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CHINA AND DENMARK
RELATIONS SINCE 1674

EDITED BY
Kjeld Erik Brodsgaard and Mads Kirkebæk

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PREFACE

On the basis of a grant from the Chiang Ching-kuo Foundation a research group was formed at the University of Copenhagen in the summer of 1992 to study Danish–Chinese relations from their beginning to present time. The research group originally consisted of Mette Thunø, MA; Mads Kirkebæk, MA; Dr Tage Vosbein and Dr Kjeld Erik Brodsgaard, who also served as the director of the project. In September 1993 Mads Dall, MA, also joined the group. In addition, Professor Jan Rowinski of the Polish Institute of International Affairs, Warsaw, co-operated with the group in researching diplomatic and political relations between Denmark and China after 1949 and Dr. Erik Baark accepted an invitation to write a chapter on the Great Northern Telegraph Company.

After the completion of its task in 1997, the research group was dissolved. However, Mads Kirkebæk continued his studies on diplomatic affairs and the result of this work appeared in the form of a Ph.D. dissertation entitled ‘Fortiter in re, suaviter in modo: En undersøgelse af udvalgte dele af Danmarks Kinapolitik 1912–1945’ [Fortiter in re, suaviter in modo: A Study of Selected Aspects of Denmark’s China Policy, 1912–1945] (Faculty of Humanities, University of Copenhagen, August 1998).

Mette Thunø has also continued her research on the Chinese community in Denmark, which originally formed a part of the project. She has decided not to contribute to the present volume, but an early result of her work can be found in her Ph.D. dissertation ‘Chinese Migration to Denmark: Catering and Ethnicity’ (Faculty of Humanities, University of Copenhagen, December 1997).

The editors wish to thank the Chiang Ching-kuo Foundation for the generous grant which made this research possible and the Taipei Representative Office in Copenhagen for supporting the project through its various stages. We would also like to thank NIAS for their interest in publishing our manuscript and the Daloon Foundation for a grant covering part of the publication costs. Many people have read parts of the manuscript, a few have read it all. Those include our two anonymous referees and our desk editor at NIAS Liz Bramsen. We gratefully acknowledge their criticism and suggestions. Mads Kirkebæk would also like to thank Jytte Stolpe for translating chapters 2–6 into English. We are indebted to a number of libraries, archives, and institutions for kindly assisting us in collecting research material. These include The Danish National Archives, the library of Danmarks Statistik, The Danish Ministry of Foreign Affairs and The Danish Ministry of Cultural Affairs, all in Copenhagen; The Ministry of Foreign Affairs and the Ministry of Economic Affairs of the Republic of China; the China No. 1 Historical Archive and the Royal Danish Embassy in Peking and the Euro–Asia Trade Organization in Taipei. Finally, we are grateful to Novo Nordisk for allowing us to use a photograph of the company’s new office and laboratory facilities in Peking, to the Aust–Agder Archives and Museum in Arendal for providing a photograph showing a model of the ship Dronningen af Danmark, to
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senior research archivist Erik Gøbel of the Danish National Archives for permission to use a map of the ‘normal route’ to India/China and back (taken from his article ‘The Danish Asiatic Company’s Voyages to China 1732–1833’, The Scandinavian Economic History Review, Vol. 27, no. 1, 1979) and to Kurt Jacobsen for permission to use illustrations originally appearing in the 125-year-jubilee publication of the Great Northern Telegraph Company: Fra prikker og streger til tele- og datakommunikation [From dots and dashes to tele- and data-communication] (Copenhagen, 1994).

NOTE ON ROMANIZATION

Chinese names and phrases in this volume are in general romanized using the pinyin system. Taiwanese names and a number of places also known by names rendered in other transcription systems will have these listed in parentheses the first time they appear. The names Peking, Taipei and Chiang Kai-shek have been written using the Wade–Giles system, since this is the way in which they are most commonly known.

Kjeld Erik Brødsgaard
Mads Kirkebæk
Introduction

Kjeld Erik Brødsgaard

In May 2000 Denmark and The People’s Republic of China celebrated the fiftieth anniversary of the establishment of diplomatic relations between the two countries. Denmark was, in fact, one of the first Western countries to enter into diplomatic relations with the new government in Peking.

However, Danish–Chinese relations go much further back in history: Denmark has had more or less regular commercial relations with China for at least 250 years. In fact, the first Danish ship arrived at the South China Coast in 1676, setting the date of the first commercial link more than 300 years ago. Yet although the relationship has a long history, no single comprehensive account of Sino–Danish relations is available.

This study aims to remedy the lack of research into relations between Denmark and China. The study does not pretend to give the full story, but only aspires to cover some of the more important aspects of the relationship, such as diplomacy, economic and commercial relations, and political affairs. It addresses a period of about 300 years, which will make it possible for the reader to obtain an impression of the long-term processes at play.

