

EAST AFR. PROT.
 NYASALAND PROT.

3899

C. O.

3899

REC'D

Feb 3 1909

Office of Individual

Foreign

1909

2 Feb.

at Previous Paper

M. J.
2009

Passenger & goods Traffic
 through Beira & Chinde 1906 & 1907

Leads deep from L. Marques giving figures.

Mr. Astor's. See also ^{m.s.}
 4187
 Send copy of this to the Union
 Cattle Line with refer to previous
 corresp^{ce} ?

Col. Seely had an interview with
 the representative of the Union Cattle
 Line a short time ago, & thought
 that a memorandum should now be
 prepared on the whole question, I annex a
 memo: which Mr. Cowell & I have
 prepared, & if the Secretary of State
 concurs in it, I think that the best plan
 will be to have it printed & brought
 before the Cabinet as soon as possible.

at subsequent Paper

H. O.
 10670

The principle of free policy is involved with regard to what it seems essential to fit the decision of the Cabinet, before discussing details with the Treasury on the 6th. If the Cabinet require the proposal to grant a subsidy, we can arrange with the Treasury how the money is to be provided, & thrust out a formal agreement with the C^o, with the assistance if necessary of the C.A. or the B. of S.

At their interview with Col. Kelly the rep^y of the C^o asked whether we could give them preferential treatment in the matter of port dues, but we seem to be clearly precluded from doing this by Art. 5 of the Berlin Act in which it is stated that:-

No Power which exercises or shall exercise sovereign rights in the above-mentioned regions shall be allowed to grant therein a monopoly or favour of any kind in matters of trade -"

H. J. R.

I agree that we cannot carry the negotiations any further until we have a decision upon the question of principle - whether a subsidy should be given or not.

As far as the Protectorates are con-

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with that
to Union
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the
message
happy
does not
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T. J. R.

cerned, it doesn't seem to me to matter whether they are arrived by British or by foreign ships, and I should deprecate giving an undertaking to the Union that all Govt passengers will be sent by the longer route round the Cape. Although we should take outward passages to West Africa by the British lines we have steadily resisted Sir Alfred Jones's endeavours to make us refuse to take homeward passages for officials by the German line.

There would seem, however, to be ground for giving a subsidy in the interests of the United Kingdom if not in those of the Protectorates.

W. J. R.

The J. of S. will be interested in the news. I will not doubt consider whether he can make the a Cabinet matter. If it gets to the Cabinet, I think the C. of S. might be very favourable to a subsidy. The note was for very near to

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18th Feb 10.

The S. of S. will be interested
 in the means. I will no doubt
 consider whether he can make
 this a Cabinet question. If
 it falls to the Cabinet I think
 the Ch. of S. ought to have
 previous notice. This
 notice would be very near to

his consultation with the
Treasury & I can not
sanguine as to their
Lordships' acquiescence in the
policy of a subsidy as such.

(A. J. S. J. S.)
L. C. J. S. J. S.

Lord Curzon

I will discuss this with
you, if I may, on Monday
or Tuesday. J. S. J. S.

We have now got the
direct British
& service.

P. S. J. S.

May 1 1911

at me.

your consultation with the
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sanguine as to their
Lordships' hesitations in the
policy of a subsidy to such.

6 July
Low Pass
T. B. 11.2

Lord Curzon

I will discuss this with
you, if I may, on Monday
or Tuesday. J.S.
13.2.

We have now got the
direct British
service.
P. 14.

MS
May 11 1911
V. mce.

EAST AFRICA STEAMSHIP SERVICE.

In 1902 a Select Committee of the House of Commons on Steamship Subsidies issued a report which contained the following passage:-

"Your Committee are of opinion that a special case exists for establishing direct British Imperial communication with East Africa through the Suez Canal by ships of up-to-date speed and accommodation, it being understood that any such subsidy should be granted for Imperial considerations".

As a result of this report, the Chancellor of the Exchequer in 1904 appointed an inter-departmental Committee to enquire and report:-

- (1) What conditions should be prescribed for such a service.
- (2) What subsidy is likely to be required.
- (3) What contributions may be expected from the British Possessions or Protectorates interested.

