

## Export of Czechoslovak Arms to China during the Arms Boom in the 1930s<sup>1</sup>

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In the complicated period of the 1930s, the general importance of Czechoslovak arms production and export, which were one of the most important factors contributing to the positive foreign trade results and the entire Czechoslovak economy, changed considerably. The arms boom of the latter part of the 1930s, accompanied by a growth in arms exports, became an important phenomenon, naturally not only from an economic point of view. The transition from the crisis years to the arms boom period in the mid-1930s was quite dynamic. While Czechoslovak exports in 1935, expressed in fixed prices, were higher by approximately 7.5 % compared to 1932, the export of arms and ammunition, also in fixed prices, and the share of arms and ammunition in the total Czechoslovak exports over the same period (1932–1935) grew by more than eight times. In 1938, the export of arms and ammunition contributed almost 7 % to total Czechoslovak exports (for more information see table I). In the 1930s, Czechoslovak arms were sold to many countries, mainly to the countries of the Little Entente (Romania and Yugoslavia), but also to Latin American and the Baltic countries. The arms industry boom, starting in 1934, was in fact interrupted at its peak by the events of Munich 1938.

The rapid revitalization of the arms industry was undoubtedly directly influenced by the new political situation in Central Europe and the ensuing changes in the attitude of the Czechoslovak government to arms companies. However, this arms boom was not merely a Czechoslovak phenomenon; generally speaking and on an international scale, arms production and exports recovered from the Great Depression faster than production and

Table No. I: Czechoslovak Export and Import of Arms and Ammunition in 1921–1938 (export and import in millions CZK, share in percentage)

	1921	1922	1923	1924	1925	1926
Arms and ammunition export	30	26	45	85	25	280
Arms and ammunition import	20	18	22	23	27	15
Total export	29,458	19,633	13,903	17,035	18,821	17,857
Total import	23,685	13,478	10,821	15,855	17,618	15,277
Share of arms and ammunition export on total export	0.10	0.13	0.32	0.50	0.13	1.57
Share of arms import on total import	0.08	0.13	0.20	0.15	0.15	0.10
	1927	1928	1929	1930	1931	1932

1 This text has been published as a part of the research project MSM 0021620827 *The Czech Lands in the Midst of Europe in the Past and Today* at the Faculty of Arts, Charles University, Prague.

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Arms and ammunition export	128	73	108	187	132	48
Arms and ammunition import	19	13	12	20	12	6
Total export	20,135	21,224	20,499	17,474	13,149	7,392
Total import	17,962	19,208	19,988	15,715	11,801	8,158
Share of arms and ammunition export on total export	0.64	0.34	0.53	1.07	1.00	0.65
Share of arms import on total import	0.11	0.07	0.06	0.13	0.10	0.07
	1933	1934	1935	1936	1937	1938
Arms and ammunition export	106	344	425	325	347	696
Arms and ammunition import	5	12	21	107	99	70
Total export	5,923	7,288	7,947	8,036	11,983	10,235
Total import	6,125	6,392	6,743	7,915	10,982	8,390
Share of arms and ammunition export on total export	1.79	4.72	5.35	4.04	2.90	6.80
Share of arms import on total import	0.08	0.19	0.31	1.35	0.90	0.83

Source: *Statistická příručka republiky Československé IV* [Statistical Handbook of the Czechoslovak Republic IV], State Statistical Office, Prague 1932, p. 221; *Statistická ročenka republiky Československé* [Statistical Almanach of the Czechoslovak Republic], State Statistical Office, Prague 1934, p. 137; *Statistická ročenka republiky Československé* [Statistical Almanach of the Czechoslovak Republic], State Statistical Office, Prague 1936, p. 133; *Statistická ročenka republiky Československé* [Statistical Almanach of the Czechoslovak Republic], State Statistical Office, Prague 1938, p. 143; *Zahraněční obchod bývalého Česko-Slovenska v roce 1938* [Foreign Trade of Former Czecho-Slovakia in 1938], Part I, State Statistical Office, Prague 1939, p. 25; MLA in Brno, Třebíč unit, H 864, folder 157, inv. unit. 9.

Note: The above data must be understood as merely approximate. Due to its specific character, they do not cover all arms trade deals. The data from different sources obviously differ in some cases; such as data provided by the State Statistical Office and those in the archived documents of the arms companies themselves.

export of non-military commodities.<sup>2</sup> Despite the lack of exact data concerning arms trade, in the 1930s Czechoslovakia became one of the clearly most important world arms exporters,<sup>3</sup> with China being one of its most important customers. The arms export was successful not only due to the quality of Czechoslovak arms, but also thanks to the absence of strong competition in the international market. This was partially due to the fact that developed countries

2 For more information, see Milan HAUNER, *Military Budgets and the Armament Industry*, in: *The Economic History of Eastern Europe 1919–1975*, Volume II, ed. M. C. KASER and E. A., RADICE, Oxford 1986, p. 53.