The first contacts between Denmark and China were made through trade and it was, as Mads Kirkebæk writes, the Danes, who took the initiative. In his first chapter in this book (Chapter 2), Kirkebæk outlines the Danish expansion in Asia in the seventeenth and early eighteenth centuries. During the early period of the reign of Christian IV (1588–1648) favourable economic conditions, the mercantilistic ideas prevailing at the time, and the success of Dutch and English overseas trade made it natural to put more effort into foreign trade. In 1620 Denmark established a trade lodge in Tranquebar on the Southeast coast of India, and about 50 years later the first Danish ship reached the South China coast. The aim of the Danish expansion in Asia was trade and the means to reach this aim were the privileged trading companies. The first Danish East India Company, which was established in 1616, never became a success, but the second East India Company, which was established in 1670, did better, as it took advantage of the experiences of its predecessor and was able to take over already existing trading posts. Of importance were also a growing demand in Europe for Asian products and the company’s use of
CHINA AND DENMARK

Danish neutrality to expand its share of the market in a situation where its main competitors were engaged in war. In this chapter Kirkebæk also discusses the first comprehensive account of China and the Chinese written in Danish. Similar to most other early European descriptions of China it was very positive. This is to a certain extent related to the sources on which the author, the parson Hans Hansøn Skonning, built his account but, as Kirkebæk suggests, wars and Denmark’s economic problems may also have created a need for models or ideals and China served a useful role.

In 1732 the Danish Asiatic Company was established and from then onwards Danish ships began to sail to China on a more regular basis. In Chapter 3, Kirkebæk gives a detailed description of one such trip, namely the voyage of the merchant ship Dronningen af Danmark (The Queen of Denmark) to China in 1742–1744. This journey is typical of Danish sailings to China from 1732 to the late 1780s and therefore the description of ship, crew, cargo, navigation route and the results of the journey forms a useful background for more general observations.

For the whole period of 1732–1843 the aim of Danish policies in Asia continued to be trade, and the Asiatic Company was far more successful than its two predecessors. This was mostly due to the large demand for tea in England, but also related to better organizational skills and better knowledge about long-distance sailing and conditions of trade in Asia. As had been the case earlier, trade was influenced very much by political changes and events. It was characteristic that the Asiatic Company enjoyed its most flourishing period during the North American War of Independence and the subsequent wars involving England, France, Spain and Holland. Peace among the great powers, the declining European market and Denmark’s war with England, on the other hand, made it increasingly difficult for the Asiatic Company to continue its business and the company was dissolved in 1843. In a first-hand account of China and the Chinese written by the chaplain aboard the Dronningen af Danmark, China is no longer described as a model to emulate in the West, but only as an important trading partner. Kirkebæk argues that the changed Danish picture of China was due not only to direct contacts between the two countries, but also to economic and political conditions which determined a more negative attitude towards the region.

During the period of 1845–1864 the focus of Denmark’s China policy remained trade, but Denmark began to use diplomatic missions rather than privileged trading companies to further her economic interests. In Chapter 4 Kirkebæk describes and analyses the first three Danish diplomatic missions to China. He argues that there were three main reasons why they were successful. First of all, traditionally the Chinese upheld a principle of treating foreigners alike and later a general policy of appeasement towards the West was adopted. Second, England and a number of other Western powers saw an advantage in helping Denmark. Third, there was an element of coincidence. In general Denmark attained her goals in China. However, this did not prevent the emissary Captain Bille from drawing a very negative picture of China and the Chinese.
INTRODUCTION

Important reasons for Bille’s negative views were not only that China had fallen behind in a technical and scientific sense, but also the formation and spread of racial theories which placed the Chinese beneath Danes in a racial hierarchy.

In Chapter 5 Kirkebæk describes how Denmark, being a small power, in its diplomatic work in China would try to lean on the great powers, especially Great Britain and Russia. However, a more independent Danish China policy could be detected around the turn of the century. It culminated in the decision in 1912 to establish an independent Danish legation in Peking. Kirkebæk indicates that this decision was not a purely political move. In fact, strong commercial interests in the form of the Great Northern Telegraph and the Danish East Asiatic Company (EAC, formed in 1897) argued fiercely in favour of such a decision because a change in the balance of power in East Asia had made it less attractive for them to be represented by Russia. It was the hope that the establishment of an independent Danish legation would make it possible to use the advantages a small neutral country with no political aspirations might have to interfere in Chinese affairs.

In Chapter 6, which deals with Denmark’s China policy in the 1912–1949 period, Kirkebæk seeks to analyse and explain some of the abrupt changes that the Danish China policy underwent during this period. The most important reason for these changes was related to Denmark’s efforts to secure the best opportunities for Danish commercial interests. Considerations for these interests were decisive for Denmark’s attitude towards the 1919 arms embargo and also for the position it took on the Guomindang government’s request for a treaty revision. Considerations for Danish commercial interests may also have played a part in the decision to move the Danish legation to Shanghai in 1935 and for the decision to recognize the Japanese puppet government in Manzhouguo (Manchukuo) and Nanjing in 1941. Danish commercial interests were furthered by increasing Danish representation in China and by the fact that Denmark stayed politically neutral and, as far as possible, on friendly terms with all the great powers that each controlled a part of Chinese territory. Before 1928, relations with leading treaty powers had the highest priority, but after the Guomindang Party had gained control of most of China in 1928, Denmark also began to develop good relations with the Guomindang government. From the time of Japan’s full-scale invasion of China in 1937, relations with the Japanese occupation forces became increasingly important.

In Chapter 7 Erik Baark writes about the Great Northern Telegraph Company, which is perhaps the most successful Danish enterprise in China ever. His focus is on the company’s introduction of the telegraph in China and the positive role this transfer of technology played in the Chinese attempt to initiate a modernization process. He also describes how the case of the Great Northern represents an interaction of commercial interests and foreign policy, which became an important factor in shaping major events on both the Danish and Chinese sides. In fact, Danish relations with China after the mid-nineteenth century were therefore not so much part of global political ambitions but rather related to a need to support or protect the activities of commercial
enterprises. Among these business interests the most notable were those of the Great Northern Telegraph Company. In a number of instances Danish diplomatic missions to China were financed by this company, and its presence in China was a crucial factor in establishing a more permanent diplomatic mission there at the beginning of the twentieth century. Finally, the company employed many Danes over the years who worked and lived in China and whose accounts of their experiences there would form an important part of the Danish popular image of late imperial and early republican China.

