loaders being supplied according to the numerical strength of the troops. In the artillery 12 Krupp guns of —68. There are no quick-firing guns. The Government supplies the cavalry with horses and saddles. No special staff has been established yet. Unfortunately, it is difficult to ascertain how these troops are likely to develop. The rumour that ludziun troops are soon to be formed at Ili and Kashgar is confirmed by the fact that the Dzian Dziun has despatched two officers to enlist the necessary men for 1 in (or 1500 men, according to other versions 3 in). As soon as the necessary officers have been trained, other old ins will probably be converted gradually into ludziun until the whole of the old contingent is replaced by these troops. The contingent that it is proposed to keep under arms in the province has been reported to me as 40 battalions, 3 or 2 divisions. It is very probable that the old contingent will simply be replaced by a new one. It has also been reported that the old troops in the Kashgar district will not be reorganised, but that Urumchi and Ili will each have its division of ludziun. It is to be presumed that the officers of the Kalmuks will also be trained in a military school and that regulations will be introduced for their compulsory military service in order to create a reserve of trained men.

Settlement is a problem with which the authorities do not seem to have dealt seriously so far. During my stay in the southern district I scarcely saw any signs of Chinese settlement in recent years. What there is belongs to the period of the reconquest of the country, when plots of ground were apportioned to soldiers. In the district of pei lu (northern route) colonization seems to have proceeded regularly with settlers (to a large extent Dungans) from Kouli. The number of immigrants does not seem to have grown of late. There are fairly good conditions for settlement here in contrast to the southern district. I was informed that the following villages had been established recently: in the Manes district, 100-120 miles N of Manes, a new district is being planned. The preparatory work was done in the spring of 1906. In 1907 as many as 700 settlers were sent there. During the time of the Tan tchou dynasty the place was inhabited. The water-course on which the settlement is being established, is called Tantchou tchy, the settlement itself Daogui hsiao gui. Fukang district: the village of Hsiasa, about 200 houses, 6-7 years old; Uten voza, about 100 houses, 9-10 years old. The village of Sanga tchyan, N of Urumchi and W of Gantchan fu (about 14 miles) 3 villages with about 500 houses (room for another 1500 houses) are included in the Urumchi district, 6-7 years old. The population consists of Dungans from Sinin. Tsantsi district: the village of Beikhu, about 100 houses (Dungans), established in 1905. — Khao tsu khu (N of the station Khutu bi) and Hsiao tsu khu, about 300 houses (Chinese), established 7—8 years ago and growing yearly. — Urumchi district: the village of Hsiao khi gu (N of Khigu), 35 houses, 120 inhabitants, soldiers discharged during the last 10 years. The village of Sarrykol, NW of Kucheng, 200 houses (space for 500), 6-7 years old, is included in the Dsjimusar (Tsimusa) district, where new villages have only been established in exceptional cases, but a steady annual increase of the existing villages is proceeding by immigration from Kouli. — At Shara Sumbo, where there was formerly a Chinese post, a town, Ortaisan, is being founded, in which (Tsanj tsans) amban is to reside. This place is said to be 12 days' journey from Manes and 14-16 from Tchugutchak close to a pass, on the other side of which lies the Russian frontier. The river