

921

KENYA

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DEPT NOTLEY

DATE

22796

451

4th Apl

REC'D
9 MAY 21

ACTION

SUBJECT

E.A. TRADING COY'S CONCESSION IN TANALAND

Trans corres re as requested

Previous Paper

MINUTES

W. Bottomley
Mr. Bottomley.

We asked for these papers in [unclear] of the 26th of February on 5503, [unclear] until the 4th of April that the Govt [unclear] them to us; and when at last he does [unclear] papers he forwards them without [unclear]

I cannot say that I am impressed with Mr. Martin's way of doing business. He merely accepts all that Baron de Wahrtreu asks. The proposal that if the scheme were approved the Government should derive no direct benefit from it for the term of five years seems to me to be absurd, especially as Baron de Wahrtreu offered 5% of all profits (including dividends and profits on flotations!) and though I see objection to the last named proposal it was up to Mr. Martin to make some other suggestion - not merely to let the Company off altogether because of the difficulty

Subsequent Paper

5679

by telegraph on the point states that he could not agree to any such scheme; that this being so the negotiations appear to have reached an impasse, and that the Secretary of State does not see what further steps he can take in the matter.

13.16

13. V. 21.

To proceed?

Baron de Wahrtreu's view for this
particular difficulty and for our having
travels generally in the form of a
with a report Commission which
Indians should have a free hand, that
Europeans should not be admitted in
the West. It is not clear that this
solution is all.

L. C. 13. 5. 21

H. J. R.
13. V. 21

See 15/11 at once

of settling the rent question.

But it is of no use considering the terms of the concession further until we have settled the question of labour and the Governor's telegram of the 13th of April (18102) shows that that question is insoluble at present.

? Tell Baron de Wahrtreu that the papers have now been received from the Governor by the Secretary of State and carefully considered by him but it appears useless to discuss the question on which a concession could be made until the question of labour is settled; that as Baron de Wahrtreu is aware it was one of the things laid down in Kenya that the Government should satisfy the Government of the Colonies to obtain and maintain sufficient labour, and that the Secretary of State could not agree to the grant of a concession until he was satisfied that this condition would be fulfilled; that the Secretary of State understands that Baron de Wahrtreu has now abandoned the idea of Javanese labour and that the source of supply therefore seems to be narrowed down to Indian labour; that as regards Indian labour it is hopeless to expect that the Government of India would agree to the employment of Indians in connection with a scheme of this kind except as free settlers and that as to the Governor who has been consulted

Colony & Protectorate of Kenya.

NO. 451

22726
GOVERNMENT HOUSE,
NAIROBI,
EAST AFRICA

4th April, 1921.

Sir,

With reference to Sir Edward Northey's telegram No.173 of 24th March, I have the honour to enclose herewith copies of the papers on the subject of the application of the East African Trading Company for a concession in Tanganyika for your information in accordance with your instructions.

2. I trust that these papers will furnish all the particulars required.

I have the honour to be,

Sir,

Your humble, obedient servant,



GOVERNOR'S DEPUTY.

THE RIGHT HONOURABLE
WINEY W. CHURCHILL, P.C., M.P.,
SECRETARY OF STATE FOR THE COLONIES,
DONNING STREET,
LONDON, W.

Nairobi, 26th July, 1920.

The Hon. R. F. Martin,
 Commissioner for Lands,
 Nairobi.

Sir,

Reference to the recent interviews I had the
 honor to have with you, I beg to reply herewith on
 behalf of East Africa Trading Co., Ltd., for the
 allotment of following land :

A strip of land 10 miles deep from the right bank
 of the TANA River and a strip of land 5 miles deep from
 the left bank of the TANA River commencing at
 (the area to be sufficient for expenditure of
 proposed capital)
 and an area of not less than 1000 Acres, situated at
 and near the mouth of the TANA River.

It is to be understood that any Native owned areas,
 acknowledged as such by your Government and situated
 within the territory described above, would be exempt
 from this allotment, and any acquisition of such areas
 by East Africa Trading Co., Ltd., would have to be
 amicably arranged between the owners and the said Company.

In the event of the above specified areas of Land
 being allotted, the East Africa Trading Co., Ltd., resp.
 the Company, specially formed for the purpose of develop-
 ment of this land and as assignee of East Africa Trading
 Co., Ltd., agree to find and devote the minimum amount
 of 21,000,000.- (one million pounds) for such
 development, to be applied under the heading of capital
 expenditure roughly as follows :

(A) On special commission with the interior
 of the Tanirod Provinces and along the Tana River
 by means of regular steamship service and by building
 Light Railways together with the necessary

wharves, godowns, &c.

