

1930

15978

CO 533/393
KENYA

1930

15978

ENC. to CO 533/393

THE MAGADI SOBA Co. LTD.

Previous

15954/29 (SECRET)

15565/29

Subsequent

17058/31

1. Crown Agents. 29th. January 30

Enclosed is a copy of a further letter with encs. sent to the Government of Kenya on the subject of the new lease.

M Allen

Rec'd by

Car Cliffe

M Allen

9/11

atace

2. Copies of cables left at the C.O. by Mr. Marriott. 23rd. January 30

16. Chatterley hands them to me & says they should be placed in a card but I put the whole matter over to see

M Allen

24/1/30

atace

3. Mr. Marriott. s/o. 25th. Jan 30

States is leaving for the U.S. and Panama on 29th. January and has made arrangements with Mr. J.G. Nicholson and Mr. D. Marsh that they will be available during his absence.

M Allen

Mr. Marriott leaves to-day, so it is hardly any use acknowledging him.

Mr. Parkinson should see a part of

Car Cliffe

atace
3.2.30

M Allen

29.1.30

29/1/30

H.O. for Tel. Conf'd. 22nd. Feb. 30.

States as to agreement reached as a result of discussions between Railway Administration, the Director and Secretary of Company and Railway Council. Will be grateful for telegraphic reply stating that company confirms this agreement. Dispatch follows.

To Management

Fuel Oil The Rf claimed public rates with arrears from 1st Nov 1924.

This agrees to public rates as from the 1st Nov 1927.

with an arrears from that date.

Soda Ash The Rf claims 5 tons

at rate of 20/- as from 1st Nov 1929. In addition the Co was liable under clause 4(1)(b)

The Rf lease to pay 20/- a ton of the

Co Salt as from 1st Nov 1929.

This would make a total of 2 1/2 tons

It has been agreed that the total payment should be reduced

to 20/- a ton of the

Rf of the 1st Nov 1929

the reduction of 3/- a

the Rf of 1926 instead

of 20/- the total 1/6 instead of 1/-.

It is all to the good that an agreement should be reached at the time seems desirable.

Submitt of the Napadi Salt Co - also S.O. to Mr. Nicholson (see Mr. Warratt's opinion) regarding the Parcel etc.

STR Allen

23/2/30

The draft of the Co does not touch in the coal question - see para 12 of No 38 of 1930-7-29. We cannot be certain that that has had good effect & in referring to the Rf we might ask whether to show also the info in the sense [that para]

I should know that no commission was made to the Co & this - see to it of 1924-25

All Parkman
Wed 26.2.30
since

DESTROYED UNDER STATUTE

To Magadi Soda Co. ^{15/3} }
J.S. Nicholson (w/s in orig U.F.S.) }
15 FEB 1930

Mr. Nicholson. s/o. 3rd. March 30.

Ack. of No. 6.

H.M.M. Moore. s/o. 7th. February 30

States as to seeing Mr. Lutyens and Mr. Gawler, and as to the present position - also that as soon as the question has been decided in Executive Council a full despatch will be sent.

? put by ✓
G. Eastman
10.5.30

To - not give the terms of
the agreement enclosed.

10/3/30
stance

9. Magadi Soda Company. 12th. March 30.

Confirm the arrangements made by Messrs Lutyens and Gawler subject to the understanding that the rate of 18/6 per ton for Soad Ash to the coast is the maximum rate chargeable for the period of five years ending 31st. Oct. 1934.

See also
X at bottom of
page 6
No 8.

I don't think there can
be any doubt that the
understanding is correct, &
the letter followed the tel in
rough & the words for a
part of the text strictly

applies to the really rate of 18/6 per ton.
Submit off tel's off
letter to the Co - the off tel
takes the form as it could
work out at the end of my
minute of 20/2/30
10/3/30

Hi C. Eastman
You were enquiring a day or
two ago how the matter
stood

10.3.30
11.3.30

10. To Mr. for Transport R.L. P. (No. 4 and)
cons - 14 Feb 30

11 To Magadi Soda Co. (quinn) 18. MAR 1930

12. H.Cmr. for T. Tel. 14. 25th. March 30.

States as to rate for Soad Ash - refers to the coal question.

As to the coal, we had better await the result of the 10 bids, but we can drop out of the other part.

J.P. Bennett

all p

27.3.30

atms

13 To Magadi Soda Co 28 MAR 1930

14. Magadi Soda Co. 31st mar. 30.

Acks. Nos. 11 and 13.

Mr. Whitcombe.

? put by.

H. B. Gray

X.E.A. 1.4.30.

J.P. Whitcombe
2/4/30
re. done

15. H.Cr. Transport. 37. 13th. March, 30.

Submits objections, on the question regarding the validity of the notice sent by the Railway Admin. to the Magadi Soda Co. stating that it was proposed to raise the rates for the carriage of Soda Ash w.e.f. the 1st Nov. 1929.

Notes

The suggestion in this despatch that the

the delay in giving the requisite notice was due to the fact that no copies of the leases were available locally seems distinctly disingenuous. I attach a note setting out the facts from which it will be seen that in a despatch dated the 28th March, 1928, the Governor was informed that it was understood that the C.Agents as well as the Company had already executed the leases. It is true that the actual date of signature, 20th March, 1928, was not mentioned, but they must have known that the date of signature was, at any rate, earlier than the 28th of March, 1928, and, in these circumstances, it is certainly disingenuous to state as in par.3 that "it is understood from the documents themselves that the Company actually signed the lease on 20th March, 1928, but this was not made known to the Colony although the terms of the lease presumably took effect from that date".

The local authorities were fully aware that the final completion of the documents was waiting on the settlement of the stamp duty question, and a simple telegram of enquiry could, at any time, have elucidated the position. But, in any case, why should they have waited until almost the last day of July before despatching the notice.

There is really no profit in pursuing the argument, but I think it would be only fair to acknowledge this despatch, and with reference to the sentence reproduced at "A" above, point out that the fact that the lease had been executed by both the Company and the C.As. was, in fact, reported in the despatch of the 28th of March, 1928.

Draft herewith.

No. 12. In this connection, please see par. 3 of No. 6

150278
(as)

Sa. of Kenya asking what ref
+ copy 5, 9, 11, 13, 14
+ copy to Sa, Kenya (with Encl)
to Mr. [redacted] of [redacted] ref
no. 17.

(we switched off to
public correspondence roads not
to back to office)

NYA/Ala

14/5

abance

To Magadi Soda Co. (20 Amush) 23 MAY 1930

Gen. 395 - (no 20+21) - 24 MAY 1930

No. 61 Trans. 61 - (no 5, 9, 11, 13, 14 + 22) - A/a. 24/5/30

24. Mr. Grier. 95. 5th. June 30.

Method of calculating working
costs and energy costs for a power station prepared
by the General Manager on ton mile statistics
and the General Manager on the working costs of
the station was assessed - trusts
that the S.O.F.S. will arrange for these figures
to be examined by Technical Experts and that Kenya
be informed as to their remarks and of the procedur
adopted in other countries.

copy
now reg'd
16 23/5/30
To Mr. Working Col
K O R

24. Note of an interview with Mr. Harriott.
Rough note for record - file 2. NYA/Ala
24 p. To. C.As. n/o. min. 29th. July 30

25. Mr. Crane. 8/6. 16. Sept. 30

In copies of two memos for your review
+ copy to Mr. [redacted]

Please see No 24. So far

as I am aware nothing more has
been heard of this matter.

The patrol tanks do
not in any case seem in
harm & the CA might go
ahead - they are in this case
ready to place the order.

As regards the wagons
Genl Rhodes asked us what
tell us whether it is to
what extent Magadi requirements
enter.

? Genl Rhodes might
be consulted Cape half as
the wagons explaining very
brief that the CA has been

asked to see such incident to the
 Council, in Kansas and that it
 is not necessary to take, we has
 been from Kansas to believe that
 the brigade to might not be
 able to carry out the
 commitments as to extra production

10/11/30 18/9/30

In Christchurch

I have told the
 Grant they can
 place this order.
 That should tell
 him later as to
 his reasons for

Good

? as proposed as to the
 petrol tanks.
 ? as to the wagons, would
 you prefer to make an
 statement in writing, but
 ask Gen. Rhodes to call
 when he is asked
 about the wagons & told
 confidentially the position
 as in No. 11.

Yes
 Good

? How do matters now be
 asked when the full
 written statement will
 be available.

Yes
 Good

acc Parkhouse
 18-9-30

Good 18-9-30
 since

~~DESTROYED UNDER STATUTE~~

9/10/31
 H. Marshall - cons. 20
 Genl. Rhodes - cons. 20 } 19 SEP 1931

~~DESTROYED UNDER STATUTE~~

~~DESTROYED UNDER STATUTE~~

General Rhodes, 18/9/30 20th. Sept. 30.
 Will call Monday 22nd.

Gen Rhodes called & gave
 me an outline of what
 the conclusion of 18/9/30 will
 be. The written statement will
 come in soon & that we can
 get the new position
 in Yanga.

He tells me that the
 have not taken into account
 the anticipated Magadi
 traffic - they were waiting
 to see some of the 18/9/30
 first.

At least

18/9/30

29/9/30 (or 18/9/30) (25/9/30)
 (25/9/30) 22 SEP 1930

A review of the leases & a
 matter for the East & Kenya
 for most refer to the O.A.G.
 but a brief tel is necessary
 at the in order that he may
 notify the Transport Ministry
 the changes proposed.

