

Brought from The Lords,

7 May 1821.

Rare section!

R E P O R T

[RELATIVE TO THE TRADE WITH THE EAST INDIES AND CHINA,]

FROM

The Select Committee of the House of Lords, appointed to inquire into the means of extending and securing the FOREIGN TRADE of the Country, and to report to the House; together with the Minutes of Evidence taken in Sessions 1820 and 1821, before the said Committee:—11 *April* 1821.

Ordered, by The House of Commons, to be Printed,

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R E P O R T.

BY THE LORDS COMMITTEES appointed a **SELECT COMMITTEE** to inquire into the Means of extending and securing the **FOREIGN TRADE OF THE COUNTRY**, and to report to the House; and to whom were referred the Minutes of the Evidence taken before the Select Committee appointed in the last Session of Parliament for the like purpose; and also the several Petitions, Papers, and Accounts which had been referred to that Committee; and also the several Petitions presented in the present Session of Parliament on the subject of Foreign Trade.

ORDERED TO REPORT,

THAT the Committee have met, and have proceeded in the enquiry, which had been entered upon by the said Committee appointed in the last session of Parliament, into the state of British commerce with Asia, including as well that which is carried on with the territorial possessions of the Honourable East India company, as that with the independent states in the same part of the globe.

In the conduct of this enquiry, the Committee have not thought it necessary to direct their attention to the commercial concerns of the East India company, as administered by the court of directors with a view to the interests both political and financial of that corporate body, further than was necessary to elucidate the present state and future prospects of free trade, as affected by existing regulations.

This subject therefore naturally divides itself, according to the various restrictions to which different descriptions of commerce in these regions are now subjected by law: that to the territorial possessions of the company being carried on by licence only from the company; that to other parts of southern Asia (China excepted,) and to the islands of the Indian ocean, by licence from the board of controul; that to China being entirely prohibited to all British vessels but those in the actual employment of the East India company; and the whole trade confined to ships of a certain fixed amount of tonnage.

The trade which is carried on by licence with the territories of the East India company, is confined to the presidencies of Bombay, Madras and Calcutta, and the port of Penang. Some inconveniences and injury to individuals are stated to have arisen, where circumstances have made it desirable to change the destination of vessels from one of these ports to another, after their arrival in the East, in consequence of the delay attendant upon obtaining a permission to do so from the local government. This indeed may be obviated by obtaining licences including the above-named ports generally, which have been sometimes applied for, and do not appear to have been refused. But the system of requiring licences does not appear to be attended with any public benefit; and a fee is charged for each of them.

A more material advantage might probably accrue to the free trader, from being permitted to trade with other smaller ports on the coasts of Coromandel and Malabar, where the company have already collectors of the customs established, who might effectually counteract an illicit trade; whereby a wider field of adventure may be opened, and an additional stimulus to commercial intercourse afforded to the native inhabitants. It would, however, be necessary in this case to provide by regulations, which

which it could not be difficult to establish, against any abuse of this extension of privilege by British vessels carrying on the coasting trade; in which there is every reason to believe they might successfully compete with the native ships, which have hitherto been considered as enjoying a monopoly of that trade, of which the East India company could not reasonably be expected to deprive their subjects, as long as they are precluded from carrying on the direct trade to Europe in Indian-built vessels. It must be observed, however, that the coasting trade is now open to vessels of other nations, those of the United States not being excluded from it; and instances having been stated to the Committee, in which the Portuguese flag has been allowed to pass from one port to another carrying on trade, from which British European ships are excluded.