2500,000.-

643

(B) On erecting Sugar Mills and any other factories with all necessary buildings and wharves, godowns, central offices, &c., at the coast, at and near the mouth of Pang River 2350,000.-

(C) On irrigation and other works that will be found necessary as preliminary to successful extensive cultivation of the allotted areas 2150,000.-

(D) On importation, housing and maintenance of the necessary labour skilled and unskilled 2200,000.-

I beg to add that the above is only a rough estimate of minimal capital expenditure, it is my firm opinion however, that very much larger amount will be involved under the mentioned four headings, especially under A, B, and C.

As the Company having "proved" the land, already allotted to it, your Government agrees to allot also to the Company a further strip of land of 10 sq. miles deep, adjoining the first allotment, provided that the Company agrees to extend the cultivation and development with all necessary irrigation and other works to this further area. Any difference of opinion between your Government and the Company as to the interpretation of this latter clause is to be submitted and finally settled by arbitration, both parties agreeing to abide by the award of the arbitrators.

It is understood however, that the above application with its terms and conditions depends on the solving of the problem of recruiting and importation of the necessary labour in sufficiently large number and of satisfactory quality.

In connection with this all-important question I beg to express my gratitude for your and your Government's willingness to render all possible help to secure such labour.

I have, Sir,
SD/- M. N. Vaidya
Managing Director,
East Africa Trading Co., Ltd.

Y. E.

I suggest that the applicant be informed that if they can produce satisfactory evidence of being able to solve the labour difficulty, Government will consider their application (with any others made) on its merits and that the principle will be adopted of favouring the application which shows the greatest likelihood of development and expenditure; and that the scheme promised under this application is noted provisionally on further information being forthcoming ^{later} on the labour question.

SD/- H. T. M.

29.VII.20.

No. S. 12559/101.

THE SECRETARIAT,

Nairobi,

East Africa Protectorate,

August, 31st, 1920.

The Hon. Commissioner of Lands,

N a i r o b i .YOUR FILE 16537.

His Excellency-in-Council approves of the scheme submitted by the Managing Director of the E. A. Trading Company, Ltd., for development of land and other activities on the Tana River, but desires that the matter be further considered when fuller details as to how the scheme can be worked, have been prepared.

2. I should be glad if you would obtain these particulars from Baron ^{de} Wehrten and submit them.

3. Your file is returned herewith.

SD/-..O. A. G. LANE.

For ACTING CHIEF SECRETARY.

P. O. Box 189,
Land Department,
Nairobi,
September, 6th, 1920.

Sir,

Re: Land on the Tana River.

With reference to your letter of the 26th July, I have to inform you that His Excellency-in-Council approves in principle ~~inasmuch~~ of the scheme submitted by you for the development of land on the Tana River, but desires further to consider the matter when further details as to how the scheme can be worked have been prepared.

I shall be glad to receive this further information in due course for submission to His Excellency.

I am, &c.,
SD/- H. T. MARTIN,
COMMISSIONER OF LANDS.

The Managing Director,
East Africa Trading Company, Ltd.,
Nairobi.

GENERAL MANAGERS

EXPORTERS AND IMPORTERS

P. O. BOX 204,

MOMBASA, E. A. S.

10th September, 1920.

The Hon. H. T. Martin,

Commissioner of Lands,

P. O. Box 189,

Land Department, Nairobi.

Sir,

I beg to acknowledge with thanks the receipt of your communication of 6th instant, Z. No. 16537, informing me that His Excellency-in-Council approves in principle of the scheme for the development of land on the Tana River, as set out in my letter of 26th July, 1920, but desire to be supplied with fuller details as to how the scheme can and will be worked.

In compliance with His Excellency's wishes I have the honour to submit to you following details of the working of the undertaking, as decided by my Company resp. the Syndicate, my Company represents.

As soon as practicable after the grant of Concession resp. allotment of the applied for area a separate public limited company ad hoc will be registered, called The Tana River Land Co., Ltd., with a nominal capital of 22,500,000.- of which 21,000,000.- in 1,000,000 shares of 21.- each will be offered for public subscription and issued as the first issue. Previous to the registration of the Company and the publication of its prospectus, the question of labour will be definitely settled, namely its source of supply and the cost of its importation, maintenance and remuneration.- I have much pleasure in informing you that, according to the advice received by us from London, negotiations relating to this matter are proceeding very satisfactorily with the Governments concerned and that the necessary arrangements are

about being secured on new prohibitive terms. 53

I want to say here that the success of the first issue of 1,000,000 shares is assured, as the whole amount will be underwritten by the Syndicate and its members.

