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JAPANESE AND BRITISH VESSELS IN CHINESE WATERS

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1. THE THREE TYPES OF SHIPPING ECONOMY

Shipping, as a national economy, may be divided into the following three types, namely, (1) the American type (2) the Japanese type and (3) the British type.

The first type is primarily the shipping of a country having a self-sufficient economy. Consequently, here such means of domestic communications as railways, highways and inland waterways constitute important problems. But the importance of "the ocean as trade highway for foreign countries" or of "shipping as a subsidiary means of foreign trade" is not stressed in terms of the national economy of such a country. Thus, shipping here is essentially negative in nature. In the United States, its Great Lakes tonnage constituted as much as 52 per cent of its total tonnage in 1914 and in recent years its percentage has been only more than 20 per cent. This obviously indicates the great role played by domestic shipping in the United States and the corresponding unimportance of its ocean shipping. This fact is decidedly shown by the superior importance of vessels engaged in coastwise and domestic trade over those engaged in foreign trade. (See Table I). Furthermore, a review of the American vessels engaged in foreign trade shows that the sea cargo carried by such vessels has been on low percentage. (See Table II). Chinese shipping also belongs to the this type. I shall refer to this later.

Table I.

American Tonnage Employed in (In 1,000 gross tons)

Year	foreign trade	coastwise and internal trade
1789	124	69
1800	667	272
1810	981	405
1820	584	588
1830	538	517
1840	763	1,177
1850	1,440	1,798
1860	2,379	2,645
1870	1,449	2,638
1880	1,314	2,638
1890	928	3,409
1900	817	4,287
1910	783	6,669
1915	1,863	6,486
1920	9,925	6,358
1925	8,151	9,216
1928	6,934	9,706
1929	6,906	9,526
1930	6,296	9,723
1931	5,576	10,286
1932	5,071	10,728
1933	4,701	10,313
1934	4,598	10,220
1535	4,560	10,049
1936	4,159	10,300
1937	3,834	10,800
1938	3,551	11,064

1) U.S. Department of Commerce, Statistical Abstract of the United States, 1939; U.S. Department of Commerce, Bureau of Marine Inspection and Navigation, Merchant Marine Statistics.

Table II.[1]

American Sea-Born Cargoes Carried by American and Foreign Vessels (In 1,000 Dollars)

Year	American Vessels	%	American and Foreign Vessels
1821	113,119	88.7	127,560
1830	129,918	89.9	144,366
1840	198,425	83.9	239,327
1850	239,272	72.5	330,037
1860	507,248	66.5	762,289
1870	352,969	35.6	991,897
1880	258,347	17.4	1,482,612
1890	202,451	12.9	1,573,568
1900	195,084	9.3	2,089,529
1905	290,608	12.1	2,393,890
1910	260,837	8.7	2,982,800
1915	571,932	14.3	3,992,625
1920	5,071,623	42.7	11,874,998
1925	2,577,417	34.1	7,560,976
1930	2,421,684	33.8	7,157,827
1931	1,616,256	34.8	4,638,802
1932	1,104,148	34.7	3,186,276
1933	836,260	36.5	2,291,883
1934	1,151,188	35.2	3,267,212
1935	1,224,676	36.0	3,400,022
1936	1,441,886	35.7	4,033,872

The second type is primarily the shipping of a country which is unable to carry on basic industries without having the essential connections with foreign markets. Here, shipping is in close relation with the foreign trade of that country and developes with its industrial and trade growth.

Japanese shipping belongs to the second type. For the national economy of Japan, the sea routes to foreign countries are her life-line and her shipping is one of the most important industries, and so shipping has seen one of the objectives of her positive policies. Here, the percentage of its own vessels engaged in its own overseas trade is decidedly high.

1) U.S. Department of Commerce, Merchant Marine Statistics.

(See Tables III and IV).