But first it is necessary
 to see by Marriott what can
 be done in Sir G. Bottomley's
 return.

Shall I arrange a
 time to telephone? The
 letter she is out 5 Thursday's
 mail & I don't think
 (subject to the fact will
 be ~~warranted~~ that there is
 much to be got & to say
 how.

J.A. Allen
 13/10/30

As a result of our discussion with Mr.
 Marriott on the 15th October, ^{the papers} I ~~submit~~ the accompany-
 ing six drafts, including a draft telegram and
 despatch to the O.A.G., Kenya, in the terms of which
 Mr. Marriott agreed. It should be noted that the
 words "in a report issued" on page 3 of the letter
 from the Company were excised by Mr. Marriott on
 its being suggested to him that it might be desirable
 to omit them since the report referred to is a very
 confidential document, and the letter is being sent
 out in a public despatch. Mr. Marriott also
 agreed that in sending his letter to Sir G. Bottomley
 of the 9th October to Mr. Moore we should omit the
 last two sentences of para. 5.

J.A. Allen
 16/10/30
 2 face

- 33 To Gov Kenya Tel. no 232. 16th Oct 30
- 34 To Ingaide Soda Co (32 Annand)
- 35 H.M. Mc Moore 20 } 16 OCT 1930
- (w/c 31)
- 36 H. F. Marriott 20 } 16 OCT 1930
- (w/c 37)
- 37 To Gov 811 - (1/30 32 & 34) - ¹⁴³² cons - } 16 OCT 1930
- H. G. Hann 125 (1/30 37 & 38)

DESTROYED UNDER STATUTE

39.

Mr. Marriott. 19/9.

17th Oct. 30.

Ack. of No. 36.

Mr. Whitcombe.

? put by pt.

W. Needham
20-10-30.

J. F. Whitcombe

20/10/30

at one

(Handwritten initials)

DESTROYED UNDER STATUTE

40 Hagadi Soda Co. 10 November
Inquire if any reply has been received from
Kanya re royalty to payable on raw soda reported
from Lake Hagadi

Off. time to company, refer to

No. 42. Remind OAG

L7. 9. 22

(Handwritten signature)

12. 8. 30

at one

DESTROYED UNDER STATUTE

41 Hagadi Soda Co. 15 NOV 1930

(460 amount)

42 No. 911 - bono - A/2 - 19 NOV 1930
(Reminder to No. 12.)

(Handwritten initials)

DESTROYED UNDER STATUTE

43 Hagadi Soda Co. 17 November

Mr. Whitcombe

? put by

Alhambra

20/11/30

J. F. Whitcombe

22/11/30

(Handwritten initials)

Reminder to No. 37 above
be taken as directed in minutes in
K. R. N. 46 1931 - see 1630/30 -
a. ask for other to obtain way to
expected.

J. F. Allen

7/4/31

at one

The above direction is now cancelled
{ action proposed in No. 1 of 1700/31

J. F. Allen

27/4/31

(Handwritten initials)

C O

12
37

Mr. Allen 16/10/30 18978/1930 Kenya

Mr. ~~Parsons~~

Downing Street,

Mr.
Sir C. Bottomley

16 October, 1930

Sir J. Shuckburgh

Sir G. Grindle

Permt. U.S. of S.

Sir,

Parly. U.S. of S.

Secretary of State

DRAFT for conson
v. minutes.

I have, etc., to confirm my
~~No 232~~
telegram of the 16th October, in the
following terms:-

KENYA

No. 811

OAG.

16 OCT 1930

App (Ct. mlt) - d by memo 125

"No. 232 My despatch ^{2nd} 12th September
1926 No. 842 letter has been received
from Magadi Soda Company urging
revision of stipulations in the leases
also
as to production and despatch and removal
of annual limit altogether. Company
explained that it is unlikely that
they can fulfil current minimum
50,000 tons, and that it is inevitable
that they will fail to fulfil require-
ments of 100,000 tons from 1st November
1931 onwards. Despatch follows with
letter from Company but I am telegraph-
ing this brief intimation in order that
you

Fr. Magadi Soda Co. 9 Oct 30

16/10/30
To (Camp. off)

To 70 a quartermaster

6/10

13

solution would be to suspend the stipulations as to minimum production and despatch until the 31st October 1934 when the existing arrangements as to railway rates expire, and the whole position will come under review. It will always be open to the Government Director to press for increased production whenever he is satisfied that this is economically possible.

H. A copy of this despatch has been sent to you in two copies, as High Commissioner for Transport I have

etc.

(Signed) PASSFIELD.

C. O.

Mr. Allen *6/10* 15978/30 Kenya

Mr. *Caplan*

Mr. *S.O. for Mr. Parkinson's signature.*

Mr. Bottomley

Sir J. Shuckburgh

Sir G. Grindle

Perm. U.S. of S.

Perm. U.S. of S.

Secretary of State

Downing Street

16 October 1930.

Dear Mr. Parkinson

DRAFT *Casua v. minutes*

H. P. MARRIOTT, ESQ.

M. Inst. M.M. N. Inst. C.E.

14, Waterloo Place,
S. W. 1.

As promised at our talk on the 15th October, I am sending you ^{a copy} a copy of the telegram and despatch to the Officer Administering the Government of Kenya on the subject of the representations of the Magadi Soda Company regarding the stipulations as to minimum production and despatch in their leases.

I have also, as arranged, sent to Moore, semi-officially, a copy of your letter to Bottomley of the 9th October, omitting the last two sentences of paragraph 5.

Yours sincerely,

(Signed) A. G. C. PARKINSON

~~To O.A.G. Kenya No. 811 of 16 Oct.~~
To O.A.G. Kenya No. 811 of 16 Oct.
(copy: 8/4)

6/4/30

C.O.

M. Allen 15978/30 Kenya.

M. Parkinson

Mr. Bottomley S.O. for Mr. Parkinson's signature.

Sir J. Shackburgh

Sir G. Grindle

Perat. U.S. of S.

Party, U.S. of S.

Secretary of State

C.O.
R 16 OCT
D

Downing Street

16 October 1930

DRAFT. *See v. minutes*

HIS EXCELLENCY

H.M.M. MOORE, C.M.G.

(copy made)

My dear Moore

The letter from the
Muradi Soda Company referred to
in the Secretary of State's
No. 232 telegram of 16 October
is being sent to you in the
Secretary of State's despatch
No. 811 of the 16 October.

Mr. Mr. Marriott, 9th Oct. 1930

No. 31

(omitting the last two sentences
of para. 5)

At the same time Marriott
also
the Government Director wrote to
Bottomley and it is desirable
that you should see that letter

as well
I am enclosing a copy. As
Bottomley is on leave I saw
Marriott for him, and our talk is
the discussion referred to in the
Secretary of State's despatch.

64p.

Yours sincerely

(Signed) A. G. G. PARKINSON

C. O.

15978/30/Kenya

16
34

Mr. Allen

Mr. Parkinson

Mr.

Mr. Bottomley

Sir I. Sturges

Sir G. Grindle

Perm. U.S. of S.

Early U.S. of S.

Secretary of State

Downing Street

16 October 1930

Sir

For conson to
Minutes.

DRAFT

I am directed by Lord

THE SECRETARY

The MAGADI SODA COMPANY, LIMITED.

Passfield to acknowledge the

receipt of your letter of the

9th October with regard to the

stipulations as to minimum

production and despatch in the

leases of the Magadi Soda

Company.

A copy of your letter

is being referred to the

Officer Administering the Govern-

ment of Kenya by the outgoing

mail with a request that he will

furnish the Secretary of State

at the earliest possible date with

his observations and recommenda-

tions regarding the representa-

of

16 OCT 1930
COPY SENT 8/11

6 Drafts

O.O

18978/1930

336

Mr. Eastwood 13/10
 Mr. Allen
 Mr. C. Parkinson
 Mr. G. Ballouby
 Mr. J. Shuckburgh
 Mr. G. Grindall
 Mr. J. O. S. of S.
 Mr. J. W. S.
 Secretary of State

to place

~~showing street~~

12-30 PM
16th Oct 30

DRAFT

Tel. (Conson. minutes)

GOVERNOR
 NAIROBI

(4265/26)
made by
16/10/30

No. 212. My despatch September 1926, No. 842, letter has been received from Magadi Soda Company urging revision of stipulations in the leases as to production and despatch and removal of annual limit, also together Company explains that it is unlikely that they can fulfil current minimum 50,000 tons, and that it is inevitable that they will fail to fulfil requirements of 100,000 tons from 1st November, 1931 onwards. Despatch follows with letter from Company, but I am telegraphing this brief intimation in order that you and Transport Administration may have early information as to the position. Repeat to High

Commissioner

60/2

Commissioner ~~Transport~~ with reference

to my despatch 24th of May, No. 61.

(No. 23)

TELEPHONE: VICTORIA 4444
TELEGRAMS: BODAGADI LONDON

RECEIVED
10 OCT 1930
COL. OFFICE

WORKS: MAGADI (KENYA COLONY)
KILINDINI

The Magadi Soda Company Limited

DIRECTORS:
MR. HON. LORD MOUNTBATTEN, P.C., M.P. (Chairman)
MR. NICHOLSON (Secretary & Cashier)
MR. E. KALLER, C.B.E.
MR. J. H. WILSON, M.L.A.
MR. W. L. MITCHELL
MR. J. W. LUTYENS
MR. H. MARRIOTT
MR. H. B. GARDNER
MR. C. G. POLLITT, D.S.O.
MR. C. SAUNDERS

Imperial Chemical House
Millbank
London, S.W.1

OUR REFERENCE _____
YOUR REFERENCE _____

8th October, 1930.

