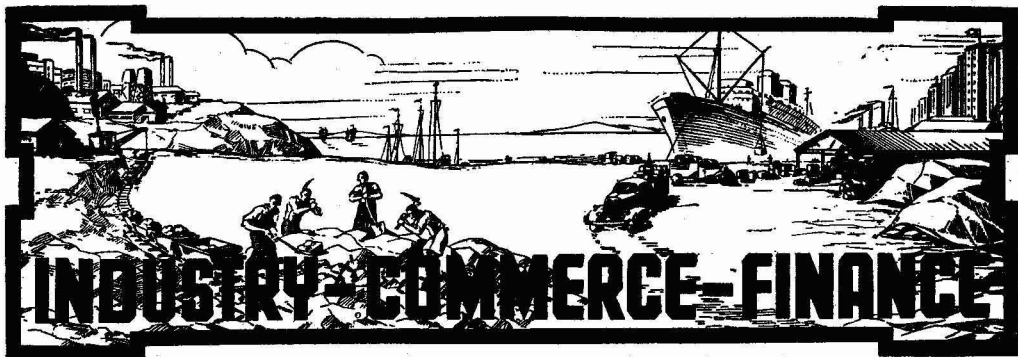




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A BRIEF HISTORICAL SURVEY OF THE CHINA TEA TRADE

BY

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THE original home of China Tea (and therefore of all tea) is the Bohea Hills, a range of small mountains to the West-North-West of Foochow, in the Province of Fokien, South China. Hence the name "bohea," by which tea was originally known in England when first introduced. Curiously enough, of the two kinds of China Tea shrub, "Thea Bohea" and "Thea Viridis", it is the latter which comes from the Bohea Hills, "Thea Bohea" being somewhat inferior and confined to the southern districts around Canton, which now no longer provide tea for export.

The cultivation and use of tea in China seems to have been known for nearly two thousand years. Like most old practices, it has two ascribed origins—legendary and actual. There are, in fact, many legends concerning the origin of tea but the most popular one attributes its discovery to the divine inspiration of a holy man, one Darma, who went to China from India about 500 A.D. to preach Buddhism. According to the legend, Darma never slept, but invariably spent his nights in prayer. One night, however, Nature took him unawares, and he did just doze off. Awaking with a start, the holy man was so disgusted with himself over this lapse from his principles, that he then and there cut off his eyelids and threw them out of the window, thus ensuring perfect wakefulness for the rest of the night. In the morning Darma was human enough to be curious about his eyelids and went out to look for them. They were not where he had thrown them; but in their place he found two small shrubs, round in shape, with dark, glossy leaves. Inspiration then came to Darma, and acting upon it he began to eat the leaves of the shrubs; whereupon the pain of his recent sacrifice disappeared immediately and his whole body began to glow with renewed strength.

The shrubs were tea shrubs.

So much for legend. As for the actual origin of tea discovery, no one really knows what it is. We do know, however, that in earliest times its use was probably largely medical, since in the translations of the writings of Earlier Chinese Sages tea (*Ch'a*) is only mentioned as a medicine and stimulant. It probably came into general use as a beverage as a result of periodic epidemics of cholera, since, little as the Chinese knew

of hygiene, they realised that hot tea was the safest drink they could use. From this status to that of a universal beverage must have been an easy step. The Chinese abhor drunkenness, and the gently stimulating properties of tea, which is cheap and can be drunk in unlimited quantities are, from practical observation in Chinese teashops, a wonderful aid to conversation. Any Chinese, from coolie to mandarin, will chat for hours over a cup of tea the size of an average mustard pot.

