

[Enclosure No. 4.]

British Consulate,
Hankow, June 16, 1862.

SIR,

THE 7th Rule of the Tariff attached to the Treaty of Tien-tsin states

Rule 7.—*Transit Dues.*

It is agreed that Article XXVIII of the Treaty of Tien-tsin shall be interpreted to declare the amount of transit-dues legally leviable upon merchandize imported or exported by British subjects, to be one-half of the tariff-duties, except in the case of the duty-free goods liable to a transit-duty of two and a-half per cent. *ad valorem*, as provided in Article 2 of these Rules. Merchandize shall be cleared of its transit-dues under the following conditions:—

In the case of Imports.—Notice being given at the port of entry from which the imports are to be forwarded inland; of the nature and quantity of the goods; the ship from which they have been landed; and the place inland to which they are bound, with all other necessary particulars; the Collector of Customs will, on due inspection made, and on receipt of the transit-duty due, issue a transit-duty certificate. This must be produced at every barrier station, and *viséd*. No further duty will be leviable upon imports so certificated, no matter how distant the place of their destination.

In the case of Exports.—Produce purchased by a British subject in the interior will be inspected and taken account of at the first barrier it passes on its way to the port of shipment. A memorandum, showing the amount of the produce and the port at which it is to be shipped, will be deposited there by the person in charge of the produce; he will then receive a certificate, which must be exhibited and *viséd* at every barrier on his way to the port of shipment. On the arrival of the produce at the barrier nearest the port, notice must be given to the Customs at the port, and the transit-dues due thereon being paid, it will be passed. On exportation the produce will pay the tariff-duty.

Any attempt to pass goods inwards or outwards, otherwise than in compliance with the rule here laid down, will render them liable to confiscation.

Unauthorised sale, *in transitu*, of goods that have been entered as above for a port, will render them liable to confiscation. Any attempt to pass goods in excess of the quantity specified in the certificate, will render all the goods of the same denomination named in the certificate liable to confiscation. Permission to export produce which cannot be proved to have paid its transit-dues, will be refused by the Customs until the transit-dues shall have been paid.

The above being the arrangement agreed to regarding the transit-dues, which will thus be levied once and for all, the notification required under Article XXVIII of the Treaty of Tien-tsin, for the information of British and Chinese subjects, is hereby dispensed with.

Now I find that this rule has again and again been disregarded by the authorities in charge of barriers up the river, and that I have repeatedly addressed the Superintendent of Customs at Hankow, calling upon him to allow none but the Tariff rate of duties to be levied; but in spite of my remonstrances the Lekin duty has been levied. Transit certificates have been refused, and in many instances tea and other produce detained at bar-

riers, to the great inconvenience and loss of the British Merchants.

Last year, Messrs. Dudley and Co. had teas stopped, and they were made to pay an excess of 285 taels. Messrs. Dent and Co. also paid an excess of 357 taels on one occasion; and on another, in the eighth month of last year, at Too Kow, 499 t. 9 m. 5 c. These facts were at the time communicated to the then Taotai Chang, and refund of the excess required as is recorded.

The first two instances were reported to Her Majesty's Minister at Peking, by whom they were brought to the notice of the Imperial Foreign Office, and subsequent orders were given to your Excellency to recover these amounts paid in excess and hand them over to me. A copy of the despatch to your address on this subject was enclosed to me from Peking, and the original letter I delivered to you in the beginning of the 3rd moon of this year as is recorded. This letter required that none but tariff rates should be levied, and it further directed the punishment of the Wei-yuens in charge of these several barriers where the excessive charges had been levied.

On the 5th May of this year I addressed your Excellency, and requested that orders might be sent to the officials in charge of the several barriers, directing them to collect the tariff rate and not the Lekin, as the tea season was approaching, and the British merchants had sent persons into the interior to purchase and bring down teas.

On the 30th May Turner and Co. addressed me complaining that two boats of tea had been stopt at Liao-lin-Kea, and that he had paid more than taels 500 excess of duty.

Messrs. Dent and Co. also reported having been obliged to pay an excess of 484 taels, 456 T. and 462. 4. on three chops of tea.

On the 11th June Messrs. Gibb, Livingston, and Co. reported having paid 293 T. 6 and 248 T. excess on two chops of tea.

Messrs. Gilman and Co. also reported having to pay 467 T. 2 m. in excess. It would, therefore, appear that your Excellency never issued instructions, or else that those instructions have never been attended to.

On the 10th June Messrs. Dent and Co. reported that 6 boats containing tea were stopt at Tao-Kow and Pe-ho-Kow, and 4 mace per chest demanded over and above the tariff rate, which sum they had refused to pay, and consequently the teas were detained. As my reiterated requests have failed to effect any change in this illegal mode of conducting foreign trade, I requested the Commander of Her Majesty's gunboat to proceed to Tao Kow and Pe-ho-Kow, and release these teas; and on the 11th instant he started, returning on the 14th, having seized the Wei-yuen belonging to the Tao-Kow barrier, who had detained the teas, as also 7 war-boats, together with 20 guns and 5 Chinese belonging to some of the boats. These he brought down to Hankow, and the Wei-yuen with the five Chinese were handed over on the 14th instant to a deputy of Ching Tao-tai; but the boats and guns will be detained until I learn from your Excellency that orders are issued that hereafter British merchants shall not be called upon to pay any excess over and above the tariff rate, and that the excess already paid shall be refunded.

It remains with your Excellency to explain why the directions in Prince Kung's despatch have not been carried out (a copy of which I append). I am desirous that the Treaty shall be strictly fol-