

2. A further letter will be  
addressed to you on the receipt of the  
information in question, W Hancock

I am, etc.,  
hope to be in a position  
to consider the applications  
which have been made by  
you and others for concessions  
in the forest, and a further  
letter will then be sent

You  
I am,

W. Hancock

1911

EAST AFR. PROT.

33551

RECEIVED OCT 11

Small Rec.

Date.

Kenia Forest Concession

18 Oct

Previous Paper.

Requesting information

17 Oct

I have asked to come at 12.0 noon on  
Friday, the 20th of Oct.  
Requesting information  
morning

18 Oct

18 Oct

at me.

M. Fildes

I saw W. M. Dwell on the 20th of Oct.  
A summary of our conversation is attached.  
He was, naturally, rather disappointed  
at being referred by the Govt to the C.O.  
then being told by the C.O. that they must

Subsequent Paper

314 320

go to the City for more information.  
He was a sensible, businesslike man  
with whom it would seem, so far as I  
could judge, quite possible to conduct negotiations.  
I thought it advisable, therefore, to  
acquaint him with the situation pretty  
fully in order to remove any impression  
he might have that he was being played  
with.

Partly?

of AB

Oct. 24

Ex-25

at once

11/25/10

between the applicant

See also name

34320

introduction from

the number attached

paper

of AB

Oct 27

227

JOHN CHAPMAN & CO.  
STEAM TOWING & CHARTERING AGENTS  
JOHN CHAPMAN  
& H. WILSON  
TELEGRAPHIC ADDRESS:  
"CHAMPED," LONDON  
TELEPHONE NUMBERS:  
307 AVENUE  
1867 LONDON WALL.

117 Leadenhall Street  
London 26 Oct 1911  
E.C.

R. W. Hambro

To the Right Honourable  
L. Harecourt M.P.  
Colonial Office S.W.

Sir,  
The enclosed letter of introduction from  
Mr. Eric Hambro arrived after Mr. F.  
Butler of your Office had kindly given  
me an appointment with reference  
to an application for the right to cut  
timber in the Kenia Forest British  
East Africa. Not wishing the intro-  
duction to be lost I am sending it  
that it may be included in the file

LONDON, E.C., 20th October, 1911.

My dear Sir,

Please excuse my mentioning you but the bearer of this, a great friend of my firm, is in business in the firm of Macdonell Bros. & Smith, of Nairobi and he has asked me as a favour to give him a letter of introduction to you. So, trusting upon old acquaintances, I venture to send him to you. He will explain the nature of his business.

He is an extremely intelligent man and most reliable in every way.

Believe me,

Very sincerely yours,

Eric Hanley

KENIA FOREST CONCESSIONS.

Memorandum of Interview between Mr. McDonnell  
and Mr. Butler on Friday the 20th October, 1911.

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Mr. McDonnell said that he desired the interview in order to ascertain whether he could supply the Colonial Office with any of the information for which the Governor of the East Africa Protectorate had been asked. He had discussed the matter with Sir Percy Giroudard; and he thought that time and trouble might be saved if he could help by supplying any of the desired particulars. At present, so far as he is concerned, the argument is proceeding in a vicious circle. The Governor had said that no concession could be granted without a guarantee as to the construction of the railway, but his financial supporters were not prepared to go into the matter of the railway without some guarantee in regard to the concession. He thought, however, that progress could be made if the Government would undertake to grant a concession if he, on his part, would guarantee to build the railway within a definite period.

Mr. Butler referred to the amount of capital (viz: £500,000) which Mr. McDonnell had mentioned in his letter of the 29th September (31767), and asked on what data the figure is based. Mr. McDonnell explained

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explained that the Governor had put the cost of constructing the railway at £300,000 i.e., £3,000 per mile for 100 miles of line. This would leave the sum of £200,000 available for the working of the concession after the line is built. He had sent out a surveyor to make an estimate, but had not yet received a satisfactory report. Mr. Butler said that apparently the estimate of £300,000 was in the nature of a guess: but Mr. McDonnell argued that it was not an absolute guess as the course the line would take along the Tana banks was known and did not present any very great difficulties: and he had been advised that the railway could be built at the cost mentioned.

Mr. Butler then pointed out that, even if a conditional promise as to the grant of a concession were given, Mr. McDonnell's financial supporters would necessarily desire to know what liabilities would be attached to it, e.g. they would require information on such points as the royalty, rent, railway rates, cost of transport to the coast, etc. etc. The Governor had not supplied the requisite details, and it had therefore been necessary to refer the matter back to him.

Mr. McDonnell said that he had regarded the railway as being in the nature of commuted royalty, in consideration of which the concessionaire who built the line would be allowed to cut the timber

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free. His idea was that the concessionaire should either provide the Government with the sum required to construct the railway, or, in the alternative, hand over the railway when built to be worked by the Government. Personally he favoured the former course.

