be taken to regularise the position in view of the fact that under the Agreement Mr. Udall purports to sell the property vested in him by the licence.

3/5/35.

A. Duncan.

Yes: if the licence was not extended Kenya will have to do it. But it doesn't really matter much. The original licence provided (Clause 6) that the grantee was to commence and effect substantial operations in the terms of the licence within two years. Clause 6 provides that he must start work & effect substantial progress operations (whether that may mean) in 18 months. Clause 4 has been extended and it

could be argued that the intention was to extend the whole thing. Indeed no other intention is reasonable.

However, we had better be on the safe side and tell Kenya to extend the period under 3.6 or to grant a new licence of necessity. And we should tell Col. Jervis that the completion of land of fact.

J.S. 26.5

6.5

We have discussed further. It seems desirable before writing to Kenya, to make sure from Col. Jervis that C.L. has not in fact been extended already. (We were not told offensively from Kenya about the extension - Clause 4!).

! as in amended draft.

20 December
9/5

Mr. Freeston and I have discussed this and we think that it is expedient to say something at any rate to Colonel Jervis as per the draft herewith. It is only right to let him know what we think, and if things do go wrong he can say it is our fault. When he replies to Mr. Freeston I think we should ^{all} have to communicate with the Government of Kenya.

There is, however, one extremely awkward possibility. If in fact Clause 6 of the licence to Mr. Udall has not been extended, then in spite of the fact that Clause 4 has been extended it is

possible

possible that the licence may be void. The wording of Clause 6 is peremptory in that it says "If the licensee shall fail to commence and effect substantial operations within a period of eighteen months from the date thereof the licence shall be void". Now, it is quite certain that no substantial operations have been carried out, and it might therefore be argued that the licence is void and has been void ever since the 16th December, 1933, when the period of eighteen months expired. As I have said above, I think that it can be argued that when the extension was given to Clause 4 it was intended to extend the whole thing, but it might be contended the other way round. In that case, the licence being void Mr. Udall has nothing to sell and it will be open to Colonel Jervis and his associates to negotiate with Kenya for a concession on their own account, leaving Mr. Udall entirely out of it. This might be regarded as sharp practice, and would I think be ^{very} sharp practice, but it might be done, and if we call attention to the possibility it may be held that we are playing a low trick on Mr. Udall.

I do not much mind this, however. I think we are bound to call attention to all the possible snags, and I therefore think that Mr. Freeston should write as he proposes.

as Kenya would insist on re-granting a licence to Mr. Udall

J.S. 26.5
9.5
The Hood has paid 6500/- and gets 5000/-
at the end of the draft. Reproduction in
Londonville.
6.5.35

144 To Col. B. Jarvis (12 and.) r/o Com. 11/5/35

the to required
of 29/14

DESTROYED UNDER STATUTE 15 Col. B. L. Jarvis (s.o.) 29th May 35

Requests that from the enclosed cable from Mr. Lever, nothing can be done until his return about 20th May 35

16 A. Rae Smith (s.o.) 1st May 35

Encl. a copy of a letter from Mr. Lever confirming his tel. that nothing further can be done until certain financial aspects of the scheme have been considered.

Put by 15 + 16; complete action

Director
17

17 Basilston Trust Ltd 9.5.35
Requests to be put into touch with the representatives of the bank's party scheme.

DESTROYED UNDER STATUTE Basilston Trust (17 and.)

19 Col. Jarvis (w/c 17 & 18) R/Aa } 14/5/35

DESTROYED UNDER STATUTE 18 (w/c 2 & 3 & 4 & 5 & 6 & 7 & 8 & 9 & 10 & 11) 15/5/35

seen bank you. I must say that the whole position seems to me very shaky & risky. I understand that the bank is at present in Paris & are trying to find profitable investments in that country to an amount of £1,000,000. If my bank be project so risky that, then it must be pretty risky!
G. L. Jarvis
16/5/35

being important needs to be
done for which we are

clear to

DM

MZ

18/5

21. Col. B. L. Jarvis (s.o.) 13th May 35
DESTROYED UNDER STATUTE 14 2 slides that matter is being investigated.

22. Col. B. L. Jarvis (s.o.) 15th May 35
DESTROYED UNDER STATUTE 14

23. Basilston Trust Ltd 16th May 35
DESTROYED UNDER STATUTE 14
Reks. No 189 state that they are getting in touch with Messrs. Hitchens, Jarvis & Partners.

Put by
Director
22

DM

28 Crown Agents 24 May 35

DESTROYED UNDER STATUTE

Enquiries as to how negotiations regarding the Bamburgh Scheme are proceeding.

Sir B. Blackett, Mr. Rae Smith, Col. Jewin & possibly Mr. Hall-Caine are meeting Mr. Levin at the Presidental Office at 2.30 on Monday next. I have been asked to attend. A reply to this letter had been written about the result of that meeting. By Tuesday next.

Noted 2/5

J. D. Smith 2/5

yes... 21. same

JM

25. Col. B. C. L. Lewis 22nd May 35

Considers that letter should be obtained from Kenya Govt. attending to details licence & 30 June '35 & states that any alterations required from the licence can be dealt with by him.

The meeting with the Presidental has been put off till next Monday.

Noted up.

J. D. Smith 4/5

26. Tel. to Gov. Kenya Pte. & Lero } 27/5/35
No 135 600/

28 Crown Agents 24 May 35

DESTROYED UNDER STATUTE

State that your Bamburgh account has been paid.

29 To Col. B. C. L. Lewis (25 ansd) 20 21/5/35

DESTROYED UNDER STATUTE

No 28. any action

30 Col. B. C. L. Lewis (25 ansd) 20 30 May 35

Encs. a copy of a letter to Bamburgh Trust Ltd regarding their Harvest Process.

Put by 28. 1.30.

Today I attended a meeting between Mr. E. H. Reun (General Secy of the Presidental Assurance Co.), Sir B. Blackett, Sir Alan Rae Smith, Mr. Hall-Caine MP & the Col. Lewis. The object of the meeting was to persuade Mr. Reun to reconsider his unpropitious attitude towards the scheme. Mr. Reun's difficulties were:-

(a) the unattractiveness to the ordinary investor of the ordinary shares, which, on the promoter's own showing, would give no return for the first four years.

It was explained by Col. Lewis that £4-500,000 of ordinary shares would be accepted - in lieu of cash, by the manufacturers of plant etc., & by

Messrs. British Cotton & Co. who hope to secure the valuable contracts for supplying the factory with coal & salt.

Mr. Lewis admitted that this was some way to meet his point.

(B) the fact that the proposals had been turned down by Cagnoni Debray's - a firm of high standing, who would presumably not have rejected a scheme with interesting possibilities unless they had seen something seriously wrong with it.

Mr. Hall-Caine said that Cagnoni had refused the proposals to a third party, who were not dissatisfied, & had accepted the third party's advice criticism without allowing him a chance to rebut them.

Mr. Lewis undertook, as an act of grace, to try to ascertain from Cagnoni's the real reasons (whether technical or financial) which had led them to turn down the scheme.

(C) Mr. Lewis expressed considerable willingness to accept the suggestion.

that the President should take the responsibility of fathering the scheme. If some reputable house could be persuaded to undertake the issue, ~~perhaps~~ the President might be willing to subscribe substantially. But in no event did he think it practicable for the President to take the initiative in trying to arrange the issue.

Other matters touched on were

(A) a reconstruction of the capital layout, - say, £700,000 ^{font} £300,000 2nd debts, a preference share £50,000 ordinary.

(B) a greater measure of C.D.F. assistance.

But it was generally agreed that nothing useful could be done until Mr. Lewis had ascertained Cagnoni's real reasons for rejecting the proposals; he had promised to get into touch with Mr. Serocold during the next

48 hours.

A further reply to 24 must wait until we hear the result of this demarche.

B.O. in a week.

[Signature]
3/6

This is disheartening. I fear the outlook is none too good.

J.C.W. 7/6/35
3.6.

Yes.

G. L. A. Cannon
7/6/35

W.C.B. 5.6.35
a.m.

DESTROYED UNDER STATUTE

31. L.L. B.C.L. Taxis (L.O) _____ 1st June '35.
Riko. No 29.

32. D.A.S. Tel 132 _____ 6 June 35.
States that the Kistall Forest Licence worked until 16th June 36 & requests that it may be extended by 6th of extension until 30th June 36 is desired.

I am afraid that Kenya has missed the point of our telegram. It is quite correct that Clause 4 of the Licence did contain the condition that a factory was to be erected within two years from the date of that Licence;

We

We knew that in 1933 this Clause was extended for a further two years, but no mention was made of Clause 6 of the Licence. That Clause provides that if the Licensee fails to commence substantial operations within eighteen months, the Licence shall be void. The date of the Licence was the 16th June, 1932, and eighteen months from that date have already elapsed. It may be that Kenya thinks, as I do, that the extension of Clause 4 covers the whole thing; but for reasons of caution it is probably as well to write to Kenya as per despatch herewith.

J.C.W. 7/6/35

7.6.35.

By Air Mail
11/6/35

33 To Kenya, Conf (3) (32 unrecd) 7 JUN 1935

34 to Col. Jewis - do - 7.6.35

35 L.L. B.C.L. Taxis (L.O) _____ 12th June '35.
Riko. NO 34 & expressors hope that Clause 6 may be extended in order to fulfil the Agreement on a firmer foundation.

DESTROYED UNDER STATUTE

Mr Marshall of Magadi told us that he was going to try to make an offer of cheap soda on the basis that the K. U. R. would give a cheap rate from Magadi to Tazew. If so the Railway would lose the up salt traffic from Mombasa to Tazew (as the chlorine process would be dropped) but would gain freight on 40,000 tons of soda from Magadi to Tazew; the Magadi Co. would be out of its troubles and all would benefit.

