



Cited from Valentijn, F., *Oud en Nieuw Oost-Indien*, Joannes van Braam, 1724.

Not until the seventeenth century, when the VOC takes it as an Entrepot in East Asia would Taiwan's strategic position become well known outside East Asia.

# The VOC Trade in Taiwan

Did the VOC (De Verenigde Oost Indische Compagnie) influence the traditional trading style of Asian merchants, or did the VOC suppress traditional Asian native merchants? This question has received considerable scholarly attention. Following the Dutch historian Van Leur, some maintain that the roots of Asian merchants' trade were so strong that Europeans hardly made any impact on it, arguing that the early seventeenth-century European trade system was not fundamentally different from that of Asia before the age of modern capitalism. Others, among whom M. A. P. Meilink-Roelofs, believe that scholars such as Van Leur attribute too many new elements to the Dutch as opposed to the Portuguese, yet claim that even Europeans as a whole did not change the traditional Asian system.

Research >  
East Asia

By Wei-sheng Lin

In contrast, Danish historian Niels Steengaard suggests that the VOC significantly suppressed the traditional Asian native merchants. According to Steengaard, the trade policy of the VOC included protection costs, which, in combination with monopolistic trading privileges, made it possible to establish a transparent pricing policy. This allowed the Dutch to manipulate the sales price of commodities in Europe and, therefore, to create profits. As a result, the VOC was able to keep the fluctuating price at the lowest possible level and, thus, beat the traditional Asian caravan trade.

Given the conflicting views held by scholars, the question of whether the VOC and its trade network suppressed the traditional native trade networks in Asia requires further expla-

nation. Taiwan serves as a unique research subject in answering this question. Below, will be explained how the VOC functioned in Asia, and why Taiwan is so significant in understanding the role of the VOC in traditional Asian trade.

The VOC set up a foothold in Taiwan to trade with China, in order to support its grand scheme of launching a Batavia-China-Japan trade route and to fend off Portuguese and Spanish rivals with a privateering strategy. Yet, there were certain intrinsic drawbacks in making Taiwan a trans-shipment hub for trade with China, Japan, and Batavia. Firstly, as the VOC operated from Taiwan instead of from the coast of China, its trade with China was curtailed by the Chinese prohibition of trade with foreigners. This policy did not alter much over time, despite some limited deregulation in the late Ming period. Although it is true that Chinese merchants managed to engage in illegal overseas trade, foreigners were never allowed to trade in Chinese ports. This meant that all Chinese goods had to pass through the hands of Chinese middlemen: they were able to procure bulk goods at low wholesale prices, but the Dutch had to rely solely on them to get their hands on the goods. This manner of trade had both positive and negative aspects for the Dutch, while the middlemen thrived on the situation. Through regular contact with them, the Dutch merchants were guaranteed ample supply of goods as long as the Chinese delivered the goods in Taiwan at the designated time, a system that allowed overall shipping information to be under VOC control. Yet, if the goods were so profitable, why did the Chinese not take over the entire operation? In the late Ming period, when the power of the Chinese regime was weakening and its laws and regulations were increasingly being ignored, the Chinese did take initiative. By the 1650s, when the Ming government was crumbling and the Manchu government could not prohibit Chinese middlemen from prevailing on the open seas, the Chinese did challenge the VOC head-on.

As a result, while making Taiwan a trans-shipment hub, the Dutch were forced to compete with Chinese seafaring merchants and, as the Chinese government continued to stick to a seclusion policy, the Chinese middlemen began to monopolize the sale of Chinese goods. Foreigners could not possibly crack open this monopoly without using force and prior to the Industrial Revolution, European force hardly held a lead over that of the Chinese.