3 According to some estimates, Czechoslovakia in the mid-1930s was the world's greatest arms exporter. Cf. Karel PŮLPÁN, *Nástin českých a československých hospodářských dějin do roku 1990* [An Outline of Czech and Czechoslovak Economic History through 1990]. *Vol. I*, Prague 1993, p. 162.

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either focused on arming their own armies or did not consider it politically expedient to become involved in the international arms trade.<sup>4</sup> The arms export naturally had its darker and controversial aspects. The moral aspect of arms export was arguable and there was a greater risk of unfavourable political impacts.

Although there were many Czechoslovak companies exporting arms, from statistical and quantitative points of view, Czechoslovak arms export was dominated by two companies: Škoda Works and Zbrojovka Brno. The share of arms production in the overall exports of Škoda Works gradually increased. Particularly in the latter part of the 1930s, arms export became a visible stimulus of the entire development of the Pilsen-based company.<sup>5</sup> Nevertheless, here we must emphasize that Škoda Works' "Chinese trade" was an exception to the trend. Despite much effort, probably further bolstered through bribes, Škoda Works did not manage to assert itself with its arms production in the Chinese market.

Despite this, the other major player, Zbrojovka Brno, had quite different results. Not only did it successfully sell arms to China as early as the 1920s, but during the escalation of the Sino-Japanese conflict, in 1937–1938, Zbrojovka's arms supplies to China reached record levels.<sup>6</sup> Today, we do not have any available data which exhaustively covers all arms supplies from Zbrojovka to China in the given period. Moreover, the materials available – summaries concerning the "Chinese trade" – differ from case to case. The basic boom in 1937–1938 is, nonetheless, evident. For instance, according to statistics calculated after the establishment of the Protectorate in the middle of 1939, in the period 1937–1938, Zbrojovka sold to China 88,200 rifles for almost 60 million crowns, 17,013 light machine guns for approximately 135 million crowns, 850 heavy machine guns for over 31 million crowns and 62 million rounds of ammunition for about 45.6 million crowns.<sup>7</sup>

In the spring of 1937, Zbrojovka took part in intensive preparations for the construction of a new factory for the production of machine guns in China. These preparations were met with stiff competition among international arms companies, which intended to participate in the project. In the end, the Chinese decided to invite the Brno-based Zbrojovka to participate in the project. This decision was probably due to the high reliability of the ZB vz. 26 machine guns in difficult conditions – they were tested in conditions expected in a military campaign. The new factory was to have a capacity of 6,000 ZB vz. 26 machine guns per year and it was to be situated in Hunan province beside the Guangzhou-Hankou railway. The Japanese in-

4 For more information, see Otakar FRANĚK, *Dějiny koncernu brněnské Zbrojovky* [A History of the Brno-based Zbrojovka Concern]. *Volume 2: Zbraně pro celý svět* [Arms for the Entire World], Brno 1970, pp. 5–12 and Karel PŮLPÁN, *Nástin českých* [An Outline of Czech], pp. 162–163.

5 For more information on general trends in Czechoslovak arms export and the status of individual arms factories, see Aleš SKŘIVAN Jr., *Zbrojní výroba a vývoz meziválečného Československa* [Interwar Czechoslovakia's Arms Production and Exports], *Ekonomická revue*, year 9, no. 3, 2006, pp. 19–31.

6 For more information on the Chinese trade of Škoda Works and Zbrojovka Brno, see Aleš SKŘIVAN Jr., *Zur Frage der Ausfuhr der Firmen Zbrojovka Brno (Waffenfabrik Brünn) und Škoda Plzeň (Pilsen) nach China in der Zwischenkriegszeit* [On the Question of Exports of Companies Zbrojovka Brno (The Brno Arms Factory) and Škoda Plzeň (Škoda Works) to China in the Interwar Period], in: *Jahrbuch für Europäische Überseegegeschichte*, Wiesbaden, 2008, 8, pp. 207–237.