A commission of experts in cultivation of Sugar and other crops have been already provisionally engaged, and the construction of the factories of mills, the construction of roads and light railways will be sent at once to decide on the most suitable sites and the system of working to be adopted. The erection of central offices with all necessary godowns and other buildings in the most convenient spot near the mouth of the Tanjore river will then be proceeded with without any delay, with a view of the vital importance to the Company that no time should be lost and the actual productive work be started as early as possible. The trading centre will be established at the same place with, I hope, the sanction of the Government of Madras Province and a regular steamship service will be inaugurated. The steamers in view are of the same class as used on the coast, powerful vessels, but powerful, and will be used for passenger accommodation.

I trust that the Board will find these details of the proposed working of the Tanjore River Land Co., satisfactory. It is obvious that at this stage I cannot give the exact amounts for each particular item, the figures given in my letter of 26 July are the approximate estimates of the expenditure under the different headings.

I beg to point out however that both the concession in granted land, the allotment made, the ad hoc Company must be registered for the public benefit made, and as it is in the interest of all parties concerned

that the start be made with as little delay as possible. I hope that the necessary documents will be prepared in the near future.

If the necessity should consider it advisable in case that the approval of H. H. Home Government be required, our chairman the Earl of Kintore could attend personally at the Colonial Office in order to secure same without undue loss of time.

I shall be pleased to come to Nairobi at 24 hours notice, if my presence is required for settling any details, &c.

Yours, &c.,

W. A. G. ...

Managing Director

East Africa Trading Co., Ltd.

that the start be made with as little delay as possible. I hope that the necessary documents will be prepared in the near future.

If His Excellency should consider it advisable in case that the approval of H. M. Home Government be required, our Chairman the Earl of Kimberley would attend personally at the Colonial Office in order to secure same without undue loss of time.

I shall be pleased to come to Nairobi at 24 hours notice, if my presence is required for settling any details, &c.

Yours, &c.,

W. A. G. ...

Managing Director

East Africa Trading Co., Ltd.

For Preliminary
discussion in
Ex. Co.
(Intd). E.N.
18/10/20.

CANALAND CONCESSION.

Y. E.

A Syndicate represented locally by Baron de Wahren, and at Home by Lord Kintore, have applied for an area of land approximately 1500 square miles (100 mile length each side of the Tana, 5 miles deep on the North side and 10 on the south side commencing from as near the Coast as Govt. will allow and can find available land, allowing for all native rights the cost of the exclusion ^{survey} which by Z must be borne by lessee.

2. I suggest that negotiations be opened on the following basis :-

(a) Guaranteed expenditure on development.

2500,000 in first 2 years.
2500,000 in second 2 years.

and a further 21,000,000 within 10 years from the date of the lease, "expenditure on development" to be deemed such capital expenditure as is certified by the auditors of the Company and approved of by this Government.

(b) Term of lease.

In the first instance 10 years with an option of renewal to the usual term under the Crown Lands Ordinance if the development conditions (a) has been fulfilled to the satisfaction of Government.

It is further asked that Govt. should reserve a further 1500 sq. miles adjoining and up-stream which the Company should be able to apply for on the same terms, if they have fulfilled all their obligations after 10 years.

(c) Labour.

The applicants to prove to the satisfaction of this Govt. that they can obtain (and will bind themselves to maintain) a sufficient labour force (numbers to depend on price of labourer, sq.), derived from

from sources outside the Colony or Prot: which source shall be subject to the approval of Government. In the event of satisfactory negotiations eventuating with the Dutch Govt. for the importation of Dutch East Indian labour it is suggested as a basis for discussion that the rules and regulations applied to the importation, protection and control of Javanese labour in the F. M. S. be referred to, and that the Company be responsible for the emoluments of labour officers borrowed if possible from the F. M. S. who have proper experience of Javanese labour, and can speak the various languages involved.

(d) Premium and rent.

I do not recommend the imposition of any premium. As regards rent the simplest thing would be to charge the usual 10 cents per acre (Rs. 9,600 in this case) but the applicant's representation asks that Government should take 5% of all genuine profits (including dividends and profits on fluctuations) instead. Personally I prefer a simple stated rent in cash.