The Committee found that while the British India Line maintained an irregular service from London to Zanzibar, there was no direct return service, the ships returning via Bombay. They were of opinion that no direct service homewards as well as outwards was likely to be established in the near future by any British Company without the aid of a subsidy. They therefore contemplated the payment of a subsidy for a service

service via the Suez Canal, calling at East African ports as far as Beira, Delagoa Bay or Durban. They did not take into account the possibility of a service via the Cape, on the ground that a new subsidized service by this route would incur the antagonism of all the lines included in the Conference, and they thought it not improbable that some of the lines plying between the Cape and Beira might extend their sailings further up the coast and return via Aden. (This anticipation has not been realized). For a four-weekly service via the Canal, by boats of not less than 4,000 tons and 10½ knots average ocean speed, the Committee considered that a subsidy not less than £20,000 or more than £70,000 would be required on the assumption that freight rates would remain within the control of the contracting company within reasonable limits. They did not anticipate any possibility of material contributions to this subsidy being obtained from any Colonies or Protectorates.

Mr Buxton Forman and Mr Wilkins, in a minority report, dissented from any proposals to grant a subsidy for this service.

No action was taken on this report, but the importance of the matter continued to be recognised. The Governor of the East Africa Protectorate, in a despatch of 1906, stated:- "What we require for our trade is a direct service, both outward and inward, between London and South Africa, via East Africa and Zanzibar. This would give the facilities for which our merchants

and

and settlers have long been agitating, and would stimulate the export trade to the United Kingdom, which is at present handicapped by transshipments." The importance of the question was also urged by the Uganda Company, the British ^{East} South Africa Company, and the British Cotton Growing Association.

In February 1907, the Laing Steamship Company submitted proposals for a service to East Africa. They proposed to establish a monthly cargo and intermediate passenger service, out and home, and asked the Government "to allot to us a fair scale of rates to be agreed upon hereafter, the shipments under its control, together with all passengers." They proposed further to establish a fast passenger service, in return for a mail subsidy "to enable us to compete on equal terms with the subsidized German line". They also submitted proposals for a coastal service.

The Secretary of State informed the Laing Company, and also the British India Company, with whom negotiations had also been conducted, that he was prepared to entertain an offer for the establishment of a monthly service between the United Kingdom and the East Africa by steamers of not less than 5,000 tons, the Government undertaking to send by the contracting line all Government cargo for East Africa at rates to be agreed, and all second class passengers whose passages are provided at public expense, with certain exceptions, the contract to be for five years.

The

The British India Company declined to submit a proposal on these terms.

The proposals of the Laing Company contemplated a subvention of £5,000 per steamer per voyage. The Secretary of State declined to consider this, and negotiations lapsed.

In July 1908, the Indra Line, in conjunction with Messrs Barrie and Messrs Rankin Gilmour and Company submitted proposals for a regular service to East African ports, in return for certain guarantees of cargo, viz: a minimum of 2,500 tons outward per voyage, at 27/6 per ton, and a minimum of 2,500 tons inward per voyage at 20/- per ton. They considered it necessary for the steamers to earn at least £10,500 gross freight for a round voyage in order to cover working expenses, and they looked to the Government to guarantee them this quantity of cargo. Their proposals have not yet been answered.

At present there is no direct service from East Africa to England. Cargo for British ports has to suffer the disadvantage of transhipment. Of the £1,500 tons of cargo shipped from Mombasa to Europe in 1907-8, 20,700 tons were shipped by the German line. Owing to the difficulties of transhipment, much of this cargo is consigned to foreign ports. Thus the British Cotton Growing Association have drawn attention to the fact that a large proportion of the cotton crop of Uganda is being shipped to Marseilles. It has been repeatedly urged

*Wm. W. G. G. G.
£377. 10. 0
prop. for 1908.*

urged upon the Colonial Office that no direct homeward service can hope to compete with the subsidized German and French lines without assistance from the Government. These lines, which work in conjunction, receive subsidies of about £67,000 and £40,000 respectively.

