

1925

10

KENYA

C O
58153
REC
REC 29 DEC 25

768

DATE

28th December 1925.

GOVERNOR BRIGG.

TEL
599

CIRCULATION :-

Mr. *Bottomley*

Mr.

Mr.

1st U.S. of S.

2nd U.S. of S.

3rd U.S. of S.

Secretary of State.

BANKING AGREEMENT WITH NATIONAL BANK OF INDIA.

".... Your tel of 16th Decr. In the circumstances I do not press the suggestion"

Previous Paper

*See also 58134
& 57214*

MINUTES

7214 / uga

I attach a note dealing with the position as regards (a) the Kenya Colony Agreement (b) the Uganda Agreement and (c) the Transport Agreement and suggesting the action that should be taken when the time arrives. I take it that the new Transport Agreement and consequently the new Colony Agreement should not be definitely concluded until the Transport Order-in-Council has come into force. The Order-in-Council provides that it shall come into force on such date as may be fixed by joint proclamation of the Governors of Kenya and Uganda and it is proposed when sending out the Order-in-Council to ask those Governors to telegraph the date, but there seems no reason why the Crown Agents should not be instructed as soon as we actually receive the Order-in-Council to enter at once

into

Subsequent Paper

Ed. B. 26

** Not in
JMA*

*43 Feb - u
1134 JMA*

into further negotiations with the Bank in order that the Agreements may be ready to be concluded as soon as we know that the Order-in-Council has come into force. It would be convenient if the Crown Agents ^{negotiate} began their amendments at the same time and on the same basis. If this is agreed to ? now draft as suggested in the note and send copies of the letter to the Crown Agents to Kenya and Uganda referring in the case of Kenya to the question of hypothecation and saying that the Secretary of State sees no reason why there should be any necessity as suggested in 52914 for separate hypothecation even when separate Colony and Transport Agreements are made.

[Since dictating the above matters matters have progressed as regards the Transport Agreements & in ^{the} position has better be explained briefly to the CA making it clear that the Agreements ^{could} not be concluded ~~in the present O in C's in force but that in the meantime they should~~ if possible complete their negotiations & report the result to the CO. If the Bank agree on all points the Govt of Kenya can be held in full but it is proposed to conclude the agreements if he agrees.]

STYLLER

J.C. CA. to clean up the outstanding points with the Bank & to proceed to prepare copies of the instruments. They had better tell the Bank that an additional provision as to hypothecating the £300,000 may be necessary but that they are considering the Govt. of Kenya.

Council being accordingly - pointing out (we included in our despatch & say that as there is strong reason the Govt. view is necessary

The cases completely amended

KENYA COLONY AGREEMENT.

? Send the Crown Agents copies of 52914 ⁸¹70 telegram to Kenya on that paper and 51253 saying that it will be observed that the amendments in the schedule in 35704 relate solely to the proposed revision of the Colony Agreement and that the Governor does not now wish to press the suggestion that the preferential remittance rate referred to in amendment 11 should be raised to not less than one-quarter. As regards hypothecation the Secretary of State adheres to his ^{Policy} ~~view~~ that (in view of the arguments put forward in paragraph 4 of 31593 and paragraph 5 of 41072) it ^{is} ~~was~~ undesirable that there should be any specific hypothecation so far as the Bank is concerned, and that ^{as to} any appropriation as between the three Administrations the working arrangement suggested at the end of paragraph 4 of the despatch on 35704 should be adopted i.e. it should be laid down as a definite understanding that in the case of a default by the Bank in respect of any of the three Agreements the ^{to} ~~the~~ amount recoverable from securities should be divided by the Governments of Kenya and Uganda and the Transport Administration pro rata to the loss sustained respectively. Subject to these points and to the further point referred to at "A" below authorise the Crown Agents to approach the Bank with a view to securing their consent to a revision of the Kenya Colony Agreement on the lines proposed.

UGANDA AGREEMENT.

You will see from the attached minutes ^{to} 5721 exchanged with the Crown Agents that the misapprehension

misapprehension as to whether the Bank was prepared to allow interest on the whole balance in excess of £10,000 was due to an error in the marginal note to clause 4 of the draft Transport Agreement (4742). The Bank have agreed to allow interest on the whole balance when over £10,000 in the case of that Agreement so they may well be asked to concur in a similar arrangement in the case of the Kenya and Uganda Agreements. In writing to the Crown Agents as proposed above enclose copy of 51634 and 57214, say that it will be seen that the Government of Uganda does not desire any amendment of their Agreement except as regards clause 4 and ask the Crown Agents to invite the Bank to agree to a revision of that clause on the following points:-

- (1) removal of the maximum limit of the balance ^{at which} ~~how much~~ interest will be paid, and
- (2) the payment of interest on the whole balance when it exceeds £10,000 and not merely on the excess over £10,000

here ~~add~~ in parenthesis explain that it is understood that the reference in 57214 of the Crown Agents letter of the 16th of November should be to their letter of the 8th September).

