

help feeling that your representatives in China should have communicated with His Majesty's Minister at an earlier stage of the negotiations.

In the circumstances, it is obviously impossible for Sir E. Grey to give any support to your protest against the cancellation of clause 15 of the Anglo-Belgian Loan Agreement.

I am, &c.

W. LANGLEY.

No. 18.

Eastern Bank, Messrs. J. H. Schröder and Co., Messrs. E. D. Sassoon and Co., and Messrs. Brown, Shipley, and Co. to Foreign Office.—(Received May 16.)

Sir,

4, Crosby Square, London, May 15, 1912.

WE have the honour to acknowledge receipt of the letter addressed to us by the Foreign Office on the 10th instant, and although we might labour the point to which we have often referred, viz., the fact that the letter of the Foreign Office of the 3rd February led us to suppose that we were free to make loans to China without, to say the least, encountering the opposition of our own Government, we do not wish to embarrass His Majesty's Government in these delicate negotiations.

We would, however, ask the Foreign Office to endeavour to realise the position in which we have been placed through no fault of ours, and in justice to our interests to support us in our continued endeavour to carry out the wishes of the Foreign Office, expressed in their letter of the 14th March last, in coming to an understanding with the group which is at present receiving the support of the Foreign Office.

Our group, commonly known as the Anglo-Belgian syndicate, is already associated with the Russo-Asiatic Bank, which has the support of the Russian Government, and is interested in the one-sixth share offered to Russia, and we have endeavoured to come to an amicable arrangement with the Hong Kong and Shanghai Bank to settle the Belgian interest.

We have asked that bank to cede to Belgium a small percentage in the reorganisation loan, and also to consent to a joint issue in London; and this latter point appears to us to be the stumbling-block to a settlement of all our interests.

Inasmuch as the issues of Chinese loans on all the continental markets are conducted by many banks on each market, we cannot understand why the Hong Kong and Shanghai Bank is so unwilling to meet the very reasonable demands of our group as to the question of the issues, and we still hope that a solution may be arrived at along the lines we have mentioned.

May we therefore hope that the Foreign Office will understand and comply with our request to use its influence with the Hong Kong Bank on our behalf, and request them to meet us in our endeavour to carry out the advice given us by the Foreign Office to come to a fair understanding regarding Chinese finance.

We have, &c.

BALFOUR OF BURLEIGH
(For Eastern Bank).

J. HY. SCHRÖDER AND Co.
E. D. SASSOON AND Co.
BROWN, SHIPLEY, AND Co.

No. 19.

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

Gentlemen,

Foreign Office, May 25, 1912.

I AM directed by Secretary Sir E. Grey to acknowledge the receipt of your letter of the 15th instant, in which you request that the influence of the Foreign Office may be used to induce the Hong Kong and Shanghai Bank to meet your wishes as to the question of the issue of the reorganisation loan to China.

In reply, I am to remind you that Sir E. Grey feels bound to give due weight to the special position acquired by the Hong Kong and Shanghai Bank by the fact that it was first in the field in regard to the present loan, and also that it was to a large extent instrumental in bringing about the present international combine which, it is hoped,