



Universiteit
Leiden
The Netherlands

Silk for silver: Dutch-Vietnamese relations, 1637-1700

Hoang, A.T.

Citation

Hoang, A. T. (2006, December 7). *Silk for silver: Dutch-Vietnamese relations, 1637-1700*. Retrieved from <https://hdl.handle.net/1887/5425>

Version: Not Applicable (or Unknown)

License: [Licence agreement concerning inclusion of doctoral thesis in the Institutional Repository of the University of Leiden](#)

Downloaded from: <https://hdl.handle.net/1887/5425>

Note: To cite this publication please use the final published version (if applicable).

CHAPTER SIX

THE EXPORT TRADE (I): TONKINESE SILK FOR JAPAN

In vorige tyden hebben wy de syde en syde-manufacturen, by ons daar ingekoft, met een schip directlijck nae Japan gesonden, en daarop redelycke winsten behaalt, maar de voorsch. syde naderhant seer in prijs geresen sijnde, behalven dat de Chinesen daar mede in het vaerwater quamen, heeft die directe vaart en handel beginnen af te nemen, sulcx dat men eyndelijck, vermits de sobere winsten en sware onkosten van soo een schip daartoe specialijck te gebruycken, deselve heeft gestaect.

Pieter van Dam¹

1. *The Far Eastern silk trade prior to the early 1630s*

Chinese raw silk and silk piece-goods were undoubtedly among the most important merchandise which European merchants trading in Asia in the early modern period attempted to procure for both the intra-Asian trade and the European market. In pre-modern times, these products were much sought after in Japan, where they could be exchanged for silver which was an important requisite in the intra-Asian trade. Long before the Portuguese participation in the Far Eastern silk trade, the exchange of Chinese silk for Japanese silver had been consummately managed by Chinese and Japanese merchants. Then by the sixteenth century, the increasing raids by Japanese pirates (*wako*) along the China coast forced the Ming dynasty to limit the maritime activities of its coastal inhabitants and to prohibit Chinese merchants from trading with Japan. As they faded from the scene, the Portuguese, having established a system of footholds from India to China, opened their lucrative China-Japan silk trade in 1545. The Ming ban on Chinese shipping to Japan enabled the Portuguese to complete the circle of their intra-Asian trade network and enjoy the fruit of the profitable Macao-Japan silk trade through the latter half of the sixteenth century.²

¹ “In previous times we sent the silk and the silk piece-goods, which we purchased there [i.e. Tonkin] on a ship straight to Japan, and we made a reasonable profit on them. But because the price of the aforesaid silk rose considerably afterwards, apart from the fact that the Chinese also joined in the trade, the direct shipping and trade started to decline. So finally, because of the meagre profits and the onerous expenses of employing a ship specially for this purpose, this [direct shipping] was abandoned”. Van Dam, *Beschryvinge*, Vol. 2-I, 362.

² On the Portuguese China-Japan trade in the sixteenth and early seventeenth centuries: Chang T'ien-Tsê, *Sino-Portuguese Trade from 1514 to 1644, A Synthesis of Portuguese and Chinese Sources* (Leiden:

At the dawn of the seventeenth century, the Portuguese Macao-Japan silk trade declined as their privileged position in Japan eroded. More seriously, from being king of the castle, the strength of Asian merchants, soon compounded by the arrival of other European rivals, challenged the Portuguese Asian trading network. Chinese merchants remained the most formidable competitors and after the 1590s the Japanese also emerged as another doughty rival. Organized under the *shuin-sen* policy, the latter began to frequent South-East Asian ports with large amounts of precious metals eager to import Chinese silk and other marketable goods for their home market.

The arrival of the English and the Dutch in Asia at the end of the sixteenth century was another serious threat to the Portuguese trading position. In 1609, the VOC established a factory at Hirado (Japan). In the first two decades Dutch Japanese trade was far from significant as the VOC was not yet secure in its position in East Asia.³ Having no direct access to China, the Dutch ships frequented South-East Asian ports where Chinese merchants often arrived with silk and silk piece-goods. Yet, the annual amount of Chinese silk which the Company could manage to obtain from these rendezvous was insubstantial, although, in order to foster its Japan trade, the Company often reduced the demand for the Chinese silk for the Netherlands whenever the demands of these two marketplaces collided.⁴

Among the trading-places where VOC ships sailed to buy Chinese silk was Hôï An. As mentioned in Chapter Three, all the attempts of the Dutch to trade with this place, just as their vain efforts in China, resulted in only hatred and losses.⁵ With the establishment of the Formosa trade in 1624, to a certain extent, the Dutch were able to compensate for their inability to enter into a commercial relation with China.⁶ From the early 1630s, VOC attempts to expand its Far Eastern trade happened to concur with several political and commercial transformations in Japan which contributed enormously to the enlargement of its trading network. A few years after its abolition of the *shuin-sen* network in 1635, the Japanese Government deported the Portuguese from Nagasaki, triggering remarkable changes within the East Asian maritime trade network.⁷ In 1636 Nicolaas Couckebacker, the *Opperhoofd* of the Hirado factory, joyfully informed his masters in Batavia of the declaration of the Japanese seclusion policy and the subsequent possibility to expand the Company trade to several places with which Japanese merchants formerly had regularly traded.⁸

Brill, 1933); Michael Cooper, "The Mechanics of the Macao-Nagasaki Silk Trade", *Monumenta Nipponica* 27-4 (1972): 423-433; Souza, *The Survival of Empire*.

³ Kato Eiichi, "Unification and Adaptation", 207-229.

⁴ Kristof Glamann, *Dutch-Asiatic Trade, 1620-1740* (The Hague: Martinus Nijhoff, 1958), 114.

⁵ See Chapter Three for the abortive Dutch trade with Quinam. See also: Buch, *De Oost-Indische Compagnie; Ancient Town of Hoi An*; Li Tana, *Nguyễn Cochinchina*.

⁶ Blussé, "The Dutch Occupation of the Pescadores", 28-42; Ts'ao Yung-ho, "Taiwan as an Entrepôt": 94-114.

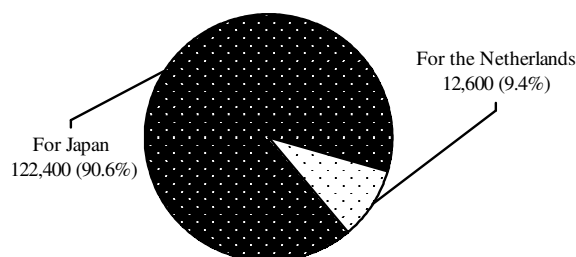
⁷ Akira Nagazumi *et al.*, *The Dutch East India Company in Japan, Siam and Indonesia*; Van Dyke, "How and Why": 41-56.

⁸ *Generale Missiven* I, 513.

Considering the current transformation in the Far Eastern trade, the High Government in Batavia confidently reported its planned strategy to take over the Japanese trading network at several places in the Indo-Chinese Peninsula to the Gentlemen XVII.⁹ Among the countries targeted was Tonkin which enjoyed a good reputation as a silk-producer and silk-exporter of the East among European merchants and travellers.¹⁰

In 1637 the first Dutch ship arrived in northern Vietnam; with it the VOC relationship with Tonkin was officially established. From this year, the Company began to export in the main Tonkinese raw silk and silk piece-goods to Japan and, to a much lesser extent, to the Netherlands (see Figure 5). In short, the VOC's Tonkin trade revolved around the central activity of exporting local raw silk to Japan and importing Japanese silver back into Tonkin.¹¹

Figure 5 Intended division of the Tonkinese silk cargo, 1645



(taels)

Source: *Dagh-register Batavia* 1644-5, 108-122.

During its first thirty-three years, the VOC's Tonkin-Japan direct silk trade was subject to various fluctuations which clearly fell into three main phases: the period of experiment (1637-1640); the period of high profit (1641-1654); and the period of decline (1655-1670). While the Company trade with Tonkin managed to keep going until 1700, and its export of Tonkinese silk to Japan still occurred sporadically in the 1670-1700 period, the Tonkin-Japan silk trade generally ended in 1670 when Batavia halted the Tonkin-Japan direct shipping for two reasons: unprofitable trade conditions and to control the private trade between these two places. After that the Tonkinese silk cargoes intended for the Japan trade were all carried to Batavia, where they were transhipped onto the Japan-bound ships.

