

TREATY SERIES No. 17.

1903.

T R E A T Y

BETWEEN

THE UNITED KINGDOM AND CHINA

RESPECTING

COMMERCIAL RELATIONS, &c.

Signed at Shanghai, September 5, 1902.

[*Ratifications exchanged at Peking, July 28, 1903.*]

*Presented to both Houses of Parliament by Command of His Majesty,
November 1903.*

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TREATY BETWEEN THE UNITED KINGDOM
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Signed at Shanghai, September 5, 1902.

[Ratifications exchanged at Peking, July 28, 1903.]

[Signed also in Chinese.]

His Majesty the King of the United Kingdom of Great Britain and Ireland and of the British Dominions beyond the Seas, Emperor of India, and His Majesty the Emperor of China, having resolved to enter into negotiations with a view to carrying out the provision contained in Article 11 of the Final Protocol signed at Peking on the 7th September, 1901, under which the Chinese Government agreed to negotiate the amendments deemed useful by the foreign Governments to the Treaties of Commerce and Navigation and other subjects concerning commercial relations with the object of facilitating them, have for that purpose named as their Plenipotentiaries, that is to say:

His Majesty the King of Great Britain and Ireland, His Majesty's Special Commissioner, Sir James Lyle Mackay, Knight Commander of the Most Eminent Order of the Indian Empire, a member of the Council of the Secretary of State for India, &c.

And His Majesty the Emperor of China, the Imperial Commissioners Lü Hai-huan, President of the Board of Public Works, &c., and Shêng Hsüan-huai, Junior Guardian of the Heir-Apparent, Senior Vice-President of the Board of Public Works, &c.

Who having communicated to each other their respective full powers, and found them to be in good and due form have agreed upon and concluded the following Articles:—

ARTICLE I.

Delay having occurred in the past in the issue of Drawback Certificates owing to the fact that those documents have to be dealt with by the Superintendent of Customs at a distance from the Customs Office, it is now agreed that Drawback Certificates shall hereafter in all cases be issued by the Imperial Maritime Customs within three weeks of the presentation to the Customs of the papers entitling the applicant to receive such Drawback Certificates.

These Certificates shall be valid tender to the Customs authorities in payment of any duty upon goods imported or exported (transit dues excepted), or shall, in the case of Drawbacks on foreign goods re-exported abroad within three years from the date of importation, be payable in cash without deduction by the Customs Bank at the place where the import duty was paid.

But if, in connection with any application for a Drawback Certificate, the Customs authorities discover an attempt to defraud the revenue, the applicant shall be liable to a fine not exceeding five times the amount of the duty whereof he attempted to defraud the Customs, or to a confiscation of the goods.

ARTICLE II.

China agrees to take the necessary steps to provide for a uniform national coinage which shall be legal tender in payment of all duties, taxes and other obligations throughout the Empire by British as well as Chinese subjects.

ARTICLE III.

China agrees that the duties and *likin* combined levied on goods carried by junks from Hong Kong to the Treaty ports in the Canton Province and *vice versa*, shall together not be less than the duties charged by the Imperial Maritime Customs on similar goods carried by steamer.

ARTICLE IV.

Whereas questions have arisen in the past concerning the right of Chinese subjects to invest money in non-Chinese enterprises and companies, and whereas it is a matter of common knowledge that large sums of Chinese capital are so invested, China hereby agrees to recognise the legality of all such investments past, present and future.

It being, moreover, of the utmost importance that all shareholders in a Joint-Stock Company should stand on a footing of

perfect equality as far as mutual obligations are concerned, China further agrees that Chinese subjects who have or may become shareholders in any British Joint-Stock Company shall be held to have accepted, by the very act of becoming shareholders, the Charter of Incorporation or Memorandum and Articles of Association of such Company and regulations framed thereunder as interpreted by British Courts, and that Chinese Courts shall enforce compliance therewith by such Chinese shareholders, if a suit to that effect be entered, provided always that their liability shall not be other or greater than that of British shareholders in the same Company.

Similarly the British Government agree that British subjects investing in Chinese Companies shall be under the same obligations as the Chinese shareholders in such Companies.

The foregoing shall not apply to cases which have already been before the Courts and been dismissed.

ARTICLE V.

The Chinese Government undertake to remove within the next two years the artificial obstructions to navigation in the Canton River. The Chinese Government also agree to improve the accommodation for shipping in the harbour of Canton and to take the necessary steps to maintain that improvement, such work to be carried out by the Imperial Maritime Customs and the cost thereof to be defrayed by a tax on goods landed and shipped by British and Chinese alike according to a scale to be arranged between the merchants and Customs.