Mads Dall gives an account of commercial relations between Denmark and China during the first half of the twentieth century. His contribution in Chapter 8 outlines the size and nature of these relations and also attempts to estimate the size and composition of the trade. In addition, there is an account of the establishment of the East Asiatic Company (EAC) and the background for the new company’s decision to open its first office in China in 1900. The EAC was to become a major international company and the most important Danish actor in the China trade of the twentieth century. Thus it came to play a role similar to the one the Great Northern had played at the end of the nineteenth century. The EAC in particular focused on importing soya beans and oilseeds to be processed in the Danish Soya Cake Factory and related industries.

Kjeld Erik Brødsgaard and Jan Rowinski analyse diplomatic and political relations 1949–1997 (Chapter 9). They give an overview of the contents, forms and channels of these relations. There is also a discussion of the underlying principles and considerations steering the relationship. When the Danish government in January 1950, as one of the first governments in the world, recognized the People’s Republic of China, Danish companies with business interests in the Chinese mainland strongly supported the move. In addition, the Danish government was motivated by a basic Danish foreign policy principle – namely to recognize the government that controls the territory – and in 1950 this was the new communist regime under Mao’s leadership. Finally, there was a moral dimension to the Danish decision. The Danish public, the media and major political parties, notably the Social Democratic Party, perceived the Chinese communist revolution of 1949 as a case of a successful anticolonial struggle. The Chinese people had finally ‘stood up’, as Mao had said when he proclaimed the founding of the PRC from the Tiananmen rostrum on 1 October 1949, and they should be assured the right to consolidate and expand their newly-won independence without interference from foreign powers. For Denmark moral considerations have always played a big role. Initially they worked in favour of China, but since the Tiananmen debacle in June 1989, the normative element has come to influence relations in a negative way, culminating in the Danish decision in February 1997 to present a motion at the UN Human Rights Commission in Geneva criticizing China’s human-rights behaviour. For China it is important that Denmark was among the first countries to recognize the PRC and that Denmark consistently has supported the claim of the PRC to be the sole legal representative of China. Strategic considerations have also played a role in the relationship. This was especially the case during the period of the
Sino–Soviet conflict when Denmark’s strategic position in controlling access to the Baltic sea was greatly appreciated by the Chinese. By way of its membership in NATO and the EU Denmark also played an important role in the North European region and in fact functioned as a bridge between the EU countries and the Nordic area. In the 1980s China retreated from the idea of forming a strategic alliance against the Soviet Union and therefore Denmark has lost much of its former strategic importance for Chinese foreign policy in the northern part of Europe.

In Chapter 10, on trade and economic relations between Denmark and the PRC, Kjeld Erik Brødsgaard describes and analyses the volume, composition and distribution of trade. There is also an account of the channels and forms of trade, including the agreements and policies governing trade and economic relations and the main actors. The share of trade between the two countries of their total trade with the outside world never exceeded one per cent and in relative importance it cannot match the volume and value of trade during the ‘flourishing period’ from 1772 to 1807. During this period the value of the cargo that the Danish merchant ships brought home from Asia equalled the value of the total income of the Danish state in the same period. As a proportion of the total Danish trade in the same period, the Danish China trade probably had a share of about 15 per cent. However, in recent years major Danish companies have made significant direct investments in China and have established their own subsidiaries in China or have entered into cooperation with Chinese partners in the form of joint ventures.

In the final chapter, Chapter 11, Kjeld Erik Brødsgaard addresses the issue of trade and economic relations between Denmark and the Republic of China on Taiwan. The chapter analyses these relations in terms of value and type of commodities and the flow and pattern of trade. The environment or the infrastructure of the trade between Denmark and Taiwan is also addressed, i.e. what are the agreements and policies governing relations between the two sides and what are the channels for trade? The chapter finally touches on the political framework for trade relations between Denmark and Taiwan. Danish relations with Taiwan have always been formed according to the belief, also shared by the media and the public, that there is only one China and that the government of the PRC is the sole lawful authority of this China. Denmark has also been sensitive to the attitude that the PRC might take should relations with Taiwan take on more official forms. However, in recent years Denmark has been less prone to heed PRC protests. Moreover, the Danish public and the media have come to realize that Taiwan is not only a significant player in terms of economics and trade. Taiwan has also experienced political and social reform which has created a more open and pluralistic society.

Here at the turn of the century there is an intense preoccupation with relations between Europe and Pacific Asia. A most recent example is the Asia–Europe Summit Meeting (ASEM) process. However, in order to create a foundation for these interactions it is necessary to study the history of Europe–Pacific Asia relations to draw lessons from them and cast light on present relations.
Some work has been done already, but what is lacking are specific studies of the individual European countries’ relations with the East from their onset to present times. The present study contributes to such an endeavour by presenting an academic account of important aspects of Danish–Chinese relations from their beginning in 1674 until 1997. It is hoped that it will be followed by similar studies of the history of other European countries’ relations with the Middle Kingdom.

