

## **BRITISH TRADE TO SOUTHEAST ASIA IN THE SEVENTEENTH AND EIGHTEENTH CENTURIES REVISITED**

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The role of trade in the shaping of insular Southeast Asia cannot be stressed too much. The islands form a natural sea route between two great civilizations, China and the Indian peninsula, and their pepper, nutmegs, cloves, gold, rare dye-woods and other jungle produce have for centuries past attracted visitors from all over the world. These visitors changed, and were in turn changed by the islands; changes that sometimes influenced the whole world. British traders, drawn first to the spices of Southeast Asia, were deflected to India and there, a century later, gained a market which fuelled the growing changes in British manufacture that in turn led to the industrial revolution. This paper shall examine the effects of trade in Southeast Asia.

Notable works have been written on this subject matter from J.C. van Leur's *Indonesian Trade and Society* (1955), to Anthony Reid's *Southeast Asia in the Age of Commerce* (1988 and 1993) that marked a coming of age of sorts in the historiography of the area that placed the Asian merchant and politics centre stage in their own history. I first encountered the history of Southeast Asian trade as an undergraduate in Brisbane in a course taught by Nicholas Tarling, and later pursued it as a doctoral student at the Australian National University in Canberra in 1966. My goal then was to learn more about the states of the Malay Peninsula in the eighteenth century specifically what had caused them to be painted as degenerate, 'piratical' states by the British authorities of the Straits Settlements a century later.<sup>2</sup> Like other students of my generation, I found that direct evidence of the history of Southeast Asia was mostly not available. The hot and wet tropical climate and the nature of the materials on which information was recorded, and the

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<sup>2</sup> P.N. Tarling, 'British Policy in the Malay Peninsula and Archipelago, 1824-1871', *Journal of the Malayan Branch of the Royal Asiatic Society (JMBRAS)*, XXX, 3 (1957), p. 20.

disturbed recent history of the area left behind few local sources. I was forced, like other historians then, to explore materials from records of visitors to the region. I found a vast reserve of data in the archives of the Dutch East India Company (VOC) in The Hague, where letters written in the archipelago and sent to Europe had been preserved, whereas copies of similar letters stored in Melaka had disappeared. These materials afforded me an indirect view at least into my field of interest.

I discovered that Europeans had penetrated albeit lightly into the political life of the Malay polities before the end of the eighteenth century. In the 1770s and even later many of these Malay kingdoms remained vigorous and prosperous, and carried on a thriving trade exchanging the local tin, pepper and jungle products of the peninsula, for cotton cloth and opium from India.<sup>3</sup> They seemed a far cry from the dens of piracy which the British authorities of Singapore painted in the next century. I became convinced that it could not have been the VOC, from their outpost at Melaka, who had destroyed the economic life of these states to the point that they were forced to resort to piratical raids. The Dutch had realized the futility of attempting to monopolize trade soon after their occupation of Melaka in 1641.<sup>4</sup> Even after the VOC had finally exerted itself, with the aid of a fleet from Europe, to capture the entrepôt of Riau in 1784, Malay rulers still managed to defy it. The Malay states had declined only after the British set up free ports at Penang (1786) and, most importantly, Singapore (1819), ports which attracted the bulk of the private trade. The diversion of this trade, which had previously sought out the Malay ports, deprived the Malay rulers of their main source of revenue—customs from merchants—and drove them to unusually violent lengths in their attempts to regain their past prosperity.<sup>5</sup>

Here I found that my work on Dutch trade intersected with that of David Bassett, who had written extensively about the English trade to Southeast Asia. His articles, based on the accounts of British merchants who travelled to the region, and the records of the Dutch and English East India companies, reinforced my own findings in the Melaka records, especially in Melaka's shipping records (*Boomboeken*) for the eighteenth century.<sup>6</sup> By the eighteenth century English private traders were operating from ports in India

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<sup>3</sup> D. N. Lewis, 'The Growth of the Country Trade to the Straits of Malacca, 1760–1777', *JMBRAS*, XLIII (1970), pp. 115–18.

