

NOT FOR PUBLICATION

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JBG-61
East Africa High Commission:
(16) East African Production
and Supply Council

Washington, D.C.
November 21, 1954

Mr. Walter S. Rogers
Institute of Current World Affairs
522 Fifth Avenue
New York 36, New York

Dear Mr. Rogers:

The East African Production and Supply Council was established in 1942 by the East African Governors' Conference as a wartime means of reorganizing existing Civil Defence and Supply arrangements into more effective interterritorial machinery for dealing with wartime problems of production and supply. The Council came under the control of the High Commission on its formation January 1, 1948.

The Council as constituted in 1942 included an independent chairman, two representatives from each of the East African territories appointed by the Governments concerned, two commercial advisers, and seven directors, each of whom was responsible for one phase of the Council's work. After the war ended the appropriate territorial authorities gradually reassumed the functions of the Directors, and the composition of the Council was modified bit by bit. In 1948 the Council continued to operate through the Director of Produce Disposal (whose control of the East African Cereals Pool provided the means for ensuring adequate grain supplies to the mainland territories and to Zanzibar and the Seychelles); the Director of Imports; the War Supplies Board (including Timber Control); Hides and Skins Control; and the East African Trade Representative in Bombay. By the end of 1949 the interterritorial office of Director of Imports was dispensed with, although the Council continued to serve as a forum for interterritorial coordination of import control policies. The Office of the East African Trade Representative in Bombay was closed in mid-1949. Thus by 1950 the Council retained under its direction only the Director of Produce Disposal, who now controlled the Cereals Pool and the Jute Control Board (the latter having been created in 1948 when jute supplies from India became critically short), and the Hides, Tanning and Allied Industries Bureau, which in 1950 had replaced the office of the East African Hides and Skins Controller, an earlier authority (1944-1949) with greater powers than the Bureau.*

* From March 1942, when the Ministry of Supply's Hide Purchasing Agreement with the East African Governors' Conference for the buying of all exported East African hides came into operation, until 1944 there was a Hides Control established under the East African Production and Supply Council for regulating the export trade, and a Hide Controller appointed from a large exporting firm. In 1944 a government official was appointed Inter-Territorial Hides, Skins and Leather Controller. This change was made to bring skins and leather production within the control (since the tanning industry had developed to such an extent that its demands were conflicting with the export trade) and also to improve the inter-territorial aspect of the control. This Inter-Territorial Control continued until 30th June 1949. Throughout the period of the Purchasing Agreement - March 1942 to April 1950 - the firms which were regularly engaged in exporting hides and had overseas markets were organized by government into two Exporters

In March 1947 the Council had considered its own reorganization, but decided that the transition from war to peace conditions had not progressed far enough for a change. In September 1949 the Administrator of the High Commission was asked in Central Legislative Assembly what the future functions and membership of the Council were to be, and at a later meeting the view was put forward that the present composition of the Council was not suited to peacetime needs. The Administrator then invited the Council to consider the matter again. Subsequently the Council agreed on a motion requesting the High Commission to reconstitute the body with new membership and terms of reference. The motion was passed in April 1950, and in May the High Commission reconstituted the Council as proposed.

The reconstituted Council has twenty members. Seven are members of the Central Legislative Assembly, including four ex-officio members, the Administrator as Chairman, the Economic Secretary as Deputy Chairman, the Commissioner for Transport, the Director of Road Transport (a non-official) - who together assure liaison with transport - and three unofficial members of the Assembly appointed by the High Commission after the territorial members have been appointed. Thirteen members are representatives of the territories. Twelve of them are representatives of the three East African Governments, including at least one non-official from each territory, appointed by the Governor of the territory concerned. One member is appointed by the British Resident of Zanzibar. The Council may co-opt up to four non-voting members, probably including the Director of Produce Disposal. Early in 1952 there were on the Council eight non-official members, eleven members of the Central Legislative Assembly, and ten members of territorial Legislative Councils. **Meetings of the Council are required to be held at least twice a year although the Council has normally met three times a year in conjunction with meetings of the Central Legislative Assembly.

