

GOVERNMENT NOTIFICATION.—No. 362.

The following Correspondence on the subject of the proposed arrangements for the protection of Chinese Revenue in Hongkong, which was laid before the Legislative Council on the 27th instant, is published.

By Command.

J. G. T. BUCKLE,
for the Colonial Secretary.

Colonial Secretary's Office, Hongkong, 27th June, 1899.

(*Officer Administering the Government to Secretary of State.*)

No. 221.

GOVERNMENT HOUSE,
HONGKONG, 29th July, 1898.

SIR,—I have the honour to transmit a copy of a despatch received on 23rd July from H.B.M.'s Minister at Peking enclosing copy of a letter from the Inspector General of Chinese Customs setting forth the arrangements which, in Sir ROBERT HART's opinion, are necessary for the protection of Chinese revenue under the new circumstances created by the extension of Hongkong territory, and to submit for your consideration, comments, and observations on the matter treated in Sir ROBERT HART's numbered paragraphs which I follow.

1. I strongly recommend that the Chinese Customs be not formally accorded the right to maintain its office in Hongkong and that the Commissioner of Customs be not recognised as a Chinese Official but that he remain as at present without official status of any kind. The English Government has always recognised the objections to a Chinese Consul in Hongkong, and a Consul's functions are strictly limited by law, much more should we object to the establishment in our midst of a Chinese official with ill-defined and unlimited powers. The Chinese Government should, I think, be permitted to have an agency in the Colony of a purely mercantile character merely for the purpose of issuing opium certificates unconnected in any way with any other kinds of goods and entirely of an unofficial character and beyond the control of any recognised officer of the Chinese Customs. The existing sub-stations—Changchow, Capsuimoon, Laichikok and Fotochow—should be removed to points outside the leased territory; their retention on the present sites would be a fruitful source of friction and would always be misconstrued by the Chinese mind—there are many points both on the coast and on adjacent islands where the Chinese Customs could establish its new stations.

2. The proposal to give the Chinese Customs the right to levy duties within the Colony of Hongkong would be a surrender to China of one of the primary functions of Government and the right of having special jetties where these unprecedented operations would take place.

3. A somewhat similar argument may be employed against the proposal that Chinese Customs' cruisers and launches should be allowed to exercise their functions within British waters. Besides being an infringement of our sovereignty such right of search would interfere in an undue and unreasonable manner with the whole junk trade of the Colony and could not fail to lead to frequent complications.

Moreover, as these Chinese Customs' vessels are officered by men of all nationalities, it would be inexpedient to give them by right such opportunities of reconnaissance and of noting naval and military arrangements. In short, it would be unwise to increase the privileges which they at present enjoy.

4. The fourth proposal is unobjectionable as it merely sets forth an existing state of affairs.

5. This Government has no intention to abrogate the present law concerning the movement, &c. of opium and will be prepared to consider any amendments necessary to meet new circumstances which may be submitted. The second portion of the fifth proposal giving a Chinese official the right to inspect establishments and shops in British territory and to overhaul their books and accounts is, I submit, wholly inadmissible.

6. There is no idea of relaxing the present enforcement of Colonial laws. The question, however, of regarding its own officers must be left entirely to the discretion of this Government which cannot be expected to arrange for an equal division of the proceeds of sale of confiscated goods between itself and the Chinese Government.

7. Arms and munitions of war are now by local legislation forbidden to be shipped. As regards other contraband goods, *e.g.*, salt, there seems to be no right on the part of one Government to claim the assistance of another Government in preventing the export of such articles. The suggestion that all permits should be issued or countersigned by the Chinese Customs is not feasible in view of the previous declaration against tolerating any officer of the Chinese Customs exercising his functions within British jurisdiction.

8. Any legislation that this Government may reasonably be called upon to enact to prevent the freedom of the port being abused to the prejudice of the neighbouring Empire will be introduced, but I submit that to give effect to the discarded proposals of Sir ROBERT HART would be to hand over this free port to the domination of the Chinese Customs.

With reference to the *quid pro quo* of an easier working of the West River trade and of that likely to grow up under the new inland steam navigation rules which is suggested in the concluding portion of the Inspector General's letter, it is not necessary to say more than that the easy working of those regulations is already the duty of China and cannot be accepted as a reason for granting to China abnormal jurisdiction within this Colony.