The Chinese Government are aware of the desirability of improving the navigability by steamer of the waterway between Ichang and Chungking, but are also fully aware that such improvement might involve heavy expense and would affect the interests of the population of the Provinces of Szechuen, Hunan, and Hupeh. It is, therefore, mutually agreed that until improvements can be carried out steam-ship owners shall be allowed, subject to approval by the Imperial Maritime Customs, to erect, at their own expense, appliances for hauling through the rapids. Such appliances shall be at the disposal of all vessels, both steamers and junks, subject to regulations to be drawn up by the Imperial Maritime Customs. These appliances shall not obstruct the waterway or interfere with the free passage of junks. Signal stations and channel marks where and when necessary shall be erected by the Imperial Maritime Customs. Should any practical scheme be presented for improving the waterway and assisting navigation without injury to the local population or cost to the Chinese Government, it shall be considered by the latter in a friendly spirit.

ARTICLE VI.

The Chinese Government agree to make arrangements to give

increased facilities at the open ports for bonding and for repacking merchandise in bond, and, on official representation being made by the British authorities, to grant the privileges of a bonded warehouse to any warehouse which it is established to the satisfaction of the Customs authorities affords the necessary security to the revenue.

Such warehouses will be subject to regulations, including a scale of fees according to commodities, distance from custom-house and hours of working, to be drawn up by the Customs' authorities who will meet the convenience of merchants so far as is compatible with the protection of revenue.

ARTICLE VII.

Inasmuch as the British Government afford protection to Chinese trade-marks against infringement, imitation, or colourable imitation by British subjects, the Chinese Government undertake to afford protection to British trade-marks against infringement, imitation, or colourable imitation by Chinese subjects.

The Chinese Government further undertake that the Superintendents of Northern and of Southern Trade shall establish offices within their respective jurisdictions under control of the Imperial Maritime Customs where foreign trade-marks may be registered on payment of a reasonable fee.

ARTICLE VIII.*

PREAMBLE.

The Chinese Government, recognizing that the system of levying *likin* and other dues on goods at the place of production, in transit, and at destination, impedes the free circulation of commodities and injures the interests of trade, hereby undertake to discard completely those means of raising revenue with the limitation mentioned in section 8.

The British Government, in return, consent to allow a surtax, in excess of the Tariff rates for the time being in force to be imposed on foreign goods imported by British subjects and a surtax in addition to the export duty on Chinese produce destined for export abroad or coastwise.

It is clearly understood that, after *likin* barriers and other stations for taxing goods in transit have been removed, no attempt shall be made to revive them in any form or under any pretext whatsoever; that in no case shall the surtax on foreign imports exceed the equivalent of one and a-half times the import

* Article VIII does not come into force until other Powers have signified their acceptance of the engagements set forth therein with regard to the payment of surtaxes, &c. (see sections 14 and 15).

duty leviable in terms of the Final Protocol signed by China and the Powers on the 7th day of September, 1901; that payment of the import duty and surtax shall secure for foreign imports, whether in the hands of Chinese or non-Chinese subjects, in original packages or otherwise, complete immunity from all other taxation, examination or delay; that the total amount of taxation leviable on native produce for export abroad shall, under no circumstances, exceed $7\frac{1}{2}$ per cent. *ad valorem*.

Keeping these fundamental principles steadily in view, the High Contracting Parties have agreed upon the following methods of procedure.

Section 1.—The Chinese Government undertake that all barriers of whatsoever kind, collecting *likin* or such like dues or duties, shall be permanently abolished on all roads, railways, and waterways in the Eighteen Provinces of China and the Three Eastern Provinces. This provision does not apply to the Native Custom-Houses at present in existence on the seaboard or waterways, at open ports, on land routes, and on land frontiers of China.

Sec. 2.—The British Government agree that foreign goods on importation, in addition to the effective 5% import duty as provided for in the Protocol of 1901, shall pay a special surtax equivalent to one and a-half times the said duty to compensate for the abolition of *likin*, of transit dues in lieu of *likin*, and of all other taxation on foreign goods, and in consideration of the other reforms provided for in this Article; but this provision shall not impair the right of China to tax salt, native opium, and native produce as provided for in sections 3, 5, 6, and 8.

The same amount of surtax shall be levied on goods imported into the Eighteen Provinces of China and the Three Eastern Provinces across the land frontiers as on goods entering China by sea.

Sec. 3.—All Native Custom-Houses now existing, whether at the Open Ports, on the seaboard, on rivers, inland waterways, land routes or land frontiers, as enumerated in the *Hu Pu* and *Kung Pü Tse Li* (Regulations of the Boards of Revenue and Works) and *Ta Ch'ing Hui Tien* (Dynastic Institutes), may remain; a list of the same, with their location, shall be furnished to the British Government for purposes of record.

