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Bulk Buying and its Effects on Agricultural Marketing Organisation in East Africa during and immediately after the Second World War.

by
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War-time Controls

1. Bulk Purchase Agreements with the U.K. Government.

When the Second World War broke out in the European continent in September 1939, the U.K. Government was well aware that the supply of raw materials and food-stuffs from overseas had to be maintained in order to carry out the tremendous tasks of the war ahead. The experience of the First World War came readily to mind, and the machinery necessary to handle the war economy efficiently was quickly established.

Extensive powers were granted to the government on such ... general grounds as securing the public safety", "the defence of the realm", "the maintenance of public order", "efficient prosecution of war" or "maintaining supplies (or services) essential to the life of the community"(1). In the British Colonies, Defence Regulations were put into effect to provide colonial governments with similarly extensive powers. In the economic sphere, a network of control systems was created under these regulations.

For United Kingdom centralised procurement of supplies was imperative. Thus the government departments became the sole importers of a wide range of commodities, and this system was gradually extended until by the spring of 1941, it embraced the whole of the United Kingdom's imports of food and raw materials.(2) The system is usually referred to as 'bulk purchase', which has been described as follows:

> "To ensure supplies, and in some cases to withhold them from the enemy, necessitated in many cases the conclusion of contracts which in scope and content went beyond the financial capacity and trading principles of private business. The most effective use of shipping, the controls of which was itself in part a result of bulk buying, demanded centralized procurement. Another factor of importance was the even distribution (of food-stuffs) and allocation (of raw materials) according to war requirements - later, after the establishment of the Combined Food and Raw Materials Board in 1942, to be extended to the international field - all of which could hardly be achieved without central control of supplies. Dealings with foreign governments, both with regard to procurement

(1) U.K. The Emergency Powers (Defence) Act, 1940.

(2) Lanbuscher, C. Bulk Buying from the Colonies, London, 1956, p.1.

and to allocation, became increasingly important after the introduction of lend lease, and required likewise a governmental buying organisation; so did the necessity of eliminating competition between British buyers abroad, and the geographical division of sources of supply, first between Britain and France, later between Britain and the Unites States, and finally between all the Allies." (1)

The most important colonial products to which the policy was applied were oilseeds and vegetable oils, tea, cocoa, coffee, sugar, cotton, sisal, copper, and tin.(2) As far as East Africa was concerned, coffee, cotton, sisal, tea and pyrethrum were the major commodities subjected to this arrangement. Whilst cotton from the colonies constituted a small portion of the U.K.'s total requirements, its importance to some colonies, such as Uganda, Tanganyika and Nigeria, was considerable.

The actual form of contract between the U.K. Government and the colonial governments took various forms according to the types of commodities and other particular circumstances. This diversity of methods applied to different commodities and to different countries and colonies makes the study of bulk purchase an extremely difficult task. Also the sercrecy which surrounded the war-time arrangements has added to this difficulty.(3)

The terms and duration of bulk purchase agreements were rather <u>ad hoc</u> in nature, and considerable evolution took place during this war-time phase. It is the purpose of this study to look into this evolution of methods of bulk purchase in relation to the East African territories; it is not primarily concerned with changes that took place in the United Kingdom.

2. <u>Changes in the Organisation of the Export Trade of East Africa.</u>

The organisation of the export trade of East Africa underwent a great change because all its main export commodities were subject to the bulk purchase arrangements, whereas the structure in other colonies such as those in South East Asia was relatively undisturbed either because some of these territories were entirely lost to the U.K. during the greater part of the war, or because bulk purchase arrangements were confined to a minor portion of their export commodities.

The common features of the new systems were that statutory centralized marketing organisations were established to handle the export trade, which up to this time had been the sphere of private commercial firms' activities. The existing commercial firms in East Africa, all of them expatriate-controlled, became agents of the statutory organisations which acted as monopoly buyers of produce from the producers monopoly sellers to the United Kingdom Government. Precautions was made to preserve the pre-war inter-firm share of trade

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(1) <u>Ibid.</u> p.2

(2) <u>Ibid.</u> p. 142

(3) C. Leubuscher gives prominence to this difficulty in her major study of bulk purchase arrangements, <u>ibid.</u> Preface.

as far as possible, by allocating agencies on the basis of post performances; at the same time new entry was completely barred.

In order to carry out these arrangements, the East African colonial governments had to rely on the services of men who had had at least some experience in the complications of the export trade, and thus their reliance on the personnel of the established firms was almost inevitable. Not only was actual business of buying and selling carried out by these firms on a commission basis, but the policy-making decisions were often taken by their personnel acting in the advisory capacity to the governments. Some of these personnel became direct employees on the staff of the government organisations.

In the U.K. itself, the government had to utilize these experts' services, and "a leading member of the respective trade usually became the head of the Division (in the Ministry of Food) or of the Control (in the Ministry of Supply and later the Board of Trade) which handled the commodity with which he had been concerned previously".(1)

In order to understand the marketing systems adopted in East Africa, it is necessary to see how different commodities were affected. We shall therefore examine individually the main export commodities, namely (a) coffee (b) cotton (c) sisal (d) tea and (e) pyrethrum.

(a) Coffee

Kenya.

Kenya coffee production was characterised by high quality arabica coming at that time almost exclusively from European estates. By a Government Notice No. 654 in July 1940, issued under the Defence Regulations of 1939, the Supply Board of Kenya was proclaimed as the sole buyer of Kenya coffee. It stated that no producer of coffee, nor any person handling coffee on behalf of a producer, shall sell raw coffee, whether hulled, in parchment, or unhulled (cherry) except to the Supply Board or its accredited agents(2). Only coffee for seed purposes was excluded from the scope of this order. Every person who treated, cured, stocked or negotiated a contract for the sale or purchase of raw coffee was required to submit a return of such operations to the Supply Board (coffee Control) Office. Any person who desired to purchase raw coffee had to apply to the same office.(3)

A more detailed picture of the operation of this system has been described as follows:-

" It is an obligatory pool of Kenya coffee for sale through the Control. The planter loses his rights of ownership once his coffee is delivered to the Control, receiving in lieu thereof a

(1) Ibid. p. 69

(2) Unhulled coffee(cherry) was later deleted by an amendment in August 1940.

(3) Kenya, Government No. 654, 1940.

right to a payout (distributed in point of time) of which the amount is based on the classification of his coffee. This classification is an arbitrary one fixed by the Control - each class being given a separate number. The planter has no guarantee of a minimum or any price. The balue attributable to each class of coffee is an estimate only, and, subject to minor qualifications, the sum the planter will/diminished by his coffee being better or worse, or bringing a higher or lower price than other coffees accorded the same price classification. The Control is not buying the coffee: its position is that of a trustee on trust for sale to pay expenses and to distribute the balance in a defined mode, namely, according to price classification, among the planters who grew the coffee. As to the other constituent elements of the Kenya coffee industry, the Control undertakes, so far as practicable, to deal with the coffee through previously usual channels: Coffee curers, commission agents, brokers (including auctioneers) and dealers are regarded as essential components of the industry and regard is to to be given to the conservation of their interests."(1)

The executive organ of the Kenya Coffee Control was a sub-committee of the Supply Board presided over by the chairman of that board. Two members represented coffee planters and the other two come from the trade. According to the Report of the Commission of Inquiry on Coffee Control, 1941, there were seven principal dealers in mild coffee operating in Kenya(2). These firms were:-

Leslie & Anderson (Nairobi) Ltd.(3)
Naumann Gepp, Dorman & Co.
R.S. Campbell & Co.
J.G. Aronson Ltd.
A. Baumann & Co.
The Old East African Trading Co. Ltd.
Gibson & Co. Ltd.

There is nothing to suggest that these seven firms were the only coffee dealers allowed by the Supply Board to export coffee. Other smaller mild coffee dealers might have continued to operate, although their operations were made more difficult than in previous years because of the reduced amount of coffee for export, and also because the way the coffee control negotiated coffee sales after the lots were withdrawn from the Nairobi auction tended to favour the bigger firms.(4) Nairobi auction was later suspended as "sales of coffee by the Control were only to be made to cover definite orders from consuming markets."(5)

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(1) Kenya, Coffee Control, Report of Commission of Inquiry and Govt. Statement Thereon, 1941, p.7.
(2) Ibid., p. 8.
(3) The shares of this company were held by two London houses, E. Schluter &Co. and Leslie & Anderson Ltd., equally.
(4) This aspect of favouring some of the larger coffee dealers was investigated by the Commission of Inquiry on the Coffee Control, 1941. In particular, memoranda were submitted by J.G. Aronson complaining of this tendency.
(5) Hill, M.F., Planters' Progress, 1956, p. 112.

/receiving is not liable to be increased or

All sorts of charges, such as milling, storage and brokerage charges, were now fixed by the agreements between the Control and the respective firms. For example, the East African Coffee Curing Co. Ltd., which had been milling the bulk of Kenya arabica coffee, agreed that there would be a flat curing rate of Sh 50/- per ton of clean coffee treated. The Company also reaffirmed that dividends would be limited to 6 per cent per annum, and that any surplus earned would be returned to the planter - supliers.(1) The established channels for coffee deliveries from estates to the mills were retained by commission agents who were thus protected in respect of cash advances made to their clients. The Control agreed to pay the commission agents at a sommission of 1 per cent plus an additional ½ per cent to cover the cost of accountancy between the control and agents. The warehouse company was paid at a consolidated charge of 10/- per ton of coffee, and Kenya Coffee Auctions, the appointed broker to the Control, were paid ½ per cent on sales up to the value of £ 250,000 and thereafter ¼ per cent.(2) The compulsory employment of commission agents meant that the planters were precluded from dealing direct with the Coffee Control, and this gave rise to much criticism among the planters. However, the Coffee Control Sub-Committee retained the system on the grounds that (a) the Supply Board was committed to maintain the various pre-existing sections of the industry, (b) commission agents were an important source of finance to the industry, and (c) their normal functions would be required again after the war, the control by the Supply Board being considered as a war-time emergency measure only.(3)

At the beginning of the War there was no guarantee of shipping space for coffee, and the sale of 1,700 tons to the United Kingdom had to be cancelled in December, 1940 by the Control.(4) This uncertainty was alleviated by the conclusion of a bulk purchase agreement with U.K. in 1942, by which the U.K. Ministry of Food took over a certain proportion of the exportable surpluses, and sometimes the whole crop, of different coffee producers in East Africa on the basis of annual contracts. Actually, due to the difficulties with shipping, only a small portion of the Ministry's purchase of East African coffee reached the U.K. Itself during the war. The major portions were directed to the Middle East, South Africa, Australia and various other countries.(5)

As far as Kenya was concerned, however, the U.K. took the biggest portion of its coffee after the initiation of Bulk Purchase, as can be seen in Table I and in 1943 and 1944 U.K.'s share was more than 50 per cent of the total exports. Before the Bulk Purchase agreement was concluded U.S.A. and Canada were big customers of Kenya coffee, and in 1941 the value of exports

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(1) Ibid., p. 111; This marks the beginning of the situation when the curing wroks would operate primarily in the interest of the coffee planters. In June 1947, the East African Coffee Curing Co. Ltd. sold its mills to the Kenya Planters' Coperative Union.
(2) Ibid., p.112
(3) Ibid., p. 113.
(4) Coffee Control, Report of Commission of Inquiry, pp 8-14.
(5) Leubuscher, C. op. cit., p. 31

to U.K. was surpassed by the exports to both these two countries. After Bulk Purchase started, these countries were unable to obtain Kenya coffee, and their share remained zero from 1943 to 1946. South Africa became a steady market for Kenya coffee during the war, but the shipments to Australia and Egypt fluctuated. As far as Uganda and Tanganyika coffee exports were concerned, exports to U.K. remained a very small portion of their total coffee exports throughout the war period, (see Table II).

Before the end of the war was yet in sight, the coffee planters of Kenya took the initiative in formulating proposals for the marketing organisation which was to be instituted after the war. The Coffee Conference (a statutory annual conference of delegates of coffee planters) in 1943 instructed the Coffee Board "to put before the Conference in 1944 their plans and recommendations for the organised marketing of the Kenya coffee crop by the producing community after the present method of control of the crop ceases." (1) The Board appointed a Marketing Committee which published the report in January 1944 recommending the establishment of a single statutory marketing organisation to operate on a pool basis on lines similar to the existing Coffee Control. The Conference held in June of that year approved the report in principle, and passed a resolution calling for a referendum by all coffee planters of Kenya to decide whether the necessary legislation on the lines proposed by the Marketing Committee should be introduced. The required majority for this referendum was set at 75 per cent of producers, and had to represent 75 per cent of the production of those voting.

