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貿易學碩士 學位論文

A Study on the History of Ocean Policy in China

中國의 海洋政策史 研究



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韓國海洋大學校 大學院

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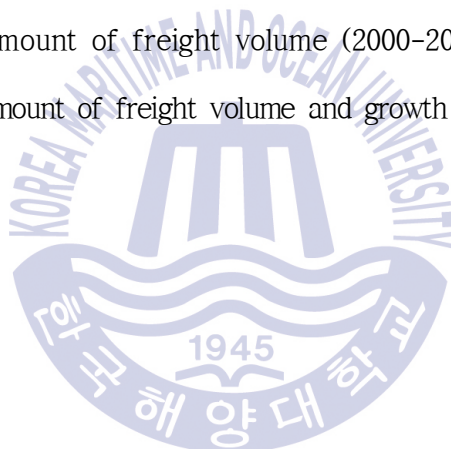
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# 중국의 해양정책사 연구

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## 초록

중국문명은 근본적으로 고대 때부터 농업국가에 근본을 두고 있다. 중국은 국부의 원천을 농업에 두었기 때문에 전통적으로 농업을 중시하고 상업을 경시하였다. 이미 고대 춘추전국시대 (475-221 BC)에서도 농업을 강화하고 상업을 억제하는 정책이 시행되었다. 상업은 전쟁에 필요한 재화를 얻는 수단으로 인식되었다. 이러한 사고방식은 기본적으로 진왕조와 한왕조의 황제들에게로 이어졌다. 예컨대 바다로 나가는 것은 불로초를 얻기 위해 항해하는 정도였다.

당왕조 (618-907)는 중국역사에서 처음으로 외국무역이 국부의 원천이 될 수 있다고 인식한 왕조이다. 한왕조 때 개척한 해양실크로드를 적극적으로 활용하여 대규모의 외국무역을 시행하였다. 이런 정책은 송왕조 (960-1279)로 이어졌다. 송왕조는 외국무역을 확대하기 위해 조선산업을 일으키고 원양항해를 위해 처음으로 나침반을 사용하는 항해술을 개발하였다.

명왕조 (1368-1644)는 일본해적들을 막기 위해 해금령을 실시하여 외국무역을 봉쇄하였다. 그러나 영락제는 정화함대를 구축하여 남중국해, 말라카 해협과 인도양을 거쳐 아프리카 동해안까지 대항해를 실시하였다. 이런 정화함대의 항해는 중국이 당대 가장 우수한 조선기술과 원양항해를 할 수 있는 해양력을 가진 국가임을 입증한 것이다. 하지만 유럽과 달리



경제적 이윤동기가 아니라 주변국가에게 명제국의 위엄을 드높여 공물을 바치는 조공무역을 요구하였다. 정화 대항해 이후 명제국은 재정문제와 내정불안으로 다시 해금정책을 실시하여 외국무역뿐만 아니라 자국민의 외국행을 금지하였다. 이때는 유럽이 원양항해를 시작하는 시점이었으므로 중국이 해외와 무역을 할 동기가 있었다. 15세기 중엽 상업적 농업과 민간수공업산업이 빠르게 성장하고 있었다. 저장성, 복건성과 광둥성과 같이 남부 해안에 있는 성들은 해외무역을 한 오랜 경험이 있었기 때문에 무역을 하면 중요한 역할을 수행할 수 있다. 이런 환경에서 정부의 엄격한 해금정책과 이 지역의 경제적 동기로 인해 15세기 후반 해양을 통한 밀수가 창궐하였다.

청왕조 초기 (1644-1842) 국가를 통일하고 반란집단을 막는데 주력했기 때문에 해외무역에 대해 신경을 쓸 여력이 없었다. 특히 남부지역의 해양반란세력과 육지반란세력의 연계를 막기 위해 명왕조의 해금정책은 더욱 강화되었다. 대만의 반란세력 (정성공)이 진압된 후 강희제는 4개의 남부 항구를 열어 해외무역을 개시하였다. 그런데 한족의 반란에 대한 두려움과 외국의 사상의 오염을 막는다는 이유로 다시 해금정책을 실시하였다. 이에 따라 오직 한 개의 항구, 광저우 항구만 개항되었다. 이 항구를 통해 중국은 비단과 기타 공예품을 수출하고 그 대가로 은이 중국에 유입되었다. 이에 따라 중국에는 엄청난 은이 되고 유럽국가는 유출되는 무역 불균형이 발생하게 된다. 이런 불균형을 해소하기 위해 영국은 아편을 중국에 판매하기 시작하게 되고 중국의 은이 빠르게 유출되었다. 이런 상황을 막기 위해 청왕조는 특임관으로 임칙서를 파견하였다. 임칙서는 영국과의 협상을 거부하고 일방적으로 아편을 몰수하여 불태우는 등 강경책을 실시하였다. 이런 청왕조와 영국 간의 갈등은 결국 아편전쟁을 촉발시켰다. 아편전쟁의 패배로 청왕조는 난징조약이라는 불평등조약을 체결할 수밖에 없었고 강제적으로 항구들을 개항하게 되었다. 이 전쟁이후 서구열강들은 청왕조의 약점을 간파고 자신의 이권을 위해 중국에 몰려들기 시작했다. 오랜 해금정책으로 서구 근대화에 대한 지식의 거의 없었던 청왕

조는 이런 상황을 통제할 만한 힘이 없었기 때문에 서구열강들에게 끊임 없이 시달리면서 쇠퇴하다가 결국 멸망하게 된다.

중국은 서구제국열강과 일제에 오랫동안 시달렸고 내전을 겪으면서 1949년 중국인민공화국이 설립되었다. 신중국은 공산주의 이념을 바탕으로 사회주의체제에 의해 경제가 운용되었다. 초기에는 해양력은 타국과 비교할 수 없을 정도로 미약하였다. 그러나 역사적 경험을 통해 지도자들은 해양의 중요성을 인식하고 있었기 때문에 자급자족적 사회주의 경제체제였음에도 불구하고 해양에 많은 투자를 실시하였다. 1978년 개혁개방정책 이후 중국은 국영기업 중심으로 조선산업과 해운산업을 집중적으로 육성하여 세계에서 상위에 위치할 만큼 성장하였다. 2013년 이후 중국의 해양정책은 일대일로정책으로 압축된다. 여기에서 한왕조 이후 개척되었던 해양실크로드의 복원을 시도하고 있다. 즉 동남아시아, 아프리카와 유럽으로 연결하여 연안국들의 인프라를 구축하여 경제발전을 도모하는 큰 벨트를 형성하는 것이다. 중국은 해양실크로드를 통해 서로 다른 문명과 문화를 갖는 국가들과 평화적인 유대관계를 형성하여 원양무역뿐만 아니라 새로운 국제경제질서와 정치질서를 형성하고자 한다.

**KEY WORDS:** 해양정책, 해양무역, 해양실크로드, 일대일로

# A Study on the History of Ocean Policy in China

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## Abstract

Chinese civilization was fundamentally based on farming from the ancient period. So China had a long convention to respect agriculture and to despise commerce. It considered the former the source of nation's wealth, while commerce was despised and regarded as insignificant.

The policy of strengthening agriculture and restricting commerce appeared as early as in the Warring States period (475-221 BC). Commerce was just recognized as a means to get the goods necessary for wars. This thinking way was basically continued by rulers of Qin and Han Dynasty (221 BC-AD 220). For example, the Emperor in Qin Dynasty aimed to seek "Elixir" so that they could live a long life. As a result, the maritime business at that time was opening up new routes for Elixir, which enabled the ships to sail further.

In the period of Tang Dynasty (618-907), for the first time it seemed to recognize that foreign trade could be a source of nation's wealth and was conducted on a large scale using the Maritime Silk Road opened up by Han dynasty. As early as in the Song Dynasty (960-1279), China had the technical ability to conduct ocean voyages long before the

European began their voyages. Song Dynasty had an advanced shipbuilding industry able to construct oceangoing ships suitable for different sea conditions. It applied the mariner's compass to seagoing ships for the first time in the world.

In the period of Ming Dynasty(1368-1644), the first Emperor declared a strict ban on overseas activity and closed its trading ports to foreigners because of the harassment of Japanese pirates. However, in the early Ming period from AD 1405 to 1433 was exceptionally overseas activity allowed. A large fleet led by Zhenghe had sailed through the South China Sea and the Strait of Malacca to enter the Indian Ocean and venture as far as the east coast of Africa in a number of expeditions. Even though his voyages proved China was a strong sea power with advanced shipbuilding technology and oceangoing ability, it did not start from the economic motive differently from the Europeans' voyages. They informed the adjacent states the dignity of Ming Dynast and demanded the tributes for the Emperor. After Zhenghe's voyages, in 1433 the Dynasty canceled its official oceangoing expeditions and put a strict ban on people going abroad. China did not lack an economic incentive to open overseas markets at the time the European began their voyages. The rapid growth of commercial farming and private handicraft industry from the mid-1400s made China need both the domestic and overseas markets. The southern coastal provinces such as Zhejiang, Fujian and Guangdong, where people had a long history of trading and making a living overseas, played a significant role in implement these tasks. More people from these provinces went abroad in spite of government prohibitions and maritime smuggling became very prosperous from the late 1400s.

During the early Qing Dynasty (1644-1842), it had to concentrate all

its efforts on unifying the country and solving various domestic problems including anti-Qing Dynasty rebellions. So it could implement nothing about overseas trade and had in fact to ban sea-borne activities to sever the links between anti-Qing forces overseas and those on mainland. Trade with foreign ships at coastal ports was also put under much stricter control. The Qing had opened only four ports for trade with foreigners after it reopened the seas in 1684 when it defeated the rebellion in Taiwan. But sea-ban policy was done again during the reign of Emperor Qianlong(1736-1795) in order to control foreigners' activities in China. The fear of revolt by Hans and the attempts to rule out vicious foreign ideas resulted in highly restricted trade. Before the 1830s, there was only one port open to Western merchants, Canton(Guangzhou) and only one commodity the Chinese would accept in trade, silver. British and American merchants, anxious to handle what they perceived as a trade imbalance, determined to export opium, the one product that the Chinese did not themselves have but which an ever-increasing number of them want. The conflicts between China which sought to manage foreign trade and British merchants who attempted to expand trade with China made Opium War break out in 19<sup>th</sup> century. The war resulted in the unequal treaties that restricted Qing sovereignty. Seeing the weakness of the government and backward in military equipment, as well as the giant interests the Britain gained, other European countries plunder into China one after another, the Qing dynasty decayed soon, leading the controls of the ports encroached by the industrial countries. It's hard to overemphasize the impact the Opium War on modern China. Domestically, it's led to the ultimate collapse of the centuries-old Qing dynasty.

After the founding of new China, the Chinese government attached

great importance to the shipping industry, and the shipping industry was carefully planned within each of the five-year plans. With the support of the government and the efforts of the Chinese people, China had been able to self-sufficiently build up the transportation system without depending on other countries. In order to better develop the shipping industry, the government has set up Chinese ocean shipping company. With the strong financial and material resources provided by the government, the national company was surely far beyond other private shipping companies. As a benchmark, it became the mainstay of Chinese shipping industry.

With the rise of the shipping companies, there were more and more ships, and the capacity tonnage was increasing. The ports were under growing pressure. Then the Chinese government issued policies to fix this problem. A lot of new ports were set up and the shipping industry ran more smoothly.

Chinese government took the shipping industry seriously and would immediately put forward relative correction measures as soon as any problem appeared. In this environment China gradually became another Asian powerful maritime country except South Korea and Japan. China's maritime industry was booming with its accession to the WTO, and became a powerful maritime country in the world within 70 years.

One of the major elements of the One Belt, One Road initiative launched by China in 2013 is the concept of the 21st Century Maritime Silk Road. The aim of this mega project is to revolutionize deep-sea trade from Southeast Asia through Africa to Europe, and to put the participating countries on the track of economic development with the help of the infrastructural developments along the coastline. For

centuries, the Maritime Silk Road enabled the peaceful interaction between different cultures and civilizations, contributing to the development of long-distance trade as well as ensuring the creation of a new international economic and political system, in which China's leading role was indisputable. The concept of the 21<sup>st</sup> Century Maritime Silk Road - building on the successes of the past - is attempting to emphasize the positive effects of globalization, and argues for mutual benefits, peaceful collaboration and the sustainable development of the maritime world.

**KEY WORDS:** Ocean Policy, Maritime Trade, Maritime Silk Road, One Belt One Road



# Chapter 1 Introduction

## 1.1 Preface

The progress of the society can't do without trade of commodity and culture exchange, in which the maritime trade has played the largest part. The navigation has a long history in China and during each period the direction of navigation development have differed, based on the different policies. In order to have a longer life all the emperors desperately sent sailing teams to Penglai for elixir. So at that time a lot of routes were opened up. Since Tang Dynasty the navigation started to focus on maritime trade. And with the growth of knowledge people gradually stopped looking for the elixir. After new China was founded, the government attached great importance to the navigation progress. With the navigation developed, the number of ports increased to hundreds. What's more the amount of the material trade increased and the ships became more and more advanced. The navigation was booming day by day with the fully support of Chinese people. Now let's share the history of Chinese navigation together.



## Chapter 2 The Ocean Policy in Early Ages of China

### 2.1 The Beginning of Navigation

The ancient navigation was mainly formed in the Spring and Autumn period, because these seasons are good to maneuver the ships. During this period, here appeared some powerful countries which joined the sea adventures which included large-scale marine transport, overseas trade and frequent sea wars. They were called Qi, Wu and Yue.

Because wars had continued among these three countries, they spared no efforts to develop their navigation for accumulation of wealths to wage wars. They took the advantage of all kinds of means to trade commodities, exchange cultures and learn skills with the neighbor areas constantly to empower themselves. With a large amount of fortune, each country quickly promoted their ship building and equipment capacity. And with the great improvement of sailing knowledge, as <picture 2-1> shows, they gradually opened up a new route which took Langya (琅琊) as base point to the north and the south. It was thousands of miles from the south part of Zhejiang (浙江) to the north part of Liaodong.

Besides, in the spring and autumn period some navigators from Yan and Qi set off from Shandong (山東) or Liaodong (遼東) Peninsula, passing through Korean Peninsula and then arrived in Japan. Totally they opened up two Transnational routes. As <picture 2> shows well, one was called Left Circulation Route which connected Shandong Peninsula to southern part of Korean Peninsula and to Kyushu area, main land of Japan during spring and autumn period. Then with the improvement of navigation technology, the other was opened up as a straight route from Shandong Peninsula to Kyushu area in Japan.

Just like this, in the earlier age of China, war had motivated the countries to exploit the maritime routes and promote trades with other countries.

<Picture 2-1> Sea Lane: Liaoning to Langya



data: [www.tianya.cn](http://www.tianya.cn)

## 2.2 The Ocean Policy in Qin Dynasty

After Zhou (周) dynasty was collapsed, China was split into so many countries which continued to fight against each other for five centuries: from BC 7 century to BC 3. This era is called 'the Warring States Period' in the Chinese history. Qin (秦) dynasty unified the split countries for the first time, establishing the first feudal landlord country in the Chinese history. Qin made further efforts to promote the development of the navigation with the unified national power. Emperor Ying Zheng (嬴政) highly valued the navigation and devoted a lot to it.

<picture 2-2> sea lane:Liaoning to Langya



data: www.tianya.cn

After being enthroned as the Emperor who had absolute power, in order to enhance national prosperity and defence, he started building up the overland and maritime transportation by taking advantage of Xiangyang (向陽) as a central city. The city was linked to Yan and Qi in the east and to Wu and Chu in the south far away from it. At the same time, he improved the whole facilities like intercepting dams and channels in each feudal domain. Besides, he connected Jishui (吉水), Rushui, Huaishui, Sishui and etc. with the center of the country. What's more, large-scale construction of water conservancy was made in Wu, Qi, Chu and Shu to connect to the Zhujiang River, the Xiuangjiang River and the Changjiang River by digging channels through mountains, which brought benefits to people through the transportation and irrigation. Then people were put out

to sea to connect landways and seaways to form a nationwide integrated transport system. At the same time, the Emperor devoted a lot to improve the development of navigation. What was best known to all was that he travelled around the coast area four times to check coast guard, which got all of the seaways linked to the whole country.