J.C.W. 7/6/35

16.6

Copy to Mr Marshall
to go on Magadi soda
7/6/35

Mr. Hall came M.P. saw the S. of G. and talked for twenty minutes without stopping for breath. He gave the history up to date. Negotiations are still going on with Mr. Lewis, Mr. Sewell, Sir B. B. B. Smith, and Sir A. Rae Smith.

Will be wanted to know was whether Mr. McDonald would take the same view as his predecessor. The S. of G. assured him that he regarded the project with favour & that the C.O. attitude had not changed and would not.

It all turns on the finance question. Mr. Hall came admitted that Govt. could do not more and that the stumbling block was in the City. The President would rather it - see (c) in Mr. President's minute on 30. 27.35

Barclays Bank said they might help to supply some of the working capital, by way of an advance, not by taking up shares. This does not appeal to Mr. Hall, cause who is suspicious of such advances.

36. Col. B. C. L. Jarvis (s.o) 25 June 35. DESTROYED UNDER STATUTE. Suggests that the S. of G. may wish to see the enclosed album of photographs.

34. A. Lawrence Wade 319 (Mr. Mail) 29 June 35. Considers that it is desirable that the period allowed in Clause 6 of the Forest Licence should be extended by means of the enclosed letter to Mr. Lidell & requests that it may be transmitted to him.

38 To Col. B. C. L. Jarvis s/o Gov. 11/7/35 DESTROYED UNDER STATUTE (orig. signed letter in 37)

37. Col. B. C. L. Jarvis (s.o) 12 July 35 DESTROYED UNDER STATUTE. states that the letter from the A. Lawrence Wade of Forests has been forwarded to Mr. Lidell.

40 Col. B. C. L. Jarvis (s.o) 15 July 35 DESTROYED UNDER STATUTE. Copy of receipt from Mr. Lidell acknowledging copies to NO 37 regarding extension of the Forest Licence.

Partly
A. Lawrence Wade
20/7/35

41. Col. B. C. L. Jarvis (s.o) 15 July 35. DESTROYED UNDER STATUTE. Requests that album of photographs may be returned.

The album was handed to an emissary of Messrs. Hillier James Cook night.

Partly
A. Lawrence Wade
20/7/35

414366 entered in R50.

Mr. R. Law 19 July 35
Subs are interested for Mr. P. Bridge regarding the treatment
of sub-tropical vegetation for the production of wood pulp cellulose
MR. CLAYSON

DESTROYED UNDER STATUTE

Would you please advise the Secretary
of State as to a reply to Mr. Richard Law, MP.,
about Mr. Peter Bridge.

Esther

19/7/35

Mr. Bridge

There is no one in the CO who
is familiar with the treatment of
sub-tropical vegetation
but I think I know what Mr. Bridge
is after & I think I had better
see him myself. Please let me have
your card as soon as you have written,
as I must search for the P.P.

A. L. K. Clayson
19/7/35

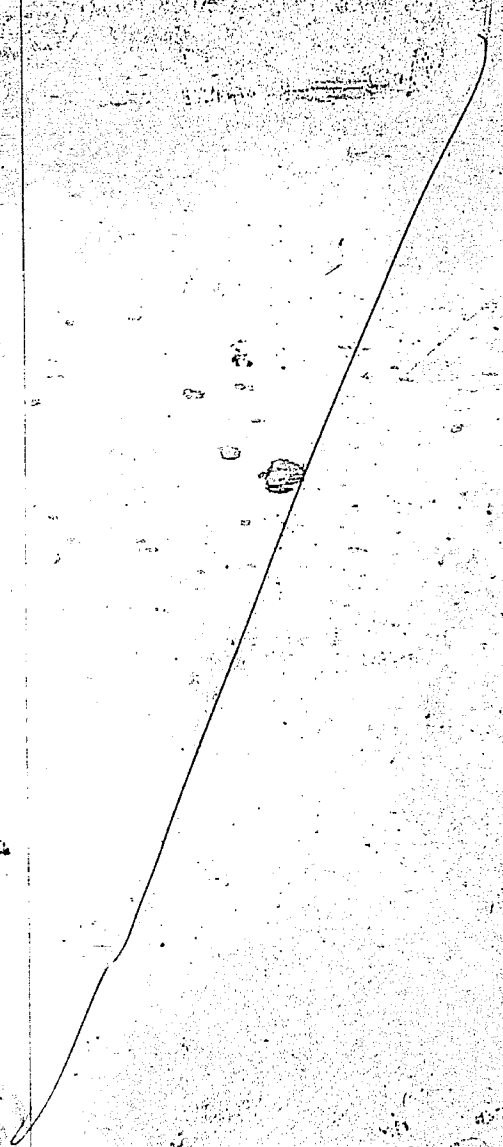
Many thanks:

P. S. Law replied.

Esther

Mr. R. Law 22/7/35
Mr. Clayson 22 July 35
R 391
DESTROYED UNDER STATUTE

I think I have heard of you before. It
may be in the early days of the Kenya
file (which is reported Kenya?) or it may be
reported elsewhere. It is not wrong to make
a long search. I shall return to you to be
brighter any way.
A. L. K. Clayson



DESTROYED UNDER STATUTE

Mr. Bridge

L. B. Bridge (20)

25 July 35

State that he will call at any convenient time indicated

Mr. Bridge called this morning by ap-
pointment and made a very unfavourable
impression on me. I may be doing him
an injustice, but he struck me as a
very ordinary financial jackal.

He had apparently been negotiating
with Hatchers & Jew's & got very
little out of them, so he came along
here on a little fishing expedition.

I told him that the Govt (U.K. &
Kenya) had no intention of going into
cellulose manufacture & so were not
in the market. An individual had
got a bamboo concession in Kenya,
a group was trying to float a Co.
on it & H. J. were the consulting
engineers to the group. I thought
that they had a process for making
their pulp & that they were unlikely
to want another, but it was entirely
their affair. The Govt's sole interest
was that they had provisionally under-
taken to grant a land debenture
interest for a period to get the busi-
ness going. Mr. Bridge volunteered
that his Trust was also an issuing
house & asked whether I thought that
the group would like their services. I
replied that they no doubt already
had made their arrangements & that
I imagined that Sir A. R. R. Smith,
who was a member of the C.D. Ad. Bd. wd
advise them on such points.

We parted effusively, married only
by the fact that
that he might return
later.

G. L. Thomson
24/7/35

This had better go on 38030/ Kenya
over the top? P.S. like all individuals he had to
show me some of his proposals & I
I was not interested.

20X

24/7/35
42
R80

PUBLIC RECORD OFFICE					
1	2	3	4	5	6
Reference					
C.O. 533 / 455					
COPYRIGHT PHOTOGRAPH - NOT TO BE REPRODUCED PHOTOGRAPHICALLY WITHOUT PERMISSION OF THE PUBLIC RECORD OFFICE, LONDON					

1/5 D.B. Bridge (Banker Trust Co) 25 July 35
Empress thanks for interest in which the present
programme in the field of treatment of anti-tubercular vegetation was
advanced.

DESTROYED UNDER STATUTE

C. J. Ferris with
27.7.35

A. Denton
27/7/35

1/6 O.A.G. Tel. 119 30 July 35

DESTROYED UNDER STATUTE

No. 37 inquires whether there is any further develop-
ment of which he could inform by e-mail this week.

D.L. after speaking to Col.

Jervis

A. Denton
30/7/35

47 Tel. No. 200 to O.A.G. (no. 46 amended) - 30 July 1935

1/48 W. Raitt 3rd October 35

Offers his services in connection with the bamboo
cultivation scheme.

Staff here with

C. J. Ferris with
17/10/35

As I delay this to speak to Col.
Jervis. He knows of Mr. Raitt,
works in India & agrees to my
suggestion that Mr. R. should be
invited to get into touch with

C.S.
Nominal.

1/48 from
D.L. copy correct

1/48 from
Jervis & Denton L.P.

A. Denton
9/10/35

1/49 To W. Raitt (48 amended) 11/10/35

1/50
R.S. 10/10/35
48

To Miss Hatcher, Jervis & Denton 16/10/35
(48, 48 & 49)

Mr. Raitt (see my minute of 24th July)
called again this afternoon & saw Mr.
Friston & myself. I did not like
him any better than before.

What he wanted us to do was to
tell Hatcher, Jervis that we were satis-
fied that the Hagerit process of
which he had apparently purchased
the patent rights (see 30 memo)
was better than the Donlis process
& that we would withdraw assistance
unless they went over to it.

This of course we told him the S. of
was unable to do.

He then said that they had given the
impression that the Kenya scheme
was tried & had tried to go in with him
in a joint venture to make cellulose
out of South African sugar cane wood
(Congass).

It seems a singularly ignorant & over-
nervous in spite of the established process
with which he juggles. He thought the

noted. fuel was made out of the
bagasse in St. Helena, whereas it
is no doubt actually distilled
from the molasses.

We told him that insofar as
the existing concession was
concerned he had bought his
process to the wrong address. It was
for him to convince Hitlens,
Jervis that it was better than the
process they contemplated using.
But we pointed out that the
concession would lapse before long
if it was not implemented. I sug-
gested that if it was bamboo he
was after he had better ask the
Kenya Govt. when they will be
free to grant a concession over
it assuming the present scheme
broke down.

Mr. Budge came into the room
smiling, smiled the whole time &
left smiling, but I don't think
he was any satisfied with what
he got. I feel pretty sure that
all he was after was to get us
to press Hitlens, Jervis to adopt
the Hagez process, so that he
could collect his commission on
introducing it. I doubt if
we shall hear any more of him.
Equally it looks as if we shall
hear no more of the L. Hall scheme
& I fear that the bamboo forests
of Kenya are likely to remain an
unexploited asset.