The outcome of the referendum has been best summarised by M.F. Hill as follows:-

> The result of the referendum held to decide whether the legislation should be introduced was announced in the March of 1945. At the time there were 640 licensed planters and 444 planters representing 88.51 per cent of production, voted, 351 in favour of proceeding with the legislation and 93 against. Of the votes against, 29 come from Kiambu, 18 from Thika, 14 from Ruiru and 10 from Kabete. The majority was 79.05 per cent representing 75.35 per cent of the production of those voting. It was a close thing and there was to be much, and at time bitter, controversy before the Coffee Marketing Board was established." (2)

The smaller percentage in favour of the statutory marketing organisation on the basis of production figures than on the basis of number of producers meant, of course, that the proposal drew more support from smaller producers rather than larger estates. This was to be expected because in the pre-war period these estates sold high grade coffee under

(1) Hill, M.F., op. cit., p. 117

(2) Ibid., p. 119.

their own estate marks which were well known in London. They were looking to restoring their own mark when the free market resummed and feared that their coffee would not receive such premiums if sold through a common pool. Also there were some planters who, though not necessarily growing a high grade coffee, had established through their own effort special contacts in a market to which the Coffee Marketing Board would not ordinarily sell coffee, such as a Scandinavian grower who was building up a market in Oslo. These arguments against the introduction of the Coffee Marketing Bill were presented by the Coffee Plantation Owners' Association (C.P.O.A.).(1)

There were also those who held the opinion that any new organisation was unnecessary at this stage. The whole of the Kenya coffee crop had been sold under Bulk Purchase contract until the 30th June 1947, and until that time there was no chance of marketing in the true sense of the word. It was thought that by the 30th June 1947 all the coffee planters who had been away in the forces and who had had no opportunity of voting on the referendum would be back, and then an opinion more representative of the whole coffee industry could be obtained.(2)

The members of the coffee trade were also suspicious about the operation of the Marketing Board, who feared that the Board might start trading directly with consuming countries and even engage in dealing with coffee produced outside East Africa. Their fears were alleviated as the Marketing Committee Report had made their stand clear that it was the producers interests to preserve the existing trade channels. The Report said :-

> " The opinion of the committee is that it is in the best interests of producers that coffee should continue to be sold through established markets in Nairobi and in London. These markets both consist of a number of individual distributing firms whose contacts and interests with buyers and through these buyers with consumers have proved in the past to be of value to the industry. It is undesirable that any steps should be taken which would reduce the interest of these distributors in Kenya coffee. It is through them that our coffee has in the past years reached the consumer and it is on account of the use which has been made by these distributors of the individual qualities of Kenya coffee that it has always been reasonably ready of sale as compared with competing crops. It is not suggested that the existing distributors should necessarily be the only distributors, but it is desirable that coffee should continue to be offered

(1) Kenya, Legislative Council Debates, Fourth Session: 1945-46. Second Series, Vol. XXIII, p. 41.

(2) Ibid., p. 39

to them in the manner most suited to their requirements and at the times and in the quantities which they require. Any attempt by the producer to short-circuit or eliminate these distributors and to market the crop direct through one selling organisation to retailers and consumers in overseas markets would, in our opinion, be prejudicial to the interests of the industry and would lead to the buyers normally served by these distributors turing their attention to other competitive crops." (1)

The Coffee Marketing Bill, drawn up on the lines of the Marketing Committee Report, was introduced to the Legislative Council in July 1945. Many clauses were altered in the Select Committee stage to accommodate the opposition expressed against the original Bill.

The only coffee that the Marketing Board could deal was now clearly stated to be coffee arabica; robusta coffee (coffee robusta) was excluded from the scope of the Ordinance, although none of this was in fact grown in Kenya. Classification of all coffee was to be decided by the Board exclusively, planters being required to send to the Board a half-pound sample of all coffee lots cured. The Board was then obliged to send a notice to the planter within seven days informing him of the class in which his coffee had been classified. Any planter who desired to export his own coffee could do so if the Board was satisfied that the sale would not substantially reduce the price which would be paid for coffee sold by the Marketing Board itself.

In order to accommodate the opposition of the trade several provisions were attached to the original Bill. An Advisory Panel was created in addition to the Standing Joint Committee comprised of the Marketing Board officials and the members of the Mild Coffee Trade Association of East Africa. The function of the Advisory Panel was to advise the Board on any matter relating to the sale of coffee by the Board, and its members would consist of (a) two coffee dealers; (b) two coffee commission agents; (c) one coffee miller; (d) one other person; all elected by the Mild Coffee Trade Association of East Africa. Any two members of the Panel could at any time request the chairman of the Board to convene a special meeting of the Board.

The conduct of the Board's sales were much more clearly defined. The Board had to sell on the Nairobi Coffee Exchange by public auction, except such coffee as the Board offered for sale in U.K., and the Board, whether it sold to the U.K. or elsewhere, had to employ agents for the sale of that coffee. In employing agents the Board was required to pay due regard to the claims of all agents carrying on business in the colony. The Board could not appoint a sole agent to sell coffee except upon a resolution passed by the Legislative Council. The Board could only purchase and sell coffee produced

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(1) Kenya, Legislative Council Debates, Third Session: 1945. Second Series Vol. XXII, p. 201.

outside the colony in Tanganyika, Uganda or the Belgian Congo.[1]

The Ordinance was to continue in force for three years and its continuation was to be decided then. The Ordinance came into force on July 1st, 1946 In 1947 the Coffee Marketing Board renewed the Bulk Purchase contract with the U.K. Ministry of Food, together with Uganda and Tanganyika, whereby the Ministry was to take up 6,000 tons of Kenya coffee per year, starting with the 1947/48 crop and ending with the 1951/52 crop. The contract was subject to acceptance by planters, and a referendum was conducted by planters whether they wished to extend the life of the Marketing Board so that it could operate this contract. An overwhelming majority of those who voted were in favour of the extension, and the life of the Marketing Board was extended until June 30th, 1952 through the introduction of an Ordinance amendment.[2]

In 1952 the bulk purchase contract was further extended for another two years, although the quatity was reduced to 3,000 tons annually, and the Coffee Marketing Ordinance of 1952 secured the position of the Marketing Board. Since the auction sales were resumed in 1947, the free market price of coffee had been going up far ahead of the contract price as shown in the latter section, but despite this, the Kenya coffee growers wanted the extention of the long term contract as a form of insurance.[3]

Uganda.

In Uganda, the control of the coffee industry was initiated by the enactment of the Defence (Control of Coffee) Regulations, 1942, which came into operation on November 1st, 1942. The Director of Agriculture was appointed to be the Controller of Coffee assisted by the Coffee Control Committee chosen by the Governor. No person other than the Controller could export coffee, and coffee for export was allocated to each approved agent based on the quantities exported by such agent during the years 1939, 1940 and 1941. The Controller was empowered after consultation with the Committee to fix prices to producers at buying posts, prices for unprocessed coffee delivered to any licensed curing works, and prices f.o.r. Uganda or Mombasa for processed coffee. He could also direct coffee purchased from producers by primary buyers to be disposed of to such persons as he might determine, and order the disposal of any coffee in the possession of any approved agent. He could make forward sales on Mombasa Coffee Auctions, or sell coffee in bulk for government or military orders, and call for returns of stock of coffee.[4]

This wide power exercised by the Coffee Controller was, however, limited to the African-grown coffee of both Robusta and Arabica types. The non-African coffee estates, which around that time produced coffee amounting to 13 per cent of total Uganda coffee production [5], could presumably export their own coffee

(1) Kenya, Ordinance 1946, pp. 10-18, Coffee (Marketing) Ordinance, 1946

(2) Hill, M.F., op. cit., p. 127 (3) Leubuscher, C., op. cit., p. 39.

(4) Uganda, Legal Notice No. 253, of 1942, Defence (Control of Coffee) Regulations, 1942. Defence Regulations, Entebbe, 1943.

(5) Uganda, Agriculture Dept. Annual Report, 1945/46, Appendix V.

if they had the export certificate issued prior to the 1st November, 1942 and had the written permission of the Controller to export such coffee.(1)

When the control was introduced on the 1st November 1942, the price of Robusta unhulled dried cherry (kiboko) in Buganda delivered at licensed curing works was fixed at 14 cents per pound. In August 1943, nine approved agents who would buy all African-grown Robusta and Arabica coffee (with the exception of the Bugishu Arabica) were announced in a Legal Notice.(2) They were:-

Messrs. Jamal Ramji & Co. Kampala.
Messrs. Leslie & Anderson, Ltd. Kampala.
Messrs. A. Baumann & Co. Kampala.
Mr. Taibhai Hajee Jamal, Kampala.
Messrs. The Uganda Coffee Curing Co. Ltd. Kampala.
Messrs. The Uganda & E.A. Exploration Syndicate, Jinja.
Messrs. The Uganda Timber and Production Co. Ltd. Jinja.
Messrs. A. Baumann & Co. Masaka.
Messrs. Jamal Ramji & Co. Masaka.

In January 1944 the marketing of non-native Robusta coffee was also brought under control. These estate robusta coffees were "pulped and washed" and therefore commanded a premium over other Robusta coffee prepared by the dry method. The Legal Notice entitles "Sales of Non-Native Washed Robusta Coffee" empowered the Director of Supplies to control all non-native washed robusta coffee, including the premium standard known as "type 70", and that all these coffees intended for export should be offered for sale to the Ministry of Food through the Hard Coffee Controller, Mombasa, at fixed prices.(3) The prices were announced in April as £57 10s. per ton f.o.b. Mombasa for "type 70" and £55 per ton f.o.b. Mombasa for F.A.Q., and all coffee of these two grades should be offered to the Hard Coffee Controller, Mombasa, through either Uganda Coffee Sales Ltd. (an organisation run by planters) or the Deputy Coffee Controller, Kampala.(4).

In Mombasa a Hard Coffee Exporters Group had been set up, its members consisted of 16 hard coffee exporters who were chosen on the basis of past performance.(5) The Hard Coffee Controller, Mombasa, was the chairman of this Exporters Group, and had the power to allocate amongst members of the group shipping or storage space available for the exports of hard coffee produces in East Africa.(6)

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(1) Defence (Control of Coffee) Regulations, 1942, Section 6.
(2) Uganda, Legal Notice No. 198 of 1943, Uganda Laws 1943, p. 147.
(3) Uganda, Legal Notice No. 28 of 1944, Uganda Laws 1944, p. 25.
(4) Uganda, Legal Notice No. 91 of 1944, ibid., p. 68
(5) Kenya, General Notice No. 1672, 1942, Gazette 1942, p. 579.
(6) Kenya, The Defence (Control of Marketing and Export of Hard Coffee) Regulations, 1942.

Under the Bugishu Coffee Scheme Ordinance 1940, the Bugishu Coffee Scheme became a body corporate and took over the functions and all assets and liabilities of the previous Bugishu Coffee Scheme which had been operating as a government enterprise relying heavily on the Native Administration for its finance. The Bugishu Coffee Scheme Board appointed the Bugishu Coffee Marketing Company as it managing agent, for a period of 10 years, as from the 1st April, 1941.(1) The shareholders of the Bugishu Coffee Marketing were: A Baumann & Co., Old East African Trading Co. Ltd., Jamal Ramji & Co., (the three firms which had previously engaged in coffee buying in the area) plus Mr. H.R. Fraser (a director of A. Baumann & Co.), and the shares were held equally among the four.(2)

In 1940 and 41 the Bugishu Arabica coffee crop continued to be sold by auction in Nairobi, but in 1942 it too came under bulk purchase arrange- made by the U.K. Ministry of Food on the same basis as for the other coffee crops in East Africa, whereby the Ministry undertook in advance to take delivery of the whole crop each season at an agreed price.