There was a big turning point in maritime policy when the Emperor got caught in leading a eternal life. He feared death and sought a way to live forever. Xufu (徐福)<sup>1)</sup> was ordered to implement the task of finding the secret of immortality. For this job, he was sent by the ruler of Qin to the eastern seas twice to look for the elixir of life. His two journeys took place between BC 219 and 210. It was believed that the fleet included 60 barques and around 5,000 crew members, 3,000 virgin boys and girls and craftsmen of different fields. Their destination was to reach Penglai (蓬萊) mountain where it was believe that they were able to get the elixir of life. Xufu sailed for several years to find Penglai Mountain but failed. In BC 210 when the Emperor asked him the reason he failed to get the elixir, he claimed there was a tremendous fish blocking their path and asked for archers to get rid of the creature. The Emperor agreed and sent archers to kill a giant fish. Xufu set off to sail again, never returning from this trip.

Later historical texts were also unclear on the place he arrived the last time. More than 1,100 years after Xufu' s last voyage later, monk Yichu wrote that he landed in Japan and also named Mountain Fuji as Penglai. Those who support the theory credit him with being the catalyst for the development of ancient Japanese society. The Jomon culture which had existed in ancient Japan for over 6,000 years suddenly disappeared around

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1) He was born in 255 BC in Qi, an ancient state in China and served as a court sorcerer in Qin Dynasty China.

BC 300. The farming techniques and knowledge that Xufu brought along are said to have improved the quality of life of the ancient Japanese people and to have introduced quite a few new plants and techniques to ancient Japan.<sup>2)</sup>

## 2.3 The Ocean Policy in Han Dynasty (BC 206–AD 220)

In the Han Dynasty, each Emperor highly valued overseas trade and strongly opened up landways and seaways for trade as many as possible. And the most famous of them were the Silk Road and the Maritime Silk Road. Martial Emperor (武帝) strongly devoted himself to maritime transport among each countries. With his steady efforts being made, three important seaways were gradually opened up. The first one was from Dandong in Liaoning area in the north to Beilunhekou in Guangxi area. The second one is from Shandong coast through the Yellow Sea to Korean Peninsular and Japan. The third one is the Maritime Silk Road.

At the earliest time, the starting point of the Maritime Silk Road was in Xuwen (徐聞) Country located in Guangdong area. Ships went through the South China Sea and the Strait of Malacca and then sailed in the Indian Ocean. In other words, it was from Xuwen Guangdong, Hepu Guangxi through India and the transfer point Sri Lanka, and to the South China Sea. China bought pearls, wall glaze ,precious treasures and etc in Sri Lanka, where Chinese silk (杂缯) was transferred to Roman. Xuwen was one of the earliest counties in Guangzhou, which took shape in 111 B.C. It located in the south of Leizhou Peninsula, next to Hainan Island across the sea. There were a lot of ports in Xuzhou like Taowang Port, Mofeng Pot, Bozhang Port, Tashui Port, Santangsitang Port, Sandun Port, Gangtou Port,

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2) The worship of Xufu as the “God of farming” , “God of medicine” and “God of silk” by the Japanese is attributed to these achievement.

Xindi Port, and Liyu Port. Later some other ports appeared with the development of navigation like Hepu, Guangzhou, Qaunzhou, Ningbo and etc.

<picture 2-3> The Ancient Maritime Silk Road



data: [http://paper.people.com.cn/zgcsb/html/2015-07/27/content\\_1592063.htm](http://paper.people.com.cn/zgcsb/html/2015-07/27/content_1592063.htm)

According to the records, Martial Emperor ever sent seamen to sail west along the coastline from Xuwen Port and Hegang Port, via Nichinan, to Huangzhi Country and Yibucheng Country. What they carried were mainly silk, gold and etc. Then the silk was sold to Central Asia, West Asia, and the Mediterranean Sea. It was recorded in 《汉书.地理志》, a history book written by historian Bango who lived in late Han dynasty.

“Starting from Xuwen and Hepu with boat in, it takes 5 months to get to 都元国 (the country located in west-south coast area in Malaysia). And it takes 4 months to get to 邑盧沒國 (the country in southern area of Myanmar) from 都元国 by boat. From 邑盧沒國 to 夫甘都盧國 by boat, it takes 12 days. From here they can arrive at 黄支國 (the country in east-south coast area of India) 2 months later.... the officials for

interpretation and applicants take boats to trade gold and silk for pearl, jasper, glass, strange rocks and miscellaneous gold product. (自日南障塞，徐聞、合浦，船行可五月有都元國，又船行可四月有邑盧沒國，又船行可十二餘日有諶離，步行可十餘日有夫甘都盧國，船行可二月有黃支國……有譯長，屬黃門，於應募者俱入海，市明珠、璧、琉璃、奇石異物，齎黃金雜繒而往所至)。<sup>3)</sup> This is the earliest record about the Maritime Silk Road, which indicated that Xuwen was the earliest port as departure point of the Maritime Silk Road in Han Dynasty. Actually we could only know little about the great contribution that Guangzhou had made to the Maritime Silk Road in the ancient time.

Because the Maritime Silk Road had played a significant role in communication of economic and culture in the ancient time, the management about the coastal ports was strengthened by the government. Two officials were sent to the place where was 7 miles away from Xuwen County in the west. The goods were stored up at this place for supply, which was convenient to the business. Those officials were of high levels since there was found “Wansui Tiles” in Xuwen County which was only used for imperial buildings. Thus the navigation at that time was highly valued and was under extremely strict control. Surely it was not only the Maritime Silk Road developed but also the seaways opened up in Qin Dynasty were consolidated.

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3) 《漢書·地理志》

## Chapter 3 The Ocean Policy in the Medieval Ages of China

### 3.1 The Ocean Policy in Tang Dynasty (618 - 907)

Since the Maritime Silk Road was opened up in the western Han dynasty, the international shipping trade had stepped into the boom period until Tang Dynasty. Tang capital city, Chang An, had become an international city. People from various overseas countries like envoys, students, monks and businessmen continuously travelled to China to learn Chinese culture, political system and carried out economic trade, which absolutely led to national prosperity, abundant resources, advanced technology and culture at that time.

During the Tang dynasty, the Court put a lot of restrictions on mainland trade but few restrictions on Maritime trade, which was given great amount of manpower and material resources. And at that time because of territorial disputes there were continual wars between mainland and some neighbour countries like The Turks, Tibet and so on. As a result the Court vigorously developed maritime trade by opening up seaways for trading materials, exchanging cultures and learning skills with many other countries.

The Emperor in Tang Dynasty ever carried out enlightened trade policy. It was recorded in 《Tang law advised (唐律疏议)》 about how the foreign business men were treated: “諸化外人，同類自相犯者，各依本俗法，異類相犯者，以法律論。”<sup>4)</sup> In other words, if the foreign business men broke the law with people from their own country, they would be punished by the law from their country. Otherwise, they would be

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4) The local people who break the law will be punished by local custom, while the others will be judged by laws.



punished by the Chinese law, which meant not only the Emperor treated businessmen at home and abroad the same way but the foreign trade is allowed by the government. Then it was about the corresponding establishment of a management structure. Research had showed that by the end of Tang Dynasty, the government began to set up settlements for foreigners at the places where foreign businessmen gathered like Guangzhou, Quanzhou and etc. The managers called Fanzhang and Dufanzhang were in charge of the settlements and the foreign businessmen. The managers were recommended by foreign businessmen or constantly selected by the government, some of whom were appointed in the position with the titles. The 《归降官位》 in 《唐会要》 was recorded as follows: “ In AD 904 June (天佑元年六月), Tang dynasty awarded a certificate of Dufanzhang –a minister who manages foreigners- to general Ning Yuan (寧遠), an ambassador of Fuqi (佛齐) state, who visited Tang dynasty by way of Fujian province (福建道) to pay a tribute to the emperor” <sup>5)</sup>. Zhuyu (朱彧), an scholar in Song dynasty wrote about the jobs of the minister who was in charge of the region the foreigners were living in. It was recorded in 《萍州可谈》 which generally reflected the practical situation at that time: “Fanfang (蕃坊) in Guangzhou is the resident area foreigners are living together. Fanzhang (蕃長) is a minister who is appointed as manager of foreigners’ resident area by the government of Tang dynasty. The main jobs handled by Fanzhangs is about dispute settlements and commodity transactions between foreigners and religious activities. And they are also in charge of trade negotiations between the government and foreign businessmen” <sup>6)</sup>.

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5) (昭宗)天佑元年六月 °授福建道佛齊國入朝進奉使、都蕃長蒲訶栗寧遠將軍 From 《唐會要》卷一百

6) 廣州蕃坊, 海外諸國人聚居, 置蕃長一人, 管勾蕃坊公事, 專切招邀, 蕃商入貢 From 朱彧《萍洲可談》卷二

Fanzhang and Dufanzhang must get admission from the government officials who were actually on behalf of Tang dynasty to achieve centralized management for foreign businessmen. While they were powerfully authorized, they should be responsible for what things were done for the government. What's more, before the Fanfang was set up, the trade transaction that happened in other places had to observe the rules. Generally speaking, after foreigner's entry were allowed, the effective management system encouraged foreign businessmen to participate in trade with Tang dynasty, which reassured them to come to China without worrying about unfair treatments and economic suppression. And it isn't easy but there were systems that even foreigner could be appointed as government officials. As a result the trade volume increased by leaps and bounds. This kind of empowerment let Tang Dynasty lead the oversea trade in that period.

### 3.2 The Ocean Policy in Song Dynasty (960-1279)

Maritime economy remained weak throughout Chinese history due to the national tradition of emphasizing agriculture. Rulers overlooked its value and restricted the maritime activities of citizens, but the Song Dynasty prioritized this field. Relative to the Han and Tang periods, the geopolitics changed enormously in the Song Dynasty. The Silk Road was successively controlled by competing kingdoms, such as the Liao, the Western Xia and Jin, blocking Song's land route to the Middle East, West Asia and Europe. Given the circumstances, the Song had to rely on the sea for trade, thus the court adopted policies to incentivize maritime trade.<sup>7)</sup>

In the Song Dynasty, the foreign trade flourished far outstripping the

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7) Zhang Hongli (2017).

volume of trade in Tang Dynasty. To increase the amount of foreign trade the Song Dynasty attached a great deal of value to overseas trade. In 971 AD Emperor Tianzu of Song set up the bureaucratic organization for foreign shipping in Guangzhou and later in Hanzhou. These two bureaus were in charge of the affairs like trade taxation in the south of the Five Ridges and the east of Zhejiang. Then another bureau was set in Mingzhou. These 3 bureaus were called “SanSi” . Two more bureaus were set in Quanzhou and Banqiao town, Mizhou later. By the Southern Song Dynasty, Mizhou came under Jinbantu, but other bureaus still existed. The bureaus in Guangzhou and Quanzhou were relatively stable and important. The bureaus were then like modern customs. Business ships had to report to the bureaus for certificate before launching out. And foreign business ships also had to report to the bureaus when reaching our ports. The government officials who were in charge of supervising the ports had the right to check the goods and impose 10% import duties (called 抽分) on the import goods. These part of goods were delivered to the state treasury, called 抽解 , which was an important part of the government fiscal budget. However, 10 goods are prohibited: tortoise, ivory, rhinoceros horn, bin tie, fur, coral, agate, frankincense, purple ore and brass. These kinds of 10 goods would be totally purchased at limited price by the bureaus, called 博买, which were delivered to the state treasury as well. The government encouraged wealthy businessmen to build ships to conduct overseas trade. At the same time, some relevant rules for rewards and punishments were made: the officials who attracted foreign businessmen got promoted and otherwise got demoted.

A lot of the large-sized ships with good quality were built up in Song Dynasty, contributing to the development of the overseas trade. The shipping industry was more distinctive than before: huger bodies , more

stable and reasonable structure, more complete sailing tools, more gorgeous decoration. Especially compass was used for guidance which led to a new period of marine navigation. The bow was small and the bottom had the same shape with the letter V to make it easier to move on in the sea. The ships were still stable with big breath and deep draft when suffering fierce wind. Meanwhile the security was hardened because of the sealed bulkhead inside the ship. The bottom and the side plate were respectively formed by two or three layers of slab structure. There were small boats in case of emergency, a big anchor and a small anchor, and water detecting equipment in each ship. A various type of ships were extremely suitable for ocean going voyage.

Sea trade with Korea, Japan, and lands to the south and southwest was carried out vigorously. From great coastal cities such as Quanzhou<sup>8)</sup>, ships carrying Chinese goods plied the oceans from Japan to east Africa.

During Song times maritime trade for the first time exceeded overland foreign trade. The Song government sent missions to Southeast Asian countries to encourage their traders to come to China. Chinese ships were seen all throughout the Indian Ocean and began to displace Indian and Arab merchants in the South Seas. A variety of Song Chinese porcelain have been found as far away as eastern Africa.

Chinese ships were larger than the ships of their competitors, such as the Indians or Arabs and in many ways were technically quite advanced.<sup>9)</sup>

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8) The major port of Quanzhou that dominated trade in the Song dynasty is not to be confused with Guangzhou. Guangzhou, located further south on the Chinese coast, did not become an important port until the Qing dynasty, when it was known to European traders as "Canton."

9) In 1973 a Song-era ship was excavated off the south China coast. It had been shipwrecked in 1277. Seventy-eight feet long and 29 feet wide, the ship had twelve bulkheads and still held the evidence of some of the luxury objects that these Song merchants were importing: more than 5,000 pounds of fragrant wood from Southeast

In 1225 the superintendent of customs at Quanzhou, named Zhao Rukua (1170–1231), wrote an account of the countries with which Chinese merchants traded and the goods they sold. Zhao's book, *Zhufan Zhi*, commonly translated as "Description of the Barbarians", includes sketches of major trading cities from Srivijaya (modern Indonesia) to Malabar, Cairo, and Baghdad. Pearls were said to come from the Persian Gulf, ivory from Aden, myrrh from Somalia, pepper from Java and Sumatra, cotton from the various kingdoms of India, and so on.

The merchants could make much money from the sea trade, but also due to great risks, quite a few investors usually divided their investment among many ships, and each ship had many investors behind it.

In addition, individuals and groups involved in the maritime economy moved often, which was totally different from the inland residents, who were reluctant to move from their native districts. To improve governance, the Song court established a new household registration system to manage people engaged in maritime activities and adopted the *baojia* system, an administrative system that grouped civilians into decimal units. The system dates back to Wang Anshi's reform in the 11th century. The function of the system was to control local society through registration, mutual surveillance and collective responsibility. Any failure to report illegal behavior or suspicious persons meant group punishment for all members of the unit.

All in all, the Song rulers held a conservative attitude toward the sea and considered it an extension of their terrestrial domain, which meant that their maritime policies were made on the basis the development of inland regions.<sup>10)</sup>

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Asia, pepper, betel nut, cowries, tortoiseshell, cinnabar, and ambergris from Somalia.

### 3.3 The Ocean Policy in Ming Dynasty (1368-1644)

In 1370 after the new kingdom, Ming dynasty was established, the government banned the customs in Taicang and Huangdu. In 1374 the government removed 3 customs which were set up since Tang Dynasty in Quanzhou Fujian ,Mingzhou Zhejiang, and Guangzhou Guangdong, which resulted the end of foreign trade. In 1381 the Emperor Zhu Yuanzhang, the first emperor, issued a ban that sea people could not connect with other sea countries. Therefore those friendly Southeast Asian countries couldn't have trade and cultural exchanges with our country any more. In 1390 the Emperor Zhu Yuanzhang issued a traffic ban. In 1394 to completely get rid of foreign trade people were banned from buying and using foreign goods. In 1397 Chinese people were banned from doing navigation.

However the banned policy had changed dramatically. The third emperor of the Ming Dynasty, the Yongle Emperor, in order to impress Ming power upon the world and show off China's resources and importance, ordered admiral Zhanghe to organize the great fleet. The seven voyages of admiral Zhanghe from 1405 until 1433 became the representative event related with the ocean in Ming dynasty. During the period, he travelled all the way from China to Southeast Asia and then on to India, all the way to major trading sites on India's southwest coast and Persian Gulf and all the way to the east coast of Africa.

#### 3.3.1 the background of the great voyages

China had been extending its power out to sea for 300 years. To satisfy

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10) Zhang Hongli (2017).

growing Chinese demand for special spices, medicinal herbs, and raw materials, Chinese merchants worked together with Arabic and Indian traders to form a rich network of trade that reached via southeast Asia to the frontiers of the Indian Ocean. Into the ports of eastern China came a lot of goods such as ginseng, lacquerware, celadon, gold and silver, horses and oxen from Korea and Japan. Into the ports of southern China flew a lot of goods such hardwoods and other tree products, ivory, rhinoceros horn, brilliant kingfisher feathers, ginger, sulfur and tin from Vietnam and Siam (Thailand) in southeast Asia; cloves, nutmeg, batik fabrics, pearls, tree resins, and bird plumes from Sumatra, Java, and the Moluccas in island southeast Asia. Trade winds across the Indian Ocean brought ships carrying cardamom, cinnamon, ginger, turmeric, and especially pepper from Calicut on the southwestern coast of India, gemstones from Ceylon (Sri Lanka), as well as woolens, carpets, and more precious stones from ports as far away as Hormuz on the Persian Gulf and Aden on the Red Sea. Agricultural products from north and east Africa also made their way to China, although little was known about those regions.

