CHAPTER ONE

The Straits of Melaka and the Trading World

The Malay-Indonesian archipelago is situated on the trading route between India and China. This location, within which the Straits of Melaka is situated, is in the centre of one of the busiest trading routes in the East. Geographically fragmented, the Malay-Indonesian archipelago covers a very wide area that consists of the Malay peninsula and many islands. From the early part of the first millennium A.D., many settlements emerged as ports and service centres at strategic coastal and riverine locations.¹ Although not all of these settlements and ports became important trading centres, some of them emerged as important regional exchange ports or entrepôts. Ports that were strategically located and had the power to command local trade later grew into regional and inter-regional trading markets and the foci of commercial wealth and exchange for the zones of economic activity that they serviced. For example, Aceh, Melaka, Jambi, Banten, Makassar, Ambon, Brunei, Semarang and Palembang grew from local ports into important regional and inter-regional centres for trade. The majority of these ports were located in strategic locations by the rivers that regulated and dictated the trading patterns and networks in the hinterlands and overseas.

In the period under study, the Straits maritime trade covered a network within the Malay-Indonesian archipelago and also formed part of the Indian Ocean trading world with vital linkages with South China.² The Straits served as a place of transit and fresh supplies of goods and provisions for long-distance voyages and a point of collection of all goods from the archipelago, which were later distributed to traders from India and China. In addition, it also acted as a place of distribution of goods from the two
regions to the whole archipelago. The Straits also provided a convenient place for traders to stop while waiting for the changing winds to the east and the west.

Through the ages, many ports had risen and declined along the Straits on the west coast of the Malay peninsula and on the east coast of Sumatra. Some of the most important were Srivijaya, Melaka, Aceh, Kedah, Riau, Palembang and Siak. As early as the third century A.D., traders from India had been trading with various ports in the Straits to seek products such as gold, spices and medicinal herbs, which were brought to these ports from other areas of the archipelago. These Indian traders were later followed by the Arabs and Persians. Chinese traders from South China had also been trading with the ports in the Straits and beyond, although since the

Map 2: Ports on the Indian Ocean, Malay-Indonesian archipelago and South China Sea
sixteenth century they rarely ventured west of the Straits. The importance of the Straits ports as hubs regulating the exchange of goods between the Indian Ocean and the South China Sea had, therefore, been long established, dating from at least the beginning of the first millennium AD.3

Trade between the West and East and also between the Straits and archipelago was dependent on seasonal winds.4 These seasonal winds were

Map 3: Wind patterns in the Malay-Indonesian archipelago – east monsoon.

Map 4: Wind patterns in the Malay-Indonesian archipelago – west monsoon.
seen as a uniting element for the traders from the Indian Ocean, the Malay-Indonesian archipelago and China. In the Malay archipelago, the western monsoon brought traders to the spice islands while the eastern monsoon took them to Sumatra and to the ports on the Straits. Although Melaka was accessible during all monsoon seasons, its trading activities were determined by the seasonal winds. Two monsoons were used by the merchants to sail from India to the Straits of Melaka and to the East or China. The first monsoon season began in April and the second began in September. Merchants from India would set sail to the Straits of Melaka and the East beginning in May and would remain at Melaka or at any of the ports in the Straits until January, when they would return to India. Ships sailing during the second monsoon season arrived at Melaka in the middle of November and remained there until January, when they returned to India with cargoes from China. Ships that sailed from Melaka to India on their return journey had to return before the onset of the southwest monsoon, when the Indian coast was sealed off due to rough seas. On the other hand, the southeast monsoon was advantageous to Chinese traders on their homeward voyage. Chinese merchants arrived in Melaka in December and remained there until the end of June for their return journey. Merchants from Java and the archipelago came during the southeast monsoon and remained in Melaka until the northerly winds began to blow in December and January. Thus, the time of arrival at and departure from Melaka of the traders was dictated by the wind system so that, in effect, Melaka had a marked high as well as a low trade season.

The seasonal winds also had an impact on the profits earned by traders who travelled to the Straits. Those who arrived early and stayed longer were able to buy and stock up on precious goods at low prices and sell them for a higher profit margin during the high trade season. They were also able to trade directly with traders from other regions. There were also traders who had their representatives in ports in the Straits to conduct their trade for them. The Europeans, in particular, not only had their agents but also forts and factories to house their goods and representatives through whom they later secured their political aims in the area.

Through the ages, during the period of the sailing ships, trade carried by the seasonal winds helped to transform many ports in the Straits, including Melaka and Penang, into cosmopolitan centers. In the case of Melaka and Penang, as trade flourished, both towns began to have a multi-ethnic population originating from various places, such as the Coromandel coast, the Malaya-Indonesian archipelago, China and Europe. This was partly because many traders had settled in these ports or had their trade representatives there to handle their trading interests in the area. Furthermore, some of
these traders had intermarried with the locals, thus creating new ethnic and cultural groups which added more intriguing features to an already complex trading society.

The Straits of Melaka and the Trading World

The Straits of Melaka and the Trading World 5

THE MARITIME TRADING WORLD OF SOUTHEAST ASIA

The maritime trading world of Southeast Asia covers a vast geographical area. Diverse in terms of its peoples, religious beliefs and languages, it was united by one main activity, namely, trade. During the mid-seventeenth century the Indian Muslims (Chulias), the Indian Hindus, the English and Dutch East India Company (EIC and VOC) officials, and Danish, Portuguese, French and English country traders who had established their bases on the Coromandel Coast made up the majority of merchants from the Indian subcontinent. Many merchants kept bases on the Coromandel Coast because of the trading facilities, such as ship building and good ports and favourable trading policies adopted by local kingdoms who welcomed the presence of both the Europeans as well as the local traders. Joint ventures were also entered into by the local merchants (Chulia Muslims and Hindus) and the Europeans.

There had been a lull in Chinese trading activities for several centuries following the period of increased official interest in the region, as seen in the fifteenth century during which Southeast Asia witnessed the expeditions of Admiral Cheng Ho (Zheng He). Only in the second half of the eighteenth century did the Chinese begin to make their presence felt once again. This period was marked by an increased number of Chinese migrants arriving in the region, which ushered in the so-called ‘Chinese century’ during which they began to make their presence felt in many sectors of the Southeast Asian economies. The more relaxed policy on external trade adopted by the Chinese government in China had encouraged not only Chinese traders but also Chinese migrants to trade and settle in the western regions of Southeast Asia. The western part of the archipelago was preferred by many of these Chinese traders and migrants because the eastern regions of Southeast Asia were facing anarchy and turmoil.

The activities of many Chinese traders and migrants in this part of Southeast Asia were different from the pattern seen in traders who arrived from the Indian subcontinent. As will be seen, many early Chinese migrants in Penang and Melaka did well by investing in revenue farms in Melaka and Penang and in the trade of the region. Some later turned into investors and financiers in the 1830s and expanded their businesses to include the tin mining industry in the Malay states. Some of the rich Chinese traders in Penang and Melaka had trading networks that covered a large part of the
north of the Straits of Melaka, northern Sumatra, Southern Siam and the Malay states. With these connections and having their proxies managing their business in many port-towns, many were able to exploit the agricultural and tin mining businesses in the region. These traders also brought in Chinese labourers to work in the enterprises in which they had invested, such as the mining industry and agricultural production. In both Melaka and Penang Chinese migrants undertook a variety of tasks. They not only traded in the town but also grew fruits and vegetables and pepper and gambir in the hinterland area. The opening up of lands in Penang’s hinterland and the encouragement by the East India Company (EIC) to make Penang a pepper producer led to the influx of Chinese migrants who were mostly labourers to work in the agricultural sector. Even in Melaka, before the 1784 war with Riau, there were gambir plantations that had been opened by the Chinese merchants using Chinese labourers.