Table II shows that that major portions of Uganda coffee purchase by the U.K. Ministry of Food were in fact sent to South Africa, Australia, and Middle East territories among which Egypt and Sudan received a large proportion. Exports to U.S.A. and Canada were cut off. The total quantity of exports seems to show a slight increase during the war-period of 1939 - 1945, whilst the value of exports more then doubled during this period reflecting the higher prices obtained.

The life of the bulk purchase arrangements was extended twice after the war until 1953/54 season in line with the Kenya coffee industry. After the resumption of free market in 1947, the quatity of coffee over and above the contract was sold by auction. By the five year contract concluded in 1947, 4,000 tons of <u>Native Robusta</u> <u>F.A.Q.</u>, 1,000 tons of <u>Bugishu Arabica</u> all <u>non-native Robusta</u>, and some other minor growths were withheld from the free market.(3) Bugishu Arabica remained under the control of the Bugishu Coffee Scheme, and a new Non-Native Coffee Marketing Board was established to control the marketing of non-African estate coffee. The latter was abolished in 1953 when the Coffee Industry Board was set up in that year.(4)

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(1) Uganda, Annual Report, Dept. of Agriculture, 1940/41, p. 3.

(2) The History of the Bugishu Coffee Scheme (typed)

(3) Saben's Commercial Directory and Handbook of Uganda, 1947/48. p. 267.

(4) Uganda, Dept. of Agriculture Annual Report, 1953, p. 5.

Tanganyika.

Mild Arabica coffee of Tanganyika came under the Coffee Control (Sales) Order in October, 1940, in line with the control of Kenya arabica coffee. The Order stipulated that no person could, without the permission of the Coffee Control Board which was set up under the Defence (Coffee Control Board) Regulations, 1940, sell any raw coffee except through -

(a) The Tanganyika Coffee Growers' Association, Moshi, in the case of coffee grown by non-natives; or

(b) The Kilimanjaro Native Co-operative Union, Ltd., Moshi, in the case of coffee grown by natives.(1)

The coffee grown in Bukoba area, whether it was arabica or robusta was outside the scope of this area. The schedule attached to the Order shows that the coffee grown in the Northern, Southern, Tanga, Eastern, Southern Highlands Provinces were to be covered by this rule.

In the early part of 1941, the future prospect of coffee exports appeared indeed pessimistic. The projected shipments of arabica coffee from both Kenya and Tanganyika to U.K. had been cancelled due to the non-availability of shipping. The American market also seemed to have been severely restricted by the new Pan-American coffee agreement published in October 1940. Contrary to all expectations, however, prices began to soar, aided by a short crop, and it was found very difficult for exporters to obtain sufficient coffee to fulfil their sales to U.S.A., Canada, and South Africa.

When a prolonged bulk purchase negotiation with the U.K. was finalized in 1941, Tanganyika was given a quota of 1,700 tons of mild coffee. Arrangements was made "to ship 1,500 tons of this before the end of the year but owing to the delay in completing the agreement it was then found impracticable to obtain more than 825 tons of the qualities required"(2) After 1943, whole Tanganyika mild coffee was purchased by the Ministry of Food.(3) In July 1943, the Tanganyika Coffee Growers' Association (T.C.G.A.) was appointed to be the sole purchasing agent for all mild coffee in the Northern Province, and the Coffee Control (Sales) Order, 1940, was revoked. This meant that K.N.C.U. was dropped from the Agency for the Mild Coffee Control Board, and became a sub-agent for T.C.G.A. The reason given was simplufying arrangement for bulk disposal to U.K., (4) but apparently severe friction was caused by this new arrangement.(5) The sole agency of T.C.G.A. was gradually extended to the whole coffee producing areas except Bukoba.

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(1) Tanganyika, Government Notice No. 254 of 1940; The Coffee Control (Sales) Order, 1940, Ordinance 1940, p. 326.

(2) Tanganyika, Dept. of Agriculture Annual Report, 1941, p. 2.

(3) Tanganyika, Dept. of Agriculture Annual Report, 1944, p. 2.

(4) Tanganyika, Dept. of Agriculture Annual Report, 1943, p. 3.

(5) Tanganyika, Dept. of Agriculture Annual Report, 1944, p.2.

In Bukoba, both robusta and arabica coffees are grown, and the latter is classed with the robusta as Hard Coffee commercially on account of its sun-drying method of preparation. Bukoba coffee became controlled under the Defence (Bukoba Coffee Control Board) Regulations, 1942. The bulk orders by U.K. amounted to 3,580 tons of robusta and 540 tons of plantation coffee in 1943 at the prices of £46 and £51 per ton f.o.b. Mombasa respectively. Producer prices were fixed by the Bukoba Coffee Control Board. While paying the producers higher proces than that of the pre-war level, the Board could obtain a "very considerable profit" on this basis. (1)

Soon after the end of the War, the Bukoba Coffee Control Board was succeeded by the Bukoba Native Coffee Board, established by General Notice No. 10 of 30th December, 1946. The tightening of control was then followed with the Native Coffee (Compulsory Marketing) Order, 1947, which stipulated that "all producers of native coffee shall sell such coffee throught such agency as the Bukoba District Native Coffee Board may direct". (2) The total quantity of exports of Tanganyika coffee does not show any marked increase nor decrease during the war period of 1939-45. (See Table III). However, if the mild and hard coffees are compared, a slight tendency is decerned that the export quantity of hard coffee increased while that of mild coffee declined. As the price increase during this period was more pronounced in the case of hard coffee, it suggests that Bukoba profited much more than the areas which produced mild coffee, the main area being the Northern Province. The break down by destination of exported Tanganyika coffee is not obtainable as most coffees were consigned to Kenya first and then re-exported. However it is reasonable to assume that the destinations of the mild coffee were much the same as Kenya coffee, whilst those of hard coffee were similar to Uganda coffee.

When the bulk purchase agreement was renewed for further five years in 1947, the whole crop of Tanganyika mild coffee, both African and non-African produced, were contracted by the U.K. Ministry of Food. (3) This had a serious repurcussions as they were precluded from profiting from the higher prices paid in the free market. The contract for the hard coffee of Bukoba was limited to 4,000 tons of robusta and 700 tons of arabica annually, (4) and thus enabled the growers there to profit from

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(1) Tanganyika, Dept. of Agricultural Annual Report, 1943, p. 3

(2) Tanganyika, Government Notice No. 169 of 1947, Ordinence 1947, p. 169.

(3) Leubuscher, C. , op. cit., p. 40.

(4) Bukoba Native Coffee Board, Report for 1949-50.

selling about 40 per cent of the whole crop in the free market. However the disadvantages of the bulk purchase arrangements of these post-war years were overwhelming to these Tanganyika coffee growers, and both the Kilimanjaro Native Co-operative Union and the Bukoba Native Coffee Board refused to renew the long-term contracts in 1952.(1)

Thus in all the three territories of East Africa, change was brought about during this period whereby coffee had to pass through a statutory marketing body designated for particular groups of producers from particular areas, be it the Kenya Coffee Marketing Board, the Uganda Coffee Control, the Tanganyika Coffee Growers Association, or the Bukoba Native Coffee Board. The pre-war pattern of freely determined channels of sales for coffee had disappeared, and instead either the official bodies created by government or the producers' marketing bodies which were given official status by legislation became responsible for securing all the coffee produced by the respective groups of growers and exporting them. In order to perform this role, the statutory marketing bodies utilised the existing trade firms for primary buying and exporting as their agents on a commission basis, whilst new entry was prohibited and the amount of commission, processing fees, and transport charges, were rigidly fixed. The producers' prices of the African grown coffee of Uganda (including Bugishu Arabica) and Bukoba became fixed throughout the season(2) and were kept far below the realized sales prices by the deliberate policy of the respective statutory marketing bodies. The pay-outs by the K.N.C.U. for the producers were also kept far below the realised prices, and large reserves were created by these bodies. On the whole it may be said that competition disappeared completely during the war, and was restored only in the field of export trade after the resumption of coffee auctions in East Africa in 1947.

(b) Cotton

Uganda.

In March 1941 the United Kingdom government commenced bulk purchase of cotton whereby the Ministry of Supply (Cotton Control) undertook to buy the whole of the U.K.'s requirements partly by the customary trade channels and partly by direct purchase.(3)

The marketing of cotton in East Africa proceeded in the normal way for almost a year after the war started. Previously U.K. took only a small portion of Uganda cotton exports, e.g. 2.6 per cent in 1937. The major portions

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(1) Leubuscher, C., op. cit. p. 39.

(2) An exception to this is that in 1945/46 and 1947/48 seasons the fixed prices for robusta dried cherry in Uganda were raised during the season.

(3) Leubuscher, C., op. cit., p. 53.

went to India and Japan.(1) The economic blockade of Japan imposed by the Allied Powers in July 1941, five months before the formal outbreak of hostilities cut off this market from East Africa, and coupled with the severe restrictions in shipping space which developed during 1941 the future outlook for overseas markets became very uncertain. Prices offered for the 1941/42 crop slumped so low that buying of seed cotton was suspended from 31st February 1942. A bulk purchase agreement was then negotiated, the U.K. Ministry of Supply taking nearly half the Uganda crop; this had the immediate effect of hardening prices on the resumption of buying.(2) The average price paid for seed cotton during the season was, however, quite low at 7.7 cts per lb. and the gross return to growers was only £1,302,994 as against £2,157,194 for the previous crop(3) at 8.8cts. per lb.

In December 1942, after bulk sales agreements had been signed with the U.K. the three East African Governments announced that they would purchase the whole of the respective cotton crops at a fixed price "with the minimum possible interference with normal East African trade channels"(4). In Uganda, a Cotton Exporters' Group embracing all established cotton exporters was set up in order to deal with the marketing of the crop. Producers' prices for the 1942/43 crop were based on the Ministry of Supply's contract price with a bonus added in order to compensate the growers for the very small crop.(5) Lint price to be paid by the Government to ginners were also fixed. The price for lint cotton free on rail was to be calculated in the following manner:- (a) the price fixed by government to be paid for seed cotton, converted from raw cotton value to lint, plus (b) an allowance for profit, plus (c) transport of lint to rail-head, plus (d) a basic fixed charge per lb. of lint, plus (e) an allowance, when necessary, for greater rail freight.(6) The balance of the crop not required by the Ministry of Supply was sold to the exporters through the Group, and all profits made on sales were credited to a special cotton fund which was to be used for the benefit of the cotton growing areas of the Protectorate.(7)

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(1) Uganda, Report of Cotton Commission 1938, p. 21.

(2) Uganda, Dept. of Agriculture Annual Report, 1941/42, p. 2.

(3) Loc. cit.

(4) Tanganyika, The Cotton Industry 1939-1953, p. 2.

(5) Uganda, Dept. of Agriculture Annual Report, 1942/43, p. 3.

(6) Uganda, Report of the Committee appointed to advise upon the fixing of Minimum prices for Raw Cotton, and Maximum Price for ginning and baling 1942/43 season. P. 1.

(7) Uganda, DAAR 1942/43, p. 2. This was essentially the beginning of the Cotton Price Assistance Fund.

The Defence (Control of Cotton) Regulations 1943, was the legal instrument for controlling cotton exports, and establishing the Cotton Exporters Group. It stated:-

"There is hereby established an Association of Cotton Exporters (The Group) for the purpose of purchasing from ginners the whole of the 1942/43 cotton crop and selling such crop, as an agent of the Governments of Kenya, Tanganyika and Uganda, in such overseas markets as the governor of Uganda shall direct."(1)

The allocation of quotas to the members of the Group was decided on the basis of past performance. According to the Regulations:-

"(1) The Director of Agriculture, Uganda, shall allocate to each member of the Group a quota of lint cotton calculated in accordance with the provisions of paragraph (2) of this regulation.
(2) The quota for a member of the Group shall be the proportion that his exports during the seven basic years (the calendar years 1935-1941 inclusive) as stated in the Schedule hereto, bears to the total exports of all members during those years."
"At all meetings of the Group, the voting of members shall be in proportion to the quota allocated to each member." (2)

Each member of the Group was responsible for financing his purchases and exports of lint cotton. For performing such services, each member was to receive a commission of 2½ per cent of the f.o.b. value of the cotton sold by him.(3)

The Uganda Cotton Exporters Group thus came to handle the whole cotton crop of Uganda, Kenya and Lake Province of Tanganyika.(4) The only other cotton which was not dealth with by the Group was that produced in the Eastern Province of Tanganyika, where the Eastern Province Association of Cotton Exporters operated(see Tanganyika section) The Uganda Group continued to function until it was dissolved in 1949 when the Lint Marketing Board was set up. However, fixing the prices both to the growers for seed cotton and to the ginners for lint cotton have become permanent features of East African cotton marketing up to the present time.

