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Austro–Hungarian Export to China¹

Aleš Skřivan, Jr.

The position of China in Austro-Hungarian export

Austro-Hungarian export (in fact, the aggregate of foreign trade) showed a long-term narrow territorial diversification with Germany clearly constituting a dominating part in the Austro-Hungarian foreign trade. Although in the long term perspective the share of Europe in Austro-Hungarian export declined, the significance of trade with non European regions² grew; outside Europe it were, for example, Turkey and the USA which were among the few relatively important business partners of Austria-Hungary. From the point of foreign trade, the Far East was a territory of lesser relevance with which, in the long term, the Habsburg Monarchy maintained only weak business links.³ From the basic statistics it is evident at first sight that in the long term the weak position of China in the Austro-Hungarian foreign trade did not essentially change, and business contacts between the Middle Kingdom and Austria-Hungary more or less stagnated (similar to the trade between Austria-Hungary and Japan). Chiefly because of its volume, the trade between Austria-Hungary and China could not yield any considerable influence on the economies of these countries. Only a small part of the total of Austro-Hungarian exporters engaged in trade with the Far East. China was not the type of target territory that would attract the attention of a particular industry, a particular production segment.⁴

For China, on the other hand, Austria-Hungary also meant a small-time business partner. Compared to Austria-Hungary it was Great Britain,

¹ The paper has been prepared as an output of the research project entitled *Austro-Hungarian Export to China and its Position Within the Total Export of the Habsburg Monarchy* (the FIGA grant, Faculty of Economics and Public Administration, University of Economics, Prague).

² More see Jindřich CHYLÍK, *Přehled vývoje světového obchodu*, Praha 1948, p. 69.

³ Besides Russia, the only region geographically close to China with which Austria-Hungary conducted a relatively significant trade in the beginning of the 20 century was British India, and in the trade with British India Austria-Hungary regularly showed passive balance. *Oesterreichisches statistisches Handbuch für die im Reichsrathe vertretenen Königreiche und Länder*, herausgegeben von der K. K. Statistischen Central-Commision, Wien 1902–1913, passim.

⁴ Georg-Ludwig HEISE, *Beiträge zu den Wirtschaftsbeziehungen zwischen Österreich-Ungarn und China (1860 –1914)*, Dissertation, Geisteswissenschaftliche Fakultät der Universität Wien, Wien 1999, p. 380

which, of all European countries, carried on the far largest trade with China, maintaining, in the long term, the strongest political and economic position in the Far East.⁵ In comparison with Austria-Hungary, the volumes of trade between Germany and China were also obviously larger. In contrast to Austria-Hungary, Germany ranked among the ten most significant business partners of China before the First World War.⁶

After the Anglo-Chinese War, called the Opium Wars, in connection with the gradual opening of China⁷ to foreign trade, China was perceived, at least by many European businessmen who were engaged in the Far East, as a highly prospective market, as a territory whose importance in the world trade would grow fast. As it turned out later, the real development differed from these rose-coloured visions considerably. In a certain respect, it was the year 1869 which represented a breakthrough for Austria-Hungary's better chances to extend trade with China. On 17 November 1869 the Suez Canal was opened, making shorter the sea passages connecting Trieste, the most important port of the Habsburg Monarchy, with the Far East. Before the opening of the Suez Canal, on 2 September 1869, representatives of Austria-Hungary and China signed a treaty of friendship, trade and sailing in Peking. The main goal of the document was to stimulate trade between Austria-Hungary and China. Austria-Hungary also gradually extended the institutional background inevitable for finding a possible way to the Chinese market. Soon after the conclusion of the treaty, the Austro-Hungarian consulate was established in Shanghai; the monarchy had yet another in Hong Kong, and in 1896 the mission in Peking was turned into an embassy.⁸

⁵ For more details on trade between China and its most important business partners (including the trade with Great Britain) before the First World War, see *International Historical Statistics: Africa, Asia and Oceania 1750–1993*, p. 586.

⁶ *China, A Commercial and Industrial Handbook*, United States Department of Commerce, Washington D.C. p. 52. For more detail on German-Chinese trade, see Uwe G. FABRITZEK, *Gelber Drache, schwarzer Adler*, chapter II: Die Wirtschaftsbeziehungen zwischen Deutschland und China bis 1914, München und Wien 1973, and Udo RATENHOF, *Die Chinapolitik des Deutschen Reiches 1871 bis 1945*, Boppard am Rhein 1987, passim.

⁷ On the process of the opening of China, see Aleš SKŘIVAN, ml., *První opiová válka a otevírání Číny*, In: *Historický obzor*, 17, No. 11/12, 2006, pp. 242–251. On relations of China to other countries in the second half of the 19 century, see Hosea Ballou MORSE, *The International Relations of the Chinese Empire*, Volume II, *The period of submission 1861–93*, London 1918.

⁸ For details on the consular activities, see Georg LEHNER: *Beiträge zur Geschichte der k.(u.)k. Konsularververtretungen in China*, Dissertation, Geisteswissenschaftliche Fakultät der Universität Wien, Wien 1995.

The Austro-Hungarian Concession in Tianjin was an interesting, though short-lived phenomenon.⁹

The given circumstances, however, did not help to sufficiently accelerate the long-term slow and unwieldy development of economic links between the Habsburg Monarchy and the Middle Kingdom. There were several reasons for the small volume, and, therefore, also a relatively limited significance of the Austro-Hungarian trade with China. Firstly, a considerable geographical distance between both countries stood in the way of a greater expansion of their mutual trade for a long time. Secondly, neither Austria-Hungary nor China could offer the other party any really interesting and important commodity which could not be bought in another country without much difficulty. To the contrary, to each traded commodity there existed other, comparably beneficial alternative sources.