3. It is impossible at this stage to get down to a proposition of this magnitude in any real detail (there are all kinds of gaps to be filled e.g. preservation of Govt.'s water-rights, native rights if any, etc., etc.), but I think some such points as this might be used to send some for discussion between the C. O. and the applicants' Home representative.

4. The local representative agrees to this basis.

(initd). H. T. M.

15/10/20.

The main form of cultivation is to be rice and sugar.

No. S.1255/107.

THE SECRETARIAT.

Nairobi.

October, 30th, 1920.

The Honourable,

The Commissioner of Lands,

Nairobi, S.E.

Re: Application for Concession of the Tana
River by Syndicate represented
by Baron de Weizsäcker.

Reference your minute of the 16th instant.

His Excellency the Council approves the
principles of this application, and desires that
negotiations be proceeded with on the basis of the
scheme submitted by you.

D/- C. A. C. LANE,

ACTING CHIEF SECRETARY.

P. O. Box No. 189.

Land Department,

Saidi, Nairobi.

4th November, 1960.

Sir,

~~CONFIDENTIAL~~

In continuation of further correspondence on the subject of your application for a concession on the Tana River, I have the honour to inform you that His Excellency has agreed to the following basis of negotiations with you and the Syndicate you represent.

(1) Guaranteed expenditure on development.

2500,000 in first 2 years.

2500,000 in second 2 years.

and a further 21,000,000 within 10 years from the date of the lease. "Expenditure on Development" to be deemed such capital expenditure as is certified by the Auditors of the District and approved of by this Government.

(2) Term of Lease.

The first instance 10 years with an option of renewal to the usual term under the Crown Lands Ordinance if the Development condition (a) has been fulfilled to the satisfaction of Government.

Government is asked to reserve a further 1200 sq. miles adjoining and up stream which the Lessee should be able to apply for on the same terms if they have fulfilled all their obligations after 10 years.

(3) Labour.

The Lessee to prove to the satisfaction of the Government that they can obtain (and will) also themselves to maintain a sufficient labour force (number to depend on rate of labour) so derived from outside the area of Protection, which shall be subject to the approval of Government.

any negotiations eventuating

with

with the Dutch Government for the importation of Dutch
 Beet and/or Labour it is suggested as a basis for
 discussion that the rules and regulations applied to the
 importation, protection and control of Javanese labour
 in the Federated Malay States be referred to and that
 the Company be responsible for the emoluments of labour
 officers borrowed, if possible, from the Federated
 Malay States who have proper experience of Javanese
 labour and can speak the various languages involved.

(4) No premium.

(5) Rent to be 10 cents per acre.

Your suggestion that Government should take 5% of all
 genuine profits (including dividends and profits on
 fluctuations) as an alternative instead of a fixed rent,
 is noted.

(6) The main form of cultivation to be rice and
 sugar.

I have, &c.,

SD/- H. T. MARTIN,
 COMMISSIONER OF LANDS.

The Managing Director,
 E. A. Trading Co., Ltd.,
 P. O. Box 204,
 M e m b e r s .

P. O. Box 188,
Land Department,
Nairobi.

November, 5th, 1920.

Sir,

Re: Area of Concession - Tausaland.

Further to my No. 1657 of the 4th instant, I have the honour to advise the area of the concession to be approximately 1500 sq. miles (100 miles length each side of the Tana, 5 miles deep to the North side and 10 on the South side) commencing from as near the Coast as Government will allow and can find available land allowing for all native rights, the cost of the conclusion of which by survey, must be borne by the Lessees.

I am, &c.,

SD/- H. T. Martin,
Commissioner of Lands,

The Managing Director,

E. A. Trading Co., Ltd.,

P. O. Box 204,

Mombasa.

I request that this somewhat necessary para: in over basis of negotiations, agreed upon, i.e. the suggested area, was by inadvertence omitted from my letter of yesterday.

Yrds. H. T. M.

*for the
Ad*
*The 15th and 16th
of Nov. 1920*

P. O. Box 139,
Land Department,
Nairobi,

November, 5th, 1920.

Sir,

Re: Area of Concession - Tsaland.

Further to my No. 16557 of the 4th instant, I have the honour to advise the area of the concession to be approximately 1500 sq. miles (100 miles length each side of the Tana, 5 miles deep to the North side and 10 on the South side) commencing from as near the Coast as Government will allow and can find available land allowing for all native rights, the cost of the conclusion of which by survey, must be borne by the Lessee.