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(1) Uganda, Legal Notice No. 19 of 1943. Ordinance and Subsidiary Legislation 1943, p. 11.

(2) <u>Loc. cit.</u> After December 1943, the allocation was entrusted to the Director of Supplies, and not the Director of Agriculture. The allocation of lint to exporters for the bulk sales to India was made separately by the Indian authorities based on the past performance of each Indian importer on whose behalf exporters were given the allocation.

(3) <u>Ibid.</u>, p. 13

(4) Cotton from Tanganyika's Lake Province was controlled by a Uganda law under the Defence (Cotton Control: Tangaryika Lake Province) Regulations 1943. Uganda, <u>Legal Notice</u> No. 156 of 1943.

It is not clear if the members of the Group remained the same throughout its existence. It is possible that some exporters went out of business or merged with other to profit from a bigger combined quota. The grouping of the exporters and the bales they handled under the bulk purchase agreements with U.K. and India for 1947/48 and 1948/49 seasons are shown in Tables VII and VIII.

The U.K. Ministry of Supply's guaranteed price was fixed at Shs 12/- per 100 lbs. of ARK seed cotton equivalent (the growth which preceded BP 52) until the end of the war with normal premiums and discounts for other growths.(1) Subsequently, an allowance was added to growers' prices to cover increased cost of living and production which was assessed at 85 cents per 100 lb. of seed cotton in the 1943/44 season.(2)

The bulk purchase agreement with the Indian Government arranged that the balance of the crop over and above the requirements of Ministry of Supply was sold at a price determined by annual negotiations.(3)

The amount of lint cotton shipped to the U.K. and India under bulk purchase and the accompanying contract prices are shown in Table IV. It is apparent from this Table that the U.K. took only a small portion of Uganda cotton except in 1942 and 1943. U.K. prices were much lower than the Indian Government prices during the war period and therefore until 1949.(4) This meant, of course revenue from seed cotton sales at U.K. contract prices was kept artificially low, and the surplus fund was accumulated mostly from the sales to the Indian Government.

After the end of the War, the U.K. office in the Ministry of Supply in charge of the central procurement of cotton as well as its allocation to the spinners was transferred to the Board of Trade. On 1st January 1948 this function was taken over by the Raw Cotton Commission (R.C.C.) which had been set up under the Cotton (Centralized Buying) Act of 1947 and was then intended to replace permanently the pre-war Liverpool Cotton Exchange.(5)

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(1) Uganda, Dept. of Agriculture Annual Report, 1944/45, p. 2.

(2) Uganda, Dept. of Agriculture Annual Report, 1943/44, p. 2.

(3) Tanganyika, The Cotton Industry 1 ?? - 1953, p. 3.

(4) The disappearance of the price gap between R.C.C. and Indian Govt. Contract prices after 1949 was a result of complaint made by the Indian Govt. and the subsequent combined negotiation of price on behalf of the R.C.C. and the Indian Govt. on the one hand and the Uganda Lint Marketing Board on the other; See Minutes of the first meeting of L.M.B., 2nd November, 1949.

(5) Leubuscher, C., op. cit., p. 53.

Bulk purchase of Uganda cotton by the Raw Cotton Commission continued until 1952.

The rapid rise of world cotton prices lead to several revisions in the rate of commission to be paid to the Uganda Cotton Exporters Group. In 1944 the Ministry of Supply drastically reduced agents' commission on cotton shipped to U.K. to Rs 3/- per bale (1% of the Uganda cotton contract price for 1943/44), the rate of 2½% to India remaining in force until 1947/48 when the Uganda Director of Agriculture, in consulation with the Cotton Exporters' Group Executive, reduced the commission to 1¾% in view of the increased f.o.b. value of exports. In 1948 a revised agreement was made with the Executive of the Cotton Exporters' Group, whereby for the 1948/49 season agents were paid a flat rate of Rs 10/- per bale (1.1% of the f.o.b. price to India for 1948/49) on all bulk sales irrespective of destination. In accepting this further reduction the exporters were assured by the Government that during the 1948@49 season they would be given the opportunity of handling as principals about a third of the crop as auctions would be resumed.(1)

From other evidence, it appears that the initial rate of commission of 2½% was on the high side compared with the other colonies and territories which made bulk sale contracts with U.K.(2), but the later squeeze of commission rates indicates that the U.K. Ministry of Supply and Uganda Protectorate Government were able to exert strong pressure on the exporters by virtue of their monopoly positions.

Tanganyika

The cotton marketing organisation of Tanganyika went through similar changes to those in Uganda. When the shipping shortage began to be felt in 1941, the Government guaranteed that with regard to the buying season that opened in June 1941, it would meet insurance or interest charges which ginners might incur as a result of shipping delays for any period in excess of six months and any storage charges incurred for the same reason in excess of two months. In November 1941 it was announced that the U.K. Government had undertaken to purchase all non-native or third quality cotton produced in Tanganyika, except in the Lake Province, which remained either unsold or unshipped at the end of April 1942.(3)

The disposal of the 1942 crop was again a problem and the Government of Tanganyika started negotiations with the U.K. Government to purchase 30,000 bales, or a part of this quantity, which the Tanganyika Government wanted to guarantee would be purchased from the ginners. It was finally decided that the Tanganyika Government would buy all cotton unsold or unshipped at the end of April 1943,(4) but demand in Bombay shot up later in the year and fears of no market was proved unfounded.(5)

(1) Memorandum by the General Manager of the Lint Marketing Board on the Agenda of Board Meeting, (typed), 23rd January, 1950.
(2) Chief Secretary to the Governors' Conference, 30 th March 1943, signed G.F. Clay, Sir. A.N. Maini Files (East African Production and Supply Coulcil.)
(3) Tanganyika, The Cotton Industry, 1939-1953, p. 2.
(4) Tanganyika, Dept. of Agric. Ann. Report, 1942, p. 3.

Bulk purchase negotiations between the U.K. Government and East Africa as a whole had already started, and in October 1942 the U.K. Government intimated that it was prepared to purchase the whole East African cotton crop at a fixed price for a minimum of three years or for the duration of the war and for one year after. Although the details of the disposal of Tanganyika's 1943 crop had not been settled at the end of 1942, the Tanganyika Government announced that the fixed price for growers' seed cotton would be about 10 cents per lb.(1)

Cotton grown in the Lake Province of Tanganyika had previously been sold through exporters based in Uganda. As we have seen, these exporters formed the Cotton Exporters Group under the Defence (Control of Cotton) Regulations, 1943 of Uganda. The Uganda Cotton Exporters Group had then approached the Tanganyika Government and offered to market the Lake Province crop.(2) The Government accepted the offer, and under the Defence (Cotton Control: Lake Province) Regulations 1943, exporters were limited to those who had exported not less that 2,000 bales of cotton lint from the Lake Province for more than one year between the years 1935 and 1939 inclusive, and the two years 1941 and 1942.(3) This sub-group was named the Lake Province Association of Cotton Exporters. A similar organisation, the Eastern Province Association of Cotton Exporters was established under the Defence (Cotton Control: Eastern Province) Regulations, 1943, to market Eastern Province cotton. Cotton grown in Northern, Southern and Tanga Provinces was sold through individual agents authorized by the Director of Agriculture.(4)

As in the case of Uganda cotton, the U.K. bulk purchase of Tanganyika cotton constituted a smaller portion than the quantity shipped at Bombay. For instance, the Tanganyika Department of Agriculture Annual Report, 1943 stated that the Bombay price was considerably greater than the fixed price guaranteed by the U.K. Government, and consequently its guarantee to purchase the entire East African cotton crop was not called upon. The U.K. Ministry of Supply had required, however, 2,000 tons of Tanganyika lint, and this quantity had been made available to the Ministry at the guaranteed price.(5) In 1944 the Ministry of Supply did not call for cotton from Tanganyika, and the whole crop was sold to India; as a consequence the allocations of

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(1) Loc. cit.

(2) Tanganyika, The Cotton Industry, 1939-1953, p. 3.

(3) Tanganyika, The Defence (Cotton Control: Lake Province) Regulations, 1943 Government Notice No. 202 of 1943.

(4) Tanganyika, The Defence (Cotton Control; Northern, Southern and Tanga Provinces) Regulations, 1943, G.N. No. 231 of 1943.

(5) Tanganyika, Dept. of Agriculture Annual Report, 1943, p. 3.

lint to the exporters underwent some changes. The Exporters' Group were retained but instead of the cotton being of to the members they acted only in the capacity of exporting agents on behalf of the Indian importers. The Indian authorities became responsible for the allocation of the quantities to be handled by each exporter and the amounts to be shipped to the various importers.(1)

As in the case of Uganda, the prices of seed cotton for growers were fixed lower than the seed cotton equivalent of the lint contract prices, and the Tanganyika Government accumulated a big surplus. Uganda had decided to use their similar surplus for the eventual benefit of its cotton industry, but the Tanganyika Government rejected this idea, on the grounds that revenue from any particular source should not be earmarked in advance for a specific purpose. The Standing Finance Committee which met in August 1943 confimed this position, but recommended the establishment of an Agricultural Development Fund from which money could be allocated to projects of benefit to the country as a whole including such services as improved roads, water supplies, dispensaries, schools, price stabilization and loans for the improvement of agriculture. It was at the same time agreed that profits obtained from trading in other products such as coffee should also be paid into a fund of this nature.(2) These recommendations were accepted by the U.K. Secretary of State for Colonies, and an advisory committee was set up in 1944 to advise the Government on the functioning of the fund.

After the War, Uganda was anxious to resume cotton sales by auctions, as it could risk the possibility of unsatisfactory prices in the auctions whilst retaining fixed prices for the growers because it had accumulated a huge surplus in its price stabilisation fund. Tanganyika, on the other hand, had spent much of its cotton profits for rual development purposes, and felt that it could not risk a financial loss should the free market price fall.(3) Consequently, in December 1949 the Tanganyika Government accepted a three year bulk purchase arrangement covering the 1950/51, 1951/52 and 1952/53 East African crops, with the Raw Cotton Commission for all exportable surplus and subject to reasonable allocation to India and Ceylon which had hitherto purchased the greater portion of Tanganyika crop. However, this

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(1) Tanganyika, Dept. of Agriculture Annual Report, 1944, p. 3. The same arrangements applied to the Uganda cotton shipped to India.

(2) Tanganyika, The Cotton Industry 1939-1953, p. 5

(3) Ibid., p. 4.

East African bulk purchase agreement was terminated in 1952 when the Tanganyika Lint and Seed Marketing Board was established.[1] The Lake Province cotton continued to be disposed of through the agency of the Uganda Lint Marketing Board, and is sold on the Kampala auctions until 1957/58 crop when the Lint and Seed Marketing Board decided to increase its staff, and market all cotton lint and seed produced in Tanganyika.[2] The Eastern Province cotton was handled by the Tanganyika Cotton Co. as agents for the Board and was sold by auction in Dar-es-Salaam during this interim period.[3]

In June 1952, the Legislative Council passed resolutions creating the Cotton Price Assistance Fund by allocating £ 800,000 out of the profits on the sale of cotton which had accrued to the Tanganyika Government, and also the Ordinary Fund to be used as a working capital with a sum of over £ 2 million out of the cotton sale profits reserved since 1949, and partly out of the cotton tax.[4]

Kenya.

In Kenya, Nyanza Province is the main cotton producing area, although a smaller quantity is produced on the Coast. For instance, in 1944/45 season 4,310 bales of lint were produced in Nyanza, whereas the Coast produced only 1,095 bales.[5] Total cotton exports from Kenya, (and consequently the importance of cotton in the Kenya economy, was very much smaller than in Uganda and Tanganyika.

