

... about a draft making the last
copy but we can refer to a Treasury
document

Feb
July 1865

Dear Mr. [Name]

I send this in relation to the
proposed to make, at the present
time before us, because of its urgency.

The [Name] is very much interested, but it
may have some changing views of the
[Name] in the proposed, some [Name]
Council in [Name] to the [Name] at
the same time. P. 16

I have written to [Name]
[Name]

[Signature]
16/7

connect the main line of the Lyanda Railway with building
 to provide rolling stock sufficient to run
 the line per train on the branch & main line
 following expenditure is probably necessary.
 (The line per train means 60,000 tons of water per annum.)

8	Expenses 50% new passenger train and present engine	C	£ 4000	---	32,000
8	Special engine for photo.	C	£ 5000	---	15,000
90	Large engine	C	£ 300	---	27,000
	New plant in Gas Dept.				1,000

75,000

	Water to be laid on in pipes from mile 110 to mile 172				27,200
	Water to be laid on at Tjunction				5,000
	1 new King station				2,500
	Additions to Gas Dept.				5,600
	Additional riding accommodation at existing stations etc				10,000
	Quarries for stuff				24,700

75,000

Total £ 150,000.

Shell House,
104-5 Bishopsgate Street Within,
LONDON, 13th July, 1909.

Dear Mr Read,

I have been carefully considering the suggested alterations in the Contract which you put before me this morning, and very much regret that my Firm cannot see their way to agreeing to the following:

1. The increase of 1/8d. per ton per mile for the branch line.
2. The increase of the guaranteed off-take to 60,000 tons.
3. The alternative guaranteed minimum royalty of £9000 per annum.

We further regret that we cannot agree to any important deviations from the basis agreed as outlined in the Memorandum, and fear that if such are insisted on by the Treasury we shall have no alternative but to withdraw from the project.

I should be obliged if you would let me know at our Meeting on Thursday whether you see any prospect of our being able to come to terms on the lines already agreed.

I remain,

Yours truly,

Walter N. Samuel.

H. J. Read, Esq., C.M.G.,

Colonial Office,

S. W.

17, DE VERE GARDENS, W.

19 July 1909

Colonel ...
 ... as ...
 ... had to
 ... from the office
 ... to the
 ... regarding the
 ... scheme had
 ... finally disposed

Spoke to Judds & Sir [unclear] the same thing [unclear]
about it & I [unclear]
Law spoke to you.
I do hope that you, [unclear]
the East resort Lord [unclear]
will see the Chancellor [unclear]
prevent this scheme [unclear]
knocked on the head [unclear]
by a [unclear] a few [unclear]
[unclear] [unclear] [unclear] [unclear]
[unclear] [unclear] [unclear] [unclear]

is up the whole thing [unclear]
[unclear] if it does not go
[unclear] the [unclear] for
[unclear] days They say [unclear]
[unclear] the matter [unclear]
[unclear] importance [unclear]
[unclear] they only took it up
[unclear] if something could be
[unclear] it must be [unclear]
[unclear] [unclear] [unclear] [unclear]
[unclear] [unclear] [unclear] [unclear]
[unclear] [unclear] [unclear] [unclear]

Contra [unclear] [unclear] [unclear]

24-10-18 [unclear] [unclear]

of a large British ...
- represents the ...

Business front of ...

2. The Governor Director of
Indian Railways - reports

official views

3. Sir Percy Pearson ...
a very large ...

this type of undertaking

Although the scheme is ...
of ... as it is ...

there are various ...
circumstances ...

17, DE VERE GARDENS, W

appreciable better than

help to ...

minimization of ...

will provide ...

about ...

a lig ... a Railway

case of the present ...

plus increasing the

time of business in the

the ...

working & suitable as to

Give me favourable
for agricultural people
possibly give the
a favourable
to me. Thanks

Please excuse this
momentary letter, but
I'm best
I'm sorry

Home. Hermann
Good to
from

H. S. West

20th July, 1909.

My dear Head,

Very many thanks for your letter. You can rely upon me to do what I can to see that the sagidi scheme does not fall through on a technicality. I understand that the Treasury have been so far moved by our letter that they are coming over here to discuss the matter.