<sup>4</sup> Dianne Lewis, *Jan Compagnie in the Straits of Malacca 1641–1795*, Athens, Ohio: Ohio University Press, 1995, pp. 19, 24, 25.

<sup>5</sup> Dianne Lewis, 'British Policy in the Straits of Malacca to 1819 and the Collapse of the Traditional State Structure', in Brooke Barrington, ed., *Empires, Imperialism and Southeast Asia*, Clayton, Victoria: Monash Asia Institute, 1997, pp. 17–33.

<sup>6</sup> For instance, William Dampier, Alexander Hamilton, Lockyer and Thomas Bowrey all published accounts of their travels and trading ventures.

throughout the island world of Southeast Asia, and as far eastwards, as China. But how had this come about?

The formal face of British trade to Asia, the English East India Company (EEIC), had seemingly retired from the competition for trade to Southeast Asia a century before. In most accounts of Southeast Asian history that I had read the English played no noticeable part in the area until the establishment of Penang in 1786. A book published as recently as 1994 still gives this impression.<sup>7</sup> There had, of course, been the EEIC's early, and ill-fated attempt to compete with the much stronger VOC for the trade of the Bandas and the Moluccas, which came to an ignominious (for the EEIC) end with the 'Amboina Massacre' of 1623 when the English factors were driven out by the Dutch. The leap from this retreat to the situation in the eighteenth century in the Straits of Melaka, where English traders came and went at will, remained unclear to me. If the Dutch had driven the EEIC from the East Indies, why were the English the favoured trading partners of so many of the rulers of the archipelago? Why did I now find them in all places in the Straits, diverting Malay tin from Melaka, collecting pepper in Kedah, and, by the 1770s, supporting a Malay entrepôt in Riau, where pepper, tin, and even spices from the Moluccas could be freely obtained?<sup>8</sup>

David Bassett's published works were very valuable in enlarging my picture of the influence of the 'country trade', as the English private trade was called, but the works of his which I read at that time (1960s) referred mostly to the late eighteenth century when the trade was thriving but did not explain how it began. Not until later, when I was able to consult the full text of David Bassett's unpublished PhD thesis in the library of the University of London, did I begin to see evidence of the origins of the British 'country trade' to Southeast Asia.<sup>9</sup>

Bassett's thesis traces the beginnings of British trade from the initial entry of English ships to the archipelago at the end of the sixteenth century until the expulsion of the EEIC from the area's major trading centres in 1682. I will briefly give some impression of the scope of this work. The thesis is a detailed study of the history of the EEIC's factory in the Javanese port-city of Bantam from its inception in 1602 to its forced closure following the VOC's

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<sup>7</sup> John Keay, *The Honourable Company: A History of the English East India Company*, New York: Macmillan, 1994.

<sup>8</sup> Lewis, 'Country Trade', p. 115.

<sup>9</sup> D. K. Bassett, 'The Factory of the English East India Company at Bantam, 1602–1682', PhD thesis, University of London, 1955.

I have been editing Bassett's thesis in an attempt to find a publisher, an attempt that is kindly supported by a colleague of Bassett's, Professor V. T. King formerly of the Centre of South-East Asian Studies (CSEAS), University of Hull, presently at the University of Leeds.

successful overthrow of Sultan Abdul Fatah in March 1682. Bassett breaks up the story of British trade to Asia into eight chapters.

In the first chapter, he recounts the coming of the English to Bantam, the early years of exploration and learning how best to manage the trade in Asia, then the growing awareness of Dutch ambitions in the eastern archipelago, and the area of the production of cloves and nutmegs. The EEIC's abortive efforts to compete ended in a frustrating—for the officials of both the EEIC and the VOC in Java—period of 'cooperation' negotiated by politicians in Europe, beginning with the EEIC relocating its headquarters from Bantam to Batavia, and ending with the final expulsion of English factors from the spice producing areas in 1623.