Note that (1) is already included in item 8 of the schedule of ^{Kenya} amendments in 35704 but that they should invite the Bank to agree to the incorporation of (2) in the Kenya Agreement also.

TRANSPORT AGREEMENT.

Now that 58153 has disposed of the suggested amendment of clause 10 in regard to the remittance state the only outstanding points in regard to the Transport Agreement are -

- (1) Hypothecation. This has been dealt with above

See also 37310

above, but in view of paragraph 2 of 31593 it will apparently be necessary for the Crown Agents definitely to inform the Bank that no specific hypothecation is desired. 71

(2) Formal amendments. As to these see paragraph 3 of 31593 and the enclosure to that letter. Clause (1) of the Transport Order-in-Council says "There shall be established the Office of the High Commissioner for Transport for the Colony and Protectorate of Kenya and the Protectorate of Uganda" and Clause (2) runs "The High Commissioner for Transport (hereinafter referred to as the High Commissioner) shall be". The draft Agreement in 4742 can now be amended by altering the preamble as suggested in paragraph 1 of the enclosure in 31593 and by substituting as proposed in the same paragraph the words "High Commissioner" for "Administration" throughout the draft.

When the time comes the Crown Agents can be informed as at B and C above and authorised to complete agreement, agree the final form of the draft with the Bank.

W.H.H.
5/1/50

Handwritten initials

C O
58153

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

REC'D
SECRET
25
172

Dated 28th December.

(Received Colonial Office 6.46 p.m. 28th December, 1925)

No. 599 . 28th December.

loc
2914

Your telegram of 16th December Banking Agreement in the circumstances I do not press the suggestion.

Mr. Allen 7/1/26

Mr. *Bothamley* 8.1.26 *fs*

Mr. E. J. Harding.

Mr. Straghey.

Sir J. Shuckburgh.

Sir G. Grindle.

Sir C. Davis.

Sir S. Wilson.

Mr. Ormsby-Gore.

Earl of Clarendon.

Mr. Amery.

2nd Downing Street,

12 January, 1926



713

Sir,

With reference to the telegraph

(Gov. Conf. 550 24.11.25,

S. of S. Tel. 16.12.25

Gov. Tel. 599 28.12.)

corres. noted in the margin, I have,

etc., to transmit to you a copy of a

letter to the Crown Agents showing the

action which has now been taken with

regard to the Agreements with the

National Bank of India and the Govts.

of Kenya and Uganda, and ~~of~~ the propose

Transport Agreement.

2. As regards paragraph ⁶ of the

letter of the Crown Agents, I note that

in your telegram Confidential 550 of the

24th November, it is assumed that a

specific hypothecation of the securities

lodged by the Bank will become necessar

if and when separate Agreements are mad

for the Colony and for the Transport

Administration. I should explain,

however, that my intention was that the

DRAFT *Carson*

KENYA

Confidential

12 JAN 1926
(Companion draft)

12 JAN 1926

*copy by my desk
copy by d.A.*

3 dfts

working

working arrangements suggested in para.

4 of ~~your~~^{my} Confidential despatch of the

19th of August should continue to operate,

(35704)

even when separate Agreements are made :

and, for the reasons given in paragraph

4 of the Crown Agents' letter of the 9th

(31593)

July and in para. 5 of their letter of

the 8th September (copies enclosed in my

(41072)

Confidential despatches of the 19th August

(35704)

1925 and the 23rd September 1925, respective-

ly), I still consider that that arrangement

(41072)

is the most advantageous for the Administra-

tions concerned. I therefore propose, unless

you see any strong reason ⁶ for the contrary,

to instruct the Crown Agents accordingly,

and I shall be glad if you will inform me

as soon as possible, by telegraph, whether

you are now prepared to agree to that

course being adopted.

3. Copies of (a) this despatch, (b)

the letter to the Crown Agents for the

Colonies and (c) the telegraphic corres.

referred to at the beginning of para. 2.

of this despatch, are being sent to the

Governor

working arrangement suggested in para.