G. L. M. Dawson
28/11/34
L. B. Hunter
28

seen: all this out of this has
occurred in other matters elsewhere.
I do not like it.

11.12.34
28-11

If the scheme is being pressed
If you recall Mr. Hagez is waiting to
time

15
time. Otherwise I should have been
willing to suggest that we should let
Col. Jervis know that he might get
nothing out of the L. Hall scheme if
he takes a mistaken view of the
title to Col. Jervis the latter is now
advised about it.

Purdy Wad
29.11.35

This afternoon Mr. Hall came in
deputation to the S.G.S. at the U.F.C. It
consisted of Col. Jervis, Mr. d'Erleanger and
a representative of the Investment Regulatory Board. The
interview lasted only 20 minutes. After he
had familiarized himself with the outline
of the scheme, S. of S. impressed upon the
representatives of the financial houses the benefits
wh. the scheme wd. confer on Kenya
& the U.K., and the degree of
Govt. support & sympathy already shown
thru the C.D.C.

Mr. d'Erleanger (speaking for himself
only, & not for the firm) promised that
S.G.S. remarks shd. be recorded, but
pointed out the unattractiveness of an
equity which, on the promoters' own
showing, wd. yield no return for

the first 3-4 years

Poly

Starch

5/12 in

16



SFO 3721

16

C. O.

Mr. *W. Raitt* 57931
Mr. *Needle* 9 f
Mr.

- Sir C. Parkinson.
- Sir G. Tomlinson.
- Sir C. Bottomley.
- Sir J. Shuckburgh
- Permt. U.S. of S.
- Parly. U.S. of S.
- Secretary of State.

C. O.
R 9-OCT
D 10

11 October, 1931

DRAFT.

W. Raitt, Esq., (158)
F.S. M.I. Chem. E.

Sir,
I am able to acknowledge
the receipt of your letter
of the 3rd of October
regarding the proposed
establishment of an industry
for the manufacture of pulp
from bamboo in Kenya.
~~and to suggest that~~
You should communicate
some offer of technical
assistance to Messrs
Hitching, Davis and
Partners, 3 Central
Buildings, Westminister
London.

Copy to Messrs. Hitching Davis & Partners

FURTHER ACTION.

40

RECEIVED
NOV 5 1935
C. O. REGY

Woodward
Torking
3 Oct 35

The Director

East African Dependencies Section
Colonial Office, London

ACKD. BY P.C.

Dear Sir - Bamboo Pulp Project in Kenya

The Paper Makers Association of Great Britain has brought to my attention what appears to be a revival of the above project. If any expert assistance is required I would be glad to offer my assistance in exploring and evaluating the local factors in which the scheme is founded and, if these are found satisfactory, building up a scheme of exploitation.

I am the officer who was in charge of the Govt. of India's investigations on this subject at the Dehra Dun Forest Research Institute which, after 19 years work, put bamboo on the Paper Makers' map. It is now a complete success there and in use in all the Indian Mills.

Since returning from the Indian service I have been employed in investigation and report on similar schemes in Kashmir, F.M.S. Brazil, and am now engaged on one in the Philippine Islands to which I shall shortly be proceeding.

The Indian work is fully described in my "Bamboo Pulp Survey of Burma" published by the Govt. of India in the Indian Forest Records series Vol VIII Part 1, and in my book "The Digestion of Grasses and Bamboo" published by the Technical Press, 5 Ave Marie Lane -

Yours sincerely W. Raitt. F.C.S. M.S. Chem. E.

Copy to Mr. W. Raitt, Govt. of India, Ahmednagar

C. O.

Mr. Hunter 20/7 atm

Mr.

Mr.

Mr. Parkinson.

Mr. G. Tomlinson.

Sir C. Bottomley.

Sir J. Shuckburgh.

Permt. U.S. of S.

Parly. U.S. of S.

Secretary of State.

DRAFT. Tel

Important
Lyonner Naudé

HGE

FURTHER ACTION.

38050/35

Keogh

R. 26 497

18
C. O. H
R 31 JUL
D 31
R. 26 497
30/30/35

No. 200 ym ltl 179.

Negotiations for raising
necessary capital are
proceeding actively but
no definite arrangement
has yet been concluded.

SECR.

1	2	3	4	5	6	7	8	9	10

PUBLIC RECORD OFFICE
Reference
C.O. 533/455

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WITHOUT PERMISSION OF THE
PUBLIC RECORD OFFICE, LONDON

27th June, 1935

70/24/104

U. Udell, Esq.,
Korua Marble Quarries Ltd.,
P.O. Box 233,
Nairobi.

Sir,

I beg to refer to my letter No. 70/24/01 of 22nd August 1933 in which I informed you that Government had approved of the extension for a further period of two years, of the two years term provided for in Clause 4 of the Bamboo License i.e. until 16th June 1935.

I now have to inform you that Government has approved of the extension of the 18 month period mentioned in clause 4 of the license by 24 years. The period of grace therefore under both clauses will end on 16th June, 1935.

I have the honour to be,

Sir,

Your obedient servant,

J. C. RAMMELL

AG. CONSERVATOR OF FORESTS.

JCR/CSD.

3 copies to Hon'ble Colonial Secretary, Nairobi.

[Faint, mostly illegible text and stamps on the left page, including a circular stamp at the top left and a rectangular stamp at the bottom left.]

21

BAMBOO PULP SCHEME - KENYA.

In 1933 a scheme was put forward for the establishment of an industry for the manufacture of pulp from bamboo in Kenya. A Mr. Udall had got from Government a concession to cut bamboo in the neighbourhood of Kijabe. Early in 1934 Mr. Udall succeeded in interesting in his scheme a firm called Messrs. Hitchins, Jervis & Partners who put up a concrete proposal for the elaboration of the scheme. It was proposed to establish a pulp mill at Tsavo (about half-way between Kijabe and Mombasa.) The capital cost of the project was put at £1,400,000, £700,000 was to be in debenture stock and £750,000 in ordinary shares of which £700,000 were to be issued for cash.

The establishment of a factory had been contingent upon financial assistance being afforded from the Colonial Development Fund and in June 1933 the Advisory Committee recommended a loan of £60,000 to facilitate the institution of the scheme. Upon the revised proposals outlined above, the matter was again submitted to the Colonial Development Advisory Committee (see No. 19A on 23201/34 Part I). The Committee, in June 1934, did not make any definite recommendation for a loan, pending further information. Subsequently Mr. Hall Caine, M.P. was invited to take an interest in this scheme and did so, and a record of an interview with him is contained in the minute below No. 45 on 23201/34.

Subsequently, after further negotiations between

by providing the interest on capital for the first four years.

Flagged A

Flagged B:

Kenya

Mr. Udall and his friends and the Government, the area of the concessions was extended so as to provide for sufficient bamboo for working the larger scheme which was then under consideration. (The original scheme had been only for an output of 40,000 tons as against 100,000 tons on the revised scheme). A good deal of discussion took place with regard to such matters as railway rates, royalties on the bamboo etc. and eventually, in October 1934, a further application was submitted to the Advisory Committee (see No. 73 on 23201/34 Part I). The application put forward to the Committee was for a guarantee of 7 years interest at 4½ per cent on £700,000 of debenture stock.

In principle the Committee are prepared to recommend a Government guarantee subject to satisfactory arrangements being made as to the finance of the scheme and the promoters obtaining the necessary capital from ~~the~~ reliable quarters. The promoters have been in negotiation with Mr. Lever of the Prudential Insurance Company but so far nothing tangible has come ^{of it} and it appears that Mr. Lever is not in the least inclined to support the project though negotiations with him seem to be going on. We have not received any recent information as to the progress of these negotiations and until the promoters can put up the finance there seems to be nothing further that can be done

done from this Office.

22

The Government of Kenya is ^{strongly} acting in favour of the project which should establish a new industry in Kenya and would provide a considerable amount in railway freight, (even at cut rates) and would give quite a good deal of employment both in the work of cutting bamboo on the concession and at the proposed factory for the conversion of the bamboo into pulp.

On the technical side there are some important features. The promoters intend to use a new process involving chlorine. (The ordinary process for making paper pulp is based on caustic soda.) The Magadi Soda Company which has got the Magadi soda mine, would be prepared to supply ~~caustic~~ soda fairly cheaply, and if the promoters decide to adopt a soda process, (which would, however, result in a different article) they may be able to come to a satisfactory arrangement with the Magadi Company.

Our position at present is that we are waiting to hear the result of the last attempts at getting the finance required. On this point see Mr. Freeston's minute of the 3rd June at No. 30 on 38030/35. Since then we have heard nothing.

(Mr. Hall Caine says he won't look at this. It would produce a different article & is not what is wanted.)

Flagged D

J. C. G. 72.2
27.

10 30 W. 11/7
13

117

14, Waterloo Place,
Lower Regent Street,
S.W.1.

12th June, 1935.

Personal

Rt. Hon. Malcolm MacDonald, M.P.,
Colonial Office,
Downing Street, S.W.1.

My Dear Malcolm

May I join with many of your friends in offering you my sincere congratulations on the high office which has been conferred upon you, and to say how delighted I am that you are at the Colonial Office.

You have assumed one of the most important offices in the State, for on the conduct of your Department and the work you are able to do in the future development of our Colonies depends so much the future of the British Empire.

You will no doubt discover that I have been working with your predecessor in advising him on certain developments of Kenya Colony in relation to the establishment of a pulp mill which the Colonial Development Advisory Committee has recommended for financial support, and, so soon as you have had an opportunity to settle down in your new position, I should like to have the opportunity of a talk with you on this subject.