Groups - the Kenya and Uganda Group formed by Mombasa firms, and the Tanganyika Group including Dar es Salaam shippers. Hides were sold to the Board of Trade at pre-determined ceiling values for each quality and exporters were granted, in exchange for the lack of marketing freedom, fixed percentage quotas of the export trade and were guaranteed fixed margins for profits and costs by the establishment of legal minimum hide prices to producers. After the Bureau was established, in April 1950, the Board of Trade Hide Purchasing Agreement established in March 1942 was terminated and the Defence (Control of Hides, Skins, and Leather) Regulations, 1945, in all three territories were amended by the cancellation of the powers governing Hides Control, the quota division of the export trade, and the Exporters' Groups, leaving only those sections referring to tanning and leather trading in operation. The replacement of the office of the East African Hides and Skins Controller by the Hides, Tanning and Allied Industries Bureau in 1950 followed negotiations between government and trade interests which started in 1946 and a visit to East Africa of a Mission of UK Tanners led by Dr. Furlong of the Imperial Institute, and its subsequent report to the Secretary of State on the East African hides and skins industry. It had been felt that the appointment of a government official as Inter-Territorial Controller had resulted in much closer liaison between trade interests and the governments and that the Control arrangements had been beneficial to both the trade and the governments and might well be incorporated into a permanent peacetime organization.

** Tanganyika preferred a smaller Council and in accepting the majority view did not bind itself to send the full number of representatives it was allowed. A Tanganyika representative in the Central Legislative Assembly criticized the membership established as too large, elaborate, expensive and wasteful of the time of the limited number of capable men who would have to assemble from wide distances throughout the territories.

In respect of certain commodities the Council has been responsible for promoting and coordinating the general policy sponsored by the High Commission of attaining the greatest possible self-sufficiency in important commodities. The terms of reference of the Council since 1950 have been:

- "(a) to consider from time to time the policies of the East African Governments relating to agricultural production and to the supply and distribution of essential commodities in East Africa and to tender to the High Commission and to the East African Governments advice regarding the co-ordination of such policies;
- (b) to consider such matters as may from time to time be placed before the Council by the High Commission or by any of the East African Governments and to advise the High Commission or the East African Governments thereon;
- (c) to undertake such duties as may from time to time be assigned to the Council by the High Commission, or by any of the East African Governments, or by any Act assented to by the High Commission, or by any legislation enacted in any of the East African Territories."¹

Thus the initiative of the Council is confined to the provision of advice on the coordination of the existing agricultural and supply policies of the East African Governments concerning essential commodities. The matters which the High Commission or the Governments might wish the Council to consider under (b) above would in theory include proposed territorial decisions of interterritorial import. The Economic Secretary stated in Legislative Assembly:

"... when a Government decides on a policy ... it is necessary ... to consider whether it will react upon other territories ... If it will so react then it is inevitable that other territories should be consulted and it is in that way that the more important matters have in the past, and no doubt will in the future, find their way on to the Council's Agenda."²

The specific functions under (c) above are normally routine functions; the Council would be used for special purposes only in an emergency. No statutory duties exist except under Territorial Defense Regulations: barring an emergency such duties could only evolve out of special territorial legislation. The Central Legislative Assembly cannot normally legislate on the agricultural and supply matters with which the Council deals, and therefore cannot add new statutory duties, though in an emergency the Central Legislative Assembly might have to deal with matters concerning the Council.