When looking into the stagnating trade between Austria-Hungary and China, we also have to pay attention to the influence of the state on the development of mutual commercial relations. On the side of China the opportunities and willingness of the state to support and encourage mutual trade were very small. The reasons for this fact lay in regular economic problems of the Qing court, the image of Austria-Hungary as a remote country which did not rank among the strongest world powers, unequal agreements signed between China and other states, and controversial relations between the Chinese and foreigners related to it. In the case of Austria-Hungary the assessment of the state support of the trade with China seems to be more difficult. Individual producers in the monarchy, for example, had the opportunity to get information about the developments on the Chinese market from the consular news¹⁰ quite regularly through chambers of trade and commerce.¹¹ There were, on the other hand, comparatively few entrepreneurs in the Habsburg Monarchy, which made real use of the information coming from the consular news, showed serious interest in trading with the Far East, and were ready to bear all the difficulties such business might often bring about. This lack of interest was the result of a number of reasons. Besides the above given factors

⁹ Austro-Hungarian Concession was founded in 1902 after the locality in Tianjin was taken over. It was situated by the Hai He River, close to the Grand Canal, and it stretched on the territory of about one square kilometre. It was dissolved in 1917. On the Concession, see more Georg LEHNER *Beiträge*, p. 427–435 and Günter HÖRTLER, *Die österreich-ungarische Konzession in Tianjin*, Dissertation, Philosophische Fakultät, Universität Wien, Wien 1984.

¹⁰ On consular news, see more in LEHNER, *Beiträge*, pp. 407–459.

¹¹ HEISE, p. 382.

complicating the Austro-Hungarian trade with China, a mention should be made about the fact that a large part of Austro-Hungarian companies did not feel the urge to expand their business activities (in commerce and investment spheres) to faraway exotic regions, because, from the economic point of view, some regions much nearer at hand were considered highly attractive (e.g. the Balkans) and drew far more attention of the Austro-Hungarian businesses than China.¹²

The transport of goods to the Far East was a highly specific aspect of the Austro-Hungarian export to China. Trieste, the most important port of the monarchy, was the seat of the largest Austrian shipping company, the *Österreichischer Lloyd*.¹³ The shipment of goods via Trieste and the employment of the services of *Österreichischer Lloyd* was a very problematic matter in the long term. Trieste was facing the competition of important European ports, Hamburg in particular. *Österreichischer Lloyd* did not enjoy a good reputation because regularly it had considerable difficulties to compete with the prices of the German *Norddeutscher Lloyd* and *HAPAG*;¹⁴ in addition, the Austrian contractor was generally considered less reliable. Moreover, the transport of goods from Central Europe to the South, to Trieste, was also quite tricky and in a number of cases inefficient. The above problems, for example, contributed to the fact that a large part of the export from the Bohemian lands was realised via Hamburg.¹⁵

Also, in the sphere of the development of transport to the Far East it seemed that the Austrian Lloyd was almost always a step behind its main competitors. In 1869 The Suez Canal was opened and the above agreement between Austria-Hungary and China was signed in Peking.¹⁶ The Austrian Lloyd, however, did not respond to the favourable conditions by extending the transport to the Far East fast. It set up a regular connection for Hong Kong only as late as 1881, and for Shanghai as late as 1892. After the scheduled service to Shanghai was opened, its importance as a target

¹² In this context it is worth mentioning that a large part of the Austro-Hungarian firms was little interested in export and activities abroad in general.

¹³ Since 1872 *Österreichisch-Ungarischer Lloyd*, since 1891 *Österreichischer Lloyd* again.

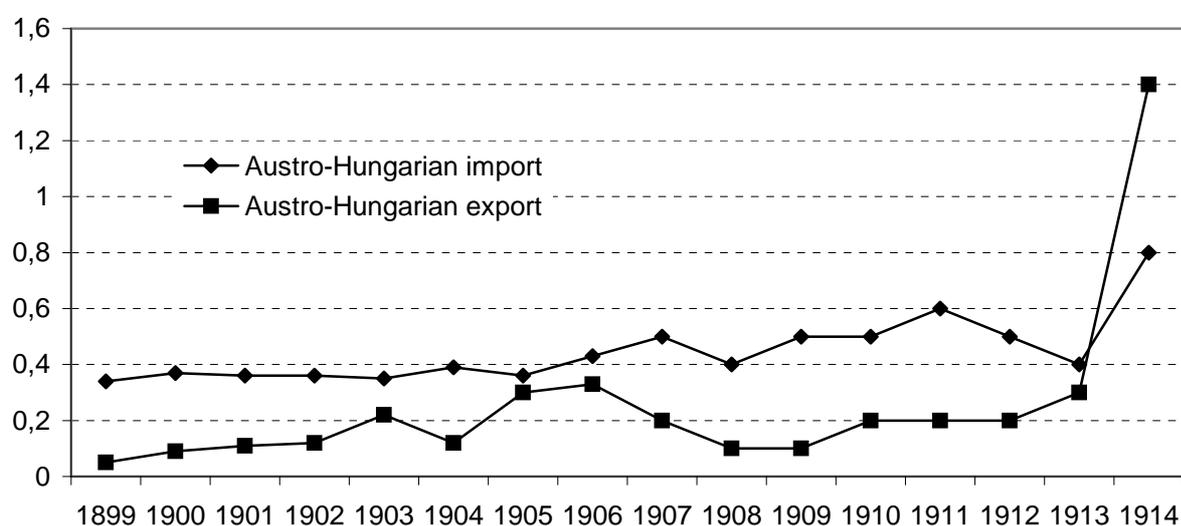
¹⁴ In this connection it is of interest to compare the subsidies the companies received to operate individual lines. For more details, see HEISE, Appendix II.

