Networks of Malay Merchants and the Rise of Penang as a Regional Trading Centre

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Abstract

Throughout history the role of Malay merchants and traders in the Malay-Indonesian archipelago was very imminent. Their presence was very important in the Malay waters and it was they who were the collector and distributor of goods and commodities that arrived at many major port-towns in the archipelago. Although their presence in the intra-Asian trade is very clearly documented in the VOC (Dutch) and English records, research and writing on their role in trade has been neglected by scholars. The importance of Malay merchants and traders was seldom highlighted and if they were mentioned their role were not written in greater detail. Malay traders were an important group of traders from the archipelago and their presence was clearly seen right from the Srivijaya period until in the nineteenth century. However, while trade and commerce expanded in South-east Asia, the nineteenth century saw the decline of Malay merchants and traders when fewer of them appeared to have the means and resources to participate in long distance trade.

It is the aim of this paper to highlight the role of the Malay merchants and traders which was an important group of merchants that had been plying in the Malay waters. Who were these traders and where they came from and the commodities they carried and the various types of ships they travelled will be discussed in the paper. The study will also look at the importance and the role of these merchants in early Penang.

Keywords: Malay traders, Malay ports, types of Malay ships, Penang trade and network, Malay town, Bugis traders, pepper trade, Straits of Melaka

Introduction

From the eighth century the oldest Malay kingdom of Srivijaya which was located on the south of the mouth of the Straits of Melaka became an important port that controlled all ships that enter the Straits [see Wolters 1967; 1970]. The rulers of Srivijaya were able to manage the port facilities which made Srivijaya an attractive destination by encouraging the chiefs of the interiors communities and also the surrounding areas who supplied precious metals and minerals and also forest and agricultural produce to be exchanged with goods that arrived from India and China. Products from the hinterlands which were mostly non manufactured goods were carried by Malay traders to main ports such as
Srivijaya. As such, this trading networks and connections which were encouraged during the Sirivijayan period were later fostered during the Melakan sultanate [Meilink-Roelofsz 1962; Leur 1967] and it had survived until towards the nineteenth century. The importance of Malay merchants as traders was clearly documented in many Dutch documents and trading reports. In fact, the majority of traders that arrived at the port of Melaka during most of the Dutch occupation were the Malay traders [Nordin Hussin 2001]. The majority of the Malay traders came from the Straits of Melaka; however, there were also Malay traders that arrived from as far as Makassar, west Borneo, and ports along the north coast of Java such as Batavia, Gerisik, Cheribon and Semarang [Sutherland 2004; Raben 1996; Knaap 1966; Knaap and Sutherland 2004]. The Dutch and the English documents also have classified traders that arrived from the ports of Malay-Indonesian archipelago into sub-ethnic groups and also by geographical locations. Malay traders that arrived in Melaka were classified by Dutch documents under Malay and a name title of *Intje*. Malay traders carry a honorific title of *Intje* or *Enche* that literally means Mister as compared to Javanese or Bugis traders who were not given any honorific title before their names and only classified as Bugis or Javanese after their names. All these traders that carry a honorific title *Enche* were those that arrived from ports on the eastern coast of Sumatra and as well as those who came from ports on the western coast of the Malay peninsula. A smaller percentage of Malay traders also came from the western coast of Borneo, Makassar, and ports on the north coast of Java. Similar classification also can be found in the English documents where Malay traders also carry a honorific title *Enche* and being classified as Malay after their names. The majority of these Malay traders that arrived in Penang were from ports on the eastern coast of Sumatra and ports along the west coast of the Malay peninsula and also from southern Thailand (Junk Ceylon and Kera). Therefore, Malay traders as a group of trading merchants in Dutch and English documents were clearly documented and classified as a different category of traders by their honorific title, their ethnic group, and also from their port of embarkation. Other traders that arrived from the Malay archipelago in large numbers were classified as Bugis and followed by Javanese traders and the majority of them came from the port of Makassar and ports on the northern coast of Java. Therefore, the term “Malay traders” in this article refers to the people and merchants that came from many small port towns ruled by many small Malay kingdoms along the Straits of Melaka (Sumatra and the Malay peninsula). In addition, there are also Malay traders that

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1) *Enche* is a word used as a respectful mode of address for Malays of good birth but not entitled to any distinctive title. It is also used as a honorific before the names of such persons. See Wilkinson [1903]. For further reference on Malay traders, see Andaya [2000; 2004]. See also Mills [1997: 42].

2) The term “Malay” is very diverse and varied. However, since the early period most writers referred to the Straits of Melaka as the core of the Malay civilization. It begins with the Srivijaya kingdom on the east coast of Sumatra and later spreads to the whole of the
arrived from other parts of the Malay-Indonesian archipelago ports such as Makassar, west of Borneo and the northern ports of the Java island [Sutherland 2004; Raben 1996; Knaap 1966; Knaap and Sutherland 2004].

