Iaccarino, Ubaldo
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Universidade Nova de Lisboa
Lisboa, Portugal

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MANILA AS AN INTERNATIONAL ENTREPÔT: CHINESE AND JAPANESE TRADE WITH THE SPANISH PHILIPPINES AT THE CLOSE OF THE 16TH CENTURY

Ubaldo Iaccarino
University L’Orientale, Naples

Abstract

In 1571, with the founding of the city of Manila upon a pre-existing indigenous settlement, the mission of the Basque adelantado Miguel López de Legazpi granted to the Castilian Crown the insertion in the East Asian commercial framework.

Within just few years, Manila became a flourishing entrepot and a crossroads between the Americas, China and Japan, mostly for the exchange of Japanese and Mexican silver with Chinese silks and porcelains.

The following paper examines the trade relations of the Spanish newcomers with the Chinese and Japanese overseas merchants, drawing a comprehensive panorama of Manila as an international entrepôt at the close of the 16th century.

Resumo

Em 1571, com a fundação da cidade de Manila, sobre um estabelecimento indígena pré-existente, a missão do Basco adelantado Miguel López de Legazpi permitiu a inserção da Coroa castelhana na rede comercial da Ásia Oriental.

Em poucos anos, Manila tornou-se um entreposto em crescimento e um ponto de cruzamento entre as Américas, a China e o Japão, especialmente no que concerne ao intercâmbio de prata japonesa e mexicana por sedas e porcelana chinesas.

O artigo que se segue analisa as relações comerciais dos recém-chegados espanhóis com os mercadores ultramarinos japoneses e chineses, desenhando um compreensivo panorama de Manila como um entreposto internacional no final do século XVI.

要約

バスク人アデランタド・ミゲール・ロペス・デ・レガズピの1571年マニラ建設はスペイン国王に東アジア貿易網参加を可能にした。
The Iberian dispute between the Crowns of Spain and Portugal, due to the 'Discovery of the New World', was partly resolved with the Bull inter caetera issued by Alexander VI in 1493 and the treaty of Tordesillas in 1494, which established the bipartition of the world in spheres of influence, fixing an imaginary boundary line at 350 leagues westwards from Cape Verde archipelago and the Azores Islands. Spain received rights of conquest and evangelization on the entire American continent except the coasts of Bahía, in today’s Brazil. So, whilst Portugal arrived at Calicut (1498), took Goa (1510) and Melaka (1511), and reached up to China (1513) and Japan (1543), Spain used all its strengths for the territorial conquest of Mexico (1519-1521) and Peru (1532-1535). The expedition of the Portuguese Fernão de Magalhães, who conducted in 1521 the first Spanish ships on the course of the spices – up to then Lusitanian exclusive monopoly –, caused Portugal’s immediate protests due to the importance that Moluccas had for the economy of the Estado da India. The efforts for an agreement at Badajoz and Elvas in 1524 did not bring to any satisfactory solutions. Neither of them were willing to leave even a small piece of the ‘spice market’. Only in 1529, with the treaty of Zaragoza, the two competitors finally reached an agreement: Spanish rights on the Moluccas were sold by Charles V to the Portuguese Crown at 350,000 ducados.

In the meantime, Spain did not twiddle its thumbs and organized 4 expeditions to the Pacific Ocean with the aim to continue what Magalhães had started: García Jofre de Loaiza (1525-26), Sebastián Caboto (1526), Alvaro de Saavedra (1527-28) and Ruy López de Villalobos (1541-43) all tried in various stages to establish Spanish presence in Southeast Asia. But none of these attempts were so successful as to impose a firm base in the Spice
Islands trade, until 1565, when the expedition of Miguel López de Legazpi put roots in the isle of Cebú before moving northwards to Luzon in 1571.

In those years, Japan experienced one of its history’s most intricate and bloody period: the *sengoku jidai* (戦国時代, Warring states period) – *latte senso* from 1467 to 1603 – represented by its disjointed political situation.