Since the abolition of slavery and the slave trade in the early nineteenth century, labour had become scarce in many parts of Southeast Asia. Penang and Melaka were also hit by a labour shortage. By the nineteenth century labour was always a scarce commodity in the Straits and the new wave of arrival of Chinese migrants had filled the gap. According to Trocki, many investors in the mining industry, including the Malay chiefs, preferred the Chinese to the indigenous people as labourers. This was partly due to the more systematic handling of Chinese labourers, the fact that they were easily controlled and that they also worked harder in order to pay back their passage before they were finally released from their contract. Therefore the coming of the Chinese migrant labourers to the Southeast Asian market provided the first alternative to slavery. The end result of the influx of Chinese migrants during the period under study was the dawn of a new era in most of Southeast Asia, in which the Chinese dominated the sphere of commerce and played important roles in many economic activities during the period of high imperialism.

From the sixteenth to the nineteenth centuries, there were many port-towns that rose and fell along the shores of the Indian Ocean. A similar trend also occurred on the shores of the Malayan-Indonesian archipelago. A common characteristic shared by the majority of these port-towns was an exceedingly diverse population made up of representatives from all the major seafaring communities of Asia, including the Indian Ocean areas, archipelagos, China, and also representatives from various parts of Europe. These various ethnic or social groups tended to live under conditions later known as extra-territoriality. This implied a common residential area, a headman under various titles, use of their own law codes and considerable inter-group economic co-operation.
During most of the seventeenth to nineteenth centuries, many of the port-towns along the Indian Ocean–Southeast Asia–South China Sea route came under European control. The Portuguese, who were the earliest of the Europeans to set foot in many of these port-towns, were challenged by the Spanish, Dutch, English and French. Control of port-towns such as Surat, Colombo and Melaka thus changed hands from one European power to another. In addition, new port-towns such as Madras, Calcutta, Penang and Batavia were created by the Europeans to tap the lucrative trade routes in this region. Therefore, many new port-towns emerged on the west coast of India and on the Coromandel coast. Almost all of the major European powers – Portuguese, Dutch, English, French and Danish – were active in building their own trading networks, establishing their forts and settlements on both sides of the Indian continent. The Coromandel coast was especially important to the Europeans because geographically it was strategically located. Further, supply of Indian goods was readily available there, the infrastructure for refitting ships from Europe bound for the East was adequately provided and a good relationship existed between the Europeans and the local kingdoms, especially with regard to trade and the freedom to build settlements and forts in this area. The Coast also acted as the key passage to Southeast Asia and China. The European powers were also very active in occupying and acquiring port-towns in the Malayan-Indonesian archipelago. Their main interest was to secure a constant supply of spices and other commodities that could be traded in the intra-Asian trade. Melaka was the earliest port-town that fell to the Europeans. Other port-towns which later came under European occupation were Batavia, Riau, Benkulen, Makassar, Ambon, Manila and Timor. Similarly, in the South China Sea region, several European powers established their own trading settlements on the Chinese mainland. In this way, by the end of the eighteenth century many of the important trading centres on the Indian Ocean–Southeast Asia–South China Sea area came under European control.

Aceh, on the northern part of Sumatra, became an important port-town from the early seventeenth century. It came to power as a coastal kingdom of Sumatra under Sultan Iskandar Muda (1607–36). The extent of Aceh’s dominance on the northern region of Sumatra stretched as far as Deli (Aru) in the east and Padang in the west. At some stage Aceh also held sway over a part of the Malay peninsula. Its capital, Bandar Aceh Dar-es-Salam, was an important centre of Asian trade.

In addition to Aceh, other port-towns on the shore of the Southeast Asian mainland were also frequently visited by traders, both European and Indian, from the Indian subcontinent. Among the most important of these port-towns were Tenasserim, Mergui and Kedah. The island of Junk Ceylon,
off the coast of southwest Thailand, was also a long-standing port. Therefore, there were very complex connections and networks between the ports of the western coast of India, the Coromandel coast, the Bay of Bengal and the port-towns on the northwest corner of the archipelago. Traders from all these places converged at specific port-towns during certain seasons as dictated by the monsoon winds. Likewise, traders from Aceh travelled as far as the Coromandel coast and frequented the northern region of the Malay peninsula. While the main trade between the major ports was carried by long distance traders, the connecting trade with various other small port-towns in the interior was served by local traders and merchants.
Further south in the Straits and beyond, within the archipelago, the important port-towns that served as important trading centres were Melaka, Johor-Riau, Siak, Batavia, Makassar and various port-towns on the north coast of Java such as Cheribon, Juwana and Semarang. These port-towns were connected to the wider network that extended to China and the Indian sub-continent while at the same time serving other small port-towns in the region.

Riau, at the southern end of the Straits of Melaka, became an important port-town in the middle of the seventeenth century, serving as an important centre of trade in the Straits. After the death of its last king in 1699, the kingdom was thrown into a turbulent period which witnessed a succession dispute between the followers of the Bendahara and the Laksamana. Later, in the 1720s, the succession dispute became more complicated when Bugis princes, earlier driven out by the Dutch from Makassar, became involved in it. The Johor-Riau kingdom was undermined by the Bugis princes and most of the decisions regarding trade and administration in Riau came under their control. Perhaps because Riau was indirectly ruled by the Bugis, who were renowned traders, trade continued to flourish there so that it once again became a leading centre of trade in the Straits in the mid-eighteenth century. Traders from China, the archipelago, the Indian subcontinent and Europe came to Riau. However, as politics in the Straits became more volatile and uncertain towards the end of the eighteenth century, Riau was caught in a dispute with its closest rival, Dutch Melaka. A minor conflict between the Bugis leader, Raja Haji, and the Dutch-Melaka governor led to open war in 1784 and Riau’s defeat. The majority of Bugis traders and merchants fled to other ports along the Straits as well as on the east coast of the Malay peninsula. Thus in the aftermath of the war, far from being crushed or sidelined, Bugis traders continued to trade in the region from new bases such as Selangor, Johor, Trengganu and Siak.

Another important port-town in the Straits was Siak, which lies on the east coast of Sumatra. Siak became an important centre linking traders with the interior part of Sumatra, which was densely populated and which could only be reached by rivers. The interior of Sumatra was also very rich, producing forest products, gold and pepper. Siak served as an important trading mart for the interior regions, linking them with the outside world, including Melaka, which was the main port in the Straits. Especially after the fall of Riau in 1784, Siak became an important trading partner for Melaka. Many ships plied between these two ports and it could be said that Siak replaced Melaka’s trade with Riau.

In the Java Sea, Batavia, Ceribon, Semarang, Juwana and Gerisik were important ports and Makassar, at the southeastern tip of the archipelago, had long flourished with the continued importance of the spice trade.
Batavia, as mentioned earlier, was the centre of Dutch administration in the East and it became the centre of trade in the Java Sea, linking it with the port-towns in China. The Dutch administration made it a policy that the Chinese junk trade with the archipelago should be centred at Batavia. Such a policy caused very few Chinese traders to arrive at Melaka and affected Melaka’s direct trade with China. Therefore, port-towns on the mainland of China, such as Amoy, Canton and Macao, had important trading connections with the archipelago mainly through Batavia and, later, west Borneo. The archipelago was also connected with the long-distance trade conducted by the Spanish galleons in Manila that traded between Southeast Asia and South America.

Traders who arrived at many of the important port-towns of Southeast Asia could be divided into two major categories. The first group consisted of long distance traders who came from Europe, the Indian subcontinent or China. The second group consisted of the regional and short-distance merchants and traders who arrived from various ports on the archipelago. These traders and merchants could again be classified into four main groups. Firstly, there were the European merchants and traders from the major trading companies, the VOC and the EIC, and other European traders, such as the Portuguese, Danish, Spanish, French and the English country traders; secondly, the Indian traders who came from the Indian subcontinent, including the Chulia Muslims, Hindus, Moors and Gujarati; thirdly, the Chinese merchants from China; and, finally, there were the traders from the archipelago (the natives, Burghers, Chinese, Arabs, Chulias and Hindus).