In 1944 the Kenya Government conformed to the Uganda policy of fixing the growers price in advance, and undertook to market the crop through the Uganda Cotton Exporters Group.[6]

Any profit made by the Group from sales of Kenya cotton was paid to the Kenya Government and the relative proportions were credited to the Nyanza Cotton Sales Fund and the Coast Province Cotton Sales Fund which were to be used for the development of the respective cotton areas.[7]

As in the case of Uganda and Tanganyika, the producers' prices for seed cotton were fixed much below the realised sales prices, and considerable amount was accumulated in these Funds. In 1951 contributions from the Cotton Sales Funds to the District Agricultural Betterment Funds were approved, but in July 1952 the Nyanza Cotton Sales Fund still held over £ 900,000 and the Coast Province Cotton Sales Fund over £ 450,000. This

(1) Loc. cit.

(2) Uganda, Lint Marketing Board Annual Report, 1957, p. 17

(3) Tanganyika, The Cotton Industry 1939-1953, p. 12.

(4) Ibid., pp. 13-14

(5) Kenya, Dept. of Agriculture Annual Report, 1946, Part I, p.7.

(6) Fearn, H. An African Economy, p. 174.

(7) Loc. cit.

state of affairs gave opportunity for other bodies to raid the Funds, and the payment of £400,000 (£200,000 each from the two Cotton Sales Funds) to Development and Reconstruction Authority of Kenya was approved in the Legislative Council to finance specific developments in the respective Provinces despite strong local African oppositions.[1]

(c) Sisal.

The sisal industry of East Africa is characterized by the highly intergrated relationships between growers and exporters (usually called 'Shippers'). The reason for this is that to achieve an economic scale of production it is considered necessary to have an estate which produces annually 1,500 tons fibre, which requires roughly a planted area of between 2,000 and 2,500 hectares depending on the fertility of the soil.[2] The main overhead costs are for the machinery required to prepare the fibre, and the usual administrative housing and internal transport overheads of plantation-type organisations.

The sisal industry in Eastern Africa had been established with outside capital in the form of initial advances for equipment or seasonal advances on sales provided by a relatively small number of merchant bankers of U.K., Germany and Swiss origins. Most of the larger sisal planting companies were actually floated by London merchant firms who have continued to act as their secretaries and agents.[3] In 1938 the exports of sisal from Tanganyika reached 101,400 tons whilst exports from Kenya and Uganda respectively 26,145 tons and 1,807 tons.[4] The East African output of sisal in 1935-38 (annual average) constituted 48.6 per cent of the total world output of sisal.[5]

When the Second World War broke out in September 1939 the East African sisal industry was faced with difficulties: at home a shortage of labour and overseas the closure of European markets. In 1939 a ceiling price for B.E.A. (British East Africa) sisal was fixed at the then ruling marketing price of £19 c.i.f. London for No. 1. grade. Soon this was raised to £26 as a result of representations from growers that the proce of £19 was quite inadequate to cover their costs. At this time there was no bulk purchase commitment on the part of the British Government, but it did purchase a good deal of both on its own account and for the French Government.[6]

(1) Knowles, O.S. Agricultural Marketing in Kenya, 1955, p. 294 and Kenya Legislative Council Debates, Vol. 48, 1952 p. 110 - 115

(2) Stahl, K.M. The Metropolitan Organisation of British Colonial Trade, p. 254

(3) Ibid., p. 256

(4) Matheson, J.K. and Bovill, E.W. (eds) East African Agriculture, p. 191

(5) Calculated from Guillebaud, C.W., The Sisal Industry of Tanganyika, p.5

(6) Ibid., p. 25.

The fall of France in June 1940 made the market prospect considerably worse. A bulk purchase agreement was then concluded with the U.K. Government after lengthy negotiations, by which the U.K. Government agreed to purchase the sisal output on a basis of £19 f.o.b. East African ports plus port charges in British East Africa, and subject to the condition that the output of sisal should be restricted to an East African total of 100,000 tons. Of this total 74,500 tons were allocated to Tanganyika and 25,500 tons to Kenya and Uganda.(1)

The Japanese invasion of Indonesia and the Philippines in early 1942 changed the whole picture. Supplies of sisal and manila from these areas were cut off, and created a great shortage of hard fibres.(2) The restriction scheme was thus terminated after one year's operation and every effort possible under the circumstances was made to increase production. The bulk purchase of all East African sisal continued during these shortage years, however, until the end of 1948, and the contract prices were never raised to the levels at which sisal from other sources was sold, (see a later section of this Chapter). The prices paid by the U.K. Ministry of Supply during the war were increased only to cover increased costs of production, especially those connected with labour.(3)

Although the great majority of East African sisal planters were organised as the Tanganyika Sisal Growers Association and the Kenya Sisal Growers Association, it was still considered necessary to set up a government marketing agency(4). A Sisal Controller was appointed in Tanganyika and a Deputy Controller in Kenya in order to implement the 1941 production restriction scheme and the subsequent production drives. Responsibility with regard to shipping was now vested in the Sisal Controller. Prices were fixed on an f.o.b. basis, and producers received a regular monthly cheque based on the amount of the previous month's production.(5)

The East African sisal industry apparently favoured the continuation of bulk purchase in 1944. The Tanganyika Sisal Growers Association's annual report of that year stated :-

> "The Industry's request for a five year contract was not, however, accepted by the Ministry of Supply, but some stability has been introduced into the war and immediate post-war period by the Ministry's offer of a contract to cover the duration of hostilities with Japan plus two years thereafter with the option on the part of the Ministry to break the contract two years after the cessation of hostilities with Germany provided that six months notice shall be given to exercise this option. This arrangement

(1) Loc. cit.

(2) Ibid., p. 11.

(3) Tanganyika, Dept. of Agriculture Annual Report, 1942, p. 2.

(4) Stahl, K.M. op. cit., p. 88

(5) Guillebaud, C.W., op. cit., p. 25

gives the Industry an assured outlet for a period during which to improve the efficiency of the Industry in all its branches, before competitive conditions again have to be faced."(1)

This favourable attitude of the sisal growers towards bulk purchase was soon changed after the war when the free market price of sisal continued to rise rapidly. Divergences of views developed between different sections of producers. The situation was somewhat similar to that facing the arabica coffee industry of Kenya in 1945. When the U.K. Board of Trade decided to discontinue bulk buying of sisal and the Tanganyika Government simultaneously ablished its sisal Control at the end of 1948, the larger estates were in favour of returning to pre-war trading methods under which each estate had sold its sisal under its own trade mark. On the other hand a large number of medium and small estate holders, many of them Indian or Greek, wanted to continue pool seeling on a statutory basis.(2)

In early 1948 lively discussions concerning the future marketing arrangements took place both in Tanganyika and Kenya. The Report of the Joint Marketing Committee of the Tanganyika and Kenya Sisal Growers Association was issued in March 1948 which recommended the establishment of a Joint East African Marketing Organisation with the ultimate object of creating a pool.(3) The Sisal Industry Ordinance of Tanganyika and Kenya which were enacted in 1945, both stipulated that the Governments could make rules for regulating and controlling the cultivation, treatment, keeping, storage, marketing and export of sisal, provided a resolution to recommend such an action had been passed by the Sisal Growers Association of the respective territory, and "the members voting in favour of such resolution shall have produced in the aggregate during the period of twelve months ending on the 31st December immediately preceding the date of such resolution not less than two-thirds of the total quantity of sisal produced in the Territory during such period."(4) Special general meetings of the Tanganyika Association were held on 30th March and 31st May 1948 to discuss the proposals for a Joint Marketing Committee. Votes were taken but those in favour did not attain the requisite two-thirds share of total production, indicating that the larger estates were in favour of a return to the pre-war marketing arrangements.

On the other hand, the Kenya Association at an Extraordinary General Meeting held on 17th May, 1948, had accepted a Resolution for the establishment of a Joint East African Marketing Committee on the basis of a letter dates 28th January, 1948, from the Sisal Agents Committee, London(5). But

(1) Tanganyika Sisal Growers Association, Report and Accounts, 1944, pp.14-15

(2) Stahl, K.M., op. cit., p. 89.

(3) Annual Report of the East African Sisal Industry, comprising Tanganyika Sisal Growers Association and Kenya Sisal Growers Association, 1948, p. 15.

(4) Tanganyika, Sisal Industry Ordinance, 1945, Section 12.

(5) Annual Report of the East African Sisal Industry, 1948, p. 15.

since Tanganyika growers had not passed the resolution, the joint marketint scheme was abandoned. Kenya adopted the "Agents' Scheme" by a resolution passed at an Extraordinary General Meeting held on the 20th September, 1948,(1) whereby Kenya growers sold through a Sisal Marketing Committee set up under the Kenya Sisal Board in conjunction with a London Agents' Committee.(2)

In Tanganyika 70 per cent of the growers, representing almost 50 per cent of the output, then formed themselves voluntarily into the Tanganyika Sisal Marketing Association (TASMA), in order to pool the sales from all participating estates and to retain the war-time system of regular monthly payments to growers based on production of each grade. It was claimed that by incorporating a large proportion of the smaller and weaker estates, TASMA has tended to act as stabilising factor in price formation by strengthening the growers' bargaining power, and by virtue of the scale and variety of its supplies it could now meet the requirements in any grade or quatity for any delivery date.(3)

Those Tanganyika growers who did not join TASMA began to sell their sisal through their own London Agents when the control system was abolished. The prewar competitive marketing pattern was largely restored except that TASMA became a single agency house for about a half of the total Tanganyika sisal output.

A significant change in the direction of trade had occured during the war. Antwerp in Belgium used to be a big market for East African sisal which was the distribution centre of fibre for the European continent. This market was lost at the beginning of the war. After supplies of sisal from Java and Manila from the Philippines were cut off in early 1942, the United States became big users of East African sisal, as can be seen in Table X. There was an agreement between the British and American Governments whereby each would sell to the other at the prices at which they had bought their supply(4). This meant that the Americans obtained East African sisal from U.K. Ministry of Supply at bulk purchase prices whilst they had to pay much higher free market prices in order to obtain fibres from other sources as Mozambique and Angola, Brazil and Central American countries. The sales to the United States declined as soon as the war was over, but Canada took a large quantity for a few years immediately after the war.

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(1) Annual Report of the East African Sisal Industry, 1949, p. 38.

(2) London Agents licensed be the Kenya Sisal Marketing Committee in January 1949 were:-
Dalgety & Co. Ltd., Mitchell Cotts & Co. Ltd., Arbuthnot Latham & Co. Ltd., United Africa Co. Ltd., Wigglesworth & Co. Ltd. and Liverpool Uganda Co. Ltd.

(3) Guillebaud, C.W., op. cit. pp. 85-86

(4) Ibid., p. 26

(d) TEA.

Tea is another crop which favours large scale estate enterprise because of its need for heavy capital outlay for planting and processing. The minimum economic unit for a processing factory is usually considered to be one that produces 500,000 lbs of made tea a year.(1) The tea industry had grown rapidly in Kenya between 1925 and 1933 after arrival of two planting companies: James Finlay & Co. Ltd. and Brooke Bond (East Africa) Ltd. which took the advantages of a high tariff against imported tea.(2) In Uganda and Tanganyika tea was grown on a much smaller scale. Subsequently, the expansion of tea production was severely restricted by the International Tea Agreement which all three East African Governments joined in 1934. McWilliam has given a detailed history of the East African Tea Industry;(3) my only concern here is the way bulk purchase was arranged for East African tea during and immediately after the Second World War.

Just prior to the war, a Tea Distribution Agreement, commonly called a Pool, was initiated in 1938 by the major East African tea planters. In essence it established a quota share of the local market for each producer based on production and acreage, and the members' tea was marketed through the sales organisation and under the trade mark of one distributor(4) although it was indicated on the labels that the tea was that of the "Associated Tea Growers of East Africa." The Pool supplied over 80 per cent of the tea sold in East Africa and possessed a complete monopoly in Kenya.(5)

When the War started in 1939, the U.K. Government established ceilings on domestic wholesale and retail tea price. The London tea market was closed and the Ministry of Food became the sole purchaser of tea from overseas. The first contracts for bulk purchase between the Ministry of Food and growers in India and Ceylon were made in September 1939(6) this was one of the earliest bulk purchase agreements. The bulk purchase agreement for British East African tea was arranged early in 1940, covering about 5 per cent of total purchases by the Ministry of Food the year, the other 95 per cent coming from India and Ceylon(7).

