

*Belgian Group.*—La Société générale de Belgique, represented by La Banque sino-belge and La Société belge de Chemins de Fer en Chine, whose agent in Peking is M. Devos.

*British Group.*—Messrs. J. H. Schröder and Co. and the Eastern Bank (Limited), represented in Shanghai by Messrs. E. D. Sassoon and Co.

I, of course, quite understand that applications for loans are usually made direct to the resident representatives of foreign financial establishments by the Chinese Government, and not to His Majesty's Legation. Our representatives are ready to compete for such loans in the ordinary way. If, however, any international loan is made by the Powers to be divided between the groups of different nationalities, I venture to express the hope that His Majesty's Government will bear us in mind, in order that we may participate.

Yours faithfully,

BALFOUR OF BURLEIGH,

Chairman.

No. 4.

*Eastern Bank to Foreign Office.*—(Received February 29.)

Sir, 4, Crosby Square, London, February 29, 1912.

WITH reference to our chairman's letters of the 24th ultimo and 8th instant on the subject of loans to the Chinese Government, I am directed to inform you that we have received advices from China to the effect that future loans are to be made international—that is to say, they will be divisible amongst seven Powers, namely, England, France, Germany, Russia, Belgium, America, and Japan, each to have one-seventh part of any loan which may be arranged.

We venture to take the liberty of stating that, in our opinion, it is not in the interest of Great Britain to agree to an arrangement on these lines. Great Britain for many years has been in the field, and has rendered very valuable services to China. The proposal now made will place us in no better position than certain of the above-mentioned Powers, who are not even able to float their portion of any loan in their own country. They simply obtain a participation with a view to re-selling it at a profit, the loan being ultimately floated in London. There will also be difficulty in dividing the English participation between the syndicates now negotiating for these loans in China.

We may mention that our syndicate have practically arranged a loan with the Chinese Government, but the matter is in abeyance pending the settlement of the above question or a definite arrangement as to future loans.

As there are practically only two syndicates now working in China, namely, our own (of which particulars were furnished to you by our chairman, Lord Balfour of Burleigh, in his letter to you dated the 8th instant) and that of the Hong Kong Bank and their continental and American friends, we venture to suggest that the better and more equitable arrangement would be for each syndicate to be allotted half of any loan.

We trust that our claim and that of our co-partners, Messrs. J. Henry Schröder and Co., as representing the English group in our syndicate, may be kept before His Majesty's Government.

I am, &c.

F. H. SUTTON, *Manager.*

No. 5.

*Hong Kong and Shanghai Bank to Foreign Office.*—(Received March 6.)

*Hong Kong and Shanghai Banking Corporation,*

Sir, 31, Lombard Street, London, March 6, 1912.

WITH reference to our conversations of yesterday and to-day, I should like to make it clear what the contention of the British group is.

It has, with the approval of His Majesty's Government, entered upon negotiations, in conjunction with the French, German, and American groups, for supplying the immediate financial requirements of Yuan Shih-kai, as president of the Chinese Provisional Government, against the issue of unsecured Chinese Treasury notes, repayment of which is to be provided at a later stage by a reorganisation loan for a