I am, &c.,

SD/- H. T. Martin,
Commissioner of Lands,

The Managing Director,
E. A. Trading Co., Ltd.,
P. O. Box 204,
Mombasa.

I request that this somewhat necessary para: in over basis of negotiations, agreed upon, i.e. the suggested area, was by inadvertance omitted from my letter of yesterday.

Yours faithfully,
H. T. M.

*from letter
ms*
*The 1500 sq. miles
area is stated in
the letter*

Provincial Commissioner's Office,
Kisumu, 1st November, 1920.

Sir,

With reference to your verbal instructions, I have the honour to inform you that I made enquiries at Lamu as to the best methods of safeguarding the interests of cattle-walking people on the Tana in the event of European concessions being granted on the River.

2. It appears that there is far less tsetse fly on that river than on the Juba. There are therefore many more watering places available and I think not so many people using them.

3. If therefore, sufficient watering places were set aside and had sufficient lines of access which may sometimes be more than one the water rights of the inhabitants would be safe guarded.

4. Usually no cattle graze the river. The Officer-in-Charge Enkuri has been asked for a report showing watering places on the left bank as far South as Moya Bubu.

I have, Sir,

SD/- E. E. Salkeld,
Ag. Provincial Commissioner.

The Honourable,
The Chief Secretary,
Nairobi.

No. S. 22041/2.
Memorandum.

The Hon'ble Chief Native Commissioner,
The Hon'ble Commissioner of Lands,
Nairobi.

Re: Proposed Concession on Tana.

Copy forwarded for your information.

SD/- H. B. KITTERMASTER,

For AG: CHIEF SECRETARY.
18.11.20.

Provincial Commissioner's Office,
Kisumu, 1st November, 1920.

Sir,

With reference to your verbal instructions, I have the honour to inform you that I made enquiries at Lamu as to the best methods of safeguarding the interests of cattle owning people on the Tana in the event of European concessions being granted on the River.

2. It appears that there is far less tsetse fly on that river than on the Juba. There are therefore many more watering places available and I think not so many people using them.

3. If therefore, sufficient watering places were set aside and had sufficient lines of access which may sometimes be more than one the water rights of the inhabitants would be safe guarded.

4. Usually no cattle graze the river. The Officer-in-Charge Enkuri has been asked for a report showing watering places on the left bank as far South as Mces. Bubu.

I have, Sir,

SD/- E. E. Malkeld,

Ag. Provincial Commissioner.

The Honourable,

The Chief Secretary,

Nairobi.

No. S. 22041/2.
Memorandum.

The Hon'ble Chief Native Commissioner,

The Hon'ble Commissioner of Lands,

Nairobi.

Re: Proposed Concession on Tana.

Copy forwarded for your information.

SD/- H. B. KITTELMASTER,

For AG: CHIEF SECRETARY.

18.11.20.

GENERAL MERCHANTS,

EXPORTERS AND IMPORTERS.

P. O. Box 204.

Mombasa, E.E.A.

15th November, 1920.

Sir,

I have the honour to acknowledge the receipt of your communications of 4th and 5th inst., No. 16537, informing ^{me} that His Excellency-in-Council has agreed to the basis of negotiations in regard to Tana Land Concession with myself resp. the syndicate I have the privilege to represent. May I be allowed the following observations on the various clauses and conditions set down?

(1) The guaranteed expenditure on development is put down at £500,000.- for the first 2 years. Here I plead pessegi as I admit that I have myself given this sum and period during my interview with you. On going however through the estimates and plan of works I find that it would be practically impossible to spend £500,000.- in first 2 years from the date of concession. Until the latter is actually granted one could neither issue a prospectus nor proceed with flotation of the separate Company that is to take over the concession. This will take at least 3 months. Then the commission of experts to determine the sites for our different establishments and the modus operandi will be sent to study the matter on the spot and make a report. At least 6 months must be allowed for this phase. After that the necessary surveys, importation of material and labour, housing the latter, &c., will have to be attended to, and as one must be prepared for all contingencies, it is to be expected that the best part of 2 years will elapse before any actual productive activity could begin and most likely even by then the building of mills and

GENERAL MERCHANTS,
EXPORTERS AND IMPORTERS.

P. O. Box 204,

Mombasa, E.E.A.

15th November, 1920.

Sir,

I have the honour to acknowledge the receipt of your communications of 4th and 5th inst., No. 16587, informing ^{me} that His Excellency-in-Council has agreed to the basis of negotiations in regard to Tana Land Concession with myself resp. the syndicate I have the privilege to represent. May I be allowed the following observations on the various clauses and conditions set down?