I have the honour to be,

Sir,

Your most obedient Servant,

W. BLACK,
Major-General,
Administering the Government.

The Right Honourable

JOSEPH CHAMBERLAIN, M.P.,

§c., *§c.*, *§c.*

(H. B. M. Minister, Peking, to Officer Administering the Government.)

PEKING, 11th July, 1898.

SIR,—I have the honour to enclose, for Your Excellency's consideration, copy of a letter addressed by Sir ROBERT HART, in which he sets forth the arrangements necessary, in his opinion, for the protection of Chinese revenue under the new circumstances created by the recent extension of Hongkong territory.

A copy of the letter has also been forwarded to Her Majesty's Secretary of State for Foreign Affairs.

I have the honour to be,

Sir,

Your most obedient Servant,

CLAUDE M. MACDONALD.

His Excellency

Major-General WILSONE BLACK, C.B.,

Administering the Government,

HONGKONG.

(*Inspector General of Chinese Imperial Maritime Customs to
H. B. M. Minister, Peking.*)

INSPECTORATE GENERAL OF CUSTOMS,
PEKING, 27th June, 1898.

SIR,—I have the honour to acknowledge receipt of Your Excellency's despatch of 24th June, informing me that you have received a communication from Her Majesty's Secretary of State for Foreign Affairs asking you, in view of the recent leasing to Great Britain of part of Kowloon peninsula and the adjacent islands, what arrangements the Imperial Maritime Customs of China would propose and where stations would be placed, and in reply to state in the following numbered paragraph what, in my opinion, will be necessary in and around Hongkong and its new territory to safeguard the revenue interests of China—a task which will be made, in consequence of the increased area to be looked after, both onerous and expensive. The proposals are made in the belief that Her Majesty's Government desire to give China liberal and sustained support in the protection of her revenue in that neighbourhood:—

1. The right of the Chinese Customs to maintain its office in Hongkong—where it is now only unofficially acknowledged—ought to be formally admitted and the status of the Commissioner of Customs as a Chinese official recognised. The existing sub-stations at Changechow, Capsuimoon, Lai-chee-kok, and Fotochow ought to be maintained as at present although they are in the leased territory. If it should be found that other stations are required they may be instituted.

2. The Chinese Customs at Hongkong shall have the right there to collect duty and likin on any opium and similarly dues and duties on general cargo shipped on any native vessel to or from China. The Customs ought also to have the right to one or more special jetties in proximity to junk anchorages at which cargo may be examined and verified.

3. The Chinese Customs' cruisers and launches may continue to exercise their functions within the waters of the leased territory.

4. No opium, raw or boiled, shall be landed or stored, taken delivery of or shipped in Hongkong, British Kowloon, or any of the leased territory without a permit to be issued by a Colonial Authority. Opium moved without permit, or found anywhere or in any quantity in contravention of Colonial Ordinance, shall be confiscated.

5. The Opium Farm, *i.e.*, an official establishment with an exclusive right to retail (only boiled) opium shall be maintained, and the Ordinances Nos. 22 of 1887 and 2 of 1891, concerning opium movement, &c., shall be confirmed and amended to meet new circumstances and to make good those points on which they are insufficient.

The boiling establishments of the Farm, its retailing shops, and its books and accounts shall be open at any time to the inspection of officer of the Chinese Customs specially deputed for that purpose.

6. All Ordinances regarding the possession, movements, preparation, or sale of opium in the Colony and its waters, afloat and ashore, shall be rigidly enforced by the Colonial Executive and its officers rewarded from proceeds of seizures with a view to encouraging zeal.

All proceeds of sale of confiscated goods shall be divided equally between the Chinese and Colonial Governments.

7. No arms, munitions of war, or contraband goods may be shipped on any vessels, proceeding to a Chinese port in Hongkong or its waters, without a permit issued or countersigned by the Chinese Customs.