You will find that the whole position is well

10 30 Wednesday, 13
32/24 20

117

14, Waterloo Place,
Lower Regent Street,
S.W.1.

12th June, 1935.

Personal

Rt. Hon. Malcolm MacDonald, M.P.,
Colonial Office,
Downing Street, S.W.1.

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You will find that the whole position is well

Downing Street.

34
24
7 June, 1935.

Dear Colonel Jervis,

Frazer is away so I write to inform you that we have now had a reply from Kenya about the extension of the Udall Forest Licence. Kenya points out that the Licence has been extended in 1933, which we knew; but they apparently have not grasped the point about the necessity for extending the eighteen months' period under Clause 6. We are accordingly sending a despatch to explain the situation and suggesting that they should proceed to extend Clause 6 also, if they have not already done so - that is, of course, on the assumption that they consider it necessary, as it may be that they will hold that the extension of Clause 4 is sufficient to cover the whole thing.

Yours sincerely,

LIEUTENANT-COLONEL B.C. LOCKHART-JERVIS, D.S.O.

C. O.

25

33

Mr. Flood. 7. 6.35. *fs* 38030/35. Kenya.
 Mr.
 Mr.
 Sir C. Parkinson.
 Sir G. Tomlinson.
 Sir C. Bollenley.
 Sir J. Shuckburgh.
 Perm. U.S. of S.
 Parly. U.S. of S.
 Secretary of State.

Answered by No 34

To go by Air Mail.

Downing Street.

C.D.
 R 7 JUN.
 D 10

June, 1935.

Sir,

DRAFT.

I have the honour to

KENYA.

CONFIDENTIAL.

O.A.G.

③
~~fs~~
 (32)

acknowledge the receipt of your telegram No. 132 of the 5thth June sent in reply to my ^{*business*} telegram No. 135 of the 27thth May on the subject of the extension of the Forest Licence granted to Mr. Udall. It is the case, as you point out, that under Clause 4 of the Licence granted to Mr. Udall on the 16thth June, 1932, he was required to erect a factory within two years from the date of the Licence, and I am aware from the Forest Department letter of the 22ndnd August, 1933, - a copy of which has been furnished to me by

(¹² 3/26/33
 No 2)

FURTHER ACTION.

(¹² 23201/34
 No 10)

Mesars.

Messrs Hitchins, Jervis and Company - that

the two years' term provided for in Clause 4

was extended for a further period of two

years, i.e. up to the 16th June, 1936.

2. ^{The} difficulty, however, arises from

Clause 6 of the Licence which provides that, if

the Licensee fails to commence and effect

substantial operations within a period of

eighteen months, the Licence shall be void.

This period of eighteen months was due to

expire on the 16th December, 1933, and unless

it has also been extended the legal position

would appear to be open to some doubt. It was

for that reason that ^{in reply to Mr. C. Cunliffe-Lister} I dispatched my telegram

of the 27th May, and I regret that ~~I did not~~

^{was not made} make the point sufficiently clear in that

telegram.

3. It may be that you are satisfied

that the extension of the period specified

under Clause 4 is sufficient to cover a general

extension of the whole Licence and if so there

is

is needed for any further action;

but, if you consider it advisable that

the period provided under Clause 6

should also be extended, it ^{will} be

obviously ^{by} necessary to ^{grant} issue such an

extension without delay. ^{If it is}

*I have etc.
extended up to the 16th of June 1936. Like
the extension approved for Clitheroe by that
should be sufficient for the present.*

Mr. C. P. ...

Sir G. ...

Sir C. ...

Sir J. ...

Foreign U.S. of S.

Party U.S. of S.

Secretary of State.

DRAFT.



(Sgd.) P. CUNLIFFE-LISTER.

FURTHER ACTION.

COPY FOR REGISTRATION

RECEIVED
6-JUN 1935
O.O. REGY

32
17

Telegram from the Officer Administering the Government of Kenya
to the Secretary of State for the Colonies.

Dated the 5th of June, 1935 Received 5.20 p.m. 5th June.

No. 132.

Clause 4 Udall's original licence, which was for 20 years,
contained a condition that a factory should be erected within 2
years from the date of the licence 16th of June, 1932. The two
year period was extended by a further two years in 1933. Licence
is therefore valid until the 16th of June, 1936 but should you
wish validity extended until 30th of June, 1936 please telegraph
so that Conservator of Forests can take the necessary action.

Answer (33)

1	PUBLIC RECORD OFFICE
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Reference -	
CO. 533	
455	
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30
//

J/C

29th May, 1935.

CONFIDENTIAL.

Messrs. Basildon Trust Ltd.,
51, Coleman Street, E. C. 2.

Attention Mr. A. B. Gibbons.

RECEIVED
30 MAY 1935
C.O. REGY

Dear Sirs,

HAZET PROCESS

In reply to your letter of 20th inst. we wish to say that we have studied the documents you left with us and found the subject matter interesting.

We presume that the Hazet Process has some special machine for disintegrating the raw material prior to its treatment with a chemical reagent? It is not explained what the reagents are, although we presume they must be either lime or sulphurous acid for the purpose of permutation and combination. The process of preliminary mechanical disintegration is not entirely new, but perhaps your method is novel.

As we see it, the difficulty with the product from your Process is the establishment of a market for it and the problem of financing it, as these products usually will not stand an overseas freight, and unless there is a local market to consume these low quality goods, the economic outlook is not really favourable.

We wish to thank you for having brought this matter to our attention and for the interesting documents you left with us, particularly the Report on the Process by H. Fritz Hoyer, which we should like to have an opportunity of scrutinising again at a later date.

We return herewith the documents you lent us.

Yours faithfully,
For
HITCHINS, JERVIS & PARTNERS.

Enclosures.

24

HITCHING, JERVIS & PARTNERS.

CHARTERED CONSULTING ENGINEERS.

CHARLES F. HITCHING, D.S.O., M.I.MECH.E., M.I.N.A.
B. C. LOCKHART-JERVIS, D.S.O., M.I.MECH.E., M.I.E.E.
L. S. SWINNERTON DYER, A.M.I.MECH.E.
IN ASSOCIATION WITH
PROFESSOR G. V. LOMONOSOFF, D.ING., M.I.MECH.E.
C. A. J. ELPHINSTON, D.A., M.I.MECH.E., A.M.L.L.O.C.C.
GEORGE LOMONOSOFF.

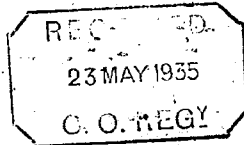
TELEPHONE: WHITEHALL 4118 (6 LINES)
TELEGRAMS: JERVINA, LONDON.
CODES: A.B.C. SYSTEM, BENTLEY AND PRIVATE.

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

J/C

22nd May, 1935.

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



Dear Mr. Freeston,

Proposed Company
British East African Pulp Mills Ltd.

I have now had an opportunity of considering your letter of 15th inst. with Messrs Harrison Sugden & Co., the solicitors dealing with this matter, and I wish to put the following facts before you and their views thereon.

No. 14

Ans. (29)

On 22nd August 1933 the Conservator of Forests at Nairobi, by letter of that date addressed to Mr. Udall, intimated that the Government had approved of an extension for a further period of two years, of the licence referred to in Clause 4 of the Conditions to the Agreement of the 1st October 1934, and Mr. Harrison's view is that this letter of extension must clearly be read to mean that the further extension of two years should run from the 22nd August 1933, the date of the letter to Mr. Udall from the Conservator of Forests, thus extending the licence to the 22nd August 1935.

Mr. Harrison advises that a letter should be obtained at once from the Government of Kenya extending the licence definitely to the 30th June 1936, which will give us ample time within which to get this matter through. Shall I leave you to deal with this extension, or am I to deal with it? I think it would be better if you dealt with it.

As to any extensions which may be required from Mr. Udall under the Agreement of 1st October 1934, I can deal with these quite easily here.

Yours truly,

Boce Jones

HITCHINS, JERVIS & PARTNERS.

CHARTERED CONSULTING ENGINEERS.

CHARLES F. HITCHINS, D.S.O., M.L.M.E.C.E., M.I.N.A.
 B. C. LOCKHART-JERVIS, D.S.O., M.I.N.S.T.C.E., M.L.M.E.C.E., M.I.E.E.
 L. S. SWINNERTON DYER, A.M.L.M.E.C.E.
 IN ASSOCIATION WITH
 PROFESSOR G. V. LOMONOSOFF, D.A.ING., M.L.M.E.C.E.
 C. A. J. ELPHINSTON, D.A., M.L.M.E.C.E., A.M.L.L.O.C.C.E.
 GEORGE LOMONOSOFF.

TELEPHONE: WHITEHALL 4116 (2 LINES)
 TELEGRAMS: JERVINA, LONDON.
 CODES: A.B.C. 5TH EDITION, BENTLEY'S AND PRIVATE.

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

J/C

22nd May, 1935.

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

REC'D
 23 MAY 1935
 C.O. REGY

Dear Mr. Freeston,

Proposed Company
British East African Pulp Mills Ltd.

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Yours truly,

Boyd Jones

No 14

Annex (29)

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DIRECTORS:
NOEL KWHITESIDE, M.P.
A. S. GIBSON,
1, 2 FLOOR, (BELMAN)

RECEIVED
10 MAY 1935
C. O. REG!

TELEPHONE 3786
METROPOLITAN 3787.
TELEGRAMS:
BASILDON, LONDON.

BASILDON TRUST LTD.

17

51, COLEMAN STREET,
LONDON, E. C. 2.

OUR REF.
YOUR REF.

LBB/DC.

9th May 1935.

The Secretary of State
for the Colonies,
Colonial House,
Downing Street,
London, S. W. 1.