(1) The guaranteed expenditure on development is put down at £500,000.- for the first 2 years. Here I plead *prooavi* as I admit that I have myself given this sum and period during my interview with you. On going however through the estimates and plan of works I find that it would be practically impossible to spend £500,000.- in first 2 years from the date of concession. Until the latter is actually granted one could neither issue a prospectus nor proceed with flotation of the separate Company that is to take over the concession. This will take at least 3 months. Then the commission of experts to determine the sites for our different establishments and the *modus operandi* will be sent to study the matter on the spot and make a report. At least 6 months must be allowed for this phase. After that the necessary surveys, importation of material and labour, housing the latter, &c., will have to be attended to, and as one must be prepared for all contingencies, it is to be expected that the best part of 2 years will elapse before any actual productive activity could begin and most likely even by then the building of mills and

other

other industrial establishments would not be finished. I do not believe that under these conditions such large sum as 2500,000.- could be properly expended during the first 2 years and I for one shall not be a party to "cooking" of accounts or any similar methods. That the whole 21,000,000.- and more will be spent during first 5 years I am certain, but it would be hardly to the best interests of the Company or the country if a condition were imposed compelling expenditure of money that could be much more usefully employed at a later date. I would suggest that condition 1 be amended to the effect that guaranteed expenditure on development to be 21,000,000.- during the first 5 years from date of lease and that the condition relating to further capital expenditure of 21,000,000.- within the next 5 years be either deleted or at least made conditional with regard to future grants.

(2) Terms of Lease. What is the usual term under the Crown Lands Ordinance? Is it 99 years? I am afraid that larger capital would not be obtainable for an undertaking with only 10 years lease with an option of renewal upon fulfilment of certain development conditions. As far as the Government is concerned the same object can be achieved by stating that the lease is for the usual term under the Crown Lands Ordinance, Government possessing the right to cancel the said lease after 5 years if the development conditions as per clause 1 have not been fulfilled by the Lessees to the satisfaction of the Government. I would suggest also that the next paragraph be altered as follows:

"The Government is willing to reserve a further 1500 sq. miles adjoining and up-stream, concession for which on the same terms will be granted to the Lessees on application by the latter, provided that they have fulfilled all their obligations within 10 years, provided that they

Lessees to make their application within or at the end of first 10 years. ~~fulfilled all these obligations within 10 years. If the~~ application is made before the expiry of the first 10 years ~~the development obligations provided in clause 1 would have to be previously fulfilled.~~

I am asking for this alteration in the interest of all concerned. The large capital needed can only be secured if the prospects for future appear very bright and the proposal is as attractive as possible. If it does not ask for guarantees, it must have at least reasonable expectations of fair return on its investment. It will have to be induced to come and as long as Government's resp. country's interests are safeguarded the conditions can be so framed that they are acceptable to both. With such stringent development conditions the country will always be great gainer, even if the Lessee should lose heavily on their undertaking.

The next observation I have to make is with regard to Rent. (clause 5). It must be obvious to you that an undertaking of a nature ~~as~~ the one contemplated cannot be earning any dividends for years to come, a rent of 10 cents per acre for the whole concession would mean a tax during the unproductive stage of Rs 96,000.- per annum. This could hardly be acceptable to any one. An annual rent of 10 cents per acre for land occupied or under cultivation would of course be quite fair but no undertaking of similar character would be burdened with liability at the very start to such an extent. If you remember I had in my mind and pointed out to you this difficulty during our first interview, and to cope with it in a manner quite fair to the Government I suggested 5% of all genuine profits made by the Lessees through and by the help of the concession. I recall of the opinion that it would be the most advantageous form of revenue to the Government without ~~any~~ ~~burden~~ of the undertaking at the beginning.

With regard to clause dealing with the area of concession

concession I beg to suggest following alteration:

"commencing from the coast or as near the coast as far as Government can find available land and allowing for all native rights, the cost of exclusion of which by survey must be borne by the Lessees.

No reference is made in your communication to Arbitration by which any possible differences of opinion as to the interpretation of clauses and conditions of the concession should be finally settled. You will agree with me that it is by far the cheapest and most satisfactory way of settling any disputes. The arbitrator or arbitrators could be appointed in case of necessity by Lord Chief Justice of England or Master of the Rolls for the time being.

I have, &c.,

SD/- de Wabura

Managing Director,

East Africa Trading Co., Ltd.