In the exercise of its advisory powers, the Council has been referred to by the Administrator to the High Commission as a useful "forum for the discussion of important inter-territorial problems concerning production and supply."³ The executive officer of the Council has pointed out to the writer that important decisions can often be reached at such meetings since all the territories are represented by both officials and unofficials. The subjects of principal interest are usually related to self-sufficiency in foodstuffs, the hides, skins and tanning industries, jute control, and import policy, which is of course largely influenced by Her Majesty's Government in the United Kingdom.*

* It should be noted that while the Production and Supply Council continues to serve as a forum for interterritorial consultation on import control policies, there is at present no High Commission officer with executive functions in this

Since the Council's reconstitution it has had two routine functions. It has continued to be primarily concerned with meeting the requirements of the East African territories, through importation or interterritorial transfers, of staple foodstuffs and foodstuff containers, notably cereals scheduled as essential foodstuffs by common consent of the East African Governments (for the three mainland territories, Zanzibar and the Seychelles), sugar (for the three mainland territories and Zanzibar), butter, jute and tinsplate. The Council has also been responsible for the functions of the East African Hides, Tanning and Allied Industries Bureau - the development of these industries and the improvement of their exports.

These routine functions are carried out, on the advice and behalf of the Council, by the Director of Produce Disposal who is the Executive Officer of the Council. He is the coordinating authority for meeting the requirements of the East African territories for essential foodstuffs and sugar, the Officer responsible for the remnants of the Butter Control, the East African Jute Controller, the Tinsplate Controller, and the Officer in Charge of the Hides, Tanning and Allied Industries Bureau. He has under his direction an office staff and the staff of the Hides, Tanning and Allied Industries Bureau. In 1952 the Bureau had its full authorized European establishment of one Leather Chemist, a Footwear Inspector, and four Hide Examiners, one of whom acted for Nairobi and Mombasa while the other three were stationed respectively at Moshi, Dar es Salaam, and Kampala. The Hide Examiners act as local liaison officers between the trade and the territorial Departments of Veterinary Services and do considerable hide improvement work under the direction of the territorial veterinary departments. Headquarters offices are in Nairobi and offices for the Hide Examiners are maintained at Mombasa, Moshi, Dar es Salaam and Kampala. A laboratory was built for the Leather Chemist at Muguga through the courtesy of the Director of the East African Agriculture and Forestry Research Organization.

The distribution of cereals considered essential foodstuffs - wheat, wheat flour, maize, maize meal, cassava, millet, rice and sorghum - to the three mainland territories, Zanzibar and the Seychelles is arranged by the Director of Produce Disposal through the East African Cereals Pool, a High Commission service, with maize controls in the various territories acting as agents of the Pool in the handling of its produce. A territory which is short receives grain either from surpluses contributed to the Pool by other East African territories, or, when necessary, by importation. Also all staple foodstuffs exported overseas are handled financially by the Cereals Pool and profits from exports of maize incorporated in the East African Cereals Pool accounts.

field. The post of Director of Imports, whose main function was to "co-ordinate all supplies matters at an East African inter-territorial level, involving the compilation of statistics from material supplied by the Supplies Departments of the various territories," was abolished in 1949. The implementation of imports control policy remains in the hands of the imports control authorities of the territorial governments (the Director of Trade and Supplies, Kenya, the Commissioner for Commerce, Uganda, and the Secretary for Trade and Economics, Tanganyika) operating under territorial legislation. Dollar allocation by the UK Government is on a territorial rather than an East African basis. The general policy regarding import allocations is supposed to be the same for the three territories, but there are licensing procedural differences.

Despite a generally increasing local production and considerable improvements in storage facilities in recent years, storage is still inadequate. The bulk of maize is still stored in bags under conditions which make it necessary for it to be consumed or exported within a comparatively short period of time. This has made it necessary to export surplus grains even during threat of locust invasion or drought.

From 1948, when the High Commission was established, until 1953 deficiencies in supplies in any part of East Africa were met by surpluses in other East African territories. During the 1949 drought in Tanganyika 800,000 bags of grain stocks were delivered from the other East African territories. Stocks were not depleted that year because receipts from Kenya 1949 plantings were unusually high. In 1950 the Cereals Pool was able to supply all requirements, including heavy demands from areas affected by the 1949 drought. During the year ending 31st July 1950 the Pool received some 277,700 tons, fulfilling the East African requirement of 218,300 tons and permitting the export of some 30,600 tons of maize during the year. In 1951, because of favorable weather, increased plantings, and improved storage, each of the three territories was self sufficient in staple food-stuffs - an unprecedented situation - and all contributed surplus maize to the Pool. In view of the considerable improvements in production and storage, the Council intended at the end of 1951 to consider whether the retention of a permanent Cereals Pool with its complicated procedure was any longer necessary.