Table III.[1]

Foreign Trade Vessels to and from Japan, distingnishing Nationality (%)

Year	Japan	China	Britain	Germany	Nether-lands	Norway	United States	Total
1923	62.51	0.27	17.68	1.22	1.95	1.00	10.66	100
1924	60.92	0.36	20.07	1.69	2.02	1.97	8.63	100
1925	65.76	0.06	18.49	1.92	1.90	0.47	8.23	100
1926	64.93	0.07	18.98	2.01	1.95	0.89	8.04	100
1927	66.59	0.09	17.83	1.98	2.73	1.04	6.93	100
1928	66.53	0.04	17.41	2 30	2.32	1.77	6.67	100
1929	66.80	0.11	17.00	2.66	1.99	1.75	6.40	100
1930	68.50	0.26	13.43	2.70	0.54	1.63	6.18	100
1931	70.93	0.17	12.53	1.90	0.52	1.64	5.70	100
1932	70.59	0.09	13.39	1.69	0.59	2.04	6.03	100
1933	70.13	0.53	13.15	2.42	0.67	2.20	5.62	100
1934	69.05	1.80	14.86	2.62	0.81	2.97	5.22	100
1935	64.34	2.45	14.42	2.59	0.58	3.90	5.07	100
1936	64.65	4.35	13.66	2.21	0.51	4.11	4.01	100

Table IV.[2]

Cargoes Carried by Vessels to and from Japan (Percentage)

Year	Japanese vessels	Foreign vessels	Year	Japanese vessels	Foreign vessels
1915	70.95	27.35	1926	66.40	32.18
1916	72.75	24.41	1927	67.61	30.77
1917	79.61	17.95	1928	67.41	29.84
1918	87.92	10.36	1929	67.98	29.49
1919	80.78	17.86	1930	66.45	30.94
1920	72.16	26.25	1931	67.11	30.55
1921	74.22	23.95	1932	65.93	31.48
1922	41.99	13.13	1933	66.92	30.29
1923	46.12	18.48	1934	66.64	30.46
1924	61.93	37.05	1935	65.99	32.31
1925	68.62	30.38	1936	64.99	32.77

The third type is the shipping of a country which has developed to the stage in which it carries on its shipping

1), 2) Dept. of Finance, Annual Return of the Foreign Trade of Japan (大日本大藏省, 外國貿易年表)

rather for its very shipping than for subsidiary means of industry and trade in that country.

British shipping belongs to this type. As shown by Table V, the British vessels employed in shipping between the United Kingdom and other countries constitute more than one half of her total tonnage. However, the principal function of British vessels, unlike the second type, is not in carrying on her foreign trade; nor, are they engaged in domestic trade unlike the case of the countries of the first type. Table VI shows that the vessels engaged in the domestic trade of the United Kingdom constitute only 7 per cent of her total tonnage, while those engaged in its foreign trade constitute as much as 93 per cent. And yet, those latter vessels are not engaged in foreign trade centering in the United Kingdom, but, as shown by Table VII, considerable part of these vessels are engaged in the trade between third

Table V.[1]

Net Tonnage of Vessels of Each Nation, Entered and Cleared with Cargo and in Ballast, in Foreign Trade, at Ports in the United Kingdom (Percentage)

Year	British vessels	Foreign vessels
1913	56.58	43.42
1924	60.09	39.91
1925	61.93	38.07
1926	64.71	35.29
1927	61.70	38.30
1928	62.28	37.72
1929	60.95	39.05
1930	58.61	41.39
1931	58.28	41.72
1932	57.89	42.11
1933	56.58	43.42
1934	55.21	44.79
1935	54.83	45.17
1936	54.29	45.71
	53.38	46.62

1) Board of Trade, Statistical Abstract for the United Kingdom, 1939.