I am so sorry to hear that you are laid up, and hope it is only a brief ailment.

Yours sincerely,

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21, Portman Street,
London, W.

16th. July 1909.

My dear Seely,

Many thanks for your letter of the 13th., inst.

I am of course quite willing to fall into line with the regulations which exist on the subject. I had not seen all of these you have sent me nor the despatch of the 11th., of May. In the circumstances I ~~will not~~ desire to go any further into the question.

I hope you will do all that is possible for this Soda business. I fear that unless the Treasury are a little more reasonable that this great project, now in the soundest hands possible, will fall through. Putting it briefly, one of the greatest firms dealing with the East are prepared to spend £1,000,000 or more to develop our greatest known mineral asset. Owing to want of foresight a very unfortunate concession was made by the Foreign Office of these Soda Fields, and I think we must now pay for this blunder if we are to go forward at all. The result of the establishment of this industry would not only be that of furnishing the country with a large annual tonnage, estimated at a million tons, but would also lead to many other advantages, such as the increase of British Shipping

at Mombasa, money spent in the country, &c. The great
thing is to look - and I think that unless it is got over
during the next week that the whole project will fall through -
the attitude of the Treasury with regard to the output from
these fields. What the Company propose is this:- that they
should guarantee an output of 250,000 tons within five years
but that they may increase this largely and even up to 1,000,000
tons per annum. What the Treasury demands is that an increasing
output should be guaranteed; this, of course, is quite
impossible from the Company's point of view as they cannot
possibly know what the public demands may prove to be from year
to year. The Treasury's idea is, undoubtedly, a sound one
because what they fear is that the Company might come to
terms with other people and even close down their Works. It
may be that the Company only intend to bluff these soda
manufacturers with this natural article, but I cannot really
conceive that this is the case. It appears to me however that
we are in any case fully protected. What we ask for is the
expenditure of £350,000 of which about £200,000 would be for
rolling stock, and £150,000 for permanent improvements on the
railway. Whatever happens the £150,000 is well spent, and
leaves the £200,000 for rolling stock. Here again it appears
to me that the Treasury are perfectly safe. Supposing the
Company do close down entirely and throw on our hands this large
amount of rolling stock, it is our intention to buy engines of
a very much higher capacity than those at present on the railway.

There is little doubt in my mind that the existing stock of the Uganda Railway is antiquated and inefficient, and in this regard I have the full concurrence of the Consulting Engineer. The new engines will haul more than 60% more than the old ones, therefore should we be forced by the closing down of the entire Works to take over this rolling stock we could at once decrease the cost of the working of the Uganda Railway, and my estimate in this regard is that the increased working expenditure would amount to at least £20,000 per annum, which would be ample for the interest and capital, and provision of a sinking fund to provide for replacement within the life of the rolling stock or the much larger life of the permanent improvements.

I hope you will be able to have a talk with me on the matter as soon as possible for I fear that Samuels are getting very impatient, and will throw up the whole affair. Provided that we can get over the difficulties of the guaranteed output I have no doubt we shall be able to arrange matters. Churchill took a very great interest in this matter himself when he was in East Africa and would, I know, assist us if it were necessary.

Yours sincerely,

Colonel J. B. Seely, M.P.

Under Secretary of State for the Colonies,

Downing Street, S. W.

The Shortland, off this is copy

22861

9 JUL 1909

TREASURY CHAMBERS,



July 1909.

Sir,

The Lords Commissioners of His Majesty's Treasury have carefully considered Mr. Antrobus's letter of the 12th ultimo (16212/1909) enclosing the outlines of an agreement that has been provisionally arrived at with Messrs Samuel and Company for the working of the soda deposits of Lake Magadi in the East Africa Protectorate and They now request that the following reply may be laid before the Earl of Crewe.

Under the Agreement as it stands the whole of the royalties and, if these are insufficient, up to 10% of the receipts from the Company's traffic on the branch railway, are assigned to the service and redemption of the £200,000 debentures to be issued by the Company for the purchase of locomotives and rolling stock.