The VOC and EIC traders were long-distance and regional traders who travelled from ports in Europe and had close connections with many port-towns that came under their control in the East. They belonged to big companies funded by shareholders in Europe and also trade profits in Asia. These companies were very powerful and were supported by a large and strong bureaucracy, protected by strong armies and aided by large fleets of merchant and naval ships. Although the headquarters of these companies were located in Europe, they also had their centres of administration in the East. The Dutch VOC was centred at Batavia on the island of Java while the English East India Company chose Calcutta as its headquarters. Since these companies had shareholders with much capital, they were able to build up trading bases, networks and connections with various port-towns that were under their direct dominion in the Indian subcontinent, the archipelago and China. Matters regarding administration and regulations on trade in these port-towns were governed and dictated by the higher authority in the East.

Apart from the VOC and EIC, there were other Europeans, such as the Portuguese and Spanish who owned port-towns in the Indian subcontinent,
China and the Philippines. The Danish and French private companies owned factories and forts in many port-towns in the Indian subcontinent. Although the Danes and French were not as powerful and active as the others, they were able to capture some of the trade in the Indian Ocean, Southeast Asia and China. There were also the English country traders who traded independently. They were considered more robust and aggressive and their principal trading connections were with the native port-towns not directly under the control of the VOC or EIC. In addition to the European traders, Asian merchants from the Indian subcontinent and China were also long distance travellers. While the majority of the Chinese junk merchants were forced to trade at Batavia, the Indians traded freely at ports in the Straits and on the Java Sea although they were mostly seen in Aceh, Melaka, Riau and Junk Ceylon.

Most of the regional traders used port-towns in Southeast Asia as their bases. They were mainly natives, the most numerous being the Malays and Bugis, but a sizeable number of non-native traders such as the Chinese, Moors, Chulias, Arabs, Kelings (Hindus) and the Burghers also operated from within the region. In addition, there were also the VOC, EIC and the English country traders. Many non-natives had in fact settled permanently in Southeast Asia and become important merchants who traded within the archipelago. Some of them owned large ships capable of sailing longer distances to ports along the coast of the Indian subcontinent.

The types of goods that were traded by merchants from the Indian subcontinent-Southeast Asia-South China Sea can be divided into five main categories. They were manufactured goods, products for human consumption, mineral ore, forest products and human slaves. The main commodities traded by the majority of merchants from the Indian subcontinent-Southeast Asia-South China Sea were the basic necessities of life, such as salt, sugar, grains and clothing. The main manufactured products from these areas were silks, cotton textiles, porcelain and glass, jewellery and finely cut precious stones. Raw materials for industries were exchanged in the maritime and overland trade of Asia. Although some of these materials were also produced locally, the demand for similar products in certain areas shows that imported goods were appreciated.

Some of the commodities produced in Southeast Asia were not in great demand in the Indian subcontinent but were well sought after among the Chinese traders from China. For example, sea slugs or trepang which were harvested from the seas of the archipelago, were in high demand in China but not in the Indian subcontinent. However, some items were universally in demand, such as rice, the staple food of most Asians. Rice was also sought after by port-towns not as an exchange item but to feed their local population.
Other commodities, for example, gum resin and aromatic woods, items used in the preparation of incense in temples and religious gatherings, were sought after by the Chinese, Arabs and Indians. Spices such as cloves, nutmegs and mace were in great demand among the Arabs, Persians and Indians but not by the Chinese, who preferred pepper. Pepper was also sought after by the majority of merchants from Asia and Europe. Edible bird’s nests, elephant’s tusks and medicinal herbs were in higher demand in China than in India.

Most of the commodities traded remained largely unchanged throughout the seventeenth and eighteenth centuries except for a marked increase in the demand for Chinese tea from Europe, which was exchanged with opium from India and tin from Southeast Asia. Neither did the pattern of trade change. Throughout these centuries, the main commodities sought after were generally pepper, spices, gold, tin and forest products, such as rattan and aromatic woods, from the Southeast Asian regions. In return, there was the demand for cloth, opium and various manufactured products from India and China. Therefore, the trend of this exchange of goods shows that commodities exported from Southeast Asia were mostly food items and raw materials while the goods imported from India and China were mainly manufactured products. Goods like chinaware, porcelain, paper, sugar, salt and cloth originated mainly from India and China. Although Southeast Asia produced cloth, for example Java, Bugis and Aceh cloth, the demand for Indian cloth was greater and for different purposes, in part due to the superior quality of the Indian variety. The majority of the Asian population also appreciated the various colours offered in Indian cloth.

PORTS AND TRADING NETWORKS: MELAKA AND PENANG

The Straits of Melaka was an integral part of the international sea route linking the East with the West. Its importance as a waterway and passage through which most of the trade between China and India and beyond was conducted had long been recognized. The arrival of the Europeans took this recognition to a different level for they were inclined to put into action the belief that whoever controlled the Straits would ultimately take control of the lucrative trade that passed through it.

Since their occupation of Melaka in 1641, the Dutch aspired to establish it as a base that could tap the trade covering the India-Straits-China route. However, their hope was challenged by Riau, capital of the Johor-Riau kingdom. Aggravating the situation was Batavia, capital of the commercial empire of the VOC in the East, which also transcended her competitor, Dutch-Melaka. Whilst Batavia was a key rallying point for the VOC’s trade and administration, it was also the most strategic focal point within the
planned empire. Ultimately, Dutch-Melaka was provided with a small garrison to control the trade, which formed a demarcation between the East and West. Melaka was therefore more of a guard post than an independent hub of its own. With the increasing focus and attention given to Batavia,

Malacca thus lived in the shadow of Batavia, and it was possible for the governor-general and council to write to Amsterdam in 1698: ‘It has been known for a long time that Malacca has been more a place of necessary residence and garrison than of trade’. Imhoff, in his report of 1741, compared Malacca with Malabar as a deficit post of the company: it produced little trade and was of no importance in relations with indigenous states. It could be reduced in size but not completely abandoned because of its strategic position.

After the fall of Riau in 1784, the English feared that the Dutch would gain complete control of the commercial activities in the Straits and the Malay peninsula. Meantime, beginning from the middle of the eighteenth century, there was a great expansion in the commercial activities of both the English East India Company (EIC) and English country traders with China. But the English did not have a port that could supply fresh provisions and goods such as tin and pepper in the Straits for their trade to China. To resolve this problem, the director of the EIC suggested that a new English port preferably on the east of the Bay of Bengal must be found in order to provide a constant supply of cargo for the trade to China as well as a base that could protect the safety of ships engaged in the China trade. However, this was not the sole motive of the EIC because the Company anticipated that it should also profit from the lucrative spice trade in the region. The English believed that this was a right that should be conferred to them due to the fact that they had been driven from the archipelago by the Dutch. In addition, the EIC needed a post to utilize as a naval base in the archipelago and to stem the growing power of the Dutch in the Malay peninsula. After the 1784 war with Riau and following an active Dutch presence in Perak and Selangor, the English increasingly felt that the Dutch were a real threat to their activities in the Straits. Thus, a new English base in the Straits was seen to be a necessity and the case for its existence was strengthened by the need to prevent the emergence of French fleets in the area.

As the movement of ships in the eastern seas was completely at the mercy of the monsoons or trade winds, this compelled the EIC to seek a suitable harbour situated on the eastern coast of the Bay of Bengal. The Company began to search for a suitable base, preferably in Aceh in north Sumatra or in the Andaman islands. However, its attempts were in vain. Following the start of negotiation, which Francis Light conducted with the kingdom of
Kedah, attention was turned to a base near the Straits of Melaka leading to the opening of Penang on Prince of Wales Island by the English in 1786. Penang’s location at the northern end of the Straits of Melaka and Melaka’s position in its southern section meant that each port commanded a strategic site at the trading crossroads between India, China and the archipelago. Due to the fact that Penang is located at the northern end of the Straits, it had a closer link with the trading areas that cover that part of the Straits, including north Sumatra, the southern part of Thailand, the northern section of the Malayan peninsula, the southern region of Burma and the Coromandel Coast of India. On the other hand, Melaka had more control over the southern part of the Straits, including the centre and southern part of Sumatra, the southern region of the Malayan peninsular and the Malay-Indonesian archipelago. It was also able to capture, to a small degree, the China trade.

