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DOMESTIC

EAST AFR. PROT.
No 2 7593

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(Subject)

1907

Kina Forest

previous Paper.

Remarks on the Hutchins Report

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value of

(Amount)

Put by

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1907

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C. O.
27593
REC'D
July 31st 1907.



Easton Lodge,

Dunmow.

Dear Lord Elgin,


The finance of the projected railway from Nairobi to Kenia is in the hands of two groups represented by Mr. Baker and Lord Winchester. I will arrange to meet Mr. Baker and also Lord Winchester's representative this week, and we will communicate our proposals with the least delay possible.

As to the objective point of the railway, I feel certain that our desire to tap the most valuable forest area is also the desire of the administration. You want an export, and an industry which will pay the most wages to the most Kikuyas, and which will thus reach the revenue through the hut tax.

But I do venture to ask whether it was quite worth while to delay our application the better part of two years pending the Report of Mr. Hutchins? I have read the Report with much

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interest and all of us who have been on Kenia agree with him as to soil and climate and the beauty of the forest: and again all we have asked has been leases, subject to administrative control.

But accepting Mr. Hutchins' estimates the timber itself is worth much less than nothing! and that is not at all my view. He starts to compare similar timber on Kenia and similar timber in the forests of Cape Colony. Kenia is to export its timbers to Cape Colony for sleepers &c., and while Kenia is to export, Cape Colony is to-day a large importer of timber. Yet Mr. Hutchins thinks that the timber on Kenia is worth 2 $\frac{1}{2}$ d. per cubic foot as it stands, because similar trees in Cape Colony are worth 2 $\frac{1}{2}$ d. But the cost of delivering the Kenia timber at Capetown is as follows, even were the Kenia Railway completed, and at your cost:-

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Aston Lodge.

Dunmow.

8d per ton per mile to Mombasa	per cubic foot	4
Sea freights Mombasa to Capetown	" " "	2
Duty (12 per cent ad valorem)	" " "	2

So that comparing like timber with like, the Kenia trees to compete with Cape Colony wood must be worth 8d plus 2d, or 11d. per cubic foot. It would be hardly less misleading to compare an oak in the Thames Valley and an oak on Kenia. Mr. Frewen, who had an opportunity of talking values over with Mr. Hutchins, learned that his basis of freights to the sea was a farthing per ton per mile. But if you carried the trees at this rate still the timber would show a minus quantity of some 8d. per foot.

We have waited eighteen months for Mr. Hutchins' Report, and reading between the lines, not a tree on Kenia will pay its cost to deliver as sleepers at Johannesburg. Again, if you give no timber leases we must guard ourselves from cutting any wood except the *Baobab*. The market

Easton Lodge.


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10 1d per ton per mile to Mombasa - per cubic foot	4d
Sea freights Mombasa to Capetown	2d
Duty (12 per cent ad valorem)	2d
	<u>8d</u>

So that comparing like timber with like, the Kenia trees to compete with Cape Colony wood must be worth 8d plus 2d, or 11d. per cubic foot.

It would be hardly less misleading to compare an oak in the Thames Valley and an oak on Kenia. Mr. Frewen, who had an opportunity of talking values over with Mr. Hutchins, learned that his cost of freights to the sea was a farthing per ton per mile. But if you carried the trees at this rate still the timber would show a minus quantity of some 5d. per foot.

We have waited eighteen months for Mr. Hutchins' Report, and reading between the lines, not a tree on Kenia will pay its cost to deliver as sleepers at Johannesburg. Again, if you give us timber leases we must guard ourselves from cutting any wood except the Podocarpus. The market



Waston Lodge

Downow

For cedar is insignificant -- mere pencils -- the
Ibean Campher may or may not be valuable, but no
timber merchant will look at it thus far. The
Podocarpus is a wood of universal utility, will
fetch 21 pence per cubic foot in this market, and
will cost 19 pence to cut and deliver in London,
say 10 guineas per tree of 120 cubic feet; a
profit of 21 per tree. What portion of this
profit we should pay you in royalty, and what is
to be left to us who create a timber industry in
the U. S., as to this Mr. Hutchins does not
advise you.

We will make you a proposal based upon our
own estimates of value. Mr. Hutchins valuation
given a rate of a farthing per ton per mile is
2d 4 per cubic foot; the difference between a
farthing a ton a mile and a halfpenny (which is
the lowest rate quoted by Mr. Currie) is, say,
3s 4d. per ton, or 2d. per cubic foot. The dif-
ference between these two railway rates represents



Easton Lodge

Downow

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 the E.A.P., as to this Mr. Hutchins does not
 advise you.

We will make you a proposal based upon our
 own estimates of value. Mr. Hutchins valuation
 given a rate of a farthing per ton per mile is
 2d. 4 per cubic foot; the difference between a
 farthing a ton a mile and a halfpenny (which is
 the lowest rate quoted by Mr. Currie) is, say,
 6s. 4d. per ton, or 2d. per cubic foot. The dif-
 ference between these two railway rates represents

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Dunmow.

practically the entire value which Mr. Hutchins
places on the Kenia forest.

I am,

Yours very truly
Warwick