7 Moravian Land Archive in Brno, Třebíč unit (hereafter referred to as MLA), collection Zbrojovka, a.s., Brno / collection mark: H 864 (hereafter referred to as H 864), folder 240, inventory unit (hereafter referred to as inv. unit) 9 (sheet no. 15), List of military material supplied to individual countries from 1930 until 15. 3. 1939.

vasion of central and southern China, which started in July 1937, however, terminated this project in its early stages.<sup>8</sup>

In addition to Škoda Works and Zbrojovka Brno, other, much smaller, Czechoslovak companies also demonstrated their interest in selling military material to China, especially in the years before World War II.<sup>9</sup> In that period, arms export to China became generally more attractive for companies which had some experience with the Chinese market, but primarily did not focus on the production of or trade in military materials.<sup>10</sup>

It was after the beginning of the Japanese invasion to the area south of the Great Wall of China in the summer of 1937 that the demand for arms grew considerably and, as a consequence, activities of international arms factories in the Chinese market intensified. Supplies of different types of military material streamed to the Far East from many countries: Germany, Belgium, Great Britain, the U.S.A., France, Denmark, Czechoslovakia and others.<sup>11</sup> Czechoslovakia played an important role in this new stage of arms export to China. According to British records, more than half of the machine guns which passed through Hong Kong in the latter part of 1938 and were destined for China were of Czechoslovak origin (approximately one third in the case of infantry rifles).<sup>12</sup> Here we have to bear in mind that arms export to China was a relatively lucrative trade. In those stormy years it was, however, accompanied by specific heightened risks. The work of the arms factories' representatives operating in China was dangerous. In this context, we should mention the situation in Shanghai in the dramatic months of the latter part of 1937. At the turn of November and December of 1937, shortly after Shanghai was finally conquered by Japanese units, representatives of Zbrojovka Brno and Sellier & Bellot asked the Czechoslovak embassy in Shanghai if they could deposit their arms supply documentation there. They were obviously afraid that these materials, proving

8 For more information on activities of Zbrojovka Brno on Chinese market, see Aleš SKŘIVAN Jr., *Export of Zbrojovka Brno (Czechoslovak Arms Factory of Brno) to China in the Interwar Period*. in: Prague Papers on the History of International Relations. Prague, 2005, pp. 111–134.

9 Cf. permit issued by the Minister of National Defence to Zbrojovka Ing. Fr. Janeček to offer heavy machine guns Schwarzlose for sale in China, AMFA, IV. NE, folder 480, Announcement (Machine guns offer, ref. no. 31377) of the Ministry of National Defence to the Ministry of Foreign Affairs, dated 20. 2. 1939; Ibidem, Announcement (Company Bří Gottlebové and Brauchbar Brno – an offer of helmets to China ref. no. 31974) of the Ministry of National Defence to the Ministry of Foreign Affairs, dated 23. 1937; Ibid., Announcement (Offer of artillery material to China – by J. Jarolímek company, international mail Prague II, ref. no. 24402) of the Ministry of National Defence to the Ministry of Foreign Affairs, dated 2. 11. 1938. Sellier & Bellot was one of the Czechoslovak arms producers which established itself in the Chinese market in the last pre-war years. For more information on Sellier & Bellot, see Aleš SKŘIVAN Jr., *Československý vývoz do Číny 1918–1992* [Czechoslovak Exports to China in 1918–1992], Prague 2009, pp. 165–168.

10 Cf. e.g. information on the sale of machine guns for China from the reserves of the Ministry of National Defence to Rolný, továrna na oděvy, Prostějov company. Central Military Archive, 3<sup>rd</sup> department: Historical Military Archive (hereafter referred to as CMA-HMA), Headquarters – organizational unit (hereafter referred to as HQ-org.), folder 277, inv. no. 7616, sign. 89 8/5, a letter from the Ministry of National Defence to Rolný, továrna na oděvy, Prostějov company, dated 4. 5. 1938. Cf. CMA-HMA, HŠ-org., folder 375, inv. no. 8533, sign. 89 10/1, an opinion of the headquarters (1. division) on the application of Rolný, továrny na oděvy, Prostějov company concerning a loan of 50 thousand rifles for China, dated 2. 2. 1939.

11 Cf. British summaries of arms export of selected states to China, realized in 1937 and 1938, charts in folder TNA, FO 371/22071.

12 TNA, FO 371/23427, Summary of Arms and Ammunition destined for China which were exported or transhipped from Hong Kong between 1. 7. And 31. 12. 1938.

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the sale of military material to the Chinese, might fall into the hands of Japanese authorities.<sup>13</sup> Arms export from Czechoslovakia to China continued until the Czech Lands' occupation by the German army.<sup>14</sup> Available archived materials suggest that the interest of some arms companies to export to China continued into the first months of the Protectorate's existence.<sup>15</sup> The successful stage of the extensive arms trade with China was, however, definitely over.<sup>16</sup>