By the end of the eighteenth century the two major ports in the Straits were Melaka (Dutch) and Penang (English). Besides these two main ports ruled by the European powers there were many other ports that lies on the coast of the Malay peninsula and the Sumatran east coast. These ports were sometimes called native ports or Malay ports. These ports were ruled and controlled by many Malay kingdoms on the eastern coast of Sumatra and on the west coast of Malaya and were different from ports that were ruled and controlled by the Europeans. Some of the main Malay ports on the Sumatran east coast are Aceh, Asahan, Batu Bara, Serdang, Deli, Langkat, Tamiang, Rokan, Indragiri, Siak, Kampar, Riau, and Palembang. Malay ports on the Malay peninsula are Kedah, east coast of Sumatra and covers the Malay peninsula. After the fall of Srivijaya the Malay kingdom was replaced by the Malay kingdom in Melaka. For further reference on this subject refer to Anthony Reid [2004]. See also Leonard Andaya [2000; 2004].
Larut, Perak, Selangor, Perlis, and Langkawi. These Malay ports were ruled and controlled by Malay rulers and the majority of the traders that came from these ports were mainly Malay merchants and traders. Although not much has been studied on these ports, the importance of these ports to the ports of Melaka and Penang is very imminent. These Malay ports were connected to Melaka and Penang which have wider networks and connections within the Malay archipelagoes and also with Europe, India and China. Malay merchants and traders from Sumatra and the Malay peninsula were the major players carrying goods from Melaka and Penang to be distributed to various ports in the archipelago and vice versa. Towards the end of the eighteenth century Melaka was still an important centre of trade in the Straits while Penang was still at its infancy to become its rival [Nordin Hussin 2001].

The Opening of Penang by the English East Company in 1786

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 sub-continent. 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 [Furber 1951: 103–176].

The strong English position on the Indian sub-continent was also clearly marked by their occupation of various ports and towns, such as Madras, Nagapatnam and Calcutta [ibid.: 105]. 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 and was 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. Benkulen, 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” [ibid.: 176]. 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 [loc. cit.]. 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 the 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.\(^3\) 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 which they could counter Dutch efforts to control the sea routes to China [Cowan 1950b: 3]. 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.\(^4\) 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.\(^5\) Traders from the archipelago and many English country traders from India still stopped at Melaka on their way to China.\(^6\) Furthermore, the majority of Asian traders from the southern regions of the archipelago preferred Melaka to going further north to Penang.\(^7\) 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 was doubtful 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,

\(^3\) There are many reasons for the English occupation of Penang. C.D. Cowan emphasises political motives when he notes that: “The motives which prompted the Company to sanction this step were almost entirely political…” [1950b: 1].

\(^4\) Penang was not the only place which 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” [1971: 50–70].

\(^5\) An extract letter from Governor Macalister to the Chairman and Deputy Chairman, dated 7 November 1808 [Straits Settlements Factory Records (SSFR), Vol. 9]. See also a report by Raffles, 31st October 1808 [SSFR, Vol. 9].

\(^6\) See Appendix “Melaka’s Shipping Lists 1780/83 and 1791/93” [Nordin Hussin 2001].

\(^7\) An extract letter from Governor Macalister to the Chairman and Deputy Chairman, dated 7 November 1808 [SSFR, Vol. 9]. See also a report by Raffles, 31st October 1808 [SSFR, Vol. 9].
“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 [Skinner 1895: 5]. 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 [Cowan 1950b: 36–59]. Furthermore, since 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 [loc. cit.]. 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 [ibid.: 35–59]. 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 [loc. cit.]. The Company also faced financial difficulties and any grand scheme was seen to be likely to over burden the administration.8)

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” [Stevens 1929: 379]. 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.

8) See the discussion on the project to extend and fortify the fort of Cornwallis which was later abandoned by the administration [SSFR, G/34/7: Letter from Major Kyd to Governor General in Council, 2nd August 1795].
The Arrival of Malay Merchants and Traders in Penang 1780 to 1800

Since Penang has no hinterlands producing goods for exports therefore the arrival of Malay traders and merchants from the Straits was very much awaited. The frequency arrival of Malay merchants and traders from Sumatra and the Malay peninsula has shown how Penang dependency on goods from these traders to feed their China and Indian trade. Malay traders from the Straits mostly traveled with smaller size ships but they served most of the ports along the Sumatran east coast and also native ports along the Malay peninsula. There were also Malay traders that arrived from the archipelago servicing the native ports in the Straits and also the port of Melaka and Penang. The Malays mostly from Sumatra and the archipelago travelled in a variety of ships of which the most popular were the balo, banting, kakap, pencalang and pencacap [Knaap 1966: 30–34]. Besides the Malays the Bugis, mostly from Riau and Selangor, used the padowakang, and pancalang.

The majority of Malay traders came from Sumatra and the Malay peninsula. The most common items brought by them were forest products (rattans) and food items, such as sago, rice, paddy, tin and gold. Most traders tended to bring only one particular product on their journey to Melaka and Penang but returned to Sumatra with a variety of Indian cloth and other sought after goods, such as salt, and Java tobacco. Bugis traders mostly came from Riau and Selangor but later in the 1790s the majority of them came from Selangor, Trengganu, and Trantan (a port on the east coast of Sumatra). A regular route covered Riau, Melaka, Selangor and Penang. The majority

9) H. Warington Smyth describes balo or balok as “A single-masted boat. The model suffers from a mast which is too short to hoist the lugsail. The boat has beam and fairly flat floors. There are washboards at the quarters and a peculiar slightly outrigged grating or staying over the stern post. The rudder is very small and short, and had a yoke and lines” [1906: 102].

10) Smyth states that the banting was frequently used by traders from Aceh and he further describes the boat as a two-masted trader type, built of giam wood. The boat’s dimension was 90 feet by 27 feet by 7 feet with a 2 feet freeboard; it had a capacity of 12 koy and the number of on-board crew was 6. The length of the mainmast was 50 feet, it used cloth for its sail cloth but the size of the rig was uncertain [Smyth 1906: 102]

11) Smyth notes that kakap or kakap Jeram is a typical Malay fishing boat from Selangor. The rig is practically the same as that of the nadir (a shallow-draft Malay fishing-boat from Melaka and built from carvel with straight stem similar to those of the European type) [Smyth 1906: 103–105].