¹⁵ For more details, see Ivan JAKUBEC, Zdeněk JINDRA, *Dějiny hospodářství českých zemí, od počátku industrializace do konce habsburské monarchie*, Praha 2006, pp. 299 a 312–313.

¹⁶ On sea transport and business contacts between Austria (Austria-Hungary) and the Far East before the agreement was signed and the Suez Canal opened, see more in Johann PFUNDER, *Die Österreichische Handelsschiffahrt im Ausland von 1850–1870*, Dissertation, Philosophische Fakultät, Universität Wien, Wien 1953, pp. 98–112.

destination increased at the expense of Hong Kong. In 1908 it was Shanghai where almost three fourths of the total volume of goods transported by the Austrian Lloyd to China was unloaded.¹⁷ The Austrian Lloyd was, among other things, criticised for insufficient speed of the transport of goods to the Far East because it took its ships six to seven weeks to reach China on the average. Therefore, the introduction of an *express route* between Trieste and Shanghai in 1912, which shortened the transport to approximately 30 days, was considered a success. Because of the outbreak of the First World War, however, the introduction of the *express line* came too late.¹⁸

Figure I: The proportion of China in Austro-Hungarian import and export (percent)



Source: *Oesterreichisches statistisches Handbuch für die im Reichsrathe vertretenen Königreiche und Länder, herausgeben von der K.K. statistischen Central-Commision*, Wien, Einundzwanzigster Jahrgang 1902, Wien 1903, p. 243; Dreiundzwanzigster Jahrgang 1904, Wien 1905, p. 254; Sechszwanzigster Jahrgang 1907, Wien 1908, p. 298; Neunundzwanzigster Jahrgang 1910, Wien 1911, 272; Dreissigster Jahrgang 1911, Wien 1912, pp. 233 and 235; Einunddreissigster Jahrgang 1912, Wien 1913, p. 263; Zweiunddreissigster Jahrgang 1913, Wien 1914, p. 233; Fünfunddreissigster Jahrgang 1916–1917, Wien 1918, p. 195.

¹⁷ HEISE, pp. 200–201.

¹⁸ The express line was operated by the ships *Bohemia*, *Koeber*, *Afrika*, and since 1914 also the *Hungaria*. See more in Chinyun LEE: *Obchod mezi českými zeměmi a Čínou před první světovou válkou*, Historický obzor No. 1/2, 17, 2006, pp. 21–24. For general information on Österreichischer Lloyd see Dieter WINKLER, Georg PAWLIK, *Die Dampfschiffahrtsgesellschaft Österreichischer Lloyd, 1836–1918*, Graz 1986.

The unfavourable development of the Austro-Hungarian export to China is documented in the basic statistics. In this spot, however, objective obstacles, which considerably complicate a more precise analysis of the Austro-Hungarian export to China, should be pointed out. Official Austro-Hungarian statistical surveys obviously do not include (and, understandably, even cannot include) all supplies, which in actually found their way to the Chinese market. They obviously do not include, for example information about some arms supplies. Monitoring supplies to the Chinese market is also greatly complicated by frequently *non-transparent* re-export, when it is impossible to determine precisely if it was the Chinese market where a particular shipment was delivered in the end. Greater difficulties appear when employing statistical surveys, which originated in China. For example, statistical surveys made by the customs offices¹⁹ in individual Chinese contracted ports took into consideration only the “nationality” of the ship bringing the goods to China, or the country from which the supply was transported disregarding the place where the goods was actually manufactured. A logical result of this approach was the fact that, in a number of cases, the goods produced in Austria-Hungary were recorded in customs statistics as German, British or, for instance, Russian.²⁰

As a matter of fact, the above factors also make it difficult to specify the proportion of the Bohemian lands in Austro-Hungarian export. A more precise quantification of this share seems to be a very difficult, almost impossible task. The percentage of the Bohemian lands in the Austro-Hungarian export to China has, among other things, been dealt with by Chinyun Lee and Ivana Bakešová. Bakešová says that the manufacturers located in the Czech lands constituted about one quarter in the Austro-Hungarian export to China in 1913. Her conclusion is based on sources in the Archives of the Ministry of Foreign Affairs of the Czech Republic.²¹ In these documents, however, it is not clear how the share has been arrived at,

¹⁹ The customs offices in treaty ports fell under the jurisdiction of the office of the Chinese Imperial Maritime Customs Service (the Imperial Maritime Customs Service until 1912, The Chinese Maritime Customs Service since 1912) headed by Inspector General of Customs.

²⁰ See more in, e.g. *Returns of Trade* (24th-61st issue), *Trade Reports* (18th-55th issue), Inspectorate general of customs, Shanghai 1882–1919, *passim*.

²¹ Ivana BAKEŠOVÁ, *Československo-Čína 1918–1949*, no place of publication, 1997, pp. 79 and 92.