R

Dear Sir,

British East Africa.

We have before us a cutting, a copy of which is attached, from "The Colonist" of January 1935, relating to negotiations for the establishment of an industry for the manufacture of paper pulp from bamboo.

We are anxious to make contact with the London Syndicate referred to and should be grateful to know whether you are able to put us in touch with their representatives.

This confirms our telephone conversation to-day with one of your officials.

Yours faithfully,
For & on behalf of
BASILDON TRUST LTD.

A. B. Budd

Quest 10
677 to Col. Jarvis 10

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Reference
C.O. 533 / 455

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Minna Hotel.
Haifa (Palestine).

23.4.35.

Dear Ben Smith,

Just a hurried line to continue my telegram
Kenya Trip Scheme. It is a little difficult for anybody else
to deal with the matter since, as you know, I have so far been
convinced largely in a personal capacity in respect of the
financial structure of the Scheme, and the question of a possible
participation by my company was left until it was seen whether
the amount could be secured, particularly in the direction
of finding subscribers for the Ordinary stock.

The fact that Carmichael & Co. have been unable to
investigate, have decided that the scheme is not strictly
enough for public sale, naturally changes the complexion of
things, particularly as I understand privately that one of the
reasons for not proceeding with the matter was the acceptance
expressed by certain experts, whose advice they sought, in all
my personal discussions with me that the facts and estimates
for granted and that was quite understood by all the parties
concerned. It is difficult to see, therefore, how the matter can
be advanced until I have had an opportunity to consider this
aspect.

I shall naturally be only too happy to see the
Basil Blackett when I return to England, if this is
not too late for your purpose, but in view of the speculative
element in the scheme, I am not very optimistic that anything
result.

However, I have no desire to preclude the matter,
as it may well be that, since I last had occasion to study it,
there have been changes in the form of the proposition.

In any case, I am at your disposal to give the best
advice I can and I can only regret that my absence from England
makes delay inevitable, unless you see fit in the meantime to take
the matter up elsewhere.

Kind regards,

Yours sincerely,

(Signed) E. H. LEVER.

C. O.

38030/5r

R 117

Mr. Freeston. 29 4 8/8

Mr. *Duncan* *see by minute attached*

Mr. *Flood* 9

Mr. Parkinson.

Sir G. Tomlinson.

X Sir C. Bottomley. 10 f

Sir J. Shuckburgh.

Permt. U.S. of S.

Parly. U.S. of S.

Secretary of State.

Answered No 25
11 MAY
D

Downing Street,
11 May 1935.

Dear Colonel Jervis,

Thank you for your note

(12) of April 18th. As you point out,

under Clause 9 of the Agreement

the purchase has to be completed

by the 31st August next. Clauses

3 and 4 set the period within

which the Company must complete

the purchase at two months and

fourteen days after they have

obtained their certificate to

commence business.

If in spite of Mr.

Lever's *letter* ~~able~~ from Palestine, (of

which Mr. Rae Smith has sent you

a copy) you are still confident

that the purchase can be completed

by August 31st there is of course

no need to arrange for an

extension

DRAFT.

COLONEL B.C. LOCKHART-JERVIS, D.S.O.

FURTHER ACTION.

V. minutes

PUBLIC RECORDS
C.O. 533 455
RE ALI
PUBLIC
MAY 1935

Mr. Duncan

137

Issued unpaid
note below
Referred
to you

There is a slight inaccuracy in the
draft letter to Colonel Terwis.
In the final paragraph reference
is made to the extension of licence
of Mr. Udall's Forest Licence to June 1936.
The licence was issued in June 1932
& the extension was for two years -
until June 1934 not June 1936.

No. The letter of 22/6/33
extended for a further
period of two years
the two years term (i.e.
two years from the date of
the licence - that is to say,
the two years between 16/6/32
and 16/6/34) provided for
in clause 4 of the licence.
The extension, therefore,
would be till 16/6/36.
H.D.

When the October Agreement (referred
to in the same paragraph) was
executed Mr. Udall had agreed to
comply with clause 4 & 6 which
imposes an obligation on him to
H.D. "commence & effect substantial operations"
~~complete certain works etc within~~

a certain period. Failure to comply
with the provisions of clause 6 to
render the licence void.

By the October agreement Mr. Udall
proposed to sell the property vested
in him by the licence.
In view of the provision of clause 6
of the licence we have to consider
whether at the date of the agreement
Mr. Udall had not forfeited any
concession he may have been under
the licence.

As the Govt of Kenya is a party
to the Agreement I would suggest
that they be asked to extend
the period of the licence in
order that the Agreement may
be considered valid in every respect.

H. Ghosegi

20:4:

CARDIFF.	PARIS.	VIENNA.	NEW YORK.	BUENOS AIRES.	RIO DE JANEIRO.	SANTIAGO.	JOHANNESBURG.
SWANSEA.	BRUSSELS.		BOSTON.	ROSARIO.	SAN PAULO.	VALPARAISO.	CAPE TOWN.
TRURO.	ANTWERP.		MONTREAL.	TUCUMAN.	PERNAMBUCCO.	ANTOFAGASTA.	FORT ELIZABETH.
	ROMA.	BUDAPEST.	TORONTO.	MONTE VIDEO.	SANTOS.	LIMA.	DURBAN.
	MILAN.		HAVANA.			LA PAZ.	BULAWAYO.
			MEXICO CITY.				SALISBURY.
							N'DOLA.

9
/ 40

DELOITTE, PLENDER, GRIFFITHS & CO

Enc.

LORD PLENDER, G.B.E.

PERCIVAL D. GRIFFITHS.	HAROLD READ.
LIONEL MALTRY.	JAMES KILPATRICK.
ARTHUR E. CUTTFORTH, C.B.E.	HAROLD HOCKLEY.
RUSSELL KETTLE.	JOHN W. BAIRD.
ALAN RAE SMITH.	CHARLES R. GOULDER.

*5, London Wall Buildings,
Finsbury Circus.*

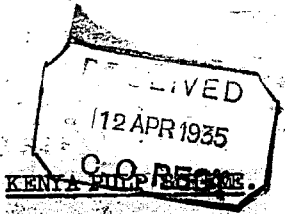
London, E.C.2.

TELEGRAMS- DELOITTE (AVE) LONDON. TELEPHONE- LONDON WALL 3232 (8 LINES).
CABLEGRAMS (ALL OFFICES) DELOITTE.

10th April, 1935.

L. B. Freeston, Esq.,
Colonial Office,
Whitehall, S.W. 1.

Dear Freeston,



I enclose copies of the following correspondence, which has taken place on the above matter and which will inform you of the present position:-

1. Letter from Colonel Jarvis to me of the 5th April.
2. My letter to Mr. Lever of the 8th April, together with covering letter of the same date to Mr. Ray of the Prudential Assurance Company.
3. My reply to Colonel Jarvis of the 8th April.
4. Letter from Mr. Ray of the Prudential, dated 9th April.

Yours sincerely,

Richard

COPY.

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

5th April, 1935.

STRICTLY CONFIDENTIAL.

A. Rae Smith, Esq.,
Messrs. Deloitte, Plender, Griffiths & Co.,
5, London Wall Buildings,
Finsbury Circus, E.C.2.

Dear Mr. Rae Smith,

British East African Pulp Mills, Ltd.

It is most unfortunate that you and Sir Basil Blackett had no opportunity of discussing with Mr. Lever the period of guarantee and the financial aspect of this scheme before he left for Egypt and Palestine, which we understand was the desire of the Secretary of State for the Colonies.

Naturally one feels that this extended trip of Mr. Lever's for two months is a very serious matter, not only to the Concession, but to the Colony itself, for reasons which I will set out herewith.

Following up the view that a broken sequence in negotiations is a bad thing for a project, I suggest you write a letter to Mr. Lever pointing out the difficulties with which we are faced over the likely delay in progressing with the scheme, and asking if he has any objection to our discussing the matter with another colleague of his at the Prudential - possibly with the Chairman, Sir Edgar Horne, and would he (Mr. Lever) be good enough to communicate what he knows of the scheme to his colleagues he indicates you might see.

The delay may cause the following difficulties:-

(1) The winter months in Kenya Colony (1st June to 1st October) will considerably hamper the progress of construction, and if the financial aspect is still obscure it will probably be the middle of the summer in this country before we can expect to obtain the finance. The delay in this case will be a serious question over the period allowed for in the estimates.

(2) The Financial Market to-day is favourable for a scheme of this

42

description, but may not be so favourable if we have to wait until October or November before making the Issue. The public enthusiasm for Empire schemes and progress to-day make it a very opportune moment in May or June to bring out such an Issue, and should not be lost.

(3) It is also to be remembered that Sir Joseph Byrne, the Governor, who has gone to a vast amount of trouble over this business and committed the Colony by his statement in the Legislative Council in Kenya, will shortly be here on leave, and will be of enormous assistance during his visit in furthering an Issue. I have little doubt that it will be one of the first things he will want to discuss with Sir Philip Cunliffe-Lister.

(4) It is an unfortunate fact that up to date the financial burden of this scheme has fallen upon the shoulders of the professional people engaged upon it, and this, I might add, has not been inconsiderable; therefore if a further delay occurs, the whole question will have to be reviewed by the individuals concerned as to whether they are prepared to maintain their interest. I do feel, therefore, that we are really at a parting of the ways, but it is hardly conceivable that a scheme of this importance to Kenya from the industrial transport and financial points of view should be allowed to lapse without a very great effort being made.

Yours truly,

For

HITCHINS, JERVIS & PARTNERS.

(Signed) B.C. L-JERVIS.

COPY

8th April, 1935.

