

# Vietnam Trade with China the Last 19<sup>th</sup> Century, Early 20<sup>th</sup> Century – The Policy and Patterns

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**Abstract** Vietnam and China had economic, political, and cultural relations from thousands of years ago. Until the French colonialists invaded, Vietnam still maintained trade relations with China on a regular basis in the border areas on land and at sea. So far, researchers have yet to fully explain the inconsistencies in the ways of French colonialists' policy on implementing commercial monopolies and imposing high taxes on foreign goods (including Chinese goods) but used Chinese businessmen as useful assistants for France in Indochina! It is known that this main factor contributed in no small part in maintaining trade relations between the two countries rich of historical-cultural traditions. On the basis of domestic and international material resources, the author tries to outline the picture of trade relations between the two countries through the trade agreements as well as the conversion of import-export indexes, trade balance ... at the end of 19<sup>th</sup> century and at the beginning of 20<sup>th</sup> century. Based on that, the readers will have more foundations to assess Vietnamese-Chinese trade shaft in an objective, and comprehensive manner, and have new perspectives on foreign trade between Vietnam and Indochina in the modern history, serving the renovation and economic integration of the country in the current period.

**Keywords:** trade relation, Vietnam–China, economic history, French colonial period

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## 1. Introduction

During the course of history, Vietnam has a steady trade relationship with China in the land border and on the sea. Until the mid-nineteenth century, trade relations between the two countries were affected by the invasion and domination of French colonialism in Indochina. However, to date, research has not adequately explained the contradiction in the way of the French colonialism in implementing the policy of monopoly trade, high taxation with foreign goods (including Chinese goods) but used the Chinese traders as helpful assistants to the French. Nevertheless, this contradictory trade policy made a significant contribution to the maintenance of trade relations between the two "adjacent mountains, rivers and rivers" Historical and cultural history such as Vietnam and China, leaving some lessons learned in maintaining a strategic partnership between the two countries in the current period. In the following writing, the author contributes to clarifying three issues:

Firstly, the commercial policy of the French colonial administration in Indochina to the trade relations between Vietnam and China from the Tianjin Treaty to the Nanjing Treaty.

Secondly, the continuing evolution of trade between Vietnam and China under the influence of trade policy as well as political and historical factors.

Three are some remarks about the picture of the Vietnam–China trade relations set in the context of the modern Vietnamese business owner of the French colonial administration in Indochina.

About overview of reseach situation, from the early twentieth century to the present, the domestic and foreign researchers had different approaches with the aim of contributing to outlining social appearance of Vietnam and Indochina in the French colonist period. The typical studies on this issue are: *The guest/work force and migration to South region (Nam Ky)* by Dao Trinh Nhat author, *the capitalist's role in exploitation of Indochina* by Ximori author, *L' Economic Agricole de l' Indochine (Indochina's Agricultural Economics)* by Yves Henry; *L'Economie indochinoise et la grande crise universelle* by André Touzet; *l'Evolution économique de l'Indochine* by Charles Robequain; *Le problème économique indochinois* by Paul Bernard; *The role of the Chinese people in the economies of Southeast Asia and the Chinese people in Vietnam society (under French colonial period and Saigon regime)* by Tran Khanh author. Recently, in the history forum, the economic issues of French colonist are more interested in. Based on sources in French, English, Indochinese economic picture in the modern time is also gradually revealed in the historic studies of the Vietnamese authors. Typically, the book titled “*The economic structure of the colonial period in Vietnam*” by Nguyen Van Khanh should be noted, it deeply studied on

the process of economic restructuring in Vietnam in the period of 1858-1945, including foreign trade issues.

Research on trade of Indochina in the colonial period on the basis of traditional linkage with the nation has been discussed. But due to limited historical sources, some research on this issue has not been published much. In 1961, a scholarly monograph on the history of foreign trade was announced, it was the book titled "*Vietnamese Foreign Trade in the early seventeenth, eighteenth and nineteenth centuries*" by the author Thanh The Vy. One of the monographs in French on the field of commerce in the France colonist period *Commerce et colonisation en Indochine 1800 – 1945* (The trade and colonialism in Indochina from 1800 to 1945) by Kham Vorapheth.

So far, there has been no study on trade directly between "French Indochina" with the countries and territories of North East Asia in the early modern period. The books, articles, newspapers, scientific journals and a number of essays, dissertations, covered this topic in a very narrow range. Typically, the study on *the East Asian in the international politics* (1940-1950) by Le Van Sau, *Japanese-French relations in Indochina during the Pacific war* by the authors Do Dinh Hang and Tran Van La, *The trade relations in Vietnamese-Chinese border: History, current situation and prospects* by the authors Nguyen Minh Hang, Chuong Thau.