As the rate to be charged during the first five years for the carriage of the Company's traffic is fixed by Clause XI (a) of the Agreement at a figure (1/6d per ton mile) which is calculated only to secure the Uganda Railway from actual loss but not to show any profit, it appears that during this period the Government can receive no return of any kind upon its capital outlay under Clause XII (a) which is estimated at £150,000 as a minimum if the

railway

railway is to deal with new traffic up to 150,000 tons
 per annum. Indeed, unless for these years the soda
 traffic considerably exceeds the average of 57,000 tons
 prescribed under Clause H, there will under Clause XII (c)
 be a deficiency of $0.1 \text{ s. } 6 \text{ d. } 1 \text{ g.}$ which would
 be required to make up the insufficiency of the
 interest thereon. In any event, since the interest on
 the debentures cannot be redeemed within the first ten
 years it would appear that for the succeeding period of
 five years also the only profit accruing to the Government
 from the arrangement would be derived from such difference
 as there might be between the profit of $\frac{1}{16}$ d. per ton mile
 on carrying rates under Clause XI (b) and (c) and the
 amount of gross receipts required to make good any in-
 sufficiency of royalties under Clause XII (c).

It is suggested, however, in the printed ex-
 planatory Minute which accompanied the Agreement that His
 Majesty's Government would probably find it preferable to
 provide the £200,000 required for locomotives and rolling
 stock on the branch line as well as the £150,000 required
 for improving the main line. In this way the royalties and
 railway receipts would accrue from the first for the
 benefit of the Uganda Railway; but it will be found upon
 examination that the financial return is scarcely more
 favourable under such an arrangement than under the scheme
 already discussed.

Under Clause IX of the Agreement an average
 traffic of 50,000 tons of soda per annum is guaranteed by
 the Company for the first five years. On this traffic the
 receipts from royalties at 3s. on calcined soda a ton would
 amount to £7,500. As already observed, during that period
 no profit would be obtained from the railway rates, while
 the deficit required to be met within 30 years at 2% a year

of £350,000 is £17,856. For these years then the Government might actually incur an annual loss of roughly £10,000 on the transaction.

My Lords regret that they would not feel justified in agreeing to a proposition of this character. Lord Cross is no doubt aware that at the Deputation which was received by their Lordships' Financial Secretary in February last and at which the Under Secretary of State for the Colonies was present, Mr. Hobhouse made it clear that My Lords could not approve of any scheme involving the outlay of public money which did not assure a return of 3% interest on capital expenditure and a sufficient margin to recoup that expenditure within the life of the works provided. These conditions still hold good, and it is manifest from what has already been written that they have not been satisfied.

I am further to point out that the agreement as drafted provides no adequate guarantee for the proper and continuous working by the Company of the Deposits. Infracture of its provisions will only involve a cancellation of the lease. My Lords conceive, however, that circumstances might arise in which it would prove to the Company's interest to restrict or even to discontinue altogether its operations, even at a sacrifice of its capital, and if this contingency should arise, the taxpayers of this country would have no means of recovering their portion of the expenditure incurred.

The measure of risk in this respect is of course proportioned to the amount of the outlay and, from this point of view, My Lords prefer the method of financing
proposed

proposed in the agreement to the alternative suggestion contained in the explanatory memorandum. In either case, however, it appears to Their Lordships that the return to the Company and to the Government is not equitably divided according to the capital contributions. The sum which the former will have to provide can only be approximately calculated, but My Lords understand from the explanatory notes on Clause II of the Agreement that it is not likely far to exceed a million pounds and on this the profits are estimated at 30/- a ton.

On the assumption, however, that the Government will provide the whole £350,000 or, say, one third as much as the Company, the return from royalties will amount to no more than 3/- per ton or one tenth of the Company's profits. It is no doubt the case that after the first five years an additional profit will accrue from the traffic charges, but it is not clear to what extent these profits will be affected by the provisions of clause XI (e), with which My Lords will deal later, and in any case they cannot bring the total receipts to the figure which the proportion between the capital outlays would seem to demand.

Before, then My Lords could assent to any agreement with the Company, They would require

1. That interest at the rate of 3% on the capital expenditure should be assured from the outset.
2. That in addition there should be an adequate margin to provide for the replacement of this expenditure within the life of the works provided.