What came next in terms of cargo supply? The European traders who came to Asia neither possessed an absolute supe-

riority in arms, nor imported any European merchandise, except bullion, that could compete with oriental goods. European objects such as telescopes and chiming timepieces were often imported as gifts and playthings for the royal and imperial courts, and were hardly commodities to be traded on the general market. As a result, an imbalance in supply and demand emerged. The Dutch longed for Asian goods, while Asians, excepting Japanese, had little interest in Dutch goods. It seemed that the Dutch would have to export precious metals, such as gold and silver, from the Netherlands in order to do business with Asia. Nevertheless, as they did not want to rely indefinitely on shipping precious metals to the East, the Dutch had to find an alternative way to conduct business with the Asians, and discovered they could achieve their aim by getting involved in intra-Asian trade.

Dutch involvement in intra-Asian trade began in the 1610s, when Jan Pietersz Coen was appointed Governor-General of the East Indies. Coen developed trade objectives designed to integrate entire Asian markets into the shipping network of the VOC fleet, believing that the competition and valuable trade information provided by Dutch trade posts all over Asia would enable the VOC to launch its own efficient trade network. The plan was to trade spices and silver for pepper and gold along the Sumatran coast. Chinese commodities and gold were traded for textiles from Coromandel, and then exchanged for pepper from Bantam; sandalwood and silver were traded for Chinese gold and silk. The same principal was applied to Japanese silver, which was also traded for Chinese goods, this trading practice allowing the Dutch to establish a self-sufficient Asian trade network. Coen hoped that 'the large volume of silver brought from Japan could be used for purchasing Chinese cargoes of silk and porcelain to ship back to Europe. If this plan would succeed, no capital from the Netherlands would be necessary'.

The Dutch trade network was built up over time, eventually operating between more than 20 trade posts across Asia. Instead of benefiting from any one particular post, VOC profits were generated from the intricate operations of the network that linked the Indian Ocean to the China Sea, encompassing Persia, India, and Ceylon to the west, and Japan and China to the east.

While acquiring goods for trade and establishing a trade network, the Dutch had to compete with the existing networks of traditional local merchants. Conditioned by seasonal winds and regional geographies, each area in the region had a distinctive trading circle controlled by a certain trade group: prior to the westerners' arrival, Asia already had several such independently formed, yet interrelated, trade networks.

To map out their own large, all-embracing trade network, the VOC had to infiltrate existing networks of conventional merchants and to compete with them head-on. For example, in attaining their objective with regard to the trade with Japan and China, Chinese merchants, who once were thriving along the Chinese south-eastern navigation routes, were diverted by the VOC to Batavia: moreover, they were barred from reaching production centres of spices and pepper, having to purchase these commodities in Batavia. Infiltration of Chinese sailing routes was also attempted by the location of trading posts in coastal China, which was intended to block the traditional sailing routes from Fujian to Manila. Another navigation route from Fujian to Japan was envisioned, with the intention of replacing that between Macao and Japan. Yet, the Dutch never succeeded in setting up an outpost on the Chinese coast and had to install one on Taiwan.

Taiwan thus emerged as a Dutch trans-shipment point in East Asia and as a supply station of silver, raw silk, and gold in the Dutch trade network, its position intended to afford the smooth development of a profitable trading system: any development that might impair the trade balance in Taiwan would compel the Dutch to readjust. Yet, the efficiency of the Chinese merchants continued to prevent the Dutch from building a truly effective trade network. Thus, an examination of Dutch trade manoeuvres in Taiwan helps shed light on the role the VOC played in the traditional native trade network in Asia. <

## References

- Meilink-Roelofs, M.A.P., *Asian trade and influence: In the Indonesian archipelago between 1500 and about 1630*, The Hague: Martinus Nijhoff (1962).
- Steengaard, Niels, *The Asian trade revolution of the seventeenth century: the East India Companies and the decline of the caravan trade*, Chicago: Chicago University Press (1973).

Dr Wei-sheng Lin is an assistant professor at the National ChiNan University of Taiwan, conducting research into overseas trade in East Asia during the seventeenth and eighteenth centuries.  
linws@ncnu.edu.tw