8. The Hongkong Government shall pass such legislation as may be necessary to give effect to the above provisions.

The above numbered paragraphs are put forward merely to represent what I consider is proper should be done at Hongkong to meet Chinese revenue requirements. I may, however, express the opinion that the system it provides for, and more especially the recognised presence of a fully authorized Chinese Customs establishment at Hongkong, gives promise of enabling measures to be taken which will make the working of the West River trade especially at those places of call to seawards of the first port (Samshui) considerably easier than at present; also of securing arran-

gements which might facilitate the trade anticipated to grow up under the new inland steam rules. In both respects anything which may be possible—and without a Customs House I do not see that much will be possible—is sure to redound to the commercial advantage of the Colony as well as of the Chinese trade. On this point, however, the occasion does not call upon me to say more at present.

I have the honour to be,

Sir,

Your most obedient Servant,

ROBERT HART,
I. G. of Customs.

His Excellency
Sir C. M. MACDONALD, K.C.B., K.C.M.G.,
&c., &c., &c.

(*Officer Administering the Government to Secretary of State.*)

No. 229.

GOVERNMENT HOUSE,
HONGKONG, 13th August, 1898.

SIR,—With reference to my despatch No. 221 of the 29th ultimo forwarding arguments against the acceptance of Sir ROBERT HART'S proposals for the working of the Imperial Maritime Customs after we have taken over the newly leased territory, I have the honour to transmit for your consideration copy of a letter from the local Chamber of Commerce which embodies, I believe, the views of most of the commercial men in Hongkong on this subject.

As regards their reference to assisting for a *quid pro quo* the Chinese Government more than at present in the collection of duties on Opium, I think it quite possible that steps might be taken in this direction, and as Opium is after all the chief commodity for which the Chinese Government keeps up its expensive fleet of cruisers and launches round Hongkong, the Chinese Government might, in exchange for this increased aid, be induced to withdraw these vessels altogether from these waters and thus decrease its expenditure while increasing its revenue.

The Chamber of Commerce has not entered sufficiently into detail in this matter, but I venture to suggest for your consideration a workable plan which may be summarized somewhat as follows:—

- 1st. On arrival of ship from India her manifest handed to Harbour Master. Supplemented if need be by a return from the Calcutta Customs of Opium shipped.
- 2nd. All Opium to be stored in godowns under Government control.
- 3rd. No Opium to be moved from these godowns without permit from Harbour Master.
- 4th. Harbour Master receives a copy of Bill of Lading of all Opium shipped.
- 5th. Harbour Master sends every evening to Imperial Maritime Customs return of all Opium shipped and whither bound.
- 6th. Imperial Maritime Customs can then arrange for the duty on this amount of Opium at the port of destination.

I forward this letter from the Chamber of Commerce without delay as I consider it right, should you think its contents worthy of consideration, that the letter should reach you as soon as possible.

I have the honour to be,

Sir,

Your most obedient Servant,

W. BLACK,
Major-General,
Administering the Government.

The Right Honourable
JOSEPH CHAMBERLAIN, M.P.,
&c., &c., &c.

(Secretary, Chamber of Commerce, to Colonial Secretary.)

HONGKONG GENERAL CHAMBER OF COMMERCE,
HONGKONG, 12th August, 1898.

SIR,—In view of the extension of territory acquired by the Convention of the 9th June, I am instructed by the Committee of this Chamber to lay before the Government their opinion on the question of the Chinese Imperial Maritime Customs *vis-à-vis* this Colony. The Committee believe that some understanding was given to the effect that the extension of the boundaries should not prove a source of loss to the Chinese revenue, and they quite concur in the desire to assist the Chinese Government in the matter, so long as it can be done without hampering the trade, or impeding the development, of the Colony, the future prospects of which, with enlarged boundaries, on its present basis of absolute freedom, are very promising. To secure their fulfilment, however, it should, in the first place, be laid down that the existing Customs Stations must be removed to Chinese territory, outside the Colony's boundaries, and that the harbour be jealously guarded from the intrusion of Chinese revenue craft of any description. The delays and obstructions to the movements of shipping, were the Chinese Customs allowed a free hand in our waters, would constitute a serious interference with that freedom, which has mainly contributed to build up the present prosperity of this port. Without much provision, too, it would be impossible to have that free communication and interchange of produce between Victoria and the outlying additions to the Colony, which may naturally be expected to develop.

