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JAPANESE AND BRITISH VESSELS IN CHINESE WATERS. II.

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3. JAPANESE AND BRITISH VESSELS IN CHINESE WATERS

Having finished my introductory remarks, I shall now take up the main thesis of my present discussion. I shall first dwell briefly on the characteristics of the Chinese shipping industry.

From early times, China has led a self-sufficient economic life and, naturally enough, she has shown a negative and passive attitude towards foreign trade in general. In China, foreign trade was termed "tribute trade" presumably because goods were brought to China mostly in the form of tribute from countries under Chinese subjugation. In China, the ocean-going vessels were placed under various rigorous restrictions and were of very small importance. Vessels that had some importance were those engaged in inland and coastwise navigation, but they, too, were unable to maintain themselves against the successive invasions of the right of inland and coastwise navigation by the foreign nations who carried on their positive shipping policies ever since the Opium War which offered the occasion of China's opening to foreign intercourse. But even under such a circumstance, China rather welcomed the coming of foreign vessels and their regular service in her waters. For foreign vessels not only brought in a vast amount of customs revenue for the benefit of the Chinese government officials, but they also served to suppress the pirates who ravaged the Chinese coast.¹⁾ (This may be likened to the fact that

1) Kuwataro Baba, Chinese Economic Geography, (支那經濟地理誌, 交通全編) pp. 246-7

the silver coins brought to Chinese ports for settling trade balances were gladly accepted by the Chinese, because these coins were far more convenient and enjoyed a better credit than the Chinese native currencies which were highly complicated and inconvenient.) Elated by the withdrawal of European vessels during the First World War, especially encouraged by customs autonomy bestowed through the Washington Conference, the Chinese shipping enterprisers attempted to recover the right of her inland and coastwise navigation. But the creation of the Chinese shipping as a national industry was not easy, for it involved various perplexing problems concerning the development of Chinese modern industries. The persisting negative economic policy based on self-sufficiency in Chinese national economy, the impediment placed on the development of Chinese shipping by civil commotions and the inefficient management of the shipping business as testified by the China Merchant's Steam Navigation Company, were the major hindrances that stood in the way of Chinese shipping. In this situation, even if China had succeeded in recovering the right of her inland and coastwise navigation, she would have not been in a position to replace the foreign vessels by her own.²⁾ Thus, until quite recently the Chinese vessels were placed in a much lower position than the foreign vessels in both the foreign and external services as well as the inland and coastwise services, particularly in the former.³⁾

I now come to the central issue of my present article. Just as in the case of Oriental waters in general, the right of shipping in Chinese waters was under the dominance of the British flag from early times. And, just as in the case of other parts of Oriental waters, Japanese vessels put up an active competition with British vessels in Chinese waters. Immediately following the conclusion of the Shimo-

2) F. F. A. Foreign Shipping in Chinese Waters, *Chinese Economic Journal*, March, 1931, p. 255.

3) F. Otte, *Shipping in China and Chinese Shipping Abroad*, C. E. J., Feb. 1930.

noseki Treaty, Japan secured the right of inland and coastwise navigation in China.

The Japanese Department of Communications decided to give financial aid to both the Osaka Shosen Kaisha and the Daito Steamship Company in 1897 and 1898, respectively, for their service on the Yangtze River, and the continued government support was given to vessels engaged in inland and shipping in China. This, of course, meant a downright challenge to the established right of British shipping in China. Despite this encroachment by Japanese shipping, British shipping was unshaken and it maintained its superior position even during the First World War, and after the war the British vessels were ahead of Japanese vessels in Chinese waters. (See Table XIII.)

Table XIII.⁴⁾
Percentages of Vessels in Chinese Waters, Classified by Nationalities

Year	1905	1910	1913	1915	1920	1925
British	48.28	38.58	40.84	41.55	38.67	33.5
Japanese	8.58	21.29	25.10	26.33	27.04	27.4
Chinese	22.55	22.08	21.32	26.65	26.52	25.7

1930	1931	1932	1933	1934	1935	1936
36.79	36.72	43.89	42.38	41.91	41.75	39.54
29.32	26.90	14.60	14.68	14.34	15.22	17.18
18.88	20.44	25.03	27.12	29.29	29.14	30.18

Why was it then, that Japanese shipping was unable to surpass British shipping in Chinese waters, which, of all Oriental waters, are situated nearest to Japanese shores? The first and foremost reason may be found in the anti-Japanese activities in China. Such activities as the occasions of the Incident of May 30th, 1925, that of the despatching of a Japanese army to Shantung in 1927 and the Tsinan Incident of 1928 had the effect of doing away with Japan's

4) China Year Book. (海關中外貿易統計年刊)

right of shipping in China. The effects of the Manchuria Incident in 1931 and the Shanghai Incident in 1932 were much greater in intensity. China, on the other hand, made her development in shipping industry by excluding Japanese vessels. British vessels fared much better. Excepting the dire effects of the Incident of May 30th, 1925, the Changchi Incident and the Wanhsien Incident of 1926, British shipping met no impediment in China and made a smooth development as shown by Table XV.