C.W. Ray, Esq.,
Prudential Assurance Co. Ltd.,
Holborn Bars, E.C. 1.

Dear Sir,

KENYA PULP SCHEME.

I enclose the letter to Mr. Lever to which I referred on the telephone this afternoon. I should be obliged if you would send this letter to Mr. Lever by Air Mail. I enclose a carbon copy for this purpose, together with the original.

Yours faithfully,

(Signed) A. RAE SMITH.

COPY.

44

8th April, 1935.

E.H. Lever, Esq.,
Prudential Assurance Co., Ltd.,
Holborn Bars, E.C. 1.

Dear Lever,

KENYA PULP SCHEME.

Sir Basil Blackett (the Chairman of the Colonial Development Advisory Committee) and I have been requested by the Secretary of State for the Colonies, Sir Philip Cunliffe-Lister, to see you in reference to the above matter. Unfortunately, on ringing up your office, we learnt that you were away in Egypt and Palestine and were not expected back for some two months. We were requested to see you with a view to ascertaining whether the Prudential would be prepared, either by themselves or in association with other insurance companies or large investors, to provide the capital required in connection with the above and, if so, on what terms and conditions. I believe you still have the previous papers which were before you when you were considering this matter in December last. You may recall that as a result of the conversations with you, Mr. C.P. Seroudd of Cazemove & Akroyd was approached, but he felt that the issue was of a type which could not be placed in the ordinary way through the Stock Exchange channels.

I do not know whether, in your absence, Sir Edgar Horne or one of your colleagues would be prepared to go into the matter. If so, perhaps you will be good enough to communicate with them and let them know what views you tentatively formed on the project.

Mr. Hall Caine and Colonel Lockhart-Jervis are considerably disturbed by the prospect of further delay occurring in progressing with the scheme. They point out to me that delay may cause the following difficulties - I quote from a letter from Colonel Lockhart-Jervis to me:-

"(1) The winter months in Kenya Colony (1st June to 1st October) will considerably hamper the progress of construction, and if the financial aspect is still obscure, it will probably be the middle of the summer in this country before we can expect to obtain the finance. The delay in this case will be a serious question over the period allowed for in the estimates.

(2) The Financial Market to-day is favourable for a scheme of this description, but may not be so favourable if we have to wait until October or November before making the issue. The public

45

enthusiasm for Empire schemes and progress to-day make it a very opportune moment in May or June to bring out such an issue, and should not be lost.

(3) It is also to be remembered that Sir Joseph Byrne, the Governor, who has gone to a vast amount of trouble over this business and committed the Colony by his statement in the Legislative Council in Kenya, will shortly be here on leave, and will be of enormous assistance during his visit in furthering an issue. I have little doubt that it will be one of the first things he will want to discuss with Sir Philip Cunliffe-Lister.

(4) It is an unfortunate fact that up to date the financial burden of this scheme has fallen upon the shoulders of the professional people engaged upon it, and this, I might add, has not been inconsiderable; therefore if a further delay occurs, the whole question will have to be reviewed by the individuals concerned as to whether they are prepared to maintain their interest. I do feel, therefore, that we are really at a parting of the ways, but it is hardly conceivable that a scheme of this importance to Kenya from the industrial, transport and financial points of view, should be allowed to lapse without a very great effort being made."

I am requesting your secretary to send this letter to you by air mail, if he decides to forward it to you rather than to hand it to Sir Edgar Home or anyone else at Holborn Bars.

I sincerely trust that you are having an interesting time in Eastern Palestine and that your business demands will not prevent you from getting in a good deal of pleasure and health benefit from the trip.

Yours sincerely,

(Signed) A. RAE SMITH.

COPY.

8th April, 1935.

Colonel B. C. Lockhart-Jervis,
Messrs. Hitchens, Jervis & Partners,
Hallam House,
3, Central Buildings,
Westminster, S.W. 1.

Dear Colonel Jervis,

British East Africa Pulp Mills, Ltd.

I duly received your letter of the 5th instant. I have written to Mr. Lever in the terms of the copy letter enclosed. I have sent this letter up to Mr. Ray of the Prudential Company with the request that he should despatch it to Mr. Lever by air mail. You will see that I have incorporated in my letter to Mr. Lever the suggested paragraphs Nos. 1 to 4 in your letter to me.

As regards the opening remarks in your letter, you are probably unaware that the suggestion that Mr. Lever should be re-approached originally came from me and not from the Secretary of State. Further, it was quite impossible to see Mr. Lever before he left for Egypt and Palestine. We saw Sir Philip Cunliffe-Lister on the evening of Wednesday, the 27th March. Mr. Lever left for Egypt on Friday, the 29th March, his last day in his office in London being Thursday 28th. I was very busily engaged on that Thursday and it would have been quite impossible for me to have called upon him at such short notice. Even had both Sir Basil Blackett and I been able to do so, I am sure you will realise that it would have been practically impossible to see Mr. Lever in the circumstances.

Yours sincerely,

(Signed) A. RAE SMITH.

COPY.

THE PRUDENTIAL ASSURANCE COMPANY LIMITED,
Holborn Bars,
London, E.C. 1.

9th April, 1935.

A. R. Smith, Esq.,
Messrs. Deloitte, Plender, Griffiths & Co.,
5, London Wall Buildings,
E.C.2.

Dear Sir,

Re: Kenya Pulp Scheme.

I have to acknowledge the receipt of your letter of the 8th April with enclosures to Mr. Lever concerning the above.

I showed the letter to Mr. Crump (Joint Secretary with Mr. Lever) who felt that as both Mr. Lever and our Chairman were in Palestine, he would not care to put the matter before our Deputy Chairman without at least an expression of opinion from Mr. Lever on the matter.

I have accordingly forwarded the letter to Mr. Lever by Air Mail and hope that we shall receive a reply in the course of next week, when I will communicate with you again.

Yours faithfully,

(Signed) C.W.A. RAY,

Deputy Controller.

HITCHINS, JERVIS & PARTNERS.

CHARTERED CONSULTING ENGINEERS.

CHARLES F. HITCHINS, D.S.O., M.I.MECH.E., M.I.N.A.
B. C. LOCKHART-JERVIS, D.S.O., M.I.NST.C.E., M.I.MECH.E., M.I.E.E.
L. S. SWINNERTON DYER, A.M.I.MECH.E.
IN ASSOCIATION WITH
PROFESSOR G. V. LOMONOSOFF, DR. ING., M.I.MECH.E.
C. A. J. ELPHINSTON, B.A., G.I.MECH.E., A.M.I.LOCC.E.
GEORGE LOMONOSOFF.

TELEPHONE: WHITEHALL 4116 (2 LINES)
TELEGRAMS: JERVINA, LONDON.
CODES: A.B.C. 5TH EDITION, BENTLEYS AND PRIVATE

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

J/B.

29th March, 1935.

RECEIVED
- 1 APR 1935
L. O. C. REGY

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

Dear Mr. Freeston,

British East African Pulp Mills Ltd.

With further reference to our talk on this subject yesterday I thought perhaps it would clarify your mind if I were to give you my assurance regarding the total money required for the manufacture and erection of the plant with a capacity of 100,000 tons of paper pulp per annum at Tsavo and the development of the Forest at Kijabe.

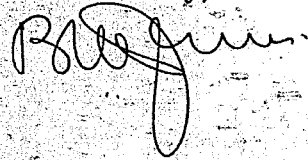
As you know we have had many conversations with the Crown Agents, London, and a good deal of correspondence with the General Manager of the K.U.R. on the subject of freight rates. The question of the rates has not yet been definitely settled by the General Manager of the K.U.R. but we are progressing, I think favourably, towards a mutually satisfactory settlement.

Meantime we have carefully considered an important point of administration and policy in a large scheme of this description, namely the centralisation of the whole of the plant at Tsavo. In other words, we have abandoned completely the idea of crushing and baling the bamboo from the Forest at Uplands or Kijabe which would complicate the handling of the bamboo between the Forest and the Mill.

It is on this account that I and my partners have decided to pursue, as far as possible, the idea of using our own special rolling stock for the purpose of transporting bamboo poles in their natural form, cut to specified lengths, from Uplands to Tsavo. This we understand the railway would prefer to own and lease to us rather than we should buy it.

Naturally we have thought of all the points involved in this procedure, such as the extra weight of water in the bamboo, and the question of loading in the existing railway wagons. In spite of these points, we are most definitely of the opinion that our present proposal is the most economic method that we could possibly adopt in handling the bamboo to the Mill from the Forest. The financial structure is not in any way increased by this change, although the expenditure between Tsavo and Kijabe is re-arranged. You can have our definite assurance on this point.

Yours sincerely,



GENERAL MANAGER'S OFFICE,

NAIROBI, 7th March 1935.

Messrs. Hitchins, Jervis & Partners,
3, Central Buildings,
Westminster,
LONDON, S.W.1.

Dear Sirs,

British East African Pulp Mills, Ltd.

I have to acknowledge receipt of your letter of the 19th February, which has been receiving attention.

Owing to my absence on tour, your letter was forwarded to me and some delay has taken place in dealing with it. To avoid such delay in future, I would suggest that all letters of this nature should be addressed to: The General Manager, and not to me by name. Of course, personal letters to me can still be sent when considered necessary, but ordinary official correspondence would be dealt with more expeditiously in the manner indicated above. I trust this meets your views.

In the present letter, I am only able to indicate to you in general terms some of the problems which the changes in your proposals have brought about; a more complete reply will, I hope, be sent to you next week when we have completed our enquires.

In order to obtain a better idea of the loading possibilities of bamboo in pole form, I have arranged for certain tests to be carried out during the next few days, in consultation with Mr. Hamilton of Messrs. Mitchell Cotts & Co., here. I think this is necessary, in order to check up some of the assumptions have been made.