By the early period of the Ming Dynasty, China had have a best naval technology in the world. While using many technologies invented in China, Chinese shipbuilders also integrated them into technologies they learned from seafarers of the South China seas and the Indian Ocean. For centuries, China was the preeminent maritime power in the region, with advances in navigation and naval architecture. From the ninth century on, the Chinese had maneuvered the ships with their magnetic compasses. It was ahead of two centuries compared with Europe.

An important advance in shipbuilding used since the second century in China was the construction of double hulls divided into separate watertight compartments. This saved ships from sinking if rammed, but it also offered

a method of carrying water for passengers and animals, as well as tanks for keeping fish catches fresh. Crucial to navigation was another Chinese invention of the first century, the sternpost rudder, fastened to the outside rear of a ship which could be raised and lowered according to the depth of the water, and used to navigate close to shore, in crowded harbors and narrow channels. Both these inventions were commonplace in China 1,000 years before their introduction to Europe.

Chinese ships were also noted for their advances in sail design and rigging. Bypassing the need for banks of rowers, by the third and fourth centuries the Chinese were building three- and four-masted ships (1000 years before Europe) of wind-efficient design. In the eleventh and twelfth centuries they added lug and then lateen sails from the Arabs to help sail against the prevailing winds.

By the eighth century, ships 200 feet long capable of carrying 500 men were being built in China (the size of Columbus' ships eight centuries later!) By the Song Dynasty (960–1279), these stout and stable ships with their private cabins for travelers and fresh water for drinking and bathing were the ships of choice for Arab and Persian traders in the Indian Ocean. The Mongol Yuan Dynasty (1279–1368) encouraged commercial activity and maritime trade, so the succeeding Ming Dynasty inherited large shipyards, many skilled shipyard workers, and finely tuned naval technology from the dynasty that preceded it.

The third emperor of the Ming Dynasty, the Yongle Emperor, was particularly aggressive and personally led major campaigns against Mongolian tribes to the north and west. He also wanted those in other countries to be aware of China's power, and to perceive it as the strong country he believed it had been in earlier Chinese dynasties, such as the



Han and the Song. In order to impress Ming power upon the world and show off China's resources and importance, he gave orders to build even larger ships than were necessary for the voyages. Thus the word went out to construct special "Treasure Ships," ships over 400 feet long, 160 feet wide, with nine masts, twelve sails, and four decks, large enough to carry 2,500 tons of cargo each and armed with dozens of small cannons. Accompanying those ships were to be hundreds of smaller ships, some filled only with water, others carrying troops or horses or cannon, still others with gifts of silks and brocades, porcelains, lacquerware, tea, and ironworks that would impress leaders of far-flung civilizations.

The emperor thus revived the traditional tribute system. In the traditional tributary arrangement, countries on China's borders agreed to recognize China as their superior and its emperor as lord of "all under Heaven." These countries regularly gave gifts of tribute in exchange for certain benefits, like military posts and trade treaties. In this system, all benefited, with both peace and trade assured. Because the Yongle emperor realized that the major threats to China in this period were from the north, particularly the Mongols, he saved many of those military excursions for himself. He sent his most trusted generals to deal with the Manchurian people to the north, the Koreans and Japanese to the east, and the Vietnamese in the south. For ocean expeditions to the south and west, however, he decided that this time China should make use of its extremely advanced technology and all the riches the state had to offer. Lavish expeditions should be mounted in order to overwhelm foreign peoples and convince them beyond any doubt about Ming power. For this special purpose, he chose one of his most trusted generals, a man he had known since he was young, Zheng He.

### 3.3.2 The Seven Voyages of Zhanghe<sup>11)</sup>

From 1405 until 1433, the Chinese imperial eunuch Zheng He led seven ocean expeditions for the Ming emperor that are unmatched in world history. These missions were astonishing as much for their distance as for their size. [Picture 4] shows where Zhanghe travelled during seven voyages

The first expedition of this mighty armada (1405-07) was composed of 317 ships, including perhaps as many as sixty huge Treasure Ships, and nearly 28,000 men. In addition to thousands of sailors, builders and repairmen for the trip, there were soldiers, diplomatic specialists, medical personnel, astronomers, and scholars of foreign ways, especially Islam. The fleet stopped in Champa (central Vietnam) and Siam (today's Thailand) and then on to island Java, to points along the Straits of Malacca, and then proceeded to its main destination of Cochin and the kingdom of Calicut on the southwestern coast of India. On his return, Zheng He put down a pirate uprising in Sumatra, bringing the pirate chief, an overseas Chinese, back to Nanjing for punishment.

The second expedition (1407-1409) took 68 ships to the court of Calicut to attend the inauguration of a new king. Zheng He organized this expedition but did not actually lead it in person.

Zheng He did command the third voyage (1409-1411) with 48 large ships and 30,000 troops, visiting many of the same places as on the first voyage but also traveling to Malacca on the Malay peninsula and Ceylon (Sri Lanka). When fighting broke out there between his forces and those of a small kingdom, Zheng put down the fighting, captured the king and

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11) Gronewald, Sue (2009)

brought him back to China where he was released by the emperor and returned home duly impressed.

The fourth voyage (1413-15) extended the scope of the expeditions even further. This time in addition to visiting many of the same sites, Zheng He commandeered his 63 ships and over 28,000 men to Hormuz on the Persian Gulf. The main chronicler of the voyages, the twenty-five year old Muslim translator Ma Huan, joined Zheng He on this trip. On the way, Zheng He stopped in Sumatra to fight on the side of a deposed sultan, bringing the usurper back to Nanjing for execution.

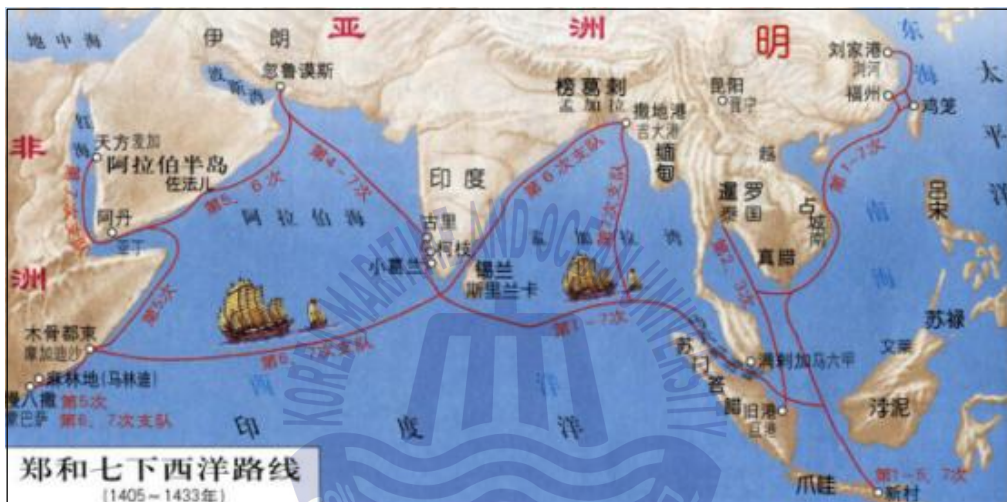
The fifth voyage (1417-1419) was primarily a return trip for seventeen heads of state from South Asia. They had made their way to China after Zheng He's visits to their homelands in order to present their tribute at the Ming Court. On this trip Zheng He ventured even further, first to Aden at the mouth of the Red Sea, and then on to the east coast of Africa, stopping at the city states of Mogadishu and Brawa (in today's Somalia), and Malindi (in present day Kenya). He was frequently met with hostility but this was easily subdued. Many ambassadors from the countries visited came back to China with him.

The sixth expedition (1421-1422) of 41 ships sailed to many of the previously visited Southeast Asian and Indian courts and stops in the Persian Gulf, the Red Sea, and the coast of Africa, principally in order to return nineteen ambassadors to their homelands. Zheng He returned to China after less than a year, having sent his fleet onward to pursue several separate itineraries, with some ships going perhaps as far south as Sofala in present day Mozambique.

The seventh and final voyage (1431-33) was sent out by the Yongle emperor's successor, his grandson the Xuande emperor. This expedition

had more than one hundred large ships and over 27,000 men, and it visited all the important ports in the South China Sea and Indian Ocean as well as Aden and Hormuz. One auxiliary voyage traveled up the Red Sea to Jidda, only a few hundred miles from the holy cities of Mecca and Medina. It was on the return trip in 1433 that Zheng He died and was buried at sea.

<picture 3-1> Zheng He's voyages in the South Seas as far as Africa



data: <http://www.5011.net/lishi/miwen/201506/15/33022.html>

Trading with nations such as countries in the Middle East, India, and Africa have benefitted the Ming tremendously. For example, from the 15th century, the Ming had converted their currency from paper money to silver bars due to inflation and needed to have a sufficient amount of silver to maintain their economy. Because they traded with the Portuguese and the Spanish, they received enough silver for currency. In addition, because the Ming traded with other civilizations, they received cures for certain diseases that were currently spreading throughout the Middle Kingdom. Also, trading with the Europeans became a business that soon

proved to be lucrative. Blue-white porcelain was highly looked upon in Europe, thus bringing the Ming prosperity as well as supporting the economy. As a result, trading with foreign nations not only benefited the Emperor and his fame, but also benefited the economy.

### 3.3.3 The End of the Treasure Fleet

However, the Ming admiral and his treasure fleet were not engaged in a voyage of exploration, for one simple reason: the Chinese already knew about the ports and countries around the Indian Ocean. Likewise, the Ming admiral was not sailing out in search of trade. For one thing, in the fifteenth century all the world coveted Chinese silks and porcelain; China had no need to seek out customers – China's customers came to them

For another, in the Confucian world order, merchants were considered to be among the lowliest members of society. Confucius saw merchants and other middlemen as parasites, profiting on the work of the farmers and artisans who actually produced trade goods. An imperial fleet would not sully itself with such a lowly matter as trade.

If not trade or new horizons, then, what was Zheng He seeking? The seven voyages of the Treasure Fleet were meant to display Chinese might to all the kingdoms and trade ports of the Indian Ocean world, and to bring back exotic toys and novelties for the emperor. In other words, Zheng He's enormous junks were intended to shock and awe other Asian principalities into offering tribute to the Ming. So then, why did the Ming halt these voyages in 1433, and either burn the great fleet in its moorings? There were three principle reasons for this decision. First, the Yongle Emperor who sponsored Zheng He's first six voyages died in 1424. His son, the Hongle Emperor, was much more conservative and Confucianist in his

thought, so he ordered the voyages stopped.

In addition to the political motivation, the new emperor had a financial motivation. The treasure fleet voyages cost Ming China enormous amounts of money; since they were not trade excursions, the government recovered little of the cost. Zhenghe's sailing to the West Ocean had long been regarded a great innovation in Chinese navigation history. Although he did publicize national culture and economic strength, the government didn't benefit much from it. On the contrary this kind of giving more and getting less way increased the Ming's economic burden. The Hongle Emperor inherited a treasury that was much emptier than it might have been, if not for his father's Indian Ocean adventures.

Finally, during the reigns of the Hongle and Xuande Emperors, Ming China faced a growing threat to its land borders in the west. The Mongols and other Central Asian peoples made increasingly bold raids on western China, forcing the Ming rulers to concentrate their attention and their resources on securing the country's inland borders. In short, the foreign trade policy of the late Ming was still very conservative. This dynasty was always more concerned with its safety than the economic benefit that might be gained from trade. Tributary trade, the only accepted form of foreign trade in early and mid Ming was considered a diplomatic drive to gain prestige rather than a means of securing benefits for the dynasty. After sea ban policy was eased at the ports in late Ming, it seemed that free transactions were made between foreign businessmen and that ordinary people could travelled around the world. However, this was not free trade as in the West. Foreigners had to do all their business via agents appointed by the government and direct dealing with ordinary Chinese was strictly prohibited. A policy of encouraging overseas trade as in the West never appeared even in the last years of the Ming dynasty.

## Chapter 4 The Ocean Policy in the Modern Ages of China

In the western world, the Industrial Revolution took place in 18th century. The Revolution generated the transition to new manufacturing processes by using steam power, by developing machine tools and creating the factory system, which resulted in structural change of the society and the country. In this period, however the Qing dynasty which had been ruling China carried out the Haijin (sea ban policy). The policy was continuously being implemented since Ming dynasty except the period of Zhenghe' s fleet.

### 4.1 The Ocean Policy in the Early Qing Dynasty (1644-1842)

#### 4.1.1. The unstable sea ban in Emperor Kangxi' era

The opening of commercial relations with foreign countries in the late Ming dynasty did not last long. It was banned again in the early years of Qing dynasty which substituted for the Ming and dominated China from 1644. During the first decade of its dominance, Qing dynasty had to defeat many Han anti-Qing armies struggling to retrieve the Ming dynasty. Han armies were mainly assembled in southeastern coastal areas and were always able to escape to their strongholds in the offshore islands. Therefore Qing dynasty declared a ban on sea-borne activity. The Qing regent, Dorgon resumed the sea ban in 1647, but it was not effective until a more severe order followed in 1661 after the succession of the Kangxi Emperor. That was when the Qing army defeated Zheng Chenggong, the most famous anti-Qing leader in the southeastern area and forced him to withdraw to the sea with his troops. Following this new decree, the evacuation known as the "Frontier Shift", coastal residents of Guangdong,

Fujian, Zhejiang, Jiangsu, and parts of Shandong were required to destroy their property and move more than a dozen kilometers inland, with Qing soldiers erecting boundary markers and enforcing the death penalty on those beyond it. Ships were destroyed, and foreign trade was again limited to that passing through Macao. <sup>12)</sup>

A year after Zheng' s army in Taiwan surrendered by a naval attack from Qing' s army, the Qing dismantled the sea ban again in 1684. Four customs was then established in Canton, Xiamen, Ningbo and Songjiang to handle foreign trade. Thus commercial relations with overseas countries returned to normal at last after 40 years. In the second half of the reign of Emperor Kangxi (1662-1722), foreign merchant ships were allowed to trade with China at all the ports specified and overseas activities of Chinese merchants developed rapidly, despite certain restrictions on their going abroad. According to some historical records, Chinese merchants and emigrants could be found nearly everywhere in Southern and Eastern Ocean countries. The number of Chinese, mainly from the south-eastern coastal areas, in Southeast Asia was even greater than that in the late Ming period. It was said that in Jakarta alone, there were over a hundred thousand Chinese.

But this situation dud not last long. From the last few years of the reign of Emperor Kangxi, the overseas policy of the Qing became inward looking again. This was due to deep-rooted fears that domestic anti-Qing forces, which continued even after the Qing unified the country, would collude with Hans overseas' group to destroy Qing domination, Emperor Kangxi and some of his officials thought it a serious problem that so many Hans were going abroad to settle down and live there. It was said that

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12) Shi Zhihong (2006).



Emperor Kangxi had dispatched his secret agents to Luzon in his later years after hearing that descendants of the deposed Ming Emperor might still be living there. Though the investigation revealed nothing, the matter aroused the Emperor's concern. So in 1717, Emperor Kangxi ordered a ban on ships going to the Southern Ocean. At the same time the Qing issued a series of restrictions on ships going to sea and strengthen checks at coastal ports. All those who had settled in foreign countries were ordered to return to China within 3 years and those who dared to emigrate again were to be extradited and executed. Through the ban on ships going to the Southern Ocean was lifted in 1727 under pressure from the court and the masses, the prohibition on people living abroad and the restrictions on ships going to sea became stricter. As a result, China's trade with the Southern Ocean which had once been prosperous declined in the 18th century.