In 1953, however, large quantities of cereals had to be imported into Tanganyika and Kenya from outside East Africa mainly because of the very poor rains that year. Tanganyika and Kenya together imported from America a total of 47,600 tons of maize between the end of March and the end of July 1953. In addition, Tanganyika imported a small quantity of maize from Portuguese East Africa, and over 15,000 tons were imported from South Africa. Total internal movements during the year were 97,000 tons. Fortunately, Uganda in 1953 had a record maize crop of about 1,300,000 bags - double the last record and about four times the 1952 crop - with an estimated value of over two million pounds. In addition to maize imports 19,000 tons of wheat were imported in 1953. The overall importations and internal transfers of cereals in 1953 were by far the largest ever recorded in East Africa.

The Director of Produce Disposal, on behalf of the Council, has also served as coordinating and purchasing authority for supplies of sugar for the three mainland territories and Zanzibar. As late as 1948 East Africa was exporting sugar, but more recently production of sugar has not kept pace with demand and, even with exports cut off, increasingly larger amounts have had to be imported each year. In recent years Uganda has produced about two-thirds of the sugar grown in East Africa, its recent average annual production being above 50,000 tons. The excess beyond Uganda's own theoretical requirements has been sent to Kenya and Tanganyika. Both Kenya and Tanganyika import further supplies from overseas. In 1949 the importation of 19,000 tons of sugar had to be arranged through the Ministry of Food. In 1950, despite a recovery in production to 78,000 tons, 15,000 tons at rising prices had to be imported because of the continued rise in demand, and by 1951 imports were doubled to 30,000 tons. In 1953 43,740 tons were imported, of which 22,890 tons went to Kenya, 15,850 tons to Tanganyika, and 5,000 tons to Zanzibar. Uganda met its own requirements from local production and exported 11,450 tons to the neighboring territories in East Africa. In 1954 Uganda was expected to become, for the first time in history, an importing territory.

The Council has concerned itself with means of increasing production and manufacture of sugar in East Africa, and the territories individually have made a number of plans. Early in 1952 a series of experiments were started to determine areas favorable to production and to find the best strains of cane for local conditions, and a number of sugar production experts have visited East Africa. In Tanganyika by 1953 the plans were not yet implemented, and it was complained in the press that there had been no integration of the plans between the territories. Despite the existence in the body of the Council of machinery for discussing the problem, the East African Standard editorially suggested that the Royal Commission recommend means of integrating and coordinating the separate plans.

In connection with butter, the Director of Produce Disposal has a largely coordinating function, the principal duty being to keep an eye on the production and export of butter so as to ensure that from Kenya production the other East African territories receive their requirements before exportation. The inter-territorial movement of ghee has also been controlled by the Production and Supply Council, in order to assure that some of the produce from the principal producing area, the Musoma-Mwanza area south of Lake Victoria, would be sent down to the coast, despite transportation difficulties, to meet requirements there and to prevent the entire supply from going to Kenya.

A further duty of the Council has been the maintenance of supplies of tea for the East African market, the coordination of its pricing, and control of its exports - which includes adequate remuneration of producers able to produce only high quality teas suitable for export. The Council was unable to maintain desired uniformity of internal prices.

In 1950 the Council discussed the movement and price control of copra, coconut oil and soap. In 1951 the Council discussed interterritorial arrangements for the distribution of edible oils and appointed an ad hoc sub-committee on this subject. As one of the outcomes of the committee, control on copra and coconut oil and products, including soap, was removed by the Kenya Government on June 20, 1953, permitting free movement of these products between the three territories. This gave Kenya millers the right, which they had been demanding for two years, to purchase on an open market and widened competition for the Kenya markets.