The eighteenth century saw an increase in the activities of English and Danish country traders in the Straits. This was due to an increase in trade between China and Europe. The most important commodity traded was Chinese tea to Europe, which was very lucrative. However, the tea trade intensified the problem of remittances to China. Thus, in order to reduce the flow of bullion from Europe to pay for Chinese tea, other goods such as pepper and tin from Melaka were instead used in exchange. Tin was therefore in great demand for the China trade. This increased the rivalry between the Dutch, English and Danish traders since they were competing to control the tin trade in the Straits. Subsequently, this development caused strained relations between Dutch-Melaka, the European traders and the Malay kingdoms, especially Riau.

After the fourth Anglo-Dutch war (1780–84), the India-Straits-China trade was completely dominated by the English. As we have seen, the importance of the China trade to the English also led them to look for a new post in the Straits for their ships on their way to China, resulting in the opening of Penang in 1786. In addition, the Dutch in Melaka also confronted the problem of competition with Bugis traders in Riau, leading to the 1784 war between Melaka and Riau. Finally, the English increased their penetration into the Southeast Asian trade in those areas not under the control of the Dutch and even challenged the Dutch monopoly. The major challenge came from the activities of the English Country traders. As a consequence, after the 1770s, the English dominated the trade between the Coromandel Coast and Malaya. Melaka’s shipping lists clearly illustrate that in the 1780s and 1790s most of the trade between Melaka and the Coromandel Coast was conducted by the English, both Company and English country traders, and the Portuguese. In the early days after the English
established themselves in Penang, traders from the Coromandel Coast began to use its port. The most notable were the Chulia merchants whose ships called regularly there. Their networks linked various ports on the Coromandel Coast, such as Proto Novo, Nagore and Nagapatnam to Penang, as well as to Mergui, Junk Ceylon, Melaka, Aceh and Pedir. The most popular route used by their ships was from South India to Penang and back through Pedir and Aceh. Some of the Chulia merchants settled down in Penang, making trading more convenient between the Indian subcontinent and Southeast Asia as the merchants based in India were able to rely on their partners in Penang to look after their business dealings. These partners not only bought goods required for the Indian trade but were also in a position to store valuable items bought during the low season at lower prices to be sold later at profitable prices in the high season. They could also make trading arrangements with native ports, such as Kedah, Aceh, Mergui and various other ports on the Sumatran coast. Thus, a multilateral trading pattern was organized by these traders. However, their main trading route was always between the Indian subcontinent and Penang.

Prior to the opening of Penang, traders from other ports in the Bay of Bengal area such as Pegu in Burma, Junk Ceylon, Mergui and Tenasserim had already established close trading connections with Melaka. At the same time merchants from Melaka also traded at these ports. Merchants from the Coromandel Coast, on their trading journey to the Straits, also stopped at various places in these areas. Thus the Bay of Bengal region had had long connections with the ports in the Straits both directly through their own traders and indirectly through the visits made by ships coming from outside their region. Once Penang was established, trade from the Bay of Bengal region began to also flow to the island. This was in part due to the fact that Francis Light, who was based in Junk Ceylon before opening Penang, had had long trading connections with the region, in particular Kedah, Melaka and the Coromandel Coast. When Light ceased to trade after he became the first Superintendent of Penang, these contacts were maintained by his co-partner, James Scott. Penang also benefitted from the trade from the east. From the east, long-distance traders came mostly from the main ports of southern China, namely, Amoy, Canton and Macao, sailing through the South China Sea to other ports along this trade route such as those in Indo-China, Thailand and the Philippines before arriving in the Straits. Chinese ports were mostly served by English country traders, Portuguese and English East India Company ships. Most of these long-distance traders who had their bases in the Indian subcontinent travelled from the Coromandel Coast and stopped at various Straits ports, including Melaka, Aceh and Penang, on their journey to and from Canton or Macao in Southern China.
As a result of Dutch regulations that required all Chinese junks to trade at Batavia rather than at Melaka, fewer Chinese traders from China traded in the Straits. The limited number of Chinese junks from Amoy usually did not go beyond Melaka where their presence was eagerly awaited. Most Chinese traders exchanged their goods with products from the archipelago and from India. After the 1780s, only one or two Chinese junks from Amoy landed at Melaka per year.

Foreign and local regional traders who had close trading networks with Melaka also included Penang on their route after 1786. These traders came from Batavia, Semarang, Juwana, Gerisik, Makassar and the Borneo areas, the major ports in the archipelago. From these ports came food products such as rice, spices and sugar, which supplied Melaka and Penang with provisions. The presence of these traders at Melaka and Penang was important because they brought most of the goods that were needed at both places and provided the supply of spices, medicinal herbs and forest products for the
Indian and Chinese traders. They were important because they carried and distributed most of the goods brought in from India and China to the many smaller ports in the archipelago.

Among the native traders of the archipelago, the Bugis were one of the largest and most active groups. They also had a good reputation and, in Melaka, were regarded as trustworthy merchants who contributed lucrative profits to its trade. For this reason, when the English held Melaka after 1794, they made attempts to persuade the Bugis to trade in Penang as well. However, only a few managed to travel to Penang since most of them travelled in smaller ships over short distances. Some of their ships were not strong enough to travel further up the Straits.

As stated before, the trading patterns in the Straits changed drastically beginning in the mid eighteenth century with the arrival of the English country traders and the active presence of the EIC in Southeast Asia. By the end of the eighteenth century, the English presence in the Straits was further strengthened with the decline of the VOC. After the fourth Anglo Dutch-War, trade between the Coromandel Coast and the Straits was in the hands of the English. The English also controlled the lucrative trade with China. The high demand for Chinese tea for the European market and the exchange of tin and pepper from the Straits for Indian cloth had made the Straits an important stop for the English traders to China. Thus, by the end of the eighteenth century there was a big shift in trade when the English became dominant players. The decline of the VOC and the temporary transfer of Melaka and Batavia to the English further strengthened the English trading network in the Straits.

**SHIPPING LIST, CURRENCIES, WEIGHTS AND MEASUREMENTS**

One of the good things about the series of VOC records under the heading of *Overgekomen Brieven en Papieren* (OBP) is that they provide a detailed account of the events that happened in the port-town of Melaka and the surrounding areas. The most important section on the political atmosphere of the port-town is found under the Secret Resolutions in the OBP series. This series of documents contains information not only on the Dutch administration of the town but also its trading activities. Detailed trade figures such as the type and quantity of commodities exchanged as well as prices and price fluctuations are given in the regular reports. The most important section in the OBP series is the Shipping List (incoming and outgoing ships at Melaka). This section, also referred to as *Boomsboeken*, was compiled and kept and then submitted each year, along with the general letter, to the Governor-General. All arrivals and departures of vessels were
carefully listed and compiled. The data in the shipping list include information on the name of the owner of a vessel, the name of the captain, his origins, the port where he came from, the day the ship departed from the port and date of arrival in Melaka, the number of days on the journey, the size of the vessel, the weight of the vessel, the name of the vessel, the type of vessel, the total number of crew on board, the number of passengers on board, the type of weapons and cannons on board, the type of commodities loaded, the value of the commodities in weights and units and the number of days the ship anchored in the port.

Although accounts of trade in the OBP’s Shipping List are very detailed, there remain some weaknesses. The value, volume and weight of goods were not standardized. For example, there was no standardization of the unit used to measure the volume of cloth. Sometimes the unit of measurement was the corgie, and at other times it was in bales, and certain documents did not even mention the volume involved. Similar problems are also encountered with other commodities where no standardized unit was used. Measuring units such as koyan and picul were not consistently applied but were used with many others, such as buyong, kranjang, bundel, bottel, baal, bos, kati, legger, kist, laksa, kanaster, gantang and zak. This leads to difficulties in converting the various units, weights and measurements of commodities into currency value. Therefore it is very difficult to compare one commodity with another in currency value, as there was no standard method to assess value in currency terms. To overcome this problem, this study merely lists the more important commodities judged from the frequency of their appearance in the Shipping List. Commodities such as textiles, opium, grains, tin and forest products are considered important because they appear regularly in the list. Another problem encountered arises from the Dutch practice of omitting in their data the activities of VOC ships. At the same time, ships which were involved in the smuggling trade were also not recorded. However, despite the fact that the records are incomplete and problematic, they compare more favourably to those provided by the English on trade activities both in Melaka and Penang.