The Union Castle Steamship Company have now put forward tentative proposals for a monthly service out and home via the Cape to East African ports, for one year in the first instance, at a subsidy of £20,000 a year, the Government undertaking to send all Government cargo and passengers by this route, presumably at current rates.

The amount of Government cargo, and the number of Government passengers, shipped between East Africa and the United Kingdom during 1908, were as follows:-

Cargo.	Tons.	Freight.
To Mombasa.	10,172	£12,646
To Chinde	168	530
		£13,176

There is no homeward Government cargo.

Passengers.	1st Class.	2nd Class.	Passage Money.
To Mombasa.	86	40	£4,853
From Mombasa	103	18	£4,500 (say)
To Chinde	46	4	£2,134
From Chinde	29	1	£1,510

£12,797

Grand Total about..... £26,000

Thus

The figures for 1906 & 1907 are

Year	Cargo	Tons	Freight	Pass
1906	To Mombasa	10,243	£ 9,690	1006

Passengers	1 st Class	2 nd Class	Passage Money
To Mombasa	63	41	£3,570

(All went either by the German, French, or Austrian Lines)

Year 1907

Cargo	Tons	Freight
To Mombasa	14,674	11,276

Passengers	1 st Class	2 nd Class	Passage Money
To Mombasa	57	44	£5,531

(All 1st Class passengers went by the German or French lines)

Thus for a total payment of about £46,000 of which £20,000 would represent subsidy and the remainder payment for services rendered, the Union Castle Company offer a service which, though probably taking a few days longer for passengers than the present route via Marseilles, would have for cargo the great advantage of not involving transshipment. This amount compares favourably with the amount of subsidy suggested by the Committee of 1902, with the subsidy paid to the German line, or with the amounts asked for by the Laing Company and the Indra Line. *It may be recalled that Sir C. James who has studied the question proposed £1,70,000 a £ 40,000 for the service.* There seems to be a strong and growing feeling in this country that the time has arrived when steps should be taken to contest the supremacy of German shipping in East African waters. The leading Article which appeared in the "Times" of the 2nd of February is one expression of this feeling.

It has been assumed in some quarters that as East Africa develops, there will be sufficient traffic to attract a British Line without any Government subsidy and that matters will right themselves naturally. This will, however, mean a long wait and it is not so easy to oust a rival line which has already firmly established itself, for contracts are made by the line in possession with the local merchants to carry their goods at certain rates for certain periods and these contracts must expire before the new line can attempt to compete. Moreover, when trade has once got into definite grooves

a year or two ago a service was

Copy answered

it is not so easy to get it out of them. The German line is getting very substantial assistance from the carriage of our officials and Government stores, and the more our Protectorates develop and the longer we defer competing ^{time with it} with them the stronger ^{its} ~~their~~ position will become and the more difficult it will be for us to get a footing. The present moment appears to be a peculiarly favourable one for making the experiment of subsidizing a line. The Union Castle Line, partly on patriotic grounds, partly no doubt because some of their ^{boats} ~~steamers~~ are laid up, offer to send some of their big steamers via the Cape to the East African ports as far north as Mombasa. The subsidy of £20,000 for which they ask is the smallest which has yet been suggested, provided that they give us an all round rate of something like £1 a ton for all goods, ^{It appeared at the} ~~which I gathered at the~~ interview which Colonel Seely ^{recently} ~~and I~~ had with their representative; that they would be prepared to do ~~So~~ ^{So} ~~in fact they seemed to anticipate that they would actually lose on the transaction.~~ Moreover, as the arrangement is only to be for one year in the first instance, we do not commit ourselves very deeply and shall be able to judge at the end of the year whether the benefit from the Imperial point of view is such as to make it worth our while to prolong the arrangement for a further period and, if so, on what terms. As the Uganda and East Africa Protectorates are developing we ought to be in a position to make a better rather than a worse bargain

bargain at the end of the year.

It would probably be well to make the subsidy run from the middle of the financial year 1909-10 to the middle of 1910-11, so that there would be only £10,000 to be provided by the Treasury in each of these years + the charge would be more distributed

The following extract from the Report on the Blue Book of the East Africa Protectorate for the year 1907-8, shows how disadvantageously the British shipping figures compare with those of the foreign lines. As the fruit of the British Line, mentioned in the table is now defunct, the position is worse at the present time than it was.