Table VI.[1]

Gross Tonnage belonging to the United Kingdom and employed in Trading, distinguishing the Home and Foreign Trades

Year	Home Trade		Foreign Trade	
	Gross Tonnage	Percentage	Gross Tonnage	Percentage
1928	1,182,942	6.15	18,040,153	93.85
1929	1,229,266	6.28	18,344,646	93.72
1930	1,301,789	6.72	18,076,130	93.28
1931	1,230,222	6.95	16,465,445	93.05
1932	1,145,370	6.91	15,426,147	93.09
1933	1,098,812	6.89	14,840,828	93.11
1934	1,078,591	6.77	14,846,198	93.23
1935	1,100,275	6.84	14,995,932	93.16
1936	1,111,871	6.81	15,226,224	93.19
1937	1,159,712	6.94	15,549,418	93.06

including sailing vessels. Vessels employed on rivers and in inland navigation are excluded.

Table VII.[2]

Net Tonnage of British and Foreign Vessels Entered and Cleared at World Ports (Percentage)

Routes	Nationality	1913	1923	1924	1925
Between British possessions	British	94.3	95	95	95
	Foreign	5.7	5	5	5
Between British possessions and foreign countries	British	61.9	62	65	67
	Foreign	38.1	38	35	33
Between foreign countries	British	56 1	54	56	59
	Foreign	43.9	46	44	41

1926	1927	1928	1929	1930	1931	1932	1933	1934	1935
96	95	95	96	94	93.8	93.4	93.2	92.3	92.3
4	5	5	4	6	6.2	6.6	6.8	7.7	7.7
70	67	67	65	64	64.4	64.3	59.6	58.9	55.7
30	33	33	35	36	35.6	35.7	40.4	41.1	44.3
62	58	58	57	44.5	55.5	51.2	49.0	48.4	47.1
38	42	42	43	55.5	44.5	48.8	51.0	51.6	52.9

1) Board of Trade, Statistical Abstract for the United Kingdom, 1939.
2) Chamber of the United Kingdom, Annual Report and Report of Proceedings.

countries. It is because of this fact that the British flag have controlled the seven oceans of the globe. Though on a smaller scale, Norwegean and Greek shipping belong to the same type. This is particularly so in the case of the oil tankers of, Norway. Inspite of her scanty oil resource and her infant petroleum industry, Norway ranks third in the possession of oil tankers in the world.

The foregoing three types of shipping may be said to be due to the natural geographical cause but we must trace their historical development also. For instance, American shipping now belonging to the first type made a daring challenge to British shipping, in the wake of its high spirit from the time of its national birth, up to the middle of the 19th century. The American clippers had the glorious record of leading British shipping in Oriental trade at that time. As Tables I and II indicate, the number of American vessels employed in her foreign trade then far surpassed those engaged in her coastwide and internal trade. Moreover, the greater part of her overseas cargo was carried by American merchant marine. However, the exploiting of the American Continent expanded after the Civil War caused American national economy to transfer from sea to land, thereby placing her shipping in a negative character. However, after the Shipping Act of 1936, American shipping began to make a notable development and its new shipping structure is now making a great contribution to the wartime shipping policy of the United States. So far as Oriental or Cninese waters are concerned, however, American shipping is of insignificant importance.

Perhaps no detailed explanation will be needed concerning the fact that Japanese shipping has attained the second type through its historical development. Japan of the Edo Period was content with its closed economy of self-sufficiency and the building of large vessels that might be used in overseas navigation was prohibited as a national policy. It was after the Imperial Restoration, or more precisely after the Sino-Japanese War, that Japanese Shipping began its real

development when Japan's modern industries made their appearance. True, as is generally said, the development of Japanese shipping had a closs connection with her external wars, and an epoch was made shortly after the close of the Shino-Japanese War when a national policy of encouraging shipping and shipbuilding was adopted by the Government. Overseas routes could be established, however, thanks to the Japanese textile industry which made its headway at that time.