Wherever there are Imperial Maritime Custom-Houses, or wherever such may be hereafter placed, Native Custom-Houses may be also established; as well as at any points either on the seaboard or land frontiers.

The location of Native Custom-Houses in the Interior may be changed as the circumstances of trade seem to require, but any change must be communicated to the British Government, so that the list may be corrected; the originally stated number of them shall not, however, be exceeded.

Goods carried by junks or sailing-vessels trading to or from Open Ports shall not pay lower duties than the combined duties and surtax on similar cargo carried by steamers.

Native produce, when transported from one place to another in the Interior, shall, on arrival at the first Native Custom-House

after leaving the place of production, pay duty equivalent to the export surtax mentioned in Section 7.

When this duty has been paid, a certificate shall be given which shall describe the nature of the goods, weight, number of packages, &c., amount of duty paid, and intended destination. This certificate, which shall be valid for a fixed period of not less than one year from the date of payment of duty, shall free the goods from all taxation, examination, delay, or stoppage at any other Native Custom-Houses passed *en route*.

If the goods are taken to a place not in the foreign settlements or concessions of an Open Port, for local use, they become there liable to the Consumption Tax described in Section 8.

If the goods are shipped from an Open Port, the certificate is to be accepted by the Custom-House concerned, in lieu of the export surtax mentioned in Section 7.

Junks, boats, or carts shall not be subjected to any taxation beyond a small and reasonable charge, paid periodically at a fixed annual rate. This does not exclude the right to levy, as at present, tonnage (Chuan Chao) and port dues (Chuan Liao) on junks.

Sec. 4.—Foreign opium duty and present *likin*—which latter will now become a surtax in lieu of *likin*—shall remain as provided for by existing Treaties.

Sec. 5.—The British Government have no intention whatever of interfering with China's right to tax native opium, but it is essential to declare that, in her arrangements for levying such taxation, China will not subject other goods to taxation, delay, or stoppage.

China is free to retain at important points on the borders of each province—either on land or water—offices for collecting duty on native opium, where duties or contributions leviable shall be paid in one lump sum; which payment shall cover taxation of all kinds within that province. Each cake of opium will have a stamp affixed as evidence of duty payment. Excise officers and police may be employed in connection with these offices; but no barriers or other obstructions are to be erected, and the Excise officers or police of these offices shall not stop or molest any other kinds of goods, or collect taxes thereon.

A list of these offices shall be drawn up and communicated to the British Government for record.

Sec. 6.—*Likin* on salt is hereby abolished and the amount of said *likin* and of other taxes and contributions shall be added to the salt duty, which shall be collected at place of production or at first station after entering the province where it is to be consumed.

The Chinese Government shall be at liberty to establish salt reporting offices at which boats conveying salt which is being moved under salt passes or certificates may be required to stop for purposes of examination and to have their certificates *visé'd*, but at such offices no *likin* or transit taxation shall be levied and no barriers or obstructions of any kind shall be erected.

Sec. 7.--The Chinese Government may recast the Export Tariff with specific duties as far as practicable, on a scale not exceeding 5 per cent. *ad valorem*; but existing export duties shall not be raised until at least six months' notice has been given.

In cases where existing export duties are above 5 per cent. they shall be reduced to not more than that rate.

An additional special surtax of one half the export duty payable for the time being, in lieu of internal taxation and *likin*, may be levied at time of export on goods exported either to foreign countries or coastwise.

In the case of silk, whether hand or flature reeled, the total export duty shall not exceed a specific rate equivalent to not more than 5 per cent. *ad valorem*. Half of this specific duty may be levied at the first Native Custom-House in the interior which the silk may pass and in such case a certificate shall be given as provided for in Section 3, and will be accepted by the Custom-House concerned at place of export in lieu of half the export duty. Cocoons passing Native Custom-Houses shall be liable to no taxation whatever. Silk not exported but consumed in China is liable to the Consumption Tax mentioned and under conditions mentioned in Section 8.

Sec. 8.--The abolition of the *likin* system in China and the abandonment of all other kinds of internal taxation on foreign imports and on exports will diminish the revenue materially. The surtax on foreign imports and exports and on coastwise exports is intended to compensate in a measure for this loss of revenue, but there remains the loss of *likin* revenue on internal trade to be met, and it is therefore agreed that the Chinese Government are at liberty to impose a Consumption Tax on articles of Chinese origin not intended for export.

This tax shall be levied only at places of consumption and not on goods while in transit, and the Chinese Government solemnly undertake that the arrangements which they may make for its collection shall in no way interfere with foreign goods or with native goods for export. The fact of goods being of foreign origin shall of itself free them from all taxation, delay, or stoppage, after having passed the Custom-House.