This, however, is largely conjecture. To come down to actual facts, we must step forward in time to the year 1676 when the Emperor of China issued an Edict permitting The Honourable East India Company to trade with Canton. In 1677 the Board of the Company, sitting in London, decided to use this permit and so instructed their "factory" at Bantam, in Java, to open trade with China, and to do their best to encourage the tea trade in particular. In 1702 an Emperor's Merchant was appointed in Canton to control all foreign trade and he was later superseded, in 1720, by the Co-Hong, a guild of Chinese merchants who essayed to regulate the prices at which Chinese goods were sold to foreign traders. This occasioned much protest from the foreign supercargoes and the Guild was abolished, only to be immediately revived with official sanction from the Government. The Guild only lasted until 1771, however, as it was so unmercifully squeezed by the officials who sanctioned it that by that time many of its members were bankrupt and it was dissolved. The Co-Hong was followed, in 1782, by a body called the Hong Merchants, which consisted of twelve or thirteen Chinese merchants, and was in fact the Co-Hong under another name. This body formed the only means by which foreigners could communicate with the Government, and the Viceroy held them solely responsible for the foreigners and their doings. The latter were naturally rebellious and the new Co-Hong was therefore between the hammer and the anvil; but the members had their reward. At one time membership of the Guild was worth an entrance fee of \$200,000 and the principal member, Howqua confessed, in 1834, to being worth no less than twenty-six million dollars. The life of those days in Canton is well portrayed in a charming little book called "Fankwai" of Canton" with which doubtless many readers of this article will be familiar.

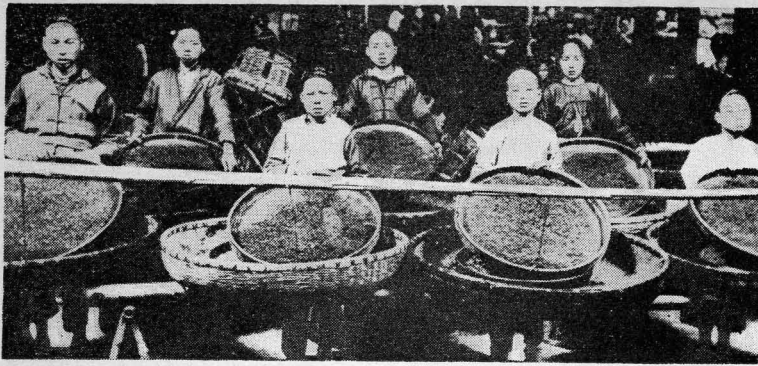
The next character to figure largely in the history of China's Tea trade is the intrepid Englishman, Robert Fortune, who, after extensive wanderings in China from 1843 to 1846, returned to Shanghai in 1848 with the idea of studying the general conditions of the tea districts and collecting seeds to be taken to India and Assam, there to start tea plantations. This he did, travelling overland by boat and chair from Shanghai to Foochow *via* the Bohea Hills and all the tea districts east of the Poyang Lake and so back to Shanghai *via* Formosa. His travels and investigations were done, naturally, entirely in Chinese style, he spoke Chinese, wore Chinese clothes and it was only in Shanghai that he was ever suspected of being a foreigner. So little did the Chinese know then of Western peoples that the simple remark that he came from a "far province beyond the Great Wall" quite sufficed to explain any apparent peculiarity of accent or feature.

It is largely, if not entirely, through Fortune's efforts that the tea plantations in India and Ceylon came into being, and for very many years all the tea produced by those countries (and also by Java) was produced from the Chinese varieties of tea shrubs, descendants of those introduced by Fortune. Later, an indigenous tea shrub was found in Assam and it is this variety, more adapted by nature to the climatic conditions, which now supplies



The Illustrations on this Page depict three of the Processes required in the Manufacture of Tea, namely, Picking, Sun-drying and Rolling, respectively.





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On This Page are shown the three Processes used in Arriving at the Finished Product.

- Top:* Sifting
- Right:* Picking out Stalks
- Below:* Packing



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the crops of countries outside China, though there are still a few estates in Java planted with "Thea Veridis."

The earliest China tea-ports were Canton, Amoy and Foochow. The first two of these are now dead and Foochow was later largely superseded by Hankow and Shanghai, though it is in Foochow, still wearing the shadows of its former glory, that traces of the old spacious customs still persist. Foochow was the port where the famous China Tea Clippers loaded their cargoes and from which they raced home to get their teas on the London market, where a heavy premium was paid for the first arrivals.