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

Sir,

MAGADI SODA CO.

Under instructions from my Directors, I have the honour to submit the following matters for your consideration.

You may remember that when the leases covering the Company's property in Kenya Colony were first negotiated some five years ago, the proposals then put forward with regard to minimum despatches of Soda were as follows--

Up to 31.10.26	No minimum.
From 1.11.26 to 31.10.29	50,000 tons per annum.
From 1.11.29 to 31.10.31	75,000 " " "
After 31.10.31	100,000 " " "

At that time we were unaware of any special difficulties in the way of purifying the Magadi product, and it was not until later that impurities were discovered which

Answered 16 Oct 1930
Copy - Gov. Off - 16 Oct 1930

The Under Secretary of State,

9th October, 1930.

(No. 19)
K.P.P.S.
1930

made it necessary to alter our opinion very considerably. In consequence of this discovery a letter was sent to the Colonial Office on July 26th 1928, asking that the 50,000 tons minimum should be extended to 31.10.31. The reasons advanced in support of this request were:-

- (1) That considerable technical difficulty had been encountered over the question of purifying Magadi Ash so as to bring it up to the level of Synthetic Ash as manufactured in England.
- (ii) That in consequence of the above attempts were being made to spread the sales of the existing grade of Magadi Ash in foreign markets, but that considerations of quality rendered its widespread use improbable.

The matter was then referred to the Kenya Government, who fell in with our request. As a result the leases now stipulate that we shall win and despatch 50,000 tons per annum up to 31.10.31 and 100,000 tons thereafter, and we have an over-riding obligation to produce to the best economic capacity. Failure to fulfil minimum despatches under present conditions involves payment of 19s/- for every ton in default, but the leases lay it down that this payment may be waived in the event of the Company's default through "force majeure". The Governor of Kenya is nominated as the sole judge of what constitutes "force majeure".

The Under Secretary of State.

9th October 1930.

During some recent negotiations between the Kenya Government, the Kenya Uganda Railway and ourselves, with regard to the first five-yearly revision of railage rates, it was stated ~~by the Kenya Government~~ by the Magadi Company that limitations of quality forbade the disposal of more than an average of 50/55,000 tons per year of the present grade of Magadi Ash; and that in order to increase the tonnage, a purer product, equal to that made in this country, would have to be placed on the market.

It will be observed that this is more or less a restatement of the points set out in our letter of July 26th 1926, but with difference that the saturation point of sales of the present grade of ash had by last year been definitely established, and that a new purification process was found to be a "sine qua non" if our ultimate obligations were to be fulfilled. Moreover according to this statement annual minimum despatches of 50,000 tons were shown as well within the power of the Company to achieve.

Again, at that time (December 1929) our only anxiety was how to attain the 100,000 tons by 1931, and it was explained that intensive research had been, and was being carried out, in order to discover an economically workable process for

The Under Secretary of State.

9th October, 1930.

producing pure soda, and that success was confidently anticipated.

Up to the present some £13,000 has been spent on this research and in the erection of experimental plant, but we regret to say that the latest results go to show that not only must the lines upon which we were working until quite recently fail to achieve the desired result, but, more important, that no economically satisfactory purification process can be found along the lines which we have so far pursued.

It will serve no useful purpose to go into the technical aspects of the problem in detail here, and we will confine ourselves merely to a brief description of the difficulties which have brought about our failure. We must point out therefore, that generally speaking the obstacle to the production of a first grade soda ash from Nagadi is the presence of certain impurities in the raw trona. These impurities are of two kinds, namely inorganic (i.e. other salts present in the trona) and organic (i.e. the products of decomposed animal or vegetable matter), and one of the results of our experimental work has been to show that the elimination of the inorganic impurities would be a matter of no very great

The Under Secretary of State.

9th October, 1920.

difficulty. It was our success in this direction that led to the high hopes of the discovery of a workable purification process last year. When however this obstacle has been surmounted the other difficulty, namely the elimination of organic matter, assumed a hitherto quite unexpected importance and led us eventually to the present negative result.

Moreover a recently completed survey of the Lake shows that the impurities in the soda vary considerably in different areas, and this inconsistency in the quality of the raw material adds still further to the technical difficulties of purification.

Of course the impurities can be removed at a cost, but the cheapest process which has been worked out indicates a cost so high that the resulting product could not compete, even in the most favourable markets, for quality and cost with the soda made in and exported from existing ammonia soda works throughout the world.

In considering this point it should be remembered that the Magadi concern must be governed by the economic position of the world's alkali trade, and it follows that no improved process can be accepted for Magadi which has

The Under Secretary of State.

9th October 1930.

not a production cost strictly comparable with that of Ash made synthetically in other countries.

There is at present also another equally important influence which must retard the further expansion of Magadi. As a result of general world depression and competition in Japan, the alkali market has been seriously affected, so much so in fact that there is at present a considerable amount of plant capacity standing idle in other centres of production, including Great Britain. Assuming then that we were able to increase Magadi output to one hundred thousand tons per annum by some hitherto undiscovered means, room would have to be found for the additional tonnage so manufactured, and in the absence of any prospect of rapid increase in the world's market demands, it follows that this quantity could only be sold by the displacement of an equivalent tonnage of alkali at present being supplied from other sources.

Then again, the financial aspect is also one which must not be overlooked. Magadi must, as you know, depend upon outside sources for the provision of the new Capital which would be needed and it is extremely unlikely that we could raise the £500,000 - £600,000 required (which, in the light of most recent investigations is the probable capital

The Under Secretary of State

9th October, 1930

cost of the plant to produce a pure product) in order to manufacture a product of high cost and with no certainty of a market capacity to absorb it.

Work is still continuing in the hope that some unexplored avenue may lead to the elimination of the difficulties which have so far defeated us, but it has become evident that even if success were achieved in a comparatively short while, the time required to test thoroughly such a process on a small scale, and to build, equip and start up the necessary large scale plant, would carry us far beyond the date at present fixed for the increased despatches. It is therefore inevitable that we shall fail to fulfil the terms of our leases in respect of the 100,000 tons per annum required from November 1st 1931 onwards.

This is all the more unfortunate in view of the fact that during the recent negotiations on railway rates already referred to our representatives, when meeting the Kenya Officials, used as one of their arguments on behalf of the Company, the probability of our being able to erect new plant at Magadi and increase the output, and it is

The Under Secretary of State,

9th October, 1930.

appreciated that the attitude of the Railway and Kenya Government was based, to some extent, upon the expectation of the benefits that would result from this expansion. We would point out however that these indications were put forward in all good faith and were founded on and appeared to be justified by the information at that time available.

It may be claimed that the Kenya Government and Railway Administration should have the right in the circumstances now divulged, to re-open the question of railages. From the remarks that follow with regard to the present prospects of the Company however, we think it can be argued that we are likely to suffer even more heavily through the incidence of the royalty and increased fuel rates than was claimed while those negotiations were in progress, and that we are being penalised thereby to an extent out of all proportion to the capacity of our industry to pay. In such circumstances a re-opening of the question of railage rates would hardly contribute to any satisfactory solution of the more pressing problems of the present time.

We now pass on to the consideration of certain recent developments in overseas markets which threaten seriously to affect sales of even the present product.

The Under Secretary of State,

9th October, 1930

First of all it must be remembered that the Magadi product owing to its bad colour, as compared with ammonia soda, is almost unsaleable in any retail trade where, to the oriental mind in particular, appearance is an all-important factor. It follows that its sale has to be confined to industrial undertakings (such as glass and caustic soda manufacture, when it is converted from its original form during the process) where the users are sufficiently enlightened to appreciate the advantages of its lower price.

Secondly Magadi sales are confined to the markets mentioned above for the reason that the continent of Europe and U.S.A. are closed markets, and considerations of freight make its import into Great Britain uneconomical.

Hitherto by far the most important of all Magadi markets has been Japan which until quite recently was taking something like 80% of our total output. Recently however conditions in that country have undergone a very serious change owing to the fact that local soda factories are rapidly increasing their output and these producers not only benefit by a protective tariff (amounting to about 12s/- per ton) but they receive in addition a subsidy from the Japanese

The Under Secretary of State.

9th October, 1930.

Government amounting to some 16s. per ton made. As a result of the foregoing, and of recent inroads into the Japanese market by American interests, competition is now very severe, and it is quite impossible to forecast the future capacity of Japan to absorb Magadi Ash.

In India and China we are also faced with competition from local manufacturers, who in both countries are able to turn out a product well up to the standard of our own, and this goes to show that Japan is not the only market in which retrogression can be expected.

In addition we have, on the strength of the trade hitherto obtainable, been in the habit of maintaining substantial stocks in all overseas markets, and so long as these stocks remain unliquidated their existence is bound still further to reduce current output from our works.

For instance we hold at present a stock of something like 16,000 tons in Japan, and it will be necessary for us, in view of these latest developments, to reduce shipments to Japan drastically for the next six or eight months, or possibly for an even longer period.