3. That for this purpose the proper and continuous working of the undertaking should be secured by adequate guarantees.

Speaking generally, My Lords consider that as a minimum (a) the royalty payable should be sufficient to provide interest at 5% on the outlay (estimated at £150,000 at least) for improvements to the main line with an adequate sinking fund to pay off the principal within a specified period and (b) the railway rates should similarly be sufficient to pay interest on the £200,000 outlay for rolling stock and to redeem the capital within the estimated life of the rolling stock. My Lords would however not object to any surplus of royalties being applied to supplement the profit on working so far as necessary for the purpose of the second of these requirements.

As regards the details of the agreement My Lords desire to make the following observations.

Clause IX. It is not stated whether the guaranteed minimum of 250,000 tons during the first five years refers to raw soda or soda ash. The explanatory memorandum shows reason for assuming that the Company will prefer to calcine the soda as near as possible to the lake and that therefore only the ash will be carried on the railway, but having regard to the method of calculating the royalty under Clause X (c) My Lords consider that the guarantee should be specifically confined to calcined soda.

Clause XI (a). It should be made clear that the Government's liability to carry the Company's traffic is limited

limited to carriage by rail. Under this sub-clause apparently the Uganda railway might be called upon to undertake haulage across country.

No rate is specified for the carriage of fuel or soda for the period previous to "12 months after the completion of the branch line" (to be reduced to three months at the Company's option). My Lords assume that in the absence of any provision to the contrary the existing rates on the Uganda Railway will be charged, but They will be glad to receive the assurance of the Secretary of State on this point.

Clause XI (c). My Lords see considerable objection to the maximum limit of 1s. per ton mile prescribed by this sub-clause. The profits to be derived from the traffic charges are limited by the sub-clause to 1s. per ton mile and this limitation should prove a sufficient security to the Company against any exorbitant demands on the part of the Railway. On the other hand if there is any risk of the 1s. rate being exceeded My Lords see no reason why this risk should be borne by the Government rather than by the Company.

Clause XI. (d). My Lords would suggest that the final adjustment of rates on the branch line should not take place until after the actual completion of the line.

Clause XI (e). With reference to the restriction of the traffic charges to 1s. a ^{1/2} mile for the first five years and the limit of profits arising from these charges thereafter which are apparently both based on the assumption

287

assumption that working expenses are to include only the cost of repairs, restorations, renewals, replacements and substitutions, but not of new works, of substantial improvements of old works, of additional rolling stock plant or machinery. My Lords would be glad to be informed whether it is not the practice of British railways to charge the cost of new rolling stock locomotive and other - to Revenue, and how the expenditure on "substantial improvements and additions to old works etc." is in fact charged under present practice, on Indian as well as British Railways.

Finally They request to be informed whether any calculation has been or can be made of the probable amount of recurrent capital expenditure under this sub-clause during the later years of the working of the agreement.

Clause XII c. The position of the Government should be safeguarded as regards its interest in the Company's rolling stock &c. during the period of repayment so as to ensure that if, owing to the cancellation of the agreement or otherwise, the payments were to cease before redemption had been effected, the instalments actually paid should be recovered.

Clause XV. It is stated in the explanatory memorandum that the increase of $\frac{1}{16}$ d. on the traffic charge on the main line would give an annual profit of about £3,500 on 29,000 tons. My Lords would be glad to be informed on what basis this estimate has been arrived at and whether it would increase in any proportion to any of tonnage carried beyond 29,000 tons.

They

They would also ask what is the estimated return
from the charge of 1d. per ton mile on railway materials
(Clause IV)

Dear,

Sir,

Your obedient servant,

J. Murray

MB



Very Urgent

10 July 1909

DRAFT.

To the Secretary
Treasury

28/2/2 Pains

MINUTE.

- Mr. Butler July 15
- Mr. Read 16
- Mr. Jack Fiddes 16
- Mr. Cor.
- Sir C. Lucas.
- Sir F. Hopwood.
- Col. Seely.
- The Earl of Crewe.

