

A comparison of the British and Chinese drafts of the proposed Regulations showed that the points at real issue in the Regulations were not only those of political status involved in the wording of the preamble, but practical commercial questions of great complexity and inherent difficulty, such as that, for instance, to which the Government of India drew special attention, of the terms under which Indian tea was to be admitted into Tibet. It could not seriously be contended that our occupation was to continue till terms as to tea, satisfactory to the Indian trade, had been accepted by Tibet and China. On the other hand, no line could be logically and defensibly drawn between those matters in the Trade Regulations which were, and those which were not, essential points in the consideration of the question whether the trade-marts had been effectively opened.

The conclusion at which Mr. Morley had arrived was that, on an impartial interpretation of the Lhasa Convention, by the light of the events of the last three years, there were not sufficient grounds to justify a refusal to withdraw from Chumbi, and that, for reasons of policy and expediency, it was desirable that our occupation should terminate at once. Whatever difficulties might be in store for us from Chinese obstructiveness, Mr. Morley was of opinion that our power of coping with them would be diminished, not increased, if we placed ourselves in what would be an essentially false position by declining to withdraw from the Chumbi Valley, in accordance with our pledges and declared intentions.

Sir Edward Grey concurred in the views expressed by the Secretary of State for India in regard to the evacuation of the Chumbi Valley; but he considered that it would be well to point out to the Chinese Government that His Majesty's Government would expect, in return for evacuation, that their wishes would be met in regard to the Trade Regulations then under discussion at Calcutta, and that conciliatory instructions would be sent to Chang with a view to the speedy conclusion of the negotiations. He had accordingly sent to His Majesty's Minister at Peking a telegram in the above sense.