Rationing of tea was necessary in almost all principal tea importing countries of the world. In the U.K. rationing started in July 1940 had

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(1) McWilliam, M.D., "The Kenya Tea Industry", The East African Economics Review vol. 5, January 1959, p. 40.

(2) Although it was claimed that the high import tariff for tea was to raise revenue and not to protect local industry.

(3) McWilliam, M.D., The East African Tea Industry, 1920-56: a case study in the development of a plantation industry, 1957, thesis for the degree of B. Litt., University of Oxford (unpublished).

(4) Brooke Bond, Ltd.

(5) McWilliam, M.D., The Kenya Tea Industry, p. 38.

(6) Wickizer, V.D., Coffee, Tea and Cocoa, an economic and political analysis, 1951, p. 212.

(7) Ibid., p. 213. British East Africa includes Nyasaland.

the effect of reducing internal consumption by some 50 million or more pounds annually.[1]

However, in even these greatly reduced consumption levels could not be matched by the available supply, as the Japanese conquest of the Netherlands Indies stopped all supplies of tea from the Far East. The International Tea Agreement continued throughout the War, but the restrictive features of the Agreement ceased to have practical significance.

Following the establishment of the Combined Food Board[2] in June 1942 the U.K. Ministry of Food became the managing agent for all purchases of tea for the Allied Powers and also some neutral countries. All allocations were undertaken in accordance with the recommendations of the Tea Committee of the Combined Food Board, on which there were representatives of the Dominions, the United States, and the Soviet Union; later, in 1945, the Netherlands also joined the Committee.[3]

In East Africa, the Kenya Director of Agriculture acted as the Tea Commissioner for all three territories and as agent for the U.K. Ministry of Food.[4] Arrangements governing the disposal of the crop were that only the exportable surplus was sold to the Ministry of Food after providing for internal supplies and exports to local territories.[5] A Bulk Purchase Contract was made with each estate, and the basic prices each estate obtained from the Ministry of Food were varied.[6]

The Middle East became a big market for East African tea as well as coffee during the War. In January, 1942, the Middle East Supply Centre (M.E.S.C.) which had been set up in Cairo in the previous year to co-ordinate the provisioning of the Middle East with civilian supplies,[7] included in its first six month import programme 4,800 tons of tea for Egypt and the Mediterranean area, two-thirds coming from India and one-third from East Africa. The U.K. Ministry of Food thought it would be very difficult to meet these requirements and urged the MESC to obtain more coffee as a subsitute. However, it agreed to release 1,400 tons of East African tea to the Sudan.[8] When the second six-month programme of the M.E.S.C. was submitted in June 1942, the tea supplies from East Africa were raised to the two-thirds of

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1) Ibid., p. 2[illegible]

2) For the activities of the Combined Food Board, see Roll, E., The Combined Food Board: a study in War time International Planning, Stanford, 1956.

3) Wickizer, V.D., op. cit. pp. 216 - 217.

4) Kenya, Dept. of Agric. Ann. Report, 1945, Part I, p. 12.

5) Kenya, Dept. of Agric. Ann. Report, 1946, Part I, p. 10

6) Matheson, J. K. and Bovill, E.W., op. cit. p. 206.

7) The activities of the M.E.S.C. have been analysed in detail in Lloyd, E.M.H., Food and Inflation in the Middle East, 1940-45, Stanford, 1956.

8) Lloyd, E.M.H., op. cit. p. 281.

total tea procurement, the other one-third coming from India.[1]

These bulk purchase arrangements gave the East African Tea Pool an opportunity to function as an exporting organisation. As it was the only organised sales organisation amongst the major East African tea producers, the Tea Commissioner naturally regarded it as the most competent body to handle supplies to the Middle East. Thus in the period from 1943 to 1946, 40 per cent of the total allocations the Pool recevied from the Tea Commissioner were destined to the so-called Scheduled Territories, comprising the Middle East and other African countries.[2] The Pool's handling of the export trade continued until 1954 even although the bulk sales contract had been terminated in 1946.[3]

(e) PYRETHRUM

Statutory control of sales of pyrethrum flowers was established at a very early stage of the Kenya pyrethrum industry even before the War. Under the Pyrethrum Ordinance of 1938 the Kenya Pyrethrum Board was created with full powers to regulate the industry. A similar ordinance was instituted in Tanganyika in 1939 where a much smaller proportion of pyrethrum was grown. The K.F.A. was appointed as the sole marketing agent in both territories. Africans were still largely precluded from growing pyrethrum during this period.

The Second World War boosted the demand of pyrethrum. Military operations under tropical conditions necessisted the increased use of insecticides by the Allied Forces. Supplies from Japan were cut off after 1941, and East Africa was urgently asked to increase its production.

The bulk purchase of pyrethrum from East Africa started in January, 1942, the U.K. Ministry of Supply undertaking to purchase the whole of the production. a four year contract was then concluded in 1944 with the Ministry of Supply which could continue the bulk purchase arrangements until the end of 1947. Most of the pyrethrum flowers purchased under the contract were actually shipped to the United States. The agreement gave a strong impetus to the East African pyrethrum industry, and production rose rapidly during the war period. In the years 1940, 1941, 1944, 1945 and 1946 pyrethrum took first place in Kenya's export values, (see Table XII).

An extraction plant was erected in Nairobi in 1945 by the Ministry of Supply and was operated by British Army authorities for the last few months of the war so that they might obtain directly the pyrethrum extract for insecticides.[4] After the war it was handed over to the East African Extract corporation, a subsidiary of Mitchell Cotts and Co., which had

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(1) Ibid., p. 282.

(2) McWilliam, M.D. The Kenya Tea Industry, p. 38

(3) The Pool had wanted to sell as much tea as possible to the high price export markets during this immediate post-war period. The East African Governments prevented this by export licensing designed to maintain the internal supply.

(4) Matheson, J.K. & Bovill, E.W., op. cit. p. 160

supplied the plant in the first place. Exports of pyrethrum extracts increased subsequently and gradually overtook the export value of flowers.

There was a post-war depression in the pyrethrum export market in 1947 and 1948 due to the advent of new chemical insecticides, and also due to the release of stock-piles of pyrethrum by the United States. However, the market improved after 1949 when some technical innovations were made concerning the use of pyrethrum, namely, the invention of the aerosol, and the discovery of piperonyl butoxide which had the effect of increasing the activity of pyrethrum when added to it, thus making pyrethrum a far less expensive material to use.(1)

3. The Post-War Continuation of the Bulk Purchase Agreements

The bulk purchase policy assumed a different role for the U.K. during the post-war period. The necessity for the control procurement of goods to assist the war effort gave way to other considerations such as the need to economize her small reserves of hard currency by diverting purchases to non-dollar markets, and to make as secure as possible the supply of primary commodities which were scarce after the war.(2)

Also, under the Labour Government a widespread view developed, without much examination, that the bulk purchase system was an effective method of furthering colonial development. For example, Sir Stafford Cripps made the following statement in the House of Commons on 17th September 1948:

> "It will clearly be a great help to Colonial producers in any plans to increase the volume of their production if they have an an assurance of a market for their goods for some years to come. His Majesty's Government have, therefore, been considering the general principles which should, in the interests alike of Colonial producers and of the United Kingdom as a consumer, underlie contracts made between the two parties for the sale and purchase of Colonial agricultural export surpluses"(3)

In East Africa, similar enthusiasm existed at the beginning of the post-war period among officials and growers alike, largely because the economic slump immediately after the First World War were still remembered vividly. There was frequent discussion on the lines that preparations should be made to guard against possible price falls after the war. However, the situation facing East Africa soon after the Second World War was quite different from the earlier period. A large part of South East Asia, which used to produce similar tropical products as those of East Africa, was devastated. On the demand side, the Marshall Plan and other aid chiefly from the United States assisted a rapid recovery in the European market. Finally, the Korean War which started in 1950 boosted prices of 'strategic' raw materials still further.

(1) Hardy, N.H. "Pyrethrum in Kenya, the Board and its Functions", The Times Review of Industry, April, 1962, p. 10
(2) Leubuscher, C., op. cit. p. 3
(3) Ibid., p. 9.

Under these circumstances the discrepancy between free market prices and the bulk purchase prices widened greatly after 1947, even though most of the bulk purchase agreements by this time contained a clause allowing an annual price review to take place. There was an element of artificiality in the free-market prices during this period as a large proportion of the potential free market supply was withheld by the long term contracts; the free market prices would have been lower, therefore, if there was no bulk contract. This view seems to be confirmed by the fact that for the most commodities in the first year after the bulk purchase agreements were terminated the free market prices actually fell. Even so, as long as the producers could see the disparity between the two prices they naturally came to favour the abolition of the bulk sales. Table XIII shows price differential between free market and contract prices for coffee during the post-war period. The price differentials for cotton are shown in Table IV.

The bulk purchase agreements for East Africa cotton and for the K.N.C.U. and the Bukoba coffees were terminated in 1952, whilst the other coffees remained on bulk purchase agreements until the 1953/54 season. The reasons for the termination of these agreements were:

(1) The advent of a conservative government in the U.K. which favoured a return to free enterprise trading.

(2) The increased world supply and widening of choice available to consumers in the U.K.

(3) A growing desire for more flexibility in trade in the U.K., especially in order to resume the re-export trade.(1)

(4) Producers' dissatisfaction with the prolonged lower contract prices.

Conclusion

It is very difficult to state a set of neat and clear-cut conclusions from a study of such a complex question as the effects of the bulk purchase agreements on the performance and institutions of the East African agricultural sectors. The various organisational changes which took place during this period in the marketing of the major East African export crops have been described in detail in Section 2 However, the effects of low but stable (throughout-a-season) producers' prices on actual production cannot be easily isolated as production was also influenced greatly by such factors as weather lack of labour and machinery, extension personnel and shipping services, amongst other things. For instance, the drought of 1943 greatly affected the production of almost all crops. Tables XIV, XV, XVI and XVII reveal, however, that during the period of relatively low prices in the war years, the only crops which showed a substantial increase in production were, Buganda Robusta coffee, Kenya pyrethrum and East African tea. The production of Uganda cotton and Kenya arabica coffee declined considerably during this period. A rapid expansion in production of these crops was not brought

(1) Ibid., p. 134

about until the prices soared in the last few years of the 1940's and the early 50's.

Whilst the effects of the bulk purchase agreements on the quantity side of production remain inconclusive, the quality of the crops definitely declined. This tendency was inherent in the system of bulk purchase; as Leubusher has put it:

> "It is unlikely that large-scale rejection of low-grade produce would have been feasible, considering the political implications, under an agreement which pledged the producing country to deliver the whole, or a large part, of its output and prevented it from cultivating other markets."(1)

This period is characterised by the emergence of regid control systems for the marketing of agricultural products with such features as fixed prices for producers throughout a season, fixed commissions for services rendered by commercial firms, fixed processing charges, and even the allocation of quotas to be handled by individual trading firms, as in the case of the cotton exporters' groups. Statutory marketing organisations were established for different commodities for monopoly purchase in order to operate these control systems. Those statutory marketing organisations which dealt with African-grown crops deliberately kept producers' prices far below the realized sale prices, and thus accumulated large reserve funds during this period. Producers' prices came to be divorced from world market prices. Probably most observers would agree that this system of controls was largely appropriate to the emergency conditions of the war period, with the concomitant disappearance of the normal world trading patterns and exchange mechanisms. Nevertheless, significant examples of defects in its day-to-day operation are evident even from the limited quantity of documentary evidence, almost entirely of an official origin, which is readily accessible for study. These include such defects as delays in decisions, inflexibility in the face of new situations, and inability to reduce speedily the rates of commission and processing charges where these were clearly out of line with the actual risks and costs incurred. These rigidities in internal marketing organisation were largely inherited by the next period, although the export side of marketing was freed after the termination of the bulk purchase agreements.

One of the key features of the post-war economic and political scene in East Africa was the extent to which different groups of producers, processors and traders, not to forget the bureaucrats themselves, were able to turn the inherited institutions and concepts, such as, 'orderly marketing' and 'cost-plus pricing' to their own advantage. Certainly, in many areas, the patterns instituted in the war period remain recognisable today, even twenty years later, although the rationale for their existence is now quite different.

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(1) Leubuscher, C. op. cit. p. 105.