#### **4.1.2 The sea ban in Emperor Qianlong's era**

Trade with foreign ships at coastal ports was also put under much stricter control. The Qing had opened four ports for trade with foreigners after it reopened the seas in 1684. But this policy was changed during the reign of Emperor Qianlong (1736-1795) in order to control foreigners' activities in China. In addition to traditional tributary countries began to trade with China from the mid-Ming. The Portuguese, Spainards, Dutch and later English, sailed in turn to the East from the early sixteenth to the early 17th centuries. The new comers were both pirates and merchants who, with well-equipped fleets, harassed China's ports frequently even whilst trading with it. In the second half of the 17th century and the first half of the 18th century, though the earlier colonial countries such as Portugal, Spain and Holland had declined, English as a

new entrant was becoming stronger and more ambitious. English trade with China via the East India Company began in the 3rd decade of the reign of Emperor Kangxi and developed gradually from the 1720s. At first, English merchants traded with the Chinese only at Canton. But from 1755 to 1757, restrictions on trade at Canton and heavy import and export duties there forced the East India Company to send ships north to Ningbo where trading conditions were much better. It was also much nearer the areas which produced the commodities the English wanted, like raw silk, tea, cotton, cloth, etc. The Qing was extremely worried about the English changing the trade port, as that would reduce the income of the Guangdong Customs. But what the Qing most feared was that it would lead to a new foreign settlement on the coast and create another Macao. At first Emperor Qianlong tried to stop English ships going north to Ningbo by increasing duties at Zhejiang Customs, but he failed. So, in the winter of 1757, the Emperor declared that from the beginning of the following year, all foreign ships must anchor only at Guangdong and none was allowed to go to Ningbo again. This was an important change of foreign trade policy in the early Qing which meant that the door opened to the outside world in the reign of Emperor Kangxi was again partly closed.

At the same time, the Qing strengthened its surveillance of foreigners doing business in China through the famous ‘Gong Hang’ system. Qing continued the official agency started in late Ming at trading ports to administrate its foreign trade. According to the rules, all foreign merchants had to conduct their business through a specified number of Chinese merchants appointed by the government, and they could not trade with ordinary Chinese directly. All business, either buying or selling, had to be done through these appointed agents or brokers. Ever since opening ports in the reign of Emperor Kangxi, local governments had selected these

official agents from merchants dealing in foreign goods and demanded that all foreigners were to conduct their business through these special merchants alone. In Canton, these merchants were called Hang merchants, since their guild was called “Hang” (the old spelling “Hong” ) or “Yanghuo Hang” . The number of Hang merchants at its highest point reached 26 or more and 4 at the lowest, but they were generally called “the thirteen Hangs” in history. Hang merchants established an organization called “Gong Hang” in 1720, which was dissolved the following year but restored in 1760. After closing all ports but Canton, Hang merchants became the sole agents who had an absolute monopoly of trade with foreigners and Gong Hang was even given the role of a semi-official organization with the responsibility of collecting duties and debts for the government, supervising foreigners’ activities, and acting between the government and foreigners in all matters.

The Qing government brought in many rules and regulations to limit foreigners’ activities in China after Canton became the only port open to the outside world in 1757. Foreigners had to live in appointed places during their stay and abide by rules for their activities and behavior, if they did not want to be expelled and lose their commercial contacts. In Canton, the place selected for foreigners to live was a stretch of land outside the city where, with the help of Gong Hang, Western merchants built houses called “shang guan” <sup>13)</sup>. These were used as their counting house, warehouse, treasury and residence. Before 1840, there were 59 shang guan in Chanton in total, more than half of them belonging to English traders. Foreign merchants had to live in their own shang guan, and the number of their foreign staff could be no more than five. Neither women nor weapons

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13) the word means “factory” in its old sense of the residence or station of the factor or agent of the home company

could be brought to shang guan. Foreign merchants had to leave China or go back to Macao as soon as they finished their business, and no one was allowed to stay in Canton over winter. During their stay, foreigners was prohibited from contacting the Chinese except for the Hang merchants and their interpreters. They could not leave their shang guan unless accompanied by Hang merchants or their interpreters. They could not employ Chinese servants, or take sedan. They were not allowed to address Chinese officials directly: if they had any representation to make, it had to be done through the Hang merchants. The Hang merchants were required to supervise and take care of everything for the foreigners during their stay, from the basic necessities of life to their activities and behavior and they were not allowed to borrow money from the foreigners. The regulations also stipulated that foreign vessels of war acting as escorts to merchant ships were not allowed to enter the Bogue. Foreign merchant ships entering or leaving the Bogue had to be under full control of Chinese river pilots and the ship's compradors who had registered with the office of the Chinese magistrate at Macao and obtained a licence. If any smuggling or illegal acts occurred on a ship, the ship's comprador would be punished. Although these rules and regulations were only words on paper, on many occasions they did reflect the Qing ruler's concern and vigilance about the outside world.

Surveying the overseas trade policy of the early Qing, it can be said that for most of these two hundred years, China was closed or partly closed to the outside world except for a few decades during the reign of Emperor Kangxi. Compared with the Ming dynasty, the Qing ruler's attitude toward the outside world was more restrictive. So, describing early Qing's overseas policy as a closed-door policy does fit the situation.

### 4.1.3 Characteristics of sea ban in early Qing dynasty

By the Qing Dynasty, the government implemented an unprecedented policy of seclusion against not only foreigners but Anti-Ming sentiment. At the same time the cruel ban on maritime trade caused more than hundreds of thousands of death and countless slaughters. The ban and literary inquisition totally destroyed the development of Chinese culture, the traditional idea of coastal defense which was built since the end of Ming, and the overseas trade in China. Absolutely the Qing government was accused of the main responsibility for China's humiliation in the 18th and 19th Centuries.

The ban of maritime trade mainly comprised three aspects: first, the government restrained the exports of goods. In Qing Dynasty Chinese foods were extremely competitive with low price but good quality in the world market. it was recorded : “The ordinary and cheap goods sold in Mainland, carried to the foreign land, change into very expensive goods. The tiny and refined crafts and embroidered materials etc made by people living in coastal area are well sold in foreign countries. Millions of silver and freight are being delivered to the treasury of Qing dynasty.”<sup>14)</sup> “If the people violating the sea ban law was convicted by selling more than hundred pounds of silk, they are sent to the frontier and should join the army. If less than hundred pound, after being beaten 100 times, they are in prison for 3 years. If less than 10 pound, they are in custody in pigsty and horse bay. Even seamen and business partners are punished when they don't let the official know about the recognized situation. All of the goods and materials in ships are confiscated and belong to the

14) 地賤非無足輕重之物，載至番境，皆同珍貝，是以沿海居民，造作小巧技藝，以及女紅針線，皆洋船行銷，歲收諸島銀錢貨物百十萬入我中土）”劉鳳雲《清康熙朝的禁海、開海與禁止南洋貿易》

government. The officials who fail to supervise are punished, based on the weight of the goods and materials<sup>15</sup>). “In order to prevent smuggling to western country, the price of the silk in the region of Jiangsu and Zhejiang is getting higher.”<sup>16</sup>). During the same year here came out another rule: Goods like silk should be produced and supervised by government uniformly.<sup>17</sup>” 5 years later since this policy came out, the silk goods were still at high price without any reduction: The silk garment is very expensive, but there have on effect on it. What’s more, it’ll be more when the harvest of silk is poor. “<sup>18</sup>). So the government had to lift the ban and only under permission can the business ships launch out with limiting quantity of export. Workshops which make cloth with silk secretly still need to be inspected carefully<sup>19</sup>). But goods like silk gauze and silk floss were still prohibited from export which directly influenced the development of civil navigation trade.

Second, the ocean-going ships were limited. In 1655, the Qing government had a ban on building ships with double deck. In 1684, another policy came out that people who built illegal ships with double mast and more than 150 ton, no matter officials or common people, would be banished to exile. And the officials who were in charge of this area would serve 3 years in prison. When people who know that somebody is building up the ship do not declare to the authority, the officials are dismissed, soldiers and civilian are beaten a hundred sticks<sup>20</sup>). In 1703, the ships with

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15) 有違例出洋，每絲一百斤發邊衛充軍；不及一百斤者杖一百，徒三年；不及十斤者棚號一月，杖一百，為從及船戶知情不首告者，各減一等。船隻貨物盡入宮。其失察之文武各官，照失察米石出洋之例，分別議處）” Qing 《兵律-關律》

16) 江浙等省絲價日昂，不無私販出洋之弊

17) 綢緞等物總由絲紬所成，自應一體察禁

18) 不特絲價依然昂貴，未見平減，且遇值蠶事收成稍薄，其價較前更昂”

19) 而頭蠶湖絲，綢匹等工頁，仍嚴行查禁

20) 如有打造雙桅五百石以上違式船隻出海者，不論官兵民人，俱發邊衛充軍。該管文武官員及地方甲長，同謀打造者，徒三年；明知打造不行舉首者，官革職，兵民杖一百）康熙二十

double mast were allowed, and if the beam heads were no more than 3 meters, the ships held a maximum of 28 people; if the beam heads were no more than 4.8 meters the ships held a maximum of 24 people. “When they embark people over the capacity or they sell false goods by cheating the consumers, they are punished more seriously than people who build up the ship.<sup>21)</sup> In 1694, if mainland businessmen built ships in abroad they would be double guilty. These policies resulted in the historical reversal in Chinese ship building history. At the same time in Europe people were energetically developing the ship building. Finally the gap was completely widened.

Third, the ships were not allowed to carry with weapons. In 1720, the government announced that in coastal provinces if the officials didn't supervise strictly so that the ships launching abroad still carried with weapons, they would be punished their salary for a year. In 1728, the policy was eased that the ships could carry with no more than 8 shotguns, 10 broadswords, 30 pounds of powder. At the same time some organized pirate ships from each European country were going to attack Eastern sea areas with fully support from their own countries. Once the Chinese ships came across to western ships armed with swords and powder, they remained to be robbed without and choice. As a pirate captain said, even a boat could easily rob it.

In Qing dynasty the seafaring declined rapidly because of the bans on maritime, which caused Opium War and the following series of humiliating treaties.

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三年 (1684年)「開禁」時規定

21) 其有梁頭過限, 並多帶人數, 詭名頂替, 以及訊口盤查不實賣行者, 罪名處分皆照漁船加一等, 康熙四十二年 (1703年)規定

## 4.2 The Ocean Policy in late Qing Dynasties (1843–1911)

From the Ming to the early Qing, or more precisely, from the great voyages to the Opium War, the Industrial Revolution took place and changed economic system through production system and distribution system which derived from new technology in European countries. Capitalism was invented in this period and increased the productivity rapidly. With the spread of it, came great changes to the traditional world order. Separated by their geo-graphical location were now brought into contact bringing both exchange and conflict. The world become more closely inter-related. This was a time of naval supremacy and worldwide commerce and trade.

However, China, an ancient civilized country not inferior in navigational skills or sea-borne trade to Western nations at the time, went against this trend and adopted a restrictive policy of limiting and even prohibiting overseas trade. The fear of revolt by Hans and the attempts to rule out vicious foreign ideas resulted in highly restricted trade. Before the 1830s, there was only one port open to Western merchants, Canton (Guangzhou) and only one commodity the Chinese would accept in trade, silver. British and American merchants, anxious to handle what they perceived as a trade imbalance, determined to export opium, the one product that the Chinese did not themselves have but which an ever-increasing number of them want.

Before 1828, large quantities of the Spanish silver coin flowed into China in payment for the exotic commodities that European craved. <Table 4-1> showed that the amount of import opium was not so much as trade balance was reversed. In contrast, in the decade of the 1830s, despite an imperial decree outlawing the export of gold and silver, the silver exported



was dramatically increased as <table 4-2> showed.

On the one hand, Qing government dispatched Lin Ze-xu, the Emperor's special emissary to keep British merchants from trading opium. He took swift action against the foreign merchants and their Chinese accomplices, making some 16,00 arrests and confiscation 11,000 pounds of opium. Holding all foreign merchants under arrest until they surrendered nine million dollars worth of opium, he then had burned it publicly. Finally he ordered the port of Canton closed to all foreign merchants.

On the other hand, British government sent superintendent of trade and sought to negotiate a compromise. But due to hard line of Qing dynasty British merchants were frustrated by Chinese trade laws and refused to cooperate with Chinese legal officials because of their routine use of torture. Then British superintendent, Elliot ordered a blockade of Pearl River countervailing the measure to close Canton port. That sparked the Opium War<sup>22</sup>).

The War ended in the defeat of China who signed the first unequal treaty, the treaty of Nanjing, which expressed following provisions: 1) to open 5 ports, Guangzhou, Xiamen, Fuzhou, Ningbo and Shanghai; 2) to concede Hong Kong territory; 3) to compensate with twenty-one million silver. Regardless of direct compensation of silver, the benefits came from these treaties which can be measured by the profits from the five ports:

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22) Opium wars consists of two wars which took place due to the disputes over British trade in China and China's sovereignty. The 1st war (1839-1842) was concluded by the Treaty of Nanjing and the Supplementary Treaty of the Bogue in 1842. The 2nd war (1856-1860) forced Qing dynasty to open more than 80 treaty ports. Taylor W., Bailkey, Jewsbury, Lewis, Hackett (1992)

<Table 4-1> The amount of opium purchasing, 1800-1828

year	The amount of opium purchasing (container)
1800~1811	4016
1811~1821	4494
1821~1828	8708

data: 《Canton Register》、《History of China's foreign trade》、《The British trade report in guangzhou》、《All previous dynasties treasure case》 Sort out

<Table 4-2> The amount of opium purchasing, 1828-1839

year	The amount of opium purchasing (container)
1828~1829	13868
1829~1830	16257
1830~1831	19956
1832~1833	16550
1833~1834	20486
1834~1835	21885
1835~1836	30202
1836~1837	34776
1837~1838	34737
1838~1839	40200

data: 《Canton Register》, 《History of China's foreign trade》, 《The British trade report in guangzhou》, 《All previous dynasties treasure case》

e) Sort out

After 1840s, the government opened five ports after the opium trading volumes, Or trade main ports in Shanghai that trade over half of the national trade.

<Table 4-3> The amount of opium purchasing (1847-1871)

year	The amount of opium purchasing	The amount of opium purchasing in Shanghai	shanghai's purchasing proportion (%)
1847	39200	16310	41.6
1848-1850	48267	19793	41
1851-1853	58069	24285	42
1854-1856	68738	30054	45
1857-1859	65858	33036	50
1860-1862	64916	41650	64
1863-1865	71329	51750	72
1866-1868	81113	58750	72
1869-1871	90285	61250	68

data: 《Canton Register》, 《History of China's foreign trade》, 《The British trade report in guangzhou》, 《All previous dynasties treasure case》 Sort out

Seeing the weakness of the government and backward in military equipment, as well as the giant interests the Britain gained, other European countries plunder into China one after another, the Qing dynasty decayed soon, leading the controls of the ports encroached by the industrial countries.

It's hard to overemphasize the impact the Opium War on modern China. Domestically, it's led to the ultimate collapse of the centuries-old Qing

dynasty and with it more than two millennia of dynastic rule. It convinced China that it had to modernize and industrialize.

<Table 4-4> clearly shows the capacity of the Chinese shipping industry at that time.

<Table 4-4> The amount of vessels and freight volume (1863-1871)

year	All		Chinese		proportion (%)			
	vessels	freight volume (ton)	vessels	freight volume (ton)	England	USA	Germany	China
1863	19422	6444700	-	-	-	-	-	-
1864	17966	6635000	1021	64588	43.1	39.3	8.7	1
1865	16628	7136301	574	39548	48.6	37.1	7.2	0.6
1866	15672	6877582	516	33724	57.0	28.5	9.1	0.5
1867	14704	6396815	561	34600	58.0	26.2	9.6	0.5
1868	14075	6418503	571	32732	51.9	34.9	7.3	0.5
1869	14802	6843072	482	29636	45.4	40.1	9.7	0.4
1870	14136	6907828	469	29939	46.5	43.5	5.4	0.4
1871	14966	7385197	474	30013	47.9	43.2	5.8	0.4

data: 《Canton Register》, 《History of China's foreign trade》, 《The British trade report in guangzhou》, 《All previous dynasties treasure case》 Sort out

The Suez Canal opened in 1869, constructed by English, connecting the Mediterranean Sea to the Red Sea. The Canal made it more lucrative for Western merchants to trade between Europe and Asia. And submarine cable was also opened. These developments of transportation and communication technology made Shanghai much more convenient ports which Western merchants arrived at from London and other places of Europe. At that time, the shipping company of foreign countries and China had been established in China. <Table 4-5> showed how many proportions

China and major countries had in terms of vessels and shipment. It was found that English played a leading role in handling the shipment.