Table XIV.⁵⁾
Vessels at Various Ports in China. Classified by Nationalities (in 1,000 gross tons)

Ports	Tientsin -		Tsingtao		Shanghai		Hongkong	
	1927	1935	1927	1935	1927	1935	1927	1935
British	1,234	1,391	1,000	1,733	9,020	12,526	16,961	12,510
Japanese	1,864	1,739	2,956	2,817	8,791	5,806	5,857	5,332
Chinese	842	1,507	344	1,372	6,634	6,340	1,684	2,032
Others	4,746	5,797	5,498	7,222	32,005	34,027	33,572	30,706

We do not attach a slight importance to anti-Japanese only because they are social and political in character. On the contrary, it may be said that in China social and political affairs play the role of greatest importance, as the facts shown in the following pages indicate. While Japanese shipping made a remarkable advance in Oriental waters generally, as shown by the various tables in Part 2 of this article, in recent years especially after 1931, it met a big slump in Chinese waters around the same year. It is impossible to explain this phenomenon apart from anti-Japanese activities. However, in addition to this important cause, we find another cause, namely, Japanese and British economic interests in China.

Table XIV indicates the close relationship existing between economic interests and shipping. It shows the

5) Tetsujiro Furukawa, *The Shipping Power of Britain in China* (中國に於ける英國の海運勢力), the Kaiun (海運), Number 175.

predominance of Japanese vessels in North China and that of British vessels in Central and South China. Taken on the whole, British vessels are in a superior position over Japanese vessels because Great Britain succeeded in colonizing entire China.

The third and most fundamental reason for the superiority of British vessels in Chinese waters over Japanese vessels is to be found in the difference of shipping development of the two countries which I explained in Part I. While the activities of Japanese shipping have close relations with Japanese domestic industries, and accordingly oversea routes centering on Japan is its principal field, British shipping had already outgrown such a stage and had come to possess an international character to such an extent that it upheld "the freedom of seas", having extended its activities over to the routes between the third countries also. This comparative stand of Japanese and British shipping was also true in Chinese waters. Japanese vessels have dominated overwhelmingly in the China-Japan route.

Early Japanese capitalism which has started in light industries attached much importance to trade with China, partly from political and geographical considerations, and established regular lines with China from early times and gradually succeeded in driving out British vessels and attained the present condition of prosperity. Inasmuch as Japanese trade with China has been carried on mostly by vessels having no terminal in China, it would be impossible to know the exact situation of Japanese shipping from shipping statistics. But, as far as the China-Japan routes are concerned, Japanese shipping had an overwhelming superiority over British shipping. In the case of other routes of China, however, British vessels always surpassed Japanese vessels. Its superiority over Japanese shipping was much greater in the case of China's domestic routes, as shown by Table XV. The ratio of superiority of British vessels over Japanese vessels is much greater in the case of domestic routes than foreign routes.

Table XV.⁶⁾
 Tonnage and Percentages of Vessels in Chinese Waters, Classified
 by Nationalities (in 1,000 gross tons)

Vessels	Foreign routes		Domestic routes		Total	
	Tonnage	%	Tonnage	%	Tonnage	%
(1932)						
British	18,803	42.21	40,628	44.71	59,431	43.89
Japanese	9,333	20.95	10,443	11.49	19,776	14.60
Chinese	4,337	9.74	29,551	32.52	33,888	25.03
(1933)						
British	17,680	43.12	40,536	42.06	58,215	42.38
Japanese	6,657	16.24	13,511	14.02	20,168	14.68
Chinese	4,561	11.12	32,693	33.92	37,255	27.12
(1934)						
British	17,460	38.87	41,407	43.33	58,867	41.91
Japanese	8,598	19.14	11,541	12.08	20,139	14.34
Chinese	6,811	15.16	34,340	35.94	41,151	29.29
(1935)						
British	18,542	38.54	41,571	43.36	60,113	41.75
Japanese	9,197	19.12	12,722	13.27	21,919	15.22
Chinese	7,622	15.85	34,333	35.81	41,955	29.14
(1936)						
British	16,158	35.72	41,187	41.28	57,346	39.54
Japanese	9,419	20.82	15,495	15.53	24,914	17.18
Chinese	7,335	16.22	36,836	36.91	44,171	30.18
(1937)						
British	12,941	36.51	23,165	42.43	36,106	40.10
Japanese	6,797	19.18	6,018	11.02	12,815	14.23
Chinese	5,791	16.34	19,797	36.26	25,589	28.42