These clipper races were a subject of annually recurring interest, and one of them at least has become history. On the 30 May, 1866, the clippers "*Tai ping*," "*Serica*" and "*Ariel*" all left Foochow together. The "*Fiery Cross*" had already sailed on the 29 and the "*Tai tsing*" got away on May 31. These vessels, with the close start, all had a good chance of getting their cargoes first on the Home market, and so the race was a very real one. Few ships afloat then could keep pace with the "*Ariel*" but the "*Fiery Cross*" and the "*Serica*" were both famous vessels, and the betting (of which there was plenty) was fairly even. The three clippers which started together on May 30 all arrived in the Downs on the same day—a wonderful voyage of 99 days round the Cape of Good Hope. The "*Ariel*" arrived at 8. a.m. on September 6, the "*Tai ping*" ten minutes later and the "*Serica*" at noon. It is said that these three vessels did not sight each other all the way home until they reached the English Channel. The "*Fiery Cross*" arrived on September 7, 101 days out and the "*Tai ping*" on the 9th, also 101 days out.

These clippers were originally an American innovation and sailed from the East Coast of the United States round Cape Horn to the China tea ports and back by the same route. There is a Baltimore sale catalogue dated Thursday, May the 13 1824 in the present writer's possession, advertising the sale of Young Hyson and Gunpowder teas ex the ship "*America*" Captain Lavender, from Canton. Unfortunately, the pencilled notes and prices on the Catalogue are indecipherable: after 117 years they are naturally faint, and they also appear to be in some sort of code.

Shanghai was opened to foreign trade in 1842, by the Treaty of Nanking, after the so-called Opium War.

Until 1834 the Honourable East India Company retained their monopoly of Far Eastern trade and there was no hurry to get teas home. But after that date, when the charter ended, competition became general and British builders found it necessary to compete with the Americans in order to obtain cargoes of tea and opium. So it came about that British clippers were built which finally outsailed the Americans and in the end the competition in shipbuilding was confined between the Clyde and Aberdeen.

The opening of Hankow followed in 1862, putting into effect the provisions of the Treaty of Tientsin which was signed in 1858.

With the opening of these two ports, trade in China was largely facilitated, and many of the oppressions inflicted by the Chinese on foreign traders were mitigated, although their movements were still confined more or less to the areas allotted to them (Shanghai was a mud flat and Hankow little better) and their trade was still subject to certain Governmental restrictions.

By this time sail had given way to steam in carrying tea cargoes, the opening of the Suez Canal having given self-propelling vessels their final advantage over sail. Steamers

had, of course, been known on the China Coast since 1835 when the first—the *ss Jardine*—started to carry passengers between Lin Tin, Macao and Canton. (This first attempt was abortive, however, as the Chinese refused to have anything to do with the steamer and even opened fire on her).

The most famous steamer voyage was a record created which stands to this day, when *ss 'Sterling Castle'* a steamer built especially for the tea trade, travelled from Hankow to London in 31 days. Even nowadays it takes the average modern mail steamer 30 days from Shanghai to Marseilles, so the "*Sterling Castle's*" record appears likely to stand for some time to come. She only took $1\frac{1}{2}$ days from Hankow to Woosung. Her excessive speed, however, does not seem to have done her owners much good, as although she could command freights at £6 per ton, she lost money every voyage on account of her necessarily limited cargo capacity and her enormous fuel and repairing costs.

To-day, while no more ships are built especially for the tea trade, and China is no longer the only supplier in the world, tea is (in peace time) still one of the prime considerations of shipping agents in Shanghai and Hankow. Ships are berthed regularly every fortnight in the season to Casablanca, Oran and other points in North Africa and competition for the first early teas is still keen.

The greatest markets for China green teas are Morocco, other countries on the North African Coast, and the U.S.A.; while for black teas London remains the clearing house of the world.

The trade in China to-day is carried on very much along the same lines as it was a hundred years ago. There have been times when it was possible for foreigners to visit the tea districts themselves, some thirty years ago, but so far did the general state of the country recede socially that such an expedition would be a very hazardous undertaking even as long ago as 1920. It is impossible to introduce modern methods of manufacture up country: an attempt was once made near Foochow, but superstition and corruption put an end to the factory (and the foreigner's capital) within two years. The failure to introduce modern factories is not, however, an unmixed evil. Chinese tea is handmade, and is therefore by so much the better than any machine made article could be. In the fine tea districts immense care is taken in the rolling and firing processes and what the teas lose in monotonous uniformity they gain in individuality, flavour and character. China probably produces more different varieties of tea than any other country in the world.