Foreign goods which bear a similarity to native goods shall be furnished by the Custom-House, if required by the owner, with a protective certificate for each package, on payment of import duty and surtax, to prevent the risk of any dispute in the interior.

Native goods brought by junks to Open Ports, if intended for local consumption—irrespective of the nationality of the owner of the goods—shall be reported at the Native Custom-House only, where the Consumption Tax may be levied.

China is at liberty to fix the amount of this (Consumption) tax, which may vary according to the nature of the merchandise concerned, that is to say, according as the articles are necessities of life or luxuries; but it shall be levied at a uniform rate on goods of the same description, no matter whether carried by junk, sailing-vessel, or steamer. As mentioned in Section 3, the Con-

sumption Tax is not to be levied within foreign settlements or concessions.

Sec. 9.—An excise equivalent to double the import duty as laid down in the Protocol of 1901 is to be charged on all machine-made yarn and cloth manufactured in China, whether by foreigners at the Open Ports or by Chinese anywhere in China.

A rebate of the import duty and two-thirds of the Import Surtax is to be given on raw cotton imported from foreign countries, and of all duties, including Consumption Tax, paid on Chinese raw cotton used in mills in China.

Chinese machine-made yarn or cloth having paid excise is to be free of Export Duty, Export Surtax, Coast-Trade Duty, and Consumption Tax. This Excise is to be collected through the Imperial Maritime Customs.

The same principle and procedure are to be applied to all other products of foreign type turned out by machinery, whether by foreigners at the Open Ports or by Chinese anywhere in China.

This stipulation is not to apply to the out-turn of the Hanyang and Ta Yeh Iron Works in Hupeh and other similar existing Government works at present exempt from taxation; or to that of Arsenal, Government Dockyards, or establishments of that nature for Government purposes which may hereafter be erected.

Sec. 10.—A member or members of the Imperial Maritime Customs Foreign Staff shall be selected by each of the Governors-General and Governors, and appointed, in consultation with the Inspector-General of Imperial Maritime Customs to each province for duty in connection with Native Customs Affairs, Consumption Tax, Salt and Native Opium Taxes. These officers shall exercise an efficient supervision of the working of these departments, and in the event of their reporting any case of abuse, illegal exaction, obstruction to the movement of goods, or other cause of complaint, the Governor-General or Governor concerned will take immediate steps to put an end to same.

Sec. 11.—Cases where illegal action as described in this Article is complained of shall be promptly investigated by an officer of the Chinese Government of sufficiently high rank, in conjunction with a British officer and an officer of the Imperial Maritime Customs, each of sufficient standing; and in the event of its being found by a majority of the investigating officers that the complaint is well founded and loss has been incurred, due compensation is to be at once paid from the Surtax funds, through the Imperial Maritime Customs at the nearest open port. The High Provincial Officials are to be held responsible that the officer guilty of the illegal action shall be severely punished and removed from his post.

If the complaint turns out to be without foundation complainant shall be held responsible for the expenses of the investigation.

His Britannic Majesty's Minister will have the right to demand investigation where from the evidence before him he is satisfied that illegal exactions or obstructions have occurred.

Sec. 12.—The Chinese Government agree to open to foreign trade, on the same footing as the places opened to foreign trade by the Treaties of Nanking and Tientsin, the following places namely:—

Ch'angsha in Hunan ;
 Wanhsien in Szechuen ;
 Nganking in Anhui ;
 Waichow (Hui-chow) in Kuangtung ; and
 Kongmoon (Chiang-mén) in Kuangtung.

Foreigners residing in these Open Ports are to observe the Municipal and Police Regulations on the same footing as Chinese residents, and they are not to be entitled to establish Municipalities and Police of their own within the limits of these Treaty ports except with the consent of the Chinese authorities.

If this Article does not come into operation the right to demand under it the opening of these ports, with the exception of Kongmoon, which is provided for in Article X, shall lapse.

Sec. 13.—Subject to the provisions of Section 14, the arrangements provided for in this Article are to come into force on the 1st January, 1904.

By that date all *likin* barriers should be removed and officials employed in the collection of taxes and dues prohibited by this Article shall be removed from their posts.

Sec. 14.—The condition on which the Chinese Government enter into the present engagement is that all Powers entitled to most-favoured-nation treatment in China enter into the same engagements as Great Britain with regard to the payment of surtaxes and other obligations imposed by this Article on His Britannic Majesty's Government and subjects.

The conditions on which His Britannic Majesty's Government enter into the present engagement are:—

(1.) That all Powers who are now or who may hereafter become entitled to most-favoured-nation treatment in China enter into the same engagements ;

(2.) And that their assent is neither directly nor indirectly made dependent on the granting by China of any political concession, or of any exclusive commercial concession.