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19th of August should continue to operate, (35704)

even when separate Agreements are made :

and, for the reasons given in paragraph

4 of the Crown Agents' letter of the 9th (31593)

July and in para. 5 of their letter of

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Colonies and (c) the telegraphic corres.

referred to at the beginning of para. 2.

of this despatch, are being sent to the

Governor



Governor of Uganda.

I have, etc.

774

(Signed) L. S. AMERY

Mr. Allen 7/6/25
● Prokanley 8/1/26, jf

Downing Street, 775

Mr.
Mr. E. J. Harding.
Mr. Strachey.
Sir J. Shackburgh.
Sir G. Grindle.
Sir C. Davis.
Sir S. Wilson.

12 January, 1926

Sir,

(Gov. Conf. 16.12.25)
(58134)
S of S Tel. 16.12.25
Gov. Tel. 16.12.25.)

With reference to the despatch and telegrams noted in the margin, I have etc., to transmit to you for your info.

DRAFT

Confidential.

(a) A copy of a letter to the Crown Agents showing the action which is now being taken with regard to the Agreements with the National Bank of India and the Government of Kenya and Uganda, and the proposed Transport Agreement

(b) A despatch to the Governor of Kenya dealing with the question of a specific hypothecation of the securities lodged by the Bank, and

(c) A copy of the telegraphic corres. referred to at the beginning of para. 2 of the despatch to the Governor of Kenya.

(52914)

2. I note from (D) of the telegram from the Governor of Kenya of the 24th November, that you agree to the arrangement as to the apportionment of the securities lodged by the Bank which was suggested in para. 4 of my

fts.

Confidential despatch to the O.A.G. of
Kenya of the 19th August, - a copy of
which has already been communicated to
you.

(35704)

I have, etc

(Signed) L. S. AMERY

Mr. Allen *7/1/26*
Boothman 8/1/26 f

Gov. 58183/1925 Kenya

- Mr. E. J. Harding.
- Mr. Strachey.
- Mr. J. Shuckburgh.
- Mr. G. Grindle.
- Mr. C. Davis.
- Mr. S. Wilson.
- Mr. Ormsby-Gore.
- Earl of Clarendon.
- Mr. Amery.

47 *2nd*
Amey 47.8 12
Downing Street,
January, 1926.

Gentlemen,

With reference to the letter from
this Department of the 23rd September,
I am, etc., to inform you that further
correspondence has now taken place with
the Governments concerned, with regard to
the Agreements with the National Bank of
India, in respect of (a) the Colony of
Kenya, (b) the Protectorate of Uganda and
(c) new Transport Administration.

DRAFTS *Carson*
THE CROWN AGENTS
FOR THE COLONIES.

2. Kenya Colony Agreement. I am to

enclose copies of further telegraphic
correspondence with the Government of Kenya
from which you will see that the amendments
to the schedule which accompanied the
enclosures to the letter from this Department
of the 19th August related solely to the
proposed revision of the Colony Agreement,
and that the Governor does not now wish

copy to Gov by 12 Jan 1926
copy to Gov by 12 Jan 1926

3 dfts.

to

to press the suggestion, (items ~~and~~
~~and~~ 11 of the Schedule) for increasing
to at least ^{the} 1% preferential rate for
sterling remittances made by the Bank on
behalf of the Colony. The S. of S. is
communicating further with the Governor
of Kenya on the question of a specific
allocation of the securities lodged
by the Bank. A copy of the despatch
which is being addressed to the Governor of
Kenya is enclosed, and a further communica-

✓ To Gov. 12 Ja
(draft new lit)

tion will be addressed to you when his reply
which he has been asked to make by telegraph
has been received.

3. Uganda Agreement. I am to enclose

✓ Gov. Conf. 15th
(56134)

copies of a despatch and a telegram from the
Governor of Uganda with regard to the ques-
tion of the revision of the agreement of the
12th August 1913 enclosed in your letter
of the 15th August 1913 - A. Uganda 599. (It
is understood that the reference in the
Governor's telegram of the 8th December to
a letter from you of the 16th November
should be to your letter to the Treasurer,
of Kenya

✓ Gov. Tel. 15th De
(57214)

(28261/13)

(copy attached
to 57214)

of Kenya, of the 8th September 1925.)