The second chapter deals with the return of the EEIC to Bantam in 1628. The subsequent twelve years were a period of relatively stable and successful trade, though some problems arose. Purchase of pepper—now centre stage as the most important spice cargo for the EEIC in the islands—was difficult in Bantam itself, because the directors refused to allow purchases to be made in cash, preferring to use Indian cloth as currency. This practice was unacceptable to the sultan of Bantam. Adequate cargoes were, however, collected from the outpost at Jambi in east Sumatra, where a factory was established. Moreover it was discovered that an increasing amount of cloves, smuggled from the Moluccas by Malays, could be obtained annually by factors at Makassar. Cargoes of sugar and ginger were also sent to Europe from Bantam at this time. Thus though the trade of Bantam itself did not amount to any great volume, the factory there served as a valuable collecting point for the trade further east.

After 1640 conditions changed. The Dutch had returned to the port of Makassar and entered the trade there, at the expense of the English and Portuguese merchants, and the amount of cloves which could be bought began to decline. At the same time the EEIC began to see their investment in the town of Madras, on the Coromandel Coast of India, bear fruit, resulting in the availability of large amounts of cotton cloth for investment in Bantam. The directors became ever more reluctant to allow the use of specie for the purchase of goods in the archipelago. Madras cottons were used to obtain an increased pepper crop, not from Bantam itself but from the west coast of Sumatra. Nevertheless, the Sumatran port of Jambi remained the EEIC's chief supplier of pepper.

As the century progresses this large pepper collection became less welcome. 'In subsequent years, as the supply of cloves, benzoin or ginger failed and imports into England from the East Indies consisted only of black pepper and a little sugar, the Company directors became even more alarmed at the single crop trade with which they were confronted.'<sup>10</sup> This was, in time,

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<sup>10</sup> Bassett, 'English East India Company at Bantam', p. 163.

to become a major problem for the factors at Bantam. But from 1653 to 1659 the problem was superseded by another, of greater danger: England's war with the Netherlands.

War was destructive to commerce then as now, especially in an area where the enemy possessed superior forces, the position in which the English found themselves in Java. The EEIC was by no means a match for the Dutch forces in the archipelago. English trade in Southeast Asia at this time was conducted without the help of fortresses or soldiers, and the factors relied for protection on the local ruler. Communications depended on wind and weather and luck, as this incident illustrates:

The English factors (*having heard of the war before the Dutch*) had almost exactly one month in which to warn the captain of the 'Dove' to remain safely in Makassar. Unfortunately, the westerly winds which had carried the 'Dove' to Makassar in February were rapidly giving way to the easterly monsoon, which would enable the pinnace to return towards Bantam but which would prevent hired praus from Bantam delivering their message. The first prau tried to reach Makassar for five weeks before the attempt was abandoned (26 March to 2 May). On 3 May a second prau, with the advantage of both sail and oars, was dispatched with orders to divert the 'Dove' since the Dutch by this time had six ships to watch for her. On 20 June the second prau returned because of the refusal of the Javanese fishermen to stay any longer at sea. A third prau was prepared by 1 July but the Javanese . . . refused to set sail. The 'Dove' sailed from Makassar on 3 July and was captured in sight of Batavia, the 'unwelcome news' reaching Bantam on 15 July.<sup>11</sup>

The years of war were unprofitable for the Bantam trade. But it was not just the unequal war with the Dutch which damaged the EEIC's trade in the 1650s and 1660s; conditions in England were equally unfavourable to success. The English Civil War (1642-58) had resulted in the execution of King Charles I (1600-49), and the ascension of Oliver Cromwell (1599-1658). The directors of the EEIC were uncertain whether he would renew their charter, and for several years (the years of the 'interlopers') English trade to the east was carried on as if the EEIC possessed no charter at all. The factors were not slow to join in this free-for-all where they could, and profited by their own ventures within Asia and the archipelago. Moreover, the year 1657 to 1661 was a period of economic crisis and depression in England. All in all this was a very troubled time for the EEIC.

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<sup>11</sup> Ibid., p. 177.

When the charter was finally renewed in 1657, the EEIC turned back to its eastern trade with new vigour. But, 'the paralysis of the English Company between the years 1652 and 1659 in a sense determined the pattern of the East Indies trade for the following twenty years. During the remaining period of their residence at Bantam the Agent and factors were absolutely dependent upon the Sultan for their purchases of pepper.'<sup>12</sup> Bassett makes it plain that he believes that this period of inaction had much to do with the final collapse of the EEIC's trade in Southeast Asia.

