

1925

KENYA

596

52914

DATE

24th November 1925.

ERNEST GRIGG.

TEL 550

CIRCULATION

Bohannan

BANKING AGREEMENT WITH NATIONAL BANK OF INDIA.

U.S. of S.

Replies to points raised in para. 6 of S. of S's despatch Conf of 19th August. Uganda agree with apportionment of security proposed but will forward a separate despatch.

U.S. of S.

U.S. of S.

Secretary of State.

Previous Paper

4072
~~58153~~
~~26~~

MINUTES

See i-o to Major Phillips, C.A. within
J.H. Allen
10/25

Please see minute within t. of Carson.

J.H. Allen

16/1/25

12 JAN 1926

Uganda
Copy sent to Gov. Nya Conf 12/1/26
Copy to Gov. Uganda Conf.

Subsequent Paper

58154 Uga.

Mr. Boltzowley

I think you should see that I have
been very slow in dealing with this - partly due
to my absence.

I propose to defer sending an letter
I get a reply from Wagon Phillips
within 10 or 20 minutes. It
seems desirable to clear up this point
first.

W. W. Miller

Mr. Allen

Yes. Wait. This $\frac{1}{8}$ - $\frac{1}{4}$ confusion
affects the 1000000 account & that will
shortly become urgent. The rest don't matter much
at present.

Wed. 10.12.25

regards B in the telegram, I cannot say that it should be assumed that specific arrangements will become necessary if and when separate agreements are made. The whole course of the correspondence on this point appears to be *to make it* perfectly clear that there should be no specific hypothecation so far as the Bank is concerned, and that, as regards hypothecation between the Government and the Railway, it would be preferable (see paragraph 4 of despatch on 35704) "to lay down as a definite understanding that in the case of a default by the Bank in respect of any of the three agreements, the amount recoverable from the securities should be divided between the Governments of Kenya and Uganda and the Transport Administration pro rata to the amount of loss sustained respectively". It is stated that the Governor of Uganda agrees to the apportionment of securities suggested by the Secretary of State. The despatch, however, asked that the General Manager of the Railway should be consulted as well. Presumably this has been done, although it is not specifically stated. When the time comes to reply to this despatch, and to write to the Crown Agents, it will have to be made clear that the intention is that the arrangement outlined above will apply even when the separate agreements are made.

Paragraph 5 of the despatch (35704) said that in due course and subject to any comments that the Crown Agents may have to offer, the Secretary of State would be prepared to authorise them to approach the Bank with a view to securing the recovery

revision of the Colony's Agreement on the lines proposed so that there may be no delay in concluding a new Colony Agreement. Some of the steps in progress for creating a transport administration are complete. A Railway Order in Council will come before the Privy Council to-day, the 16th December, and the Crown Agents ^c should now be authorised to approach the Bank with a view to revising the Colony Agreement on the lines proposed; but, if Uganda is going to recommend a revision of their Agreement on similar lines, it would, of course, be convenient if both Agreements could be taken up with the Bank at the same time. A despatch from Uganda is coming and it would perhaps be as well to telegraph to the Governor now asking when it may be expected and whether he proposes any amendment of the Uganda Agreement.

The point dealt with under C. in this telegram is the suggestion that the minimum advantage to be given to the Government in respect of remittance rates should be increased from 1/8th to 1/4%. As the Governor wishes this amendment also to be incorporated in the Railway Agreement, the matter has more urgency. It will be seen, however, from the attached minute from the Crown Agents, and that there appears to be some misapprehension locally as to the genesis of this suggestion. In these circumstances, it would, perhaps, be desirable, in the first instance, to telegraph to the Governor explaining the position, and asking whether he wishes to press the amendment and if so, what special reasons he has for doing so. If the action suggested above is approved the telegrams to Uganda and Kenya might take the form of the drafts

Herewith,

Arnold

BANKING AGREEMENTS.

599

Mr. Allen,

Colonial Office.