The Hon.

A. Martin,

Commissioner of Lands,

Nairobi:

P. O. Box 139,
Land Department,
Mombasa,
Kenya.

1929.

Sir,

Re: Land Concession - Tana River.

I have to acknowledge the receipt of your communication of the 15th November, in the above connection.

The Commissioner of Lands directs me to say the Crown Lands Ordinance, 1915 provides for a 999 years' lease.

With regard to the period in which the initial instalment i.e. £500,000 is to be spent and the question of rent, I am instructed to say the Commissioner of Lands is referring the matters to Government at a very early date.

I am, Sir,

SD/- M. S.

FOR COMMISSIONER OF LANDS.

The Managing Director,
E. A. Trading Co.,
Mombasa.

Y. E.,

Tanzania Concession.
E. A. Trading Co., Ltd.

In my initial report I pointed out that the annual rent based on 10 cents per acre would total £12,500. I regret this was an error and should have read £2,500.

The correct figure was submitted to the Company and the reply was to the effect that it was obvious that an undertaking of such magnitude could not be earning dividends for years to come and that a tax of £2,500 p.a. during the unproductive stage would be most excessive.

Further, one of the conditions provided for a sum of £500,000 to be spent in the first 2 years. The Company submits that this condition be amended as follows, £1,000,000 in the first five years, the reason for this being the Company considers it would be impossible to expend £500,000 in the initial two years as the preliminaries i.e. "issuing of prospectus, flotation, determination of sites for various establishments, surveys, importation of labour, materials, building of mills, &c., &c." would exceed the period mentioned.

Under the Ordinance the rent is 10 cents per acre per annum and the Governor has ~~not~~ power to alter this; but the Governor has power to remit rent in special cases. In this connection I would suggest that the rent be remitted for the whole of the development period i.e. 5 years at the expiry of which time the rent be subject to further consideration by which time the Ordinance will probably be amended.

Further, I agree that the condition regarding the sum of £500,000 to be spent in the first 2 years be amended as follows: £1,000,000 in the first 5 years.

(INTD). H. T. N.

COMMISSIONER OF LANDS.

25/11/1920.

GENERAL MERCHANTS.

EXPORTERS AND IMPORTERS.

P. O. Box No. 204.

Mombasa, B. E. A.

November, 25th, 1920.

Mark Solomons, Esq.,

Land Dept.,

Nairobi.

Dear Mr. Solomons,

I beg to acknowledge with thanks, the receipt of your official letter Z. No. 16837 of 23rd inst., in reply to my communication of the 15th inst. The information regarding the tenure under the Crown Lands Ordinance is quite satisfactory and I believe that the Government will agree to the other points raised by me. So far so good. But the time passes and my people in London are getting very anxious and impatient at my inability to arrive at a final settlement of the affair I expected to be able to go to England before the end of this year with some thing tangible in hand, but the official letter of the Hon. Commissioner of Lands speaks only of the "basis of negotiations".

I should be very grateful if you would be kind enough to tell me if, in your opinion, it would be advisable for me to come over to Nairobi to bring matters to a head, and secondly if it is at all possible for the Government here, to either grant the concession or to give at least an option for same, subject to Colonial Office's approval. Otherwise it means that all the negotiations would have to be conducted de novo in London, and I am afraid that not having your energetic and most able Commissioner of Lands there, their course would be very long indeed.

I know I must have been an awful nuisance to Mr. Martin in bothering this exceedingly busy man so

much

much, and now I am troubling you with this affair, but my excuse is that I have spent already many weary months in trying to settle the matter one way or the other.

Please regard this letter as a private communication asking for friendly advice and I beg to assure you that it is not meant in any slightest degree as a complaint, as I am only too ready to acknowledge that I have received nothing but kindness, prompt and businesslike dealing and greatest consideration from Mr. Martin and the Land Department.

With kind regards,

I remain, dear Mr. Spence,

Very Truly yours,

SD/- ?

Cable to Secretary of State for Colonies.

"With advice of Executive Council subject to your covering sanction I have approved of concession 5 miles deep north side 10 miles south side Tana River 100 miles long commencing near Coast excluding native rights excition of which at expense of applicants. following conditions to form basis of negotiations. No premium. Term 10 years option renewal to usual term under Crown Lands Ordinance 1915 if development conditions fulfilled. 21,000,000 to be spent during first five years during which no rent payable. Annual rent to be assessed 6th year. Cultivation to be concentrated on rice and sugar. Company to prove able obtain adequate labour supply sources outside Protectorate. Government to reserve further 1500 square miles adjoining open to application on same terms if concessionaries have fulfilled obligations after 10 years. Applicants are syndicate whose home representative is Lord Kintore with whom I suggest your communicating if you approve of principle of concession.