The Council was responsible for an arrangement whereby Uganda formerly provided Kenya with oil seed cake at a preferential price - a controlled price below the world price. The decontrol of oil seeds and oilseed products in 1953 restored the free market so that the present price is virtually the world price.

The importation and control of movement and sale of jute bags and hessian - critically important for shipment and storage of grain - has been the task of the East African Jute Control under the Director of Produce Disposal. By 1953 the operations of the Control had declined somewhat because of certain modifications. Tanganyika had made arrangements to purchase its own requirements of jute, although in 1953 it also made use of the Jute Control. Also certain special bag users were permitted to make their own importations of bags. Finally, during the year hessian cloth and jute twine were completely freed from control both as regards price and the formalities of importation. But export of the two commodities from Kenya to Tanganyika or Uganda was still forbidden, and jute and sisal bags remained under control. The Director of Produce Disposal is reported to have arranged in recent years for procurement and inter-territorial distribution of approximately 14,000 tons of jute goods each year.

In 1953 2,280,000 gunny bags were purchased on behalf of Kenya and 900,000 for Uganda. The possibilities of the manufacture in East Africa of imported jute and the production of jute substitutes has been considered by the Council and a special Working Party.

The executive officer of the Production and Supply Council has arranged for supplies of tinplate and solder through the Crown Agents for the Colonies. These have been obtained for the manufacture of foodstuff containers by oil companies in Kenya for distribution within Kenya and Uganda. In 1953 the Council imported 520 long tons of tinplate.

The East African Hides, Tanning and Allied Industries Bureau has, by agreement between the trade interests and the East African Governments, the following functions: to make plans for and advise and coordinate measures for the improvement of the quality, internal marketing and export reputation of hides and skins: to give technical advice on licensing of tanners and assist in the administration of quality controls over tanneries; to elaborate minimum quality standards for leather and footwear components and introduce improvements into the footwear industry; to advise on research work, serve as a source of information on local and overseas trade conditions and as a channel of contact between the trade and government; and to train European Hide Improvement Officers for Territorial Improvement Schemes.

The functions of the Bureau with respect to the hides and skins industry are reported to have been well carried out. In 1950 the volume and value of exports of hides and skins, which had been rising steadily since 1945, was higher than ever before. Value increased again in 1951. In 1952 value and, to a lesser extent, volume both fell, but in value hides and skins were the fifth most important export of East Africa. In 1953 the hide and skin market recovered and the year was a satisfactory one for these products. Exports in quantity in 1953 were the second largest (1950 first) on record, and exports in value were the third highest on record.

The increase in the value of exports has been due not only to a general rise in world prices but also to an increase in the quantities exported and the improved average preparation and quality of these exports. Since 1950 there have been increases in the percentages of suspension dried rather than ground dried skins and in the percentage of first grade hides and skins. East African hides, particularly in lighter weight ranges, quoted and sold at higher rates than other African origins which had from pre-war times commanded a preference over East African products. The Bureau has acknowledged the work of the territorial Veterinary Departments which are responsible for improving methods of preparation while the Bureau serves to coordinate and advise on their activities.

The tanning industry of East Africa, with a production capacity double the demand from local shoemakers who require cheaper grades of leather, needs to increase its quality exports. This was recognized in 1949 and efforts were made to establish an export market for finished and partially tanned leathers. The Bureau encouraged production and export of half-tanned kips both because East Africa lacks the skilled labor and technical control required for high quality finished leather, and because the demand in the UK had increased. In 1950 and 1951 some success was indicated: in 1950 value and quantity of exports of half tanned and finished leathers was the highest to date, exceeding quantities of leather imports for the first time, and exports increased even further in 1951.