The Committee cannot dismiss this branch of the subject without observing, that although it is difficult, from the great fluctuation which the free trade to the peninsula of India has experienced since it has been admitted upon the terms of the renewed charter granted to the East India company in 1813, to estimate fairly the precise amount of its increase, it must be admitted that its progress has been such as to indicate, that neither a power to purchase nor a disposition to use commodities of European manufacture, are wanting in the natives of British India; whilst the minute knowledge of the wants and wishes of the inhabitants, acquired by a direct intercourse with this country, would naturally lead to a still further augmentation of our exports. The great increased consumption cannot be sufficiently accounted for by the demand of European residents, the number of whom does not materially vary; and it appears to have been much the greatest in articles calculated for the general use of the natives. That of the cotton manufactures of this country alone, is stated since the first opening of the trade, to have been augmented from four to five fold. And the taste of the natives for such articles may not improbably have been created, in some instances, and extended in others, by that very glut in the market, which has doubtless by its excess and consequent lowering of prices, frequently defeated the speculations of private merchants. The value of the merchandize exported from Great Britain to India, which amounted in the year 1815 to 870,177*l.* in the year 1819 increased to 3,052,741*l.*; and although the market appears then to have been so far overstocked as to occasion a diminution of nearly one-half in the exports of the following year (1820), that diminution appears to have taken place more in the articles intended for the consumption of Europeans than of natives; and the trade is now stated to the Committee, by the best informed persons, to be reviving. When the amount of population and the extent of country, over which the consumption of these articles is spread, are considered, it is obvious that every facility which can, consistently with the political interests and security of the company's dominions, be given to the private trader for the distribution of his exports, by increasing the number of points at which he may have the option of touching in pursuit of a market, cannot fail to promote a more ready and extensive demand.

If the restriction of trade to vessels of the burthen of 350 tons and upwards, in all seas and countries within the limits of the East India company's charter, has any tendency to check the operations of the private trader in a direct commerce with the dominions of the East India company, it can hardly fail to operate still more as an impediment to his exertions in seeking new channels of commerce, or extending those which already exist with other countries and islands in the same part of the globe. Here a field, in a great measure new, would be opened by the free admission to trade of vessels of a smaller burthen. It is stated to the Committee, by persons who have been most interested in forming a correct opinion upon the subject, that in a trade with the native powers in the gulph of Persia, along the Red Sea, and on the eastern coast of Africa, as well as with the islands and countries to the eastward of the company's dominions in Asia, small vessels would be employed in preference to large, from the nature of the navigation, the great value and small bulk of some of the articles, as well as the description of markets where such trade would be carried on. Some apprehension indeed has been stated to exist, that vessels of that description might be exposed to frequent depredations from pirates who infest those seas. But it does not appear that there is any difference in the rate of insurance required from large and small ships: if there is a risk however, the private merchant might safely be left to consider, how far it applies to his particular case; while the American trade in those seas, which is carried on as well in vessels below as above the burthen of 350 tons, is not stated at any time to have suffered materially from such dangers.

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It may be remarked, that although the native governments of India have been generally supposed to be unfavourable upon system to foreign commerce, no recent instance of such disposition has been adduced; the French, on the contrary, are stated to have been remarkably successful in some recent attempts to open a commercial intercourse with Cochin China; and the recent knowledge which has been acquired of the manners and habits of the inhabitants in some of the islands of the Malay race, leads to a much more favourable opinion of their character and aptitude for civil and commercial intercourse, than was previously entertained.

The maintenance of a free port eligibly situated amongst the Indian islands under British protection, which the magnitude of our establishments in that quarter of the globe may enable us to support at much less expense than any other nation, may be attended with the greatest benefit to commerce and civilization. The importance of such a station, and the quick perception of its advantages formed by the native traders in that part of the globe, may be estimated by the rapid rise of the port of Singapore during the year that it has been in the possession of the British government, and opened for the purposes of general trade. The population, which had before scarcely amounted to 200 souls, in three months increased to not less than 3,000, and now exceeds 10,000 in the whole; while 173 sail of vessels of different descriptions arrived and sailed in the course of the first two months.