The complete decay of the National Unity, which was only formally represented by the powerless Ashikaga *bakufu* (足利幕府, 1336-1573), was accompanied by the ferocity of the so-called *wakó* (倭寇) in the East and Southeast Asian seas. These ill-famed and most feared “Japanese pirates” contributed from the mid sixteenth century (with the increasing of their illegal traffics, raids and pillages) to throw the East and Southeast Asian populations into confusion; particularly they plagued the inhabitants of the Chinese coasts of Zhejiang, Fujian and Guangdong provinces. From the Kyūshū’s *daimyō* (大名) and the Sakai’s merchants to the overseas Japanese communities in Southeast Asian countries, many were those who invested their fortunes in the *wakó*’s exercise. Kyūshū, for instance, naturally inclined to the maritime trade for its geographical position, was living in those years – and at least till 1587 – at its peak. There, the unofficial trade conducted with China by the Japanese overseas “merchants”, as well as those fulfilled in Champa, Annam, Luzon, Borneo, Patani, Siam, and so on... granted to powerful *daimyō* such as the Shimazu 島津, Ōuchi 大内, Matsuura 松浦 and Omura 大村 the greatest implement to their wealth; following 1543, and mostly after the establishment of Macau in 1557, Portuguese arquebuses, besides more Chinese silks and gold, were added to the trade. These traffics were somehow halted only from the early 1590’s onwards, when the figures of Toyotomi Hideyoshi 豊臣秀吉 (1582-1598) first, and Tokugawa Ieyasu 徳川家康 (1598-1616) then, tried to convey the *wakó*’s centrifugal forces under their control by means of the *shuinsen* (朱印船) system.


2 Relations between China and Japan were totally interrupted in 1549, after the so-called ‘Ningbo Incident’ of 1523. Wang Yi T’ung, *Official Relations between China and Japan 1368-1549*, Cambridge, Mass., 1953, pp. 60-88.

In China, instead, the magnificent Ming dynasty, founded in 1368, was by the mid sixteenth century at the edge of its splendor: urbanization; social mobility; increase of commerce and currency recirculation, along with the establishment of the first handicrafts industries, are some of the results of its complex economic development. The East Asian hegemony of the 'Middle Kingdom' was, on one hand, due to an accurate policy inaugurated by such enlightened emperors as Zhu Yuanzhang 朱元璋 (r. Hongwu 洪武 1368-98) and Zhu Di 朱棣 (r. Yongle 永乐 1403-24); on the other hand, it was the return of the Chinese entrepreneurial spirit inherited from the Song 宋 dynasty (960-1279) which was trapped for almost one century inside the Mongolian parenthesis of the Yuan 元 dynasty (1271-1368). Conversely, the other face of the medal had been, in 1433, Chinese withdrawal from its Asian thalassocracy; and, in 1449 (Tumu 土木 Crisis), the return of the Mongolian threat in the northern regions. These two factors, together with the constant increase of the population, contributed as well, from the second half of the 15th century on to the entire 16th, to its political decline. As a matter of fact, by the time of the Spanish establishment in the Philippines (1565-1571), Ming China was already trying to restrain strong centrifuge forces, especially in the Southeastern regions of the empire.

Generally, we are inclined to consider Ming China as a political monolith, centralized and organized under an homogeneous bureaucracy, but this can be really deceptive: provinces such as Fujian, Guangdong and Zhejiang, for instance, being so far away from Beijing, had in fact their own complex dynamics and their interregional and international commercial ties, which were accurately enlaced and consolidated during the Song and Yuan dynasties. As a matter of fact, Zhejiang had trade connections with Japan and Korea; Fujian with the Ryūkyū, the Philippines and part of insular Southeast Asia; Guangdong had some links in Luzon, but mostly in continental and occidental Southeast Asia.4

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4 M. Olle, La Empresa de China. De la Armada Invencible al Galeón de Manila, Barcelona: Acantilado, 2002, pp. 10-13. This kind of division was due not only to the provinces’ geographical position, but also to pre-existing consolidated maritime routes. R. Ptak, “From Quanzhou to the Sulu Zone and Beyond: Questions Related to the Early Fourteenth Century”, Journal of Southeast Asian Studies, 29/2 (Sept. 1998) pp. 269-294; Idem, “The Northern Trade Route to the Spice Islands: South China Sea-Sulu Zone-North Moluccas (14th to early 16th Century)”, Archipel, 43 (1992) pp. 27-56. In 1372, just four years after the founding of the new Ming dynasty, three ports were officially opened on the southeastern coast of the Empire, in order to receive there all tributary embassies from abroad: Ningbo 宁波 (Zhejiang) was acting for Japan, Quanzhou 泉州 (Fujian; later substituted with Fuzhou 福州) for the Ryūkyū islands (Liuqiu) and Guangzhou 广州 (Guangdong) for Southeast Asia. Before establishing themselves at Macau, Portuguese merchants had touched the neighborhood of all of these ports – from The Pearl River Delta (Tamau, Lampacau) to the Zhoushan archipelago (Liampoon) – following Chinese as well as Japanese smuggling.
In this picture, most of the Chinese merchants reaching Manila for commercial purposes were then Fujianese. Actually, Spanish relationship with China, for its entire duration, passed through Fujian province and was confined to the far-southern end of the 'Celestial Empire'. The demographic pressure which increased the population of China under Ming dynasty, the poverty of land in Fujian, are only some of the reasons why the Chinese overseas Diaspora started particularly from that region, with the subsequent creation, in Manila, of a big Chinese residents community.