**Table I: Trade of Austria-Hungary with China in 1899-1914
(value in thousands of crowns)**

year	1899	1900	1901	1902
Export to China	987	1652	2072	2231
Import from China	5476	6314	5869	6196
Balance of trade	- 4489	- 4662	- 3797	- 3965
year	1903	1904	1905	1906
Export to China	4747	2399	6736	7808
Import from China	6563	7911	7622	10004
Balance of trade	- 1816	- 5512	- 886	- 2196
year	1907	1908	1909	1910
Export to China	4091	2934	2893	4823
Import from China	11798	9835	12390	14907
Balance of trade	- 7707	- 6901	- 9497	- 10084
year	1911	1912	1913	1914
Export to China	5192	6067	9425	31098
Import from China	18660	19108	13620	23343
Balance of trade	- 13468	- 13041	- 4195	7755

Source: *Oesterreichisches Statistisches Handbuch für die im Reichsrathe vertretenen Königreiche und Länder, herausgeben von der K.K. statistischen Central-Commission*, Wien, Einundzwanzigster Jahrgang 1902, Wien 1903 p. 241; Dreiundzwanzigster Jahrgang 1904, Wien 1905, p. 252; Sechszwanzigster Jahrgang 1907, Wien 1908, p. 296; Neunundzwanzigster Jahrgang 1910, Wien 1911, p. 270; Dreissigster Jahrgang 1911, Wien 1912, pp. 233 and 235; Einunddreissigster Jahrgang 1912, Wien 1913, p. 263; Zweiunddreissigster Jahrgang 1913, Wien 1914, p. 233; Fünfunddreissigster Jahrgang 1916–1917, Wien 1918, p. 195.

and it is likely to be just a rough estimate.²² Chinyun Lee, in the main, came to the conclusion that a precise quantification of the percentage of the Bohemian Lands is not practicable. In her analysis she, more or less, starts from the assumption that those industries (or particular companies) in the

²² The Archives of the Ministry of Foreign Affairs of the Czech Republic (further only AMFA), Praha, IVth section of national economy, boxes 846 and 844. The given case should definitely call forth no doubts whatsoever about the correct use of the sources in an otherwise very good work *Československo-Čína 1918–1949*; it is mentioned here to show how difficult it is to quantify the percentage of the Czech lands.

Bohemian lands which had a high proportion in the total performance of the given industry in Austria-Hungary, or in the total export of the particular commodity from Austria-Hungary, also had an adequate part in the Austro-Hungarian export to China. Further on she tries to illustrate the justification of this assumption with particular examples of the export of individual companies from the Czech lands to China.²³ In general, we may claim that the accessible sources yield a considerable share of the Czech lands in the Austro-Hungarian export to China, although its precise quantification will not be possible even in future.

According to official Austro-Hungarian statistics, in the years 1900-1913 the proportion of China in Austro-Hungarian export ranged below 0.5 percent²⁴ and its part in Austro-Hungarian import did not even reach 1 percent in the given period. Not before 1914 did the share of China in Austro-Hungarian export reach the “exceptional” 1.4 per cent (see Figure I). In the period under discussion the Austro-Hungarian trade with China regularly ended up in passive balance to the disadvantage of Austria-Hungary. While the value of the Austro-Hungarian export to China slightly fluctuated but remained at an approximately constant level, the import from China to Austria-Hungary slightly grew, and so the trade deficit had gradually gone on increasing up to 1913 (see Table I). Only the year 1914 resulted in favourable balance to the advantage of Austria-Hungary.²⁵

The structure of commodities of the Austro-Hungarian export to China was characterised by a narrow diversification typical, in the long term, especially of the import from China to Austria-Hungary clearly dominated by tea

²³ Chinyun LEE, *Obchod mezi českými zeměmi a Čínou před první světovou válkou*, 2006, pp. 21–31. On business contacts between the Czech lands and China, see also Chinyun LEE, *Obchod mezi českými zeměmi a Čínou na konci rakouského císařství*. In: *Studia Orientalia Slovaca* 6, 2005, pp. 65–92.

²⁴ Countries of origin were given in official statistics regularly since as late as 1891; until then only the transition port had been stated.

²⁵ Austro-Hungarian loans granted to the Chinese government in the last years before the First World War were largely responsible for the visible changes in the total volume and balance of trade with China

Table II: Selected items of Austro-Hungarian trade with China in 1911-1913 (value in thousands of crowns, percentage share)

	1911	1912	1913
Import from China to Austria-Hungary	18660	19109	13620
tea	7294	7856	4375
<i>share in the total import of Austria-Hungary from China</i>	<i>39,09</i>	<i>41,11</i>	<i>32,12</i>
Export from Austria-Hungary to China	5192	6067	9424
enamel kitchenware, tinware	863	1539	2491
<i>share in the total export from China to Austria-Hungary</i>	<i>16,62</i>	<i>25,37</i>	<i>26,43</i>
Guns and part of guns	546	99	1152
<i>share in the total export from China to Austria-Hungary</i>	<i>10,52</i>	<i>1,63</i>	<i>12,22</i>

Source: *Oesterreichisches statistisches Handbuch für die im Reichsrathe vertretenen Königreiche und Länder, herausgeben von der K. K. statistischen Central-Commision, Dreiunddreissigster Jahrgang 1914*, Wien 1916 pp. 252–253.

supplies. Besides tea, other agricultural commodities constituted the import from China, above all. In the long-term sum total, the commodity group of iron and products made of iron were the main part of the Austro-Hungarian export to China; from the varied range of items, mention should be made of especially enamel kitchenware, needles, guns and parts of guns. Furthermore, supplies to China regularly contained, for example, paper, glassware and textile.²⁶ Matches and soap are examples of products a relatively great part of the overall export of which were bound for China for quite a long time. In the early 1890s supplies of matches to China still participated in the total Austro-Hungarian export of matches with about 15 percent. In the