The commerce with China is carried on by the East India company, in whom the sole and exclusive right of trading with the ports of that empire, as well as the sole and exclusive right of trading and trafficking in tea to and from all the islands and ports between the Cape of Good Hope and Straits of Magellan, is now vested by law. The value and extent of this trade has naturally attracted the attention of the private merchant; and although it could not be contemplated that the East India company would willingly relinquish so important a privilege, an earnest desire has been expressed, that the British free trader might be permitted, even previous to the expiration of the charter, to embark in those branches of the trade, which the company neither carries on itself nor appears to be immediately interested in; and in which the only competition to be encountered by the British merchant, would be that of the foreign trader.

Of this description may be considered the trade in tea and other articles between Canton and foreign Europe; the tea trade within the limits of the company's charter, exclusive of the ports of the Chinese empire; and the trade between Canton and the western shores of North and South America.

The hopes entertained by merchants and others, who have the best means of information, of benefit to commerce from such an extension of its freedom, as well as the apprehensions, felt by persons of great experience in the direction of the affairs and in the service of the East India company, of the risk with which such an extension may be attended to their political and commercial interests, will be found fully stated in the evidence and documents contained in the Appendix.

On the one hand it is confidently stated, that the low rate of British freight, and other advantages possessed by the British merchantmen, would enable the British free trader to enter into an immediate and successful competition with those of other countries, and more particularly of the United States, by whom these branches of commerce have been carried on for some years past, with every appearance of progressive increase and prosperity; that thus a portion of Europe might be supplied with tea by the British trader; that the export of furs from America, which now takes place even from the British territories in American vessels, would be carried on by British shipping; and that, at all events, that portion of the Eastern trade, which is carried on by the export of British manufactures in American vessels, would fall into the hands of the British merchant, with greater opportunities of extending it, afforded by a more direct intercourse. And, on the other hand, it is stated to afford reasonable ground for alarm, that the seamen, who would be admitted under such circumstances to the port of Canton, might probably be of a character so different from that of the seamen employed on board the vessels of the United States, and be subject to a discipline so inferior to that which prevails on board of the larger description of vessels employed in the service of the East India company, that disputes might take place and excesses be occasioned which might produce fatal consequences, by awakening the jealousy or exciting the anger of the Chinese government.

It is also apprehended that the admission of new competitors into the market might lead to some deterioration in quality, or enhancement in the prices of teas, which are now regulated by arrangements made previously to their coming into the market, between the servants of the company and the Hong merchants, who enjoy a monopoly of the sale of that article.

To what extent such hopes or such apprehensions might be realized in the progress of a trade, which has never yet been permitted to exist, it is difficult perhaps to form an accurate judgment. The most natural, and indeed the only means of forming one, must be derived from the circumstances and progress of the foreign independent trade, and more especially that of the vessels of the United States with the port of Canton. That trade, although carried on in vessels of nearly the same description that would probably be employed by the British merchants, has continued to flourish without being productive of injurious consequences, either to trade in general, or that of the East India company in particular. It is stated, that it would not have done so, had it not been for the protection and other advantages derived from the establishment of the company's factory at Canton; but no satisfactory reason has been assigned, why the British free trader should not derive the same benefit from its countenance and protection, to which he certainly would not be less entitled. It must also be observed, that the circumstance which has principally been relied upon as constituting the difference between the character of the American and British seamen, namely, the former having a share in the profits of the voyage, applies only to that portion (not a large one) of their trade with Canton which is employed in the export of furs from North America, and might be expected to apply in the same degree, as far as respects that portion of trade, to British vessels, if permitted to engage in it. It is admitted also, that all danger arising from disputes is greatly diminished, if not entirely removed, by the abolition of the custom which permitted seamen to go, at particular periods, in large bodies, and under no controul, to enjoy liberty days on shore at Canton.