Sec. 15.—Should the Powers entitled to most-favoured-nation treatment by China have failed to agree to enter into the engagements undertaken by Great Britain under this Article by the 1st January, 1904, then the provisions of the Article shall only come into force when all the Powers have signified their acceptance of these engagements.

Sec. 16.—When the abolition of *likin* and other forms of internal taxation on goods as provided for in this Article has been decided upon and sanctioned, an Imperial Edict shall be published in due form on yellow paper and circulated, setting forth the abolition of all *likin* taxation, *likin* barriers and all descriptions of internal taxation on goods, except as provided for in this Article.

The Edict shall state that the Provincial High Officials are responsible that any official disregarding the letter or spirit of its injunction shall be severely punished and removed from his post.

ARTICLE IX.

The Chinese Government, recognizing that it is advantageous for the country to develop its mineral resources, and that it is desirable to attract foreign as well as Chinese capital to embark in mining enterprises, agree within one year from the signing of this Treaty to initiate and conclude the revision of the existing Mining Regulations. China will, with all expedition and earnestness, go into the whole question of Mining Rules and, selecting from the Rules of Great Britain, India, and other countries, regulations which seem applicable to the condition of China, she will recast her present Mining Rules in such a way as, while promoting the interests of Chinese subjects and not injuring in any way the sovereign rights of China, shall offer no impediment to the attraction of foreign capital or place foreign capitalists at a greater disadvantage that they would be under generally accepted foreign Regulations.

Any mining concession granted after the publication of these new Rules shall be subject to their provisions.

ARTICLE X.

Whereas in the year 1898 the Inland Waters of China were opened to all such steam-vessels, native or foreign, as might be especially registered for that trade at the Treaty ports, and whereas the Regulations dated the 28th July, 1898, and Supplementary Rules dated September, 1898, have been found in some respects inconvenient in working, it is now mutually agreed to amend them and to annex such new Rules to this Treaty. These Rules shall remain in force until altered by mutual consent.

It is further agreed that Kongmoon shall be opened as a Treaty port, and that, in addition to the places named in the special Article of the Burmah Convention of the 4th February, 1897, British steamers shall be allowed to land or ship cargo and passengers, under the same regulations as apply to the "Ports of Call" on the Yang-tsze River, at the following "Ports of Call": Pak Tau Hau (Pai-t'u k'ou), Lo Ting Hau (Lo-ting k'ou), and Do Sing (Tou-ch'eng); and to land or discharge passengers at the following ten passenger landing stages on the West River:—Yung Ki (Jung-chi), Mah Ning (Ma-ning), Kau Kong (Chiu-chiang), Kulow (Ku-lao), Wing On (Yung-an), How Lik (Hou-li), Luk Pu (Lu-pu), Yuet Sing (Yüeh-ch'eng), Luk To (Lu-tu), and Fung Chuen (F'eng-ch'uan).

ARTICLE XI.

His Britannic Majesty's Government agree to the prohibition of the general importation of morphia into China, on condition, however, that the Chinese Government will allow of its importation, on payment of the Tariff import duty and under special permit, by duly qualified British medical practitioners and for the use of hospitals, or by British chemists and druggists who shall only be permitted to sell it in small quantities and on receipt of a requisition signed by a duly qualified foreign medical practitioner.

The special permits above referred to will be granted to an intending importer on his signing a bond before a British Consul guaranteeing the fulfilment of these conditions. Should an importer be found guilty before a British Consul of a breach of his bond, he will not be entitled to take out another permit. Any British subject importing morphia without a permit shall be liable to have such morphia confiscated.

This Article will come into operation on all other Treaty Powers agreeing to its conditions, but any morphia actually shipped before that date will not be affected by this prohibition.

The Chinese Government, on their side, undertake to adopt measures at once, to prevent the manufacture of morphia in China.

ARTICLE XII.

China having expressed a strong desire to reform her judicial system and to bring it into accord with that of Western nations, Great Britain agrees to give every assistance to such reform, and she will also be prepared to relinquish her extra-territorial rights when she is satisfied that the state of the Chinese laws, the arrangement for their administration, and other considerations warrant her in so doing.

ARTICLE XIII.

The missionary question in China being, in the opinion of the Chinese Government, one requiring careful consideration, so that, if possible, troubles such as have occurred in the past may be averted in the future, Great Britain agrees to join in a Commission to investigate this question, and, if possible, to devise means for securing permanent peace between converts and non-converts, should such a Commission be formed by China and the Treaty Powers interested.

ARTICLE XIV.

Whereas under Rule V appended to the Treaty of Tientsin of 1858, British merchants are permitted to export rice and all other

grain from one port of China to another under the same conditions in respect of security as copper "cash," it is now agreed that in cases of expected scarcity or famine from whatsoever cause in any district, the Chinese Government shall, on giving twenty-one days' notice, be at liberty to prohibit the shipment of rice and other grain from such district.