⁹ Ibid., 522.

¹⁰ See, for instance, Pires, *Suma Oriental*, Vol. 1, 114-115.

¹¹ On the VOC silk trade with Tonkin: Buch, "La Compagnie" (1936): 97-196 & (1937): 121-237; Klein, "De Tonkinees-Japanse zijdehandel", 152-177; Nagazumi, "The Tonkinese-Japanese Trade": 21-46; Nara, "Silk Trade", 162-183.

2. *The Period of Experiment, 1637-1640*

At least thirteen years before commencing their trade with Tonkin, the Dutch in Japan had already taken note of the marketability and profitability of Tonkinese silk goods on the Japanese market. In 1624 the Dutch factors at Hirado noted that among the junks arriving from various destinations, one was from Tonkin laden with silk and silk piece-goods.¹² In 1633 the Hirado factory again reported to Batavia that among the 2,500 piculs of raw silk the Chinese shipped to Japan, a large amount was Tonkinese.¹³ In 1636, the Chinese made a large profit on their silk trade thanks to the high sales price, to wit: Tonkinese silk was generally sold at Hirado at 290 taels per picul; the Quinamese silk at 233 taels, the Chinese silk at 267 taels, and the *bogy* or yellow silk was sold at 325, 288, and 240 taels per picul.¹⁴ To prepare for the inaugural voyage to Tonkin the following year, Chief Factor Couckebacker gathered information from those who had visited Tonkin and made a detailed report on the Tonkinese silk trade noting pertinent data about geographical, political, and trading situations, local customs, silk harvests, the current prices of silk, and the like. He optimistically calculated that annually, besides other local goods, northern Vietnam could deliver 15 to 1600 piculs of raw silk, 5 to 6 thousand piculs of piece-goods and a batch of cinnamon.¹⁵ A cargo valued at 188,166 guilders consisting of 60,000 taels of silver, 300 piculs of copper, 200 piculs of iron ingots and other miscellaneous items was prepared for the *Grol*, which sailed to Tonkin in early 1637.¹⁶

The inaugural voyage was a success. The cargo valued 188,166 guilders was exchanged for silk and silk piece-goods at fair prices: 15 *faccaar* from the King; 16 *faccaar* from the free market; and 17 *faccaar* from some mandarins.¹⁷ In July, the *Grol* left Tonkin for Japan via Formosa with a cargo worth around 190,000 guilders, consisting of 53,695 catties of raw silk (168,378 guilders) and 9,665 various piece-goods (11,268 guilders).¹⁸ In Japan, the Tonkinese silk cargo was sold at 180 taels per picul, the *bogy* or yellow silk at 265 taels, making a general profit margin of around 80 per cent. In January 1638, Hartsinck, the chief factor of the Tonkin factory, returned to

¹² *Dagh-register Batavia* 1624-1629, 12.

¹³ *Dagh-register Batavia* 1634, 249-250.

¹⁴ *Generale Missiven* I, 589.

¹⁵ "Report of Couckebacker, the chief of the Dutch factory at Hirado, to Batavia in 1636", in *Dagh-register Batavia* 1636, 69-74. See also: Van Dam, *Beschryvinge*, Vol. 2-I, 361-365; Valentyn, *Oud en Nieuw Oost Indiën*, Vol. 3, 1-6.

¹⁶ On the VOC's successful inaugural voyage to Tonkin: NA VOC 1124: 53-79, Log of the voyage of the *Grol* to Tonkin in 1637; *Dagh-register Batavia* 1637, 144; Dixon, "Voyage of the Dutch Ship 'Groll'".

¹⁷ *Faccaar*: weight used in the silk trade in Tonkin. The calculation was one tael of fine silver for some taels of raw silk. For instance, the *Chúa's* payment of 15 *faccaar* means he would pay 15 taels of raw silk (or 1.13 Dutch ponds) for one tael of fine silver (or 2.17 guilders) that the Dutch had advanced to him for the delivery of silk. NA VOC 1124: 53-79, Log of the voyage of the *Grol* to Tonkin in 1637; Van Dam, *Beschryvinge*, Vol. 2-I, 361-365.

¹⁸ *Generale Missiven* I, 585; NA NFJ 763; Klein, "De Tonkinees-Japanse zijdehandel", 165-166.

Tonkin with a capital of 298,609 guilders. This year, the Company formally established a factory and, with the *Chúa*'s permission, explored the potential of the silk trade in the north-western city of Zenefay (most probably Yên Bái). In July the *Zandvoort* returned to Japan with 800 piculs of raw silk; another cargo of 285 piculs of raw silk and 8,972 silk piece-goods was shipped to Japan on board a chartered Chinese junk. At the sale in Japan, Tonkinese raw silk fetched an average of 240 taels per picul, reaping 60 taels more than the year before. Meanwhile, the sale of 300 bales of Persian silk at Nagasaki reportedly yielded a loss of 4,525 guilders.¹⁹ The second Tonkin cargo that year valued at 113,645 guilders, which was loaded on the chartered Chinese junk, was expected to contribute a profit of at least 230,000 guilders.²⁰

Hartsinck's missive analysing both the advantageous and disadvantageous aspects of the Tonkin trade raised optimistic hopes in Batavia. The local *capados* (eunuchs) were the main obstruction to any success in the free trade the *Chúa* had granted the Company. These mandarins, who had carved themselves a niche as brokers and speculators, manoeuvred to monopolize the silk supply to foreign merchants in order to squeeze more of its silver from the Company forcing it to purchase silk at dearer prices, and hinder the Dutch from carrying out direct transactions with local people. Although this had not yet become clear, the high expectations fostered by the Trịnh ruler of creating a military alliance against his Nguyễn rival with the Company was to lead the Company into a costly military involvement in the future.

The maintenance of a factory in Tonkin was said to be impractical, as Hartsinck had pointed a negative picture of Tonkin as a "treacherous and thievish country", and had intimated the factory might be looted after the ships had left. The competition from the Portuguese and the Chinese was also fierce. In 1637, for instance, the Portuguese arrived from Macao with two junks and one *navet*; two other vessels, one priests' junk and one *galliota* had arrived in Tonkin the previous November and December and had wintered there to buy silk. As the Dutch sailed up to the capital Thăng Long, these two vessels were preceding down the Hồng River preparatory to departing for Macao, carrying on them 620 piculs of raw silk. In April the other Portuguese junks left Tonkin with a large cargo consisting of, among other goods, 965 piculs of raw silk.²¹ None of this dimmed the current profit of the Tonkin trade, however. With the exception of a certain amount of silver which the Dutch factory had to advance local rulers for the delivery of silk, they were exempted from arrival and departure taxes.

The success of the 1637 voyage heralded a handsome profit for the Company's Tonkin-Japan silk trade in the following years. Hartsinck, despite his complaints about

¹⁹ *Generale Missiven II*, 736-737

²⁰ The Chinese owners killed nineteen Dutchmen on board, robbed the Company cargo and took it to Cambodia. During the sale of this cargo, the Dutch factors in Cambodia discovered what had happened thanks to some notes kept in the silk bales. *Generale Missiven II*, 7-8; Buch, "La Compagnie" (1937): 206.