Chinese trade became, quickly, essential for the Philippines and represented in itself the main reason of Spanish permanence in the archipelago. Few years after his arrival in Cebú, in fact, Miguel López de Legazpi moved northwards to the island of Luzon, where the city of Manila was founded upon a pre-existing indigenous settlement.

This was a decision taken with the clear intention to launch the Spanish Crown straight towards China, the Ryūkyū islands, Taiwan, Japan and their rich markets. At the beginning of the Spanish adventure in the Asian seas, the initial goal was to reach the Moluccas in order to contrast the Portuguese monopoly in the spice trade, even tough the myths of some East Indian eldorados surely occupied the imagination and the ambition of too many hidalgos.

Far from these legends, the Spanish garrison in Cebú had to face a much more tangible reality while it was trying to approach Mindanao, Borneo and

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the Moluccas: from the sultanate of Brunei merchant ships were already acting as intermediaries of Chinese goods, bringing them to the Philippine Visayas and to Butuan. Tight connections were held with Luzon and muslin Manila where Chinese presence was stronger. Thanks to Bornean merchants, the Spaniards started to enjoy Chinese goods: iron, tin and copper, as well as porcelains, silks and cottons, were some appreciated Chinese articles which could be found in the isles of Cebú, Bohol, Mindoro and particularly in muslin Manila. Once this city became the East Asian headquarters of the Spaniards and a crossroad of their interests on China and Japan, Chinese trade became essential for its own survival.

After 1571 overseas commercial ties with Chinese and Japanese merchants became even tighter: in just few years, Spanish Manila managed to turn the pre-existing settlement in an international entrepôt within America, Southern China, Japan and part of Southeast Asian islands, by introducing Mexican and Peruvian gold and silver. By the mid 1580s, Manila had became the only place where increasing Chinese and Japanese communities were allowed to exchange silks and silver under the sun. Even tough an imperial degree reopened Fujianese ports from 1567, Japanese merchants were still not allowed to reach China, nor were they able to make good deals in Portuguese Macau. The easiest way to obtain Chinese goods was to secure them in Manila.

Regarding Spanish role in the growth of this commercial thread, we do not have to underestimate the benefits of the American silver, which, since the founding of Spanish Manila, increased the Chinese presence in Luzon and, as a consequence, that of Japanese merchants of Kyūshū.


10 See note n° 2. In 1567 the port of Yuegang 月港 – nowadays Haicheng 海澄 (Fujian) – was opened to receive tributary embassies from abroad, but not from Japan. For what concerns Macau, not far in time, in 1610, captain Juan de Cevicos noted that: «la causa porque para los de Macam ay ganancia […] y para los de Manila no, es porque en Macam se compra la seda mucho más barata que en Manila, y los de Manila permiten que los Japones compran en Filipinas de los Chinos al tiempo que ellos mismos compran […] lo qual no se les consiente [to the Japanese] en Macam…» (Gil, *Hidalgos y Samurais*, p. 236).

With the appointment of Gonzalo Ronquillo de Peñalosa as new General Governor of the Philippine Islands, in 1580, around 1000 more Spanish settlers were sent with him from Mexico to Manila. These men were added to the yet growing – and just like the Spaniards, unproductive – Chinese and even Japanese immigrants communities. This led to a local economic crisis, for what concerned rice production, and to the subsequent increase in the prices of goods. As if this was not enough, a lot of natives were removed from the traditional agricultural activities in order to join the Spanish forces in the several expeditions of appeasement against pirates, in the northern Philippine coasts, or in expensive military campaigns towards Southeast Asia. The impossibility to impose work and higher taxation upon the natives, and the difficulty found in creating new Philippine industries, led the Spanish government to rely exclusively on the 'Manila Galleon', also known as 'Nao de China'.

From 1572 till 1593 the enterprise of these galleons secured to Spanish Philippines the required supply of Mexican and Peruvian silver in order to exchange it with Chinese silks and cottons. Unfortunately for Manilan wealth, this excessive profitable exchange encountered in Spain the protests of both the Council of Portugal and the guild of the Sevillan merchants. In 1593 a royal decree put an end to this undisciplined trade limiting the freight value of the galleons cargoes to 250,000 pesos for Manila and to 500,000 pesos for Acapulco in Mexico. Every year, only two galleons, whose cargo had not to exceed 300 tons of weight, were allowed to sail from Manila to the New World. Notwithstanding these restrictions, Manila could still flourish in wealth; but it had unavoidably to depend on Chinese and Japanese imports.