I am directed by the Earl of Crewe to acknowledge the receipt of your letter N° 12485/09 of the 8th of July relating to the agreement provisionally arrived at with Messrs W. Samuel and Company for the working of the soda water deposits at Lake

for London.
 To this must be today 7.5.
 has (a. July 2
 Low (case should
 be referred to
 See 11/12/09
 167

of railway matters,
and who has gone very
thoroughly into the
questions connected with
the agreement, and has
consideration. As the
result of these further
deliberations, I am to
request you to lay before
the Lords Commissioners
the following reply.

3. It appears to Lord
Almon that the earlier
and the more important
part of the letter under
reply has been written
under a misapprehension.
I would have
been aware of special know-
ledge and experience

of railway matters,
and who has gone very
thoroughly into the
questions connected with
the agreement, and has
consideration. As the
result of these further
deliberations, I am to
request you to lay before
the Lords Commissioners
the following reply.

3. It appears to Lord
Almon that the earlier
and the more important
part of the letter under
reply has been written
under a misapprehension.
I would have
been aware of special know-
ledge and experience

enable the Uganda Railway
to carry ~~the~~ 100,000 tons
of Soda per annum
has being the ^{minimum} amount
which the Railway is
to be bound to carry
under the agreement
But the ~~fact~~ expenditure
there would only be
incurred progressively,
when and as
the output of soda
rendered it necessary,
In practice the process
would be somewhat as
follows. In the first
instance only such
expenditure as would
be taken as would

DRAFT

MINUTE.

- Mr.
- Mr.
- Mr. Just.
- Mr. Antrobus.
- Mr. Cox.
- Sir C. Lucas.
- Sir F. Hopwood.
- Col. Seely.
- The Earl of Crewe.

to spend the
50,000,000
of the necessary
provements to the main
line for that purpose
is estimated at
75,000,000 and the cost
of the additional rolling
stock required is
estimated at a further
sum of £75,000,000
£150,000,000 in all. The
royalty on 50,000 tons
of soda would be
£7500, or exactly
5% on the expenditure
of £150,000,000. That is

the royalty would at
once provide an interest
at 3% on the capital
expenditure, and a
sinking fund of 2%
which would suffice to
repay that expenditure
in 30 years. Mr Curzon's
estimate of the life
of the rolling stock is
30 years, and the
life of the ^{repairs of the} improvements
to the main line is
longer still. It will
be seen, therefore, that
up to this point the
suggested arrangement
satisfies their ~~long~~
requirements that

at the rate
of the
expenditure should be
deducted from the

an adequate margin
to provide for the re-
placement of this
expenditure within the
life of the works provided

4. It has been ascertained
of the Company
were prepared to double
output of soda
and as a result
of calculation on the preceding
paragraph, no further
expenditure required to

DRAFT

MINUTE.

- Mr.
- Mr.
- Mr. Just.
- Mr. Antrobus.
- Mr. Cox.
- Sir C. Lucas.
- Sir F. Hopwood.
- Col. Seely.
- The Earl of Crewe.

equip the railway to
deal with the increased
output which would be less
than that which would be necessary
to duplicate some of the
items included in the
first expenditure of
£150,000. The royalty
on the increased output
of ^{100,000} ~~500,000~~ tons would thus
more than cover the
stipulated interest
and sinking fund on
the capital expenditure
involved. Similarly,
in the event of a further
increase of output

taking place
capital expenditure
in cost, which
increase of output,
and the increase of
royalty would show
an increased margin
over the stipulated
interest and sinking
fund on such expendi-
ture. When the full
output which the Rail-
way undertakes to
carry, viz ^{16,000} ~~15,000~~ tons,
has been reached,
and the full capital
expenditure involved

viz £ 350,000, had been
incurred the royalty
would amount to
£ 24,000 and would
then show an increase
of £ 6,000 over the amount
required to secure a
return of 5% on the
capital expenditure.
5. It will be observed
that so far no account
has been taken of
profits from the working
of the traffic on the Uganda
Railway. The agreement
seems that after the
expiration of the first
period of five years

Railway shall profit
 the extent of at
 least one sixth
 penny per ton
 from the carriage
 of the traffic. If the run
 on the new line is

taken for purposes of
 convenience, as 256 miles
 (it will actually be a
 few miles longer), this
 represents a profit
 of 1/6 on every ton of
 soda carried, or

on the minimum output of 50,000 tons 3,33
 on an output of 100,000 tons 6,66
 on an output of 150,000 tons 10,00

without taking into
 account the corresponding
 profit on the fuel

amount has been
 taken account of the
 fact that the empty
 cars return from
 the west will be available
 for the up traffic of the
 Railway, which is as
 present in view of
 the down traffic

MINUTE.