²¹ NA VOC 1124: 53-79, Log of the voyage of the *Grol* to Tonkin in 1637.

the commercial climate in Tonkin, also confidently calculated that the Dutch factors would be able to purchase around 1,000 piculs of raw silk besides a good part of piece-goods for Japan. The annual profit from this trade, according to Hartsinck, could be around four tons of gold. These promising figures encouraged Batavia to carry on its trade with northern Vietnam.²²

In 1639 and 1640 the Company trade with Tonkin was closely interwoven with political activities. In 1639 Couckebacker, who was assigned to be the Company representative in negotiating with the Trịnh, visited Tonkin to discuss the military alliance and future attacks on Quinam in more depth. In the same year, the Trịnh ruler sent a delegation to Batavia to consolidate the mutual relationship. Dutch trade in Thăng Long was therefore facilitated. In this year, the Tonkinese silk cargo for Japan which was valued at up to 311,268 guilders consisted of 685 piculs of raw silk. In 1640, the Company's capital for the Tonkinese silk trade was increased to 439,861 guilders.²³ Enriched by this large amount of money, the Tonkin factory managed to purchase three rich silk cargoes valuing approximately 758,455 guilders and sent these to Batavia, where 622,000 guilders' worth of raw silk and silk piece-goods were then reshipped to Japan.²⁴

Disappointment was in store as these large cargoes yielded only an average profit margin of 40 per cent. Despite the temporary fall in the Tonkinese silk profit, Batavia once again remitted the Tonkin factory a good capital sum in the following year. The confidence of Batavia was paid off handsomely as its Tonkin-Japan silk trade began to take off in this year, a trend which strengthened.

3. *The period of high profit, 1641-1654*

The boom period of the VOC's Tonkinese silk trade coincided with some crucial political transformations in East Asian countries as well as a remarkable change in the regional maritime trade network. When the final attempt of the Macao Portuguese to resurrect their trade with Japan failed in 1640, a large number of Portuguese merchants had no option but to migrate to the South-East Asian ports in search of new ventures. At more or less the same time – because of the Japanese Government's seclusion policy – Japanese merchants were deprived of their Tonkin-Japan silk trade, having to cede it to the Dutch and the Chinese. In China, after the invasion of the Manchu in 1644, a protracted civil war devastated the economy. This political chaos also caused a drastic fall in the regular influx of Chinese goods to the Dutch entrepôt of Formosa.²⁵

²² One ton of gold valued at round 35,416 taels of silver or 100,935 guilders: *Generale Missiven* I, 742; NA VOC 1124: 85: The act of *Chúa Trịnh Tráng* to adopt Carel Hartsinck as his own son.

²³ Buch, "La Compagnie" (1936): 168.

²⁴ *Dagh-register Batavia* 1640-1641, 146; Klein, "De Tonkinees-Japanse zijdehandel", 167.

²⁵ Ts'ao Yung-ho, "Taiwan as an Entrepôt": 94-114.

Shortly before the decline of the Formosa trade, in 1641 the *itowappu* (the yarn allotment) system in Japan was extended to cover all Chinese silk and silk piece-goods imported to Japan.²⁶ This would have undoubtedly reduced the profit margins on the Chinese goods the Company imported to Japan, if the heads of the five shogunal cities and the Governor of Nagasaki were not to raise the *itowappu* sales prices of Chinese varieties.²⁷ Confronted with the revision of the *itowappu*, the VOC had to readjust its silk trade and its silk supplies to Japan in order to avoid falling into the trap of overdependence on this sales system. Besides strengthening the Tonkin trade by providing more capital and ships to boost the import volume of Tonkinese silk for Japan, Batavia also sought to import other silks which were not restricted by the *itowappu* system. In 1644, the Dutch factory in Persia purchased 527 bales of Persian silk at excessively high prices, valued at a total of 427,249 guilders to send to Japan. It was a wasted effort. This expensive cargo yielded only 50 per cent in Nagasaki, which was highly unsatisfactory in view of the high investment capital and excessive expenses incurred.²⁸ Batavia therefore decided the next year to use the capital with which it had intended to purchase Persian silk to buy Bengali silk for the Japanese market.²⁹ Thereafter Bengali raw silk and piece-goods were regularly exported to Japan and steadily gained a place on the market, before turning out to be the most marketable and profitable silk goods in Japan from the mid-1650s.³⁰

Silk trade under military alliances, 1641-1643

As discussed in detail in Chapter Three, the years from 1641 to 1643 witnessed the most intimate political relations between Tonkin and the VOC. Batavia sent three fleets to assist the Trịnh armies in their attack on Quinam in 1642 and 1643. Two out of these three fleets were defeated off Hội An.³¹

Basking in the glow of this intimate relationship, the Company's silk trade in Tonkin was conducted satisfactorily. In Japan, however, Tonkinese silk was still sold at irregular gross profits, its sales price fluctuating to the rhythm of the import volume of Chinese yarn. In 1641, the Tonkinese silk cargo totalling 202,703 guilders encountered "grievous losses" in Nagasaki owing to the reiteration of the proclamation of sumptuary

²⁶ Innes, *The Door Ajar*, 248-285; Om Prakash, *The Dutch East India Company*, 120-121; Viallé and Blussé, *Deshima Dagregisters 1641-1650*, 412.

²⁷ *Dagh-register Batavia 1643-1644*, 147; *Generale Missiven II*, 211-212.

²⁸ *Generale Missiven II*, 247.

²⁹ *Generale Missiven II*, 233.

³⁰ On the export of Bengali silk to Japan in the 1640-1652 period: Om Prakash, *The Dutch East India Company*, 122-124.

³¹ Buch, "La Compagnie" (1936): 184-195.

laws by the Shogunate.³² Because of the current depression of the silk auction in Nagasaki, the council of the Deshima factory decided to ship back all the goods which could not fetch the cost price there, hoping that they could be sold at a fair profit in the Netherlands or in other regional markets.³³ Despite the stagnation of the silk market in Japan, a capital of 300,000 guilders was prepared for the Tonkin factory.³⁴ The next year a Tonkin cargo of 129,352 guilders fetched a good profit in Japan because, as the Dutch in Nagasaki were informed, Chinese piece-goods had risen more than 30 per cent in Miyako, Osaka, and Edo. In the light of the meagre imports by the Chinese, they were likely to rise a further 20 per cent. The heads of the five shogunal cities also urged the Dutch to import more silk for the next year.³⁵

Seeing the high profit margins which the Japan trade offered in the 1642 trading season, Chinese merchants who used to sail to Formosa now sailed directly to Nagasaki in 1643. In that year, many junks of the Chinese mandarin Zheng Zhilong alias Iquan arrived at Nagasaki, carrying some large cargoes of silk and silk piece-goods. This stream of Chinese junks sailing directly to Japan caused a drastic fall in the flow of Chinese goods to Formosa. The Siam and Cambodia cargoes were also small, reflecting the shortage of export goods in these countries.³⁶ Meanwhile, Tonkinese silk gained a good profit of 120 per cent in Nagasaki, having sold at 272 taels 6 maas 9 condrens per picul on average.³⁷ The *itowappu* prices for Chinese raw silk were fixed at 275 taels for the first grade and 245 taels for the second. The heads of the five shogunal cities and the Governor of Nagasaki promised the Dutch to raise the *itowappu* prices to 295 and 265 the next year, provided that the Company were to supply the market with a large quantity.³⁸

Decline of Formosa and rise of Tonkin, 1644-1654

In August 1644 Governor Lemaire in Formosa informed the Deshima factory that half of the Company's demand for Chinese goods from Formosa remained unfulfilled.³⁹ In the meantime, Iquan's junks continued to sail directly from mainland China to Nagasaki heavily loaded with silk cargoes. In Japan, Chinese raw silk of the first and the second

³² *Dagh-register Batavia* 1641-1642, 58, 62-65, 72. The number given by the *Generale Missiven* (II, 146) for that year's Tonkin cargo to Japan was 225,000 guilders. On Japan's sumptuary law: Donald H. Shively, "Sumptuary Regulation and Status in Early Tokugawa Japan", *Harvard Journal of Asiatic Studies* 25 (1964-1965): 123-164.

³³ Viallé and Blussé, *Deshima Dagregisters* 1641-1650, 33-34.

³⁴ *Generale Missiven* II, 146-147.

³⁵ NA NFJ 56, Aug.-Sep. 1642.

³⁶ NA NFJ 57, Jun.-Nov. 1643.

³⁷ *Generale Missiven* II, 211-212; Van der Plas, *Tonkin 1644/45*, 23.

³⁸ Viallé and Blussé, *Deshima Dagregisters*, 1641-1650, 116.