This promising start was hailed in official reports, but in 1952 market conditions became difficult and only a small volume of half tanned leathers was exported at a loss. 1953 proved even worse than 1952 for the local tanning industry. Toward the end of 1952 the position was such that one of the twelve tanneries ceased operations, and in Kenya, where ten out of the twelve tanneries were situated, the government started an investigation to ascertain whether there were any means of assisting the industry. The local hand shoemaking industry is in a similar situation, for its many small shops are in increasing competition with imported manufactured goods.

The Bureau has given advice to the governments in connection with the drafting of Hide and Skin Trade Ordinances and Rules. It has also, following the advice of a technical sub-committee, supported proposals for territorial ordinances to regulate and develop the tanning and footwear industries and to introduce minimum leather quality standards. It was hoped this would provide a framework within which the local tanning and footwear industries might be able to reorganize themselves for withstanding overseas competition. The proposed legislation was being considered by the three Governments at the end of 1952. The Bureau has given further advice to the territories regarding internal, overseas and export prices. In 1952 efforts to achieve interterritorial uniformity in overall rates of cesses, duties and taxes were reported successful.

At the request of the East African Literature Bureau instructional material for African hide and skin producers was prepared in pamphlet form. Demonstration material on the preparation of hides and skins has been supplied to Veterinary Departments and agricultural shows. The collection and dissemination in East Africa of recent scientific information of value to the East African industry has been a further task, scientific circulars being prepared and sent to the governments and members of the Tanners' and Exporters' Associations.

Limited experimental work in 1950 included studies in methods of drying goatskins (with the cooperation of the British Leather Manufacturers' Research Association, London), tests of insecticide sprays for the protection of stored hides and skins against insect damage, tests of a preparation for the identification of live animals, efforts to improve labelling of hides, and attempts to improve branding irons. Dr. J.R. Furlong, Principal of the Colonial Products Advisory Bureau in London, agreed to arrange the handling, examination of and reporting on any leather trials carried out with experimental material prepared by the Bureau. At the end of 1952, when a Leather Chemist was appointed, it was hoped that in future years an active program of experimental work could be pursued.

The Bureau works closely with a number of trade associations in East Africa: the East African Hides and Skins Exporters' Association (voluntarily organized to replace the Control-organized Exporters' Groups in April 1950); the East African Hides and Skins Dealers Association (formed with the assistance of the Bureau in 1952); and the East African Tanners' Association (formed toward the end of 1950 after the head of the Bureau had convened several meetings of tanners). There is also an East African Shoemakers' Association, but shoemakers have taken little collective interest in the development of the industry. An Inter-Territorial Hides and Skins Advisory Committee including the Officer-in-Charge of the Bureau as Chairman and representatives of all sections of the industry - producer, middleman, exporter, tanner, shoemaker - and of the governments was formed in 1951. It was to serve the functions of a discussion forum, an advisor to government on matters affecting trade interests, including possible repercussions of actions taken by individual territories on the interterritorial trade.

The Officer-in-Charge of the Bureau has also maintained contact with trade interests and governments by visiting the stores of exporters in Mombasa and Dar es Salaam, tanneries, and leading leather merchants, and by discussions with territorial administrative and veterinary authorities. The Hide Examiners maintain local liaison between the trade in general and the territorial veterinary departments and are reported to be helpful to the local veterinary departments in hide improvement work.

Advisory visits have been made to Zanzibar and Nyasaland, and liaison contacts have been maintained with authorities from various areas including the Sudan and Basutoland. In May 1950 the head of the Bureau (then the Adviser) visited the Leather Industries Research Institute, Grahamstown, Union of South Africa. In September 1952 the Officer-in-Charge attended the Colonial Conference on hides and skins in London. The Bureau has worked cooperatively with the Colonial Products Advisory Bureau in London.