Should any vessel specially chartered to load rice or grain previously contracted for, have arrived at her loading port prior to or on the day when a notice of prohibition to export comes into force she shall be allowed an extra week in which to ship her cargo.

If, during the existence of this prohibition, any shipment of rice or grain is allowed by the authorities, the prohibition shall, *ipso facto*, be considered cancelled and shall not be reimposed until six weeks' notice has been given.

When a prohibition is notified, it will be stated whether the Government have any Tribute or Army Rice which they intend to ship during the time of prohibition, and if so, the quantity shall be named.

Such rice shall not be included in the prohibition, and the Customs shall keep a record of any Tribute or Army Rice so shipped or landed.

The Chinese Government undertake that no rice, other than Tribute or Army Rice belonging to the Government, shall be shipped during the period of prohibition.

Notifications of prohibitions, and of the quantities of Army or Tribute Rice for shipment shall be made by the Governors of the provinces concerned.

Similarly, notifications of the removals of prohibitions shall be made by the same authorities.

The export of rice and other grain to foreign countries remains prohibited.

ARTICLE XV.

It is agreed that either of the High Contracting Parties to this Treaty may demand a revision of the Tariff at the end of ten years; but if no demand be made on either side within six months after the end of the first ten years, then the Tariff shall remain in force for ten years more, reckoned from the end of the preceding ten years; and so it shall be at the end of each successive ten years.

Any Tariff concession which China may hereafter accord to articles of the produce or manufacture of any other State shall immediately be extended to similar articles of the produce or manufacture of His Britannic Majesty's Dominions by whomsoever imported.

Treaties already existing between the United Kingdom and China shall continue in force in so far as they are not abrogated or modified by stipulations of the present Treaty.

ARTICLE XVI.

The English and Chinese texts of the present Treaty have been carefully compared, but in the event of there being any difference of meaning between them, the sense as expressed in the English text shall be held to be the correct sense.

The ratifications of this Treaty, under the hand of his Majesty the King of Great Britain and Ireland, and of His Majesty the Emperor of China respectively, shall be exchanged at Peking within a year from this day of signature.

In token whereof the respective Plenipotentiaries have signed and sealed this Treaty, two copies in English and two in Chinese.

Done at Shanghai this 5th day of September in the year of our Lord 1902; corresponding with the Chinese date, the 4th day of the 8th moon of the 28th year of Kwang Hsü.

(L.S.) JAS. L. MACKAY.

(Signature of his Excellency Lü Hai-huan.)

(Signature of his Excellency Shêng Hsüan-huai.)

(Seal of the Chinese Plenipotentiaries.)

 Annex A (1).

(Translation.)

Lü, President of the Board of Works;

Shêng, Junior Guardian of the Heir-Apparent, Vice-President of the Board of Works;

Imperial Chinese Commissioners, for dealing with questions connected with the Commercial Treaties, to

Sir James Mackay, His Britannic Majesty's Special Commissioner for the discussion of Treaty matters.

Shanghai: K. H. xxviii, 7th moon, 11th day. (received August 15, 1902).

We have the honour to inform you that we have received the following telegram from his Excellency Liu, Governor-General of the Liang Chiang, on the subject of clause 2, mutually agreed upon by us:

"As regards this clause, it is necessary to insert therein a clear stipulation, to the effect that, no matter what changes may take place in the future, all customs duties must continue to be calculated on the basis of the existing higher rate of the Haikwan Tael over the Treasury Tael; and that the 'touch' and weight of the former must be made good."

As we have already arranged with you that a declaration of this kind should be embodied in an official Note, and form an Annex to the present Treaty, for purposes of record, we hereby do ourselves the honour to make this communication.

(Seal of the Imperial Commissioners for dealing with questions connected with Treaty Revision.)

Annex A (2).

Gentlemen,

Shanghai, August 18, 1902.

I have the honour to acknowledge the receipt of your despatch of the 14th instant forwarding copy of a telegram from his Excellency Liu, Governor-General of the Liang Chiang, on the subject of Article II. of the new Treaty, and in reply I have the honour to state that his Excellency's understanding of the Article is perfectly correct.

I presume the Chinese Government will make arrangements for the coinage of a national silver coin of such weight and touch as may be decided upon by them. These coins will be made available to the public in return for a quantity of silver bullion of equivalent weight and fineness plus the usual mintage charge.

The coins which will become the national coinage of China will be declared by the Chinese Government to be legal tender in payment of Customs duty and in discharge of obligations contracted in Haikwan taels, but only at their proportionate value to the Haikwan tael, whatever that may be.

I have, &c.

(Signed) JAS. L. MACKAY.