12) Smyth mentions that pencalang is a typical Bugis boat and a two-masted trader type built from hard jati wood. The dimension of the pencalang is 80 feet by 15 feet by 9 feet; 4 feet freeboard, a capacity of 15 koy and 30 crew [Smyth 1906: 105].

13) A padowakang is a large merchant ship and the size could reach up to 300 tons. For further information, see Horridge [1985: 19] and Smyth [1906: 97–115].
of the Bugis traders, who came from Riau, Selangor, Trengganu or Trantan, brought Bugis cloth or came without any goods but bought various types of Indian cloth in Melaka and Penang.

Although there is sketchy evidence and statistical data on the in-coming and out-going of ships for Penang, the earliest data on the shipping list were collected by Francis Light from 1786 to 1794 when he was the Superintendent of the island. These were followed by another document covering the years between 1799 and 1802 which was compiled by George Leith, the Lieutenant-Governor, during his term of office from 1800 to 1803 [Leith 1805: 89]. In addition to these there is also a complete data on arrivals of Malay traders or prahus to Penang but only for the years 1786 to 1787 and 1799 to 1802. However the shipping lists that were compiled by Francis Light in 1786 to 1794 and the list on arrivals of Malay traders from 1786 to 1787 were by far the most detailed that the English produced in Penang. Although the shipping lists compiled by Francis Light are very detailed, the data on Penang trade are very useful as they provide a clear picture of the trends and trade networks that were developing in the early years before Penang was transformed into an important port on the northwest corner of the archipelago.

The early development of Penang’s trade can be traced from 1788, that is, two years after the port was opened. Fig. 1, below, traces initial growth over six years until 1794 and subsequent development until 1802.

![Fig. 1: Incoming of English, European, American and Asian Ships to Penang in 1786 to 1794 and 1799 to 1802](source: Nordin Hussin 2001)

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14) A list of arrivals and departures of shipping in Prince of Wales Island from 1786 to 1794 in SSFR [G/34/2; G/34/3; G/34/4; G/34/5 and G/34/6]. See also Appendix “Penang: Incoming Ships to Penang 1786–94” [Nordin Hussin 2001].

The shipping list shows that the number of ships coming to Penang increased over the years. From Fig. 1 it can be seen that the number of incoming ships increased from 54 in 1786 to 265 in 1801. The decline in the number of incoming ships in 1794 is because the data for this year were only compiled from February to August. Similarly the number of incoming ships for the year 1786 was compiled from July to December and for 1787 it was limited to the January to July and October to December. Fig. 1 above only gives the number of incoming large vessels or ships belonged to the English and the others (European, American and Asian) to Penang but does not include incoming Malay prahus so that the numbers would be much higher if the latter were included. The English records did not combine both types of ships in one document. Furthermore, the data on Malay prahus were not regularly recorded and they only appeared in 1786–87 and 1799–1802. The English records classified vessels according to size and weight. Vessels or ships which were more than 25 lasten (50 tons) were listed together while prahus which had an average weight of more than 1.8 lasten or 60 pikuls (3.75 tons) but less than 50 tons were listed separately. Thus, Malay ships such as the banting (30 tons or 15 lasten) and the penchalang (37 tons or 18.5 lasten) were considered as prahus while larger Malay ships such as the jong (125 tons or 62.5 lasten) and the kichi (150 tons or 75 lasten) and the pinis (75 tons or 37.5 lasten) were considered as large vessels [Smyth 1906: 79–115].

Fig. 2  Total Number of Incoming Ships and Malay Prahus 1786–87 and 1799–1802
Source: [Nordin Hussin 2001]

16) See an extract letter from Light dated 20 June 1788: “That the commerce of this port is annually increasing needs no proof. The Buggesse prows alone have brought gold and silver this year to the amount of two or three hundred thousand dollars to purchase opium and piece goods, and if they meet with such favourable markets as to induce them to continue the trade, I entertain little doubt from the information I have received of the purchases they were accustomed to make formerly at Rhio, that they will in a few years import gold and silver annually to the extent of half a million of dollars, part of which will be carried in gold to the coast of Coromandel in payment of the coast piece goods and the other part will form a fund for the purchase of goods for the China market. Thus by encouraging this branch of commerce the coast of Coromandel will be benefited and the remittance to China be facilitated” [Journal of the Indian Archipelago and Eastern Asia 1850, Vol. 4 : 647].
Thus the total number of incoming ships for the years 1786 to 87 and 1799 to 1802 is very high. From 85 ships and Malay *pahus* in 1786 the number rose to 3,569 in 1802. In just a decade Penang was able to attract more than 2,000 ships and Malay *pahus* to its port. The number of incoming traders also shows a great achievement for Penang as, within a relatively short period, it was able to spread its trading network over quite a wide area.

Regular accounts of the number of incoming ships to Penang only show incoming vessels of 50 to 500 tons (25 to 250 *lasten*) which belonged to Europeans and Asian traders.\(^{17}\) The largest ships to arrive at Penang were those of the English traders, with each ship averaging 275 *lasten* or 550 tons in weight. This was followed by the American, Danish, and Portuguese traders whose ships were only slightly smaller at an average of 250 *lasten* (500 tons) while Asian traders mostly from the Coromandel coast, China and the archipelago arrived in vessels weighing an average of 113 *lasten* (226 tons).\(^{18}\)

In 1786 only 54 ships arrived in Penang but their number multiplied rapidly so that by 1782 more than 200 called in annually at the port.\(^{19}\) Although some of the records did not give, in detail, the nationality of the commanders of the ships it is possible to conclude that the largest number of ships arriving at Penang brought in English traders followed by Asians and other Europeans. The most frequent arrivals were from the ports in the Straits of Melaka (38%) followed by ships arriving from the Indian sub-continent (35%).\(^{20}\) This trend continued throughout the years from 1786 to 1794 with one exception.