Great Britain during the middle ages carried on a negative foreign trade under an economy of self-sufficiency and her relations with Continental Europe were of passive communication by means of the Hansa Leagus vessels and the Italian vessels which visited British shores. It was during the latter part of the 14th century when Edward the third invited wool weavers to come from Flanders thereby making the foundation for British manufactures, that British trade and, in consequence, British shipping began to assume a comparative positiveness. Later, with the establishment and expansion of her overseas colonies and the completion of her domestic industrial revolution, British shipping increasingly became more positive. After the abolition of the Navigation Act at the middle of the 19th century, British shipping attained the third type. Thus, British shipping indicate the typical development, from the first type to the second and third.

I shall now enter more in detail into Japanese and British shipping. For Great Britain which having early undergone an industrial revolution and, after the middle of the 19th century, has been on the principle of free trade, her shipping was not only a subsidiary means of her industry and trade, but also has further exercised a great influence in the routes between third countries. It is indeed problematical whether "the flag follows trade" or "trade follows the flag", or the flag advances with trade". It is clear, however, that, in the second type, the flag of a country is considered in relation with its own trade. In the stage of

the third type, shipping engages rather with the trade routes between third countries than with the trade of its own country. Thus, "shipping is carried on for its own sake."

On the other hand, Japanese shipping (belonging to the second type) has greater connection with the industries and trade of her country. This is particulary so in Oriental waters. Japanese shipping has Oriental waters as the principal sphere of its activities, and is engaged in importing her essential raw materials such as cotton and pig-iron from India, rubber and mineral ores from Malaya and in exporting to these same countries cotton textiles and other commodities.

True, Japanese vessels are also engaged in the route between third countries: they transport to Europe and America rubber from Malaya, sugar from the Philippines and wheat from Australia. None can ignore the activities of Japanese vessels in the Atlantic connecting America with Europe. The revenue gained by the Japanese vessels in international routes in general has contributed very materially to Japan's international accounts. Taken as a whole, however, this activity of Japanese vessels between third-countries is only of small proportions. In short, the main field of Japanese shipping is Oriental waters, particularly those between Japan and other Oriental countries, not so much because of her natural geographical relation, as because of the historical development of Japanese industry. On the other hand, for British shipping, Oriental waters are of secondary and indirect importance and are not a part of her life-line which influences British industry. Thus, there is a fundamental difference between British and Japanese shipping in Oriental waters, the one wishing to maintain its already possessed routes in order to gain mere revenue from shipping and the other being intent on maintaining and expanding sea routes in order to develope her basic industries.

2. JAPANESE AND BRITISH VESSELS IN ORIENTAL WATERS

It needs no detailed explanation that, roughly speaking, until Japan came to establish her modern industries up to the first World War, Oriental waters were under the control of British shipping. In addition to British vessels, there were those of two other countries, namely Germany and the Netherlands. Netherlands, an old country of sea-faring tradiation, had vest economic interests in the East Indies; Germany was determined to carry on her colonial policy of eastward advance bequeated by Bismark. Although the Dutch shipping had an old history, it lacked a positive spirit, while Germany's rise in the shipping world was frustrated because of her defeat in the first World War. Thus, like other waters of the world, Oriental waters were virtually under the control of British shipping.

An examination of Table VIII will reveal how overwhelmining a dominace British vessels had in the shares

Table VIII.[1]

The Bombay-Japan Conference (1888)

Nationality	Sailings per annum	Shares of Carrying	
		Bombay-Japan	Japan-Bombay
Peninsular & Oriental (British)	Unlimited	39/60	40/60
Austrian Lloyd (Austrian)	12	10/60	10/60
Navigazione General Italiana (Italian)	12	11/60	10/60

fixed by the Bombay-Japan Conference of December 5, 1888, through which Indian raw cotton was shipped to Japan as one of her most importans import materials. By that time, Japan had just completed her new shipping structure through the combinations of various shipping companies into two leading firms, namely, the Nippon Yusen Kaisha and

1) Imperial Shipping Committee, British Shipping in the Orient, 1939. p. 79.