²⁶ *Oesterreichisches statistisches Handbuch für die im Reichsrathe vertretenen Königreiche und Länder, herausgeben von der K.K. statistischen Central-Commision*, Wien, passim. For selected items of the Austro-Hungarian trade with China in the last years before the First World War, see Table II. Data on trade between Austria-Hungary and China (e.g. commodity structure) can be found I the AMFA, Praha, IVth section of national economy, box 846.

years to follow, however, the demand for the Austro-Hungarian matches started to decrease rapidly, especially due to the growing Japanese competition on the Chinese market.²⁷ As far as the supplies of soap to China are concerned, they participated in the total export of soap from Austria-Hungary with roughly 14 per cent before the First World War.²⁸ Here we should point out the fact that the given commodities (matches and soap) were not the cardinal items of the total Austro-Hungarian export. The comparison of the trade between Austria-Hungary and China, and between the Habsburg Monarchy and countries geographically close to China yields some similar features but also some obvious differences. As it has already been stated, besides Russia the only region geographically close to China with which Austria-Hungary carried out quite significant trade since the beginning of the 20th century was British India. Compared to China, it regularly took a clearly higher share in the Austro-Hungarian foreign trade until 1913. Among other things, British India was the second largest supplier of cotton to the Habsburg Monarchy after the United States of America. On the other hand, Austro-Hungarian supplies to British India consisted, first of all, of sugar, textile, paper and ironware – their composition being fundamentally very similar to the commodity structure of the Austro-Hungarian export to China and Japan. From the point of view of Austria-Hungary a regularly passive balance was an obvious, long-term problem of the trade with British India.²⁹

The volume of the Austro-Hungarian trade with Japan was not, in the long term, much different from the trade exchange realised by the Habsburg Monarchy with China. Similarly to China, Japan ranked, without doubt, among less important business partners of Austria-Hungary, and until 1913 its share in the Austro-Hungarian trade it hanged below one per cent limit. In contrast to Chinese supplies to Austria-Hungary, clearly dominated by tea, the Japanese export to the Habsburg monarchy was more diversified with copper, textile products and rice being the main items. In the comparison of the results of the balance of trade with China and British

²⁷ HEISE, p. 155 and supplement I, p. ii. On export of matches, see more in Zdenko JANICZEK, *Denkschrift über die Lage der einheimischen Industrie und ihr Verhältniss zum Export*, Wien 1884, p. 2.

²⁸ HEISE, p. 156 and supplement I, p. iv.

²⁹ Magnus TESSNER, *Der Außenhandel Österreich-Ungarns von 1867 bis 1913*, Köln 1989, pp. 92 and 95.

India, active balance in trade with Japan in some years between 1899 and 1913 was quite an achievement for Austria-Hungary.³⁰

The Skoda Works and arms supply to China

Arms supplies were a special, single chapter of the Austro-Hungarian economic activities in China. The character of arms trade naturally differed from the usual trade, and its monitoring is often very difficult, particularly because of the fact that frequently the business transactions do not appear in official statistics – whether the reason for their absence lied in the lack of interest in presenting these transactions publicly or, for example, in the fact that, from the point of view of foreign policy relations they were highly controversial and sometimes meant de facto a breach of international agreements. The Skoda Works in Pilsen, which were engaged in the Chinese market the most, compared to all the companies in the Czech lands before the First World War, played a decisive role in the Austro-Hungarian arms supplies to China.

It follows from the available materials that Skoda Works began to deal with arms transactions to China in 1899, i.e. at about the time when the Boxer Rebellion was starting in Northern China, which, in the end, brought much trouble and humiliation to the imperial court in Peking in what was called the Boxer Protocol.³¹ In that year 1899 the Skoda Works succeeded in concluding the contract for the supply of 37 mm calibre mountain guns and 57 mm calibre quick-firing guns.³² Another “Chinese deal” the of Skoda Works occurred during the Russo-Japanese War, when in 1904 it delivered a supply of machine-gun cartridges to China.

³⁰ TESSNER, pp. 90–91 and 95. The comparison with Austro-Hungarian business contacts with other regions neighbouring with China (French Indochina, Siam and Korea) are not stated deliberately because of their small extent, which is also mostly the main reason for their omission from the basic statistical surveys.

³¹ The Boxer Rebellion was suppressed by a common intervention of the troops of eight countries in summer 1900. The Boxer Protocol was signed in September 1901, in which China undertook, among other things, to pay foreigners indemnities. For more on the Boxer Rebellion and the Austro-Hungarian participation in putting it down, see Georg LEHNER, Monika LEHNER, *Österreich-Ungarn und der „Boxeraufstand“ in China*, Mitteilungen des Österreichischen Staatsarchivs, Sonderband 6, Wien 2002.

³² The available sources differ in how many pieces, and in what finish/version/make, were, in fact, shipped to China under this contract. Cf. Čína 1912–1916 ROS., collection of the Managing Director's Office, section of trade, so far unprocessed, Archives of the Skoda Pilsen, (further only ASP); František JANÁČEK, *Největší zbrojovka monarchie, 1859–1918*, Praha 1990, p. 345; Chinyun LEE, *Obchod mezi českými zeměmi a Čínou před první světovou válkou*, pp. 28–29.