As previously stated, I am very sorry indeed to hear that you have had to abandon the consideration of crushing and pressing bamboo in the forest. The more this question is examined, the more convinced I am that the transport of bamboo in pole form to Tsavo will be most expensive on account of its bad loading qualities and also because of the moisture content of the bamboo.

I note that you are re-examining the possibility of designing a special wagon for this traffic and also that the Crown Agents and our representative, Mr. McHardy, are giving every possible assistance in this direction. I may say that we are very doubtful here whether the wagon that you suggest is capable of giving you a 90% loading, as assumed by you. According to our figures and information, I consider the carrying capacity of such a wagon will be nearer 8 tons than 11 tons as suggested. The tests that we are about to carry out may, however, throw further light on this aspect of the matter.

I note that you are not in a position to send us drawings in the present stage. Provided you work in close

touch with the Crown Agents and Mr. McHardy, this is not a matter of great importance until your plans are more definite.

With regard to the question of the number of wagons that would be required to move this traffic, I am afraid that we are unable to accept the figures given by you. I note that for this purpose you have assumed that wagons can be turned round in 48 hours. I think you have misunderstood the information given to you by Mr. McHardy, who, I think, explained that, while actual running time might be limited to this figure, the total time required, owing to the need for crossing other trains, would be greater. In fact, taking into consideration other traffic, and bearing in mind that we operate over a single line with crossing stations at long intervals, we are of opinion that the total turn round time will be in the neighbourhood of 72 hours. This will, of course, very much increase the number of special wagons that would be required. A detailed examination of this aspect of the matter is being carried out and I hope to let you have more definite figures in my next letter.

In order to reduce the number of trains necessary for this traffic to a minimum and so avoid difficulties in crossing trains at wayside stations, it is essential that the total train loads should be increased to the maximum possible. We should, therefore, have to double bank the trains as far as Maguga, where the full advantage of the Garrett engines can be taken. We may even have to consider the question of regrading certain sections of the line, to avoid the cost of the banking engines. This is a question for our consideration and does not affect you indirectly.

You will, however, see from the information that I am able to give you, that the cost of moving this bamboo in pole form will be much greater than you anticipated. I am, however, only too glad to examine the whole question very carefully and fully, so that you can have all the facts before you when coming to a decision, with regard to the organisation of the industry. In this connection, I need hardly assure you that my staff and I will do anything that we possibly can to assist you in making the scheme a success.

I am sending a copy of this letter to Mr. McHardy, so that you can discuss it further with him if you desire to do so.

Yours faithfully,

(signed) G.D.Rhodes,
GENERAL MANAGER.

CDR/MED

52
NOTE.

1. On Tuesday, March 26th, the Secretary of State saw Mr. Hall Caine, Mr. Clauson being present.

Mr. Hall Caine said that as he had not succeeded in obtaining finance from Gazenove Ackroyd's or from the Charterhouse Investment Trust, he proposed to adopt two radical modifications in the scheme:-

(a) To reduce the capacity of the plant by two thirds; i.e. to provide for an output of 33,000 tons of pulp.

(b) To utilise the free hydrogen generated during the pulping process for treating groundnut or cotton seed oil. The capital required would be reduced to, say, £600,000. He asked the Secretary of State whether the Govt. Guarantee could not be extended to ten years and the Secretary of State promised to look into the matter.

2. On Wednesday the Secretary of State saw Sir Basil Blackett and Mr. Rae Smith. Mr. Clauson and I were present. He told ^{them} of the conversation with Mr. Hall Caine and indicated that he did not much care for the proposal to hydrogenate oil as a by-product. In his judgment the original scheme was essentially sound and he was anxious to see it through. Whatever ^{guarantee of} Govt. interest might prove necessary to secure the necessary finance should in his opinion be provided, up to the limits permissible under the Colonial Development Act. Sir Basil Blackett and Mr. Rae Smith undertook to see Mr. E.H. Lever and to ask him on what terms the Prudential (possibly in association with other Insurance Companies) would take up or underwrite the whole

£1,400,000

*He was not
positive on this;
it was a possible
means of getting a
colony's income*

*I think
£800,000*



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His Majesty's Eastern African Dependencies

WMCH/ND

TRADE & INFORMATION OFFICE.

KENYA, UGANDA,
TANGANYIKA, ZANZIBAR.

NYASALAND,
NORTHERN RHODESIA.

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

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

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

6th February, 1935.

Dear Freeston,

Herewith copy of my report to
General Rhodes regarding the meeting with
Hitchins, Jervis & Partners of yesterday.

Yours sincerely,

L. M. Hardy

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

WMCB/ND

6th February, 1935.

Dear Sir,

With reference to your letter A.8/58/1 of January 24th to Messrs. Hitchens, Jervis & Partners with copy to me, I attended a meeting at their Office on February 5th to discuss the position. There were present Colonel Jervis and Mr. Dyer of Hitchens, Jervis & Partners and a Mr. Theakston, who, I understand, is a member of a firm who design railway wagons.

Colonel Jervis explained the difficulties that had arisen in regard to crushing and baling the bamboo at Uplands. Bamboo is hard, brittle and noncoherent and therefore to bale it requires very high pressure which cannot be obtained hydraulically with the water supplies available. Producer gas or diesel plant would be too expensive owing to the high cost of coal or oil at Uplands. Even if crushing and baling were carried out the resulting bale is a mass of hard sharp bamboo spikes rendering it difficult and dangerous for manhandling into and out of trucks.

They had therefore been compelled to abandon the idea of treating the bamboo at Uplands and had to come to consider transporting it in pole form cut in lengths of 8 to 10 feet. This gives a loading of only 17 lbs. to the cubic foot and would be difficult to load economically into and unload from covered trucks. They have therefore had to consider designing a special open truck of the smallest possible tare weight to carry this traffic, and Mr. Theakston gave some particulars of what he had worked out. This was an open platform wagon with steel ends 8 ft. high and fitted with removable stanchions at the sides with logging chains at the top

designed...

The Hon'ble,
The General Manager,
Kenya & Uganda Railways & Harbours,
Nairobi,
Kenya Colony.

designed to the full loading gauge of the Kenya & Uganda Railways but admittedly not up to full main line specification. It had no braking gear, only simple hook buffer couplings without screws and no side chains. It was agreed that this truck as designed would not be likely to be accepted as suitable for the traffic and Mr. Theakston is therefore to get from the Crown Agents the specification of a standard Kenya & Uganda Railway underframe on which he will submit a fresh design on the lines indicated above. It was suggested by me that this design when completed should be submitted to the Crown Agents technical staff before being sent out to the General Manager.

Regarding the operating of this traffic, which of course, affects the number of trucks that would be necessary, I pointed out that the estimate of complete turn round in 36 hours mentioned in their letter of the 15th January was unduly optimistic; the average goods train timings between Uplands and Tsavo are about 19½ hours upwards and 17½ hours downwards, and as they require about 12 hours at either end the round trip would take about 60 hours and possibly longer; actual timings could only be worked out on the complete train chart of existing services.

On the question of rates I explained that I was not in a position to discuss this matter. I pointed out, however, that the rate of 4 cents per ton mile which had been agreed to had been based on crushed bamboo giving a loading of about 25 lbs. per cubic foot and conveyed in existing stock, covered or open at railway option. On this basis their daily requirements of 670 tons could be conveyed in 29 bogie covered trucks with a tare weight of 355 tons giving a total of load plus tare of 1005 tons. To justify therefore a similar rate under the revised conditions, the special stock contemplated would have to show such low tare in relation to carrying capacity, bearing in mind that bamboo in poles gives only 17 lbs. per cubic foot, that the total load per day would not exceed 1005 tons.

The question of whether the Kenya & Uganda Railways or the Company should provide the special stock was not discussed in any detail, but I gathered they had

no strong feelings either way: the only point at issue at present is how they can most economically deal with the raw product under the new conditions which they have found to be necessary. They will save in costs at the Uplands end in cutting out crushing and baling and I gathered would be prepared to devote this saving to providing the new stock if necessary or more economical.

Actually, now, so far as I can see nothing further can be done until the fresh design of the special truck is available and an estimate can be obtained of its performance and cost, when the whole question will have to be reviewed in the light of the fresh situation.

Yours faithfully,



LONDON REPRESENTATIVE
Kenya & Uganda Railways & Harbours.



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85 Kc.
Sep 6/2
58
/

His Majesty's Eastern African Dependencies

VMCH/ND

KENYA, UGANDA,
TANGANYIKA, ZANZIBAR.

TELEPHONE: WHITEHALL 5761/2/3.
ANY COMMUNICATION RESPECTING THIS
MATTER SHOULD BE ADDRESSED TO THE
SECRETARY.
REPLY QUOTING

1078/35

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.

2nd February, 1935.

RECEIVED
for reg
11-11-35
C. O. REGY

Dear Freeston,

Herewith copy of the letter from
the General Manager with enclosure which I
showed you yesterday.

Yours sincerely,

L. B. Hardy

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

BY AIR-MAIL

24th January, 1935.

A.8/58/1

Messrs. Hitchens, Jervis & Partners,
Hallam House,
5, Central Buildings,
Westminster,
LONDON S.W.1.

Dear Sirs,

British East African Pulp Mills Ltd.

I have to acknowledge receipt of your letter of the 15th January, 1935, received by the last Air Mail. I understand that the letter that you wrote to the Governor has not yet reached him, but, presumably, it conveys the same information that you have given to me.

I note that you state that your principal remaining difficulty is the so-called high transport charges per ton of pulp. While I have no reason to think that the actual unit rates offered to you by this Administration are in any sense high, taking into consideration local conditions, I can, of course, quite understand that the total transport costs, due to the peculiar situation of the industry so far up country, may be considered high by those who are accustomed to seeing such industries located nearer the sea.