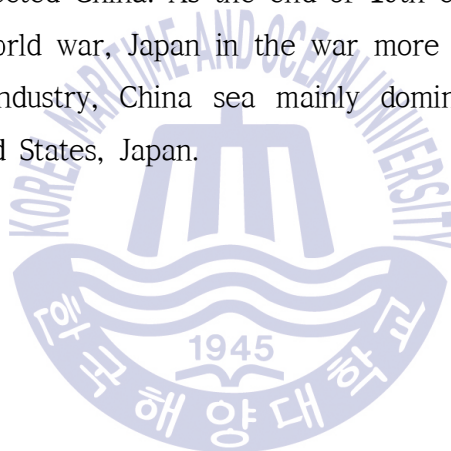


<Table 4-5> The amount of shipment and the number of vessels in China (1872-1895)

years	All		Chinese		proportion (%)					
	vessels	freight volume (ton)	vessels	freight volume (ton)	England	USA	Germany	France	Japan	China
1872	3920	1889000	-	-	69.3	8.9	7.9	6.1	-	-
1873	3537	1874000	15	8000	72.0	10.3	6.7	6.5	-	0.4
1874	3144	1743000	15	9000	71.5	8.7	7.3	6.7	-	0.5
1875	3544	2114000	12	9000	71.1	8.0	5.7	5.9	4.6	0.4
1876	4097	2278000	30	20000	78.4	2.8	5.9	5.0	4.3	0.7
1877	3830	2715000	30	20000	78.4	2.8	5.9	5.0	4.3	0.7
1878	4086	3093000	11	6000	78.0	3.6	6.5	4.3	4.0	0.5
1879	4142	3241000	296	107000	77.1	2.4	7.0	4.0	4.3	3.3
1880	4855	4035000	434	185000	77.5	3.4	4.4	3.3	4.2	4.6
1881	4866	3737000	432	202000	73.5	2.9	6.9	3.4	5.0	5.4
1882	5461	3964000	360	164000	72.3	1.0	9.1	4.1	4.9	4.1
1883	5169	403000	387	209000	72.6	1.1	6.9	4.2	4.8	5.2
1884	4783	4139000	211	94000	73.0	2.8	9.6	2.3	5.2	2.3
1885	5054	4324000	128	55000	75.0	3.6	10.6	1.7	4.9	1.3
1886	6357	5066000	339	162000	70.5	1.4	13.5	2.9	4.7	3.1
1887	6349	5266000	405	166000	71.0	0.5	12.5	3.3	5.2	3.2
1888	5966	5596000	440	200000	71.0	0.8	11.3	4.6	4.7	3.6
1889	6261	5865000	359	172000	70.7	0.7	11.5	4.4	6.7	2.9
1890	6236	5915000	773	430000	68.8	0.7	9.0	3.9	7.3	7.3
1891	6932	6744000	909	549000	67.1	0.8	9.8	3.9	6.2	8.2
1892	6908	6890000	518	287000	70.3	0.5	10.8	3.6	6.2	4.2
1893	7618	7142000	766	246000	71.5	0.9	9.9	3.6	5.3	3.4
1894	8142	7636000	1273	277000	71.4	1.2	10.5	4.6	3.2	3.6
1895	8474	8507000	785	317000	70.7	0.8	11.5	4.0	1.2	3.7

data: 《Canton Register》, 《History of China's foreign trade》, 《The British trade report in guangzhou》, 《All previous dynasties treasure case》 Sort out

What we have to pay attention to is that the capacity of Japanese shipment was promoted very rapidly after 1895. Japan had achieved the industrial revolution and western style modernization through Meiji Restoration. This Japanese achievement made it possible to intrude into China competing with other countries including English, France and USA and so on. <Table 4-6> and <table 4-7> shows that Japan became one of the powers who had a considerable effect on Chinese economy and society and other countries including English and USA were a major countries which affected China. As the end of 19th century and the early 20 s, the second world war, Japan in the war more quickly occupied the Chinese maritime industry, China sea mainly dominated by the United Kingdom, the United States, Japan.



<Table 4-6> Percentage of vessels in each country (1896-1913)

years	China	USA	England	Germany	Japan	others
1896	4.69	1.57	67.14	10.82	4.39	11.39
1897	5.21	2.49	67.27	9.25	5.08	10.70
1898	5.42	1.88	65.49	9.34	8.46	9.41
1899	5.60	2.42	61.11	8.42	12.99	9.46
1900	4.03	2.44	58.69	10.75	14.12	9.97
1901	3.62	2.77	52.63	14.78	16.05	10.15
1902	5.12	2.51	50.62	14.20	16.59	10.96
1903	5.01	2.65	48.12	13.88	17.63	12.71
1904	17.09	2.49	53.22	12.82	18.86	12.52
1905	17.19	5.30	45.78	12.45	17.31	16.97
1906	15.29	5.16	39.23	11.01	15.08	14.23
1907	16.37	3.65	37.64	10.54	19.68	12.12
1908	16.16	3.63	38.90	9.98	20.83	10.50
1910	16.26	2.26	38.60	10.41	20.67	11.80
1911	15.33	2.24	38.25	10.48	21.95	11.75
1912	15.38	1.98	38.80	10.66	22.83	10.35
1913	15.98	1.77	35.73	9.90	26.49	10.13

data: 《Canton Register》, 《History of China's foreign trade》, 《The British trade report in guangzhou》, 《All previous dynasties treasure case》 Sort out



<Table 4-7> The proportion of freight volume vessels of each country

years	Freight volume (1000 tons)	Foreign vessels proportion(%)	England (%)	America (%)	Japan (%)
1919	25164	81.9	32.4	6.7	37.2
1920	28853	84.5	32.2	10.5	34.4
1921	31771	82.9	31.6	9.2	35.1
1922	36399	85.8	32.4	9.3	33.7
1923	40697	89.1	35.5	9.9	32.3
1924	45593	89.1	36.4	9.2	30.5
1925	39701	91.6	31.6	9.9	36.9
1926	38787	95.6	28.8	11.3	39.6
1927	44515	89.9	33.6	8.5	33.0
1928	46813	90.6	34.4	8.6	31.5
1929	51084	91.5	33.8	7.7	32.0
1930	50238	91.6	33.1	8.0	33.5
1931	51568	90.3	35.2	7.3	31.5
1932	44541	90.3	42.2	7.8	21.0
1933	41002	88.9	43.1	8.6	16.2
1934	44919	84.8	38.9	8.3	19.1
1935	48106	84.2	38.5	7.7	19.1
1936	45233	83.8	35.7	6.9	20.8
1937	35444	83.7	36.5	4.7	19.2

data: 《Canton Register》, 《History of China's foreign trade》, 《The British trade report in guangzhou》, 《All previous dynasties treasure case》 Sort out

During the 18th century European empires gradually expanded across the world, as European states succeeded in building up capitalism system

which used maritime trade. The Qing dynasty was confronted with newly developing concepts of the international system and state to state relations. European trading posts expanded into territorial control in nearby India and on the islands that are now Indonesia. The Qing response, successful for a time, was to establish the Canton System in 1756, which restricted maritime trade to that city (Guangzhou) and gave monopoly trading rights to private Chinese merchants. The British East India Company and the Dutch East India Company had long before been granted similar monopoly rights by their governments. The imperial court viewed trade as of secondary interest, whereas the British saw maritime trade as the key to their economy.<sup>23)</sup>

Demand in Europe for Chinese goods such as silk, tea, and ceramics could only be met if European companies funneled their limited supplies of silver into China. In the late 1700s, the governments of Britain and France were deeply concerned about the imbalance of trade and the drain of silver. To meet the growing Chinese demand for opium, the British East India Company greatly expanded its production in Bengal. Since China's economy was essentially self-sufficient, the country had little need to import goods or raw materials from the Europeans, so the usual way of payment was through silver. The Daoguang Emperor, concerned both over the outflow of silver and the damage that opium smoking was causing to his subjects, ordered Lin Zexu to end the opium trade. Lin confiscated the stocks of opium without compensation in 1839, leading Britain to send a military expedition the following year.

The Opium War revealed the outdated state of the Chinese military. The

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23) The Qianlong Emperor told Macartney "the kings of the myriad nations come by land and sea with all sorts of precious things," and "consequently there is nothing we lack. Teng,S., Fairbank, J. K., (eds)(1979)

Qing navy, composed entirely of wooden sailing junks, was severely outclassed by the modern tactics and firepower of the British Royal Navy. British soldiers, using advanced muskets and artillery, easily outmaneuvered and outgunned Qing forces in ground battles. The Qing surrender in 1842 marked a decisive, humiliating blow to China. The Treaty of Nanjing, the first of the unequal treaties, demanded war reparations, forced China to open up the Treaty Ports of Canton, Amoy, Fuchow, Ningpo and Shanghai to western trade and missionaries, and to cede Hong Kong Island to Britain. It revealed weaknesses in the Qing government and provoked rebellions against the regime.<sup>24)</sup> After experiencing these challenges, a “semi- colony“ of Western powers, including France, Russia, the US, and later also Germany and Japan. And it then was collapsed gradually.



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24) The Taiping Rebellion in the mid-19th century was the first major instance of anti-Qing. Amid widespread social unrest and worsening famine, the rebellion not only posed the most serious threat towards Qing rulers, it has also been called the “bloodiest civil war of all time“; during its fourteen-year course from 1850 to 1864 between 20 and 30 million people died.

## Chapter 5 The Ocean Policy in New China

After the communist victory of Chinese Civil War in 1949, Mao declared the establishment of People's Republic of China. This brought to power a peasant party that had learned its techniques in the countryside but had adopted Marxist ideology and believed in class struggle and rapid industrial development based on socialism. Extensive experience in running base areas and waging war before 1949 had given the Chinese Communist Party (CCP) deeply ingrained operational habits and proclivities. This Chapter examines the maritime policies implemented by new Chinese government.

### 5.1 The Ocean Policy in Mao's era (1949-1976)

President Mao Zedong proposed that we should develop ourselves first before the marine development. In the new Chinese environment with a thousand things waiting to be done, we needed to develop our own ships, routes and ports, which resulted in the increasing number of ships and state owned transport companies.

At the beginning of the founding of the People's Republic of China, due to the perennial wars and the destruction of the port and maritime facilities by the Kuomintang regime, there were only 23 ships left with a total tonnage of 34,000 tons. The navigation was facing unprecedented pressure, and the resources of science and technology that could be used were limited. In March 1950 the government issued a decision about the principles, policies and the central task of marine and inland navigation work. During the first five-year of planning period, the government canceled the port and shipping system. At that time in China the ship varieties was single, the tonnage was small and the technology lagged. The ship tonnage accounted for less than 0.3% in the world. By the end of the

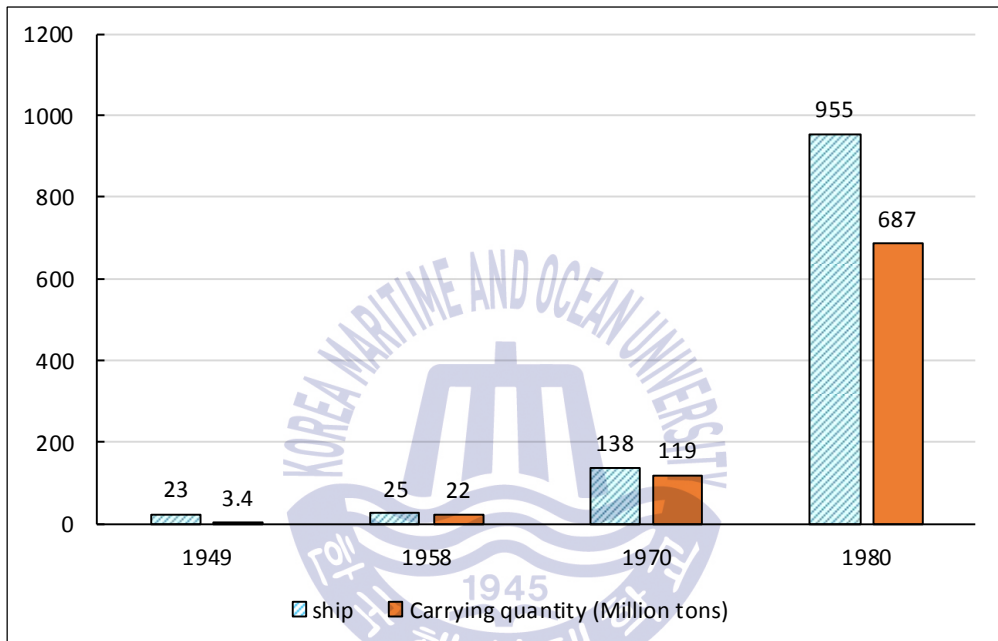
1950s, Chinese ocean shipping was mainly carried out by foreign ships. Because at that time a lot of things were abolished and waited to be done, money and energy was limited to put into the navigation, so it could only rely on the foreign countries for ocean transportation.

In 1958 the marine management system was overall adjusted. The department of transportation managed the seaports and shipping fleet in each places individually. What's more, a large number of ports, ships and detachments which were directly under department of transport, were delegated to local units including Anton (Dandong), Yingkou, Weihai, Ningbo, Longkou, Wenzhou and so on. Enterprises directly under the department of transportation only remained in Shanghai and Guangzhou. In 1961 the department of transportation formally established China Ocean Shipping Corporation, specializing in ocean shipping. There were only 25 ships and about 220,000 tons. Although starting at a low level, the national ocean shipping company could never compare with those private companies. With the support of the nation, self-study and the knowledge of shipbuilding learnt from advanced countries, there was a bright future of shipping industry, which lead to the rapid development in 1970s.

From 1949 to 1976, the most important turning point was that the ministry of communications formally established China ocean shipping company in 1961, specializing in ocean shipping. According to China's national conditions at that time, I think a country's development was led by government planning. Just relying on private enterprise is impossible to achieve rapid development of an industry. So according to the regulations which Zhou Enlai put forward for the "second five-year plan", China firmly set up the national ocean shipping company. The national Marine transportation companies was unified by a clear direction of premier Zhou Enlai. To overcome the serious lack of Chinese ships and the inefficiency

of carrying capacity, big investment was made by government, which led to increasing production of vessels and carrying capacity. <Figure 5-1> shows how much the ships and carrying capacity during second five-year plan.

<Figure 5-1> The amount of freight volume (1949-1980)



Data: Minister of Transport of People's Republic of China

After 1970s, due to the development of trade shipping inside and outside, the situation of disproportion between seaports and carrying capacity was exposed. ships and goods were overstocked. As a result, the government ordered the trade and transportation departments to improve the situation. Then large-scale construction facilities were built in coastal areas. With the great progress in shipbuilding technology and strengthening of port construction, a great achievement was done in maritime field.

According to the statistics of Lloyd' s register of shipping (as the base

of 100 tons) in 1970, the total ton of the ships China had, amount for 968,000 tons and the deadweight reached 1.19 million tons, ranking 28th in the world. In 1980, the amount of ships was 955 , weighting 6.87 tons totally. It was 7 times more than in 1970, ranking 14th. The Chinese headquarter of maritime field was set up in Beijing, and other branches were set up in some other opened coastal cities like Dalian, Tianjin, Qingdao, Shanghai, Guangzhou and so on. There was an office in Tokyo Japan. At the same time some representatives were sent to the United Kingdom, the United States, the Federal Republic of Germany, Australia, Holland, Egypt, Pakistan, Algeria, Romania and other countries. The branches could reach more than 100 countries and hundreds of ports. The shipping companies, which were directly under the ministry of transport, completed the freight amount of 4.3 million tons in 1952, and 49.8 million tons in 1978, 11.7 times than in 1952. In 1952 the cargo turnover was 2.061 billion ton sea miles. And in 1978 it was 38.666 billion ton sea miles, 18.8 times than it was in 1952. The number and variety of ships both increased. And a lot of civilian ships were built including bulk carriers, oil tankers (from 15 thousand tons to 50 thousand tons), passenger and cargo ships, transport vessel, multi-purpose container vessel, crane large hatch cargo ship with the maximum lifting capacity of 120 tons, more than 10 thousand of Salvage tug, drag suction dredger, Oceanographic survey ship, ocean survey ship, offshore drilling platform, 17 thousand DWT floating dock and so on. The annual output of steel ship had reached about 800 thousand tons.

## 5.2 The Ocean Policy in Deng' s era (1978-1992)

The economic system under the leadership of Deng Xiaoping aimed at the economic growth through the reform and opening policy. In President

Mao's efforts, the hardware facilities like ships, docks had been greatly improved. Then as soon as the internal trade was able to be basically self-sufficient, the government strongly started foreign trade, setting up ports.

Deng Xiaoping put forward three major events which China faces now. "The first was to oppose the hegemony and to maintain world peace in international affairs." The second was that Taiwan should return to the motherland and that the reunification into the motherland should be realized. "The third was to intensify the economic construction, namely, to intensify the modernization construction". The core of three events was the modernization construction. After the founding of the new China, China had once taken the roundabout road because China failed to treat the economic construction as the centrality unswervingly. Therefore, unless a large-scale invasion by the foreign enemy would take place, the economy would be advanced, not deviate from the centrality of the economic construction. Even though president Mao kept the independence and dignity of China, people remained poor as the results of frequent political turbulences. Hence economic development become the first priority. Under such a circumstance, reform & opening-up policy was proclaimed.