The English had their own method of compiling data on trade but it was not as detailed and painstaking as that of the Dutch. For instance, no mention was made of the identity of the captain of a ship arriving in Melaka, and other details about the goods brought in and other information usually found in the Dutch records are also not available. The reports on the whole were confined to providing information on the value of trade coming from and going to each area or port and lists of goods imported and re-exported. All the goods were valued in Sicca rupees. Thus it is difficult to determine the identity of the traders and their ethnic origins and their port of origin.
and destination. Although the data were standardized according to the value in money, the English documents did not provide an accurate and detailed picture of the trade at that time.

Therefore it is a challenging task to compare and contrast the two sets of documents on trade in Melaka and Penang. In addition, it is difficult to analyse in statistical form the decline of Melaka's trade during the English occupation from 1795 to 1818. This is because there is no complete shipping record listing incoming and outgoing ships for Melaka during this period. There are also no detailed reports on the trade itself. The only report on Melaka's trade, compiled by the English, was in 1817–18 before they handed Melaka back to the Dutch. Even this report has limited usefulness as it only contains observations and opinions that emphasized the importance of keeping Melaka as an English port, since it was situated near the archipelago, and the only data given relate to Melaka's import of goods for 1810. It is also emphasized here that during this period of English administration, they made great effort to promote Penang as an important port of call for the India-Straits-China trade. The English considered their occupation of Melaka as a temporary commitment so that all their attention should be given to promoting the development of Penang rather than the former. As a result, during the English occupation of Melaka its trade declined with a considerable volume of it being diverted to Penang.

In addition, there are too few documents available to give a complete picture of trade trends during the brief period from 1818 to 1824 when the Dutch reoccupied Melaka. Nevertheless, judging from long-term trends and new developments around the region, it can be safely concluded that Melaka's trade did not improve. The opening of Singapore in 1819 by the English might even have worsened the situation, as many rich Melaka-Chinese moved their business to Singapore. As the trade in Singapore increased the effect on Melaka was clearly seen in later years. Thus, the period from 1795 to 1824 could be considered as a period of uncertainty in the future of Melaka, not the least because it was transferred from one colonial master to another. During the English occupation, their policy appears to have been to maintain but not develop the port-town because they wanted to promote the success of Penang as a trading centre.

**MELAKA'S TRADE IN THE EIGHTEENTH AND NINETEENTH CENTURIES**

Melaka is situated on the west coast of the Malay peninsula by the Melaka river, which flows into the Straits of Melaka. The early history of Melaka's commercial monopolies and the imposition of the pass system on traders
trading in the Straits can be traced to the Portuguese occupation of Melaka from 1511 to 1641. In order to tap its wealth and the lucrative trade between the Indian subcontinent and the Straits, the Portuguese issued passes to all merchants using the Straits.  

When Melaka was occupied by the Dutch in 1641, they retained the Portuguese system. According to Arasaratnam, there were two conflicting aims in relation to Melaka’s trade during the early period of Dutch administration. One was to preserve and develop the emporium character of Melaka while the other was to ensure Melaka’s commercial monopoly on trade and prices in the interests of Dutch trade in the Straits. In 1641, for example, the Dutch administration imposed a duty of 10 percent on imported goods and 5 percent on exports and both were higher than those which had been introduced by the Portuguese. The Dutch felt that the presence of many Asian traders in the Straits threatened their trade, and believed that by eliminating them they would finally increase their trading returns on commodities such as tin and Indian cloths. In the long term, this policy led to the decline of Melaka’s trade.

In order to secure full monopoly on the supply of tin from the Malay kingdoms in the peninsula, a constant supply of pepper from Sumatra and sole monopoly of the Indian cloth trade in the Straits, the Dutch embarked on a policy of making exclusive contracts with Malay rulers to gain full control of the trade in these products. Hence, treaties were signed with many Malay kingdoms: Kedah in 1642, Junk Ceylon in 1643, Bangery in 1645, Perak in 1746 and Siak in 1754. However, the trade monopoly policy had its drawbacks, as it encouraged smuggling in controlled goods such as opium, Indian cloth and tin. In addition, many traders tried to avoid going to Melaka.

After the Dutch occupation, laws and regulations were enforced in Melaka to regulate traders who purchased merchandise imported to, or exported from, Melaka. Taxes were also applied to opium, betel leaf (sirih), pork, arak, gaming houses and fish markets. The Boom farm or customs house was given the power to collect duties on several commodities, such as 15 Spanish dollars per chest on opium, 1.25 Spanish dollars per picul on tin, and 1.25 Spanish dollars per picul on pepper. The customs house was also authorized to collect taxes for all piece goods (cloths) that entered Melaka, whether from the East or West. As for raw silk, it was taxed at 7 per cent of its value at the time of import. Goods, both imported and exported, that were not listed as taxable products paid a flat rate of 6 per cent levy. However, silk material that was to be re-exported was not taxed. Goods not displayed for sale but loaded on ships for export were required to have a certificate attached to them from
the customs house, declaring that they were for re-export and not for sale in Melaka. If goods were offered for disposal, then the usual duties on imports were charged.

The customs house was entitled to receive one-third of the established import duties on all goods re-exported. In the case of goods sold and trans-shipped without landing, the customs house was allowed to collect half the established port duties. The value of all goods imported and exported was determined by the customs office and the merchants. This Dutch regulation of taxing various goods and commodities in Melaka’s port was continued during the English occupation.84

After the Dutch occupation in 1641, Melaka continued to depend on trade as its major source of livelihood.85 No agricultural activities were developed in the hinterland. As Melaka emerged into the eighteenth century under the Dutch it was not able to revive its former position as an important port.86 But the intra-Asian trade, which had existed in Melaka since the Sultanate period, remained important to its well-being.87 In the eighteenth century the main commodities in the intra-Asian trade were opium, tin, gold-dust, forest products and Indian cloth.88 Many of these items were traded with the ports in the Straits and the archipelago. Possession of opium and tin was, in theory, restricted by law and exclusively monopolized by the VOC. Although the Dutch authorities had enforced exclusive rights to carry and sell opium and tin, smuggling activities among the European country traders were rampant in the Straits.89 In the eighteenth century, most of the opium, which was jealously guarded by the Dutch, came from India. The income derived from the opium trade was profitable since the product was also in great demand at native ports. The Dutch administration in Melaka imposed regulations that gave sole rights to its vessels to carry the article. These regulations were strict and the penalties were severe. For example, one provision stated that if a ship was caught in possession of opium the cargo and ship would be confiscated and sold, with the proceeds going to the VOC. There were many records of such confiscations.90 The opium trade was very profitable and it was reported that a chest of opium sold in the West Coast of Sumatra could fetch 300 Spanish dollars. It could then be sold again for twice the value of the purchase price.91 But despite the strict regulations, the VOC only made a small profit out of the opium trade in the long term because it was unable to capture the largest share of the market; by the second half of the eighteenth century opium was traded in large quantities by the English country traders at Riau, where it was sold to Bugis traders in exchange for tin and pepper.92

Tin procured in the Malay states of the peninsula was mostly exported to Europe and China. Since the Dutch occupation of Melaka in 1641, the
administration had made a great effort to monopolize the tin trade in the Straits, but it failed to capture the tin trade to Europe. During the eighteenth century there were various efforts by the Melaka authorities to control the tin trade. The Dutch signed several treaties with the Malay kingdoms, such as with Perak in 1746, and made attempts to disrupt the tin trade of the Johor-Riau kingdom. However, all these efforts failed and the Dutch in Melaka could not compete in the tin trade with the English, Portuguese, Danish and Asian merchants.