NOTES
2 In Sweden in a typical year in the mid-eighteenth century the China trade represented 10–15 per cent of Sweden’s total foreign trade. See Bengt Johansson (ed.), The Golden Age of China Trade, Hong Kong: Viking Hong Kong Publications, 1992.
4 Most work appears to have been done on the German case. See for example Mechthild Leutner (ed.), Politik, Wirtschaft, Kultur: Studien zur den deutsch–chinesischen Beziehungen, Münster: LIT Verlag, 1996. See also Mechthild Leutner (ed.), Bundesrepublik Deutschland und China 1949 bis 1995, Berlin: Akademie Verlag, 1995, which is part of a series of eight projected volumes containing source material on Sino–German relations from 1897 to 1995.
When Denmark Discovered China

Mads Kirkebæk

The First Contacts between Denmark and China

According to Chinese sources the first Danes came to China to trade in the Yongzheng period 1723–36.¹ Danish sources indicate that the first meeting occurred even earlier. Thus a thesis, ‘The History of the Danish East India Establishments’, written by the parson Henning Engelhart after his arrival at the Danish colony of Tranquebar in 1783, mentions that a Danish ship was sent to China in 1674 and a trade lodge was established.²

The Danish expansion in Asia in the early seventeenth century was by no means unique. Since Henry the Navigator started his expeditions along the west coast of Africa in the late fifteenth century, the Portuguese and the Spaniards, and later the Dutch and the English, had sent ships further out on the oceans than they had ever been before. One of the main purposes of these expeditions was to find the seaway to India and thus break the Egyptian monopoly on trade with spices. This was successful and over the next centuries European maritime powers gained great wealth by trading in produce and products from the East.³

King Christian IV’s Great Plans

The expansion of Dutch and English overseas trade was noted with interest in Denmark and in the early seventeenth century King Christian IV (r. 1588–1648) decided to try to copy the success which was enjoyed especially by Holland with her overseas trading company.⁴ At the time Christian IV was very wealthy and this made it possible for him to take initiatives that were to add a new dimension to Denmark’s agricultural economy. The King was especially interested in trading and manufacturing. The establishing of trading companies was to ensure a surplus in the foreign trade creating a foundation for the maintenance of a strong army. The formation of manufactories⁵ was to lessen Denmark’s dependence on imports. This, too, would be of benefit to the balance of trade and make the country less vulnerable when access to other countries was threatened in times of war.

Christian IV’s initiatives were typical for the mercantilist ideas of the time. According to these ideas a country’s wealth was dependent on the amount of
1. King Christian IV (1588–1648). Woodcut made after a painting at Rosenborg Castle. Christian IV was painted by Pieter Isaacs around 1612. It was only a few years before the King decided to establish a Danish East India Company in an attempt to copy the success enjoyed by England and Holland with their overseas trading companies. *Det Kongelige Bibliotek, Kort- og Billedafdelingen, Center for Kort og Billeder.*
precious metals amassed through surplus in foreign trade. Therefore, one of the most important duties of the state was to initiate measures that would reduce imports and stimulate exports. In this endeavour the start of manufactories and large trading companies played a major role.  

**THE DANISH EAST INDIA COMPANY**

At the end of 1615 two Dutchmen applied to Christian IV for permission to found an East Indian company in Copenhagen and the King readily gave his consent. The charter (*octroi*) for the Danish East India Company was issued in March 1616 and was, not surprisingly, very close to the charter issued to the successful Dutch company. The Danish East India Company was given monopoly on all trade with East India, China and Japan for twelve years or for as long as the King granted it. The company was also promised customs exemption on the first two ships and protection for foreign navigators and traders in the company’s service. This last promise was important, as Holland tried to impede Dutch citizens employed by foreign trading companies. Moreover, the company’s ships were granted the right to defend themselves by force should it become necessary; any possible conquests should be shared with the King. In payment for these privileges the company was to pay the King 8000 rigsdaler.

The company needed considerable funds for equipping ships, buying goods, hiring seamen and buying provisions for the long journeys. To raise the capital the company was formed as a limited company, the first one in Denmark. At the start the shares sold slowly, but with pressure from the King and after he himself had made some investment, the company managed to raise 179,000 rigsdaler by 1620. This was a considerable sum of money in a society where the total annual income for the King and the state amounted to a little over 400,000 rigsdaler. The management of the company was left to the initiators, who were to be paid a certain percentage of the company’s turnover. The management could not be dismissed. If the shareholders felt dissatisfied they could only sell their shares.

**THE FIRST DANISH EXPEDITION TO ASIA**

The first Danish trade expedition was sent to Asia in 1618. The Danes managed to acquire a small colony surrounding the town of Tranquebar on the southeastern coast of India, but financially the expedition was a failure. The cargoes with which the ships returned brought in a profit which fell far short of the costs of the voyage, and this failed expedition probably contributed to undermining the East India Company’s finances. The failure frightened potential investors and it became difficult to raise the necessary capital for new expeditions.

During the years 1618–39 eighteen ships were sent off from Copenhagen and between 1622 and 1637 seven of them returned with cargoes, probably of cloves and pepper. Though not all the other ships were lost – some of them were meant to stay in Asia – the connections to Asia were too irregular for Copen-
hagen to develop into a major European market for Asian goods.\textsuperscript{10} The aim had been to create an alternative to the English and Dutch trade in Asia, but the lack of capital hampered the activities of the Danish company from the
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start and did not leave it many possibilities to compete with the wealthier and better-established foreign companies. To make matters worse, Christian IV involved Denmark in the Thirty Years War in 1625. The war drained the country's resources, with serious consequences for the company, which was dependent on state support. After Denmark's defeat in the Torstenson War (1643–1645) and the death of Christian IV (1648) the country was near bankruptcy. In this situation it was impossible to send more ships to Asia and King Frederik III (r. 1648–1670) decided to close down the East India Company on the recommendation of the State Council.