To understand these heavy restrictions placed onto the Spanish overseas colony, we should have a look into the commercial activities of Chinese and Japanese merchants in Manila.


13 Actions against Chinese and Japanese "pirates" were conducted in the provinces of Pangasinán, Ilocos, Gagayán and in the isle of Mindoro, while expeditionary forces were sent in Borneo (1578) and the Moluccas (1582-1585, 1593).


15 See Chap. 4, "City and Commerce", of Schurz, *The Manila Galleon*. 
Japanese merchants from Kyūshū reached Manila twice a year, in October and in March or May, after the monsoons: there they sold manufactured silks and colored cottons, wool, copper bells (dōtaku 銅鐸), potteries, perfumes, iron and tin; in June or July, with the southerly gales, they returned home bringing with them mainly gold and raw silks. From Filipinos they bought wax, honey, deer skins and stag’s horns, spices and aromatic woods such as Brazil wood, as well as gold: this precious metal was extracted by the Igorots (Ygolotes) of the “Central Cordillera” around the Benguet province, but it could also be found in Cagayan, Camarines, Cebú and Mindanao.

Other very precious and prized goods were some Chinese rough earthenware, dating from the Tang and Song dynasties, found under the muddy blanket of the Philippine northern coasts. To the eyes of a Japanese estimator this irregular pottery was extremely valuable and absolutely priceless.

For what concerns the exchange with the so-called Sangleys Japan was supplied with mainly raw but also manufactured silks, with copper coins, tea, paintings, calligraphies, ceramics and porcelains, various articles for civil and religious use, printed books, textile materials like cottons, paper, lacquers, medicines, industrial and aromatic plants. In return, Chinese merchants took silver, from the Japanese as well as from the Spaniards. The city of Manila bought from them iron, copper, lead and saltpeter; but also wheaten flour; delicious and very expensive salt-meats, vegetables, drugs, finely handmade and colored silks, wonderful folding picture screens (byōbu 屏風), side arms, fruits, tunas and larks. Manila based its own survival on the purchase of iron, lead, saltpeter and especially wheat meal.

On the other hand, traffics of Chinese merchants from Fujian – but even from Guangdong and Zhejiang provinces – were huge. In Manila they


19 The Chinese merchants residing in Manila. On the origin of the term there are some different interpretations: it can derive from an Hispanicization of the words shāng 商 (trade) plus lái 来 (to come); from chāng 常 (often) and lái 来, or at least from the Hokkien dialect shèng-lí 生理 (trade, business). Cf. K. J. Chin, Merchants and other Sojourners: the Hokkiens overseas, 1570-1760, Ph.D. Dissertation, Hong Kong, October 1998, Chap. III (“The Hokkien Community in Manila”), note n. 4.
sold raw silks, of high and lower quality, white and colored, smooth velvets, brocades, damasks, satins, taffetas, linen and cottons; in addition, they sold iron, tin, lead and salt peter, flour, preserves of oranges and other fruits, spices, salt meats and hams; and then precious stones such as rubies, sapphires, pearls and crystals; animals such as horses, mares, cows, buffaloes (caravaos), geese, tame pigeons and singing birds. The Sangleys, in exchange of these goods asked to the Japanese and Spaniards above all for silver.

To all those merchandizes – as it was not enough – Manila was supplied with some extra goods introduced in the East-Asian markets by the Portuguese at Macao. Except for the Moluccan spices, they were imported from India, Africa as well as Europe. An inferior role, but not less important, was covered by Southeast Asian merchants from Siam, Cambodia, Patani and Borneo which «on rare occasions» reached up to Manila.

Last but not least, the Spanish contribution to this emporium. Soon after the founding of Manila the Spaniards started introducing their own goods on the Philippine market: European clothes – which were very fashionable in Japan –, glass panes, various art objects, cloths and wines from Castile, but most of all, the American gold.