![Fig. 3](#)  
**Fig. 3** Incoming English Ships to Penang according to Ports of Departure, 1788–94  
Source: [Nordin Hussin 2001]  
Note: The legends from the top to the bottom indicate the bars from the left to the right in each year.

\(^{17}\) See a list of arrivals and departures of shipping at Prince of Wales Island, 1 February to 25 August 1794 [SSFR, G/34/6].  
\(^{18}\) Leith [1806: 89] and see also Arasaratnam [1989: 20].  
\(^{19}\) See a list of arrivals and departures of vessels at Prince of Wales Island from July to December 1786 [SSFR, G/34/2] and Leith [1806: 89].  
\(^{20}\) See Appendix “Penang: Incoming Ships to Penang 1786–94 and the Nationality of the Commanders of Incoming Vessels to Penang in 1788–94” [Nordin Hussin 2001].
and that was for the year 1788 when more ships arrived from the Indian sub-continent. Ports in the Straits of Melaka which had close trading relations with Penang were Pedir, Kedah, Melaka, Aceh and Selangor. Pedir, in the east coast of Sumatra and Aceh supplied Penang with pepper, betelnuts and forest products, while traders from Selangor, Kedah and Melaka brought tin and food products to Penang.

From 1788 to 1794 there were 1,097 ships arriving at Penang and in 1799 to 1802 there were 867 ships. The highest number of traders were the English at 66% (1,286 ships) followed by the Asiatic traders (Chulia, Malay, Bugis, Moor, Burmese, and Chinese) at 19% (381 ships) and the American, Portuguese, Dutch, French, Spanish and Danish traders at 15% (297 ships). The volume of goods brought and carried by the English, American, Portuguese and Danish traders was larger than that by the Asiatic traders. This was because the Europeans had larger ships and the majority of them were long distant traders travelling from India to China and the archipelago.

The sailing pattern of these traders were predictable. Those who came from the Indian sub-continent travelled from ports in the Coromandel coast such as Porto Novo, Nagore or Nagapatnam, Calcutta and Madras. They arrived at Penang and later sailed to Mergui, Tenesserim, Pegu, Junk Ceylon, Melaka, Pedir, and Larut and Selangor. The long distance traders would arrive at Penang from India and then sail on to Batavia, Siam, China and Macao.

The same period also witnessed a steady increase in the number of Malay and Bugis traders from the Straits arriving in Penang. Most of these traders travelled in prahus. In 1786, 31 prahus arrived in Penang but a year later the number had increased to 403. A decade later the number of prahus visiting Penang had increased by leaps and bounds. In 1799, 1,836 prahus traded at Penang while in 1802 the number stood at 3,328. These traders from the Straits normally brought a limited number and quantity of goods due to the size of a prahu which could normally carry an average of 1.5 koyan (60 pikuls) [Leith 1805: 89; Nordin Hussin 2001: 225].

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21) For further discussion on the trading pattern of the Chulia merchants, see Arasaratnam [1989: 18].
The prahu brought in goods such as forest products, for example, rattan, and aromatic woods, and items such as poultry, cattle, rice and paddy, and minerals such as gold dust and tin and took away goods from India and China such as Indian cloth, salt, sugar and opium.

The majority of incoming Malay prahu were from Kedah, Perlis, Kuala Muda, Perak, Larut, Selangor, Batubara, Kera, and Junk Ceylon (Southern Siam). Malay traders from Kera and Junk Ceylon on the Southern part of Thailand came to Penang with loads of tin, birds nest, tripangs, and rice. Malay traders from Larut, Perak, and Selangor were important to Penang because they brought with them tin for the China tea trade. Kedah, Batubara, Kera and Perlis were important suppliers of food products. One significant development that emerged from Penang's trade with the Straits region in the first decade or so of its opening was the close trading connection it succeeded in forging with Pedir, on the east coast of Sumatra. Pedir and its hinterland were important producers of pepper and betelnuts and these two items were the major exporter earners for Penang in the earlier period. However, in the late 1800s Pedir was replaced by Aceh as an important trading partner after the latter took control of northern Sumatra.

Fig. 5  Incoming Malay Merchants to Penang 1786 and 1787
Source: [SSFR, G/34/2]
Note: The legends from the top to the bottom indicate the bars from the left to the right in each year.

Arasaratnam 1989: 20]. The prahu brought in goods such as forest products, for example, rattan, and aromatic woods, and items such as poultry, cattle, rice and paddy, and minerals such as gold dust and tin and took away goods from India and China such as Indian cloth, salt, sugar and opium.

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22) An account of goods imported by Malay prows into Prince of Wales Island March 1789 [SSFR, G/34/4].
23) An account of prows arriving at Prince of Wales Island between 1 May and 9 July 1787 [SSFR, G/34/2].
24) A list of arrivals and departures of shipping at Prince of Wales Island [SSFR, G/34/2; G/34/3; G/34/4; G/34/5 and G/34/6]. See also an account of goods imported into Prince of Wales Island from 1 August to 31 December 1788 [SSFR, G/34/3].
Few names of Malay traders appear in the documents and details of their business and trade are very scarce. The number of Malay traders is very hard to establish although there was a bazaar in Penang that belonged to, and was managed by, them. The name, Nakhuda Kechil, appears in the documents as a trader who had originally come from Kedah and later became the headman of the Malay bazaar for traders from Kedah. It was likely that his trading connections were between Penang and Kedah. The commodities handled by him included rice, poultry, paddy, and cattle. Since Penang is situated off the coast of Kedah there was a close trading network between the town and Kedah with most of the trade consisting of food products from Kedah in return for opium and cloth from India.