If the previous economic policy just pursued self-reliance because of surrounding by the harsh international blockade, then the peace and economic development become the theme of the times. Therefore opening-door policy to the outside world becomes the inevitable choice. A lot of measures were taken continuously to implement a series of established economic policies of opening to the outside world on the premise of maintaining independence and self-reliance. Seeing that China had a large market, many countries intended to do some business in China.



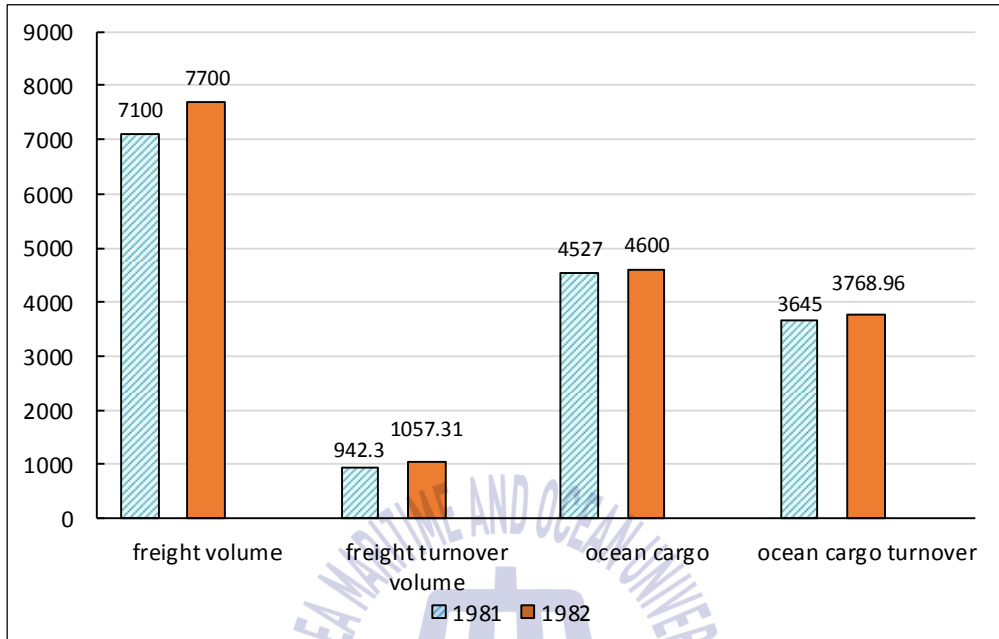
Hence China should take advantage of these demands and that became a strategic issue.

In July 1979, the Central Committee of the Communist Party of China and the State Council agreed to execute the plot scheme of economic special zone and to implement the distinctive policy and flexible measures in economy at four cities, Shenzhen and Zhuhai in Guangdong Province, Shantou and Xiamen in Fujian provinces. In April 1984, the State decided to gradually open the 14 coastal cities of Tianjin, Shanghai, Dalian, Qinhuangdao, Yantai, Qingdao, Lianyungang, Nantong, Ningbo, Wenzhou, Fuzhou, Guangzhou, Zhanjiang and Beihai ,etc. and to implement certain policies of the special zone at these cities so as to make them together with the special economic zone to link into the frontal zone of China's opening to the outside world from the north to the south in coastal areas. These places had convenient traffic condition, favourable industrial foundation, sophisticated technology and management level and well-developed science & education and cultural undertakings. They also had the experience of foreign trade and the network of internal cooperation. At the beginning of 1985, the central government decided to first develop the Yangtze River Delta, The Pearl River Delta and the Triangle Region of Xiamen, Zhangzhou and Quanzhou in Southern Fujian as the coastal economic open zones. Afterwards the central government developed the Liaodong Peninsula and Jiaodong Peninsula as the coastal economic open zones. The overall opening arrangement was followed by this procedure, Special Economic Zone - Coastal Open City - Coastal Economic Open Zone - Hinterland.

And then lets see what progress China had made in international trade during this period. In 1970, there were added 42 more ten-thousand-class and deep water wharves, with the handling capacity increasing by

62% compared with 1972. There was a great development with the ocean shipping fleet. In 1970, Chinese Ocean Fleet ranked twenty-eighth in the world. In 1979, it ranked fourteenth. In 1981, the Ministry of communications held a planning meeting and put forward the task of marine transport industry: ① Speed up development of ocean fleet. In China the transportation of 90% of imports and exports depends on shipping, so China had to improve the transport capacity to accelerate development. ② Speed up the ports building and enhance the ports handling capacity. For a long time the rate of marine shipping grew more quickly than the speed of port construction. There was a great lack of ports and most of them had been overworking. Therefore, on one hand, China must pay attention to the technology improvement and equipment updating. On the other hand, we should fully use the enthusiasm of all the companies to speed up the construction of ports. ③ Fully support the marine shipping in the all the provinces, municipalities, and autonomous regions along the coast and ChangJiang River, add more opening up ports. ④ Adjust the price to improve competitiveness. Use the floating price to adjust the inter- national market. ⑤ Vigorously carry out the foreign business in the international market. ⑥ Vigorously develop the container transport, by combining the ocean shipping companies with ocean, ports, shipping agency, Automobile Transport Corporation and other organizations to form a container transport network to expand the capacity of container transport.

<Figure 5-2> The amount of freight volume (1981-1982)



Data : Minister of Transport of People's Republic of China

In 1982, the national coastal freight volume reached 77 million tons, an increase of 8.16% compared to the last year. The volume of goods was 10.5731 million tons, an increase of 12.2% over the previous year. The transport volume of ocean shipping was 46 million tons, an increase of 1.6% over the previous year. The amount of ocean cargo turnover was 37.6896 million, an increase of 3.4% over the previous year.<sup>25)</sup>

Since the third Plenary Session of the 11th CPC Central Committee, in order to meet the needs of foreign grocery transport, the ocean shipping companies in China paid more attention to the development of international container transportation. The imports and exports container business were carried out in ports in Dalian, Tianjin, Qingdao, Shanghai,

25) From WTO database

Huangpu, Guangzhou and other places. In 1978 the China-Australia line was opened up and it was used among the ports in Shanghai, Tianjin, Sydney and Melbourne. In 1980, the roll-on-roll-off ships began to be used in this line via Hong Kong. At the end of 1981, the original route from Huangpu to Europe via Hong Kong was changed directly to the destination. At the same time the container transport lines from China to the United States and Japan was opened up. In 1982, a new route from China to the Persian Gulf was opened up. By the end of 1982, there were 15 international container transport routes opened up. In 1982 the total number of various containers was 66,758.

An important symbol of the development of the ocean container transport in China was that in October 1982 the whole package line from Tianjin, Hong Kong and Shanghai to the United States opened. Before it only reached to the west coast ports in the United States but now it was extended to the east coast port and the Gulf of Mexico port. In 1983 new progress was made. The container line from China to the Mediterranean, Western and Northern Europe ports was put into operation. In early August, all container ships from China to Western Europe started running. Three container ships named “Weihe”, “Tanghe”, “Shahe” from Shanghai ocean ship company were sent into operation. The Voyage turnover period was 30-35 days. It started from Tianjin and Shanghai ports, via Hong Kong and Singapore for London and Antwerp, Rotterdam and Hamburg.

The economy and trade was rapidly developed because of the policy of Reform and Opening up, stimulating the huge demand of transportation including shipping. In 1984, the ministry of transportation had put forward a policy that all regions and departments worked together. In opening up 14 cities were new deep-water ports and berth built. Just in this period,

the coastal and ocean transport was rapidly developed. In 1988 the turnover of freight ship traffic was more than that of the railway traffic, ranking first of other various modes of transport turnover.

In 1988, our country fully implemented the contracted managerial responsibility system in the field of foreign trade, which promoted Chinese effective participation in international division of labour. The total volume of foreign trade achieved \$102.79 billion which was the 3.98 times of 1978. The volume of exports increased from \$9.75 billion in 1978 to \$47.52 billion and the volume of imports increased from \$10.89 billion to \$55.28 billion, which were increased 3.87 times and 4.08 times respectively and had the tendency of rising perpendicularly. In 1991, China began to transform the operation mechanism of foreign trade enterprises and to reorganize the foreign trade company according to the modern enterprise system, which greatly improved the international competitiveness of our country's foreign trade enterprises and promoted the development of foreign trade effectively. By 1995, our country's total amount of foreign trade had reached to US \$280.85 billion and the income and expenses of international trade converted from the deficit of \$7.76 billion in 1988 to the surplus of \$16.69 billion. As of 1997, China's total economic volume surged to the 7th in the world, besides the average annual growth rate of GDP was 9.8%, of which the average annual growth rate of GDP in 1985 was up to 16.2%, which was the fastest growing period in the history of the new China. China's main industrial and agricultural products were ranked the first in the world and the annual utilization of foreign capital was the second in the world, besides the foreign exchange reserve ranked the second in the world. The net income of rural residents in China annually increased 8.1% and the net income of urban residents annually increased 6.2%. The consumption level of urban and rural residents in our country annually

increased 7.7% and the savings deposits annually increased 32.8% calculating at the comparable prices. In the 20 years of the reform and opening-up, China accomplished the anticipated goal with high quality, which laid solid economic foundation for the shaping of the ocean strategy in this period.

In this period, China always insisted that science and technology were the productive forces. The status and value of science and technology were particularly important for the world during the declining tendency of economy and during the reform and opening up. Deng Xiaoping even put forward the important judgment that science and technology should be the first productive forces. Since the 1980s, China paid special attention to transformation of the science and technology into productive forces from all aspects and insisted on the basic principle of transferring from the laboratory to production, transferring from the simple military to dual-purpose military and civilian, transferring from the coastal area to the hinterland and transferring from the foreign countries to the domestic area.

In February of 1978, the marine scientific investigation was conducted at the surrounding waters of the Zhongsha Islands and the Xisha Islands by the Chinese Academy of Science which obtained recovery and resumption. In order to rationally develop and utilize the abundant natural resources and valuable space resources of the coastal zone, the Central Military Commission and the State Science and Technology, the State Development Planning Commission, the Ministry of Agriculture and Animal Husbandry and Fishery, the State Oceanic Administration and the coastal provinces, cities and autonomous regions together started the comprehensive survey of the national coastal zone and the marine resources. At the same time, China conducted the investigation of the

resources of the world's deep ocean area. After many comprehensive investigations, the special investigation of manganese nodule resources was carried out in the specific ocean area of the Pacific Ocean from May to July in 1983 by "Xiangyanghong 16". Several years later, Chinese scientists had basically figured out the composition of manganese nodules and its distribution in the ocean bottom. Through the multi-process of application, review, adoption and authorization, our country formally became the fifth pioneer investor of the development of undersea polymetallic nodule following India, France, Japan and the Soviet Union in 1991.

For the work of the scientific investigation regarding the polar regions, China had also experienced the arduous journey from nonexistence to pass into existence. Prior to China's accession to the Antarctic Treaty, scientific investigations regarding the South Pole and Southern Ocean were carried out in cooperation with many countries. In 1985, China's first perennial scientific investigation Station named Great Wall Station was established, which made our country successfully become the ATCM. On 10 March, 1993, the preparatory group of the Arctic research was formally established after the preparation for more than two years. Two years later, they placed the Five-Starred Red Flag in the North Pole.

By the 1990's, China which entered the high-speed development stage of the economy was more acutely aware that the economic competition and the competition of the comprehensive national strength in the world resulted from essentially the competition of science & technology and the competition of national quality. In allusion to the problems of the exploitation and comprehensive utilization of the marine resources, it was not only necessary to strengthen the basic research of the ocean, but also necessary to make breakthrough in the frontier domains of the oceans and

even necessary to occupy the place in the world's high-tech field of the ocean. In May 1995, the National Congress of Science and Technology concluded that "We only spent a dozen years covering the decades roads of the developed countries and greatly enhanced the comprehensive national strength and national defense capabilities, among which the science and technology played an critical role."

### 5.3 The Ocean Policy in Jiang' era (1992-2002)

In 1992 under the guidance of Deng Xiaoping's southern tour speech. President Jiang Zeming accelerated opening up speed, so did the foreign trade. Therefore the Ministry of transportation organization played a leading roles in carrying out a long-term plan called "Three main one support (三主一支持)". Focusing on the key ports construction, other infrastructures was constructed and waterway regulation was rearranged. The bottleneck which derived from the lack of social infrastructures and its inefficiency had eased gradually over time. Then the transportation system for coal, petroleum, iron ore, grain and container began to operate properly and efficiently, based on the professional large berths and specialized fleet. When the comprehensive ability of shipping and forming the system was improved, the berth and shipping fleet was adjusted rapidly at the direction of being large-scale and specialized. From 1990 to 2000, the foreign trade exports in China increased at an average rate of 14.9%. During the same period, the export quantity of shipping increased at an average rate of 10.1%, imports increased 15.5%, shipping import volume increased 14.8%.<sup>26)</sup> The amount of import shipping was much higher than that of exports. That was a feature of the development of foreign trade shipping demand during this period.

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26) 交通部网站：《2010年公路水路交通运输行业发展统计公报》。



For the management of the oceans, the President Jiang mainly put forward the following three points: Firstly, he persisted that science and technology should be considered the first productive forces and the great-leap-forward development of economy through scientific and technological progress and innovation should be realized so as to fundamentally solve the problem of maritime safety. Jiang stressed that, ultimately, the maritime safety relied on the economic growth and comprehensive national strength. Therefore in the era of the accelerating globalization in the world economy, China must do well in the economic development. On the one hand, China should promote the “Multiplier” effect of the scientific and technological progress and technological innovation on the economic field and should rely on the scientific and technological innovation to realize the great-leap-forward development. On the other hand, China should promote the communication and cooperation in the fields of politics, military affairs, environment and culture through positive economy and trade to facilitate the bilateral dialogue and ultimately achieve the bidirectional settlement regarding the economic and political issues.

Secondly, China should inherit and develop Deng Xiaoping’s diplomatic thought and regarded the diplomatic struggle as the effective means to realize the national maritime safety. Jiang Zemin firmly implemented Deng Xiaoping’s maritime diplomacy strategy and put forward the diplomatic struggle policy of “Employ the gentle and forced methods to solve the gentle and force problems“ according to the new international relations, employ the contact to solve the contact and employ the struggle to solve the containment. He likewise refuted the “China Threat Theory“ in many occasions and clarified the doubts from some surrounding countries and maintained the peaceful image of China, besides he alleviated the external

pressure of China's development to some extent.

Thirdly, China should adhere to the economic construction and national defense construction and coordinate the development so as to give full play to the basic guarantee and strong 'backup force effect' of the military force on the maintenance of the national maritime safety.

In 1992, the Chinese National People's Congress of the Communist Party pointed out that "Deepening the reform of the foreign trade system and establishing the new foreign trade system was adapted to the development of the socialist market economy in line with international trade norms as soon as possible ". In 1992 and 1993, the two significant reductions in tariffs resulted in the average tax rate for 15%. The Third Session of the 14th Central Committee of the CPC adopted the Decision of Some Problems of Establishing the Socialist Market Economic System by CPC Central Committee in 1993. That aimed at systematizing and specifying the objects and basic principles of the reform of the economic system established by the 14th NPC and establishing the basic framework of the socialist market economic system.

On 1st January 1994, the fundamental reform of our country was conducted in the foreign exchange system. The dual exchange rate system was abolished and the market-based managed Floating Exchange Rate System was implemented to gradually make the RMB become the convertible currencies. On July 1, 1994, China implemented the fundamental charter of foreign trade named Foreign Trade Law of the People's Republic of China, which ensured that Chinese foreign trade could operate orderly under the socialist market economic system. In 1997, the 15th NPC further pointed out that "opening to the outside world was a long-term basic state policy." Facing the globalization trend of economy

and science & technology, China should go to the world with the more positive attitude and perfect the all-dimensional, multi-level and wide-ranging pattern of opening to the outside world and develop the open economy and strengthen the international competitiveness, so as to promote the optimization of economic structure and the improvement of national economic quality. Entering the new century, China had been further optimized under environment of opening-up policy .