CHINA SEEN FROM DENMARK

The charter of the East India Company had not only given the company a monopoly on trade with East India, but also with China and Japan. This indicates that although the company's ships never reached China there were people in Denmark beginning to take an interest in a country even further away than India and the Spice Islands, at the edge of an unknown world.

Another sign of the emerging interest for China in Denmark during the first half of the seventeenth century was the publishing of *Geographia Historica Orientalis* by Hans Hansson Skonning, a parson in the city of Aarhus. This tome, which includes a whole chapter on China, is probably the first comprehensive account of the country in Danish, and it provides an insight of the view on China and the Chinese held in Denmark at the time.11

In his book Skonning describes China as an immensely big, powerful and populous country, bordered to the north and west partly by high mountains and partly by a long wall protecting the inhabitants from attacks. To the east the country borders Tatary and to the south, among others, the Kingdom of Siam. The country is fertile, full of beautiful animals of all kinds, and gold and silver and other riches are found in great abundance.

China's population is enormous, and according to Skonning it is due to the fact that many new inhabitants are born every day and none are allowed to leave. Most Chinese have broad faces, flat noses and small eyes. Skonning describes the Chinese skin colour as almost the same as that of the Europeans, although the population around Canton forms an exception. The colour of the skin of the Cantonese is described as more 'brownish' than that of the rest of the Chinese.

The Chinese are characterized as clever people, `richly endowed with gifts of nature’. They are industrious and able and in addition to agriculture and fishing they are occupied with all kinds of crafts and science. They are especially knowledgeable in geometry, arithmetic and astrology; they do not neglect poetry and rhetorics and give many sermons on religion. Skonning emphasizes that the noble art of printing was invented by the Chinese and not by Gutenberg, as boasted by some Germans. The Chinese also know how to make a special kind of ‘blue and white clay vessels’ which are ‘very subtle and fine’. These vessels are sold at high prices in Europe but are still exceeded by the silk which brings
the most profit to the country. Apart from that, China also trades in spices, brought from Bengal, Mallaca, Java, and the Moluccas. The tea trade, which later became so important, is not mentioned.

Skonning also has a positive view of the behaviour of the Chinese. The Chinese exceed both Danes and Germans in their drinking and partying, but this does not cause fighting and enmity. The Chinese are so polite to each other that ‘nowhere else in the world do you find such respectful people’. For instance, if a stranger comes for a visit he will be asked right away if he has eaten and if the answer is no, he will be sumptuously treated to food. In this way the host shows his friendship not only by word but also by action. This is also demonstrated when the host at the parting of the guest not only says goodbye but accompanies the guest all the way out, even into the street, before letting him go.

According to Skonning China is a country where ‘loafers and idle people’ are disliked. Inspectors are even employed to make sure no one is idle. If they find a sinner he is dishonoured and excluded from society. Blind people and those with other handicaps are not allowed to become beggars or idlers. They are given work grinding grain or rice, thus earning their keep. Parents of handicapped children have a duty to teach them a craft and support them if they are too weak to learn a trade. If no one can look after them the children are placed in state-operated institutions. All this has meant, Skonning says, that there are neither idlers nor beggars in China.

Skonning also writes that when it comes to religion the Chinese believe that the earth was created and is ruled by a god in heaven who is considered the greatest and finest of gods. But they still worship the sun, the moon and the stars, and – which is worse – the Devil. If asked why they do not worship the living God but the evil Devil they reply that God himself is good so there is no reason for worship. The Devil, on the other hand, is evil and so you must worship him to prevent him from harming people. Skonning cannot agree with this – in its own way logical reasoning – but exclaims as a kind of conclusion to his description of China, ‘Oh, of what use is then their shrewdness, great wisdom and knowledge? Ah, miser sapiens ille, qui sapit absque Deo’. 12

In short, except for religion, the picture Skonning paints of China is very positive. This is a general characteristic of early European descriptions of China, 13 but is nevertheless surprising in the case of Skonning. His intentions were not solely to inform and to extend knowledge of Asia in Denmark. He also wanted to use his book as a starting point for religious reinforcement. By letting the Danish ‘bread-and-butter’ Christians – whom Skonning thought were only Christians in name – know about the paganism and unbelief of the peoples of China and other countries of the East, Skonning hoped that the Danes would reform and start to feel greater gratitude for the mercy of knowing God and the one he has sent. He intended that his book should make it possible for people to compare themselves with the Jews and others, who had turned from God and who were therefore excluded from His mercy and eternal salvation. In other words, the disbelief and obvious perdition of the Eastern peoples were to be used as a picture of doom of what might happen if one continued to disregard the Christian tenets in Denmark.
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The reason that Skonning, in spite of his intention to use China as a picture of doom, ends up with almost the opposite is no doubt to be found in the sources on which he builds his account. However, this does probably not provide the whole explanation. The Thirty Years War and Denmark’s economic problems may also have created a need for models in areas other than the religious, models which could be found in China. Skonning’s description of social conditions in China could, for instance, become a model for Denmark. An increase in population, decrease in wages, and the Reformation, with the consequent abolition of the parochial duty of the Church, had led to an explosion in the number of beggars and idlers, seemingly without the state being able to solve the problem. Finally the import of exclusive Chinese luxury goods, which the Europeans themselves could not produce, may also have contributed to make China look so good.