In the course of the last few years, the imports of the United States into China (comparing an average of the years 1804-5, 1805-6, 1806-7, with an average of 1816-17, 1817-18, 1818-19, being the last years of which the Committee have received an account) appear nearly to have doubled. It is alleged, that the principal part of these imports consists of metals and other articles, which the merchants in the United States have a greater facility in procuring than those of other countries; there can be no doubt, however, that articles of British manufacture are directly exported to China from this country by Americans; and it appears from an account procured at the Custom House, that the declared value of those articles exported to countries within the limits of the East India company's charter, in foreign vessels, and presumed to be chiefly to Canton, was, in the last year, to the amount of 178,358*l.*; and it affords some indication of an increasing taste for British manufactures in China, that an opinion prevails that they are now introduced into the northern parts of that empire, subject to all the delay and inconvenience of transport by land through Russia and the caravan trade, of which Kaiacta and its immediate neighbourhood is the great depôt, and which appears recently to have experienced a considerable increase.

What portion of the teas and other articles exported from China, in vessels of the United States, is destined for America, and what for European consumption, it is difficult precisely to determine. Although doubts have been expressed, whether the demand arising from the latter, constitutes a permanent or a considerable portion of their trade, it may fairly be assumed that a contrary opinion prevails in America; as it is stated, in the report upon American currency, laid before the House of Representatives in 1819, "that the annual exports in American vessels from the United States and all other ports, to China and the East Indies, can hardly be estimated at more than twelve millions of dollars, and it cannot be doubted that the sales of East India articles in Europe exceed that amount. The value of merchandize from China and India consumed annually in the United States, is probably equal to 5,000,000 dollars; and if this be so, the consumption of East India articles by the United States is paid for by the mere profit of the trade."

On the whole, the Committee are inclined to the opinion, that regulations might be established at Canton, either by placing the free trade of Canton under the superintendance of a consul, or investing the principal servants of the company with some authority over the seamen engaged in the free trade, by which any apprehension of inconvenience might be removed; and without interfering with the monopoly of the
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British market enjoyed by the East India company, the British merchant might be safely admitted to a participation in a trade which has proved safe, lucrative, and capable of great improvement in the hands of the foreign trader.

In the event of these obstacles, however, being considered insurmountable, the maintenance of the establishment at Singapore, to which vessels frequently come down from China in five days, or of any other free port as advantageously situated, might, considering the readiness of the Chinese to engage actively by every means, direct and indirect, in trade, prove highly advantageous to the interests of British commerce, if permitted to engage in the tea trade within the limits of the East India company's charter, exclusive of the ports of the Chinese empire.

The Committee cannot conceal from themselves, that in the present state of the law, no material benefit or facility to free trade in this quarter of the globe can be obtained, without infringing in a greater or less degree upon the privileges vested in the East India company, until the year 1834, when their present charter expires, and that their consent may be required to any measures which may be submitted for that purpose to the consideration of Parliament. At the same time, considering that no propositions here suggested, are intended directly or indirectly to affect the monopoly enjoyed by the company of the home market, to which the greatest importance is justly attached, but that their object is confined to procuring for the British free trader, an access to markets entirely new, or the means of fair competition with the foreign merchant in those which already exist, the Committee feel themselves justified in relying upon the liberality of the court of directors, upon the concern they have frequently evinced in the national prosperity, and the preference they may be expected to give to British over foreign commerce, for a disposition to meet, as far as may be consistent with their own essential interests, the wishes of their fellow subjects, if sanctioned by the wisdom and authority of Parliament.

At all events there are some views of this subject, to which the attention of Parliament may be immediately directed; and the whole cannot fail to deserve its consideration previous to the renewal of the East India company's charter.

The Committee have been informed, by the members of His Majesty's government, who are members of the Committee, that a bill was prepared to be submitted to Parliament in the course of the last session, for extending the private trade between India and foreign Europe; and that the introduction of such a bill has only been postponed in consequence of the enquiries depending in Parliament, connected with Asiatic commerce.

The correspondence, which has taken place upon this subject, between the Board of Trade and Board of Control, is contained in the Appendix.