If the East Indies trade is considered, as it should be, so as to include investments in pepper, sugar, ginger and aromatic dye-woods as well as in cloves, mace and nutmegs, the crucial years (for the trade of the EEIC) were those of the Commonwealth and the first years of the Restoration. Until that time, the English adventurers, despite their unending difficulty in finding capital to continue the trade, had retained in every respect the position they had taken up in the South Seas after 1623 and the Dutch had made no attempt to encroach upon it by force.<sup>13</sup>

The 1660s started out well. The decade between 1669 and 1679 was probably the most prosperous the English ever enjoyed in Bantam. A new agreement with the sultan of Bantam ensured satisfactory pepper cargoes; for the English director finally agreed to the payment for pepper in specie. But the prosperity came at a cost. By coming to rely solely on the sultan of Bantam, and failing to make contact with other pepper producing states as the directors had urged, the factors of the EEIC allowed the trade to Southeast Asia to be placed in a straightjacket. The EEIC's trade was not only reliant on one product, namely pepper, it was also reliant on one source—the sultan of Bantam, who now controlled the pepper crop of west Sumatra. The situation was further aggravated by the war in Jambi.

Moreover it coincided with a period of expansion of VOC trade, when the Dutch made inroads into the pepper areas such as Banjarmasin and Indragiri, and, more importantly for the English, Makassar. Victory there in 1667 allowed the VOC to expel English and Portuguese merchants. Once more Bassett points out that the expulsion merely sealed the fate of a trade already dwindling, for 'it can be claimed with some justification that the Dutch conquest merely put into a concrete political form a commercial domination that was already theirs'.<sup>14</sup>

In Makassar, as in Bantam earlier in the century, strictures placed on the method of trade by the directors had injured English commerce. Whereas the Dutch were allowed to 'trust out' materials (that is allow goods out on credit) the English factors were supposed to trade for hard cash, instructions

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<sup>12</sup> Ibid., pp. 228-9.

<sup>13</sup> Ibid., pp. 85-6.

<sup>14</sup> Ibid., p. 292.

which, if they were obeyed, made it almost impossible to compete in the open market at Makassar. But inevitable or not, the failure of the Makassar trade placed ever greater pressure on the pepper trade.

Worth noting here is the reference in this chapter to the important private trade conducted by the factors of the EEIC to the archipelago. This was first mentioned during the period of the 'interloping' trade and the EEIC's great weakness in the 1650s. 'It is apparent that the weakness of the Company's control over its servants in India, which had been so noticeable since the first Anglo-Dutch war, was still unredressed, and that the factors at Surat and Madras persisted in extensive private trade to Makassar in 1659, 1660 and 1661.'<sup>15</sup> Efforts were constantly made to suppress this trade. 'In September of that year the Company placed an absolute ban on the freighting of any private goods to the East Indies.'<sup>16</sup>

The growing dependence on a single crop, pepper, affected the sultan of Bantam as well as the EEIC. His ability to retain the Lampong and Silebar pepper depended on his success in compelling the English to buy that commodity. In the event of a radical change in the overall trade position in Europe or in Bantam, the liberty of manoeuvre which remained to both to the sultan and the English factors was singularly small.

In an attempt to open more commercial options, the factors were ordered to investigate all avenues which seemed to offer profitable trading opportunities. A further motivation to expand the trade at Bantam, if one was required, was the need for heavier goods to help ballast the ships returning to England with a large amount of pepper in their hold. Pepper was a bulky but light, therefore dangerous, cargo. The possibility of purchasing dyewoods, thought to be available at Bima east of Java, was investigated, and an attempt was made to set up a trade for the EEIC to Ayuthia in Siam. These attempts to expand the EEIC's trade, however, failed.

Success came in another direction. The next two chapters, following the theme of attempting to broaden the trading base, detailed the series of expeditions to Japan and then China which resulted in the opening of the EEIC's China trade. These expeditions were originally undertaken partly to satisfy the directors' perpetual demands that the factors find a market for British goods. The directors persisted in this quest to silence their critics who saw their trade as a drain on the country's supplies of specie. The factory at Bantam, as the most easterly of the EEIC's bases, initially played an important part in these expeditions, which were to give rise to one of the EEIC's most profitable investments, namely the 'China trade'. But the success of this trade did not help the situation in Bantam in the long run, as that port, which was in an unhealthy location and where the factory was at

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<sup>15</sup> *Ibid.*, p. 281.