Their Excellencies

Lü Hai-huan and Shêng Hsüan-huai.

&c. &c. &c.

Annex B (1).

(Translation.)

Lü, President of the Board of Works ;

Shêng, Junior Guardian of the Heir-Apparent, Vice-President of the Board of Works ;

Imperial Chinese Commissioners for dealing with questions connected with the Commercial Treaties, to

Sir James L. Mackay, His Britannic Majesty's Special Commissioner.

Shanghai, September 2, 1902.

We have the honour to inform you that on the 22nd August, we, in conjunction with the Governors-General of the Liang Chiang and the Hu-kuang Provinces, their Excellencies Liu and Chang, addressed the following telegraphic Memorial to the Throne:—

“Of the revenue of the different Provinces derived from *likin* of all kinds, a portion is appropriated for the service of the foreign loans, a portion for the Peking Government, and the balance is reserved for the local expenditure of the Provinces concerned.

“In the negotiations now being conducted with Great Britain for the amendment of the Commercial Treaties, a mutual arrangement has been come to providing for the imposition of additional taxes, in compensation for the abolition of all kinds of *likin* and other imposts on goods, prohibited by Article VIII. After payment of interest and sinking fund on the existing foreign loan, to the extent to which *likin* is thereto pledged, these additional taxes shall be allocated to the various Provinces to make up deficiencies and replace revenue, in order that no hardships may be entailed on them. With a view to preserving the original intention underlying the proposal to increase the duties in compensation for the loss of revenue derived from *likin* and other imposts on goods, it is further stipulated that the surtaxes shall not be appropriated for other purposes, shall not form part of the Imperial Maritime Customs revenue proper, and shall in no case be pledged as security for any new foreign loan.

“It is therefore necessary to memorialize for the issue of an Edict, giving effect to the above stipulations and directing the Board of Revenue

to find out what proportion of the provincial revenues derived from *likin* of all kinds, now about to be abolished, each Province has hitherto had to remit, and what proportion it has been entitled to retain, so that, when the Article comes into operation, due apportionment may be made accordingly, thus providing the Provinces with funds available for local expenditure, and displaying equitable and just treatment towards all."

On the 1st instant an Imperial Decree "Let action, as requested, be taken" was issued, and we now do ourselves the honour reverently to transcribe the same for your information.

(Seal of the Imperial Commissioners for dealing with questions connected with Treaty Revision.)

Annex B (2).

Gentlemen,

Shanghai, September 5th, 1902.

I have the honour to acknowledge the receipt of your despatch of the 2nd instant forwarding the text of the Memorial and Decree dealing with the disposal of the surtaxes.

I understand that the surtaxes in addition to not being pledged for any new foreign loan are not to be pledged to, or held to be security for, liabilities already contracted by China except in so far as *likin* revenue has already been pledged to an existing loan.

I also understand from the Memorial that the whole of the surtaxes provided by Article VIII of the New Treaty goes to the Provinces in proportions to be agreed upon between them and the Board of Revenue, but that out of these surtaxes each Province is obliged to remit to Peking the same contribution as that which it has hitherto remitted out of its *likin* collections, and that the Provinces also provide as hitherto out of these surtax funds whatever may be necessary for the service of the foreign loan to which *likin* is partly pledged.

I hope your Excellencies will send me a reply to this despatch and that you will agree to this correspondence forming part of the Treaty as an Annex.

I have, &c.

(Signed) JAS. L. MACKAY.

Their Excellencies

Lü Hai-huan and Shêng Hsün-huai,

&c. &c. &c.

Annex B (3).

(Translation.)

Lü, President of the Board of Works ;

Shêng, Junior Guardian of the Heir-Apparent, Vice-President of the Board of Works ;

Imperial Chinese Commissioners for dealing with questions connected with the Commercial Treaties, to

Sir James L. Mackay, His Britannic Majesty's Special Commissioner.

Shanghai, September 5th, 1902.

We have the honour to acknowledge the receipt of your communication of to-day's date with regard to the allocation of the surtax funds allotted

to the Provinces, and to inform you that the views therein expressed are the same as our own.

We would, however, wish to point out that, were the whole amount of the allocation due paid over to the Provinces, unnecessary expense would be incurred in the retransmission by them of such portions thereof as would have to be remitted to Peking in place of the contributions hitherto payable out of *likin* revenue. The amount, therefore, of the allocation due to the Provinces, arranged between them and the Board of Revenue, will be retained in the hands of the Maritime Customs, who will await the instructions of the Provinces in regard to the remittance of such portion thereof as may be necessary to fulfil their obligations, and (on receipt of these instructions) will send forward the amount direct. The balance will be held to the order of the Provinces.

In so far as *likin* is pledged to the service of the 1898 Loan, a similar method of procedure will be adopted.