In the earlier period gold was a valuable item exported by Melaka, and it remained an important article for export in the eighteenth century. Gold formed a large proportion of the VOC's total imports at the Coromandel Coast of India. Gold for export came from Sumatra and from the interior of the peninsula. Most of it came from the Minangkabau areas, the important gold producing states of Patapahan, Indragiri and Jambi. In 1749, the value of gold obtained from these areas reached a total of 53,640.7 guilders. As the Siak river provided access to these areas, the Dutch tried to control them by frequently patrolling the Siak river and maintaining a small fortress on Pulau Gunting. However, their attempts failed to stop the smuggling activities that went on and by 1777, the Dutch monopoly of the gold trade had completely collapsed.

In addition to gold, forest products were traded such as rattan, ivory, sago, wax, resin and sapanwood, and valuable medicines such as bezoar stones, mainly from Sumatra and the interior of the peninsula. However, the trade in forest products was not considered important to the VOC in Dutch Melaka, so it was carried out mainly by the Dutch burghers there, with the administration profiting from this trade only through customs and anchorage tolls.

Besides forest products, pepper was an important export from Melaka, and was obtained from Sumatra and surrounding areas. Melaka was in fact not regarded as a primary source for pepper, but rather as a watchdog, receiving occasional shipments from Palembang and Jambi. Again, the Dutch lost their control over the pepper trade in the Straits due to the activities of the country traders and because pepper was easily obtainable from Riau.

Indian cloth was another important commodity which was re-exported by Melaka to various Malay ports in the archipelago. In the earlier period, Indian cloth came from the Coromandel Coast and was mostly carried by Indian and Moor traders from India. As the Dutch were determined to control the flow of cloth to the Straits, they denied passes to Indian traders carrying cloth there. Further, passes had to be purchased in Melaka, a policy aimed at forcing all traders carrying cloth to the Straits to land at Melaka. However, by the end of the seventeenth century, the policy of monopolizing
the cloth trade in the Straits had to be abandoned because many Indian traders managed to avoid going to Melaka and, instead, traded directly with Malay ports such as Aceh, Ujong Salang, Kedah, Perak and Riau.¹⁰¹

By the end of seventeenth century the trading monopoly that was inherited by Dutch-Melaka from the Portuguese began to reveal its negative effect. Dutch-Melaka’s trade in the Straits had declined and all policies regarding trading monopolies and the pass system began to fall apart. The situation was made worse with the coming of the EIC and the English Country traders to the Straits. With their greater capacity to mount an effective challenge to the Dutch position and power, the old monopoly and pass system became unworkable. The founding of Penang by the English and the new English policy of free trade signalled a bleak future for Dutch-Melaka, and its position as the great trading emporium never revived again to its old glory.

Two main factors contributed to the decline of trade in Melaka during this period. One was the stiff competition faced by the Dutch from the English country traders in the Straits and the other was the enforcement of the trade monopoly by the Dutch in Melaka together with the policy of the VOC at Batavia to maintain it only as a second class Dutch port-town.¹⁰² Thus, Melaka was not a profitable settlement for the VOC during the greater part of the eighteenth century. But while the Directors came to see Melaka as a burden, since the cost of maintaining it was not covered by the income from the port, they were, however, not prepared to abandon it. This was due to its strategic importance both as a base from which the Dutch could attempt to control trade in the Straits and for the important role it could continue to play in the intra-Asian trade. In the meantime, Melaka’s position as an entrepot was being challenged by the Bugis in Riau. Although the Dutch-Bugis war of 1784 that marked the climax in the acrimonious relationship between the two rivals ended in Dutch victory, the rivalry had also affected Melaka’s trade in the long term. Thus, by the end of the eighteenth century some evidence showed that Melaka’s trade was declining.¹⁰³ The opening of Penang in 1786 and Singapore in 1819 further reduced the status of Melaka as an important port in the east. Steps were taken to promote and improve Melaka’s commercial status during the brief Dutch reoccupation (1818–24). However, this could not save the situation. Subsequently, the nineteenth century witnessed Melaka as a declining commercial port.

Melaka’s trade and trading network also declined from decade to decade due to changes in the political atmosphere in Melaka and in the Straits. From November 1795 to September 1818 Melaka was ruled by the English and later returned to the Dutch administration, until March 1825. After the Anglo-Dutch treaty in 1824, Melaka was under the control of the English. When the English occupied Melaka from 1795 to 1818 and set up a care-
taker government, they made no changes to the Dutch regulation regarding taxes on trade in Melaka. The Dutch system of administration and control was also continued. Meanwhile, in the early nineteenth century, Penang was beginning to transform into an important port and centre of trade in the northern part of the Straits. Many regular traders to Melaka, such as those from India, the European country traders and other Asian traders such as the Malays, Bugis and Acehnese, were attracted to shift their trade to Penang.

**EARLY PENANG AND ITS TRADE**

Towards the end of the eighteenth century, the English were active in Asia, replacing the old colonial masters such as the Portuguese and the Dutch in the Indian subcontinent. Their presence could be seen in the activities of English country traders and the English East India Company in the Bay of Bengal and in Southeast Asia.  

The strong English position on the Indian subcontinent was also clearly marked by their occupation of various ports and towns, such as Madras, Nagapatnam and Calcutta. However, their presence in the archipelago was not on the strategic sea lanes. British Benkulen on the west coast of Sumatra was not a profitable post, being too far from the main trading route. As Furber describes, ‘for this new fleet of “country” ships, as well as for the older ships, new bases not under Dutch control were needed. Bencoolen, the English East India Company’s only outpost in the Malay archipelago, was not in the proper geographical position to be of most benefit to this trade. Hence, the founding of the British settlement at Penang, then known as Prince of Wales Island, was the natural consequence of the growth of Bengal “country” trade to China.’ The Napoleonic wars, which broke out in Europe (1789–1814) followed by the presence of the French fleet in the Indian Ocean and Southeast Asia, had a great impact on the English due to their fear of the French. Thus the defence of English possessions on the East coast of India became paramount. The English authorities also needed a port that could provide a refitting station during the northeast monsoon on the eastern trade route to China. The northeast monsoon forced English ships from the Coromandel Coast to break their journey when sailing to the East and West. Therefore, the English administration in India was keen to secure a strategic place that could provide fresh provisions and a safe port during rough seas. Their concern with French danger to their Indian possessions due to the sudden increase in the French presence in the Indian Ocean strengthened their interest in a new base.

The occupation of Penang in 1786 allowed for the monitoring of French activities in the Indian Ocean and also served as an important port for the
English traders from the northeast monsoon. The English also believed that Penang would later free English traders from the need to use Dutch ports in their trading journeys to the East. In addition by occupying Penang the English could also attempt to put an end to Dutch power in the Straits, as Penang would serve as a base from where they could counter Dutch efforts to control the sea routes to China. Once Penang developed into an important port, it was expected that the income from the island’s revenue would enable it to pay for its own administration without any help from the Company. In the long run, it was hoped that if Penang’s revenue increased it could even contribute to the income of the Company.

The English first considered several other choices suitable for a new colony in the East Indian Ocean, such as the Andaman islands, Aceh and Junk Ceylon, before deciding to occupy Penang. Located at the farther end of the archipelago, early Penang, unfortunately, was unable to control a large percentage of trade in the Straits, and Melaka still held the bulk of the important trade, both from the archipelago and from the Straits. Traders from the archipelago and many English country traders from India still stopped at Melaka on their way to China. Furthermore, the majority of Asian traders from the southern regions of the archipelago preferred Melaka to going further north to Penang. During the English administration of Melaka between 1794 and 1818, they even resorted to the policy of persuading the Asian traders to go to Penang.

After the occupation of Penang, the English administration in India doubted whether Penang was the ideal location for controlling the lucrative trade between China and the West. The burden of proving that Penang was worthy to be a potential colony lay on Francis Light, the first Superintendent of the new colony. As pointed out by Skinner, the task of governing this mixed multitude fell entirely on the shoulders of Captain Light himself, for he received but little encouragement from the Indian Government, who long regarded the Establishment at Penang with doubts and even with jealousy. There had been a rival settlement formed at the Andamans in 1791, under the patronage of Admiral Cornwallis; but it never prospered, and in 1796, was abandoned.