³⁹ *Idem*, 166-167.

grades were sold respectively at 355 and 325 taels per picul, offering the Chinese a high profit margin.⁴⁰ In August 1648 a letter from the Governor of Formosa to Fredrik Coyett, the chief factor of the Deshima factory, informed him that the import of commodities from China had shrunk to almost nothing.⁴¹ In 1651, Batavia was informed that the Formosa trade had managed to gain a small advantage albeit that mainland China had provided no important merchandise to Formosa.⁴²

In Tonkin, the Dutch factory was now also confronted with a more difficult phase. Feeling disappointed with the poor military performance of the Dutch in the 1642 and 1643 campaigns, *Chúa Trịnh* withdrew some trading privileges he had previously granted the VOC altogether and grew stricter in dealing with the Dutch factors.⁴³ The *Chúa's* palpable discontent encouraged his officials to obstruct Dutch trade, causing the Company many losses. Local politics also conspired to thwart the Dutch. Several rebellions and insurrections which broke out during this period not only largely damaged the national economy, they also obstructed the foreign trade of Tonkin. Yet, despite this brooding atmosphere, the VOC's Tonkinese silk trade generally flourished until the mid-1650s. To strengthen it, Batavia decided to leave a junior merchant and some assistants provided with a substantial sum of money in Tonkin after ships had sailed to Japan. This was to foster the procurement of local products, especially the winter silk. The Company now also started to export more Tonkinese raw silk, silk piece-goods, and several sorts of local products such as musk and cinnamon to the home market in the Netherlands.⁴⁴

In the years 1644 and 1645, the Dutch factors in Thăng Long ran the silk trade satisfactorily, exporting large cargoes of Tonkinese silk and silk piece-goods to Japan, where they yielded good profits. In Nagasaki, the 1644 cargo of 299,572 guilders consisting of approximately 665 piculs of raw silk made a profit of 104 per cent (or 90 taels of silver per every picul of raw silk).⁴⁵ The next year, Tonkinese raw silk was sold at 322 taels per picul. The other raw silks generally fetched lower profits: the Persian silk yarn which had been purchased at a much higher price was sold at only 262 and 254 taels per picul,⁴⁶ and the *itowappu* price for Chinese raw silk was fixed at 320 and 280 taels per picul for the first and the second grades respectively.⁴⁷ Another hundred piculs of Tonkinese silk were forwarded to the Netherlands, as Formosa was incapable of supplying the commodity.⁴⁸

⁴⁰ NA NFJ 57, Feb.-Sep. 1644.

⁴¹ Viallé and Blussé, *Deshima Dagregisters* 1641-1650, 322.

⁴² *Generale Missiven* II, 452.

⁴³ NA VOC 1156: 149-155, Antonio van Brouckhorst to Batavia, 15 Oct. 1644.

⁴⁴ NA VOC 1156: 149-155, Van Brouckhorst to Batavia, 15 Oct. 1644; Godeé Molsbergen, *De Stichter van Hollands Zuid-Afrika*, 32; Buch, "La Compagnie" (1937): 121-124.

⁴⁵ *Dagh-register Batavia* 1644-1645, 108-122.

⁴⁶ *Ibid.*, 222.

⁴⁷ Viallé and Blussé, *Deshima Dagregisters* 1641-1650, 215-216.

⁴⁸ *Generale Missiven* II, 281.

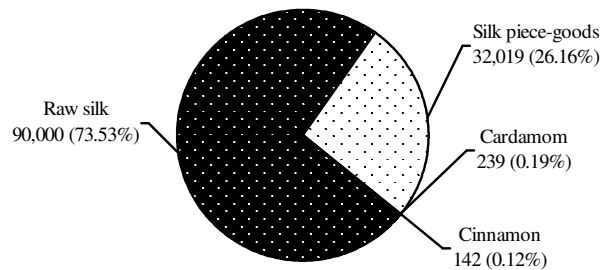
*Table 5 Composition of the Tonkinese silk cargo to Japan, 1644
(totalling 299,572 guilders)*

64,515	catties of raw silk of which: 50,712 catties from local people 13,803 catties from the <i>Chúa</i> and local mandarins
8,017	pieces of raw <i>soumongij</i>
2,334	pieces of raw <i>baas</i>
2,911	pieces of white <i>pelings</i> of which: 2,042 pieces figured 869 pieces plain
6,162	pieces of Tonkinese <i>hockiens</i>
4,043	pieces of <i>Semasche</i> [?] <i>hockiens</i>
4,340	pieces of white <i>chios</i> or unpatterned <i>satijntges</i>
233	pieces of velvet lined with gold and diamond
6,233	catties of loosed <i>sitouw</i> or coarse wrought silk

Sources: NA NFJ 57, 1 Sept. 1644; *Dagh-register Batavia* 1644-5, 108-122.

Figure 6 Intended division of the Tonkinese goods for Japan, 1645

(taels Japanese silver)



Source: Appendix 5.

In the next two years, the profit on the Tonkinese silk trade decreased slightly. This was the unhappy outcome of the heavy rains in 1645 which flooded a large part of the Tonkinese mulberry groves. Consequently, the capital which Batavia had remitted for the purchase of winter silk remained unspent. Worse still, the *Zwarte Beer* and *Hillegaersbergh*, which conveyed the Tonkinese silk cargoes to Japan in July 1646,

were caught in a storm at sea; most of the merchandise was soaked.⁴⁹ Because of its spoiled condition, Tonkinese raw silk generally gained 50 taels less per picul than the previous year. Nonetheless the other raw silks yielded a nice profit: Chinese silk was sold at 300 taels per picul for the first grade and 260 for the second; the Persian at 206 taels per picul at first but slumped to 198 taels at the end of the sales season.⁵⁰

In 1647, high-ranking eunuchs at the Lê/Trịnh court attempted to persuade the *Chúa* to approve their plan to monopolize the silk supply to the Dutch Company. According to their proposal, the Dutch purchase of silk should be confined to some appointed merchants only and at fixed prices. Had the *Chúa* approved these mandarins' plan, reported the Dutch factors in Thăng Long, the Company's Tonkin trade would have been baulked.⁵¹

At the same time, the Chinese competition in Tonkin remained fiercely unremitting. Almost inevitably, some clashes and scuffles broke out between the Chinese and the Dutch.⁵² Seeing the impressive profits which Tonkinese silk yielded in Japan and basking in the protection of the Zheng family, Chinese merchants returned to Tonkin with 80,000 taels of silver. By offering higher purchase prices to local weavers and brokers, they experienced no trouble in exporting around 400 piculs of raw silk and another large batch of silk piece-goods. The stiff Chinese competition in purchasing silk brought the transactions of the Dutch factory to a complete standstill. Only after the Chinese had left Tonkin for Japan in July, could the Dutch factors commence their business. Thanks to an abundant silk harvest this year, they experienced no difficulty in purchasing a cargo of 634 piculs of raw silk for Japan, where it made a reasonable profit margin.⁵³ This year, the *itowappu* prices for Chinese first- and the second-grade raw silk were 310 and 270 taels per picul respectively while Bengali yarn was reportedly sold at 80 taels less than it had previously yielded.⁵⁴

Under the weak management of the Chief Factor Philip Schillemans, cracks began to appear in the Tonkin trade in 1648.⁵⁵ This year, Chinese merchants arrived with 120,000 taels and again offered local sellers 20 taels silver for every picul of raw silk, siphoning off most of the silk available on the local market. So abundant was this year's summer silk harvest that, after the Chinese had left, the Dutch factors still managed to buy 522 piculs of raw silk, 12,273 *pelings*, 14½ piculs of cardamom, a good amount of velvet, *sumongij*, *chiourong*, putting together a large cargo worth 393,584 guilders for

⁴⁹ NA VOC 1156: 223-228, Van Brouckhorst in Nagasaki to Batavia, 24 Oct. 1645; NA VOC 1161: 705-746, *Dagh-register* of the Tonkin factory, 29 Nov. 1645-31 Jul. 1646.

⁵⁰ *Generale Missiven* II, 289; NA NFJ 59, 12-20 Sep. 1646.

⁵¹ *Generale Missiven* II, 308.

⁵² Godeé Molsbergen, *De Stichter van Hollands Zuid-Afrika*, 39.