You will observe that the only change desired by the Protectorate Government is the amendment of Clause 4 of the Agreement to provide ^(A)~~(B)~~ for the removal of the existing maximum limit of ^(in respect of) ~~the balance of~~ the current account on which interest is payable and ^(B) for payment of ~~the~~ interest ^{on} of the whole ^{account} of the ~~balance~~ when it exceeds ^{Sh} 200,000 shillings and not merely on the excess ^{Sh} over 200,000 shillings.

Amendment A is included in the Kenya schedule referred to above, - see items 2 and 8; but it is desired that the Bank may be invited to agree to the inclusion of amendment B ^{also} in the Kenya Agreement ^{also}. ^{as well as in the} Uganda Agreement ^{also}.

4. Transport Agreement. The

Order in Council providing for the establishment of the Office of High Commissioner for Transport has now been passed, and a copy is enclosed for your information. In view of the wording of

O in C of 16th Dec.

END

Form 778

(31593)

(31593)

37310
(31593)

do
(I do not refer specifically to this in my minute but I presume this should be done)
W.C.

of Clause I (1) and (2) of the Order in Council, the draft Agreement will now require amendment, as proposed in para. I of the letter from the General Manager of the Uganda Railway, enclosed in your letter of the 9th July A 114a; and in communicating with the Bank you should also take up the question of the amendments of Clauses 8 and 9 suggested by the General Manager in the second paragraph of his letter.

5. *execution*
The execution of the new and revised *instruments* must be deferred until the question of hypothecation is settled and until the Transport Order in Council is brought into force in Kenya and Uganda; but in order to avoid later delay, I am to request that you will in the meantime, communicate with the Bank with a view to a settlement of all outstanding points in connection with the three Agreements and then proceed to prepare agreed draft instrument.

6. Mr. Amery notes ~~of~~ paragraph 2 of your letter of the 9th July, A 114a, that the Bank has already agreed, as regards the allocation of the securities deposited by them, to a specific hypothecation of £1,000 in respect of the Transport Agreement; but on this point they should be informed in continuation of the *communication* referred to in paragraph 1 of your letter of the 14th August, A 114, that an additional provision as to hypothecation may be required, but that the Governor of Kenya is being consulted on the point.

7. I am to request that you will report the result of your negotiations with the Bank as soon as they are completed.

I am, etc.

(Signed) W. G. BOTTOMLEY

PUBLIC RECORD OFFICE

C0533/334

END

TOTAL EXPOSURES →

PUBLIC RECORD OFFICE

C0533/335

ORDER NO. ⇒ 777
CAMERA NO. ⇒ 19
OPERATOR. ⇒ JM
REDUCTION. ⇒ 12
EMULSION NO. ⇒ 311081
DATE. ⇒ 6/8/71

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Kenya

1925

VOL. 6

1

(1954) 25908/80, 2,000 10/85 M. & S., Ltd., Cop. 641

DESP. NO.	DATE	SUBJECT
5.	2nd Jan.	Pensions Report of Committee Pensions and Passage Expenses
6.	"	do.
14.	5th	Allowance in lieu of Quarters.
29.	6th	Provident Fund for Asiatic Staff.
Conf.	13th	Local Allowance.
70.	16th	Gratuities for Non-Europeans in Police, P. Prisona Dept.
37.	22nd	Passengers to Belgian Congo.
126.	25th	Interim Report on C. A. Shipping services.
48.	"	Provident Fund for Asiatic Officials.
67.	13th	F.L. Fidelity Guarantee.
36.	14th	C. A. Shipping services. Interim Report.
Conf.	25th	Salaries of European Officials.
55.	5th	Mar. House Allow. & Passage for non-European Sub. Officials
7el.	9th	Medical Department. Vacancies.
68.	17th	Provident Fund for Non-European Officers.
Conf.	21st	Asiatic Staff.
180.	26th	Donation Governor of Christ's Hospital.
Conf.	"	Customs Union.
396.	6th	Apr. Judges of Court of Appeal.
Conf.	7th	Terms of Service of European Officers.
233.	10th	Disposal of Estates near Amani
477.	21st	Leave and Passage Rules.
159.	22nd	Bankruptcy Legislation
7el.	25th	Survey Staff. Revised Conditions of Service
168.	1st	May. Continuous Service Pensions
Conf.	5th	Customs Union.
7el.	9th	Medical Department Staff.
855.	"	Asiatic Subordinate Medical Staff
134.	16th	Non-Europeans. House Allowances & Passages.
598.	19th	C. A. Trade & Information Bureau.
358.	29th	Pension Calculations.