In the Treaty ports the only Chinese with whom the foreign buyer comes in contact are the brokers who act for the Tea Hong. It is the Tea Hong who finance the purchase of raw leaf from the farmers and its manufacture in native factories which are, in many cases, owned by themselves. The larger Tea Hong have a broker stationed in each foreign tearoom and these brokers have fairly full discretion in the regulation and acceptance of prices.

This survey has now taken us to the end of the last era of local peace, namely the middle of 1937. After the upheaval in 1937 all the tea produced in unoccupied China was taken over by a monopoly organised by the Chinese National Government and the market was transferred to Hong Kong where most traders established offices. At the same time the Chinese Government renewed their barter agreement with Russia, whereby China produce was now exchanged for the sinews of war, and tea came into this to a considerable extent. So the Russian representatives, too, came to Hong Kong. Business

was difficult and slow, but carried on somehow. Meanwhile a sort of "bootleg" market got going in Shanghai for the produce of local tea districts under Japanese control. Such districts used formerly to prepare their teas for the Northern domestic markets, but as these became frozen the teamen changed their methods of manufacture and catered to the exporters: resulting in some more or less new types of tea, some of which were quite attractive.

Soon after the outbreak of the European war, London cut down the permitted imports of China teas to three million pounds a year and then forbade its import altogether. That broke the back of the Black Tea trade for the duration. When France fell, French North African trade was forbidden. These two great markets were the main source of bread and butter for tea shippers, while the smaller markets provided the jam. They are now left with the jam and nothing to spread it on. After the fall of France, tea cargoes were discharged all over the world at the discretion of the carriers and the confusion so created is only now in process of being cleared up through a Pool organised under the auspices of the British Government. But being cleared up it is, and there seems to be some prospect of satisfactory issue in due course.

Meanwhile, the trade carries on as best it can. No stocks can reach either Hong Kong or Shanghai any more, but there are (or were) considerable stocks of Japan and Formosa teas in China and some stocks of old China Teas. Such of these as are of the requisite quality are offered to America, where there is a good demand and a small trade from China still continues. The immediate prospects seem no brighter than those of any other China Trade, but when all the aspects of this somewhat gloomy picture are considered it is really surprising that the tea trade carries on as well as it apparently does.

INDUSTRIAL, COMMERCIAL AND FINANCIAL NOTES

The Stabilization of the Shanghai Dollar: The week ending August 23 saw an industrial, commercial and financial upheaval in Shanghai, due to measures taken by the Chungking Government to stabilize the Shanghai dollar for legitimate business, following a spectacular drop in the value of this currency immediately after the freezing measures were announced earlier in the month. The stabilization order was made public in Shanghai half an hour after the market opened on Monday, August 18. The most immediate result was a drop in the value of the American dollar on the Shanghai exchange market. When it transpired, however, that only legitimate business would be financed at the official rate of C\$18.82 for one American dollar, a black market made its appearance which rapidly spread and even influenced the quotations of some foreign banks.

The last day of the week mentioned developed a rather peculiar situation on the local exchange market, for no less than four to five rates were quoted for the purchase of American dollars, i.e. while legitimate importers could obtain one American dollar for \$18.82, i.e. 5-5/16, at the Hong-

kong and Shanghai Bank, the Chartered Bank quoted 4-11/16, i.e. 21.23, and the American Express 4-15/16 or 20.25. Meanwhile, on the free and "black" market hawkers and exchange shops sold for \$22.60 and \$22.70 per U.S. dollar.

The gold bar market, which for some time past had proved a very profitable medium of income for certain speculators in Shanghai, was the first to be influenced by the stabilization order, and the value of the gold bar dropped some five hundred dollars local currency on the day of the announcement of the order, and did not recover during the entire week.

That Shanghaianders however have the best confidence in the future of this city was amplified by the movements of the stock market. This market did not react at all to the stabilization order, while rubber shares even experienced a slight increase in their different values. This augurs well for the future, and although this city experienced one of its worst financial upheavals, Shanghai will soon readjust itself to the new order, if not the new order will readjust itself to conditions as they prevail at the moment in this city.