

No. 16.

*Eastern Bank, Messrs. J. H. Schröder and Co., and Messrs. Brown, Shipley, and Co.
to Foreign Office.—(Received May 4.)*

Sir,

4, Crosby Square, London, May 3, 1912.

WE have the honour to inform you that Mr. Lawson, the British representative of the Anglo-Belgian syndicate in China, has communicated to us by cable that he has been advised by the British Minister at Peking of the intention of the Chinese Government to cancel clause 15 of the loan agreement, such clause relating to privileges granted to the syndicate in respect of a contemplated loan of 10,000,000*l*.

Having regard to the previous correspondence which has passed between the Foreign Office and ourselves, we are reluctant to again approach you, but we feel compelled to advise you of the breach of the agreement referred to, under which the interests of British subjects must suffer.

If the cablegrams appearing in the public press are authentic, the breach of the agreement referred to has been agreed upon with the concurrence of the four Powers. We must beg you to believe that our syndicate effected the loan of 1,250,000*l*. to the Chinese Government upon the honest conviction that the terms conveyed in your letter of the 3rd February pointed to our having the support of the British Minister. Whilst this has unfortunately not proved to be the case, we venture to submit that we are entitled to the support usually given for the protection of British interests, and we observe with the utmost regret that, instead of this being so, our own Government has apparently done nothing to prevent the other Governments from supporting other parties in an attempt to bring about a direct breach of the agreement entered into between ourselves and the Chinese Government.

We beg you most respectfully to take note of our protest, and we still hope that we may in some manner receive your support, having regard to the circumstances of the case.

We understand that the Belgian Government is addressing a formal protest to the Chinese Government, and possibly to the four Powers.

We are, &c.

BALFOUR OF BURLEIGH

(per Eastern Bank).

J. HY. SCHRÖDER AND Co.

BROWN, SHIPLEY, AND Co.

No. 17.

Foreign Office to Eastern Bank, Messrs. J. H. Schröder and Co., and Messrs. Brown, Shipley, and Co.

Gentlemen,

Foreign Office, May 10, 1912.

I AM directed by Secretary Sir E. Grey to acknowledge the receipt of your letter of the 3rd instant relative to the intention of the Chinese Government to cancel clause 15 of the Anglo-Belgian loan, which clause conferred on your syndicate certain privileges in regard to a further loan of 10,000,000*l*.

In that letter, you state that you understand from telegrams published in the press that the cancellation of this clause by the Chinese Government has the approval of the Governments of Great Britain, France, Germany, and the United States of America. Sir E. Grey desires me to state that you are correct in this surmise, and to remind you that from the moment you first approached him in regard to this special loan, he has never concealed from you the fact that its terms conflicted with those of another loan which His Majesty's Government and the other three Governments concerned were, for reasons already explained to you, pledged to support, and that he was therefore unable to afford you any assistance in your negotiations. On the contrary, as you are aware, His Majesty's Minister in Peking was instructed to join with the French, German, and American Ministers in protesting against the Anglo-Belgian loan, on the ground that it violated the terms of the agreement on which the four-Power combine had, with the approval of their Governments, consented to make certain advances to the Chinese Government.

Sir E. Grey readily accepts your statement that your syndicate was acting in good faith in effecting the first loan of 1,000,000*l*. to the Chinese Government, but he cannot