the Osaka Shosen Kaisha. Moreover, as has been already stated, the growth of her textile industry had prepared the way for the development of her ocean shipping. Thus, Nippon Yusen Kaisha established a new shipping route between Bombay and Japan in 1893. And Yet, the Company, under the support of Japanese textile circles, engaged in this service, at a challenging freight rate which was cheaper by three roubles than the British-Austrian-Italian Conference rate (17 roubles). But by May 6, 1896, after the lapse of two and half years after the opening of the new route, this Japanese company secured the right of participating in the Bombay-Japan Conference, and P. & O. was obliged to give up 18 per cent pool points in favour of the Japanese company. This route was designated by the Minister of Communications of Japan as a specially subsidized route on August 26, the same year. Prior to the first World War, the Osaka Shosen

Table IX.[1]

The Bombay-Japan Conference (1913)

Nationality	Shares of Carring
P. & O. (British)	28%
Nippon Yusen (Japanese)	28
Osaka Shosen (Japanese)	12
Societa Maritima (Italian)	16
Austrian Lloyd (Austrian)	16

Kaisha also entered the same conference. Thus, as shown by Table IX, Japanese merchant marine made such a rapid development that the positions of Japan and Great Britain became completely reversed in Oriental waters. Further advance was made by Japanese shipping so that by 1928 the Japanese vessels came to occupy the position of predominance in the Orient. (See Table X).

We have observed what support was given to Japanese shipping circles by both the Japanese Government and in-

1) Imperial Shipping Committee, op. cit., p. 80.

Table X.[1]

The Bombay-Japan Conference (1928)

Nationality		Shares of Carrying
P. & O. (British)		36
Nippon Yusen (Japanese)		36
Osaka Shosen (Japanese)		36
Kokusai Kisen (Japanese)	Bombay-Japan	12
	Japan-Bombay	12

dustrial groups, for shipping routes on which Japanese industry essentially depended for its existence. Especially great was the support given to the Bombay route by the Federation of Japanese Textile Companies. For instance, the Indian cotton, which was to be shipped by Japanese vessels was bought in the Indian interior region by Japanese importers and was transferred to Japanese ships directed by the importers. On the other hand, the British merchant marine which had been compelled to retreat before Japanese competition regretted lack of similar support from the Government, traders and public opinion of their country.

A similar development took place in the case of the Calcutta-Japan Conference. At first, the Calcutta, Rangoon, Straits Settlement-China-Japan route was monopolized by the British vessels, namely, Apcar and Indo-China companies. By 1911, the Nippon Yusen Kaisha made an entry into the route which hereafter created a keen competition between Japan and Great Britain. But here, too, a remarkable advance was made by Japanese vessels. Exhausted by the first World War, British shipping had to make a compromise with Japanese competitors, when on March 1918 it had to form a shipping conference with Japanese ship-owners, the shares of carrying being 52 for Great Britain and 26 for the Nippon Yusen Kaisha in the number of annual sailings. The still further headway made by Japanese shipping is shown by Table XI. It is here notable that the main cargo shipped

1) Imperial Shipping Committee, op. cit., p. 80.

Table XI.[1]

The Calcutta-Japan Conference

Nationality	Sailings per Annum	
	March, 1924	October, 1928
Nippon Yusen (Japanese)	36	36
Osaka Shosen (Japanese)	12	24
British-India (British)	36	36
Indo-China (British)	36	36

from Calcutta to Japan consisted in pig iron, yellow hemp and lacquer.

There is another Oriental route of competition between Japanese and British vessels. The route between Australia and Japan, established in 1872 by the Eastern and Australian Line, was for a long time under the monopoly of this steamship company. Competition between Japanese and British vessels commenced, when the Nippon Yusen Kaisha on August 26, 1896 succeeded in securing a special subsidy from the Japanese Department of Communications for the establishment of an Australian line, the first voyage being made in October of the same year. Japanese industries which was rapidly developed during the first World War, was able to expand the Japan-Australia line through which Japan imported from Australia such raw materials as wool, mineral ores and wheat. In October, 1916 the Osaka Shosen Kaisha made an entry into the same route, while in 1923 a Japan-Australia line was established by three steamship companies, Kawasaki Kisen Kaisha, Kokusai Kisen Kaisha and Yamashita Kisen Kaisha. After this, British vessels came to be hard pressed by Japanese liners. The Japan-Australia Conference, July, 1938, fixed the shares of carrying at 22.5 per cent for British vessels and 77.5 per cent for Japanese ships.