Reports of Austro-Hungarian diplomats from China mention the increased interest of the Skoda Works in the Chinese market and state also that, after the Russo-Japanese War, the Skoda Works ranked among the Austro-Hungarian firms most active in China. It was the firm Arnhold, Karberg & Co, which was charged with looking after the interests of Skoda Works in China. It also follows from these reports that the Skoda Works concentrated on the territory of northern China. The reports also refer to negotiations about new orders for Skoda, which were held in Manchuria in 1907, for instance, about supplies to Heilongjiang.³³ In this connection we come across a description of a severe competition struggle over arms orders in China while German Krupp and French Schneider were considered the main Skoda Works competitors. Furthermore there are also rumours of suspicion regarding the possible corruption accompanying the arms deals.³⁴ In 1906 the Skoda Works won an order to deliver 3 machine-guns (8 mm calibre) and two guns (47 mm and 37 calibres) including the ammunition in China. Afterwards, in September 1910 the representatives of the firm Arnhold, Karberg & Co and the governor of the Heilongjiang province signed a contract for the supply of arms from SkodaWorks 885,271 marks worth. The Skoda Works competed for this order with Krupp and is said to have got it thanks to the fact that its offer was found more attractively priced by the Chinese party than the offer of the German company.³⁵ At that time a Chinese delegation visited Pilsen, they met with Karel Skoda and saw the Skoda's firing range in Bolevec.³⁶ In 1911 the Skoda Works supplied China with arms stated in the above contract of September 1910; these included, first of all, 18 field guns (L/29, 75 mm calibre)³⁷ together with ammunition and ammunition carriages. The ceremony of handing the guns over was held

³³ LEHNER, *Beiträge*, pp. 448–449.

³⁴ In greater detail, see LEHNER, *Beiträge*, pp. 447–450.

³⁵ Further details on this deal, see Chinyun LEE, *Obchod mezi českými zeměmi a Čínou před první světovou válkou*, pp. 29–30.

³⁶ Data on when the visit took place unfortunately differ. According to some available sources it took place in June 1910, according to others it was in 1911. Cf. e.g. documentation accompanying the mountain guns. 75mm L/15 Gebirggeschütz, 75mm gun for China, year 1913, collection of the Managing Director's Office, section of trade, unprocessed so far, ASP; JANÁČEK, unmarked picture supplement placed after p. 310.

³⁷ Detailed description of the guns with abundance of pictures is included in the publication *75mm L/29 Feldgeschütz 6/510, China 1911*, Skodawerke Actiengesellschaft Pilsen, Pilsen 1914.

in Peking in December 1911, and apart from other distinguished people Arthur von Rosthorn himself took part in it.³⁸

At the turn of 1912, there was a revolution in China, which overthrew the imperial regime. Under dramatic and also quite chaotic circumstances a republic came into being. Due to the confused situation in China and obvious instability of the new regime, the prospects of further transactions with China immediately after the revolution were rather dim. Soon it turned out, however, that the situation was more likely to be favourable for Skoda Works. The Peking government showed an increased interest in arms from Austria-Hungary³⁹ and did not hesitate to accept credits allocated for the realisation of arms purchases. Participating in these credits were, next to Skoda Works, also other private firms, e.g. Cantiere Navale Triestino,⁴⁰ and Austrian banks, for example the Lower Austrian Discount Bank (Niederösterreichische Escompt-Gesellschaft).⁴¹

A large part of the money was meant for the purchase of the arms from the Skoda Works. The biggest loans were granted in 1913. In April 1913 the Chinese government received a loan of 1,200,000 pounds to buy three cruisers, each with a displacement of 1,800 tons. In April 1913 China was granted another loan of 2,000,000 pounds, out of which 1,500,000 were for the purchase of a cruiser with a displacement of 4,900 tons. The remaining 500,000 pounds were used to purchase field howitzers from the Skoda Works (18 pieces of 10.5 cm calibre and 12 pieces of 15 cm calibre).⁴² Both cruisers with a displacement of 1,800 tons and the bigger ones with a

³⁸ Photodokumentation on handing the guns over, see Přejímka polních děl typu L/29 v Pekinu (16. 12. 1911), collection of the Managing Director's Office, section of trade, unprocessed so far, ASP.

³⁹ A greater interest of the new Peking government in Austro-Hungarian arms and the subsequent supplies were repeatedly presented in consular news as, in the main, a great achievement in the struggle with German competition on the Chinese Market. See more in Georg LEHNER, *Beiträge*, passim.

⁴⁰ In 1912, Skoda Works became the majority owner of the firm Cantiere Navale Triestino. Jiří NOVÁK, *Válečné lodě pro Čínu*, In: *Historie a plastikové modelářství*, No 5, volume 9, Praha 1999, p. 15.

⁴¹ For the list of the most important Austro-Hungarian loans granted to China, see Table III. On loans, see details e.g. in Vladimír KARLICKÝ, *Svět okřídleného šípů, Koncern Škoda Plzeň 1918–1945*, Plzeň 1999, pp. 77–79. On participation of other Austro-Hungarian subjects in trade with China, see also Heinrich BENEDIKT, *Die wirtschaftliche Entwicklung in der Franz-Joseph-Zeit*, Wiener historische Studien, Band IV, Wien 1958, pp. 170–171.