Your minute of the 10th in connection with the above agreements. The only draft agreement we have prepared which is in any way connected with Kenya, is the East African Transport Administration agreement, one copy of which was forwarded to the Colony and one to the Colonial Office under cover of our letters dated respectively the 22nd and 29th of January, 1925.

In this draft agreement the clause referring to the percentage figure in connection with the sterling remittances states :- "The rates shall always be more favourable to the Administration by at least $\frac{1}{2}$ % than the rate granted to the Banks most favoured customers." The first intimation we received of the suggested increase to $\frac{1}{2}$ % was in connection with the schedule of amendments for the proposed Colony agreement a copy of which was forwarded to us under cover of your letter of the 19th August, 1925. Paragraph 6 of our letter to the Colonial Office of the 8th September refers to this point, but as requested in the Secretary of State's letter to us of the 23rd September no further action has been taken by us in this matter.

You are right in the assumption that we have not been in communication with the Colony in regard to the Colony agreement.

W. H. H. H.

14.12.25

by you to the Treasurer. I have been under
impression that you had not been in
communication with the Colony in regard to a revision
of the Colony Agreement, but only in regard to the
proposed new Transport Agreement. Perhaps you
can either confirm this or explain what draft
agreement is referred to. If they should mean
the draft Transport Agreement the reference would
appear to be to the draft enclosed in your letter
to the Colonial Office of the 29th January (A/30 114)
copies of which were forwarded by you to the Colonial
Government and to the General Manager of the Railway.
I note, however, that in Clause 10 of the copy sent
to the Colonial Office the percentage mentioned is
and not $\frac{1}{2}$. A similar figure of $\frac{1}{2}$ (and not $\frac{1}{2}$)
is also mentioned in Clause 10 of the earlier draft
enclosed in your letter of the 15th November, 1924
(A/30 Kenya).

680

4742/75

53742/75

AMM

27/10/25

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

Dated 24th November, 1925.

(Received Colonial Office 7.5 p.m. 24th November, 1925.)

C. O.
52914
25 NOV 25

601

Confidential.

No. 550. 24th November.

el 704/15
Your despatch of 19th August Confidential paragraph 6. (A) Amendment relates solely to proposed revision of the Colony's Agreement. B. I agree with proposal in paragraph 4 of your despatch but assume that specific hypothecation will become necessary if and when separate agreements are made. C. Copy of draft Agreement sent by Crown Agents to Treasurer shows the percentage figure of $\frac{1}{4}$. I trust the Crown Agents will secure the most advantageous rates and that transport administration will be included in any benefit secured. D. Governor of Uganda agrees with apportionment of security given by you but states that he is addressing you direct in the matter.

boxed Fed
Chamber
602/5 Jan 16/2

Ind

CD

Haring Street,

December, 19

W. Ansh
54214

(35701)

16 Dec confidential de

TELEGRAM. *Caus:*
V. minute

to the Governor of Kenya 19th
August Banking Agreement.

Governor Kenya reports that
agree to proposal in paragraph
regarding securities and are
addressing me on the subject

When may I expect despatch and
do you propose amendment of

drafts.
Uganda Agreement see paragraph
of my
~~above~~ mentioned despatch.

603
Cable sent
Nov. 4. 15/25
16/12/25

Consent

[Handwritten signature]

[Handwritten signature]

Downing Street,

December, 1925.

T. TELEGRAM. Cms.
r. minute

16 Dec. Your telegram 24th November

70/9 58153/25

550 Banking Agreement. As regards

paragraph C understand that only dra

A green pen t prepared by Crown

Agents is Transport Agreement

enclosed in their letter to

Government of Kenya of 22nd January

last. According to copies on

record here percentage figures *ai*

Clause 10 of that draft *10*

and ~~the~~ First application of

suggested increase to 1/4 per cent

was in connection with schedule

and arrangements enclosed in your

confidential

copy b.a. - 12 JAN 1926

See 4747