According to the literature of research issues we can find the resources in the past century have shed light on certain aspects of the economic history of Vietnam and Indochina, including foreign trade: The policies of the French colonist's government on trade in general in Vietnam and Indochina; The volatility of the situation of trade, import and export activities with regions and countries in the world in the early modern world; Analysis of the presence of companies, trade associations and traders of France and China in Vietnam. However, most of them analyzed the economic situations including agriculture, industry, and commerce. Therefore, the issue of trade relation between Vietnam and China at the end of 19<sup>th</sup> century and at the beginning of 20<sup>th</sup> century was just the sketch over, like a dot in the overall picture.

## 2. Research Content

### 2.1. Trade Policy of the French Colonial Administration in Vietnam with China in the Late Nineteenth and Early Twentieth Century - From the Tianjin Treaty to the Nanjing Treaty

Vietnam and China have had a long tradition of commercial relations. Border trade has taken place right from the first century BC and continues to be maintained despite the changing political and historical context. In 1858, the French colonialists attacked Vietnam, then gradually transformed Vietnam into a French colony. This historical context has strongly influenced the trade between Vietnam and China. In the late nineteenth and early twentieth centuries, trade relations between Vietnam and China were maintained on the basis of trade agreements signed in the late nineteenth century, mainly

the first Tianjin Treaty (1885), the second Tianjin Treaty (1886) and additional agreements (1887 and 1895).

In 1885, after the French-Chinese War ended, the Qing court was forced to sign the "Treaty of Friendship and Trade Peace" admitting defeat in the struggle for influence in Vietnam with the French colonialists. In addition to the provisions relating to the Qing Dynasty's withdrawal from Tonkin, the recognition of French colonialism in Indochina and Vietnam, certain provision of the Treaty were initially mentioned. To regulate trade and commodity circulation policies between Indochina and China: "French traders and French protectorates and Chinese merchants in Tonkin are allowed to import and export across land borders. Between China and Tonkin ... goods exchanged between the provinces of Tonkin and Guangxi, Yunnan will enjoy lower tariffs than current tariffs" [1].

Thus, it can be seen that the French colonialist war on the military with China, achieved political goals when signing the first Tianjin Treaty with the Qing court essentially aimed to achieve the economic interests of the French empire, both in Vietnam and in China. France itself did not hesitate to allow Chinese people to trade in Vietnam and to give them additional rights that would have been impossible for a citizen who was defeated in the war with France. Article 4 of *The Tianjin Treaty 2<sup>nd</sup>* signed on April 25, 1886, clearly states: "The Chinese have the right to own land, to strengthen the building, to open shops and to have shops in any bowl on the land of Annam. The French also received such privileges from China" [2].

In 1887, the French Government and the Manchurian court signed the "Additional Treaty of June 26, 1887", adding content related to the creation of organizations for trade and commerce. "The French and Annamese merchant ships are able to travel from Lang Son to Cao Bang by waterway, while also transporting goods between Long Chau and Cao Bang and Lang Son to Long Chau. Each shipment will deduct 5% of the vessel's shipments being shipped for tax purposes... The French side takes all the taxes without any further negotiations" [3].

Eight years later, an agreement was signed between Auguste Gérard and King Guangxu, an agreement on the Chinese border with Tonkin, which governed the aspects related to the right of travel. cross the border of people who are Chinese and Indochinese. The agreement allowed the French to open consulates in Tu Mao City, Mongolia's Yunnan Province and Longzhou City in Guangxi. The four cities Tu Mao, Mong Tu, Hekou and Long Chau were opened commercially with Vietnam. The French also set up trade centers in China to provide technical equipment for the Fuzhou shipyards.

A new factor boosting Vietnam's trade relations with China during this time was France's right to extend Tonkin's railways to Yunnan and extend its lease to Guangzhou Bay. 99 years (April 27, 1899 agreement). Therefore, the trade in the land borders and on the seaports between the two sides had the opportunity to develop.

After the First World War, trade relations between Vietnam and China encountered many obstacles from the French side and the Chinese government. In China, the ruling Kuomintang exercised a series of comprehensive policies aimed at diminishing foreign influence on China's

economy and politics, including the influence of France. On Dec. 22, 1928, the Chinese government signed the Nanjing Treaty and announced its main content and established a new customs tariff that would benefit China's trade.