NORTHEY. "

SD/- H. T. MARTIN,
COMMISSIONER OF LANDS.

18.12.20

THE GOVERNMENT HOUSE,

NAIROBI,

16th, December, 1920.

TELEGRAM TO COLONIAL OFFICE, NO. 714.

With advice of Executive Council subject to your covering sanction I wish to approve of concession 5 miles deep north side 10 miles south side Tana River 100 miles long commencing near Coast excluding native rights exclusion of which at expense of applicants.

Following conditions to form basis of negotiations.

No premium. Term 10 years option renewal to usual term under Crown Lands Ordinance 1915 if development conditions fulfilled. £1,000,000 to be spent during first five years during which no rent payable. Annual rent to be assessed 6th year. Cultivation to be concentrated on rice and sugar. Company to prove able obtain adequate labour supply sources outside Protectorate probably Javanese. Government to reserve further 1500 square miles adjoining open to application on same terms if concessionaries have fulfilled obligations after 10 years. Applicants are Syndicate whose home representative is Lord Kintore with whom I suggest your communicating if you approve of principle of concession. I believe such concession will lead to huge developments of important industries and will lead to production of much needed foodstuffs for local consumption and export.

N O R T H E Y.

No. S. 12559/112.

THE SECRETARIAT,
Nairobi, 22nd December, 1920.The Hon'ble Commissioner of Lands,
Nairobi.

RE: CONCESSION ON TANA RIVER.
Ref: Draft Cable submitted by you to H. E. on 18th
December, 1920.

Copy forwarded for your information.

SD/- C. A. G. LANE,
FOR ASYING COLONIAL SECRETARY.

May 1921

to the letter from
to Dept of the 4th of March. I
regarding ^{your} application ^{in brief} of the East Africa
Trading Co. for a concession - Tanaaland,

MINUTE.

- Mr. Jewell 11 5.21
- Mr. Batte, 11
- Mr.
- Mr. Griville.
- Sir H. Lambert.
- Sir H. Woods
- Sir G. Dale
- Col. Amery.
- Mr. Churchill

Copy from 503 - 25 May 21

I am to inform you that the papers
relating to your application
have now been rec^d from the Sec of

Kenya and carefully considered
by the S. of S.

2. It appears ^{to be} proposed to discuss

further the terms in respect to
concession ^{cases} to be granted until
the question of Kalou has been
settled. It is your own way
one of the conditions laid down
in Kenya that the Company will

Return to me as con
letter has fine
D. W. P. P. to find

satisfy the Govt that it could
 obtain and maintain sufficient
 labour, ^{to the extent} ~~as the Govt~~ could
 not agree to the grant of a concession
 until he was satisfied as to the
 fulfilment of this condition.
~~The Govt has been the better advised opinion that~~
~~the Govt understands that the~~
~~idea of labour has been abandoned~~ the
 idea of favouring labour, and that the
 source of supply therefore seems to be
 narrowed down to Indian labour
 As regards Indian labour ^{there is} ~~it is~~
~~to be noted~~ that the Govt of India would
 agree to the employment of Indians
 in connection with a ^{concession} ~~concession~~ of this
 kind except as for settlers. ~~in this~~
 the Governor, who has been ~~informed~~ ^{informed} by telegraph,
~~that a scheme was now submitted by him~~
~~and this point states that he could not agree~~
~~to any such scheme.~~ This being so, the negotiations
 appear to have reached an impasse, and
 Govt does not see what further steps he can
 take with the matter.)

(SIGNED BY READ)

for
21786 Bengale

25 May 1891

DRAFT

833

I have the honour to
 Ack the receipt of your
 letter of 13th April &
 your reply of 4th of the
 14th April with regard
 to Barr de Wakatou's
 application in behalf of
 the Barr de Wakatou &
 for a concession in Tassara,
 and to transmit to you
 the enclosed copy of the

MINUTE.

1891

Mr. ...
 Mr. ...
 Mr. ...
 Mr. ...
 Mr. ...
 Mr. ...
 Mr. ...
 Mr. ...
 Mr. ...

To the ...

Copies of the letters which I
have received to the address
of the Board of Education
on the subject

J. J.