⁵³ *Generale Missiven* II, 325-326.

⁵⁴ NA NFJ 60, Sep.-Oct. 1647.

⁵⁵ NA VOC 1169: 395-397, Instruction for Philip Schillemans as *opperhoofd* of the Tonkin factory, 29 Nov. 1647.

Japan.⁵⁶ In Nagasaki, the Tonkinese raw silk bought from the *Chúa* and the Crown Prince, which occupied the bulk of the cargo, was sold at 333 and 279 taels per picul respectively. The Bengali silk “did not fetch the price it should have done and the piece-goods yielded an even lower profit” while the Persian silk which had necessarily been purchased at high prices yielded less than 20 per cent.⁵⁷

In 1649, the volume of the Tonkinese silk cargo for Japan decreased dramatically hampered by the scarcity of goods in the aftermath of storms and floods. Out of the large capital which the Company had invested for the Tonkin trade, 160,000 guilders remained unspent and had to be shipped back to Formosa at the end of the trading season. Worse still, shortly after its departure, the *Kampen*, carrying the Tonkinese silk cargo valuing 254,126 guilders, ran into a storm at sea. When sheltering close to the island of Nanau off the Chinese coast, thirteen crewmen were captured by the local inhabitants and the ship was chased away.⁵⁸ All such misfortunes aside, the Tonkinese silk cargo yielded a spectacular profit of around 400,000 guilders. Happily, the Bengali silk cargo also made a good profit which buoyed the Dutch up with high hopes of satisfactory profits in the following years as the Bengali yarn gained a wider reputation on the Japanese market.⁵⁹ In 1650, the Tonkin cargo valued at 329,613 guilders, consisting of 595 piculs of raw silk, fetched a relatively low profit in Nagasaki because the sales price dropped 174 taels per picul on average compared to the sales of the previous year. Similarly, Bengali raw silk also lost 233 taels per picul. The slump in the sales prices in Nagasaki that year was caused by the enormous amount of silk that the Chinese had carried to Japan: sixty-nine junks from mainland China had reportedly brought a total of 930 piculs of raw silk to Nagasaki while several junks from northern Vietnam carried 820 piculs of Tonkinese raw silk, not counting another sizeable amount of silk piece-goods.⁶⁰

At the time of the erosion of the Tonkin trade, a rumour circulated claiming that the private trade of the Company servants in the North-Eastern Quarters was flourishing on a very large scale. Disquieted by this rumour, the Gentlemen XVII ordered Batavia to inspect the Company trade in these places. Willem Verstegen was sent as an extraordinary commissioner to Tonkin in 1651 to inspect the factory and assist the factors to overcome the challenges with which the *capado* had confronted them. Ongiatule was angling to have the Dutch factory removed to a place under his governance in order to monopolize the silk supply to the Company.⁶¹ In that same year

⁵⁶ *Sumongij, chiourong*, and the like are sorts of Tonkinese silk textiles. Most of them remain unidentified owing to the odd phonetic spellings of the European merchants. NA VOC, 1172: 381-384, Schillemans and Van Brouckhorst in Nagasaki to Governor-General Cornelis van der Lijn, 19 Nov. 1648.

⁵⁷ *Generale Missiven II*, 364-365; NA NFJ 61, 9 & 24 Nov. 1648.

⁵⁸ *Generale Missiven II*, 389-391.

⁵⁹ *Ibid.*, 390; Viallé and Blussé, *Deshima Dagregisters 1641-1650*, 367

⁶⁰ *Generale Missiven II*, 422, 450-451.

⁶¹ *Ibid.*, 530-532; Buch, "La Compagnie" (1937): 132-134. Information on Ongiatule can be found in note 10 in Chapter Four.

Batavia decided to promote the Tonkin factory to a permanent trading centre in view of the visible improvement in the Tonkinese silk trade after Commissioner Verstegen's visit and the good profit margins which Tonkinese silk had been bringing on the Japanese market in the recent years. This plan, however, was short-lived. Batavia withdrew the plan shortly after its approval because of the political and trading instability in Tonkin, which made it a precarious undertaking to keep a large capital sum there with only a few servants after the Company ships had sailed away.⁶²

Nevertheless, the Dutch Tonkinese silk trade evidently did improve after the commissioner's visit. In the summer of 1651, the VOC shipped a silk cargo of around 362,000 guilders to Japan, where the profit it made was reported to be 102 per cent.⁶³ Tonkinese raw silk was sorted into three kinds: the *primero* was sold at 277 and 283 taels 7 maas per picul; the *secondo* at 239; and the silk which had been delivered by the royal family was sold at 225 taels 9 maas per picul. Bengali silk was sold at even higher profit margins, yielding 174¾, 121¾, and 192¾ per cent respectively for the finished silk, *bariga*, and *pee*.⁶⁴

Inspired by the satisfactory profit the Tonkinese silk cargo had yielded in Japan the Company decided to send 680,194 guilders to northern Vietnam for the 1653 trading season, but this large investment did not succeed as expected. In his letter to Batavia, De Keyser, the chief factor of the Tonkin factory, reported that the Tonkin trade had begun to decline and offered less profit by the day and consequently the maintenance of a permanent factory in the capital Thăng Long was very injurious.⁶⁵ In Tonkin "...the trade was worse than it has ever been". Flooding had destroyed a large part of the mulberry groves. More seriously, the shortage of copper coins caused a general increase of around 20 per cent in the purchase price of all merchandise.⁶⁶ The price of raw silk and silk piece-goods had risen. The *cabessa*, for instance, was bought at the price of 8, 7½ and 7 *faccaar*.⁶⁷ The silk piece-goods were also very scarce because local weavers, shocked by the high costs of raw silk, stopped their production of piece-goods. Out of the Tonkin cargo of 300,000 guilders to Japan this year, raw silk and silk piece-goods were valued at not more than 174,531 guilders.⁶⁸ This cargo yielded only 70 per cent in Japan, which was too inconsiderable in view of the huge expenses and high risks of the Tonkin trade. The Company therefore reduced the investment capital assigned to the Tonkin factory in 1654 to 149,750 guilders only, reserving, when added to the money

⁶² *Generale Missiven II*, 697-702.

⁶³ NA VOC 1184: 14-19, Tonkin factory to Batavia, Nov. 1651; Klein, "De Tonkinees-Japanse zijdehandel", 177 (Table 1).

⁶⁴ *Generale Missiven II*, 618.

⁶⁵ NA VOC 1197: 598-611, Tonkin factory to Batavia, Nov. 1653.

⁶⁶ *Generale Missiven II*, 697-702. On the currency system and the shortage of copper cash during the 1650s: Whitmore, "Vietnam and the Monetary Flow", 363-396; Souza, *The Survival of Empire*, 115-120.

⁶⁷ *Generale Missiven II*, 777.

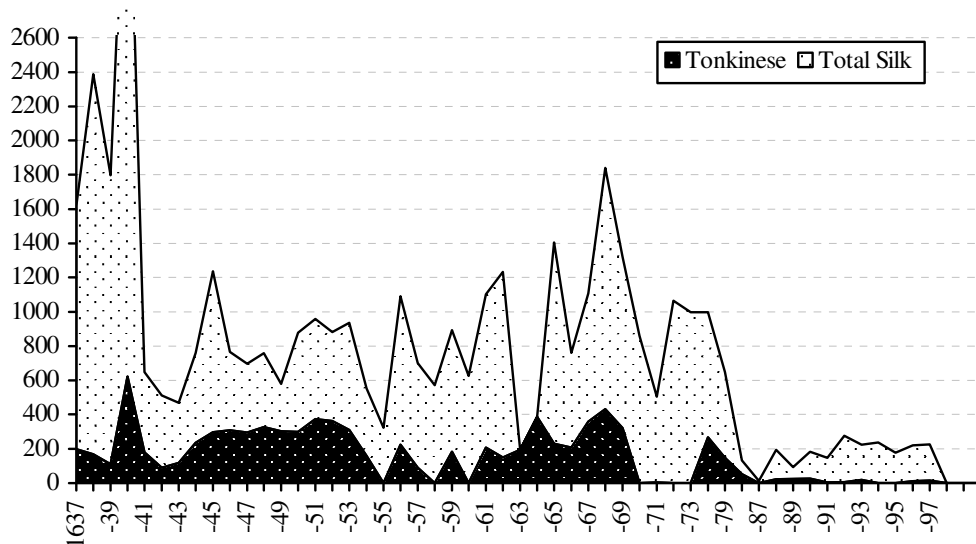
⁶⁸ NA VOC 1197: 598-611, Tonkin factory to Batavia, Nov. 1653; *Generale Missiven II*, 777.