- Mr.
- Mr.
- Mr. Just.
- Mr. Antrobus.
- Mr. Cor.
- Sir C. Lucas.
- Sir F. Hornwood.
- Col. Seely.
- The Earl of Crewe.

carried up to the
 Company's works
 the cost of the amount
 of which is estimated
 at 10% of the out put
 of the
 to be placed in his light

the retention on the capital
 employed is seen to
 be so good that the
 Lords Commissioners
 may
 will doubtless be
 to provide the whole
 amount as it is
 required, rather than
 to obtain any part of
 it from the issue of
 debentures by the

at any time
has been entered
into any contract
with or without
the output of the
commodities to be
manufactured herefrom.
Lord Brou is satisfied
that it would not be
practicable to obtain
from Messrs M. Samuel & Company
from this Co or any other
commercial company
a more binding guarantee
than is thus provided.
When it is also remem-
bered that the Conference
will...

DRAFT.

MINUTE.

- Mr.
- Mr.
- Mr. Just.
- Mr. Antrobus.
- Mr. Cox.
- Sir C. Lucas.
- Sir F. Hopwood.
- Col. Seely.
- The Earl of Crewe

the realisable capital
to the amount of 297
something like £100,000
and that they will have
the greatest possible
inducement to work
the deposits to the
fullest extent, his
Lordship feels that
the proper and continuous
working of the under-
writing is amply
secured.

8. Their Lordships
appear, however, to see
that it might be made
worth the while of the
Company to the extent of
a discount have their

by a rural firm with
 a view to inducing them
 Messrs Samuel and Company
 to restrict their
 their operations and
 would no doubt, ⁱⁿ ~~in~~
 in conjunction with the
 magnitude of the
 capital and unit which
 it would be necessary
 to expend ^{in order} to induce
 Messrs M. Samuel and
 Company ~~not~~ to sacrifice
 their capital, but any
 such attempt out of
 the question.

9 Apart from these
 considerations, it must
 be remembered that
 the Uganda Railway
 would ~~in any case~~ be

DRAFT

MINUTE.

- Mr.
- Mr.
- Mr. Just.
- Mr. Antrobus.
- Mr. Cox.
- Sir C. Lucas.
- Sir F. Hopwood.
- Col. Sealy.
- The Earl of Crewe.

left with a very important
 asset, to which it is
 now ~~not~~ ^{not} ~~not~~
 in the
 shape of the rolling stock
 provided to deal with
 the soda traffic. The
 new engines which it is
 intended to provide
 are of a heavier and
 improved type which
 the Manager of the
 Uganda Railway estimates
 will ^{be replaced} haul loads ^(loads hauled) ~~greater~~
 by 50% than the engines
 at present employed
 on the railway. It is

The existing traffic
in lease of the railway
is to be retained

and that in the meantime
due allowance for the
extra cost of working
the new engines, this
would effect a saving

of about £20,000 on
the existing annual traffic

10. It is now proposed
to deal individually
with the points of detail
raised in the latter
part of your letter.

It is agreed
that the undertaking
is to be transferred

[See P. 4 figures]

the above figures
for the existing traffic
is £27,500
by

output of 250,000
tons in five years
nearly 25,000 tons of
apparel to be carried
in their equivalent.
Clause XI (a) = 300

It shall be made clear
that the present
ability to carry the
Company's traffic is
limited to carriage by
rail.

Lord Cromer considered
that, in the brief interval
prior to the date on which
which cannot be more
than twelve months and
may be as little as
three months, between
the completion of the branch
line and the date on
which the operation of
the Company are to be

in the necessity of the
Company's credit to
prevent the line from
profiting by the
work & head quarters
expenses

Clause X (d)

The Company shall
consistently endeavor to
have a rate posted for
traffic on the branch rail-
way before the actual
completion of the line.