The cumulative effect of the foregoing difficulties is that for a period, to which we can at present set no limit, our output at Lake Magadi is bound to fall very considerably

The Under-Secretary of State, 9th October, 1930.

thus making it unlikely that we shall be able to observe even the 50,000 tons per annum minimum now current.

You will not realise the seriousness of the position as we visualise it, and will doubtless agree that these facts afford good reason for our approaching you to acquaint you with the position, in the hope that you will see your way to revise the "despatch clauses" in the leases, so that they may be made to accord more closely with present conditions.

As we are not likely actually to have defaulted for at least another year, we cannot of course claim the protection of the "force majeure" clause at the present juncture. But if our request is met, and an adjustment is made in the leases, there will be no need for us to claim such protection even then, and we think you will agree that it would be preferable for us not to have to do so.

If this be granted the main question to be settled is how the despatch clauses are to be altered. In view of the present economic situation and the uncertainty of the future we would request that an annual limit be removed altogether. We quite realise that at first sight this arrangement may seem rather one-sided but would remind you that there is the overriding clause in the lease that our

The Under Secretary of State.

9th October, 1950.

property should be worked to the best economic capacity, and this being the case there is strictly no need for any limit of production at all. While we recognise therefore that a stated limit does afford a useful guide to your administration in watching the Company's progress, we are anxious, in view of the serious uncertainty of the present, to avoid fixing any figure which may turn out to be impossible of attainment and which might require frequent adjustment.

It is only fair to say that we are at present entirely unable to foresee the possibility of ever restoring the 100,000 tons per annum figure, unless some quite unsuspected development takes place in the technology of possible new processes. On the other hand in a few years' time market conditions may improve sufficiently to enable us to revert to some kind of guarantee, but this is at the moment pure speculation.

Meanwhile we shall be only too ready to maintain as close touch as possible with the Railway administration by giving them forecasts of our requirements for as far ahead as is possible, and we trust that Kenya Government will agree to this arrangement as the most satisfactory way of dealing with the present trouble.

The Under Secretary of State.

9th October, 1920.

You will appreciate, we are sure, the difficult situation in which we find ourselves, and that it is with extreme reluctance and only after every possible alternative has been carefully examined and rejected, that we approach you at all. We feel however that our vigorous development of the property during the past five years has demonstrated our anxiety to work Magadi to utmost capacity, and are confident that this fact will be given due weight in your consideration of the matter.

I have the honour to be, Sir,

Your obedient servant,

For THE MAGADI SODA COMPANY, LTD.



A. E. GAWLER, GENERAL SECRETARY.

(A. E. Gawler)

to Mr. G. H. ...

The Under Secretary of State.

9th October, 1920.

You will appreciate, we are sure, the difficult situation in which we find ourselves, and that it is with extreme reluctance and only after every possible alternative has been carefully examined and rejected, that we approach you at all. We feel however that our vigorous development of the property during the past five years has demonstrated our anxiety to work Magadi to utmost capacity, and are confident that this fact will be given due weight in your consideration of the matter.

I have the honour to be, Sir,

Your obedient servant,

For THE MAGADI BODA COMPANY, LTD.

Albush

SECRETARY.

(A. E. Gawler)

Magadi Boda Co. Ltd.

31 31

Alfred J. Marriott, Director (P.O. Box 111) M. P. C. E. A. R. S. N. A. C. S. A.

TELEPHONE GERRARD 6108-71

Whitehall, 9524

G.B.

14 WATERLOO PLACE
LONDON, S.W. 1

RECEIVED October 1930
10 OCT 1930
COL. OFFICE

My dear Bottomley,

Magadi Soda Company Limited

I would refer you to my letter of December 16th 1929, and the confidential report dated December 2nd 1929 which accompanied it.

In this connection the Magadi Soda Company is now sending you an official letter which brings the position up to date.

(2) You were informed in the earlier correspondence that laboratory experiments on a large scale were being made by the Magadi Company with the object of converting the impure product from the Lake into a pure product, and not only was success in sight, but the cost of production was likely to be commercially economic in certain circumstances, while the capital expenditure required would be round about £250,000. On the arguments deduced, together with personal representations made to the Railway authorities

date 9th Oct 1930

(No. 15954/29)

16 OCT 1930

No. 32

Copy to H. Min. Inquest

(2)

in Kenya by a "Magadi Company Commission in that country early in this year, those authorities compromised their demands, with the result that the royalty was put up 1/6d. instead of 3/- a ton of soda, freight on Fuel Oil was increased to the equivalent of 2/- a ton of soda, and the railway freight was increased by 1/6d. a ton of soda. The total increased charge thus being about 5/- a ton of soda.

(3) In the beginning of this year during the continuance of the laboratory tests, a new and unforeseen difficulty arose, occasioned by the presence of certain organic impurities in the Trona which is won from the Lake. It was found, after exhaustive study, that contrary to previous expectations the impurities in the soda could not be eliminated by means of the process which in the previous December had seemed so promising. Many experiments were tried, and other processes were examined and tried out, but at a Board Meeting on July 24th, it was reported that if a pure soda was to be made the "December" process must be discarded and a new Bicarbonation process substituted. The estimated cost per ton of this new process was no less than 14/- above the estimated cost of the "December" process, and

the capital cost on a 100,000 tons per annum plant amounted to £560,000.

(4) As you know, the Company is under obligation - subject to certain reservations - to increase its output to 100,000 tons per annum as from the end of 1931. My letter, and the report of December 1929, were based upon the working of the then projected process which at that time had reached a stage which justified us in anticipating success. The position now is entirely changed, and the Board, having obtained certain concessions from the Railway under certain premises which have failed, have therefore placed the facts before you and the Railway administration at the earliest possible moment.

(5) Much effort has been expended in endeavouring to obtain a pure product. To date £13,170 has been spent on experimental work at the Brunner Mond laboratories at Wilmington and at the Lake in this connection. In addition, Brunner Monds have given free the services of their Research Manager and his highly trained technical assistants, and the Magadi research staff has not only been housed free, but it has had unfettered use of the whole of the Brunner Mond

research organisation. Some 40 reports on 14 distinct processes (with many variations) have been written, and a summary of the five processes finally thought to be possible has been issued dated July 4th 1930. This summary is, naturally, highly confidential, but the Board authorises me if you wish it to place a copy in your hands on condition that you be good enough to return it to me after examination.

I am preparing these lists for you.

(6) The estimates for the Bicarbonation process are largely in excess of those calculated for processes previously worked out, due to the difficulty of eliminating the organic matter. In this connection Brunner Mond could supply from this country a pure product at lower prices than could be attained at Magadi by any of the new processes yet evolved. It would therefore be unreasonable to expect the I.C.I. to find the large sum of £560,000 (1) to erect a commercially uneconomic unit, and (2) to add to unproductive capital and to unemployment in its own factories in this country.

(7) This year the sales will probably fall short of the Company's minimum tonnage liability for production under the lease, and it is probable that next year the Company will be in default on the tonnage basis. The

Company's immediate prospects have been affected by the abnormal depression in world trade and competition is keener than at any previous period.

The problem of marketing the product under present conditions at any profit has been rendered more difficult by (i) increased cost of production due to low make, (ii) increased charges of 5/- over previous years for royalty, freight on soda, and freight on oil.

(8) From the foregoing you will appreciate the Company's desire to notify the Railway of the altered conditions from those under which the compromise was based, and to acquaint the Railway at the earliest possible moment that the output of 100,000 tons as from 1st November 1931 cannot be reached.

(9) With all the variable factors in force it is impossible to estimate future sales, and therefore difficult to suggest any minimum for the next few years.

Our largest market - Japan - is now, and is likely for some years to come to be the cockpit of world (local, Chinese, United States, and British) competition for Ammonia Soda products.

(10) Further research in order to obtain a pure product and so widen the sale of the Magadi product is

(6)

by no means ruled out. The Wilmington laboratory will continue to conduct research upon any problems which appear worthy of examination. Success in any direction of enquiry would naturally tend to modify the situation which could be recast as occasion demands.

Yours sincerely,

A. J. Morris

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

Hugh F. Marriott 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100
Consulting Engineer

30

37

TELEPHONE GERMAN 8100-7

Whitehall 0521

14 WATERLOO PLACE,
LONDON, S.W.1.

RECEIVED
24 SEP 1930
OFFICE

22nd September 1930.

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

By Sir Cecil Bottomley

(No 26)

Yours of the 19th September.

Immediately after I saw you everyone was
away for holidays, including the essential
people of the I.C.I.

We are having a Magadi Board Meeting
on Thursday and I am meeting Marsh beforehand
to talk over this business. I will send you
a written statement and come round and see you
about it as soon as this has taken place.

Yours sincerely,

H. F. Marriott

MS 111

Your Secretarial Department sent your letter to my
old address - 1, Broad Street Place - hence delay
in answering.

O.O.

X 159787 30-11-50

- Mr. *Hubert*
- Mr.
- Mr.
- Sir G. Balfour
- Sir J. Shackleton
- Sir G. Cramble
- Param. U.S. of S.
- Party U.S. of S.
- Secretary of State

C
 R 22 SEP
 D 22 11

DRAFT

Mr. Hubert
W Dept

Yours committee of
16 September

We agree that
orders may be placed
for the regular covered
gold wages & regular
retail banks referred
to as to the latter
we allow the attached
attached you to the
effect by telephone

I believe that
enough to your committee
(S) A. C. Parkman

Order in 11-25

22 Sept 1950

W Dept

25

4, MILLBANK,
WESTMINSTER,
LONDON, S.W. 1.
(VICTORIA 7730)

Mr. H.T. Allen,
Colonial Office,

(No. 21/A)

With regard to your minute of the 29th July in which you requested that indents for rolling stock for the Kenya & Uganda Railway might be referred to you before the placing of orders, I am sending you herewith copies of two indents for bogie covered goods wagons and bogie petrol tanks respectively.