unspent remaining at the Tonkin factory, a total capital of around 365,238 guilders for the next trading season.⁶⁹

In 1654, the volume of the Tonkinese silk cargo shrank further and it was valued at only 159,000 guilders. In Nagasaki, the net profit on the Tonkinese silk trade continued to fall, making a profit margin of only 34 per cent while the Bengali silk *rumals* and *charkhanas* were sold at gross profits of 66 and 122 per cent respectively.⁷⁰ Because of these disappointing profits, the Company exported no Tonkinese silk yarn to Japan in 1655.⁷¹ While the Vietnamese silk trade faltered, the Company's silk trade in Bengal continued to progress. The large gap between the purchase and sales prices brought the Bengali silk a general profit margin of at least 120 per cent this year and marked an end to the lucrative period of Tonkinese silk in Japan.⁷²

Figure 7 Silk exported to Japan by the VOC, 1637-1697

(thousand Dutch guilders)



Sources: Adapted mainly from: Klein, "De Tonkinees-Japanse zijdehandel", 168 (See Appendix 6); Oskar Nachod, *Die Beziehungen*, Table C. The total amount of silk imported into Japan in the years of 1663 and 1664 appeared neither in Klein's nor Nachod's tables but the Tonkinese silk cargoes to Japan were recorded in *Generale Missiven III* and *Dagh-register Batavia* 1663 and 1664.

Note: the total amount of silk imported into Japan in 1640 was 3,457 guilders.

⁶⁹ *Generale Missiven II*, 756. Buch, "La Compagnie" (1937): 139-141.

⁷⁰ Om Prakash, *The Dutch East India Company*, 124.

⁷¹ Klein, "De Tonkinees-Japanse zijdehandel", 167.

⁷² Calculated from Klein, "De Tonkinees-Japanse zijdehandel", 170 (Table 2).

4. *The period of decline, 1655-1671*

The decline of the VOC's Tonkin silk trade had been foreseen some years before the Company's export volume of Tonkinese silk to Japan finally fell to nought in 1655 (see Appendix 6 and Figure 7). The decline was revealed not only in the smaller and irregular silk cargoes the Tonkin factory sent to Japan during the early 1650s, but also in the narrowing gap between the purchase and the sales prices of Tonkinese raw silk (see Appendix 7 and Figure 8). As the annual profit margins brought by Tonkinese silk in Japan began to grow irregular from the early 1650s, Bengali silk quietly gained ground on the Japanese market. In 1649, Dircq Snoecq, the chief factor of the Deshima factory, observing the excellent profits yielded by that year's Bengali silk cargo, already hoped that Indian silk goods would be profitable in Japan in the years to come when they had become better known.⁷³ The annual profit which Bengali silk contributed to the Japan trade of the Company rose steadily. In 1653 the gross profit of Bengali silk shot up to 174¾, 135, 121¾, and 192¾ per cent respectively for the finished silk, *bariga*, *cabessa*, and *pee*, achieving the highest profit margin among the textiles the Company imported to Japan. The *mongo*, another unfinished Bengali silk which was sent as a trial, even yielded 200 per cent. The Bengal cargo of 150,388 guilders, therefore, made a net profit of 191,241 guilders in Japan in that year.⁷⁴

In 1655, a crucial change in the Japanese sales system of all silks imported to Japan affected the division of the silks the Company imported into Japan. Between November 1654 and September 1655, fifty-seven Chinese junks arrived in Nagasaki, flooding the Japan market with 1,401 piculs of raw silk and another large quantity of piece-goods.⁷⁵ Finding itself unable to buy this excessive amount of silks, the Japanese guild of silk merchants petitioned the Government to relieve it of the obligation to buy all Chinese silk. The Shogun therefore cancelled the *itowappu* system altogether.⁷⁶ The abolition of the yarn allotment raised anxieties in Batavia for, without this fixing-price policy, Chinese silk would undoubtedly be sold at higher profit margins. Batavia was worried about the current weakness of the Company in importing Chinese silk. Although civil war in China disrupted the flow of Chinese goods to Formosa, Zheng Chenggong (Coxinga) continued to carry out an exclusive trade in Chinese silk with Japan. As a consequence, the profit on the Chinese silk trade had fallen into the hands of the Zheng family, not the Company.

Under these circumstances, Bengali silk became the key answer to the challenging question of how the Company could maintain its lucrative silk trade with Japan. Following its 1653 success, Bengali silk continued to yield handsome gross profits. In 1656 the average profit margin of the cargo of Indian yarn reportedly stood at 101 per

⁷³ Viallé and Blussé, *Deshima Dagregisters* 1641-1650, 367.

⁷⁴ *Generale Missiven* II, 618.

⁷⁵ *Generale Missiven* III, 68.

⁷⁶ Innes, *The Door Ajar*, 279-285; Om Prakash, *The Dutch East India Company*, 124.

cent.⁷⁷ So marketable and profitable was Bengali silk on the Japan market that, in 1661, the Dutch factors in Nagasaki wrote to Batavia stating that they were willing to receive as much Bengali silk as the Company could afford to send.⁷⁸ During the 1656-1672 period, the VOC's export of Bengali silk to Japan grew rapidly, occupying four-fifths of the total amount of raw silk which the Company sold on the Japanese market.⁷⁹

The profitability of Bengali silk on the Japanese market caused a rapid decline in the export volume of Tonkinese silk to Japan from the mid-1650s. The instability of Tonkinese politics and its economy was another important reason which accelerated the decline in the VOC's silk trade with northern Vietnam. The fifth and the most costly military campaign in the series between Tonkin and Quinam which lasted for almost six years (1655-1660) absorbed most of the workforce of the country and largely destroyed its economy.⁸⁰ In this unpredictable environment, the annual export volumes of Tonkinese silk to Japan by the VOC were unstable. In 1657, for instance, out of the 300,000 guilders which Batavia remitted for the Tonkin trade, the Dutch in Thăng Long could manage to spend only 93,606 guilders on Tonkinese silk. Feeling disappointed with the current depression of the Tonkinese silk production, Batavia again halted the export of Tonkinese silk to Japan in 1658. Nevertheless the Company's Tonkin-Japan silk trade was resumed in the next year, when 185,000 guilders were sent to Thăng Long to purchase silk for Japan. In the years just previous to 1662, when the Formosa base of the Company was finally conquered by the Zheng, the annual Tonkinese silk cargoes to Japan were valued at around 180,000 guilders. Despite these relatively large shipments, the profit margins yielded in Japan were too small.⁸¹ In contrast to the current low profit made by Tonkinese silk, the Bengali product yielded on average 110 per cent in 1658 and continued to rise spectacularly in the following years, reaching the impressive record of 192 per cent in 1671.⁸² The popularity and profitability of Bengali silk from the mid-1650s decisively supplanted the predominant position of Tonkinese silk on the Japanese market.

The loss of Formosa to the Zheng in 1662 as well as the Company's abortive "Tinnam" strategy led to the decision of Batavia to repromote the Tonkin factory to the status of a permanent trading station in 1663.⁸³ By this elevation, Batavia hoped to

⁷⁷ *Generale Missiven III*, 67.

⁷⁸ Om Prakash, *The Dutch East India Company*, 125.

⁷⁹ *Idem.*

⁸⁰ On the fifth campaign of Tonkin against Quinam: *Cuong mục II*, 263-191.

⁸¹ For a general account on the Company Tonkin trade between 1655 and 1660: Buch, "La Compagnie" (1937): 140-145. The above calculation was based on sporadic selections of numbers given in NA VOC 1213 (1655/6), 1216 (1656), 1219 (1656), 1220 (1657), 1230 (1659), 1233 (1660), 1236 (1661); *Generale Missiven III*; *Dagh-register Batavia 1656/7-1661*.