Mr. Butler pointed out that, until the Governor supplied the necessary details, it was not possible to give any kind of conditional promise in regard to the grant of a concession. It would obviously be useless to approach financial people without being able to furnish, at the same time, some definite particulars as to the nature of the contract, which would have to provide, inter alia, for the type of line, for construction to the satisfaction of the Government Engineer, and, in the event of the railway being worked by the concessionaire, for stipulations as to the railway rates and for the use of the railway by other concessionaires - it would of course be necessary to guard against the establishment of any monopoly. Mr. McDonell agreed, but he thought that the monopoly difficulty would be avoided if the line were handed over to the Government to be worked by the Uganda Railway.

On the point being mentioned by Mr. Butler, Mr. McDonell said that he was aware that another applicant had been in the field for a considerable time. Mr. Butler said that, although the negotiations

with



with that applicant had hitherto proceeded in a somewhat leisurely fashion, the fault did not lie solely <sup>with</sup> the would-be concessionaire, and the Government was not in a position to break-off the negotiations with him at the present time. A choice would therefore have to be made between the two applicants, in view of the requirement as to the construction of railway, it would be possible to grant only one concession in the first instance and later concessionaires would necessarily have to submit more generous terms than those imposed on the pioneer who incurred the obligation to build the line. He explained that the intention is to obtain more precise information from the Government and then to approach the applicants with a view to finding out which is prepared to offer the better terms.

Mr. McDonnell then enquired whether he might assume that, in the event of the preliminary difficulties being cleared up and of his being decided to grant a concession, the Government would be willing to give an option for a definite term. Mr. Butler said he thought this might safely be assumed. The procedure would probably be to invite offers, giving the essential conditions of the proposed concession. A preliminary agreement would then be negotiated with the applicant whose offer was accepted, conferring an option for a specified period to enable the concessionaire thoroughly to investigate the matter and, in the event of the option being exercised,

with that applicant had hitherto proceeded in a somewhat leisurely fashion, the fault did not lie solely <sup>with</sup> the would-be concessionaire, and the Government was not in a position to break off the negotiations with him at the present time. A choice would therefore have to be made between the two applicants, in view of the requirement as to the construction of a railway, it would be possible to grant only one concession in the first instance and later concessionaires would necessarily have to submit to more onerous terms than those imposed in the case of the pioneer who incurred the obligation to build the line. He explained that the intention is to obtain more precise information from the Governor, and then to approach the applicants with a view to finding out which is prepared to offer the better terms.

Mr. McDonnell then enquired whether he might assume that, in the event of the preliminary difficulties being cleared up and of his being decided to grant a concession, the Government would be willing to give an option for a definite term. Mr. Butler said he thought this might safely be assumed. The procedure would probably be to invite offers, giving the essential conditions of the proposed concession. A preliminary agreement would then be negotiated with the applicant whose offer was accepted, conferring an option for a specified period to enable the concessionaire thoroughly to investigate the matter, and, in the event of the option being exercised,

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a concession would be granted on the terms scheduled to the agreement.

In reply to Mr. McDonell, Mr. Butler said that he had not gone into the question of the possible arrangements for the working of the railway. He had rather assumed that the concessionaire would build and work the line subject to conditions as to rates, etc. He had no doubt, however, that the Governor would have decided views on the subject and would communicate them to the Secretary of State. The model he (Mr. Butler) had in mind was the agreement for the construction of the line built by the Magadi Soda Company, and he explained the procedure adopted in that instance.

Mr. Butler added that he understood that Mr. McDonell was shortly returning to the Protectorate, and said that he did not think that his (McDonell's) absence from England would in any way prejudice his position in the matter, as it was clearly impossible to discuss details pending the receipt of further information from the Governor. On the other hand, Mr. McDonell's presence in the Protectorate might materially assist matters, as he would be in a position to discuss the question with the Governor on the spot.

Mr. McDonell said that he had not expected that he would be able to settle the question quickly but that his desire was, if possible, to expedite matters.

matters: and he added that he quite realised the position as explained by Mr. Butler.

H.T.A.

21/10.

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33551

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REC'D  
OCT 17 11



JOHN CHAPMAN & CO  
Foreign Coaling Agents  
Telegraphic Address  
CHAMPER, LONDON  
Telephone Numbers  
35 F. AVENUE,  
2867 LONDON WALL

101 Teadenhall Street.

London 16 Oct 1911

To the  
Under Secretary of State  
for the Colonies

Downing St SW

Sir

Referring to your letter  
No 31767/1911 of 10<sup>th</sup> inst  
I venture to suggest a personal  
interview, as His Ex-  
cellency, the Governor of  
British East Africa per-  
sonally referred me to you,

I may be able to supply,  
in part at any rate, the  
information which you  
require, & I am anxious  
to get to work on this  
undertaking before my  
return to East Africa  
next month.

Trusting that you will  
see your way to afford the  
same to me  
I am Sir  
Your obedient servant  
R. W. McCall