<sup>16</sup> *Ibid.*, p. 282.

the mercy of the sultan in all matters, was not considered a proper base for the conduct of the China trade once it was established.

By 1682 the nature of the markets in Tongking, Formosa and Amoy had been fully investigated and any further information could be better obtained from the men established there than from Bantam. The Agency had therefore ceased to serve any useful purpose in that respect. The wholesale introduction of freighted ships in the Far Eastern trade and the ending of the Indian-Bantamese trade as unprofitable meant that the southern Agency would henceforth be little more than a revictualling station on the outward route to China, unless it could produce commodities of its own that were worth sending to England; that, as the next chapter will show, was something the Agency could not do.<sup>17</sup>

The seventh chapter relates the collapse of the Bantam trade. The 1670s saw new arrivals at Bantam; Danish, French, Indian, and Chinese from Manila helped turn Bantam into the major indigenous port in the archipelago. Sultan Abdul Fatah, became active in trade himself, building his own ships and hiring English sailors to carry cargoes to Manila, Macao and Mocha.

Bantam's prosperity did not spell prosperity for the EEIC's trade. The English factors found it hard to sell their Indian cloth in the growing open market, and the decreasing price of pepper in Europe made the EEIC's Bantam investments unprofitable. The factors were ordered with increasing urgency to find a way to lower the cost of pepper purchases, if possible by persuading the sultan to drop his customs tax on exported pepper. The directors went so far as to send a strongly worded letter to the sultan, and to replace their chief factor known to be favoured by the sultan. The new chief factor, new both to Bantam and to the east, may have handled the negotiations too bluntly; for whatever reason he and another English factor were deliberately murdered by Bantamese officials in 1677.

The English Company's response was typical of their procedure throughout their stay in Bantam. Verbal representations were made to the sultan to punish the offenders. The sultan ignored them. No other recourse was available. The directors decided to cut the volume of trade to Bantam. 'On 15 February, 1678, a Court of Committees resolved to reduce the shipping and tonnage to be chartered to Bantam in the coming season.'<sup>18</sup> Matters were made worse by the murder of the factors at Jambi in a raid on that place by Johor in 1679. Continuing poor pepper sales in London gave additional cause for gloom, and the directors confessed openly that unless 'the Sultan will take care wee have an abatement in the price or in the Customes, *wee shall have no encouragement to prosecute that trade*'.<sup>19</sup>

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<sup>17</sup> Ibid., p. 363.

<sup>18</sup> Ibid., p. 403.

<sup>19</sup> Ibid., p. 403. Emphasis added.



It was at this nadir of the EEIC's commercial and political relations with the sultan of Bantam that the VOC was given the opportunity, by a struggle between Abdul Fatah and his son, to intervene and conquer Bantam. The Dutch immediately expelled all foreign traders. After initially declaring they would retaliate and re-establish a factory in a friendly Malay state such as Aceh or Johor, the directors of the EEIC accepted the decision of their servants to settle in Benkulen, in west Sumatra, where they erected a fortress of their own from which they conducted a desultory trade in pepper until 1824.

I have attempted here a mere sketch of Bassett's work. It was his contention, and I believe he substantiated it, that the EEIC showed no lack of interest in the trade of Southeast Asia after 1623, rather that it pursued it as enthusiastically as circumstances allowed. These circumstances were not always favourable, and the style of trade pursued by the EEIC was necessarily very different from that of its Dutch rival. The English, of necessity, sought trade, not domination. They were seeking to replace the loss of the spice trade. They found their replacement, whether or not this was totally apparent at the time, in the China trade, pioneered from Bantam, and dependent in part at least on goods from Southeast Asia. When the directors of the EEIC were forced to withdraw their factory from Bantam, they chose in the end not to place their trade once more at the mercy of the ruler of an indigenous entrepôt, for they had found it impossible to compete on equal terms in such a situation.