⁸² Om Prakash, *The Dutch East India Company*, 125.

⁸³ NA VOC 678, Batavia Resolution, 24 Apr. 1663. On the Dutch loss of Formosa in 1662: Wills, *Pepper, Guns, and Parleys, The Dutch East India Company and China, 1662-1681* (Cambridge: Harvard University Press, 1974), 25-28; Ts'ao Yung-ho, "Taiwan as an Entrepôt": 94-114; Andrade, *Commerce, Culture, and Conflict*.

foster the procurement of both Chinese gold and musk and Tonkinese silk for both Japan and the Netherlands.⁸⁴ Under these circumstances, between 1664 and 1668, the Tonkinese silk cargoes sent to Japan were relatively large, valued at 250,000 and 300,000 guilders per shipment. In 1669, the Tonkinese silk cargo to Japan was even valued as high as 432,000 guilders.⁸⁵ These lucrative cargoes were assembled primarily because of the permanent factory and secondly because of the Anglo-Dutch war (1665-1667). As the war in Europe made sailing conditions hazardous, home-bound Dutch shipping was suspended. The Tonkinese silk cargoes intended for the Netherlands were therefore rerouted to Japan. Considering the prospect of recommencing the export of Tonkinese silk piece-goods to Europe once the war ended, the Dutch factors in Thăng Long dared not to stop buying Tonkinese silk, fearing that the local farmers would turn the mulberry groves into paddy-fields. The only option open to them was to send the Tonkinese silk cargoes to Japan.⁸⁶ Notwithstanding these sizeable shipments, the profit margins were disappointingly meagre. In 1664, for instance, the Tonkin cargo of 387,135 guilders which was about one-quarter of the total capital imported to Japan that year barely scraped a 19 per cent profit. The Company's plan to send one skilled silk-weaver to Tonkin to assist the regeneration of the silk trade was consequently cancelled.⁸⁷ The 1665 silk load which was valued at up to 337,779 guilders again only just made a profit of 20 per cent.⁸⁸

In the next two years, Tonkinese silk suddenly once more turned out to be marketable when two cargoes valued at 250,876 and 299,000 yielded respectively 101 and 112 per cent in Nagasaki.⁸⁹ The Dutch in Thăng Long exported silk worth 322,000 guilders to Japan in 1669, but the profit margin decreased to only 80 per cent. In 1670, the *Hoogcappel* on its way from Tonkin to Japan with a cargo of 199,177 guilders encountered a heavy storm and was lost at sea. Batavia, seizing upon this accident as a motive, decided to abandon the Tonkin-Japan shipping route. It was openly stated that another misfortune at sea should be avoided since the Tonkin factory often failed to send ships to Japan before July or August, the typhoon season. Sound as this argument was, it was not the real reason. By abandoning the direct Tonkin-Japan silk trade, Batavia hoped to end the large-scale private trade conducted by the Dutch factors in these two places which was said to have spiralled beyond the control of the Company.⁹⁰

In 1677 a relatively large load of Tonkinese silk valued at 268,000 guilders was again shipped to Japan. Although piece-goods generally yielded 40 per cent, raw silk

⁸⁴ *Dagh-register Batavia* 1661, 89-91; 1663, 158; 1665, 548. See Chapter Four for the Dutch "Tinnam mission" and their strategy towards the procurement of Chinese gold and musk.

⁸⁵ Klein, "De Tonkinees-Japanse zijdehandel", 168.

⁸⁶ NA VOC 1278: 1681-1682, Cornelis Valckenier and the Tonkin factory to Batavia, Jan. 1670; Buch, "La Compagnie" (1937): 166-167.

⁸⁷ *Dagh-register Batavia* 1664, 506, 581.

⁸⁸ Buch, "La Compagnie" (1937): 163.

⁸⁹ Buch, "La Compagnie" (1937): 164; Klein, "De Tonkinees-Japanse zijdehandel", 168.

⁹⁰ *Generale Missiven III*, 741.

profited barely more than 16 per cent.⁹¹ Between this year and 1699, when Batavia eventually decided to end its trade with northern Vietnam, Tonkinese silk was exported to Japan at irregular intervals and on a minor scale. The gross profits varied between 16 and 25 per cent.⁹² As a consequence of the depression in its Tonkin-Japan silk trade, Batavia sent most of Tonkinese silk piece-goods to the Netherlands.

5. On the capital and profit

Gaps of several years in the records have made it impossible to present any absolute calculation on the total capital the Company invested in the Tonkinese silk trade. Nevertheless, a rough calculation on the capital and profit can be made for most of the years. Some pioneering research on this topic will be utilized in this paragraph.⁹³

The short experimental period failed to produce good profits, although Batavia often sent a large annual capital sum to Tonkin between 1637 and 1640. During these years, Batavia spent around 1.1 million guilders on Tonkinese silk. Despite this enormous sum, the average annual profit yielded in Japan stood at only 30 per cent. The reason for this low profit margin was the ready availability of Chinese silk which still accounted for 63 per cent of the total amount of silk which was imported to Japan by the VOC, hence Tonkinese silk had a share of only 37 per cent. The profit margins on these two sorts of silk were relatively proportional: Chinese silk brought 70 per cent of the total profit while Tonkinese silk made a contribution of a modest 30 per cent (Figures 9 and 10). The positive signals of the flourishing of the Company's Tonkinese silk trade in the second period can be seen in the growing gap in the profit margin on Tonkinese silk in comparison to the Chinese product. These profit margins were the result of the difference between the purchase and the sales prices. As the Company had to purchase Chinese silk from middlemen in Formosa and other rendezvous, the purchase price of Chinese silk was generally high. In contrast, Tonkinese silk could be procured at a reasonable price by the Dutch factors in Thăng Long. This made a great difference in the profit margins, which were respectively 45, 56, and 67 per cent for Chinese silk and 56, 95, and 114 per cent for Tonkin product in the first three years.

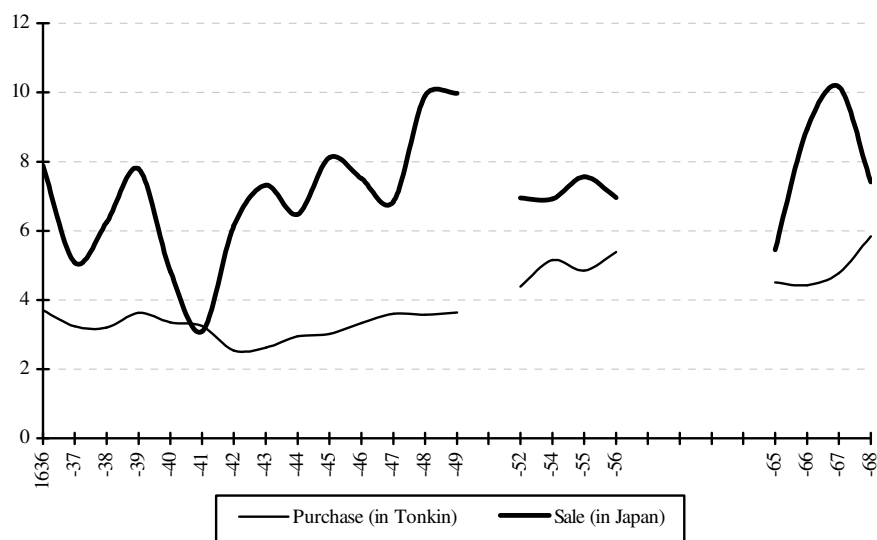
⁹¹ Klein, "De Tonkinees-Japanse zijdehandel", 168; Buch, "La Compagnie" (1936): 173-174.

⁹² Klein, "De Tonkinees-Japanse zijdehandel", 176.

⁹³ Those groundbreaking studies include Oskar Nachod, *Die Beziehungen der niederländischen ostindischen Kompagnie zu Japan im siebzehnten Jahrhundert* (Leipzig: Rob. Frieze Sep., 1897); Buch, "La Compagnie"; Klein, "De Tonkinees-Japanse zijdehandel".

