On April 7, 1907, the Chinese Government had notified our Minister at Peking that if the Government of India would appoint a special representative, Mr. Chang would proceed to Calcutta to negotiate the new Trade Regulations with him. Sir John Jordan, in accordance with instructions he had received, pointed out that under Article III. of the Lhasa Convention it was the Tibetan Government who should appoint a delegate to negotiate a revision of the Trade Regulations. We were, however, willing not to insist on negotiating these Trade Regulations exclusively with delegates of the Tibetan Government. But before the negotiations began a Tibetan delegate should be appointed by the Tibetan Government, with full power to negotiate and sign on behalf of the Tibetan Government in such a manner as to bind that Government to the settlement arrived at. This delegate should then be associated with Mr. Chang and proceed together with him to Simla, to negotiate there with a special representative of the Government of India.

The Chinese Government replied on May 21, suggesting that Tibet should depute a Tibetan and India an Indian Government official to negotiate, and that the actions of the Tibetan representative would be subject to the approval of Mr. Chang, and those of the Indian representative to that of the Viceroy of India. This was a thoroughly Chinese device to put India on a par with Tibet and Mr. Chang on a par with the Viceroy. What reply it met with is not on record, but on July 18 the Secretary of State telegraphed to the Viceroy that he should address to the Tibetan Government a friendly and uncontroversial letter, notifying them of the negotiations to be held at Simla, and requesting that their delegate might be supplied with proper credentials. In carrying out these instructions the Viceroy telegraphed that he had also told the British Trade Agent to give a copy of the communication to Mr. Chang, and that the Foreign Secretary had written a friendly letter to Mr. Chang announcing that he, Sir Louis Dane, had been appointed British delegate.

The Regulations were eventually signed at Calcutta