Expenditures of the East African Production and Supply Council during the years 1948-1950 were as follows in £:

	<u>1948</u>	<u>1949</u>	<u>1950</u>
<u>Main Division</u>	14,247	20,214	16,005
<u>E.A. Trade Representative</u>			
<u>in Bombay</u>	1,744	1,406	
<u>E.A. Hides & Leather Control</u>	3,406	2,731	
<u>E.A. Hides, Tanning & Allied</u>			
<u>Industries Bureau</u>			
Recurrent		2,761	5,016
Extraordinary		12,034	19,984
Total Bureau		14,795	25,000
<u>Total Production and Supply</u>			
<u>Council</u>	19,396	39,146	41,005

The expenses of the East African Production and Supply Council in 1948 and 1949 were met by contributions from Northern Rhodesia, Nyasaland, the Seychelles and the Anglo-Egyptian Sudan as well as from the three mainland territories and Zanzibar; in 1950 only Kenya, Uganda, Tanganyika and Zanzibar contributed. In each of the years the bulk of the funds came from the three mainland East African territories, amounting to 92 percent in 1948 and 98 percent in 1949 and 1950. The three East African territories did not contribute equal proportions in any single year or the same proportion of total contributions for each of the three years.* Zanzibar contributed almost 4 percent in 1948 and less than 2 percent in 1949 and 1950. The Sudan's contributions in 1948 and 1949 almost matched those of Zanzibar, while the remaining territories outside East Africa contributed even smaller amounts.

* The percentages of total contributions provided by the four territories in the three years were as follows:

	<u>1948</u>	<u>1949</u>	<u>1950</u>
Kenya	30.9	37.3	40.2
Tanganyika	31.0	32.9	28.3
Uganda	29.9	26.2	29.4
Zanzibar	3.8	1.5	1.9

The contributions of the three territories to the Hides, Tanning and Allied Industries Bureau are derived from hides and skins cesses imposed by the three governments. Each territory contributes to the Bureau in relation to its share of the hides and skins trade enjoyed by it. The cesses also finance the territorial improvement services. When the Bureau was set up agreement was reached on a uniform rate in the three territories to prevent illicit movement of hides to the disadvantage of any one territory. Tanganyika imposed a combined cess and export tax. From the amount of cess that it charged it deducted the export tax and then used the remaining money for its own Hide Improvement Service and for its contributions to the inter-territorial services. In Uganda the entire cess went into general revenue and the costs of the Hide Improvement Services in Uganda and the inter-territorial Bureau services were met by the Uganda Government out of general revenue. In Kenya the whole of the cess collected was placed into a fund which was destined to be for the Hides Improvement Services, territorial and interterritorial. More money was collected from this cess than was needed for contributions to the Bureau and the territorial improvement service. Therefore in 1951 a new system was adopted. The total impost was not increased but this was divided into a cess to be used for improvement services and an export duty to be used for the development program. If the overall impost declines the reduction is made in the tax rather than in the cess; the cess is maintained at a level sufficient to finance the services.

The East African Production and Supply Council has on occasion been criticized by the public in East Africa. In Uganda there has been considerable resentment among unofficial members of Legislative Council of Uganda's "subsidization" of prices of produce for the other territories. Apparently the Production and Supply Council, as the agency handling the distribution of produce, was considered responsible for this. In January 1949 C. Handley Bird asked in Legislative Council:

"What advantage do we gain from partnership in the Production and Supply Council? All I can see is threepence a pound increase on butter supplied by Kenya to us and Shs. 200 per ton off the price of oilcake supplied by us to Kenya."⁴

He said Uganda was "subsidizing Kenya and Tanganyika to the tune of hundreds of thousands of pounds annually through the control of prices of our products, such as oil seeds, oil, oil cake, maize and sugar, and are adding to the amenities of their populations by controlling the price of our tobacco."⁵ Mr. Patel said Uganda was also subsidizing Kenya by supplying it with timber at lower prices than other countries paid.