Additionally, there was a significant trade between the island and Makassar and the Eastern archipelago conducted by Bugis traders. They came in large numbers to the island, stopping in various Malay ports in the archipelago during their journey. However, their names and their leaders are unknown. One name that came up in the documents is Haji Khussin who owned property in the town but whose origin is not clearly known and whose name does not sound Bugis. As the number of Bugis traders and merchants trading in Penang increased, many settled in a small town on the Penang river. In 1800, the majority of the Bugis who came to trade and settle in Penang were from Borneo and the Celebes. They were commonly considered as Malays although their language was quite distinct. In a report, George Leith described the Bugis as “bold, independent and enterprising, make good soldiers and if treated with kindness are attached and faithful.” He also mentioned that the Bugis who had settled in Penang were mostly found in a small town on the Penang river and that their number fluctuated according to trading seasons. The strength and the importance of the Malay trading communities on the island can be seen by the establishment of a small Malay town on the southern part of the port-town in Penang. This Malay town was inhibited by Malay traders that arrived according to the monsoon season to Penang.

The English had always admired the trading skills of the Bugis. In fact, they had a preference for the Bugis traders who were encouraged to trade in Penang. They even

26) *Journal of the Indian Archipelago and Eastern Asia* [1850, Vol. 4: 630].
27) See a report of the fire by the enquiry 8th October 1814 [SSFR, G/34/45]. See also *Journal of the Indian Archipelago and Eastern Asia* [1850, Vol. 4: 630, 641].
28) *Journal of the Indian Archipelago and Eastern Asia* [1850, Vol. 4: 630, 641].
29) An extract letter from Governor Maclister to the Chairman and Deputy Chairman dated 7th November 1808 [SSFR, G/34/9] and also a report by Raffles on 31st October 1808 [SSFR, G/34/9].
30) See a report of the fire by the enquiry 8th October 1814 [SSFR, G/34/45].
31) See Leith [1805].
32) See Leith [1805].
attempted to stop the Bugis from trading with Melaka.\footnote{An extract letter from Governor Maclister to the Chairman and Deputy Chairman dated 7th November 1808 [SSFR, G/34/9] and also a report by Raffles on 31st October 1808 [SSFR, G/34/9].} According to the English, the Bugis were excellent and trustworthy traders compared to the Chinese and Chulias who were considered shrewd and not to be trusted.\footnote{A letter from Francis Light dated 25th January 1794 to Governor General: “The Bugesses the few inhabitants here at present yet as they come annually to trade and remain two or three months ashore to the number of one or two thousand they are during the time of their residence a part of our society, they are Mahomedans, proud warlike independent people easily irritated and prone to revenge … they are the best merchants among the eastern islands … their cargoes either in bullion or goods with the quantity of opium and piece goods they export make their arrival much wished for by all mercantile people” [SSFR, G/34/6]. See also Farquhar letters in Memoranda of Malacca: “They are certainly far more honest in their dealings than either the Chinese or Choolias” [SSFR, Vol. 10].}

While the main goods brought to Penang by Malays and Bugis traders consisted of food, forest products and minerals (gold and tin), they also traded in slaves. However, the exact number of slaves brought in by them is not known, although in 1792 they brought as many as 46 slaves to Penang to the value of Sp. Dollars 1,840.\footnote{Journal of the Indian Archipelago and Eastern Asia [1850, Vol. 4: 658].} The number of slaves imported to Penang in 1790 was 9 and in 1791, 7 were brought in. However, after 1792 no reports were made on the slave trade of the island.\footnote{Journal of the Indian Archipelago and Eastern Asia [1850, Vol. 4: 600–647].} Since the Eastern archipelago was known to be the main supplier of slaves to Melaka therefore they also could have been supplying slaves to Penang.\footnote{See Appendix “List of Registered Slaves in Melaka 1819–24” and Appendix “List of Registered Slave Children in Melaka 1819–24” [Nordin Hussin 2001]. See also Sutherland [1983].}

The early decades of Penang saw the largest number of traders arriving in Penang were Malay traders from the eastern coast of Sumatra and the west coast of the Malay peninsula. These traders made up more than 60% of all arrivals in that period. The majority of the Malay traders from Sumatra came from the eastern ports of Sumatra, in particular, Aceh, Batu Bara, Assahan, Bila and also from Siak.\footnote{See Appendix “Melaka Shipping Lists 1780/82 and 1791/93” [Nordin Hussin 2001] and Anderson [1826].} Other important Sumatran ports that had close connections with Penang were Kampar, Panji, Rokan, and Serdang. The majority of traders who came from these ports were Malays.

One of the main factors why there was an increase in the coming of Malay traders and merchants to Penang was partly because there was a close relationship between Francis Light and the Malay traders. This relationship was forged when Francis Light who was formerly an English country trader trading with many of the Malay ports along the Straits before he settled as an administrator on the island. Furthermore the English administration in Penang had encouraged the Malays to come to Penang rather than to
Melaka. By the early nineteenth century, Melaka’s trade with Bugis traders from Riau also had declined. But many Bugis traders continued to arrive in Melaka and later to Penang, although in the first decades of the nineteenth century most of them came from Makassar, Pasir, Banjarmasin, Bali, Mandai, and Sumbawa.\textsuperscript{39} The Dutch war with Riau in 1784 had led to an exodus of Bugis traders from Riau to other ports on the Malayan peninsula and East Sumatra. Thus, immediately after the 1784 war, many of the Bugis came from the Malayan and Sumatran ports but in the nineteenth century the majority of them came from the Eastern Indonesian archipelago. This could be because many of the Bugis traders had resettled themselves in the latter region.