In return, in 1928, in Vietnam and Indochina, the French colonial government enacted a new tax law that tightened the French monopoly. The purpose of the French was to protect the interests of French goods in Vietnam before the fierce competition with the goods of countries and territories closely related to Vietnam such as China, Japan, Hong Kong... Chinese goods were imported into Vietnam and Indochina would be subject to very high tariffs, up from 10% to several dozen% compared to the previous situation.

The economic crisis of 1929-1933 forced France to find a new direction in addressing its consequences. From the viewpoint of the ruling elite, "the crisis was an early warning, which increased the link between the state and Indochina, overthrowing the balance of trade. Countries in the Far East have become good buyers of Indochina, especially China, in terms of reducing prices and restricting imports" [4]. The Hoa dynasty itself, heavily influenced by the economic crisis, had been seeking to withdraw from Vietnam. Thus, the French colonial government needed new policies to deal with the effects of the crisis on Vietnamese and Indochinese trade, including the Vietnam-China trade relations. As a result, on May 16, 1930, the Sino-French government signed the "*Treaty of Sino-Vietnamese Border Relations (also known as the Nanjing Treaty)*". However, as the two sides did not agree on specific provisions, it was not until 1935 that the treaty was officially adopted.

The contents of *the Nanjing Treaty* dated May 16, 1930, agreement dealt with issues of trade between the two sides, particularly the development of preferential tariffs for each commodity originating in different provinces «Chinese goods originating from Chinese ports, heading for Yunnan, Guangxi and Guang Dong provinces, are entitled to preferential treatment, paying only 1% based on value... The two governments committed themselves not to establish prohibitions or restrictions on imports, exports or transit through Indochina and in the three provinces of Yunnan, Guangxi, and Guangxi [5]. In addition to the above-mentioned clauses, the diplomatic and trade representatives of France and China held meetings, exchanges and discussions, and issued a protocol detailing the list and types of taxes, commodities join the Indochina trade axis, mainly the three countries of Vietnam with China.

Thus, the signed Nanjing Agreement and the implementation of the agreement facilitated the development of trade between Vietnam and China. This was a desirable French thing but could not do otherwise. If the French colonialists simply thought of the immediate interests of the main commodity, it would greatly affect the long-term interests of the French in China and Vietnam, especially when the Chinese merchants returned after the severe consequences of the economic crisis of 1929-1933.

By 1940, when the Japanese occupation of Indochina had forced the French government in Indochina to end its trade with China. From then on, trade activities across border regions were almost paralyzed, there was only a

small trading activity between ethnic minorities on the border between Vietnam and China or in the form of transportation weapons, medicines, essentials that needed to meet the needs of the Japanese military in China.

## 2.2. The Change in the Trade Index between Vietnam and China

The change in trade relations between Vietnam and China in the late nineteenth and early twentieth centuries could be divided into three phases:

### 2.2.1. The Period from 1897 to 1913

In the years 1897-1913, trade relations between Vietnam and China remained strong but mainly took place in border areas, through Lao Cai border gate and Dien Viet railway, connecting Tonkin with the provinces in China are under French control. "In the early twentieth century, about 6,000 cargo ships carried through Han Hao to Lao Cai, carrying 13,000 tons of cargo. But in 1907, there were 18,431 shipments of 57,369 tons of goods traded in Yunnan - Lao Cai. Even in Lao Cai, pineapples, lentils ... exported to Yunnan and Hong Kong increased sharply" [6]. In 1904, the value of imports and exports between the two sides reached a total of 10,169,054 fr. China's commodity surplus tumbled to 7.798.562 francs, 3.3 times higher than the value of Vietnamese and Indochinese exports to China. In general, import and export activities were mainly in the hands of French capitalists and Chinese merchants. It is noteworthy that during this time, the French colonialists were owners of French Indochina, but the value of imports and exports was in favor of China. This reflected the difficulty of the colonial administration in monopolizing the Vietnamese market, although in politics, Vietnam was a French colony.

### 2.2.2. The Period from 1914-1929

The period from 1914 to 1929 was calculated from the outbreak of World War I until the world economic crisis (1929-1933) and before the French and Chinese signed the Nanjing Treaty (1930). Although the trade relations between the two sides had changed remarkably but it was unstable, fluctuating and abnormal. This is a period of transitory trade between the two sides with two chapters: 1914-1920 (trade balance tilt to China) and 1921-1929 (trade balance tilt toward Vietnam and Indochina).