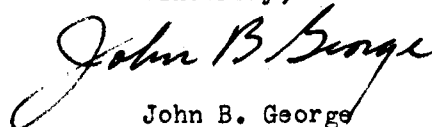
Uganda had for several years before 1949 been supplying cotton seed cake and cotton seed oil to Kenya at prices considerably lower than the export price which would have been received for cotton seed. In 1948 and 1949 respectively Kenya was charged Shs. 100 and Shs. 150 per ton for cotton seed cake while the price received for cotton seed cake exported to the United Kingdom in 1949 was Shs. 307 per ton. In addition to the "subsidy" of £62,000 on 8,000 tons of cotton seed cake supplied to Kenya during 1949 large quantities of cotton seed oil were supplied at preferred rates, bringing the estimated total "subsidy" on cotton seed cake and oil during 1949 to £225,000. This arrangement was, according to the Acting Director of Agriculture, Uganda, primarily a part of a policy to prevent undue inflation in East Africa, and it was suggested by one unofficial member that the understanding was that Kenya in return would supply Uganda with butter at cheaper prices. Both official and unofficial members of Uganda Legislative Council in January 1949 felt that this preferential treatment for Kenya should be stopped. The Acting Director of Agriculture said he shared the views of unofficials that export parity should be adopted as the price basis for oil seeds.

Again in March 1951 Mr. Maini referred to prices for oilseeds, oil and oil cake supplied by Uganda to the other territories and said, "If one were to analyse the figures on the basis of the prevailing very high prices I am sure fantastic sums could be mentioned as being the amount of subsidy from Uganda producers."⁶

In Kenya the Production and Supply Council has been criticized by Asian Unofficial Members of Legislative Council because of its handling of the inter-territorial movement of ghee. In November 1948 Mr. Pritam asked if Government was aware of the countrywide dissatisfaction with the way in which ghee was being distributed and inquired whether Government would consider the desirability of conceding the public demand by abolishing ghee control and thereby allowing its free movement at least territorially, if not interterritorially, as an experiment for six months. The Acting Secretary for Commerce and Industry replied that Government considered that controlled purchasing of ghee must be retained in the interests of the local producer but it was prepared to consider the suspension of distribution control for an experimental period providing it was possible to obtain inter-territorial agreement to the free movement of ghee for a similar period. An approach was being made to the Production and Supply Council with this end in view. Again, in February 1950, Mr. Pritam claimed that ghee control benefitted only the black marketeers and asked if Government would consider the desirability of lifting all movement restrictions at least within Kenya in order that ghee might be made available to consumers. The Acting Secretary for Commerce and Industry replied that Government did not agree that control benefitted blackmarketeers only, but in accordance with the earlier assurance careful consideration was being given to the necessity for the continued distribution control of ghee, in common with certain other foodstuffs. In December 1950 Mr. Rana complained that Asians in Mombasa were getting ghee through Moshi in the black market. In Tanganyika a 35 pound tin of ghee cost Shs. 60; in Mombasa it cost Shs. 120. He felt the Production and Supply Council, which had done good work as a war organization, was no longer doing the work for which it was created.

In Tanganyika there has apparently been less comment on the Council. E.C. Phillips, who had been a member of the Council since its formation, told the Tanganyika Legislative Council in February, 1951 that he considered the Council to be the most important High Commission body on the economic side. He felt the Council was doing very valuable work and that it was essential the body remain in existence for "Without it, the essential control over the proper distribution of African foodstuffs would break down."⁷

Sincerely,

A handwritten signature in cursive script that reads "John B. George". The signature is written in dark ink and is positioned above the typed name.

John B. George

P.S.Footnotes

1. Motion passed in Central Legislative Assembly requesting reconstitution of the East African Production and Supply Council, Proceedings Central Legislative Assembly, Vol. III, No. 1, 18 April 1950, 5.
2. Central Legislative Assembly, Vol. III, No. 1, 18 April 1950, 7.
3. Central Legislative Assembly, Vol. II, No. 2, 27 September 1949, 90.
4. Uganda Protectorate, Proceedings Legislative Council, 28th Session, 2nd Meeting, 11 January 1949, p. 58.
5. Ibid.
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