Apart from the Bugis, Malay traders, including those from Sumatra and the penin-

\textsuperscript{39} Memoranda on Malacca 1817/1818 [SSFR, Vol. 10].
sula brought mainly tin to Penang. In the early nineteenth century, the annual supply of tin from Palembang and Lingga was 1,300 pikuls. The interior state of the peninsula also brought tin to Penang but its supply was very irregular. In the last decade of the eighteenth century the trade between Melaka and Siak in Sumarta was very good. There were a large number of ships from Siak to Melaka. However, in the early nineteenth century this lucrative trade declined to its lowest level due to the interruption caused by a civil war in Siak.\footnote{Memoranda on Malacca 1817/1818 [SSFR, Vol. 10]. See also Barbara Watson Andaya [1997].}

Melaka provided mainly raw silk, Indian cloth, and opium, while in return, the Siak traders brought gold, wax, sago, salted fish, fish roe, elephant’s tusks, gambir, hog’s lard, camphor and rattans to Melaka. Other small ports in Sumatra, such as Batubara and Jambi brought in rattans, wax, rice and Dragon’s blood\footnote{Dragon’s Blood: Red gum or resin from some of rattan palms, used as an astringent and for coloring varnishes, lacquers etc. See Cowan [1950b: 113].} to exchange for opium and Indian cloth. On average, Melaka re-exported between 100 and 130 chests of opium annually to native ports.\footnote{An extract letter from Governor Macalister to the Chairman and Deputy Chairman dated 7th November 1808 [SSFR, Vol. 9].}

The English administration in Penang saw the potential of the eastern coast of Sumatra as an important trading areas therefore the EIC tried to forge a closer trading connection with many Malay ports such as Siak, Asahan, Bulu China and Batu Bara.

Penang was a port that imported goods from abroad and then re-exported them to various places.\footnote{See an extract letter from Governor Maclister to the Chairman and Deputy Chairman dated 7th November 1808 [SSFR, G/34/9] and also a report by Raffles on 31st October 1808 [SSFR, G/34/9].}

Little is known about the commodities that were imported to and exported from Penang in its early years. However, by the end of the eighteenth century the major goods imported by Penang came from the Indian sub-continent, China, northern Sumatra and the Malay peninsula and were comprised of Indian piece goods such as Indian cloth, opium, pepper, betelnuts, rice, tobacco, oil and ghee, tin, silk, liquor, salt and various items, including products from Europe \[Leith 1805: 83\]. Exports from the island were mainly the imported goods which comprised of Indian cloth, opium, tin, betelnuts, and pepper \[loc. cit.\].

Six years after its foundation a detailed report was done on Penang’s imports. The documents reveal that the island had close trading connections with Bugis and Malay traders who acted as the main carriers or conveyors of goods to Penang and out of it to ports in the northern half of the Straits of Melaka.\footnote{See Journal of the Indian Archipelago and Eastern Asia 1850, Vol. 4: 658. See also an extract letter from Governor Maclister to the Chairman and Deputy Chairman dated 7th November 1808 [SSFR, G/34/9] and also a report by Raffles on 31st October 1808 [SSFR, G/34/9].}
goods brought to the island by these native traders were gold dust, bird’s nests, tin, Bugis cloth, rice, pepper, brimstone, aromatic woods and rattan.\(^{45}\) The main exports of Penang to the native ports of the Straits were opium,\(^{46}\) Indian piece goods, Spanish currency, Bugis cloth, raw silk, sticlac\(^{47}\) and cotton.\(^{48}\) The trade pattern was therefore similar to that of Melaka except that while the old port-town captured the markets of the southern end of the Straits, Penang was gradually attracting traders from its northern sector. Unfortunately, there are few details on exports and imports with other major trading partners such as the Coromandel coast, Bengal and China but, as the nature of the trade would not have differed from that seen in Melaka, it could be assumed that the major imports from the Coromandel coast and Bengal were Indian cloth, opium, grains, salt, cotton, aromatic woods, oil and tobacco; and Chinaware, torches and other manufactured items, in small quantities, from China \cite{loc.cit.}. It should be noted that the main attraction that China held for the European traders, especially the English, was its tea, which had a growing market in Europe but was not a major commodity for the archipelago.

Fig. 6 below illustrates the main goods that were imported to and re-exported from Penang by Malay traders from Aceh, the Malay peninsula and the archipelago.

![Penang's Imports and Exports by Malay Traders 1789-92 in Spanish Dollars](image)

**Fig. 6** Penang’s Imports and Exports by Malay Traders 1789–92 in Spanish Dollars

Source: [Nordin Hussin 2001]

\(^{45}\) *Journal of the Indian Archipelago and Eastern Asia* [1850, Vol. 4 : 658]

\(^{46}\) The quantity of opium imported by Malay traders from the surrounding area and the archipelago had increased annually at a rapid rate: from 105 chests in 1790 to 193 chests in 1791 and 483 chests in 1792 \cite{Journal of the Indian Archipelago and Eastern Asia 1850, Vol. 4 : 660}.

\(^{47}\) Sticlac: Secretion of insects obtained from the twigs and branches of trees; used either as a dye or a resin \cite{Cowan 1950b: 113}.