Figure 8 Purchase and sales prices of Tonkinese raw silk, 1636-1668

(Dutch guilders per catty)



Source: Adapted from Appendix 7.

The second period (1641-1654) witnessed the spectacular success of the Company's Tonkinese silk trade from the point of view of both large capital and high profit margins. Large capital sums were remitted for the Tonkin trade, inspired primarily by the encouraging profit margins which the Tonkinese silk trade had been yielding and also by the current decline in the Formosa trade. According to P.W. Klein's calculations, during this fourteen-year period, out of around 12.8 million guilders' worth of goods the VOC imported to Japan, approximately 7 million or 54 per cent consisted of raw silk and silk piece-goods. Out of this 7 million, Tonkinese silk fetched around fifty per cent, meaning approximately 3.5 million guilders were spent on Tonkinese silk.⁹⁴ Making sound economic sense, the wide gap between the purchase and sales prices of Tonkinese silk offered high profit margins. Throughout this period, the purchase price of Tonkinese raw silk stood at around 3.5 guilders per catty, while the average sales price fetched in Japan was 8 guilders per catty. This offered an average gross profit margin of 130 per cent for the entire period, much higher than that on Bengali and Chinese yarns which yielded 105 and 37 per cent respectively.⁹⁵

The high profits obtained from the Tonkinese silk trade during this fourteen-year period was even more significant to the Company's Japan trade, considering the gradual reduction in the net profit made in recent years. Whereas the annual net profit of the Japan trade had varied between 1 and 2.4 million guilders in the 1635-1639 period, it

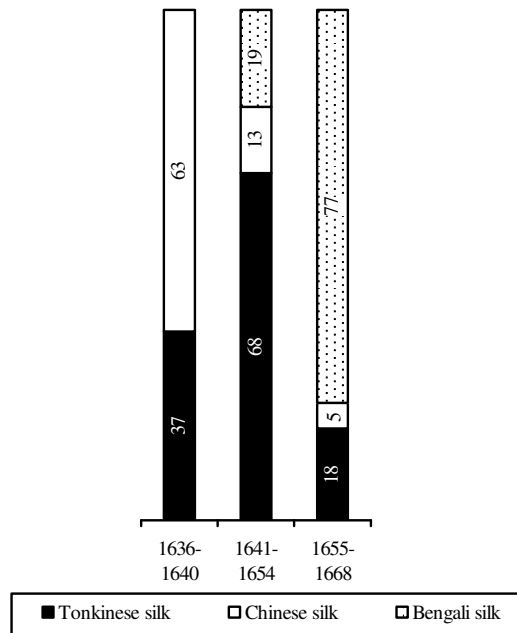
⁹⁴ Klein, "De Tonkinees-Japanse zijdehandel", 166-169.

⁹⁵ Adapted from numbers given in Klein, "De Tonkinees-Japanse zijdehandel", 169 and Table 2. It is important to keep in mind that the VOC's calculation of profits on the Tonkinese silk trade rarely took the shipping costs into account.

fell to only 0.5 million in 1642 and fluctuated between 0.38 and 0.95 million in the 1649-1654 period.⁹⁶ In the most lucrative year of 1649, for instance, the purchase and sales prices of Tonkinese raw silk were respectively 3.64 and 9.97 guilders per catty, making a profit margin of roughly 174 per cent. Hence, the Tonkinese silk cargo which was valued at 299,000 guilders that year would yield a profit of around 363,660 guilders. (It should be kept in mind that calculations on the profit do not include all sorts of expenses). Consequently, of the 709,000 guilders the Company's Japan trade yielded this year, Tonkinese silk contributed roughly 51 per cent.⁹⁷ For the entire 1641-1654 period, the Tonkinese silk contributed 71 per cent to the gross profit of the Company's silk trade in Japan and around one third of the total profit which the Deshima factory transferred to Batavia.⁹⁸

Figure 9 Division of silk imported to Japan by the VOC, 1636-1668

(per cent)



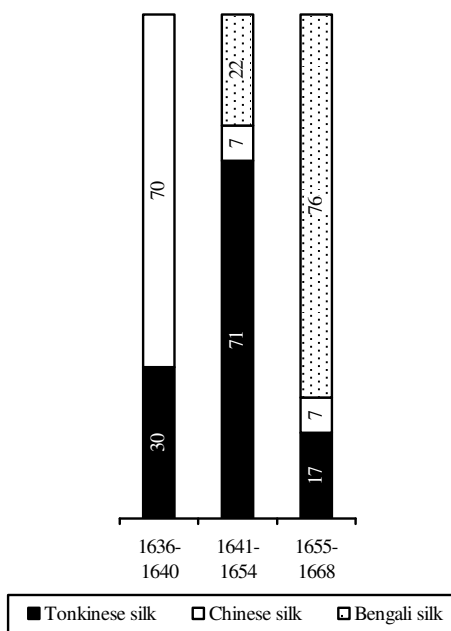
⁹⁶ Nachod, *Die Beziehungen*, Table A (Umsatz -Tabelle) and Table C (Einfuhr von Rohseide), CCII-CCVI.

⁹⁷ Calculated from Nachod, *Die Beziehungen*, Tables A and C; Klein, "De Tonkinees-Japanse zijdehandel", 166-171; *Generale Missiven II*, 388, 389-391; NA NFJ 62.

⁹⁸ Klein, "De Tonkinees-Japanse zijdehandel", 169, 173 (Table 4).

Figure 10 Division of profit from silk imported to Japan by the VOC, 1636-1668

(per cent)



Source: Adapted from Klein, “De Tonkinees-Japanse zijdehandel”, 172-173 (Table 4).

During the third period of the VOC’s export of Tonkinese silk to Japan (1655-1670), the low profit margin compounded by the irregularity of silk production in northern Vietnam reduced the annual capitals remitted for the Tonkin trade. The import volumes of Tonkinese silk now depended on two factors: the erratic demand on the Japan market and the export volume of Bengali silk to Japan. Since it had been introduced to Japan for the first time in 1640, Bengali silk gradually won itself a stable position on the Japanese market and, from the early 1650s, proved to be more marketable and hence profitable than its Tonkinese counterpart.⁹⁹ If the purchase price of Tonkinese raw silk in the years 1637-1649 had fluctuated between 2.54 and 3.64 guilders per catty, it rose to 4.43 and 5.84 guilders per catty in the 1665-1668 period, causing a sharp increase of around 66 per cent in the purchase price. In the meantime, the sales price of Tonkinese yarn in Japan fell drastically, offering profit margins of only 58, 34, and 29 per cent respectively in the years of 1652, 1654, and 1656. Between 1665 and 1669, the Company’s export of Tonkinese silk to Japan revived; the value of the annual cargoes stood at around 300,000 guilders. This short-lived recovery can be attributed to the decision of Batavia to lower the annual import volume of Bengali silk to Japan to at

⁹⁹ *Generale Missiven II*, 696; Souza, *The Survival of Empire*, 115-120; Richard von Glahn, “Myth and Reality of China’s Seventeenth-Century Monetary Crisis”, *The Journal of Economic History* 56-2 (1996): 429-454.

most 170,000 pounds in order to stabilize the sales price¹⁰⁰ and the repromotion of the Tonkin factory to the status of permanent in 1663.

In spite of these changes, Tonkinese silk did not regain its once-lost predominance over Bengali silk on the Japanese market. The annual profits remained small. In 1668, for instance, the Tonkinese raw silk cargo valued at 369,000 guilders raised a profit of only 26 per cent in Nagasaki.¹⁰¹

During the last quarter of the seventeenth century, alongside the rapid reduction in its silk export to the Japanese market, the Company's export of Tonkinese silk to Japan was insubstantial, valued at hardly above 20,000 guilders per shipment. Obviously, the profits were proportionally paltry. Not wishing to flog a dead horse, the Company decided that the major part of Tonkinese silk, especially silk piece-goods should be exported to the Netherlands.

¹⁰⁰ Om Prakash, *The Dutch East India Company*, 125-126.

¹⁰¹ *Generale Missiven III*, 741.