In the case of the petrol wagons, we are ready to place an order for these with Messrs. Charles Roberts & Co., Ltd., at a cost of £1,590.0.0. f.o.b. Liverpool. Tenders for the goods wagons are about to be invited.

W. Esant

WPA Department,
16th SEPTEMBER, 1930.

*Original
will along returned
19th SEP 1930*

24A 46

Mr. W. Braut,
Crown Agents.

You will remember that I arranged with you last week that any orders for rolling stock, particularly trucks, for the Konya and Uganda Railway might be referred to us before they are placed. You said that you would give instructions accordingly, and it was arranged that I should send you this minute in confirmation. The reason for this request, which I explained to you, is we hope a purely temporary one, and that it will be possible to cancel it before very long.

JMB

Colonial Office,
July 1930.

24A
40

Mr. W. Brant,
Crown Agents.

You will remember that I arranged with you last week that any orders for rolling stock, particularly trucks, for the Kenya and Uganda Railway might be referred to us before they are placed. You said that you would give instructions accordingly, and it was arranged that I should send you this minute in confirmation. The reason for this request, which I explained to you, is we hope a purely temporary one, and that it will be possible to cancel it before very long.

WMB

Colonial Office,
July 1930.

24 41

⁹²⁰
The Manganese Soda Company

x² m. l. g.

Mr. Harriott, the Government Director, called on Sir Cecil Bottomley last week, and pointed out that a snag had arisen with regard to the process which it had been proposed to adopt. That process would apparently not result in a thoroughly satisfactory product, and further investigations by the Chemist had produced another process which would result in a commercially pure product. Owing to the state of the market, the Company would not reach 50,000 tons this year, nor ^{later} reach the 100,000 ^{one} in view. If the extra production was to be realised it would be necessary to put up new plant at once, but this was not held to be justified in the circumstances. As appears from the papers, there have been recent negotiations on the question of rates, and on the strength of the new process being adopted within a short time the Government have made substantial concessions to the Company. Mr. Harriott therefore felt that it was necessary for him to report the changed circumstances at once, and that the local authorities would have to be informed. He had therefore come now to the Colonial Office, although he proposed, if there was no objection, that the firm should not make a full statement for three or four weeks, when one would be sent in. The new process which they now propose to discard involved a capital expenditure of £250,000, the extra cost of production per ton being 10/-. The improved process now in view meant a capital expenditure of £520,000, and the extra cost of production would be 17/-. Mr. Harriott also said that the annual output required

could

RECORDS OFFICE LONDON

All this must be
referred to my
copy of the
writing after a copy
is made, I must
clear that the matter
attributed to Lord
Melchett is mine to
check from our
Magazine if any
particular copy
is to be found.

could in the present circumstances be produced
at Windington, and that Lord Melchett had
written to Mr. Thomas pointing out that in
that case the matter had a bearing on the
question of unemployment in Lancashire - the
point apparently being that any such arrangement
would put the ^{gadi} ~~Manganese~~ Soda Company out of
business, and the excuse for doing Kenya down, so
to speak, over the matter would be increased
employment in Lancashire. Mr. Marriott ex-
plained that he felt it his duty to let the
Colonial Office know of Lord Melchett's letter
to Mr. Thomas, in view of the recent negotia-
tions, and the concessions made to the ~~Manganese~~
Soda Company in consequence of them. We have no
knowledge of the letter, and Sir C. Bottomley
took the view that we could only wait and see,
and as regards the other point, we could also
in the absence of development await the written
statement promised by Mr. Marriott. In the
meantime, however, ^{the} Kenya and Uganda ^{Railway} might be
ordering additional ~~to~~ stock on the strength
of increased production ^{at} Magasa, and Sir C.
Bottomley gave instructions that the Crown Agents
should be asked semi-officially to refer any
orders for trucks to us before complying with
them. I have arranged with Mr. Braut of
the Crown Agents accordingly by telegraph, and
have also sent him a minute - copy herewith.

W. H. C.

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J. B. C.

All this must be regarded as being confidential, and writing of the letter to Lord Melchett is a matter of course. It is not to be published in any way and should be kept secret.

22/4

Mr. Eastwood

Mr. Allen

Mr.

Mr. Bottomley

Sir J. Shackleton

Sir G. Grimal

Parat. U.S. of S.

Parly. U.S. of S.

Secretary of State

10/16/30
P

Downing Street

24 May 1930

Sir

DRAFT

KENYA

No. 395

Gov.

Fr. Oby. 12th May (No. 20)

To: Oby. 23rd May (com. aft.)

(2 drafts)

copy (enclo.) - I. L. S. 61 - 24/5/30 - 1/12

With reference to recent correspondence with you in your capacity as High Commissioner for Transport, I have the honour to transmit to you a copy of correspondence with the Magadi Soda Co. Ltd. regarding the royalty payable on raw soda despatched from Lake

Magadi

2. I shall be glad if you will inform me what reply should be returned to the enquiry in the Company's letter of the 12th of May.

3. For purpose of record I am also forwarding for record purposes a copy of this correspondence to you in your capacity as H. Com. for Transport.

I have, etc.

(Signed) HASSFIELD

WORKS VICTORIA 4444
BRANDS: GODAGACH, LONDON

43
WORKS: MAGADI, KENYA COLONY
IKILINDINI

The Magadi Soda Company Limited

DIRECTORS:
HON. LORD MELCHETT, F.C.D., F.R.S. (Chairman)
G. W. HIGGINS (Deputy Chairman)
H. W. ALLEN, F.R.S.
W. F. LUTYENS
W. F. MARRIOTT
H. H. MARCH
G. C. SAUNDERS
COUNCIL: H. POLLOCK, F.R.S. (Chairman)
G. C. SAUNDERS

RECEIVED
13 MAY 1930
COL. OFFICE

Imperial Chemical House
Millbank
London, S.W.1

12th May, 1930

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

Sir,

RAILWAY RATES - KENYA COLONY

(No. 13)
With further reference to correspondence
terminating with your letter 15978/30 of the 28th March
last, we write to draw your attention to one minor point
which was overlooked at the time of the recent negotiations
with regard to Railway Rates.

This is the question of the royalty payable on
Raw Soda despatched from Lake Magadi.

According to the Leases this royalty is 2s/- per
ton only, and we take it that the reduction in the royalty
on manufactured soda of 15/6d per ton applies in the case
of Raw Soda also.

The railage paid on the latter product is the same

Received 23 May 1930
by Cav. 395 on 24 May 1930

The Under Secretary of State.

12.5.30

as that payable on the finished article (namely 18s/6d per ton). In these circumstances we should be glad to have your confirmation of the fact that royalty on Raw Soda will be 6d per ton for the five years ending October 31st, 1934. The tonnage involved is only about 500 tons per annum.

We have the honour to be

Your obedient servants,

For THE MAGADI SODA COMPANY LTD.

(A. E. Gowler)

SECRETARY

KENYA

No. 189



GOVERNMENT HOUSE,
NAIROBI,
KENYA.

27th March, 1950.

RECEIVED
22 APR 1950

My Lord,

(No. 33 in 15565729)

With reference to Your Lordship's Despatch No. 700 of the 9th. September, on the subject of new leases issued to the Magadi Soda Company Limited, I have the honour to inform Your Lordship that a settlement has been reached with the Company through its local representative on the question of Stamp Duties in respect of documents to be surrendered and the new grants.

Copy to C.A. Office 30 APR 1950

2. The principal objections made by the Company were to the payment of duty on a Debenture Trust Deed at the rate of £5,000 and duty on the Railway Lease at the rate of £850. Both these claims have now been examined from the legal aspect in the light of arguments submitted by the local legal adviser of the Company. The Attorney General is in agreement with the Company in respect of the Railway lease and advises that the only duty legally chargeable on this document is Shs.1/-. In respect of the Trust Deed, there appeared to be grave doubt whether the document was legally liable to stamp duty in the Colony at all. So serious was the doubt that the Attorney General advised that he did not think Government would be justified in taking the matter to Court if the Company definitely refused to pay the £5,000 demanded. The legal adviser of the Company stated that, if Government would meet/

THE RIGHT HONOURABLE LORD PASSFIELD, P.C.,
SECRETARY OF STATE FOR THE COLONIES,
DOWNING STREET,
LONDON, S.W.

meet the Company in this matter and withdraw its claim to the full £5,000 Stamp Duty, he would advise his clients to pay the sum of £1,250, i.e. at the rate of $\frac{1}{4}\%$ which is the stamp duty now chargeable in respect of Mortgage Deeds. After consideration in Executive Council the Company's legal adviser was informed that Government was prepared to accept this amount, but without prejudice to the claim for £5,000 in the event of the Company declining to accept the proposal. The Company did, however, accept the advice offered.