We have, as you know, given your proposals the very closest consideration, and, when submitting to you our rates proposals, have taken into full consideration all the facts regarding the magnitude of the tonnages to be offered to us quoted by you in your letter. I think, therefore, you will agree that there is nothing to be gained by again considering information that we have already had in front of us.

I think it was made clear to Colonel Jervis when he was out here that we are very anxious indeed to obtain this traffic and the Railways and Harbours Administration and the Railway Advisory Council have done all they can to meet the requirements of the industry. It therefore comes as a shock to me to find that at this late date you wish to change the whole basis of your original enquiries for rate quotations, in that you suggest that the bamboo should be taken down to the Tsavo factory in bulk, instead of being crushed and pressed to provide full loading for our rolling stock. You will, I think, agree that this is a different proposition altogether, which will re-open the whole matter.

Bamboo cannot be railed in bulk economically and the cost in additional rolling stock or special type rolling stock, whether provided by your Company or by this Administration, will be high, in fact, probably much higher than the cost of substituting some other type of power, such as Diesel or Producer Gas, in place of the hydro electric power plant which you evidently had in mind and which you now state is impracticable.

I shall, of course, be only too glad to go into this matter afresh, provided you can give me full information regarding the methods you propose to adopt for handling bamboo in bulk.

In this connection, I note that you have prepared special designs for rolling stock and claim certain capacities and performances for such stock. Without further information, I may state that our figures and calculations at this end appear to show that your claims cannot be substantiated in any way, nor can the operating performance suggested by you be carried out on a Railway of this nature, with severe grades, on a single line, with restricted siding space for crossing trains. We shall, however, give your proposals full consideration, if you will forward your plans to us. I would suggest that copies should also be sent to the Crown Agents for their examination, as we may wish to consult them on technical details. On present information, however, I doubt very much whether the saving in gross loads behind a locomotive, which can be obtained by the use of specially designed vehicles, will compensate for the extra cost of such vehicles.

It will, I think, therefore, be advisable also to explore the possibility of making use of our own existing rolling stock, at any rate for the first few years while experience in the handling of the traffic is being gained. The question as to ownership of special rolling stock, if such is to be obtained, is a minor one. There are many disadvantages, as you are aware, in accepting the principle of privately owned wagons on a Railway. The difficulties that arise from this cause on home railways and other railways are well known. This Administration would much prefer to purchase such stock as may be necessary out of its own funds.

I trust this letter will make it clear to you that, if you have definitely abandoned all hope of transporting bamboo in a crushed and pressed condition, full details, on the lines indicated above, should be sent to us to enable me to re-submit fresh proposals to the Railway Advisory Council without delay. It is, however, quite clear that your present proposals will involve a considerable increase in the cost of moving this commodity.

In connection with the design and use of rolling stock, I would suggest that you work in close touch with Mr. McHardy, our representative in the London East African Office, who can give you a great deal of practical information with regard to conditions here, which I think would be of use to you in submitting your further proposals.

I will await your further letter on this matter before endeavouring to prepare a case for submission to the Railway Advisory Council and the High Commissioner.

Yours faithfully,

(Sgd) G.D. Rhodes

GENERAL MANAGER

HITCHINS, JERVIS & PARTNERS,
HALLAM HOUSE,
3, CENTRAL BUILDINGS,
WESTMINSTER,
LONDON S.W.1.

15th January, 1935.

The Hon. The General Manager,
Kenya & Uganda Railways & Harbours,
Nairobi, Kenya Colony.

Dear Sir,

British East African Pulp Mills Ltd.

In accordance with my promise to His Excellency when I visited Kenya last year, I have to-day written to the Governor setting out the situation of this project as it is today.

In my letter I have mentioned, and of this I think you are aware, that our principal difficulty, now that we have practically settled our differences with the Treasury, is the point raised by the Financial House in the City as to the high transport charges per ton of pulp c.i.f. London. So far as sea transport is concerned, we have already taken this up and reduced it to a minimum. We could accept your rail rates on coal, pulp and salt as printed in your 1934 Rate Book, if a satisfactory settlement could now be come to on the rate on Bamboo.

The quantity we propose to convey by the K.U.R. will add materially to the tonnage at present carried annually by the Railway. It will increase by 97 million ton miles the 349 ton miles carried in 1933 - an increase of 28%.

This additional traffic must make a substantial difference to the proportion of standing charges per ton mile on all goods carried by the K.U.R., so that if our tonnage is added to your present total tonnage before apportioning the average overhead charges of the Railway to each classification, then the rate on each of our products should be considerably reduced, or alternatively a special reduction made on the bamboo rate.

I trust you will agree with me that this is a logical conclusion.

During my visit to Kenya I set this matter out in my letters of 10th and 29th August 1934, to which I would refer you.

Now, after full investigation of the whole project, it has become clear that it will be impracticable to have the Bamboo Crushing and Baling Plant in the neighbourhood of Uplands. The considerable power required to bale the bamboo to the density necessary to obtain full rated loading, in the rolling stock that you can place at our disposal, would necessitate a supply of water very greatly in excess of what is economically available at Uplands.

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It is also impracticable to have the Crushing Plant in the forest.

We are therefore driven to placing it at Tsavo and transporting the bamboo in pole form from Uplands to Tsavo, after nicking it to let out the moisture.

The next question is the railway freight on bamboo poles. From the data which your office has kindly provided, it is clear that we shall be unable to obtain anything like the full loading with uncrushed bamboo in the wagons that you can put at our disposal, neither can we load or unload from them sufficiently quickly for economical working.

We have therefore designed a special wagon to comply with the rolling stock conditions on the K.U.R. giving the carrying and handling facilities required. A train, 1280 feet in length, of 43 of these wagons would carry 620-670 tons of bamboo in pole form with a total tare weight of 270 tons. You will appreciate that these haulage conditions are more favourable to your locomotives than if the bamboo were carried in your existing rolling stock.

In view of the attitude of the Financial House and under the circumstances detailed above as to gross and tare weight, we ask for a rate of 3½ cents per ton mile for bamboo in pole form on the basis of 200,000 tons to 250,000 tons per annum being carried from Uplands Station to the factory at Tsavo. These trains would run regularly at two per day on the basis that a journey from Uplands to Tsavo loaded, unloading at Tsavo, then returning from Tsavo to Uplands unloaded, and reloading at Uplands would take in all up to 36 hours.

Could you let us have your decision on this matter at your earliest possible convenience?

Wishing you the compliments of the Season.

Yours truly

(Sgd) B.W. JERVIS.

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(2)

Mr. Frederick 261, at home

Reuys

Mr.

Mr.

Mr. Parkinson.

Sir G. Tomkinson.

Sir C. Bottomley.

Sir J. Shuckburgh

Permt. U.S. of S.

Early. U.S. of S.

Secretary of State.

(16)

Booked & sent
4.0 p.m.
26.1.35
P. X. W.

lbc.

See Self's **DRAFT.** Tel.
N.S. attached.

from Nairobi

Private & Personal. you tel.
24 Jan. Private & Personal. I note
you considered economic Negotiations
are proceeding between Col. Dev.
Advisory Committee and responsible
City interests who it is hoped
will sponsor the issue. If
freight is found to be an
essential factor I will inform
you.

FURTHER ACTION.

Room 297.



P.P.P.

I like your considered opinion. ~~If I find that~~
Agricultural negotiations proceeding between
C.D.A. a responsible City interests who it
is hoped will sponsor the issue. If flight
^{is found to be} business an essential factor I will
inform you.

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

Dated 24th January, 1935. Received in the Colonial Office at 3.31 p.m. on 24th January, 1935.

PRIVATE AND PERSONAL.

No 124

No 125

Your private and personal telegrams dated 17th January and 18th January Bamboo Pulp. Letters from Jervis to me and to Rhodes came by the last air mail. Question of rate for crushed bamboo is entirely different from that for bamboo poles. As regards rate for crushed bamboo I consider that the four cents rate is a very favourable one and this opinion is strongly (group omitted) by the General Manager and certain members of the Railway Council whom I have been able to consult. Railway could quote this as it gave favourable loading and we could make use of surplus stock without any capital expenditure. General Manager estimates that a reduction of half cent per ton mile involves about £10,000 to £14,000 a year and he considers that the financial statement attached to Harrison and Sugden's letter of 16th October makes it clear that this amount would in no way jeopardize the success of the Company. However, if it could be definitely stated to him that if this concession was not made then proposal would fall to the ground and the activities of the Company be transferred to some other territory he would be ready to recommend that this half cent reduction should be made. The members of the Railway Council whom I have been able to consult agree. Could you ascertain if possible what are the intentions of the Company and if they have any idea of withdrawing from the proposal if the rate for crushed bamboo remains at four cents; if they propose to withdraw from Kenya unless three and a half cent rate is granted I am ready to agree to a three and a half cent rate but only on that condition. The question as regards a rate for bamboo poles is entirely different and has never yet been considered in detail; it has only been

Hand. Del. 1.8.1. 26/1/35.

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been put to me in the letter from Jervis received yesterday and the General Manager has only recently been approached about it. He has not enough details to work out costs and is still awaiting more information from Jervis. It appears that any rate for poles must be well above four cents as they provide less satisfactory loading than crushed bamboo and may need special stock which may cost up to £100,000. We could not agree to the Company owning their own trucks as this would be a precedent for other companies and the situation would arise as in England and elsewhere where railways have been much handicapped by privately owned stock. It is essential if the alternative of bamboo poles is to be proceeded with that the whole position should be reexamined in consultation with the Railway Council after the receipt of full information.