

Jardine Matheson Group

Yíhé Jítuán 怡和集团

Jardine Matheson Group is an Asia-based conglomerate and the oldest of the original Hong Kong trading firms. The firm played an instrumental role in the opium trade in China, which resulted in the Opium Wars and the establishment of the British colony of Hong Kong.

Building on earlier trading networks, Scottish entrepreneurs William Jardine (1784–1843) and James Matheson (1796–1878) founded Jardine Matheson near Guangzhou (Canton) in 1832. After the British Parliament’s revocation of the East India Company’s commercial privileges in 1833, Jardine Matheson sent its first delivery of Chinese tea to England in 1834. The firm quickly established a leading position in trading, shipping, banking, insurance—and opium trading.

Opium proved to be Jardine Matheson’s most profitable commodity. British imports of Chinese tea had created a major trade imbalance between England and China, but smuggling of south Asian opium—a narcotic illegal in China—reversed the balance of trade in Britain’s favor. In 1831, before the official creation of the firm, William Jardine wrote that “our principle reliance is on opium” (Robins 2006, 142). The Chinese emperor’s response to the spread of opium proved to be a turning point in China’s relations with the European powers.

To halt the growing incidence of opium addiction, the Chinese emperor empowered imperial commissioner Lin Tse-hsu (Lin Zexu, 1785–1850) to put an end to the trade. On 18 March 1839, Lin issued a decree requiring British

traders to relinquish their opium stockpiles under pain of death. In turn, the British superintendent of trade, Captain Charles Eliot (1801–1875), ordered the merchants to turn over their opium stockpiles to him; Eliot then handed over the opium to Lin, who destroyed it over the traders’ furious objections. In response Jardine Matheson and other British merchants called for armed intervention to protect their commercial interests. The resulting First Opium War ended in a stunning Chinese defeat.

With the Treaty of Nanking in 1842 China opened five “treaty ports” to trade and ceded Hong Kong Island to Great Britain. Jardine Matheson was the first British company to buy land in the new colony and sited its headquarters there in 1844. Opium continued to be a catalyst for conflict, leading to the Second Opium War (1858–1860). Jardine Matheson quit the opium trade in the 1870s and expanded its other ventures to become one of Hong Kong’s most successful enterprises. Alongside other British merchant houses, Jardine Matheson exercised considerable sway over political and economic life in the colony.

In the twentieth century the firm weathered a series of financial setbacks brought on by World War II, the Communist revolution in 1949, and increased competition from Chinese businesses. In 1984 Jardine Matheson reincorporated in Bermuda in advance of Hong Kong’s handover to China on 1 July 1997. The Keswick family, descended from William Jardine, continues to exercise a controlling influence over the firm. Jardine Matheson today retains a leading position in Asia with holdings in insurance, motors, supermarkets, and hotels.

Matthew E. CHEN

Jardine Matheson and the Hong Kong Trading Industry

Jardine Matheson & Company is well-known British firm that established its presence in Asia over 150 years ago. This extract comes from a description “of the Hong Kong trading industry as an adaptive ‘ecosystem’ based on trade, equity, and debt relationships that reduced business risk,” an approach that is likely to receive increased scrutiny as businesses and governments seek new, sustainable models for global enterprise.

To each of its subsidiaries and to the firms for which it acted as principal and agent, Jardine Matheson provided a cluster of capabilities that included trading, banking, maritime insurance, and shipping—the same services historically known in the China trade as “agency services.” Underlying these was a network of relationships built and

sustained by frequent communications and the development of logistical and organizational routines to facilitate trade. Jardine Matheson not only handled direct imports and exports to and from Hong Kong but also handled third country trade, where the firm acted as a middleman. Jardine purchased raw materials and sold finished projects throughout the world, served as the eyes and ears of major clients, provided them with global market information and analysis through its associates and subsidiaries, and helped smooth out the rocky road their clients faced in dealing with foreign languages, foreign currencies, and foreign governments.

Source: Connell, C. M. (2004). A business in risk: Jardine Matheson and the Hong Kong trading industry. Westport, CT: Praeger Publishers, 128.

Further Reading

Ash, R., Ferdinand, P., Hook, B., & Porter, R. (Eds.). (2000). *Hong Kong in transition: The handover years*. New York: St. Martin's Press.

Connell, C. M. (2004). *A business in risk: Jardine Matheson and the Hong Kong trading industry*. Westport, CT: Praeger.

Fairbank, J. K. (1953). *Trade and diplomacy on the China coast: The opening of the treaty ports, 1842–1853*. Stanford, CA: Stanford University Press.

Le Pichon, A. (Ed.). (2006). *China trade and empire: Jardine, Matheson & Co. and the origins of British rule in Hong Kong, 1827–1843*. New York: Oxford University Press.

Ng, Sek Hong, & Lethbridge, D. G. (Eds.). (2000). *The business environment in Hong Kong*. Oxford, U.K.: Oxford University Press.

Robins, N. (2006). *The corporation that changed the world: How the East India Company shaped the modern multinational*. London: Pluto Press.