5. The amount actually paid by the Company in all was £1414. 6. 50 ^{s cts.} as compared with £6015. 5. 50 ^{s cts} shown in the enclosure to Sir Jacob Barth's Despatch No. 477 of the 30th July, 1929, and the difference of £4600. 19 ^s is made up as follows:-

Railway Grant: Shs. 1/- paid in lieu of Shs. 16,600.	Shs. 16,599
Debenture Trust Deed: Shs. 25,000 paid in lieu of Shs. 100,000.	75,000
Minor adjustments on conveyancing fees.	<u>420</u>
	Shs. 92,019
	or <u><u>£4600. 19</u></u>

This amount has been paid locally; the new grants have been executed and registered, the date of these grants being 19th. February, 1930.

I have the honour to be,

My Lord,

Your Lordship's most obedient, humble servant,

Edward Singh

G O V E R N O R.

(No. 31. on 1556922)

O. O.

X.15978/1930 Kenya

57
A/C

Mr. Allen (11/4/30)

Mr. *McIntyre* /S

Mr. *Bolton*

Mr. *Shickel*

Mr. *G. Grimaldi*

Perms. U.S. of S.

Perms. U.S. of S.

Secretary of State

Downing Street

16
24 April, 1930

Sir

DRAFT. *and 11/1/30*

TRANSPORT

Kenya and Uganda

No. 115

(No. 15
of
15978)

H. Cr.

I have the honour to acknowledge the receipt of your despatch No. 37 of the 13th Dec. March, with regard to the validity of the notice sent by the Railway Administration to the Magadi Soda Company stating that it was proposed to raise the rates for the carriage of Soda ash with effect from the 1st November, 1929.

2. I observe that in par. 3 of your despatch it is stated that the fact that the Company actually signed the lease on the 20th March, 1929, was not made known to the Colony, but I would point out that although the actual date of signature

24/4

of

of the lease was not specified, my

Wena
predecessor's despatch No. 220 of

the 28th March, 1928, and its en-

(No. 8 of 15023/28)

closures, made it clear that the

by that date
lease had already been signed by

both the Company and the C.As. for

the Cols.

I have, etc.,

(Signed) PASSFIELD

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(No. 8 of 15023/28)

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the Col.

I have, etc.,

(Signed) PASSFIELD.

48

Note.

(No. 7 of
15023/28)

On the 17th March, 1928, the documents duly executed by the Company were sent to the C.A. who were asked to execute them in duplicate and return the whole of the documents to the Solicitors for completion. The C.As. were also asked to request the Coy. to forward one copy of each of the documents when duly completed to the Government of Kenya, and also to send to the Colonial Government twenty prints of each of the documents with the original-completed instruments.

(No. 8 of
15023/28)

The various instruments were actually signed on the 20th of March, 1928. A copy of the correspondence was sent to the Governor on the 28th March, 1928, and the Governor was informed that it was understood that the Crown Agents had already ^{received} accepted the lease, and that the Solicitors were then engaged in their completion. *(DeLombey has provisionally executed the lease. This the Comrs. will clear)*

(No. 13 of
15023/28)

On the 15th May, 1928, the Governor was informed that the completion and exchange of the leases was being delayed owing to a claim for stamp duty on the new leases which is being made by the Inland Revenue Department.

(No. 7 of
15565/29)

Considerable further correspondence followed on this point, and the Governor was kept constantly informed of the position, being furnished with copies of the correspondence. The correspondence was very prolonged, but, finally, on the 4th of April, 1929, the Solicitors wrote to the C.C. reporting that the leases and surrenders of the old leases had been duly completed, and that the original leases and surrenders together

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(No. 13 of 15023/28)

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together with fifty prints were being sent to the C. Agents for transmission to the Colony.

(No. 8 of 15565/29)

On the 17th April, 1929, a despatch was sent to the Governor forwarding a copy of this letter

(No. 11 of 15565/29)

from the Solicitors. On the 10th of April, 1929, the C. Agents sent prints of the documents to the C.O., and it will be seen ^{from} my minute of the 1st

August, 1929, (on No. 28 of 15565/29) that the documents were sent by the C.As. to the Colonial Government on the 25th April, 1929. This was the date I obtained from the C.A. and is possibly the parcel mail. The C.As. letter covering

them being (according to par. 3 of this despatch i.e. No. 15 of 15565/29) ^{628/30} dated the 10th of April 29.

together with fifty prints were being sent to the C. Agents for transmission to the Colony.

(No. 8 of 15565/29)

On the 17th April, 1929, a despatch was sent to the Governor forwarding a copy of this letter

(No. 11 of 15565/29)

from the Solicitors. On the 10th of April, 1929, the C. Agents sent prints of the documents to the

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the date I obtained from the C.A. and is possibly the parcel mail. The C.As. letter covering

them being (according to par. 3 of this despatch i.e. No. 15 of ^{15565/29}~~15565/29~~) dated the 10th of April 29.

HIGH COMMISSIONER
FOR TRANSPORT

OFFICE OF THE HIGH COMMISSIONER FOR TRANSPORT,
GOVERNMENT HOUSE,
NAIROBI,

No. 37

RECEIVED
7 APR 1930
OFFICE

KENYA
13th March, 1930

15-49

My Lord,

No 37 on
15565/29
Part II

I have the honour to refer to ^{your} Transport despatch Kenya and Uganda No. 3 dated the 2nd January 1930, regarding the validity of the notice sent by the Railway Administration to the Magadi Soda Company, stating that it was proposed to raise the rates for the carriage of Soda Ash with effect from the 1st November 1929.

15954/pqk.
SECRET

2. I have dealt with the whole question of the terms of the Agreement with the Magadi Soda Company which I recommend in another despatch of the same date, in which a brief reference is made to the validity of the notice given to the Company, but some further explanation of this particular question may be desirable.

15954-45-24 APR 1930

3. The present lease has been a matter of discussion and negotiation with the Magadi Soda Company for many years. Revised proofs of the draft lease enclosed in your predecessor's despatch No. 569 of the 4th July 1927 were received in the Colony as long ago as August 2nd, 1927 and communicated to the General Manager, Kenya and Uganda Railways and Harbours on the 3rd August 1927, after which correspondence still continued on the subject until May 1929, vide Mr Amery's despatch No. 259 of the 17th April 1929 which was communicated to the General Manager on the 13th May 1929. It is understood, from the documents themselves, that the Company actually signed

no 26 on 10110/27

no 8 on 15565/29

THE RIGHT HONOURABLE
LORD PASSFIELD,
SECRETARY OF STATE FOR THE COLONIES,
DOWNING STREET,
LONDON S.W. 1

the....

the lease on 20th March 1928, but this was not made known to the Colony, although the terms of the lease presumably took effect from that date. Completed copies did not reach Nairobi until June 13th 1929, vide the Crown Agents letter O Kenya 31A of the 10th April, 1929 and in the absence of definite information, the Railway Administration, who were given copies of the leases on the 30th July 1929 delayed sending their notice regarding the proposed increased rate for Soda Ash freight until the last moment, since it was feared that the delivery of such a notice might still further delay signature. The grants were executed by myself as Governor on the 19th of February, 1930 as the dispute between the Colony and the Company in the matter of stamp duties was not settled until the end of January 1930.

No 11
 on 15565/29

Part a sample of
 has a copy of
 Law document
 for the
 copy sent to
 the last
 of the

4:

4. It is accordingly admitted that by the terms of Clause 28 of the lease on technical legal grounds, the notice sent by telegram on April 30th was ineffective and that the written notice, despatched on April 29th was, owing to infrequent posts, delivered out of time. Had the case proceeded to arbitration and had the Company pressed this point, the Railway would have argued that, though technically not a notice, there were good and adequate reasons for its delay and that the late receipt in effect did not in any way prejudice the Company's case. Further, had the Company decided to stand strictly on the legal aspect of the date of notice, the Railway, on its side, would have insisted on its legal rights with regard to the question of arrears of oil fuel rates.

5. It may not be inappropriate in connection with the validity of the notice regarding Soda Ash Rates from November 1929 to refer also to the clause in the lease dealing...

5

3

dealing with oil fuel rates; on the direct instructions of the Secretary of State, the rates on Soda Ash, as agreed to in the lease, were applied from November 1924, but no authority was given to apply public rates on oil, although this right also was included in the lease in Clause II.

6. In the discussion which took place between Mr Lutyens, a Director of the Company, the General Manager, the Colonial Secretary and myself, no stress was laid on the invalidity of the notice by the Railway Administration to the Magadi Soda Company and in the memorandum prepared by Mr Lutyens and Mr Gawler, setting forward their case for the Railway Council, this point is only referred to indirectly. It is to be assumed, therefore, that the Company did not attach great importance to this point except that they probably meant to use it as an argument if the whole question of the rates were referred to arbitration.

I have the honour to be,

My Lord,

Your Lordship's most obedient

humble servant,

Edward Gigg

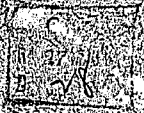
HIGH COMMISSIONER

X 159787 so Arizona

130

act eff

Mr. Bottomley
Mr. J. Shuckburgh
Mr. C. Grindle
Genl. U.S. of A.
Dirly U.S. of A.
Secretary of State



Co
28 hours 30

DRAFT

Please
Wagon Soda Co X 130

[initials]

Copy of 130 June 61 - 24 MAY 1930

In continuation of
the letter from the
Dept. of Arizona
dated 18 March
from the U.S. of A.
that the U.S. of A.
Department of Arizona
requires that
confermed ~~that~~
the understanding
that the rate of
1876 per ton for
soda ash to the
Coast of the
median rail
charges on for
the period of

five years ending the

31st Oct. 1934

under clause 10 (c) (1)

of the Railway Lease

dated the 20th March ~~1928~~

1928



(Signed) A. G. G. WILKINSON

RECEIVED
26 MAR 1930
COL. OFFICE

253

Telegram from the High Commissioner for Transport
Kenya Uganda Railway to the Secretary of State for
the Colonies.