THE SECOND DANISH EAST INDIA COMPANY

After several years of war Denmark had by 1668 regained enough of its former strength to think of resuming the Asian trade. A rescue operation was sent to Tranquebar which was still in Danish hands, even though 29 years had passed since the arrival of the last ship. The expedition returned to Copenhagen in 1670 with a rich cargo of pepper and this accelerated the preparations for a new Danish East India Company.

The new East India Company, which was given a charter similar to the one of the old company, did much better than its predecessor. The reason was partly that it could use the predecessor’s experience and trading posts in Asia and partly that there was a growing demand in Europe for products from the East.

The small Danish East India Company was, however, always in a vulnerable and exposed position. It could not, as could the big English and Dutch competitors, influence production and prices, and because of its weaker economic base it was much more sensitive to the fluctuations of the market. Also, as had been the case with the first Danish East India Company, the new company was influenced very much by political changes and events. It was the general trend that the Danish company expanded the most when competitors were engaged in war. Under normal competitive conditions the small and economically weak Danish company had a hard time keeping up with the big foreign companies and when Denmark was at war Danish trade was almost at a standstill. In the 1670s, when Holland and France were at war with each other, the Danish company used Denmark’s neutrality to take over some of their shares of the market. The company expanded, and in 1674 it was decided to carry out the old plan to include China, Japan, and Tongking (found in today’s Vietnam) in the company’s sphere of operations.

THE FIRST DANISH DIPLOMATIC NOTE TO CHINA

As part of the preparations for the new trade expansion King Christian V (r. 1670–99) wrote letters of introduction to the rulers of the countries in question.
The letters, copies of which are preserved, were to be handed over to the local viceroy. In the Chinese case, the letter was addressed to ‘His Gloriousness, the High and Mighty Emperors and Kings of the Great Tartary and of the Very Famous Empire of China, His Vice Roy’. In the letter the King wrote that the reports of the many virtues and the fair government of the Chinese Emperor had induced Denmark to wish to form at friendship with the Chinese Empire. Due to the great geographical distance between the two countries the King believed that this could best be done through shipping and trading, and he therefore requested permission for his subjects to trade in China under the protection of the Emperor. The royal note was sent on the East India Company’s ship, the *Fortuna*, which sailed from Denmark at the end of 1674, bound for China. The *Fortuna*, the first Danish ship ever to reach China, arrived in Fuzhou (Foochow) in 1676, and after having managed to sell part of her cargo, she sailed again in October 1677.

**The Company’s Period of Glory and its Decline**

During the years up to 1704 at least 28 ships sailed from Denmark to Tranquebar and the shareholders made a huge profit. An important reason for the success was the war in Europe which limited the activities of the major rivals England and Holland; also the wars waged by England and Holland against the Grand Mogul of India played a role. Other reasons for the success were the company’s good and experienced personnel and well established position on the European market. The main activity of the company was transporting goods from the East to Europe but at times considerable profit was made on slave trade from Coromandel to Atchin and Malacca.

During the early years of the eighteenth century the company could still take advantage of the wars in Europe, but fewer trading possibilities in Tranquebar and a number of less competent governors pulled in the opposite direction and helped weaken the economy of the company. In 1709 King Frederik IV (r. 1699–1730) declared war on Sweden and this proved fatal to the company. During the eleven long years of war the company’s trade nearly came to a stop and the debts grew dramatically. The state was not blameless in this matter. In 1712 it seized the company’s available capital of 163,000 rigsdaler out of hand to offset the country’s acute lack of funds. The situation for the East India Company was further worsened when the Spanish War of Succession ended in 1713 and England, Holland, and France resumed trade with the East to its full extent. In 1720, when Denmark and Sweden made peace, the company’s economy was so poor that it could not be saved. Consequently, it had to cease functioning in 1729.

Between 1671 and 1727 the East India Company shipped silver and goods to Tranquebar for a total value of 2,926,258 rigsdaler and the about 45 returning cargoes brought in 5,701,444 rigsdaler at the company’s auctions. The results of the second East India Company far exceeded those of the first and at its height it completely fulfilled the aims put forward at the start of the company;
3. Prospectus of Tranquebar and the citadel *Dansborg* from the eighteenth century. To the left you see the church inside the citadel (A) and to the right several other buildings, among them the Great Malabar Temple (D) and the temple of the small idol (E). *Det Kongelige Bibliotek, Kort- og Billedafdelingen, Center for Kort og Billeder.*

4. The citadel *Dansborg* as it looks today. The remains of the church and the church tower rise behind the surrounding walls. *Photo: Hans Gregersen, 1986.*
it created jobs, kept the colony of Tranquebar, had a surplus on the Asian trade, and had a good effect on the balance of payment of the country as 78 per cent of the imported goods were re-exported.23

THE ESTABLISHMENT OF THE ASIATIC COMPANY

In 1729 the East India Company went bankrupt but neither King Frederik IV (r. 1699–1730) nor the Copenhagen merchants were disposed to give up the trade with East India – partly because both the state and Copenhagen were interested in the employment and turnover engendered by the trade and partly because it would have been against the mercantilistic principles of the era to close down a business which had actually brought riches to the country.24 Transactions in connection with the bankruptcy of the East India Company and the establishment of the Asiatic Company were probably planned by the King and the Copenhagen merchants.25 By letting the old company go bankrupt they disengaged themselves from enormous debts. Thereafter they reorganized the company under a new name and continued trading.