From its occupation until 1810, the English administration in India was uncertain whether Penang would become an important port or be able to raise sufficient revenue to meet its administrative expenditures. Furthermore, from its foundation until 1810, the main theme in the government’s master plan for the island was to make Penang a naval arsenal and centre of shipbuilding. However, this idea was later abandoned due to lack of resources and manpower. Instead, the British decided to transfer the naval
arsenal in Penang to her earlier base at Trincomalee, mainly because of the difficulty in obtaining a good supply of suitable timber at Penang as most timber had to be imported from Rangoon. Thus, a ship built in Penang would cost more than one built in the Indian subcontinent. In addition, Penang had no skilled manpower to construct docks and large shipways, nor, above all, the capital to start the ambitious project. In any case, the idea of creating and promoting Penang as a centre for shipbuilding and a naval arsenal was not taken seriously by the administration in England. After the naval victory at Trafalgar, the English felt that there were no real threats to English possessions in the East and that any scheme to build a naval arsenal and dockyard was unnecessary. The Company also faced financial difficulties and any grand scheme was seen to be likely to overburden the administration. 

Thus, from 1786 until 1810, not much change was seen in the attitude of the administration in India towards Penang. As Stevens argues, ‘Light’s difficulties on landing at Penang were very great. The Company had accorded only half-hearted support to his project. It was Light himself who persuaded the Directors to found the Settlement. But for many years, they remained unconvinced that Penang was the best place for their experiment. Indeed, during the whole of Light’s administration, and for some years afterwards, it was a matter of constant discussion whether Penang should be abandoned in favour of some more suitable place, such as the Andaman Islands. In consequence of this the support accorded to Light was very niggardly.’ Therefore, in the early period, as Penang was still not regarded as an important colony, India did not provide the administration in Penang with enough support. This left considerable space for private initiative. Although trade flourished on the island, it was controlled and dictated by a few people, in particular the merchants at James Scott and Company. Scott and the small mercantile community controlled most trade and were united in their view on how trade should be carried out in the colony. They wanted trade in Penang to be determined by them. They also demanded that some power be given to them to decide on taxes levied on goods imported and exported and also the right to fix the prices of goods sold and bought in the island. Thus, in the early period, Penang’s trade was run by a few English merchants. In the later period these merchants transformed Penang into an important port and trading centre in the Straits.

Besides the English and other Europeans, there were also Chinese, Chulias and native merchants. Some of the wealthy Chinese in Penang had trading networks that covered the island, northern Sumatra, southern Thailand and the northern region of the Peninsula. There were also Chinese merchants from the island who traded with Benkulen, Nias, Melaka and Selangor. Chulia merchants from Penang covered the Coromandel Coast, northern
Sumatra and part of the peninsula. Native merchants mostly came from Kedah, and the Bugis came from Makassar and other native ports in the archipelago. Native merchants from Kedah had a limited network, which only linked the island and the mainland. In the case of the Bugis, they mostly came from Makassar and stopped at many ports in the archipelago before landing on the island. All these merchants can be considered as the pioneers who contributed to the development of Penang's trade.

**CONCLUSION**

For many centuries, the Straits of Melaka had been pivotal to the development of the trading world of Asia. It was an important waterway linking East and West Asia, its strategic location between the two regions and its sheltered position between the island of Sumatra and the Malay peninsula giving it an advantage not available to other areas fronting the China Sea on the east and the Indian Ocean on the west. At the same time, the integration of the Southeast Asian region, in particular the Malay-Indonesian archipelago, into this trading world, due to its huge variety of natural resources and the market demands of its people, increased its strategic importance. Thus ports within the Straits of Melaka had the potential to grow as important centres of trade, serving functions such as collecting and distributing centres and refitting stations and shelters from strong monsoon winds. It was within this context that Melaka and Penang rose and became vitally connected to the regional and wider trading patterns and networks that linked them with the Indian Ocean–Straits–South China Sea trading system. Further, their strong position was ensured by the fact that both were controlled by European powers, the Dutch in Melaka and the English in Penang, who dominated the region's trading activities.

As the nature of the Asian trade had not changed for many centuries, Melaka and Penang fitted into the pattern, reflecting similar trends. Both served as collecting and distributing centres, exporting goods for human consumption (agricultural produce) and forest products that were collected from many places, such as Aceh, Kedah, Perak, Selangor and the archipelago. These were then exchanged with manufactured goods imported from the Indian subcontinent and China, which were then re-distributed to other places where demand was high. Thus throughout the period under study, the character of Melaka's and Penang's trade remained virtually unchanged but the similarity of their function within the Asian trading world meant that their activities placed them in competition with one another. This was further aggravated by the fact that, in this period, Melaka was for some time under Dutch control while Penang belonged to the English.
NOTES


6 Ibid., pp. 23–32.


8 Ibid.

9 Ibid.


11 S. Arasaratnam, 'European Port Settlements in the Coromandel Commercial System 1650–1740'. In Frank Broeze (ed.), Brides of the Sea, Port Cities of Asia from the 16th to 20th Centuries, pp. 76–96.


17 For a more detailed account, see R. Vos, Gentle Janus.


For further discussion on this subject, see L. Blusse, *Strange Company: Chinese Settlers, Mestizo Women and the Dutch in Batavia*, Dordrecht: KITLV, 1986. 'All junk trade was once and for all' forbidden to Ambon, Banda, Ternate, Celebes, the east coast and south coast of Borneo (Sukadana included), Java, Sumatra and the Malay peninsula, p. 148.


Most of these ethnic groups had settled permanently in many port-towns in Southeast Asia. Many Indian and Chinese traders in the region maintained trading networks with their counterparts in India and China.


See, for example, G.B. Souza, *The Survival of Empire*.

See, for example, S. Arasaratnam, *European Port Settlements in the Coromandel Commercial System 1650–1740*, pp. 75–96.


For further reference, see Anthony Reid, *Slavery, Bondage and Dependency in Southeast Asia*, St. Lucia: University of Queensland Press, 1983.


Ibid., p. 20.


See, for example, J. Villiers, 'The Vanishing Sandalwood of Portuguese Timor', *Itinerario*, 18/2, 1994, pp. 86–96. See also A.T. de Matos, 'Timor and the Portuguese Trade in the Orient During the 18th Century'. In A.T. de Matos, and L.F.F. Reis Thomaz (eds), *As Relacoes Entre a India Portuguese, a Asia do Sueste e o Extremo Oriente*, Macao-Lisbon, 1993, pp. 437–445.

See, for example, D. Bulbeck and Anthony Reid (eds), *Southeast Asian Exports Since the 14th Century: Cloves, Pepper, Coffee and Sugar*, Singapore: Institute of Southeast Asian Studies, 1998.

For further detail, see S. P. Sen, 'The Role of Indian Textiles in Southeast Asian Trade in the Seventeenth Century', pp. 92–110.

For a more detailed account on this subject, see Barbara Watson Andaya, 'The Cloth Trade in Jambi and Palembang' See also R. Laarhoven, 'The Power of Cloth' and S. P. Sen, 'The Role of Indian Textiles in Southeast Asian Trade'.