A number of interesting questions for further study arise from this continuation of the war-time control systems, which will be discussed in a preliminary fashion in a subsequent paper. Some major themes would appear to include the following:

(1) To what extent were the exogenous changes in world price levels in the depression and post-war boom periods associated with and credit to the internal marketing arrangements existent at the time?

(2) Why has there been a persistent failure on the part of Governments to take an overall national welfare view of the combined effects of individual arrangements for various crops?

(3) How closely have changes in the political power structure been followed by readjustments in the control and economic repercussions of marketing policies and arrangements? What explanation is there for the various apparent anomalies?.

Acknowledgement

I would like to thank all those people who have helped me to produce this paper, especially Mr. D.G.R. Belshaw for his invaluable advice, and Sir A.N. Maini who has kindly allowed me to use his personal files. Responsibility for any inaccuracies which may exist is however entirely mine.

26th July, 1966.

MASAO YOSHIDA

Table I

Kenya Coffee Exports (Hulled)

Year	Quantity Total ('000 cwt.)	U.K.	S. Africa	Australia ('000 cwt.)	Egypt	U.S.A.	Canada	Other	Value Total (£'000)	Unit value (Shs/cwt. f.o.b. Mombasa)
1939	327	151	19	7	2	40	74	32	794	48.6
1940	166	71	15	11	3	10	49	7	406	49.0
1941	238	20	22	10	4	115	63	4	565	47.5
1942	229	81	31	33	7	28	29	10	686	59.8
1943	139	104	22	6	2	–	–	5	538	77.6
1944	122	73	33	13	2	–	–	1	482	79.2
1945	124	61	23	22	18	–	–	Nil	601	96.7
1946	157	103	39	8	–	–	–	7	874	111.3
1947	183	113	31	16	–	–	12	11	1,253	137.0
1948	277	109	40	14	1	14	30	69	1,986	143.5
1949	144	91	15	2	–	1	2	33	1,473	204.5

Sources: Kenya and Uganda, Annual Trade Reports 1939 – 48.

East African Customs and Excise Dept., Annual Trade Report of Kenya, Uganda and Tanganyika 1949.

TABLE II

Uganda Coffee Exports (Hulled)

Year	Quantity Total ('000 cwt.)	U.K.	S. Africa	Australia	Egypt	Sudan	U.S.A.	Canada	Others	Value Total (£'000)	Unit Value (Ss/cwt. f.o.b. Mom.)
		('000 Cwt.)									
1939	342	20	103	Nil	13	57	45	29	75	437	25.5
1940	343	19	137	7	25	62	1	45	47	469	27.4
1941	389	4	182	5	16	55	35	34	58	597	30.7
1942	331	6	106	8	29	33	70	27	52	685	41.4
1943	394	49	28	7	206	20	–	–	84	1,143	58.1
1944	365	29	105	24	167	23	–	–	17	1,013	55.6
1945	393	22	238	34	18	54	–	–	27	1,143	58.1
1946	610	124	244	27	–	82	–	–	133	1,767	57.9
1947	414	124	138	19	1	52	Nil	13	67	1,536	74.2
1948	739	222	157	37	36	7	1	14	265	3,193	86.4
1949	459	97	74	9	24	4	8	15	228	3,783	121.2

Sources: Kenya and Uganda, Annual Trade Reports 1939-48

East African Customs and Excise Department, Annual Trade Reports of Kenya, Uganda and Tanganyika, 1949

TABLE III

Tanganyika Coffee Exports

(Hulled, Parchment, Cherry)

Year	Quantity Total '000 cwt.	Mild '000 cwt	Hard '000 cwt.	Value Total £'000	Unit Value Ss/cwt.	! Proportion of Parchment Coffee in Total quantity %
1939	332	n.a.	n.a.	466	28.1	19
1940	315	157	156	441	28.2	34
1941	273	139	134	448	32.8	18
1942	297	134	162	657	44.3	22
1943	218	98	120	553	50.8	20
1944	311	119	192	852	54.8	17
1945	289	111*	161	896	62.1	15
1946	200	112*	88	675	67.4	16
1947	277	58*	169	977	70.5	6
1948	225	126*	121	897	79.7	1
1949	236	82*	149	1,431	121.1	Nil

! Tanganyika's coffee exports at this time contained a proportion of mild coffee in parchment(which used to be sent to the curing mill in Nairobi) which lose approx. 20% of weight on hulling.

* These figures are for the crop year (1st July - 30th June) ending in the year indicated.

Sources: Matheson, J.K. and Bovill, E.W., East African Agriculture, 1950, p. 94.

Tanganyika, Dept. of Agriculture, Agriculture in Tanganyika, 1945, p. 50

Tanganyika Coffee Growers Association Annual Reports.

Saben's Commercial Directory and Handbook of Uganda 1950-51, p. 362.

TABLE IV Bulk Sales of Uganda Cotton, 1942-52 (AR Lint)

Year	Bulk sales to U.K. Bales ('000)	Price (cts/lb.f.o.b.)	Bulk sales to India* Bales ('000)	Price (cts/lb.f.o.b.)	Auction sales Bales ('000)	Price (cts/lb f.o.b.)
1942/43	55	70.8	55	141.7	-	-
43/44	28	75.0	160	150.0	-	-
44/45	67	79.2	200	129.2	-	-
45/46	75	87.5	152	133.3	-	-
46/47	22	150.0	180	145.8	-	-
47/48	56	191.7	64	216.7	-	-
48/49	91	216.3 (1)	181	220.6 (1)	n.a.	n.a.
49/50	107	245.4	215	249.5	-	-
50/51	80	384.6	160	382.2	97	540.0
51/52	76	415.5	151	413.5	133	377.6

* Includes Ceylon and Pakistan.

(1) These figures are the average f.o.b. lint prices sold to U.K. and India respectively in the calendar year 1949, and include auction sale prices.

Sources: (i) Information from Narandar Rajaram (Africa) Ltd.

(ii) Uganda Lint Marketing Board Annual Reports, 1949/50, 1950/51 1951/52, (mimeo).

(iii) Memorandum by the General Manager (L.M.B.) Board Meeting, 23rd January, 1950.

TABLE V Bulk Sales of Tanganyika Lake Province Cotton (AR Lint)

Year	Bulk Sales to U.K. Bales ('000)	Price (cts/lbs f.o.b)	Bulk Sales to India* Bales ('000)	Price (cts/lbs f.o.b.)	Auction Sales Bales ('000)	Price (cts/lbs f.o.b.)
1942/43						
43/44						
44/45	n.a.		n.a.		-	-
45/46						
46/47						
47/48	10		28			
48/49	7		29			
49/50	9	229.5	26	225.8	-	-
50/51	18	420.5	19	422.9	2	319.6
51/52	35	372.2	16	367.9	10	300.2

* Includes Ceylon and Pakistan

Sources: Same as Table IV.

TABLE VI <u>Bulk Sales of Kenya Nyanza Province Cotton</u> (AR Lint)

Year	Bulk Sales to U.K. Bales ('000)	Price (cts/lbs f.o.b.)	Bulk Sales to India* Bales ('000)	Price (cts/lbs f.o.b.)	Auction Sales Bales ('000)	Price (cts/lbs f.o.b.)
1942/43					—	—
43/44					—	—
44/45	n.a.		n.a.		—	—
45/46					—	—
46/47					—	—
47/48	0.5		4.0		—	—
48/49	2.0		4.0		—	—
49/50	2.0	239.9	5.0	239.0	—	—
50/51	2.0	376.4	4.0	371.8	2.0	645.3
51/52	3.0	411.4	5.0	402.9	2.0	409.6

* Includes Ceylon and Pakintan.

Sources: Same as Table IV.

Table VII

Groupings of the Cotton Exporting Firms by number of bales handled in 1947/48

(a) Uganda Cotton.

Class by total bales handled	No. of Firms European	Asian	Total Baleage Bombay	R.C.C.	Percentage of total crop Bombay	R.C.C.
0 - 499	-	5	1,231	-	1.9%	- %
500 - 999	-	1	702	-	1.1%	-
1000 - 1999	-	2	1,351	2,511	2.1	4.5
2000 - 2999	2	6	12,553	8,219	19.5	14.6
3000 - 3999	-	1	2,593	600	4.0	1.1
4000 - 4999	1	..	1,182	3,099	1.8	5.5
5000 - 5999	-	2	7,348	3,383	11.4	6.0
6000 +	2	3	37,469	38,444	58.2	68.3
	5	20	64,429	56,256	100	100

(b) Tanganyika Lake Province cotton

Class by total bales handled	No. of Firms European	Asian	Total Baleage Bombay	R.C.C.	Percentage of Total crop Bombay	R.C.C.
0 - 499	1	4	1,458	-	5.1%	-%
500 - 999	1	5	3,961	900	14.0	9.0
1000 - 1999	1	3	4,149	1,650	14.6	16.5
2000 - 2999	-	1	1,713	300	6.1	3.0
3000 - 3999	1	1	3,933	3,150	13.9	31.5
4000 +	1	2	13,130	4,000	46.3	40.0
	5	16	28,344	10,000	100	100

(c) Kenya Cotton

Class by total bales handled	No. of Firms European	Asian	Total Baleage Bombay	R.C.C.	Percentage of total crop Bombay	R.C.C
0 - 499	1	6	1,815	-	46.1%	-%
500 - 999	2	-	972	500	24.7	100
1000 +	-	1	1,147	-	29.2	-
	3	7	3,934	500	100	100

Calculated from: Memorandum by the General Manager of the Uganda Lint Marketing Board for the Board Meeting of the 23rd January, 1950.

TABLE VIII   Allocation of East African Cotton by the Exporting Firms in 1947/48.

Firms	Total East African Bales† Bombay	R.C.C.	Percentage Share Bombay o/o	R.C.C. o/o
A	1,002	–	1	–
B*	2,066	3,499	2	5
C	50	–	Nil	–
D	4,522	2,350	5	4
E	(See.X)	1,900	(See.X)	3
F	6,150	3,144	6	5
G	200	–	Nil	–
H	2,793	1,101	3	2
I	5,173	1,850	5	3
J	1,979	1,050	2	2
K	4,236	2,533	4	4
L	2,097	1,200	2	2
M*	1,090	1,300	1	2
N*	8,494	6,799	9	10
O	681	–	1	–
P	8,258	6,415	8	10
Q	1,891	711	2	1
R	400	–	Nil	–
S*	21,216	14,495	21	22
T	4,295	800	4	1
U	800	–	1	–
V*	3,359	1,000	3	1
W	1,035	1,822	1	3
X	12,427	13,791	13	20
Y	2,493	996	3	1
Totals	96,707	66,756	100	100

† Excluding Tanganyika Eastern Province Cotton.

* European Firms. The rest are Asian firms.

Calculated from: Memorandum by the General Manager of the Uganda Lint Marketing Board for the Board Meeting of the 23rd January, 1950.

TABLE [illegible]

DIRECTION OF EAST AFRICAN SISAL FIBRE EXPORTS, 1939-49: EXCLUDING TOW AND FLUME TOW (TONS)

	U.K.			U.S.A.			Canada			Others			Total		
Year	Tang.	Kenya & Uganda	Total	Tang.	Kenya & Uganda	Total	Tang.	Kenya & Uganda	Total	Tang.	Kenya & Uganda	Total	Tang.	Kenya & Uganda	Total
1939	28,498	14,646	43,144	12,113	2,002	14,115	4,264	531	4,795	41,723	11,977	53,706	86,598	29,156	115,760
1940	n.a.	22,264	n.a.	n.a.	85	n.a.	n.a.	175	n.a.	n.a.	3,647	n.a.	73,678	26,191	99,849
1941	n.a.	13,785	n.a.	n.a.	4,009	n.a.	n.a.	-	n.a.	n.a.	3,449	n.a.	72,114	21,243	93,357
1942	n.a.	11,603	n.a.	n.a.	13,210	n.a.	n.a.	-	n.a.	n.a.	8,003	n.a.	127,295	32,816	160,091
1943	47,458	11,025	58,483	32,540	7,525	40,065	-	-	-	10,053	7,517	17,570	90,051	26,067	116,118
1944	51,522	14,658	66,180	35,670	7,000	42,670	-	-	-	16,765	4,798	21,563	103,957	26,456	130,413
1945	53,774	11,320	65,094	40,978	7,98[illegible]	48,996	-	-	-	8,039	8,636	16,675	102,791	27,944	130,735
1946	66,824	16,917	83,741	8,551	1,126	9,677	18,295	4,500	22,795	9,492	1,892	11,389	103,167	24,435	127,602
1947	52,498	18,001	70,499	313	-	313	22,823	1,725	24,548	12,896	3,419	16,315	88,530	23,145	111,675
1948	75,152	24,724	99,876	9,743	400	10,143	15,718	1,836	17,554	7,357	2,694	10,051	107,970	29,654	137,624
1949	44,068	10,585	54,653	22,952	3,660	26,612	1,466	761	2,227	50,497	15,940	66,437	118,983	30,946	149,929

Sources: Tanganyika Trade Report, 1944.
Tanganyika Blue Books.
Kenya and Uganda Annual Trade Reports.