As you request that this correspondence be annexed to the Treaty, we have the honour to state that we see no objection to this being done.

(Seal of the Imperial Commissioners for dealing with questions connected with Treaty Revision.)

Annex C.

INLAND WATERS STEAM NAVIGATION.

Additional Rules.

1.—British steam ship owners are at liberty to lease warehouses and jetties on the banks of waterways from Chinese subjects for a term not exceeding twenty-five years, with option of renewal on terms to be mutually arranged. In cases where British merchants are unable to secure warehouses and jetties from Chinese subjects on satisfactory terms, the local officials, after consultation with the Minister of Commerce, shall arrange to provide these on renewable lease as above mentioned at current equitable rates.

2.—Jetties shall only be erected in such positions that they will not obstruct the inland waterway or interfere with navigation, and with the sanction of the nearest Commissioner of Customs; such sanction, however, shall not be arbitrarily withheld.

3.—British merchants shall pay taxes and contributions on these warehouses and jetties on the same footing as Chinese proprietors of similar properties in the neighbourhood. British merchants may only employ Chinese agents and staff to reside in warehouses so leased at places touched at by steamers engaged in inland traffic to carry on their business; but British merchants may visit these places from time to time to look after their affairs. The existing rights of Chinese jurisdiction over Chinese subjects shall not by reason of this clause be diminished or interfered with in any way.

4.—Steam vessels navigating the inland waterways of China shall be responsible for loss caused to riparian proprietors by damage which they may do to the banks or works on them and for the loss which may be caused by such damage. In the event of China desiring to prohibit the use of some particular shallow waterway by launches, because there is reason to fear that the use of it by them would be likely to injure the banks and cause damage to the adjoining country, the British authorities, when appealed to, shall, if satisfied of the validity of the objection, prohibit the use of that waterway by British launches, provided that Chinese launches are also prohibited from using it.

Both Foreign and Chinese launches are prohibited from crossing dams and weirs at present in existence on inland waterways where they are likely to cause injury to such works, which would be detrimental to the water service of the local people.

5.—The main object of the British Government in desiring to see the inland waterways of China opened to steam navigation being to afford facilities for the rapid transport of both foreign and native merchandise, they undertake to offer no impediment to the transfer to a Chinese Company and the Chinese flag of any British Steamer which may now or hereafter be employed on the inland waters of China, should the owner be willing to make the transfer.

In event of a Chinese company registered under Chinese law being formed to run steamers on the inland waters of China the fact of British subjects holding shares in such a company shall not entitle the steamers to fly the British flag.

6.—Registered steamers and their tows are forbidden, just as junks have always been forbidden, to carry contraband goods. Infraction of this rule will entail the penalties prescribed in the Treaties for such an offence, and cancellation of the Inland Waters Navigation Certificate carried by the vessels, which will be prohibited from thereafter plying on inland waters.

7.—As it is desirable that the people living inland should be disturbed as little as possible by the advent of steam vessels to which they are not accustomed, inland waters not hitherto frequented by steamers shall be opened as gradually as may be convenient to merchants and only as the owners of steamers may see prospect of remunerative trade.

In cases where it is intended to run steam vessels on waterways on which such vessels have not hitherto run, intimation shall be made to the Commissioner of Customs at the nearest open port who shall report the matter to the Ministers of Commerce. The latter in conjunction with the Governor-General or Governor of the Province, after careful consideration of all the circumstances of the case, shall at once give their approval.

8.—A registered steamer may ply within the waters of a port, or from one open port or ports to another open port or ports, or from one open port or ports to places inland, and thence back to such port or ports. She may, on making due report to the Customs, land or ship passengers or cargo at any recognized places of trade passed in the course of the voyage; but may not ply between inland places exclusively except with the consent of the Chinese Government.

9.—Any cargo and passenger boats may be towed by steamers. The helmsman and crew of any boat towed shall be Chinese. All boats, irrespective of ownership, must be registered before they can proceed inland.

10.—These Rules are supplementary to the Inland Steam Navigation Regulations of July and September, 1898. The latter, where untouched by the present Rules, remain in full force and effect; but the present Rules hold in the case of such of the former Regulations as the present Rules affect. The present Rules, and the Regulations of July and September, 1898, to which they are supplementary, are provisional, and may be modified, as circumstances require, by mutual consent.

Done at Shanghai this 5th day of September in the year of our Lord, 1902; corresponding with the Chinese date, the 4th day of the 8th moon of the 28th year of Kwang Hsü.

(L.S.) JAS. L. MACKAY.

(Signature of his Excellency Lü Hai-huan.)
(Signature of his Excellency Shêng Hsüan-huai.)

(Seal of the Chinese Plenipotentiaries.)