"The accompanying table shows the gross tonnage, the quantity of cargo, and the number of passengers carried by these steamship lines during the year ended March 31st, 1908.

Statement showing the number of steamers, gross tonnage, quantity of cargo, and number of passengers landed and shipped by the different lines of steamers entered in the Port of Mombasa during the year ending 31st March, 1908:—

Lines.	Number.	Gross Tonnage.	Landed.			Shipped.		
			Cargo.	Passengers.		Cargo.	Passengers.	
				Tons.	Euro-peans.		Natives.	Tons.
British East Africa Line, Europe ..	11	42,746	17,223	53	12	1,331	30	272
British India, Aden ..	2	2,781	2,018	47	1,011	46	907	
British India, Bombay ..	2	29,628	3,471	22	494	9	287	
British India, Europe ..	2	27,860	5,145	—	—	—	—	
Deutsch Ost Africa Line, Bombay ..	25	127,619	8,517	215	5,209	128	2,230	
Deutsch Ost Africa Line, Europe ..	63	356,775	9,148	1,085	1,068	20,715	569	230
Messageries Maritimes, Europe ..	2	28,838	399	491	400	2,210	83	254
Total ..	180	674,123	44,995	1,905	6,284	22,887	1,147	5,290

The total steam tonnage entered in the Protectorate ports was 936,898 tons, represented by 447 steamers, a decrease on the previous year of 37 vessels and 71,257 tons; this is mainly due to the change in the German East Africa Line's service from twice a month to three-weekly. "

The following figures taken from the Blue Book of the Protectorate

Itself may be of interest.

Total imports into the East Africa Protectorate
Kenya & Uganda, exclusive of importations on
behalf of the administ^{ns} of the S.A.P.
& Uganda, of importations for the maintenance
of the Uganda Railway & of importations
of specie & goods in transit :-

	£
From United Kingdom	329,769
From British Colonies	206,566
From Foreign Countries	263,382

Total Exports	£
To United Kingdom	105,182
To British Colonies	79,960
To Foreign Countries	329,910

German Steamers and British Subsidies.

Attention has been called before now in these columns to the remarkable system, officially belauded in the debate on British East Africa last June, under which the British Government pay some thousands annually to German lines for the carriage of British officials, British stores, and British mails from Great Britain to a British colony. Mr. EVELYN CECIL, in a letter published in *The Times* of October 23 last year, stated that, to the best of his belief, the transport of British officials cost £12,000 annually, and the transport of British stores £10,000, into the coffers of the subsidized German East Africa Line. This generous contribution is twice blessed from the German point of view. Swelled by a payment, which is probably not inconsiderable, for the carriage of the mails, it must form, with the official German subsidy, a valuable asset in the finances of the line. But that is not its only merit, for it also serves to establish a system enabling German merchants to undersell their British rivals in a colony which Britain presumably holds in her own interest.

An incident of recent occurrence upon the East African coast brings out the force of these absurdities. Owing to the activity of the MULLAH in Somaliland, a battalion of the King's African Rifles has lately been ordered thither from Nyassaland. To transport them from one East African port to another seems, however, to have been beyond the resources of the greatest sea power in the world, and they were, therefore, carried up the coast by the German boat *Prinzessin* and landed by her at Berbera. The German boats are subject to heavy penalties if their mails are late in Berlin. The British Government was, therefore, compelled to pay not only transport for the troops, but also a fine for retarding the mails, as well as extra demurrage for detaining the ship at Berbera, which is not one of the usual ports of call. Perhaps the picturesqueness of this incident, though not in itself of any great account, may help to wake public opinion in this country to the desirability of establishing a direct service of British steamers to the East African coast. At the present moment we seem to pay a subsidy of £9,000 annually to the British India Company for a monthly service of no apparent moment between Aden and Zanzibar. Meanwhile the shipping figures in the annual report of the East Africa Protectorate published a month ago show 20,175 tons of cargo and 569 European passengers carried to Europe by the German lines, as against 327 tons of cargo and 34 European passengers carried by British ships. We have already commented upon irregularities in the administration of the Protectorate which call for immediate reform. These matters will not, we trust, be overlooked when Parliament meets this month. It may, however, be as well to add that, if our credit is deeply involved in reforming its administration, so is our interest. The grant-in-aid to the Protectorate from the Imperial Treasury amounted altogether last year to nearly £200,000. We venture to suggest that, if this expenditure is necessary it should be directed more to our own benefit and less to that of foreigners.