\(^{48}\) *Journal of the Indian Archipelago and Eastern Asia* [1850, Vol. 4 : 658].
Thus it is evident that Malay traders mainly exported gold dust (17.11%), bird’s nest (14.60%), tin (12.29%), Bugis cloth (12.14%), rice and paddy (9.33%) while they mainly imported from Penang opium (54.78%), piece goods/Indian cloth (21.39%), currency Spanish Dollars (8.9%), and Bugis cloth (2.15%). As can be seen from the figures above, Penang had an import deficit of Sp. Dollars 92,880.35. All of Penang’s exports consisted of goods that were imported from abroad such as opium, Indian cloth and specie (Spanish currency). Specie was in great demand by Malay traders from the Straits and the archipelago.

In its early years Penang relied heavily on the supply of food from abroad. Rice was therefore an important item of trade which was brought mainly by the native traders. In 1792 it constituted more than 7% of the value of all goods brought in by these traders to Penang. Although paddy was grown on the island, this was not sufficient to meet the needs of a growing population. Penang’s dependence on food from outside created a crisis in its early years when its major supplier, Kedah, threatened to stop sending rice due to unresolved political differences between the Kingdom and the administration in Penang.\(^{49}\) But in later years and with the increase in the island’s population, supplies were also obtained from Burma and Bengal.

In 1792, gold dust was the major item brought in by Malay traders, at 17.11% of the total value of Penang’s imports from these traders. Most of the gold dust came from the interior of Sumatra and the Malay peninsula and Borneo.\(^{50}\) For as long as gold dust from the Malay peninsula had been a commodity, its outlet was Melaka to which it was brought from the interior.\(^{51}\) The gold dust from the peninsula which found its way to Penang was usually conveyed by Bugis traders who traded from all over the archipelago, including the principal gold producing areas or outlets, such as Borneo, Sumatra and

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49) Captain Light’s letter dated 7th October 1787: “The King of Kedah at other times he seems to have an intention of starving us. The inhabitants here like all other Indians make no provision against accidents. I am therefore obliged to advance money to the King’s merchant at Kedah to provide a continual supply of rice and this is retailed to the troops and others at the same price I purchase it” [SSFR, G/34/3]. See also Light’s letter dated 16th November 1787: “The king of Kedah has stopped the exportation of rice since the month of September. On the 10 instant I sent Lieut. Blair with letters to him requesting to know if he would supply me or not. The Raja sent word he would send rice in three days but at the former price. It is not from any scarcity of grain the king prevents the rice from being brought here but from policy he thinks his case desperate and that he shall not obtain anything from the Company. He has therefore laid a duty of 23 Spanish Dollars per coyan on rice for exportation. This deprives those who would deal in rice of all emolument and is equal to prohibition. The country people find no purchasers for the surplus paddy (the king excepted) who buys it at a small price and sells it again at 50 Spanish Dollars per coyan to strangers. The consumption of this place is 25 coyan per month exclusive of foreign demands” [SSFR, G/34/3].

50) A report by Raffles dated 31st October 1808 [SSFR, Vol. 9].

51) See the report by Raffles.
Melaka. A similar situation was seen in relation to Penang’s import of birds’ nests (14.60%). The major birds’ nests producing areas were Borneo and Junk Ceylon. Again Malay and Bugis traders brought birds’ nests to Penang from these places which were then exported to China where it was a delicacy and therefore had a ready market.

The next most important commodity brought in by the native traders was tin (12.29%) which came mostly from the Malay peninsula and the island of Banka. Although the tin trade was monopolised by the Dutch at Melaka, Penang still managed to overcome the Dutch restrictions through smuggling activities and the Malay traders. Tin from Banka was also brought by Bugis traders. Tin was a vital commodity for the English traders whose desire to capture the lucrative tea trade in China meant that they had to find a commodity that could be exchanged or otherwise suffer a bullion drain. Thus, the role of the native traders was vital in the tin trade at least in the early years when the Dutch were still able to control the trade.

Although Indian cloth had for centuries found a ready market in the archipelago, Bugis cloth was also an important item in the cloth trade in the region. Bugis cloth was introduced to Penang by the Bugis traders from Makassar and the Eastern archipelago. However the volume of Bugis cloth exported was smaller compared to Indian cloth. It is difficult to assess the difference in price between the two types of cloth. Nevertheless, the value of Indian cloth was greater, as was its popularity, since it came in various forms and quality [Laarhoven 1994]. Some of the Indian cloth did not come directly to Penang from India but was brought in by Malay traders who had picked them up from ports in the Straits which had been visited by English country traders and Indian traders who came from the Indian sub-continent. However, the amount of Indian cloth brought in this manner was small (1.01%) compared to Bugis cloth (12.14%).

The native traders were also important in the pepper trade. The major suppliers of pepper to Penang were Aceh and Trengganu [Cowan 1950b: 7]. Due to the high demand for pepper in the markets in Europe, Penang in the early years after its opening made attempts to encourage the production of pepper. In the first two decades of Penang’s existence, the enterprise was still in its infancy and the yields were too small for the purpose of export [Cowan 1950a: 53]. The jungle in the hinterland was still being cleared and the administration was trying its best to convince the new settlers, especially the Chinese and the Europeans, to cultivate pepper, clove and nutmeg. The process was naturally slow as it took more than one year for the ground to be cleared. Furthermore, there was a short supply of labour in the newly acquired colony. Thus Penang had to rely on pepper brought in by traders. As can be seen, native traders brought Sp. Dollars 10,665 worth of pepper to Penang in 1792.

One of the main contributions of the native traders to Penang’s trade was their role as middlemen between the local producers and the foreign traders. They not only brought in the raw materials but also carried out the transactions between the buyers and sellers, thereby facilitating the trade.