Dated 25th march, 1930.

(Received Colonial Office 2.45 p.m. 25th March, 1930.)

(No. 10.) No. 14. 25th March Your telegram 14th March. 18
shillings and sixpence per ton is maximum rate charged
for soda ash to the Coast for five years ending
31st October, 1934. No objection to informing the
Company regarding coal in the sense of paragraph
12 of my despatch No. 149 of 28th September but the
whole coal question was discussed with Litvins and is
also dealt with in paragraph 8 of my secret despatch
of 10th March.

(No. 38, or 15365
39)

24 APR 1930

Amud-46

SC/5778700
Tonga

C O

17/0

14-3-30

14-3-30

Mr. J. Stuckburgh
Mr. G. Grindle
Permit. U.S. of S.
Party. U.S. of S.
Secretary of State

~~From the~~

18 March 30

Sir,

I am to acknowledge

DRAFT

The Secretary,
Magadi Soda Co
Ltd.

Copy to be made 61-24 MAY 1930-AP/20

Left via
v. minute

I kept your letter of the
14th inst regarding the
rate payable by the
Magadi Soda Co Ltd
to the Tonga & Upolu
Railways; & to state
that the ^{etc} ~~Co~~ for Frankfurt
has been informed that
that the Company
concern the arrangements
made by their
representatives, the
W. J. Kutyansky & Co

with the Railway
Advisory Council & the Govt.

of Kenya in Council, subject
to the understanding that the
rate of 18s 6d per ton
for soda ash to the

Coast is the maximum rate
chargeable in the period of
five years ending the 31st Oct
1934 under clause 10 (e) (1)
of the Railway Lease dated the
20 March 1928. The NTA

has also been asked to report
whether the understanding
is correct & a further comment
will be addressed to you when
his reply is received.

Lansing

(Signed) A. G. O. PARKINSON.

Mr. T. Shuckburgh
Sir G. Grindley
Perms. U.S. of S.
Party U.S. of S.
Secretary of State

DRAFT Col. (Coley)

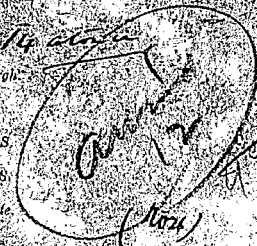
Highways

Nairobi

Dep. Secy.
Ministry

16/11/30 Kenya

16/11/30



11th March
To Mr. Col. 22 Feb
Kenya Soda Company
Custom arrangements
made by their
representatives subject to
understanding that
rate 18s 6d per ton
for soda ash
to coast is maximum
rate chargeable in
period of five years
ending 31 Oct 1934
under clause 10 (e) (1)
of Railway Lease

20 March 1928 ~~Case~~

Is this correct?

Raymond Kelly

Shaw's Company, now be
info in course of law

12 of your doc 28th
lasty 10149

Sept: 1928/22 to coal

no 38

155627

Telegraph rpf

20 March 1928 ○ ~~Re~~

Do this correct ○

Regard reply

Shawed Company now to

info in sense of para

12 of New York 25th ✓
lasty 10149

left: 149.1.25 to coal ○

no 38
1556.125

Telegraph reply

TELEPHONE: VICTORIA 4444
TELEGRAMS: SODAGADI LONDON

WORKS: MAGADI, KENYA COLONY
KILINDINI

The Magadi Soda Company Limited.

DIRECTORS:
MR. HOWLAND MELORETT, F.C.D. & F.R.S. (Chairman)
MR. RICHARDSON (Managing Director)
SIR E. ALLEN, C.B.E.
MR. H. J. MITCHELL
MR. W. LUTYENS
MR. WARRIOTT
MR. WARRER
MR. G. P. POLLEY, D.S.O.
MR. G. BAUNDERS

RECEIVED
13 MAR 1930
COL OFFICE
OUR REFERENCE

YOUR REFERENCE 15978/30

Imperial Chemical House
Millbank
London, S.W.1

12th March, 1930.

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

Sir,

RAILWAY RATES, KENYA COLONY.

(N. 5) — We are obliged for your letter of February 28th, setting out the points agreed upon in Kenya by our Mr. W. E. Lutyens and Mr. Gawler with the Railway Advisory Council and the Governor of Kenya in Council. We confirm the arrangements made by our representatives, subject to the understanding that the rate of 18s/6d per ton for Soda Ash to the Coast is the maximum rate chargeable for the period of five years ending October 31st, 1934 under Clause 10 (c) (1) of the Railway Lease dated 20th March, 1928.

Both parties intended the arrangement to have this effect, but we think it is advisable to place it on record.

24 MAY 1930 A/12
Approved 18 MAR 1930

The Under Secretary of State,

12.3.30.

and to ask you to amplify Clause A (2) of your letter
(No. 5) - of February 28th accordingly.

We have the honour to be,

Sir,

Your obedient servants,

For THE MAGADI BODA COMPANY, LTD.



SECRETARY.

(A. E. Gawron.)



THE SECRETARIAT
NAIROBI
KENYA

RECEIVED
4 MAR 1930
COL. OFFICE

WHEN REPLYING
PLEASE QUOTE
No. &
AND DATE

7th February, 1930.

Dear *Sir William,*

*this can not be
reg. pp.
u.s.*

I have been waiting to reply to your letter of the 11th October until I had seen Mr. Lutyens and Mr. Gawler. I did so yesterday when the question of the increased rates to be charged by the Railway under the new lease ^{was} ~~was~~ fully discussed. The matter had been previously considered by the Railway Advisory Council, and a final decision is to be taken in the matter in Executive Council next week as soon as the Governor comes back from 'safari'.

Briefly the position appears to be that the Company states its inability to carry on if the total charges they have to pay, including Sh. 3/- royalty, exceed Sh. 20/- per ton. If the Government are to keep the full Sh. 3/- royalty this means the Railway can only charge a rate of Sh. 17/- per ton which, on their figures, means carrying the traffic at a considerable loss. The matter for consideration by Executive Council, therefore, is, provided the Government decide that it is good business to make some sacrifice, whether they should split the loss with the Railway by handing them over say Sh. 1/50, or such other sum as may be agreed to, during the next five years. The Company also states

X

SIR WILLIAM GECIL BOTTOMLEY, K.C.M.G., O.B.E.

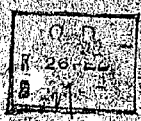
its complete inability to pay up the arrears due to us on fuel oil, and it will presumably also be for consideration whether we are to press them further in the matter. As soon as the question has been decided in Executive Council a full despatch will be sent, but I am just letting you know in advance how the position stands at the moment.

May I take this opportunity of offering you my congratulations on your appearance in the New Years Honours List ?

Yours sincerely,

W. A. R. Jones

15978/30
16/10/30



Mr. W. Meade
15978/30

X. Hall, Bolton, 26.2.30

- Sir E. Harding
- Sir J. Stuckburgh
- Sir G. Grindall
- Sir C. Davis
- Sir S. Wilson
- Mr. Ormsby-Gore
- Lord Lloyd
- Mr. Amery

To the Hon. Secy
Chamber

28. Oct 30

Dear Sir

DRAFT.

5000/-

to the Hon. Secy

J. G. Nicholson Esq

Genl Director of the
Cotton Board
Magadi Soda Works

Imperial Chemical
House

St. Cecil Bolton, Ley

Wellbank St, S.W. 1

before he left for
America that

being by chance
the same be available

~~Letter in original~~

it is desired to
discuss & communicate

Yr
Sd

with you

I am therefore

reference to send to you
direct (in the name that
I will enclose matters)
his acc: official letter
to substance of
authorizing a rate reduction from
the DTC of Transport, Uganda
Uganda, reporting the
terms of an agreement
arrived at locally in
1950 & the rates payable to
the Uganda Soda Co. to
the Railway Admin.

For obvious reasons
the letter refers back to the
official correspondence in July
last sent to the ^{more} recent
semi-official correspondence with
Mr Hammett

July
1951

(Signed) A. C. G. PARKINSON

reference to send to the

direct (in the above letter)

of my earlier letters)

his acc: official letter

in substance of

ambassadors to be read from

the DTC of transport, Kenya

regarding reporting the

terms of an agreement

arrives at locally in

East of the rails parcels to

the Uganda Soda Co. to

the Railway Station

for obvious reasons

his letter refers back to the

official correspondence in July

last part of the recent

semi-official correspondence with

Mr. Hammett

Yours truly

(Signed) A. C. G. PARKINSON.

Mr. W. H. ...

Mr. ...

Mr. ...

Mr. ...

Mr. ...

Mr. ...

Mr. ...

Mr. ...

Mr. ...

Mr. ...

Mr. ...

Mr. ...

Mr. ...

Mr. ...

Mr. ...

Mr. ...

Mr. ...

Mr. ...

Mr. ...

Mr. ...

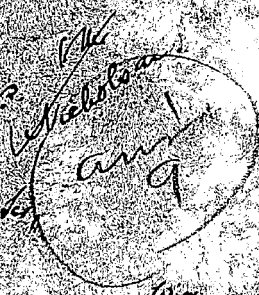
Mr. ...