TABLE XI

EAST AFRICAN EXPORTS OF TEA AND PYRETHRUM, BY VOLUME, 1938-49

Year	Tea (cwt.) Kenya	Tanganyika	Uganda	Total	Pyrethrum (cwt.) Kenya	Tanganyika	Uganda	Total
1938	84,219	2,816	[illegible],222	88,257	35,987	-	-	35,987
1939	88,624	3,896	2,347	94,867	55,628	2,001	-	57,629
1940	87,603	6,329	4,305	98,237	97,720	4,874	-	102,594
1941	92,592	6,791	7,980	107,363	127,203	4,587	-	131,790
1942	102,854	9,651	12,860	125.365	105,448	6,091	297	111,836
1943	85,074	10,056	9,969	105,099	72,269	6,125	1,028	79,422
1944	82,480	6,565	12,746	101,791	115,126	7,923	1,148	124,197
1945	85,052	8,002	18,150	111,204	108,187	13,940	1,232	123,359
1946	79,920	12,507	11,983	104,410	148,855	13,369	106	162,330
1947	85,588	8,915	21,581	116,084	34,583	4,821	-	39,404
1948	53,089	9,235	20,727	83,051	29,395	3,404	-	32,799
1949	53,009	8,543	20,506	82,058	76,506	2,821	-	79,327

Sources: Matheson, J.K. and Bovill, E.W., East African Agriculture, 1950

East Africa Customs and Excise Dept., Annual Trade Report of Kenya, Uganda and Tanganyika, 1949

TABLE XII

THE MAIN EXPORT COMMODITIES OF KENYA, 1938-1949 (£'000)

Year	Coffee (clean)	Sisal (Fibre & Tow)	Tea	Pyrethrum (flowers)	Pyrethrum Extract
1938	768	432	480	180	-
1939	792	444	480	360	-
1940	408	492	480	624	-
1941	564	396	528	684	-
1942	684	588	612	516	-
1943	540	552	491	456	-
1944	480	708	504	840	-
1945	600	756	516	792	-
1946	876	852	492	1,152	49
1947	1,248	1,356	864	276	76
1948	1,980	2,364	564	180	134
1949	1,473	2,852	716	605	136

Source: Kenya, Statistical Abstract, 1955.

TABLE XIII — Disparities between Bulk sales Contract Prices and Free Market Prices.

(a) Kenya Arabica Coffee.

Year	Contract Sales Volume(t)	Contract Sales Value ('000£)	Contract Sales £/ton F.O.B	Free Market Sales Volume(t)	Free Market Sales Value ('000£)	Free Market Sales £/ton F.O.B
1946/47	9,006	1,019	113	183	21	115
47/48	6,017	934	155	8,154	1,264	155
48/49	4,560	686	150	2,002	405	202
49/50	3,932	1,200	305	2,389	1,051	440
50/51	6,001	1,976	329	3,760	1,740	463
51/52	n.a	2,436	n.a	n.a	4,435	n.a
52/53	3,001	1,211	403	8,761	4,218	470
53/54	3,000	1,159	386	7,933	4,724	583

Source: Kenya Coffee Board, Monthly Bulletin.

(b) Tanganyika Bukoba Hard Coffee

Year	Contract Sales Price £/ton F.O.B Robusta F.A.Q	Contract Sales Price £/ton F.O.B Arabica F.A.Q	Free-Market Sales Price £/ton F.O.B Robusta F.A.Q	Free-Market Sales Price £/ton F.O.B Arabica F.A.Q
1947/48	65	81	69-85*	137-154
1949	65	81	190-390	153-490
1950	136	170	277-343	350-440
1951	136	170	319-371	346-427
1952	136	170	312-385	330-407
1953	-	-	310-364	360-439

* Under Grade only

Source: Bukoba Native Coffee Board, Report for the Year 1954-55.

Producers' Prices of African Export Crops

TABLE XIV

(cents per lb.)

Crop Year	Buganda Robusta Dried Cherry	Bugishu Arabica Parchment	Bukoba Robusta Hulled FAQ	Uganda Cotton (seed cotton) average all grades	Tang. Lake Prov.Cotton (seed cotton) Grade A
1937/38	5½	13 - 20	n.a.	8.2	n.a.
38/39	6	n.a.	n.a.	n.a.	6 7
39/40	8	17 - 21	n.a.	11.1	n.a.
40/41	6	15	n.a.	8.8	n.a.
41/42	13	22	n.a.	7.7	n.a.
42/43	14	24	n.a.	12.6	12
43/44	14	25	n.a.	1[illegible].2	12½
44/45	14	25	n.a.	14.8	14
45/46	15 - 17	31	n.a.	16.4	15
46/47	19	39	n.a.	18.5	16
47/48	19 - 21	41	40	20.4	24
48/49	21	50 54	40	29.6	24
49/50	25	100	54	31.8	25
50/51	40	100	n.a.	43.2	34
51/52	50	150	n.a.	47.6	50
		Indices	1937/38 = 100		
1937/38	100	100	100	100	100
38/39	109	n.a.	n.a.	n.a.	n.a.
39/40	145	115	n.a.	135	n.a.
40/41	109	91	n.a.	107	n.a.
41/42	236	133	n.a.	93	n.a.
42/43	255	145	n.a.	152	n.a.
43/44	255	152	n.a.	160	n.a.
44/45	255	152	n.a.	180	n.a.
45/46	273 — 309	188	n.a.	199	n.a.
46/47	345	236	n.a.	224	n.a.
47/48	345 — 382	248	n.a.	248	n.a.
48/49	382	315	n.a.	359	n.a.
49/50	455	606	n.a.	388	n.a.
50/51	727	606	n.a.	527	n.a.
51/52	909	909	n.a.	580	n.a.

Sources: Uganda, Dept. of Agric. Ann. Report, Tanganyika, Dept. of Agric. Ann. Report, The Bukoba Native Coffee Board, Reports., Report of the Uganda Commission, 1938. Tanganyika, Cotton Industry, 1939-1953., Tanganyika, Annual Reports of Provincial Commissioners.

Wallace, I.R., Belshaw, D.G.R. and Brock, B., The Bugisu Coffee Industry. An Economic and Technical Study (Unpublished manuscript) 1966.

Table XV

Production, Acreage and Yield Per Acre

Year	Buganda Robusta (Dry cherry) ('000 t)	('000 acre)	(lb./acre)	Bugishu Arabica (Parchment) ('000 t)	('000 acre)	(lb./acre)	Bukoba Robusta Hulled ('000 t)	Uganda Cotton (seed cotton) ('000 t)	('000 acre)	(lb/acre)	Tanganyika Lake Province Cotton (seed cotton) ('000t)	('000 acre)	(lb./acre)
1937/38	20.1	29.0	1550	2.1	4.0	1,176	5.7*	248.3	1,759.2	316	11.8		
1938/39	26.3	31.3	1879	1.8	5.0	806	7.5*	177.9	1,205.5	331			
1939/40	30.0	53.3	1262	4.2	6.1	1,542	5.5*	179.0	1,267.7	310			
1940/41	32.3	48.1	1504	2.2	7.0	704	4.4*	220.1	1,284.2	384			
1941/42	28.8	51.2	1160	3.0	7.4	908	5.3*	140.1	1,287.3	245			
1942/43	33.8	53.0	1429	2.3	8.0	644	4.3*	67.4	874.8	173			
1943/44	23.4	59.7	878	3.7	8.5	970	5.5*	112.0	1,233.8	203			
1944/45	34.3	126.9	606	2.7	8.8	689	5.9*	160.8	1,072.5	337	23.8		
1945/46	48.9	139.7	784	2.8	9.4	667	3.2*	135.2	1,145.6	265	22.5		
1946/47	31.9	142.3	502	3.1	9.9	701	5.8*	138.5	1,253.3	247	21.8		
1947/48	68.3	146.0	1043	3.0	10.1	665	4.9*	101.1	1,036.8	218	27.6		
1948/49	33.7	147.1	513	3.0	10.3	652	5.4*	231.5	1,555.4	333	22.0		
1949/50	52.1	156.7	745	3.0	10.5	640	6.4*	205.6	1,628.5	309			
1950/51	68.8	178.1	865	4.4	10.8	913	5.9*	206.2	1,535.2	301			
1951/52	59.0	203.4	650	2.3	11.5	448	6.7*	223.9	1,514.2	331			

* Export figures.

Sources: Uganda, Dept. of Agriculture Annual Report. Uganda, Report of the Agricultural Productivity Committee, 1954. Tanganyika, Dept. of Agric. Ann. Reports. Bukoba Native Coop. Union Ltd. Ann. Report 1959/60 and 1960/61. Wallace, I.R. Some Tech. & Econ. Aspects of Coffee Prod. on Peasant Farms in Bugisu/Sebei. R.D.R. 8.

TABLE XVI   Producers' Prices of Estate Crops.

Year	Kenya Arabica (clean) Payout Shs/cwt	East African Sisal No.1 £/ton F.O.B	Kenya Pyrethrum Payout Shs/cwt
		£ Shs	
1937/38	41	15-17*	110
39	n.a.	n.a	100
40	n.a.	19-10	140
41	n.a.	19-10	90
42	52	19-10	80
43	74	23-10	75
44	89	30- 0	117
45	94	30- 0	141
46	102	48- 9	141
47	112	68- 9	133
48	149	78- 9	115
49	161	n.a.	189
		INDICES	
1937/38	100	100	100
39	n.a	n.a	91
40	n.a	123	127
41	n.a	123	82
42	127	123	73
43	180	148	68
44	217	189	106
45	229	189	128
46	249	306	128
47	273	432	121
48	363	495	105
49	393	n.a	172

* Kenya fibre average F.O.B. (Kenya Blue Book 1938)

Sources: East African High Commission, East African Economic and and Statistical Bulletin, Sept. 1950.

Matheson J.K. and Bovill, E.W. East African Agriculture, 1950.

TABLE XVII Production, Acreage and Yield per Acre of Estate Crops During and imediately after the War.

Year	Kenya Arabica (clean coffee)			East African Sisal			Kenya Pyrethrum			East African Tea		
	'000t	'000 acre	lb/acre	'000t	'000 acre	lb/acre	'000t	'000 acre	lb/acre	'000t	'000 acre	lb/acre
1937/38	15.4	94	367	135.0	432	700	1.9	7	626	5.3	22	539
39	12.4	89	312	141.5	439	722	2.9	34	190	5.3	22	538
40	10.9	88	277	127.2	424	672	5.9	21	622	5.9	24	550
41	9.7	86	253	106.6	452	528	5.8	34	377	7.1	n.a	n.a
42	18.5	84	493	128.8	475	607	5.5	37	332	8.3	26	711
43	8.9	82	243	131.7	506	583	4.1	43	212	7.2	27	596
44	5.0	80	140	142.4	540	591	6.5	53	278	7.0	27	584
45	7.0	78	201	139.3	593	526	7.4	53	313	7.0	26	602
46	7.0	76	206	135.1	644	470	6.7	53	287	7.3	28	586
47	9.0	64	315	141.6	587	540	3.9	47	185	8.3	29	643
48	14.2	64	497	156.6	671	523	1.5	24	143	6.9	31	500
49	6.6	60	246	159.3	696	513	1.6	15	231	7.3	33	493

Sources: Kenya, Statistical Abstract, 1955.
Matheson and Bovill, East African Agriculture, 1950
Kenya, Dept. of Agriculture Annual Reports.
Annual Report of the East African Sisal Industry, 1948, 1949.