4. CONCLUDING REMARKS.

I shall summarize here what I have so far stated. There are several reasons for the dominance of British shipping and the backwardness of Japanese shipping in Chinese waters. The first reason is the difference of degree in the economic rights and interests of Japan and Britain in China. The second reason may be found in anti-Japa-

6) China Year Book.

nese activities which jeopardized our shipping activities in recent years. The last reason may be found in the difference of the stages in the development of shipping in the two maritime countries. While Japanese vessels predominated in China's foreign routes having Japan as their terminal, British vessels were superior in all other routes. This is due to Japan's present stage of shipping development. In other words, Japanese shipping was unable to make its penetration to the inland and coastwise routes of China. True, the Japanese economic interests planted on Chinese soil demanded the greater activities of Japanese shipping. However, viewed from the existence and development of Japanese basic industries, Chinese domestic shipping routes were of secondary importance. In the field of "shipping for shipping sake", Japanese shipping could never compete with British shipping. Although Japanese shipping made a big stride, due fundamentally to the low living standard of the Japanese and temporarily to the depreciation of the value of the yen, the present stage of its development is of the second type of shipping. British shipping has outgrown the second type and is of the third type. Partly as propaganda to secure government financial subsidies, British shipowners have circulated the report that they are facing a decline especially in Oriental waters, because of the advance of Japanese shipping there.

However, the fact is far from the wholesale retreat of British shipping or the wholesale advance of Japanese shipping. The advance of Japanese shipping is limited to those routes which are essential to the Japanese basic industries, and in other foreign routes British shipping maintains an unshakable foundation. In consequence, so far as the relative powers of Japanese and British shipping are concerned, Chinese waters are no exception to Oriental waters or to the world shipping market in general. There is a difference in the case of China: whereas inland and coastwise navigation in other countries of the world is more or less prohibited by the laws, China has, however, no

monopoly of inland and coastwise navigation since the time of the Opium War, and thus she allows the navigation of foreign vessels on her rivers and along her coast. This difference has enabled us to form a clear conception of the relative powers of Japanese and British shipping and their stages of development in Chinese waters.

This, of course, does not mean that we consider British and Japanese shipping completely free from Chinese native resistance to foreign vessels. The increasing national consciousness on the part of the Chinese in recent years and the subjectivity of their policies, coupled with the national movement of industrial reconstruction which began around the time of the world depression, have been found in the various maritime laws enacted for the purpose of enlivening Chinese shipping.⁷⁾ The movement of recovering the right of inland and coastwise navigation from foreign hands was upheld on such occasions as the Central Political Conference of the Nationalist Party in 1929, the Shanghai Pan-Pacific Conference in 1931, and the Nanking Shipping Conference in 1934. The start has been made for the reorganization of the China Merchant's Steam Navigation Company which has been cancer in Chinese shipping circles. The cartel movement for the purpose of industrial rationalization was also adopted by Chinese shipping industry. Thus, Chinese shipping in recent years has been far from what it had been before; foreign vessels can not continue their former attitude of arrogance towards China. Chinese shipping is unwilling to remain in the first type of shipping any longer. Thus, in the words of Clark, "the principal rivalry now is between the Chinese and foreigners as a whole rather than between various foreigners."⁸⁾

We are confronted by the necessity of revising our viewpoint in studying the problems of Chinese shipping.

7) Chu Chia-Hua, *China's Postal and Other Communications Service*, 1937, pp. 114-122.

8) G. Clark, *Economic Rivalries in China*. 1932. p. 41.

However, as far as Chinese shipping prior to the Sino-Japanese Incident is concerned, it may be said with truth that, although there were the germs of a new and saner shipping industry, it was still under the control of foreign vessels which it was unable to overcome. It still is unable to outgrow the first type of shipping, and the Japanese shipping as the second type has competed with the British shipping as the third type in Chinese waters.

I wish to state that my present article has limited my consideration to before the China Incident, because the main object of my article is to survey the stages of shipping development for the three countries of China, Japan and Britain.