In the interwar period, China did not belong among the most important Czechoslovak trade partners. More extensive development of Czechoslovak-Chinese trade relationships was hampered by several factors; be it considerable distance between the two countries and consequently high transport costs or the weak direct involvement of Czechoslovak companies in the Far East and their generally poor knowledge of the Chinese market. Despite all these problems, exports to China left a visible mark on Czechoslovak foreign trade. In the interwar period, China's share in total Czechoslovak exports was increasing and China was gradually becoming a more important market for Czechoslovak companies, particularly for some strategic industrial enterprises. These facts are even more favourable when we realize that these exports were to a distant, exotic and destabilized country with an extremely problematic legal environment. Czechoslovak export to China also recovered faster from its drop during the Great Depression than total Czechoslovak exports – in 1933–1938 the Chinese share of total Czechoslovak exports increased five-fold.<sup>17</sup>

On the other hand, we have to consider that the main reason of this growth was the extensive and controversial export of arms.<sup>18</sup> The high percentage of weapons in Czechoslovak exports was even recognised in official Czechoslovak statistics. According to the State Statistical Office, in the record year of 1938, the share of arms in the total export to China totalled

13 AMFA, IV. NE, folder 480, Report no. 23/612/37 (Safekeeping of archives of Czechoslovak arms companies at the Czechoslovak Embassy) from the Embassy of Czechoslovak Republic in China, dated 1. 12. 1937. Cf. Japanese comments on the equipment of Chinese units with top-quality Czechoslovak arms. AMFA, IV. NE, folder 372, Report no. 1690/38 (Škoda Works – damage in China) from the Embassy of Czechoslovak Republic in China, dated 29, 1938, p. 2.

14 For more information on Czechoslovak-Chinese negotiations concerning arms supplies in 1939, see e.g. TNA, FO 371/23427, Proposed compensation trade to enable China to obtain arms from Czechoslovakia, Arthur Guinness, Memorandum (13. 3. 1939). Cf. Authorization of the Ministry of National Defence to negotiate the sale of airplanes to China. CMA-HMA, HŠ-org., folder 359, inv. no. 7908, sign. 27 5/1, a letter from the Ministry of National Defence addressed to the Military Aircraft Factory and dated 2. 2. 1939.

15 For more information on the Chinese activities of Sellier & Bellot and Zbrojovka Brno in the first months after the formation of the Protectorate, see e.g. Archive of Sellier & Bellot, Vlašim, Archive collection no. 1, Sellier & Bellot, box č. 17, serial number 158–167, a letter from Sellier & Bellot addressed to Lilling & Co. and dated 19. 6. 1939.

16 Extensive documentation of Czechoslovak arms export to China in the 1930s can be found at the AMFA, IV. NE, folder 480.

17 For more information, see SKŘIVAN Jr., *Československý vývoz do Číny 1918–1992* [Czechoslovak Exports to China in 1918–1992], chart no. 11, p. 112.

18 As has been suggested, this phenomenon corresponded to the global trend: on the global scale, the arms trade recovered from the Great Depression faster than trade in non-military commodities.



almost 60 %, with the value of arms exported to China standing at almost 236 million crowns.<sup>19</sup> The State Statistical Office's summaries, however, obviously did not (and for many reasons could not) record all arms supplies to China. Arms sales to China and the entire share of arms in total Czechoslovak exports to China were thus presumably considerably higher than that stated in official statistics.<sup>20</sup> Paradoxically, the growing tension in Central Europe (and the related arms boom in Czechoslovakia) and the dramatic political-military situation in the Far East (intimately connected to the growing demands for arms) first stimulated Czechoslovak exports to China to a record performance, but subsequently led to its collapse.

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19 *Zahraniční obchod bývalého Česko-Slovenska v roce 1938* [Foreign Trade of the Former Czecho-Slovakia in 1938]. *Vol. I*, p. 32 and *Zahraniční obchod bývalého Česko-Slovenska v roce 1938* [Foreign Trade of the Former Czecho-Slovakia in 1938], *Vol. II, Series III (Foreign Trade)*, State Statistical Office, Prague 1939, p. 201. The exports figures presented are not representative of the actual amount (number of pieces) of commodities, due to changing prices and the Czech crown's exchange rate. Available statistical materials from the State Statistical Office unfortunately mostly do not present numbers in pieces for individual items. They usually provide only the total weight. Such figures often have very questionable information value, particularly concerning the production of arms. Actual data concerning numbers stated in pieces have to be found elsewhere, for example in company archives.

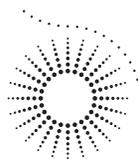
20 Statistical summaries issued by the State Statistical Office have to be compared to data from other sources, particularly pertinent documents from individual company archives.

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**Subscriptions:**

Referát ediční činnosti Oddělení vědy FF UK,  
nám. J. Palacha 2, 116 38 Praha I (edice@ff.cuni.cz)

**Published:**

Charles University Prague, Faculty of Arts,  
2, Jan Palach Sq., 116 38 Prague, Czech Republic

**Print:xPrint**

Cover & Typo: 2GD studio (www.2gd.cz)

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ISSN 1803-7356

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