41 In 1784, the Dutch occupied Riau, the capital and commercial centre of the Johor kingdom. In this period the Dutch were also engaged in the tin trade with Selangor and Perak, raising British fears that such activities would later extend Dutch control over the whole peninsula. For further reference, see, for example, C.D. Cowan, ‘Early Penang and the Rise of Singapore’, JMBRAS, vol. 23, Part 2, 1950, pp. 3–18. See also D.K. Bassett, ‘British Commercial and Strategic Interest in the Malay Peninsula During the Late Eighteenth Century’, pp. 50–70.
44 See, for example, Holden Furber, Rival Empires of Trade in the Orient, 1600–1800, Minneapolis: University of Minnesota Press, 1976, pp. 31–78.
47 For further discussion, see, for example, D.K. Bassett, ‘British Commercial and Strategic Interest in the Malay Peninsula During the Late Eighteenth Century’.
49 See, for example, the discussion on the activities and the trading pattern of the Chulia or Islamic merchants from the Coromandel Coast by S. Arasaratnam, in Islamic Merchant Communities of the Indian Subcontinent in Southeast Asia. He notes that: ‘The ships came from Proto Novo, Nagore or Nagapatnam and from Penang they sailed to Mergui, Ujang Selang, Melaka, Aceh and Pedie. The most popular schedule was from South India to Penang and back through Pedie and Aceh’, p. 20.
51 See Reinout Vos, Gentle Janus.
53 See Reinout Vos, Gentle Janus, Merchant Prince. For the stiff competition and problems of controlling the supply of tin and important commodities for the China trade, see Sinnappah Arasaratnam, ‘Dutch Commercial Policy and Interests in the Malay Peninsula, 1750–1795’, pp. 161–186. For the importance of the China trade and how the English were able to control the inter-Asian trade, see P.J. Marshall, ‘Private British Trade in the Indian Ocean Before 1800’. In Ashin Das Gupta and M.N. Pearson (eds), India and the Indian Ocean 1500–1800, Calcutta: Oxford University Press, 1987, pp. 276–300.
57 Such trading networks existed between Melaka and Mergui. For example, on 30 March 1780, a 100-laasten ship with 10 cannons and 28 people on board, which belonged to Tsoe Anko of Melaka, was captured by a Melaka Moor. The ship was travelling from Mergui to Melaka. The goods on board included 900 pikuls amballo, 90 pieces elephant tusk, 25 pikuls cardamom, 28 koyan rice and 4 pikuls wax, VOC 3582. Another trading network established by Melaka merchants with Pegu was carried out by a Melaka Dutch Burgther, named Joost Koek. On 16 March 1780, a 100-laasten ship belonging to him went to Pegu laden with 900 laxa arak, 10 sipier arak, and 10,000 pieces of porcelain, VOC 3582.
32  Trade and Society in the Straits of Melaka

59  For further discussion see, for example, Leonard Blusse, *Strange Company*, pp. 95–155. See also D.K. Bassett, ‘British Commercial and Strategic Interest in the Malay Peninsula During the Late Eighteenth Century’, p. 60.
60  For example, on 2 February 1782, a 150-laatzen Chinese wankang with 200 people on board arrived at Melaka from Amoy. The goods carried by this ship consisted of 7 *laxa kommen in sort*, 6 *laxa schotels en pierings*, 20 *pikuls cassombar*, 10 *kisten tea*, 50 *kisten* gold thread, 70 *corgs Chinese linen*, 50 *karanjang Chinese tobacco*, 30 *karanjang Chinese gadong*, 200 bundles Chinese paper, 1,000 pieces of *sombriels* and 2,000 *vloer steenen*, VOC3625.
62  Ibid.
63  See extract letter from Governor to the Chairman and Deputy Chairman dated 7 November 1808, and report by Raffles, 31 October 1808 in SSFR vol. 9. See also Memoranda on Malacca in SSFR vol.10.
64  Ibid.
65  Ibid.
66  See further information on this see, for example: ‘Archives and Fieldwork: The Dutch East India Company Documents as Source Material on Indian History in the Seventeenth and Eighteenth Centuries’, *Itinerario*, no. 2, vol. vii, 1983, pp. 38–49. See also ‘Historical Sources and the Writing of History’, (unpublished paper presented at the Seminar on Asian History and Dutch sources, 17th and 18th centuries, University of Leiden).
68  Memoranda on Malacca 1817/1818 in SSFR Vol. 10.
69  Ibid.
70  Ibid.
73  Ibid., p. 482.
74  Ibid.
75  Ibid.
76  Ibid.
77  ‘By this treaty a half of all the tin produced in Kedah or imported into the State from outside was to be sold to the Dutch at a fixed price’, p. 483.
78  ‘According to its terms the ruler promised not to allow any traders from Kedah, Perak, Java, Coromandel, Bengal and other neighbouring places to trade there unless they have shown their passes to the Dutch, touched at Malacca and paid their tolls there’, p. 483.
79  ‘Here the Governor promised to deliver all the tin found in his state to the Dutch as well as forbid his subjects and merchants there from buying cloth from any foreign vessels. All the tin brought by these merchants was to be sold to the Dutch and no tin was to be transported from there by any of his subjects’, p. 483.
80  S. Arasaratnam, ‘Dutch Commercial Policy and Interests in the Malay Peninsula’: ‘By this treaty the sultan agreed to sell all the tin found in his kingdom to the Dutch’, p. 165; see also Dianne Lewis, ‘The Tin trade in the Malay Peninsula during the Eighteenth Century’.
81  *By this treaty the sultan agreed to sell all the tin found in his kingdom to the Dutch*, p. 165; see also Dianne Lewis, ‘The Tin trade in the Malay Peninsula during the Eighteenth Century’.
82  The treaty gave the Dutch authorities the right to build a fort on Pulau Gontong, an island at the entrance to the Siak River. Thus no cloth was to be imported except from Melaka and no vessels were to sail upriver except with a pass from Melaka. For further reference, see Dianne Lewis, ‘The Dutch East India Company and the Straits of Malacca.’
The Straits of Melaka and the Trading World

82 Farquhar, Malacca, 10 December 1805 in SSFR Vol. 16.
83 Ibid.
84 Ibid.
87 Dianne Lewis, ‘The Dutch East India Company and the Straits of Malacca’, p. 38.
88 Ibid., pp. 37–71.
90 See, for example, the case of the English ship *Betsey* in 1784, which carried opium on board, in Reinout Vos, *Gentle Janus*; this led to war between Raja Haji and Gabenor Bruin. For the case of a vessel belonging to Alexander Hamilton, which was confiscated by the Dutch in Melaka, see Dianne Lewis, ‘The Dutch East India Company and the Straits of Malacca’, p. 57.
97 Dianne Lewis, ‘The Dutch East India Company and the Straits of Malacca, 1700–1784’, p. 44.
98 This article was obtained from a type of animal called babirusa (hog-deer), For more information, see, Charles Lockyer, *An Account of the Trade in India*, pp. 46–49.
100 Ibid., pp. 47–48.
101 Ibid., pp. 51–55.
was more of a frontier settlement and the Dutch did not want to abandon Melaka, but rather maintain it as a small port and colony.


105 Ibid., p. 105.

106 Ibid., p. 176.

107 Ibid.

108 There are many reasons for the English occupation of Penang. C.D. Cowan, in ‘Early Penang and the Rise of Singapore,’ emphasizes political motives when he notes that: ‘The motives which prompted the Company to sanction this step were almost entirely political...’ p. 1.


110 Penang was not the only place that fulfilled these requirements. Aceh, Junk Ceylon (Ujong Salang), the Nicobars and the Andamans were all investigated and recommended as alternatives in the period following 1763, when the Court of Directors first gave orders to search for a suitable base to the East of the Bay of Bengal. For further reference on this matter, see D.K. Bassett, ‘British Commercial and Strategic Interest in the Malay Peninsula during the late Eighteenth Century,’ pp. 50–70.

111 Extract letter from Governor Macalister to the Chairman and Deputy Chairman, dated 7 November 1808 in SSFR vol. 9; see also the report by Raffles, 31 October 1808 in SSFR vol. 9.


113 Extract letter from Governor Macalister to the Chairman and Deputy Chairman, dated 7 November 1808 in SSFR vol. 9; see also the report by Raffles, 31 October 1808 in SSFR vol. 9.

114 A.M. Skinner, ‘Memoir of Captain Francis Light’, *Straits Branch*, 28, August 1895, p.5.


117 Ibid.

118 Ibid.

119 Ibid. See also the discussion on the project to extend and fortify the fort of Cornwallis which was later abandoned by the administration in SSFR G/34/7: Letter from Major Kdy to Governor General in Council, 2 August 1795.


122 See ‘Notices of Penang’, *JIA*, vol 5, 1851, p.97.


125 See petition of Pulicat merchants Mohammed Syed and partners, 6 October 1814, in G/34/45. See also, for example, S. Arasaratnam, *Islamic Merchant communities of the Indian Sub-continent in Southeast Asia*.

126 Extract letter from Governor Macalister to the Chairman and Deputy Chairman, dated 7 November 1808 in SSFR vol. 9; see also the report by Raffles, 31 October 1808, in SSFR vol.9.

127 Ibid.