Mr. ...

Mr. ...

X: 13978 20

Waga



28 Feb 30

DRAFT.

(152/524)

The Sec

Uganda Soda

Co Ltd

Car. J. L. ...

copy of the above to 21 MAY 1930

from the Dept of the 18 July 1929

regarding the rails parcels

the Uganda Soda Co. Ltd

Kenya & Uganda Railways

Mr. ...

in that a parcel has been

sent out from the DTC

to transport ...

the case has now been

re-handled ...

the Railway ...

Admin ...

LUTYENS
Lutgens & Co. Ltd

4 63

TELEGRAM from the High Commissioner for Transport Kenya Uganda
to the Secretary of State for the Colonies.

Dated 22nd February, 1930.

(Received Colonial Office 1.58 p.m. 22nd February, 1930)

22nd February. Confidential.

(No. 39 on 15565/29) — Your despatch of 2nd January No. 3 and previous correspondence Magadi soda. Case has now been exhaustively examined by Railway administration with Luytens and Gawler Director and Secretary of Company and by Railway Council. As result of these discussions Luytens interviewed me before his departure from Mombasa on 15th February and he agreed that his Company would make the following payment from 1st November 1929.

- (a) To Railway, public rates for oil fuel but none of the arrears claimed by Railway prior to that date.
- (b) To Railway 18/6 per ton for soda ash to coast.
- (c) To Colony 1/6 per ton instead of 3/- per ton royalty for period of 5 years. I as High Commissioner with the advice of the Railway Council accept (a) and (b) and as Governor of Kenya in Council have agreed to (c). Luytens asked that this agreement might be cabled to you for communication to his Company. Grateful for reply by telegraph stating company confirms this agreement. so that railway charges and accounts can be adjusted. Despatch follows.

Hand. Vol - 1473/30
No. 10

Highly Confidential
General Cable Company

64

TELEPHONE CENTRAL 0530
TELEGRAMS OTHARE, LONDON

1, BROAD STREET PLACE
(Chancery Curious), LONDON, E.C. 2.

25th January 1930

RECEIVED R
28 JAN 1930
COL. OFFICE

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

Dear Bottomley,

As I have informed you I am leaving for the United States and Panama on 29th January and expect to be back in this country on 8th May.

I have made arrangements with Mr. J.G. Nicholson, a director of the Imperial Chemical Industries, and Mr. D. Marsh, a director of Brunner Mond Ltd., and both directors of the Magadi Soda Co. Ltd. that they will be available should you wish one of them to come and see you during my absence.

Mr. Nicholson is at Millbank and Mr. Marsh is down at ^{i.c.i.}Winnington. I would, therefore, suggest that if you want them you ring up Mr. Nicholson at the Imperial Chemical Industries, Victoria 4444 and he will decide if it is best for

him to see you or send for Mr. Marsh to come up to town.

From the latest information from the Colony I sincerely hope that the whole of the outstanding questions will be settled by our Magadi representatives out there, and that there will be no need to take up your time further on this side.

The point I mentioned to you about benefits to the Colony on account of the Company working the soda includes salaries and wages and rations for the natives. This entails an expenditure in the Colony of about £5,000 a month.

On the larger question of world supplies I have thought over the point we mentioned and it would be detrimental to the British Empire and of decided advantage to foreign competitors if by any mischance Magadi Soda Co. were to cease operations.

Yours sincerely,

H. L. Marsh

** i.e. the effect of Magadi development
on employment elsewhere.*

266

EQUITY NAIROBI KENYA COLONY.

ADVISE LUYENS REFERENCE HIS TELEGRAM SIXTEENTH RAILWAY RATES
STOP WE ARE PREPARED ACCEPT OIL TARIFF FROM FIRST NOVEMBER
PROVIDED AUTHORITIES WAIVE CLAIM SODA RATES AND OIL ARREARS
AND ALSO AGREE CARRY COAL AT TARIFF RATE IN FORCE TIME TO TIME
WITH MAXIMUM TWENTY SHILLINGS STOP THIS MAXIMUM TO HOLD
FOR SECOND AND THIRD PERIODS AS PROVIDED FOR SODA UNDER CLAUSE
TEN RAILWAY LEASE STOP THE MATTER SUBJECT TO REVIEW EVERY
PERIOD FIVE YEARS STOP WE CONSIDER THIS PROVISION REGARDING
COAL ESSENTIAL TO ENABLE US FRAME PROGRAMME FOR EXTENSION OUTPUT
AND NEW PROCESS

SODAGADI

COPY.

57

THE MAGADI SODA CO. LIMITED, LONDON.

Cable FROM Magadi Soda Co., Ltd., Lake Magadi.

Dated 16.1.39.

Received 16.1.39.

CODE WORD

MEANING

We have interviewed General Manager Railway who is referring case to next meeting of Railway Council. We have also seen two influential members of the Council and as a result ^{believe} (thinking) if the Company will agree accept oil tariff rates from 1st May last authorities will waive claim on Soda rates and oil arrears. We think we have good case for arbitration based on Mr. D. Marsh report and further local knowledge, but we do not recommend this means of settling except as a last resort, as we would lose existing sympathy of the General Manager and Railway Council members whereby full satisfaction on oil rates and arrears would be insisted upon. Now oil tariff from 1st October last shillings 44-80 per ton less interest on original capital value of our rolling stock. Total increase equivalent to about 25000 on 65000 tons Soda per annum above old concessions rates. If coal used in new process as proposed when we left England, oil rates will not affect this. Present tariff for coal 11.0.0. maximum for any distance.

and are informed authoritatively very unlikely that it will be increased as coal consumption is being encouraged in the Colony, also doubtful if Diesel engine capable 100 tons ^{fuel} plus 150 tons new product daily during change over period and in any case alterations in existing power plant necessary to ensure more regular running if required for new process. We are to see Railway Council and Governor of Kenya Colony shortly and it will assist early settlement if we have authority to close matter on above lines. Please telegraph if authority granted. To be effective we should know whether authority granted not later than 21st January as the General Manager requests us to submit our case by that date for prior consideration of Governor of Kenya Colony and Council. If you cannot give authority please inform us what action proposed.

W.F. Lutyens.
H.E. Gowers.



ALL COMMUNICATIONS
TO BE ADDRESSED TO THE
CROWN AGENTS FOR THE COLONIES
THE FOLLOWING REFERENCE AND THE
DATE OF THIS LETTER BEING QUOTED

O/Kenya 31A

TELEGRAMS: CROWN LONDON
TELEPHONE: 7730 VICTORIA

4, MILLBANK,
WESTMINSTER,
LONDON, S.W.1.

9th January, 1930.

RECEIVED
10 JAN 30
COL. OFFICE

Sir,

(No. 40. in 15565/29)

9/1/30 &
enclos.

In continuation of our letter of the 28th October last, I have the honour to transmit the accompanying copy of a further letter, with its enclosures, which we have addressed to the Government of Kenya on the subject of the new leases issued to the Magadi Soda Company, Limited.

I have the honour to be,

Sir,

Your obedient servant,

W. W. Wickham
for Crown Agents.

Amud 1/12 3 0 APR 1930

The Under Secretary of State,
COLONIAL OFFICE,

9 O/Kenya 31A

9th. January, 1930.

Sir,

In continuation of our letter No. 632 of the 28th. October last, I have the honour to transmit a copy of a further letter which we have received from the Solicitor to the Magadi Soda Company Limited, on the subject of the Colonial Government's claim for stamp duties etc., on the new Leases and other documents concerning the Company in Kenya. I also enclose a copy of our reply.

6/1/30

9/1/30

2. We await the further instructions of the Colonial Government in the matter in due course.
3. It will be seen that liability to the duty claimed on the debenture trust deed is denied, after taking legal advice in Kenya, but that the arguments for this view are not stated. We assume that you will take up the question with the Company's local representatives.

I have the honour to be,
Sir,
Your obedient servant,
for Crown Agents.

The Colonial Secretary,

KENYA

C.O. 533 / 393
PUBLIC RECORD OFFICE, LONDON

TJ
END

O/Kenya 31A.

9th. January, 1930:

Sir,

I have to acknowledge the receipt of your letter dated the 6th. January (WM/JM) on the subject of the claim by the Kenya Government in respect of stamp duties etc., on the new Leases and other documents concerning the Magadi Soda Company, Limited, in Kenya.

It is necessary for us to refer to the Colonial Government in the matter, which is being done by this mail, and a further communication will be addressed to you in due-course. Since you do not indicate the grounds on which liability to the duty claimed on the debenture trust deed is denied, we have suggested to the Kenya Government that this point should be taken up with your representatives in Kenya.

I am, Sir,

Your obedient Servant,

for Crown Agents.

Solicitor,
The Imperial Chemical Industries Ltd.,
Millbank, S.W.1.

17
END

O/Kenya 31A.

9th. January, 1930.

Sir,

I have to acknowledge the receipt of your letter dated the 6th. January (WM/JM) on the subject of the claim by the Kenya Government in respect of stamp duties etc., on the new Leases and other documents concerning the Magadi Soda Company, Limited, in Kenya.

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I am, Sir,

Your obedient Servant,

for Crown Agents.

The Solicitor,
The Imperial Chemical Industries Ltd.,
Millbank, S.W.1.

1930

Kenya

No. 15982

SUBJECT

C0533/393

Vacancies for Female Teachers

Education Department

Previous

15203/1928

Subsequent