As early as July 1729 a group of shareholders from the old company started a provisional trading company – an Interim Society – that continued the trade with India, and this company was given privileges much the same as those for the old East India Company.26 In February 1730 the same group of people started a ‘China Society’ which realized the old plans to establish a direct trade connection with China. The ‘Interim Society’ and the ‘China Society’ merged to become one company, and in October the same year Cron Printz Christian, the first Danish ship sailing directly to China, was sent off.27 The new joint company was named The Royal Chartered Danish Asiatic Company but this company did not exist for long either. In 1732 it was replaced by The Royal Danish Asiatic Company (hereafter the Asiatic Company) which was to have decisive importance for the Danish trade in Asia over the next 100 years.

THE ISSUING OF THE FIRST CHARTER OF THE ASIATIC COMPANY

In April 1732 King Christian VI (r. 1730–46) issued a charter that secured a monopoly on trade with Asia for a period of 40 years for the Asiatic Company,28 just as the earlier charter had empowered the company to negotiate and enter into alliances with kings in India and other rulers in the area. The company was also permitted to engage in warfare when it was necessary in order to protect and develop the commerce.29 European powers were not, however, to be attacked without consulting the King. The company had the right to build fortifications, lodges, factories and offices, but these were to be handed over to the King for suitable compensation when the charter expired. The most important privilege for the company continued to be the monopoly on trading. The King guaranteed that nobody else would receive a ‘passport or permission to travel beyond Cap de Bonne Esperance’30 and also gave other promises. For example, he promised not to interfere in the company’s choice of managing
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directors or any other decisions, and guaranteed that neither the property of the company nor the payments from the shareholders would be confiscated. The company was also given various reductions vis-à-vis customs and taxes and was exempt from the Sound Dues (Øresundstold), consumption (konsumption),31 excise,32 harbour tax, and loading tax. In return for these privileges the company agreed to assume costs in connection with the Danish properties in Tranquebar.

FOUNDING GENERAL MEETING FOR THE ASIATIC COMPANY

On June 25 1732, the founding general meeting was held for the Asiatic Company and the issuing of shares started. Altogether 400 shares each of a value of 250 rigsdaler were issued providing the company a total capital of 100,000 rigsdaler.33 This amount, which was called the ‘continuous’ fund, was to be used first and foremost to buy the East India Company’s properties and stock, and for payments to civil servants, etc. In time the ‘continuous’ fund was supplemented by income from manufactories, customs on goods sent to and from Asia, and profits from the running of the business. It called for more capital than 100,000 rigsdaler to equip a merchant ship and this capital, which was called the ‘circulating’ fund, was raised amongst the shareholders before each expedition. Each shareholder had to contribute with an amount in proportion to the number of shares he owned. The shareholders were not, however, obliged to contribute to all the expeditions.34

The day-to-day management of the company was left to five managing directors, i.e. a chairman, who was a rich nobleman, a lawyer and three merchants. They all had to reside in Copenhagen and each had to own at least four shares. Each director received a salary of 500 rigsdaler but only during those years when a ship either departed or returned. The general meeting also elected five main shareholders (hovedparticipanter) to keep an eye on the work of the directors.35

The form of management for the company was rather democratic. There was a limit to how many votes one single shareholder could have. One full share carried one vote at the general meeting, three shares carried two votes, and five shares or more gave the shareholder three votes ‘and no more, however many shares he may possess’.36 This form was chosen to prevent a few big shareholders from dominating the company, but in practice it turned out that way all the same.37 In 1732 there were 158 shareholders in the company. Most of them were noblemen, Copenhagen merchants and prominent members of the civil service.38

CONCLUSION

The first contacts between Denmark and China were made through trade and it was Denmark that was the initiator. The first step on the road to China was taken in 1620 when Denmark was given the area around the town of Tranquebar on the southeastern coast of India in exchange for favourable trade opportunities. The next one was taken a little over 50 years later when the first Danish
traders settled in China. From this time another 50 or so years would pass before
Danish ships started sailing regularly to China, but it was at this time, a little
more than 100 years after 1620, that the foundation was laid for the later so
flourishing Danish trade and connections with China.

The first comprehensive description of China in Danish was published
during this time and like most other early European descriptions of China it
paints a positive picture. China was described as a great, rich and well-governed
empire, which seemed to have much to offer to the West, not only in technical
and economic fields, but also with regard to social affairs. It was probably the
growing import to Europe of Chinese luxury goods that stimulated interest for
China in Denmark, but books such as Skonning’s may also have played a part.
Descriptions depicting China as a sort of Utopia, or the Land of Great Oppor-
tunities, could not but stimulate the urge to explore Asia.