The peak in trade relations between the two sides came in 1926, 1927 when the trade turnover between the two sides reached relatively high value. In 1926, the export turnover of the two sides reached 85 million (piastre), in which the value of Vietnam and Indochina exports to China peaked at 67 million (piastre) (equivalent to 1.139 billion fr.). The value of Chinese goods entering Indochina also reached 18 million (the second highest in the period 1914-1929). The difference between Vietnam and Indochina was 49 (piastre) million, which was 3.7 times higher.

### 2.2.3. The Period from 1930 to 1945

\* Import-export turnover: In the years 1930-1933, although affected by the economic crisis, trading activities between the two sides were noted as progress. Tensions

between the two sides on the issue of tariffs had been positively changed by the seriousness of the recognition of trade interests. In terms of import-export turnover during

the global economic crisis, the total value of Chinese goods purchased in Vietnam and Indochina was three times that of China sold to Indochina.

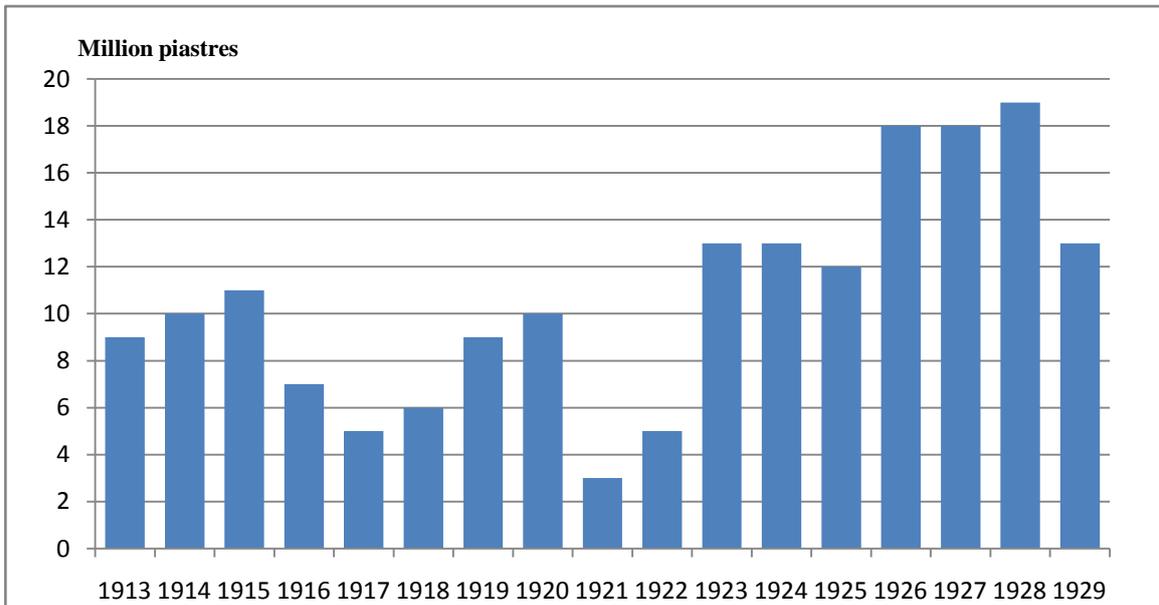


Figure 1. Imported from Vietnam to China 1913-1929 [7]