That some advantage might accrue to the Colony by its being placed on the footing of a Treaty Port, and therefore participating in the facilities afforded by the Inland Steam Regulations, is quite possible, but such advantages would be greatly outweighed by the counterbalancing drawbacks. For the Colony to accept them as as equivalent for the freedom of the port, would be like bartering its birthright for a mess of pottage.

This Chamber, while invincibly opposed to the continuance in the Colony of the Customs Collectorate of a Foreign State, have no wish to place any impediment in the way of that State obtaining its rightful revenue, nor do they desire that a single dollar should be made by the Hongkong Government at the expense of China, but this can, they believe, be readily effected without the maintenance of any Customs Stations or Collectorate within the Colony.

The chief article which requires special protection for the Chinese Government is Opium, and the Committee are of opinion that, in connection with this import, more could perhaps be done than is at present by the Hongkong Government in safeguarding the Chinese revenue. The present system of licensing an Opium Farmer leaves much to be desired, and the Committee would suggest that the Government should give its consideration to the formulation of some other scheme which will not only provide an effective check on the import of the drug but will trace it also to consumption or exportation.

While, however, the Committee are prepared to sanction some sacrifice in revenue in order to secure in perpetuity the freedom of the port, they would point out that in addition to, and apart from, the objections already named to the proposals of the Chinese Imperial Maritime Customs, the damage to British prestige in China, and in the Far East generally, by the practical conversion of this Colony into a Chinese Treaty Port would be most serious, and in the eyes of the Cantonese, at any rate, would reduce Hongkong into a dependency of the Chinese Empire. Rather than accept an arrangement so humiliating, so derogatory to Great Britain, and so detrimental to the Colony's best interests, the Committee would be disposed to recommend the abrogation of the Convention and a reversion to the previous conditions.

I have the honour to be,

Sir,

Your most obedient Servant,

R. CHATTERTON WILCOX,
Secretary.

To Honourable T. SERCOMBE SMITH,
Acting Colonial Secretary.

(Officer Administering the Government to Her Britannic Majesty's Minister, Peking.)

No. 63/G.

GOVERNMENT HOUSE,
HONGKONG, 5th August, 1898.

SIR,—I have the honour to acknowledge Your Excellency's despatch of the 11th July, received on the 25th July, enclosing copy of a letter from Sir ROBERT HART in which he sets forth the arrangements necessary in his opinion for the protection of Chinese revenue under the new circumstances created by the recent extension of Hongkong territory.

In reply, I beg to transmit copy of extract from a despatch addressed by me to the Secretary of State for the Colonies dealing *seriatim* with the numbered paragraphs of the Inspector General's letter.

I have the honour to be,

Sir,

Your most obedient Servant,

W. BLACK,
Major-General,
Administering the Government.

His Excellency

Sir CLAUDE MACDONALD, K.C.B., K.G.M.G.,
Her Britannic Majesty's Minister,
PEKING.

(Officer Administering the Government to Her Britannic Majesty's Minister, Peking.)

No. 68/G.

GOVERNMENT HOUSE,
HONGKONG, 15th August, 1898.

SIR,—So as to keep Your Excellency acquainted with the course of events in Hongkong regarding the Convention signed on the 9th June last, I have the honour to enclose copies of a letter from the Hongkong Chamber of Commerce and of my despatch to the Secretary of State transmitting the same.

I need hardly add that the suggestion made therein as to aiding the Imperial Maritime Customs in the collection of Opium duties presupposes as a *sine qua non* the total withdrawal of Chinese Customs Stations and of their revenue craft from the waters of Hongkong.

I have the honour to be,

Sir,

Your most obedient Servant,

W. BLACK,
Major-General,
Administering the Government.

His Excellency

Sir CLAUDE M. MACDONALD, K.C.B., K.C.M.G.,
Her Britannic Majesty's Minister,
PEKING.

GOVERNMENT NOTIFICATION.—No. 363.

It is hereby notified that Her Majesty has not been advised to exercise her power of disallowance with respect to the following Ordinance:—

Ordinance No. 9 of 1899, entitled—An Ordinance to amend the Law relating to Solicitors of the Supreme Court.

By Command,

J. G. T. BUCKLE,
for the Colonial Secretary.

Colonial Secretary's Office, Hongkong, 26th June, 1899.