⁴² A part of this supply was not eventually dispatched to China. Some howitzers from this supply ended in the arsenal of the Austro-Hungarian army after the outbreak of the First World War. Further see JANÁČEK, p. 346 and Vladimír KARLICKÝ, *Československé dělostřelecké zbraně*, Praha 1975, p. 32.

displacement of 4,900 tons were to be built by the firm Cantiere Navale Triestino, operating the new shipyards in Monfalcone. The weaponry for the ships was to be supplied by the Skoda Works – for example, 47mm and 37 mm calibre quick-firing guns.⁴³ Besides the above orders, Other orders were

**Table III: Austro-Hungarian loans granted to China
in the 1912-1916 period**

loan effected on	total (British pounds)
29 January 1912	300 000
29 January 1912	450 000
1 March 1913	300 000
10 April 1913	1 200 000
10 April 1913	2 000 000
27 April 1914	500 000
9 June 1916	1 233 000

Source: Čína 1912–1935 ROS, collection of the Managing Director's Office, section of trade, unprocessed so far, ASP.

realised for China by the Skoda Works.⁴⁴ In 1913 96 machine guns (7.9mm calibre) were delivered from the Skoda Works to China. In March of that year Skoda offered China 12 machine guns for riverboats at the total price of 87,354 marks;⁴⁵ they were delivered to China in 1914. Negotiations about the purchase of 75mm calibre mountain guns were also conducted.⁴⁶

Very interesting circumstances accompanied the arms supply, which was to be delivered to China, by the ship Bayern. The ship sailed from Hamburg in summer 1914 and its task was to deliver weapons and other war

⁴³ Detail on the weaponry of the ships, see *Armierung eines Kreuzers von 1800 Tonnen Displacement für China a 37mm Schnellfeuerkanone L/50*, collection of the Managing Director's Office, section of trade, unprocessed so far, ASP. On war ships for China see more details in NOVÁK, pp. 15–16.

⁴⁴ Steelworks *Poldina hut'* was another firm which profited from Austro-Hungarian loans to China, though it was on a much smaller scale. See more in Čína 1913–1914 ROS., collection of the Managing Director's Office, section of trade, unprocessed so far, ASP.

⁴⁵ Čína 1913–1914 ROS., collection of the Managing Director's Office, section of trade, unprocessed so far, ASP.

⁴⁶ Documentation to the mountain guns, see *75mm L/15 Gebirgsgeschütz, 75mm dělo pro Čínu, rok 1913*, collection of the Managing Director's Office, section of trade, unprocessed so far, ASP.

material made in the Skoda Works (field and mountain guns) and other arms manufacturers to China. At the moment the ship was passing the shores of Spain, the First World War broke out. Due to the new situation the captain decided to avoid any risk and berth in neutral Italy, namely at Naples. Under the given conditions it was quite a logical, but with regard to the further development a rather unfortunate move. The arms manufacturers tried to get their goods back, but in vain. In the end, Italy joined the Triple Entente in the First World War in May 1915 it was on war footing with Austria-Hungary and in August 1916 with Germany. Consequently the arms from the Bayern were confiscated and made part of the weaponry of the Italian Army. After the war had ended, a conflict arose over the possible replacement for the confiscated cargo between newly formed Czechoslovakia and Italy which definitely ended in complex compensations as late as in the 1950s.⁴⁷

Intensifying business contacts between China and Austria-Hungary in the last years before the First World War, supported by newly effected loans, influenced, to some extent, the statistical image of the trade between the Habsburg Monarchy and China, which had, until then, been quite unfavourable. According to the official Austro-Hungarian statistics the trade with China between 1912 and 1914 showed increases in percent (see Table I). Here we should, however, emphasize the fact that these statistics, though including some arms supplies, differ from the reality quite considerably. The First World War naturally hit the trade between China and the Habsburg Monarchy very much. Because of the war, the priorities of the Vienna government changed and so did those of many firms. Some arms originally intended for China ended up in the weaponry of the Austro-Hungarian Army, others – as has already been indicated – in the hands of the enemy. The situation in China was again very confused and for a long time it had not been clear whether China would join the First World War. On the other hand, economic links between the two countries had not been quite broken off. In China negotiations about new orders for Austro-Hungarian firms went on. In June 1916 the Chinese government managed to receive a fairly

⁴⁷ On the whole case, see more details in JANÁČEK, pp. 347–348; Chinyun LEE, *Obchod mezi českými zeměmi a Čínou před první světovou válkou*, p. 30; Čína – půjčky, bony, výlohy, sig. 0055/0373, AŠP. The given list of Chinese deals of Skoda Works naturally does not record – and even cannot do so – all orders for China. Next to arms, Skoda Works tried to win recognition on the Chinese market also for non-military commodities (e.g. engines, cranes and hydraulic presses). Further see BAKEŠOVÁ, p. 80.

high Austro-Hungarian loan of 1,233,000 pounds even though it had obvious problems paying off the old loans at that time.⁴⁸

After a long hesitation and dramatic events on the political scene in Peking, China declared war on Germany and Austria-Hungary on 14 August 1917. At the same time it denounced all agreements with Germany and Austria-Hungary. The Austro-Hungarian Concession in Tianjin got under the Chinese administration, the ships of the Austrian Lloyd at anchor in Shanghai (Bohemia, Silesia and China) were confiscated, Austro-Hungarian citizens were dismissed from employment with the Chinese Maritime Customs Service, and the payments of indemnities to Austria-Hungary stated in the Boxer Protocol were halted.⁴⁹ The Chinese government naturally did not continue to pay off the Austro-Hungarian loans, which considerably hit also the Skoda Works.⁵⁰