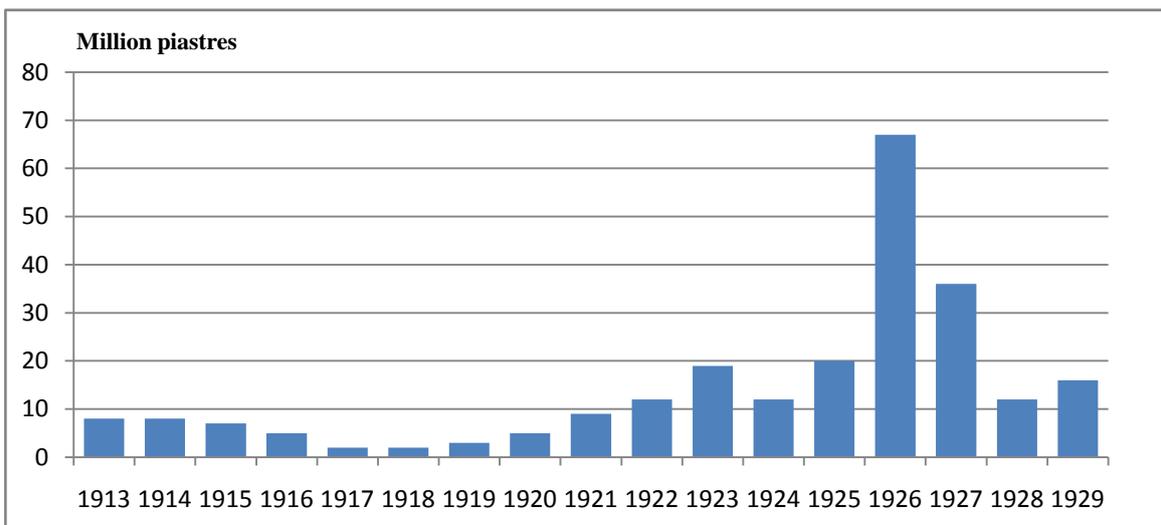


Figure 2. Exported from Vietnam to China 1913-1929 [7]

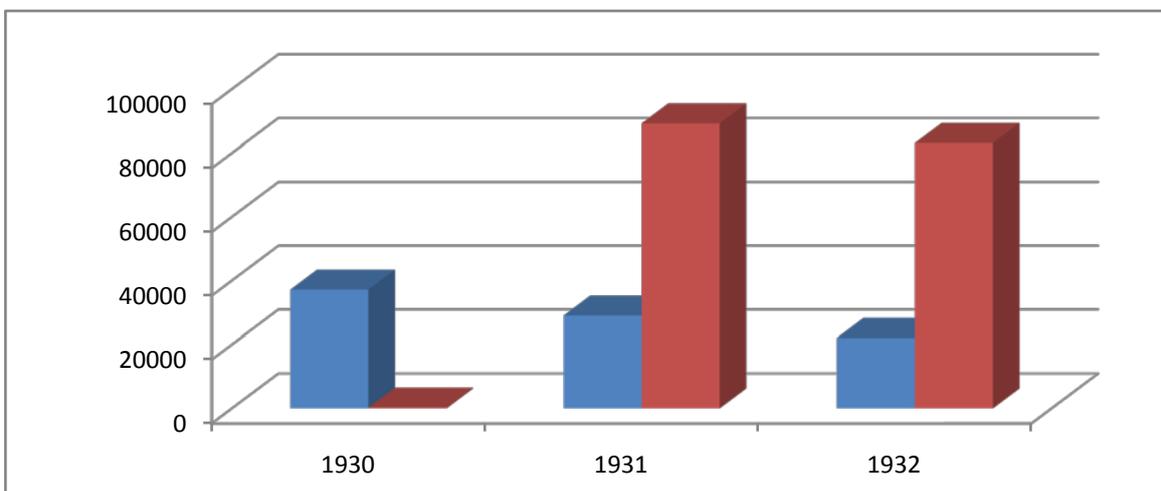


Figure 3. Import-export turnover between Vietnam and China during the crisis [8]

In the years 1936-1937, as a consequence of the Qing-Japan war in China during 1936-1937, foreign trade with China declined. However, figures show that the trade relations between Vietnam and China had made positive changes due to the favorable geographic position between the two sides. The overriding feature of Vietnam's trade relations with China was the trade balance tilted towards Vietnam and Indochina. The value of Vietnamese and Indochinese exports to China was about three times as much as that of Chinese imports into Indochina [9].

In the years 1937-1945, the Japanese fascist invaded China. The Communist Party and the KMT had to focus on leading the Chinese people against fascism and undermining trade. In 1940, Japanese fascists jumped into invasion of Vietnam, trade activities of Vietnam - China returned as a supply of goods, supplies and weapons to the Japanese military in China. During this time, the most significant items imported from China into Indochina were yarn, cotton, wool, synthetic, tea, jute bags, clothes, paper, etc. accounting for 80% of the total imports in Vietnam during the occupation of the Japanese army, mainly serving the political and military purposes of Japan in East Asia.

### 2.3. Some Comments of Vietnam-China Trade Issues in the Early Modern Period

Trade relations between Vietnam and China in the past occurred in the historical context of the two sides continually made great political changes. But in general, the relationship between China and Vietnam always played an important role and was highly appreciated by the authorities of the two countries. The relationship between the French-Chinese-Indochina axis was the linkage between the customs policies and the special tax rate, which was the issue of economic profits, geographic advantage despite the influence of politic factors. However, the balance of trade between Vietnam and Indochina with China because China had rich natural resources and diversified and the territory of China was the presence of many major economic power.