In any further communication on this subject, please quote

No. 4056

and address—
The Under-Secretary of State,
Foreign Office,
London.

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The Under-Secretary of State for Foreign Affairs presents
his compliments to the Under-Secretary of State for the
Colonies and, by direction of the Secretary of State,
transmits herewith copy of the under-mentioned paper.

Foreign Office,

February 2, 1909

Reference to previous letter:

Colonial Office, No 40645/1908, ^{del} November 17.

Description of Inclosure.

Name and Date.	Subject.
H. M. Consul, Lourenco Marques No 35 Commercial December 31	Passenger & Goods Traffic between U K and East African Ports

(Similar letter sent to)

Copy
Commercial
No 35

BRITISH CONSULATE,

C. O.
3899
REC'D
REC'D 3 FEB 09

LOURENCO MARQUES,

31st December, 1908.

4088
JAN 30 1909

Sir:-

In compliance with the instructions contained in your despatch No.7, (400057/08) of this series dated the 28th November last, I have the honour to transmit a Table setting forth the numbers of the passengers and the tonnage of the cargo passing through the ports of Beira and Chinde during the years 1906 and 1907.

I regret that the Vice-Consuls at these places both state their inability to furnish me with any particulars relative to the classes of the passengers or the amount of passage money paid, but I think a fairly accurate estimate of the proportions of the classes carried might give 35, 20, and 45 per cent respectively for 1st, 2nd, and 3rd class.

With reference to the final paragraph of the despatch under reply, my opinion is not favourable to any scheme for running a line of steamers to Beira and Chinde only.

I am convinced that, in order to compete successfully

with

His Majesty's Principal
Secretary of State for
Foreign Affairs,
The Foreign Office, LONDON.

with existing steamer traffic, it would be necessary to send vessels either outward from Europe by the Suez Canal and homeward by the Atlantic, or vice versa. The volume of traffic connected with Beira and the port of the Zambezi is unlikely for some years to come to augment to any appreciable extent; whilst assuredly that from the British Protectorates which flows through Mombasa and is all carried by German ships is not only of an important, but of a rapidly increasing character.

On the various occasions on which I have returned to Africa after European leave of absence by steamers of the Deutsche Ost Afrika Linie, I have observed that usually, until Mombasa was reached, the number of British passengers carried equalled and sometimes exceeded those of other nationalities, whilst the vessels have on all occasions arrived at the port I have named quite full of cargo the greater proportion of which was of British origin, important contributions to the bulk of goods carried being

also

also received at Marseilles, Naples and Port Said, whilst at Aden large quantities of transhipment cargo from India, Japan, and other eastern countries and destined for Durban and Cape Ports were likewise received.

The present moment, I may add, is one particularly favourable to the establishment of connection by a new line with the small ports (Chinde, Quelimane, Parapat and others) of the Portuguese Province of Mozambique, since as for this purpose at least one small steamer would be required to make connections, there are now lying at Chinde two vessels practically idle and admirably adapted for such a purpose which could readily be acquired.

I have the honour to be,

Sir,

Your most obedient,

humble servant,

(Sd) R. C. F. Maughan

His Majesty's Consul.

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JAN 30 1909

Inclousure

In Consul Maugham's despatch No. 38, Commercial,
of the 31st December, 1908.

Table showing quantity and numbers of Cargo and Passengers
handled at the ports of Beira and Chinde during the years
1906 and 1907.

Port.	Passengers.		Cargo Tons.		Remarks.
	1906	1907	1906	1907	
Beira.	3,918.	3,396.	53,756.	53,563.	Passengers of all classes
Chinde.	190.	192.	1,000.	12,300.	
Totals.	4,108.	3,588.	54,756.	65,863.	