The Java-Japan line is another route of importance for Japanese industry in Oriental waters. It was monopolized

1) Imperial Shipping Committee, op. cit., p. 84.

by Japanese and Dutch vessels and therefore has no relation with British vessels. For this reason I shall point out only the following fact. Despite the support given by the Dutch East India Government, the Dutch vessels had to retreat before Japanese competition to such an extent, that an important problem in the Japan-Netherlands Shipping Negotiations of 1934–5 was as to whether the Java-China-Japan Line should be permitted to have the pool point of 31 per cent. So rapid was the advance made by Japanese vessels in this route.

The trade between Malaya and Japan is also carried on mainly by Japanese bottoms, and the cargo carried by British vessels is very small. The cargo in this route is mostly mineral ores and rubber, the former being transported by the Ishiwara Sangyo vessels and the latter by the Mitsui Bussan vessels. The Imperial Shipping Committee of Great Britain reported that Japan's trade with French Indo-China, Siam and the Philippines is also carried on almost entirely by Japanese ships.

To summarize: in Oriental waters with Japan as its centre, Japanese vessels have led British shipping in competition and forced the latter to retreat in the face of their irresistible advance. Japan thus occupies the position of predominance formerly held by Great Britain. This is particularly so in recent years. In this connection, we must not forget the advantage given to the Japanese ship-owners by the cheap yen following the general world crisis. Another reason may be found in the low living standard of Japanese seamen. But the most important and fundamental reason lies in the fact that the Japanese basic industries, in conjunction with the shipping groups, have made desperate efforts to win against foreign competition. The Oriental waters are regarded by Japanese shipping as their main life-line in conjunction with Japanese industry, while Great Britain's shipping does not attach so much importance to the same region. The Japanese traders made f.o.b. contracts in importing and c.i.f. contracts in exporting,

hereby using their own vessels in the shipment of their goods, in preference over others. Here, both the banker and ship-owner are comrades. The British traders, on the other hand, only would sit at one end of a telephone line and carry on transactions. There, traders, bankers and ship-owners are mere customers to one another, They disregard the nationalities of vessels in the name of "the freedom of seas." This difference in the standpoint of the two nations must especially be taken into consideration.[1]

However, as I have already explained, all this has been true as regards only those shipping routes which are fundamentally essential to Japanese industry; in the case of general routes, Japanese vessels can never compete with British ships. As a reference, I shall point to the percentages of vessels touching at India, the Netherlands East Indies and Siam, as given in Table XII.

Table XII.[2]

Net Tonnage of British and Japanese Vessels, Entered and Cleared at Ports in India, Netherlands East Indies and Siam

Nationality		1920	1925	1930	1935
India	British vessels	76.7	69.7	64.7	65.2
	Japanese vessels	7.1	8.1	8.7	8.5
N. E. I.	British vessels	43.04	34.18	31.84	30.26
	Japanese vessels	11.90	5.48	4.72	6.44
		1913–14	1924–25	1929–30	1934–35
Bankok	British vessels	22.55	39.57	29.13	30.08
	Japanese vessels	0.79	9.52	8.78	8.42

In concluding this article, I wish to state that my present article concerns only with liners, and as to the activities of

1) Imperial Shipping Committee, op. cit., pp. 99–101.

2) Statistical Abstract for British India: Statistisch Jaaroverzicht van Nederlandsch-Indie; Statistical Year Book of the Kingdom of Siam.

Japanese tramp ships in Oriental waters, the readers should go the various statistics and investigations made by the Japanese Chamber of Shipping (Nippon Kaiun Shukaisho).

(to be continned)