On 15 May, 1996, China adopted the resolution, which decided to ratify the United Nations Convention on the Law of the Sea. At the same time as the treaty was ratified, China likewise made four statements. Firstly, in line with the Convention's provisions that the People's Republic of China should enjoy the sovereign right and right of jurisdiction regarding the exclusive economic zones and continental shelf of 200 nautical miles. Secondly, the People's Republic of China should, on the basis of international law, delimit the respective maritime jurisdictional boundary with the country which was opposite or adjacent to the coast through consultation through negotiation. Thirdly, the People's Republic of China reaffirmed the sovereignty of the archipelagos and islands listed in article 2 of the Territorial Sea and Contiguous Zone Law of China promulgated on 25 February 1992. Fourthly, China reaffirmed the provisions relating to the innocent passage within the territorial sea listed on the United Nations Convention on the Law of the Sea. It should not preclude the right that the coastal State, in accordance with its own legal regulations, required the foreign warship to obtain the consent of the country or notify the country in advance when passing through the territorial sea.

With China's accession to the World Trade Organization in 2001, China had adopted a series of new opening measures, including eliminating the business of testing the approving passenger liner according to the

economic requirements and allowing the joint venture to engage the ship's agency service ,etc. With the introduction of these open policies, as of 2001, the overseas shipping companies set up more than 700 resident representative offices in mainland China. More than 120 of them were Sino-foreign joint ventures and more than 110 of them were the solely-invested on shipping companies and container transport services companies and their branches. At present, more than 70 overseas shipping companies operate and rely on the liner ship line of the container transportation in Chinese ports. In each month offshore shipping liner and pelagic shipping liner departed from the Chinese port. Overseas shipping companies accounted for 47.5% and 70% respectively. In the transportation of foreign trade goods of China, the market share of China's carriers had fallen from 50% in the early 20th century to about 30%. A free and fair international shipping market environment had been formed in China, which had profound significance for the development of China's maritime trade. On April 6, 2004, the newly revised Foreign Trade Law was passed after the deliberation of the eighth meeting of the 10th NPC Standing Committee. The scope of foreign trade operators had been expanded again and the threshold for enjoying the right of foreign trade was reduced again.

#### **5.4 The Ocean Policy in Hu' era (2002-2012)**

During the leadership of President Hu Jintao, the improvement of the legal provisions were established. With the establishment of ships, wharves and channels of foreign trade, the legal provisions were going to be improved in order to avoid some criminals. With clear legal provisions the navigation would get on the right track.

In 2002, the Report of 16th CPC National Congress definitely pointed out

that “China should perfect the modern market system and strengthen the macroscopic readjustment and control. It meant that market should exert the fundamental role in the allocation of resources to a greater extent and perfect the unified, open, competitive modern market system. He insisted that attracting foreign investment should be combined with “Going Out“ investment and comprehensively increase the level of opening to the outside world. China should be adapted to the economic globalization and the new circumstances after joining the WTO. And it also participated in the technical cooperation and competition of the international economy at the larger scale, the broader field and the higher level in order to take full advantage of the two international and domestic markets. In the long run it should optimize the resource allocation and expand the development space to promote the reform and development.

In order to achieve the above-mentioned maritime strategic objectives of “Built the maritime power without seeking hegemony“, it must be guided by the principles that could cover the content of various fields. Throughout the existing policy documents, the guiding principles were basically embodied in the single aspect. For example, in 2003, the Outline of National Marine Economy Development Plan formulated by our country regarded the “Insisted on the unification of the speed of development and benefit, improved the overall development level of the marine economy, insisted on the simultaneous development of the economic development and resource protection & environmental protection, safeguarded the sustainable development of the marine economy, insisted on strengthening the ocean by science and technology, strengthened the leading role of scientific and technological progress on the development of the marine economy, insisted on entry as well as withdrawal, adjusted the structure of the ocean economy, insisted on highlighting the key points,

vigorously developed the pillar industries, insisted on the overall planning and all-round consideration of the marine economy development and national defense construction and ensured the national defense security” as the guiding principle. While the Outline of National Marine Affairs Development Plan promulgated by Chinese in 2008 likewise regarded the “Insisted on the principle of making overall plans, taking all factors into consideration, deepened the comprehensive management of the sea, insisted on the principle of the priority of rights and interests, improved the capacity of the security response, insisted on the principle of sustainable development, strengthened the environmental protection of resources, insisted on the principle of guiding service, promoted the development of the marine economy, insisted on the principle of reform and innovation and exerted the supporting role of science and technology support” as the guiding principle, which undoubtedly had great significance to promote the unilateral progress of the marine strategic planning system, however it was not enough for the construction of the whole ocean strategy of China. The construction of the whole ocean strategy of China required the guiding principle with the general meaning. It was believed that China must insist on the principle of peace, the principle of development and the principle of the rule of law in order to realize the strategic goal of “Built the maritime power without seeking hegemony“. Among them, the principle of peace was mainly extroverted and the principle of development was mainly introverted. No matter what the extroverted peace principle or the introverted development were, they all should be implemented in accordance with the Law.

After joining the WTO, a series of maritime laws and regulations came out. The marine industry became one part of the international shipping market. In December 11, 2001, the international maritime regulations came

out, reflecting the permission of China's joining the WTO and promoting the reform and opening up of the maritime market. In 2003, China began to make the "Chinese Shipbuilding Industry Development Policy", aiming to become the first shipbuilding country. In February 25, 2004, Ministry of communications and the Ministry of Commerce jointly issued the "Regulations on the Administration of Foreign Investment in International Maritime Transport", as the supporting rules of the international maritime regulations. In March 2006, the development of shipbuilding industry became one part of the ten-fifteen (十一五) plan; In August, the State Council approved "the Shipbuilding Industry Long-term Development Plan", showing the national attention and support to the shipbuilding industry. It was of great significance for China to become the powerful shipbuilding country. In the ten-twenty five (十二五) plan, developing marine transport became an important part of the development of marine economy. In 2010, 《The decision of the State Council on speeding up the cultivation and development of strategic emerging industries (国务院关于加快培育和发展战略性新兴产业的决定)》 put the high-end equipment manufacturing into the list in which the marine engineering was included.

With the opening of domestic market, the foreign trade and international environment were further promoted. Chinese economy depended more on the foreign countries, which greatly promoted the growth of industries with comparative advantages in China. During the decade between 1999 and 2008, the trade volume in China accounted for about 30% of total seaborne trade growth. In the recent years, the dry bulk cargo traffic volume increased by 8% which accounted for half of the country of the world maritime transport. It was mainly because a large number of iron ore and other raw materials were imported in China. In another marine oil transportation business, in China the imports of oil

accounted for about one third of the total capacity of the world's oil tankers. In 2010 the global oil shipping volume was 3.15 billion tons with an increase of 3.1%. 1. 1. The crude oil shipping volume was 2.276 billion tons with an increase of 3%. In 2010 the crude oil imports volume of China accounted for 10.5% of global crude oil shipping.<sup>27)</sup> At the same time, China was the state with a powerful port in the world. At present, the volume of goods transported by sea and the turnover of goods were 12% and 63% respectively in the comprehensive transportation system, which took up more than 90% of the volume of foreign trade.

The main canal played an important role in the adjustment of industrial structure and the development of regional economy, like transferring the coal and grain from Chinese north to Chinese South. There were 31 thousand productive berths in China, which was 193 times than it was in 1949. The inland waterway mileage was 123 thousand km, which was 1.7 times than it was in 1949. The international and coastal waterway transport route was more than several thousand and the international container liner routes were about 2000. The cargo throughput in national port had been ranking first in the world for 6 years.

With the enhancement of economic strength, China's status in the world shipping industry was significantly improved. In 2010, China had become the second largest economy country, the largest exporter country and the third shipping country in the world. And the port throughput and container handling volume had ranked first for several years. China had the powerful ports and became an influential country in shipping and container transport.

After the financial crisis, China became the main driving force of the

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27) . 《中远集团海外资产和收入已超过总量的半数以上》, 中国经济网2011年5月3日。



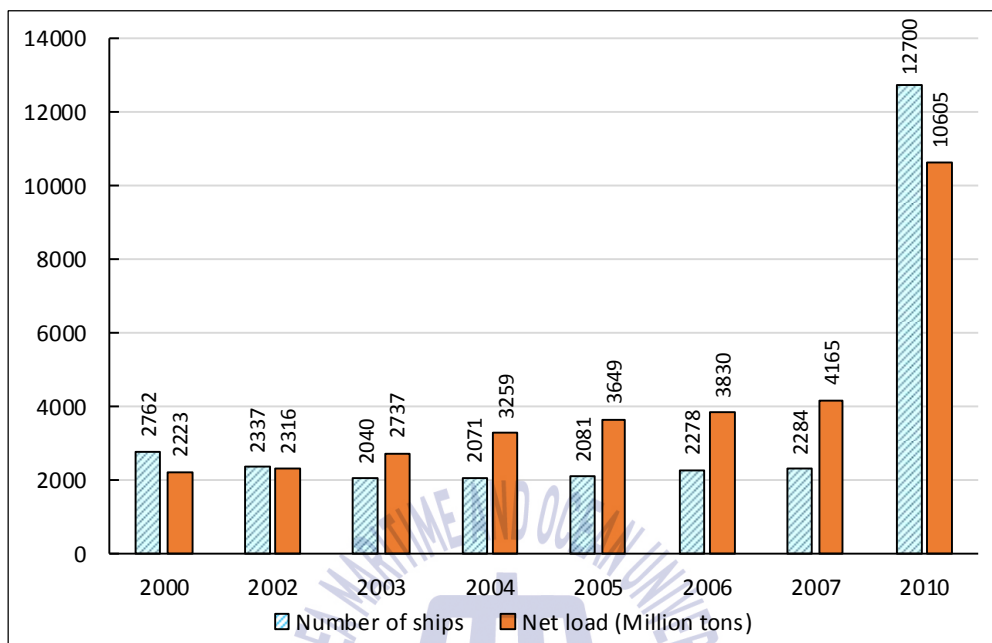
development and was one of the largest countries that demanded shipping, container and iron ore. In 2010, Shanghai had the largest container handling capacity in the world. From 2000 to 2009 China's economic contribution to the world rate was as high as 15%. China was the greatest contributor in the world. By the end of 2010, China signed a maritime agreement with the world's major maritime countries and regions and was selected as an A-level council member state of the international maritime organization for 12 years. So far China had 184 thousand ships with the 124 million DWT. It was respectively 41 times and 310 times than it was in 1949. The ships were becoming larger and more specialized. All the sailing ships like propeller boats and cement ships were totally eliminated.

With the establishment of marine power status, Chinese enterprises entered the global market at a faster pace. In November 2008 COSCO Group successfully won the Greek port of Piraeus container terminal concession for 35 years, and took full control of Greece and Piraeus port container No. 2 pier and No. 3 pier in June 1, 2010.<sup>28)</sup> COSCO operated 32 terminals in the world with a total of 157 berths. SINOTRANS spent 228 million HK dollars on 165 million new ordinary shares of InterBulk group.

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28) . 《中外运收购海外物流企业》, 《tradewinds》2011年5月24日。

<Figure 5-3> The amount of freight volume (2000-2010)



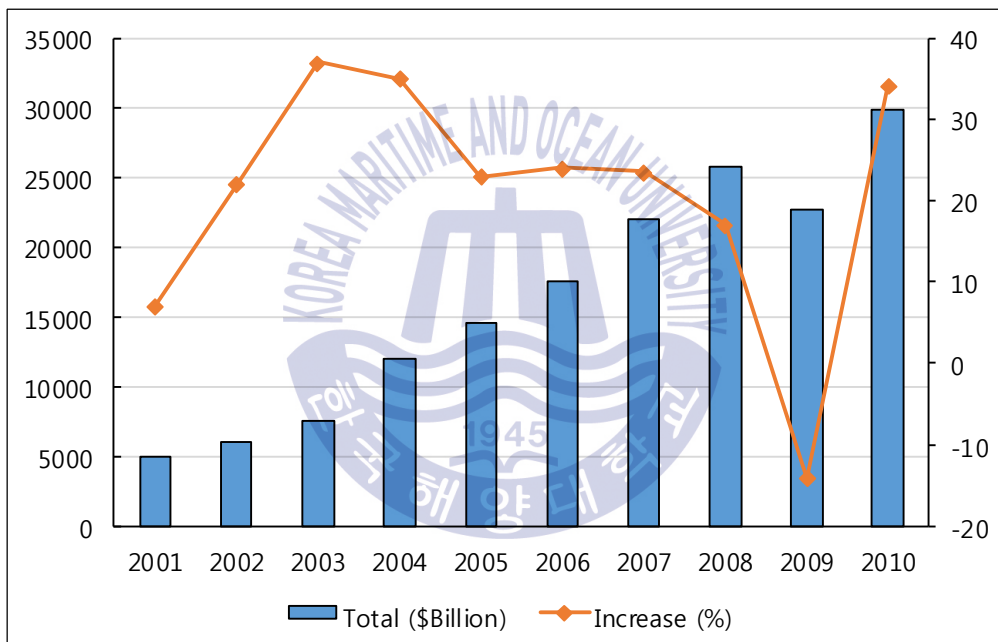
Data: Minister of Transport of People's Republic of China

After the completion of the transaction, SINOTRANS would hold approximately 35.3% of the equity investment InterBulk group. InterBulk Group was global logistics solutions provider transporting liquid and dry bulk which listed in London. Not long ago the company appeared in Dubai and merged a local logistics enterprise.<sup>29)</sup> COSCO took the charge of Greece and Piraeus port container terminal and successfully bought 25% stake of Maersk Zeebrugge Terminal Company, from which Chinese enterprises had foresight enough to probe into foreign markets. They actively promoted the internationalization strategy in order to improve the international competitiveness of enterprises and to finally become powerful and multinational companies.

29) 《中国港航业迈出国际化坚实步伐》，《中国水运报》2010年6月8日。

The shipping accounted for 70% of trade in transport services in China, of which the proportion had increased significantly. China's shipping competitiveness was embodied in export of maritime service. In 2000 the export of China's maritime service was only 1.6 billion dollars, less than 1/10 of Japan's. After joining the WTO it increased up to 6.6 billion dollars in 2004, 8.9 billion dollars in 2005 and 18 billion dollars in 2010. <sup>30)</sup>

<Figure 5-4> the amount of freight volume and growth rate (2000-2010)



Data : Minister of Transport of People's Republic of China

From the perspective of the entire transportation service trade, China's transportation trade had developed in a fast speed since the reform and opening up. Compared with the pace of world transportation service trade development, China was less competitive in 1990s, and the export of transportation service was obviously lower than the average growth rate in

<sup>30)</sup> WTO database

the world. After 2000, the growth rate of export of transport services was higher than the average growth rate in the world. But it was less competitive, reflected by the growing trend of deficit in the trade in transport services

In 2007, the Report of the Seventeenth Congress of the CPC stressed that the country should have overall planning on the international and overall domestic situations and pointed out that “the reform and opening-up was the vital choice to decide the destiny of contemporary China. It was the only route which must be passed through to develop the socialism with Chinese characteristics and realize the great rejuvenation of the Chinese nation.” In September 2008, the State Council likewise issued the “Guidance Regarding Having Further Promotion on the Reform & Opening-up and the Socio-Economic Development in the Region of Yangtze River Delta” and pointed out that the country should perfect the open economy system, comprehensively improve the level of opening to the outside world, accelerate the integration of the special regulatory region of the customs and push forward the construction of improving the work efficiency of the port. The government should make overall plans and coordinate the policy of opening up to the outside world and improve the management system of foreign-related economy. It should also encourage all kinds of qualified enterprises to carry out the foreign investment and cooperation and establish the production and processing bases, marketing networks and research & development centers abroad and give support in the aspects of overseas investment, customs clearance, personnel’s entry and exit and taxation ,etc., and select the qualified enterprises to be the experimental unit of RMB settlement in international trade.