But this was not the end of British trade to Southeast Asia. The products of the area were too important for its China trade for one thing, and the area provided an outstanding market for Indian cloth. British factors in India had the capital and British sailors the experience, to profit from this trade. British trade did not disappear from Southeast Asia after 1682. It went private.

The private 'country trade' had already begun before the EEIC was forced from Bantam, and it was to continue and thrive in the following century.<sup>20</sup> Remember the success of the forbidden private trade of the Indian (and Bantam) factors in the 1650s? Both the English and the Dutch Companies were plagued with this private trade by their servants in Asia, and neither had any great success in controlling it. With its effective withdrawal from Southeast Asia in 1682, the EEIC no longer had any objection to the trade its servants pursued in that area. It probably encouraged the activity. English private trade was to come into its own as a method of obtaining the

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<sup>20</sup> See David Bassett, *The British in South-East Asia during the Seventeenth and Eighteenth Centuries*, Centre for South-East Asian Studies, University of Hull, 1990, p.1. Also, see Serafin D. Quiason, 'The English "Country Trade" with Manila Prior to 1708', *Asian Studies* (Quezon City), Vol.1 (1963), pp. 70-4.

trade goods that the EEIC no longer had access to; pepper, jungle products, dye-woods, and tin of the Straits, and, for the adventurous, the smuggled spices of further east.

Bassett continued the story of British trade in the eighteenth century in his published articles. One wishes he could have brought these studies of British commercial influence in the archipelago together with his early work, but it was only at the end of his life, that he was able to return to the subject of Bantam. In his last published works he turned his mind to the origins of the ‘country traders’, spelling out the differences between them and the ‘interlopers’ of the 1650s, and incidentally tracing the ‘country’ trade back to a much earlier period than he had in his earlier articles. ‘The “interlopers”,’ Bassett explained, ‘were not domiciled in Asia and their purpose was to compete with the Company in carrying cargoes to London, whereas the “country” traders pursued legitimate inter-port commerce within Asia. Favorite ports of the country traders were Madras and *Bantam*.’<sup>21</sup>

These late works of David Bassett appear to me to have been moving in the direction of an integration of his early study of Bantam into a more comprehensive study of British trade in Southeast Asia. That work we will never have, but we do have his thesis. ‘The Factory of the English East India Company at Bantam’ is a work which answers many questions about early British trade in Southeast Asia, but unfortunately it is accessible to very few scholars. There is much more to be had from the thesis than the few articles Bassett published on the early years of British trade, as he presumably always meant to return to the major work. The field of early modern Southeast Asia history has never been overcrowded, and does not appear to me to be gaining in popularity. Of the papers offered for this conference, only two reached back before the nineteenth century. Is this because we are not interested in early modern history, or because we lack so many of the ‘bread and butter’ works, as Oliver Wolters used to call them, which lay the groundwork for further study?

Trade played an important part in the ongoing drama of Southeast Asia’s development. Of course no one would claim, at this point in time, that Europeans played more than a supporting role; but even supporting roles make their mark. Chaudhuri pointed out in 1978 that, however large the European companies were relative to their Asian counterparts, they were never substantial enough to ‘command the market’ without resort to violence.<sup>22</sup> Violence was a route denied the British by their weakness at the time of their first attempts to establish their trade in the seventeenth century. They chose, therefore, not to ‘command’ in Southeast Asia, but to trade, and

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<sup>21</sup> Bassett, *The British in South-East Asia*, p. 1. Emphasis added.

<sup>22</sup> K. N. Chaudhuri, *The Trading World of Asia and the English East India Company, 1660–1760*, Cambridge, England: Cambridge University Press, 1978, p.139.

their increasing prominence in the markets in the course of the next century showed how successful that choice was. The EEIC which returned to Southeast Asia with the establishment of the base on Penang in 1786 would have been unrecognizable to the rulers of Bantam; was perhaps also unrecognizable to the rulers of the Malay states, for it bore a very different aspect from that of the private British traders with whom they had been accustomed to deal. In 1786 the Company returned to Southeast Asia; but British trade had never left.