Secondly, the dynamics of trade relations with China was also reflected in the significant changes of sea transport associated with major ports such as Hai Phong port, Sai Gon port, Hon Gai port, Quang Chau Long Bay. Although the French colonialists were intent on occupying Vietnam, they could not be completely monopolized. Figures of a number of years have shown that, in the early years of the twentieth century, the trade balance tilted toward China. From 1921, trade relation between the two countries increased steadily in terms of quantity. Thanks to this interactive process, the objective of the Vietnamese people's bourgeoisie had been to create a favorable condition for the Vietnamese people to learn and rise to affirm the voice of their class in economic activities in general and trade in Vietnam-China. The names of Nguyen Huu Thu, Bach Thai Bui were typical examples of the presence of native capital in business and trade.

Thirdly, trade relations with China were steadily increasing because of their geographical advantage and traditional trade. Besides, it was the cause of the political context. The political situation in China was often

unstable. This instability led to serious consequences for economic plans because it was not conducive to trade relations with China. The establishment of trade relations with neighboring countries was an integral part of China's trade, especially in times of crisis, natural disasters and epidemics.

From the transformation of Vietnam-China trade relations in the late nineteenth and early twentieth centuries, we can draw some lessons:

Firstly, Vietnam-China trade relations could only maintain equality and stability when each country assures the independence and self-reliance of its people. Although trade between Vietnam and China in the late nineteenth century, it served the conspiracy of the French colonial government in Indochina. This inequality shows that in order to have real benefits, avoiding inequality in trade, there must be real independence, freedom and self-control. To promote the trade traditions between the two regions, first and foremost, the people of Vietnam and the people of China had to carry out the revolution and control their destiny. Only when liberating the nation, building an independent state, the two governments could establish a stable and equitable trade relations.

Secondly, in order to maintain economic interests of the two sides, to develop border trade, to take advantage of the geographical position, cultural characteristics and lifestyles of the two peoples, to develop trade relations between the two countries, including the construction and development of strategic transportation routes. Under the French colonial period, trade relations between the two sides maintained through three main roads: One is the Lao Cai-Yunnan railway; Secondly, through Hai Phong port connecting Hong Kong and Guangdong; Thirdly, it is through the Saigon port to go to Guangdong, Hong Kong and Shanghai, in connection with the persecution of the Chinese in the Cochinchinese rice market. Through the above-mentioned routes, the French colonialists had sought to promote trade with China in the Vietnam-China border area. "The trade in the two countries' border areas has had a certain development..." [10]. Thus, in the present stage, the maintenance of indispensable trade relations plays the role of these strategically important land and sea transport routes.

Thirdly, in terms of organization, Vietnamese entrepreneurs should study the pattern of merchant organizations, trade very well of the forces of merchants and merchants involved in trading activities during the French colonial period. During the years since France's first colonial mining program (1897), increasing trade investment in general, maintaining trade with China in particular, contributed to the introduction of the method and the way of trading, the business of capitalism, changes the face of Vietnam economy. Commercial companies, transportation of indigenous people born in the early twentieth century is the product of economic exchanges between Vietnam and outside, including trade with China. Thus «as an unconscious member of history, the French colonialists in the process of ruling and exploiting Vietnam (and also Indochina) created new factors, new social forces, and from there It also spawned the culprit and put the evil cross on the grave buried colonialism in our country» [11].

### 3. Conclusion

Through the study of trade agreements between France and China in the first half of the twentieth century, we have grounds to assert that, despite the French colonial rule, Trade between Vietnam and China is always concerned. Trade policy has always been adjusted to the historical context, creating positive movements for the Vietnamese and Chinese economies, making trade from the "Chinese subject" to the "two subjects", import and export is two-dimensional nature, even some time, Vietnamese goods are dominant.

This shows that, although sometimes stopped by the policy of the French colonialists, trade relations between Vietnam and China under the French colonialists continued to progress and is relatively balanced. The results of trading activities between Vietnam and China have left valuable lessons, opening up prospects for cross border trade in the years to come. In the present stage, "the process of cooperation with China, opportunities and challenges are intertwined ... the ultimate goal of Vietnam is to maintain a peaceful and stable environment for enhanced cooperation and development but not at all costs" [12], adhering to the principle of "3 Do(s), 4 Don't(s)" in diplomatic behavior to maintain economic, political and cultural interests between the two countries.

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