<Table 5-1> Comparison of the countries whose import-export volume are the World's Top 10

NO.	1978year			2007year		
	country	Number of trade (billion\$)	The proportion of the world (%)	country	Number of trade (billion\$)	The proportion of the world (%)
1	USA	331.9	12.5	USA	3180.2	11.3
2	Germany	264.2	9.9	Germany	2386	8.5
3	Japan	178.1	6.7	China	2173.8	7.7
4	France	161.2	6.0	Japan	1333.8	4.7
5	England	143.7	5.4	France	1165.4	4.1
6	Netherlands	118.9	4.5	England	1052.8	3.7
7	Italy	112.6	4.2	Netherlands	1041.2	3.7
8	Soviet Union	102.8	3.9	Italy	996.1	3.5
9	Canada	94.7	3.6	Belgium	848.1	3.0
10	Belgium	93.6	3.5	Canada	808.2	2.9
29	China	21.1	0.8			

Data: UNCTAD statistics

The development of maritime trade was conducive to the transformation of the growth pattern of foreign trade. It could promote the good and steady economic development. Our country was the third largest country which produced commodity trade in the world. In 2008, the total import

and export volume of China's merchandise trade reached US \$2561.63 billion and the surplus was 295.47 billion, which had the year-on-year growth of 12.5% and had the net increase of \$32.83 billion. Compared with the rapid development of goods trade, in spite of that the development of services trade was likewise rapid. For example, the total import and export volume of China's services trade in 2007 was \$256 billion, which increased 33.5% than that in 2006 and accounted for 3.9% of the total world service trade exports. However, the industrial base of China's service trade was relatively weak, for example, in 2006 and 2007, China's production value of service accounted for only about 40% of GDP. While according to the statistics of the World Bank, the production value of the developed countries accounted for more than 70% of GDP. The United States was nearly 80 % and the average of developing countries was around 50%. Due to the lag of service industry's development, China's service trade had low status in the whole foreign trade. For a long time, the proportion of China's exports of services accounted for less than the half the world's average level in the total exports, which contrasted sharply with the commodity trade. In the trade of services, transport services trade accounted for 27.7%. In recent years, the trade deficit of transportation services had the tendency to increase. It increased from \$6.7 billion in 2000 to \$13 billion in 2005. Since then, though the deficit of transportation services fell back to certain degree, it was still up to \$11.95 billion in 2007. Marine transportation was the most important part of China's transportation service trade, which accounted for 70% of the total import and export volume. Because the competitiveness of the marine transportation was not strong, the deficit of marine services trade reached to \$12.9 billion, which was the most important source of the deficit of China's services trade and transportation service trade.

In the planning outline of the “Eleventh Five-Year Plan“, it definitely put forward “accelerating the growth pattern of foreign trade“ and “developing service trade“. By 2010, the total import and export volume of trade in services reached \$400 billion , which annually increased 20%. The development of maritime trade and the improvement of maritime service ability were beneficial to the country to realize the transformation of the growth pattern regarding the foreign trade and assisted the country to achieve the balance of payments regarding China’ s foreign exchange earning and the foreign exchange, which could mobilize the development of modern service industry such as finance, insurance, consulting and agency ,etc. which was of great significance to promote the sound and fast development regarding the national economy and to improve the international competitiveness of the whole country’s economy.

### 5.5 The Ocean Policy in Xi’ era (2012- )

The thought of president Xi Jinping on the ocean was based on a series of the thoughts of the successive presidents on the ocean. During the process of modernization construction of our country’ s socialism, the successive leaders of the central authority of the Party and the country had always attached great importance to the ocean development and always insisted on the strategic thinking of “paying equal attention to the land and ocean “. President Xi always insisted on the similar view of maritime power. On the premise of grasping the development trend of ocean nowadays, he comprehensively analyzed the foundation of the present situation of China’s marine development and emphasized on persisting in and developing the ocean thought of Mao Zedong, Deng Xiaoping Jiang Zemin and Hu Jintao’s. He believed that building the maritime power was an important component of socialism with Chinese

characteristics. He stressed that “The country should make further efforts to take care of the oceans, to understand the oceans and to manage and to plan the ocean, as well as to propel the construction of our country’s maritime power and to continuously acquire the new achievements. “ In taking part in all kinds of activities involving the oceans, Xi Jinping stressed that it should place the strategy of “paying equal attention to the land and ocean“ proposed by the leaders of the past generations at the top of the construction work and leading work. Improving the development ability of marine resources, developing the marine economy, protecting the marine ecological environment, developing the marine science and technology, firmly upholding the marine rights and interests, establishing the maritime power and the 21st Century Maritime Silk Road proposed by him were all developed on the basis of Mao Zedong, Deng Xiaoping and Hu Jintao’s marine thought, which was the undertaking, continuation and development of the collective ocean thoughts formulated by the central leadership of the past generations.

Since the 18th century, Xi Jinping had more closely focused on the problems of the oceans in the process of modernization construction when presiding over the work of the Party Central Committee. He presided over the CPC Central Committee Political Bureau to have the eighth collective learning regarding the construction of the research of the maritime power and had speech. The speech was not only about the ocean thought, but also likewise the specific plan of the strategy of the maritime power proposed by the Report of the 18th National Congress of Chinese Communist Party. This speech more directly regarded the building of the maritime power as an important part of socialism with Chinese characteristics and pointed out the direction for the further development, the further maintenance and further realization of the marine industry.



During the visit to ASEAN countries, Xi proposed the joint construction of the “21st Century Maritime Silk Road” . This was the important strategic thinking of the long-term development of the cooperation between China and ASEAN at the height of history with the view of the world situation. During the 2013 Central Economic Working Conference, when giving the keynote speech, Xi proposed the strategic deployment than “the country should continuously improve the level of opening to the outside world and build the 21st Century Maritime Silk Road“ and our country would greatly enhance our country’s level of opening to the outside world and the cooperation. The Vision and Action to Promote the Joint Development of the Silk Road and Economic Belt and the 21 Century Maritime Silk Road drafted by Xi not only suggested the planning for the structure of the maritime Silk Road, but also become the powerful driving force to promote the development of ocean affairs and build the maritime power.

In November 2014, when Xi expressed his greetings to the scientific research personnel of Antarctic Pole of Sino-Australian and visited China’s “ Xuelong “ship, he proposed that “the country should further strengthen the capacity-building for polar inspection and make important instructions for the construction of the power country of polar region and maritime power“. In December, at the Central Foreign Work Conference, he stressed that China’ s territorial sovereignty and maritime rights and interests must be resolutely maintained and potently counterattacked the provocation and infringement acts from a few countries. At the Fourth Summit of the Conference of the Conference on Interaction and Confidence-Building Measures in Asia held in Shanghai, when delivering the keynote speech, Xi pointed out that China had always been committed to deal with the controversial issue regarding the territorial sovereignty and maritime rights and interests related to the Country through the

peaceful manner. During the keynote speech of the 2015 annual meeting of Boao Forum for Asia, Xi proposed that it should let the ocean become the peaceful, friendly and cooperative ocean to connect the Asian countries, which not only embodied the thought of the harmonious ocean, but also showed the scientific connotation of the maritime power with Chinese characteristics directly to the whole world. It was clear that President Xi directly paid close attention to the process of ocean development through the direct leading work of the modernization process, which gradually formulated his own ocean thought.

In addition, the President attached great importance to maritime security. He found and proposed a number of questions. Firstly, the controlling force of the ocean channel was not enough. The development of maritime trade was inseparable from the smooth and convenient sea lanes. The United States had delimited 16 vital maritime channels which must be effectively controlled. As the world's third largest trade country and the country with the largest demand for maritime transport, the controlling force of the ocean channel was extremely unsubstantial. Secondly, the ocean deliverance was unsubstantial. Once an accident occurs, due to the lagging level of rescue equipment, the arriving time of the emergency and rescue effect would be affected, which might cause major accidents. Although the equipment construction had achieved great achievements in recent years, it was still unable to meet the requirements of the development.

Thirdly, in the face of international competition, China must adjust the ship structure to improve the ship's safety performance. Through the structural adjustment of the ship, it sought to realize the ship maximization, the specialized fleet and the intensification operation so as to make the ship conform to the large trend of the international

shipping development. It should adjust the structure of the fleet to build the international, domestic large container, crude oil, liquefied gas and bulk cargo fleet which was compatible with the trade structure of our country and generally improve the average tonnage of the ship and the level of the ship technology and reduce the average age of the ship. The pelagic and coastal transportation should prioritize the large bulk cargo ships and large oil tanker. It should develop the containers, roll-on-roll-off ship and liquefied gas carrier according to the requirements and changes of freight structure and according to our country's adjustment requirements of energy structure. In order to meet the transportation demand of imported liquefied natural gas, it should support the establishment of our shipping company and develop the international shipping fleet of liquefied natural gas. At the same time, it should likewise formulate corresponding policies and take effective measures and actively develop large bulk cargo ships and large oil tankers to increase the proportion of transporting the large bulk cargo such as imported oil, mineral, cereals ,etc. in our country's international transport ships, so as to change the situation that these goods mainly relied on the foreign ship.

President Xi Jinping has strengthened the security of navigation and repeatedly stressed that the dangerous cargo in the ports was the biggest issue in the current maritime industry.

In 2012 《Provisions on the safe management of dangerous goods at ports (港口危险货物安全管理规定)》 (Ministry of Transport, No. 9, 2012 ) was completely revised according to 《Dangerous Chemicals Safety Regulations (危险化学品安全管理条例)》. And the policy played an important role in guiding the safety management of dangerous cargos in the ports since its implementation in 2013. With the rapid development of the port, the throughput and storage of the dangerous cargos were

becoming larger and larger and variety more and more, which resulted in the increment of the pressure of safety management. Especially the government learned a lesson from major accidents by combining the management of dangerous cargos with regulations, searching and analyzing the weakness and special problems in the safety management and system. At the same time, the new law 《Safe production method (安全生产法)》 which was revised in 2014 put forward new requirements for safety production work. Therefore, the ministry revised the 《Provisions on the safe management of dangerous goods at ports (港口危险货物安全管理规定)》 once again in line with the principle of seeking truth from facts principle.

《Provisions on the safe management of dangerous goods at ports (港口危险货物安全管理规定)》 sought for advices from the general administration of production safety, transportation (port) management, academies and etc. What's more, it tried to seek public opinions in the Department of transportation website and the state council legal office website. After the study of the special meeting of the ministry of transportation, 《Provisions on the safe management of dangerous goods at ports (港口危险货物安全管理规定)》 was approved on August 29, 2017.

<Table 5-2> The amount of freight volume (2011-2016)

years	The amount of freight volume	The amount of freight turnover volume
2011	24556	745285
2012	25752	774791
2013	23535	683326
2014	26293	743413
2015	27072	730840
2016	27086	720354

Data: Minister of Transport of People's Republic of China

Since the strengthening of safety management and steady development, the marine industry in China had been stable and more and more powerful. What followed was the trade volume of the marine industry in recent years. Since the founding of new China, the maritime industry in China had developed rapidly under the leadership of several great leaders. Policies of all ages were in line with the national conditions, which was the biggest reason for the rapid development of the Marine industry. In the early days of construction, the government developed the construction of ships, ports and the establishment of state owned transport companies. In the medium term, the number of ships had basically kept pace with the world. Then the foreign trade had been developed, the foreign trade channels had been established, and the legal system had been improved. The government will continue to ensure the safety of goods and make the development of the sea more stable and rapid.

## Chapter 6 The Conclusion

Chinese civilization was fundamentally based on farming from the ancient period. So China had a long convention to respect agriculture and to despise commerce. It considered the former the source of nation's wealth, while commerce was despised and regarded as insignificant.

The policy of strengthening agriculture and restricting commerce appeared as early as in the Warring States period (475-221 BC). Commerce was just recognized as a means to get the goods necessary for wars. This thinking way was basically continued by rulers of Qin and Han Dynasty (221 BC-AD 220). For example, the Emperor in Qin Dynasty aimed to seek "Elixir" so that they could live a long life. As a result, the maritime business at that time was opening up new routes for Elixir, which enabled the ships to sail further.

In the period of Tang Dynasty (618-907), for the first time it seemed to recognize that foreign trade could be a source of nation's wealth and was conducted on a large scale using the Maritime Silk Road opened up by Han dynasty. As early as in the Song Dynasty (960-1279), China had the technical ability to conduct ocean voyages long before the European began their voyages. Song Dynasty had an advanced shipbuilding industry able to construct oceangoing ships suitable for different sea conditions. It applied the mariner's compass to seagoing ships for the first time in the world.

In the period of Ming Dynasty (1368-1644), the first Emperor declared a strict ban on overseas activity and closed its trading ports to foreigners because of the harassment of Japanese pirates. However, in the early Ming period from AD 1405 to 1433 was exceptionally overseas activity allowed. A large fleet led by Zhenghe had sailed through the South China

Sea and the Strait of Malacca to enter the Indian Ocean and venture as far as the east coast of Africa in a number of expeditions. Even though his voyages proved China was a strong sea power with advanced shipbuilding technology and oceangoing ability, it did not start from the economic motive differently from the Europeans' voyages. They informed the adjacent states the dignity of Ming Dynast and demanded the tributes for the Emperor. After Zhenghe' s voyages, in 1433 the Dynasty canceled its official oceangoing expeditions and put a strict ban on people going abroad. China did not lack an economic incentive to open overseas markets at the time the European began their voyages. The rapid growth of commercial farming and private handicraft industry from the mid-1400s made China need both the domestic and overseas markets. The southern coastal provinces such as Zhejiang, Fujian and Guangdong, where people had a long history of trading and making a living overseas, played a significant role in implement these tasks. More people from these provinces went abroad in spite of government prohibitions and maritime smuggling became very prosperous from the late 1400s.

During the early Qing Dynasty (1644-1842), it had to concentrate all its efforts on unifying the country and solving various domestic problems including anti-Qing Dynasty rebellions. So it could implement nothing about overseas trade and had in fact to ban sea-borne activities to sever the links between anti-Qing forces overseas and those on mainland. Trade with foreign ships at coastal ports was also put under much stricter control. The Qing had opened only four ports for trade with foreigners after it reopened the seas in 1684 when it defeated the rebellion in Taiwan. But sea-ban policy was done again during the reign of Emperor Qianlong (1736-1795) in order to control foreigners' activities in China. The fear of revolt by Hans and the attempts to rule out vicious foreign ideas resulted

in highly restricted trade. Before the 1830s, there was only one port open to Western merchants, Canton (Guangzhou) and only one commodity the Chinese would accept in trade, silver. British and American merchants, anxious to handle what they perceived as a trade imbalance, determined to export opium, the one product that the Chinese did not themselves have but which an ever-increasing number of them want. The conflicts between China which sought to manage foreign trade and British merchants who attempted to expand trade with China made Opium War break out in 19th century. The war resulted in the unequal treaties that restricted Qing sovereignty. Seeing the weakness of the government and backward in military equipment, as well as the giant interests the Britain gained, other European countries plunder into China one after another, the Qing dynasty decayed soon, leading the controls of the ports encroached by the industrial countries. It's hard to overemphasize the impact the Opium War on modern China. Domestically, it's led to the ultimate collapse of the centuries-old Qing dynasty.

After the founding of new China, the Chinese government attached great importance to the shipping industry, and the shipping industry was carefully planned within each of the five-year plans. With the support of the government and the efforts of the Chinese people, China had been able to self-sufficiently build up the transportation system without depending on other countries. In order to better develop the shipping industry, the government has set up Chinese ocean shipping company. With the strong financial and material resources provided by the government, the national company was surely far beyond other private shipping companies. As a benchmark, it became the mainstay of Chinese shipping industry.

With the rise of the shipping companies, there were more and more



ships, and the capacity tonnage was increasing. The ports were under growing pressure. Then the Chinese government issued policies to fix this problem. A lot of new ports were set up and the shipping industry ran more smoothly.

Chinese government took the shipping industry seriously and would immediately put forward relative correction measures as soon as any problem appeared. In this environment China gradually became another Asian powerful maritime country except South Korea and Japan. China's maritime industry was booming with its accession to the WTO, and became a powerful maritime country in the world within 70 years.

One of the major elements of the One Belt, One Road initiative launched by China in 2013 is the concept of the 21st Century Maritime Silk Road. The aim of this mega project is to revolutionize deep-sea trade from Southeast Asia through Africa to Europe, and to put the participating countries on the track of economic development with the help of the infrastructural developments along the coastline. For centuries, the Maritime Silk Road enabled the peaceful interaction between different cultures and civilizations, contributing to the development of long-distance trade as well as ensuring the creation of a new international economic and political system, in which China's leading role was indisputable. The concept of the 21st Century Maritime Silk Road – building on the successes of the past – is attempting to emphasize the positive effects of globalization, and argues for mutual benefits, peaceful collaboration and the sustainable development of the maritime world.

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- [22] [http://baike.baidu.com/link?url=ajT\\_yqFiW6uPcxc22\\_t\\_PPhIefVYyTKBtBYybji5v1urRCxUb6l6kprVheioapFcp-gLojP1V9VDxtoZwMB5G9cC492CY0P6B93M6l1idvmz2kzuB1X\\_0LufSglOt3vTpzjdWuec7r7p8FOFrukzKq](http://baike.baidu.com/link?url=ajT_yqFiW6uPcxc22_t_PPhIefVYyTKBtBYybji5v1urRCxUb6l6kprVheioapFcp-gLojP1V9VDxtoZwMB5G9cC492CY0P6B93M6l1idvmz2kzuB1X_0LufSglOt3vTpzjdWuec7r7p8FOFrukzKq)  
(Deng xiaoping's southern tour speech)
- [23] <http://www.mot.gov.cn/zhengce/> (Ministry of Transport of the People's Republic of China)
- [24] <http://www.ciweek.com/> ( Internet weekly )

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