We should spend some words on the silver, instead. This white metal was the engine of the East-Asian market, and it was indispensable for the Chinese economy.\textsuperscript{21} Silver passing through Manila could have basically two different origins: it could come either from Japan or from America. This noble metal, extracted from Mexican and Peruvian mines, was introduced in the Philippines capital shaped in reales de ocho or in bars, without particular limitations (yet, as we have seen, this was only until 1593) and was entirely poured in China thanks to the Sangleys. Another small contribution was also given by the Portuguese who, illegally, covered the commercial thread between Manila and Macau after the union of the two Crowns of Portugal and Spain in 1580.\textsuperscript{22} Silver from the New World reached China through Manila, but also through a longer route: from Mexico to Seville and then

\textsuperscript{20} Morga, The Philippine Islands, p. 343.
\textsuperscript{22} B. Pires Videira, S.J., A viagem de comércio Macau-Manila nos séculos XVI-XIX, Macau, Museu Marítimo de Macau, 1994; R. D’Avila Lourido, “The Portuguese, the Maritime Silk Road and Macao’s Connection with the Philippines in the late Ming Dynasty”, Review of Culture. International
to Macao via Lisbon, Goa, Melaka. Japanese silver, instead of being bought by Portuguese and Chinese merchants directly in the ports of Kyūshū, and particularly in Nagasaki, was actually sold to Sangleys in Manila, even if in lesser and modest quantities.23

In fact, in Manila Japanese merchants were granted by particular reductions on customs dues: this was permitted by the Manilan authorities as their access into port provided a constant supply of food to the city. Chinese merchants, instead, suffered in 1581 with Governor Peñalosa, a new taxation on their goods which was valued at 3% of the imports as well as for the exports; at the same time the Chinese ghetto of ‘El Parián’ was launched.24 Anyway, in spite of these limitations to Chinese profits, merchants from Fujian, and partly from Guangdong and Zhejiang provinces, continued to reach Manila and even increased in number.25

The unexplored wealth of the ‘Celestial Empire’ and the concrete profits received from Chinese trade induced the Spaniards to try entering in the Chinese continent. Between 1574 and 1590 Manila made several attempts to obtain a commercial base in Fujian after that of Portuguese Macau in Guangdong province. Spain managed to establish this base at a place called ‘El Pinal’ in two different occasions: by 1574 and 1598, but its presence on Chinese territory didn’t last long.26

In the meantime, various plans were proposed for the conquest of China by force of arms. From these plans – most of which seriously underestimated Chinese military strength – that of the ‘General Junta’ of 1586 found its way within bureaucratic iteration, being examined in Madrid by a special committee appointed by king Philip II.27

All of them considered for granted the Japanese contribution in the forms of soldiers (mercenaries), as well as logistic support. If by the 1570s this was merely a possibility, by 1584 it became a concrete certainty. The first

25 These were attested by 1586 at ca. 10,000 people (R. Bernal, “The Chinese Colony in Manila, 1570-1770”, in Felix, The Chinese in the Philippines, 1, p. 46).
27 Ollé, La empresa de China, p. 165 ss.
contacts between Japan and the Spanish Philippines, in fact, had started in 1582 by two Franciscan Friars and consolidated two years after by the mission of the Augustinian Father Francisco Manrique. In the following years, 1585 and 1586 respectively, two Japanese diplomatic missions reached Manila in order to: strengthen the commercial ties with the city and offer at the same time logistic and military support for an expedition against the Southeastern China coasts. The said missions were those of the Matsuura and the Ōmura families. As we have mentioned at the beginning of this note, these two Kyūshū families were strictly involved in the wakō’s exercise, from which they received the whole of their wealth. Links with Spain were seen by the two daimyō as a sort of protection against Portuguese monopoly on silks imports of the so-called ‘Nao do Trato’ or ‘Nao da Prata.’

The Spanish relations with the overseas Chinese and Japanese communities contributed as well, in those years, to a decrease in the wakō’s activity, with raids and pillages allover the Philippine coasts, even if these were not completely interrupted until the Seventeenth century.

In the end, we will say that the first Spanish trade ships to reach Japan with State approval were only sent lately in the years between 1602 and 1611, but this policy was of short existence.

For what concerns China, on the other hand, all the Spanish efforts to reach Beijing by sending an official embassy to the emperor Wanli failed miserably. The relationships between Spaniards and Chinese authorities remained always confined to the only provinces of Fujian and Guangdong, in a sort of a specular little China imagined by the Iberian ‘Southern Barbarians’, and where the centre of the Empire was taken far distant not only in leagues but also culturally. As is widely known, in fact, the first European to reach the Forbidden City was the Jesuit father Matteo Ricci thanks to the Order’s strategy of ‘inculturation’ and ‘accommodation’.

30 Gil, Hidalgos y Samurais, p. 94 ff.
31 Ollé, La empresa de China, pp. 84-88, 135-155.
32 Ollé, La invención de China, p. 17.