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52) See the report by Raffles.
53) See the report by Raffles.
in collecting a range of forest products such as birds’ nests, rattan, algewoods, elephant’s teeth, dammar, sapanwood and brimstones from ports in Sumatra and the Malayan peninsula and transporting them to the island for re-export to the Indian sub-continent and China. Some products such as *sticlac* and goods with medicinal properties, such as *tripang*, which they brought, in fact, went to ports within the Straits as these were found in some areas but not in others in the region. Thus native traders did not only bring in, from the archipelago, commodities whose ultimate destination was either India or China but were also involved in a revolving trade chain within the Straits of Melaka.

In 1792, the main exports of Penang to Aceh, Kedah, and the archipelago consisted of opium (54.78%), Indian piece goods (21.39%), specie or Spanish currency (8.9%), Bugis cloth (2.15%), and raw silk (1.43%). Opium became the main item carried by Malay traders from Penang. Although between 1790 to 1793 these traders took away 105 to 483 chests of opium from Penang, the report did not specify where the opium was taken to except to say that it was exported to “the surrounding areas.”[^54] There was, however, some indication that opium went to most ports in the Straits.

The second most important item bought by Malay traders at Penang was Indian piece goods/Indian cloth from the Coromandel coast and Bengal which, like opium, went to most ports in the Straits. In fact, cloth, in general, constituted a big item bought by native traders at Penang. Despite the popularity and availability of Indian cloth, Bugis cloth remained marketable in the region adjacent to Penang such as Aceh and the northern part of the peninsula, probably because it was cheaper yet distinctive. A clearer picture is obtained of commodities imported by Penang in the early nineteenth century however, the amount or value of each item was not given [Leith 1805: 83]. Nevertheless, an analysis can be made of the most important commodities traded between Penang and the archipelago. Opium, rice/grains, Indian piece goods, pepper, gold dust and tin remained the main imports of Penang. Most of these commodities were imported from the Coromandel coast, Bengal, Bombay, and the archipelago, while tea, sugar, paper, Chinaware and raw silk came mostly from China. Trade trends in the early nineteenth century had not changed to any significant degree from the situation in the early 1790s. However, the increasing demand for tin meant that more tin was being extracted from tin producing areas. In the earlier period the supply of tin mostly came from the Malay peninsula but Banka and Junk Ceylon soon became important sources of the mineral.

**Conclusion**

Early Penang depended heavily on trade from the Malay merchants and traders. Malay

[^54]: *Journal of the Indian Archipelago and Eastern Asia* [1850, Vol. 4: 660]
merchants and traders supplied with agricultural products, food stuff, forest products, tin, gold and also from the sea harvest. These goods were sent to Penang by Malay merchants and traders to be exchanged with manufactured goods that arrived from India and China. Without the regular supply of such goods Penang would be left high and dry without support from its hinterlands. The products from the Straits were very important to Penang since the island did not produce their own food stuff and goods needed to be exchanged with the China trade. The arrival of many Malay merchants and traders in early Penang clearly shows that without their arrival Penang would have a very difficult head start to encourage traders from the Indian sub-continent and China to arrive at its port. The English in Penang were aware that the Malay ports on the eastern coast of Sumatra were well served by the rich and populous interior of the island. The port of Langkat, for example, served the areas of Bubon and Batang Sarangan with their major produce of pepper, rattan, beeswax, gambir, gold, ivory, tobacco, belacan and paddy. Langkat imported a considerable amount of goods to be disposed of to the large population in the interior and also to the inland traders who arrived from the west coast of Sumatra. Their major imports were salt, opium, Indian, European and Bugis cloths and gunpowder.

Another important Malay port on the east coast of Sumatra was Batubara whose inhabitants had a reputation for being good traders who travelled to Melaka, Penang and other parts of the archipelago [Anderson 1824]. Some of its inhabitants had accumulated considerable wealth and were owners of several large vessels. In the report on Batubara’s trade with Penang sent by the Shahbandar of Batubara to Penang it was mentioned that there were 600 trading prows which made their base in the port of Batubara [ibid.]. The traders from Batubara appeared to have obtained their trading funds not only locally but also from merchants in Penang [ibid.]. Batubara’s major exports included opium, silk cloth, rattan, slaves, horses and salt fish. Like most other ports on the east coast of Sumatra, it was well connected to the interior of Sumatra by rivers and land.

All these Malay ports served as distributing centers for goods that were imported from Penang. They also served as collecting centres for agricultural, forest and mineral products from the interior of Sumatra to be exported to Penang. Furthermore the majority of the Malay traders in Penang were formerly from Melaka, having been attracted there by Penang’s free trade status and the promise of cheaper prices, especially of opium and Indian cloth. Penang’s most important inter-regional connection was with the Indian sub-continent, the western terminal in the intra-Asian trade route. In the region, Aceh was an important trading partner. Aceh had been an important political and economic power since the sixteenth century, and in the Straits of Melaka, its position as an important native port was only rivaled by Riau. In the eighteenth century, although dynastic conflicts and civil wars caused its trade to be unstable from time to time, its port remained vital to the over-all trading activities in the region. In the northern part of the Malay peninsula, Perak, Kedah, Ligor and Junk Ceylon became close
trading partners. This was largely due to their close proximity to Penang and an already forged trading link with the English. Further, as the demand for tin grew to feed the tea trade with China, Penang’s trade with Perak, Junk Ceylon and Ligor became more vital. Kedah, on the other hand was important for its trade in foodstuff, especially rice and poultry, to feed the growing population on the island.

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