How should we assess the development of the Austro-Hungarian export to China? To this question no unambiguous answer exists and whatever assessment will always be rather uneasy. It is worth to mention here the publication *Die österreichische Industrie und der chinesische Markt*, which contains a lecture by the legation councillor of the Embassy in Peking, Arthur von Rosthorn, delivered in March 1902. It is a brief, only about twenty pages long, but cogent analysis of the existing development and prospects of the Austro-Hungarian expansion to the Chinese market. In his essentially pessimistic report, Arthur von Rosthorn strove to draw attention to the obstacles that hindered the expansion of trade between Austria-Hungary and China, and to define difficulties that were behind the existing unfavourable outcomes of Austro-Hungarian trading activities in China. In a limited space he managed to analyse a number of factors affecting the penetration of Austro-Hungarian subjects on the Chinese market, including the customs problems, bank payments, transport problems and severe competition on the Chinese market. He also hints at the poor reputation of the Austrian Lloyd and rather unsuccessful efforts of this company to compete with Hamburg firms. Von Rosthorn also touches a

⁴⁸ On the circumstances of effecting the loan, Čína 1913–1935 ROS., collection of the Managing Director's Office, section of trade, unprocessed so far, ASP.

⁴⁹ HEISE, pp. 385–386.

⁵⁰ After the First World War, Skoda Works had tried – not really successfully – to solve the problem of unsettled Chinese debts for many years. In the Archives of Skoda Works Pilsen an extensive material has been preserved dealing with the post-war talks about the unsettled debts, e.g. Čína 1913–1914 ROS., and Čína 1912–1935 ROS., collection of the Managing Director's Office, section of trade, unprocessed so far, ASP. Further see SKŘIVAN ml., Aleš, *K otázce vývozu Zbrojovky Brno a Škodových závodů do Číny v meziválečném období*, Slovanský přehled 2/2006, pp. 194–195.

controversial question of whether it is reasonable for Austro-Hungarian firms to penetrate to the remote Chinese market at all when territories nearer at hand offer, in a way, similar business and investment opportunities (the Balkans, for example). He also ponders over a rather ambiguous governmental support of the expansion to the Chinese market.⁵¹ Among other things he mentions commodities with which Austria-Hungary is believed to have had a chance to win recognition on the Chinese market in a greater extent (e.g. sugar, beer, enamel kitchenware, cheap leather products, paper).⁵²

To find reasons as to why Austro-Hungarian trade with China did not visibly enlarge is not easy either. In some respect, there was, to some extent, a lack of a genius for business and willingness to risk in realising business activities in so remote a territory. Occasionally, people speak about a wasted opportunity to gain a firmer foothold on the Chinese market at the time when it started to open to foreign trade more. Some historians, however, dispute this theory⁵³ and believe that the limited extent of the Austro-Hungarian trade with China was, in the main, determined by the above objective circumstances, obstacles and indeed by the fact that neither China nor Austria-Hungary were forced to develop a common trade. Other explanations also appear; for example, a low capacity of the Chinese market to absorb a greater number of industrial products in the long term, or the low purchasing power of an average Chinese.⁵⁴ In this context it is also often pointed out that the supplies to China frequently contained goods not for the Chinese but “only” for foreigners living in China. One of the obvious, indisputable handicaps of the Austro-Hungarian export to China – e.g. in comparison with the British export – were the very limited links to Chins market, between particular Austro-Hungarian firms and customers in China, and linked to this an important role of the brokers, foreign representatives (e.g. British or German).

It is, however, necessary to assess the long-term small volume of the trade between Austria-Hungary and China in a wider context; unsuccessful efforts to enlarge the trade with China were, in a way, “only” part of the general unsuccessful strategy to extend territorial diversification of the

⁵¹ Rosthorn, Arthur von: *Die österreichische Industrie und der chinesische Markt*, Wien 1902, p. 12.

⁵² *Ibidem*, p. 7.

⁵³ For example, HEISE, pp. 380–386.

⁵⁴ For example, TESSNER, p. 90. But this argument, for instance, does not explain the differences between the Austro-Hungarian export and export of the more successful European countries to China (e.g. Germany).

foreign trade. Before the turn of the 20th century, Austria-Hungary managed to take several steps which were to lead to enlargement of the territorial diversification of export, and indeed, the whole of the foreign trade (for example, a greater expansion of the trade with the Balkans); these efforts, however, led only to limited, short-term changes.

As it has already been indicated, the development of Austro-Hungarian export to China (in a wider conception of the whole trade with China) cannot be taken to be a straightforward failure, though. Among other things it cannot be determined whether the possible effort to penetrate the Chinese market decisively would be a step in the right direction – especially with regard to rather problematic reasons and also somewhat uncertain outcomes of such a strategy.⁵⁵

Table IV: Important agreements of Austria-Hungary with China

date treaty concluded	Treaty	main purpose
2 Sept. 1869	Treaty of Friendship, Trade and Sailing	basic modification of mutual political and economic relations
7 Sept. 1901	Boxer Protocol (multilateral treaty)	specifying compensations for damages inflicted during the Boxer Rebellion
29 Aug. 1902	Shanghai Treaty (multilateral treaty)	agreement about new Chinese import tariff
27 Sept. 1905; supplement 4 March 1912	Whangpoo Conservancy Treaty (multilateral treaty)	modification of terms of sailing along the Whangpoo, Huangpu River connecting Shanghai with the Yangtze delta.

Note: By signing the Saint-Germain Peace Treaty (10 September 1919) Austria surrendered all its rights ensuing from the above treaties.

⁵⁵ On the development of relations between Austria-Hungary and China, see more in e.g. Georg LEHNER, *Die Chinapolitik Österreich-Ungarns 1896–1917*, Diplomarbeit, Geisteswissenschaftliche Fakultät der Universität Wien, Wien 1992.