Negotiations are in
train with the Company
as the result of which it is hoped to
meet their wishes
while at the same time
guaranteeing the Govt.
against any loss in
the working of the branch

DRAFT

MINUTE.

- Mr. J.
- Mr. J.
- Mr. Just.
- Mr. Antrobus.
- Mr. Cox.
- Sir C. Lucas.
- Sir F. Hopwood.
- Col. Sealy.
- The Earl of Crews.

line, and there is
no reason to doubt
that these negotiations
will be successful if
agreement is reached
on the other outstanding
points.

Clause X (e)

Lord Crews under-
stands that the practice
of railways in the matter
of charging ^{of toll} to revenue
the cost of new rolling
stock ^{and of} substantial
improvements of and
additions to old
works varies widely
both in the amount
and character of the

complications in
connection with the lease
of detentions by the
Company for the purpose
of supplying additional
stock will be avoided

Clause XV

The basis on which
the calculation of profit
resulting from an increase of one sixteenth of a
cent per ton will
be the profit charge on
the main line has been
calculated
and has already
been indicated in the
fifth paragraph of this
letter. This profit
would increase in exact
proportion to any
increase of tonnage.
The estimated return
from the charge of

[See P. General's
Answer.]

one penny per ton
per mile on materials
materials in 1900
of the order of \$06
receipts over working
expenses on an
assumed quantity
of 20,000 tons

11. In the explanatory
note enclosed in the
letter from this office
of the 12th of June

it was stated ^{in the} ~~under~~
the course of the reports on
clause I of the Summary
of Heads of Agreement
that the new lease would
be an improvement
on the old one in that
the grant of the right
to work other minerals
under previous lease

The... of...
 is, from the point of
 view of the Govt. a very
 improvident arrangement,
 whereby possibly the most
 valuable asset which the
 E. A. P. possesses is
 locked up for a
 further period of 37
 years without any
 possibility of con-
 pelling the lessees
 to take any steps

the strength of the Spanish
 position, and their eagerness
 of it, may be gauged from the
 fact that they have been able
 to obtain from Messrs M. Samuel
 & Company a promise of a
 large share ~~of the~~
~~of the next profits of the~~
 new undertakings, simply
 as the price of their abandon-
 ment of their rights under
 the existing lease. (This
 is a consideration to which
 due weight must be
 attached in criticising
 the profit which Messrs
 M. Samuel and Company
 hope to derive from the
 enterprise).

to exploit it. The
 opportunity which now
 presents itself of escaping
 from this unpropitious
 position is unexplored
 it is likely that

equally attractive favourable
 will even again present
 itself when M. Samuel
 and Company are
 beyond reach in the
 matter of information
 and resources, and it
 cannot be said
 the credit of the P. belief
 in the possibilities of the
 Protectorate has they
 should be willing to
 adventure ~~embark~~ in it so large
 an amount of capital.
 They are perhaps the
 likely to embark in a project of this kind
 only firm who could
 hope successfully to
 rely on the powerful
 combined interests of these

receive any of the...
 of the...
 they...
 their financial...
 peculiar...
 an... is an attempt in the shape of their
 that... of... influence on the East
and their connection
with shipping interests
 capital to be a...
 of some... like £1,000,000
 in such...
 properties as a railway,
 a pier, and soda works
 in tropical Africa is a
 sufficient... of
 their confidence in the
 soundness of the...
 Lord Crewe trusts that
 he has shown in this
 letter that their...
 proposal... a...
 immediate and
 permanent gain to

300
 impossible to ignore the
 indirect gains which will
 accrue here the less
 certainly, though it
 may be impracticable to
 express them in advance
 in terms of money,
 in the shape of the
 general impetus to
 the trade of the country
 which cannot fail to
 result from the pro-
 secution of so large
 an enterprise, the
 increased receipts from port and
 harbour dues and
 custom duties ^{and from} passenger
 fares...

DRAFT

MINUTE.

- Mr.
- Mr.
- Mr. Just.
- Mr. Antrobus.
- Mr. Cox.
- Sir C. Lucas.
- Sir F. Hopwood.
- Col. Seely.
- The Earl of Crewe.