NOTES
1 See for example Qing Shi [History of the Qing dynasty], Taipei, 1961, Vol. 3, pp. 1935–
1936. The paragraph about Danmo [Denmark] is in the section Bang jiao zhi [Dissertations
on foreign connections]. The section has been translated and annotated in Erik Baark, ‘Diplomatisk samkvem mellem Danmark og Kina under Ch’ing dynastiet
(1644–1911). Særligt belyst udfra kinesiske kilder’ [Diplomatic relations between
Denmark and China during the Qing dynasty (1644–1911). Particularly discussed on
the basis of Chinese sources], Dissertation for Master’s Degree, Faculty of Humanities,
University of Copenhagen, 1976.
2 Henning Engelhart, ‘De Danske Ostindiske Etablissementers Historie’ [The history of
the Danish East India establishments], Det Kgl. Bibl. Kall. Saml. No. 63, Fol. (till 1670),
Ny Kgl. saml. No. 771b, 4 (till 1686), and additamenta No. 339, 4 (till 1686, dublet)
[The Royal Library’s calligraphic collection, No. 63, folio (until 1670), new royal col-
lection, No. 771b, 4 (until 1686) and addenda No. 339, 4 (until 1686, duplicate)]. The
thesis, which is preserved as a manuscript, was written based on documents in the
archives of the colony and must at least in part be regarded as a primary source, as
some of the documents on which it is based have since been lost. About the first Danes
in China, see also pp. 13–14.
3 See, for example, Kristof Glamann, Dutch-Asiatic Trade 1620–1740, ‘S-Gravenhage:
Nijhoff, 1981; K.N. Chaudhuri, The Trading World of Asia and the English East India
Company 1660–1760, Cambridge: Cambridge University Press, 1978; Holden Furber,
Rival Empires of Trade in the Orient 1600–1800, Minneapolis: University of Minnesota
4 See Benito Scocozza, Ved afgrundens rand [On the verge of disaster], Vol. 8 in Olaf
Olsen (ed), Gyldendal og Politikens Danmarkshistorie [Gyldendal and Politikens history of
Denmark], Copenhagen: Gyldendalske Boghandel, Nordisk Forlag and Politikens
Forlag, 1989, pp. 82–89; Richard Willerslev, ‘Danmarks første Aktieselskab’ [Denmark’s
first limited company], Historisk Tidsskrift, 10 R. [series], Vol. 6 (1942–44), pp. 608–636;
Gunnar Olsen, Dansk Ostindien 1616–1732 [The Danish East Indies 1616–1732], pp.
5 Manufactories (manufakturer) are a type of factory in which a relatively large number
of craftsmen work under the same roof using few technical aids and a lot of handi-


7 A charter (an octroi) is a trading privilege given by the state to a company against certain guarantees. On the similarities between the charters of the Danish and the Dutch companies see Willerslev, ‘Danmarks første Aktieselskab’, pp. 614–618; See also Ole Feldbæk, ‘The Organization and Structure of the Danish East India, West India and Guinea Companies in the 17th and 18th Centuries’, *Comparative Studies in Overseas History*, No. 3, 1980.


12 The translation is: ‘Ah, the poor knowledgeable one who knows without God’.


14 Marco Polo’s account of China, Skonning’s one source that is easily identified, is very positive. See also note 13.

15 For the social policies of the period see, for example, E. Ladewig Petersen, *Fra standsfond til rangssamfund 1500–1700* [From class society to rank society 1500–1700], Viborg: Gyldendalske Boghandel, Nordisk Forlag, 1980, Vol. 3 in *Dansk socialhistorie* [Danish social history], Copenhagen: Gyldendal og Statens humanistiske Forskningsråd, 1979–82; Beth Grothe Nielsen, *Anstaltshår og Børneanstalter gennem 400 år* [Institutionalized children and children’s institutions during 400 years], Holte: SocPol, 1986.


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21 In 1688 war (War of the Grand Alliance) broke out between France, the strongest military power in Europe, and a coalition comprising England, Holland and Spain, who tried to stop Louis XIV’s attempts at expansion.
22 Olsen, *Dansk Ostindien 1616–1732*, p. 221.
25 This theory is mentioned by Ole Feldbæk in Feldbæk and Justesen, *Kolonierne i Asien og Afrika*, p. 112; See also Feldbæk, Ole, *Den lange Fred 1700–1800* [The long period of peace 1700–1800], Vol. 9 in Olaf Olsen (ed), *Gyldendalske Bog-handel, Nordisk Forlag and Politikens Forlag, 1990*, pp. 176–177.
28 *Octroy For det Kongl. Danske Asiatiske Compagnie udi 40 Aar* [Charter of the royal Danish Asiatic Company for 40 years], Friderichsberg, 1732, pp. 3–32.
29 Ibid., p. 7.
30 Ibid., p. 10–11.
31 Consumption tax, especially on food.
32 Excise is duty charged on domestic goods during manufacture or before sale to domestic consumers.
33 In 1744 the number of shares was raised to 1600. See Kristof Glamann, ‘The Danish Asiatic Co. 1732–1772’, *The Scandinavian Economic History Review*, Vol. 8, 1960, p. 111.
35 *Octroy 1732*, pp. 51–52.
36 Ibid., p. 68.
38 Ibid., pp. 111–112.
The Voyage of the Dronningen af Danmark to China in 1742
An Example of the Early Danish China Trade

Mads Kirkebæk

On the Lord’s errand I go
Through reefs and waves
My faith in God steadfast remain
That He Himself stay with us
And if He is there, then nothing
Can stand in my way
As earth, air, fire and water
Are subservient to Him.¹

THE CHINA TRADE UNDER THE ASIATIC COMPANY’S FIRST CHARTER (1732–72)

After the founding of the Asiatic Company Danish ships began to sail to China regularly. One of them was the frigate Dronningen af Danmark [The Queen of Denmark] which we shall follow on her voyage to Canton in 1742. The Dronningen af Danmark has been chosen mainly because it can be considered typical of the early Danish journeys to China when it comes to sailing route, cargo, events en route, and the economic results. It has also been chosen because of the sources available for the specific journey the ship went on in 1742–44.

THE SOURCES OF THE DRONNINGEN AF DANMARK’S VOYAGE

In the Danish National Archives (Rigsarkivet) almost all of the Asiatic Company’s files have been preserved and there is a huge amount of documental sources for the company’s history. Several of the company’s files are available in their entirety. This is the case for ledgers and journals, records of consultations of the general meetings and of the board of directors plus an almost unbroken line of ships’ journals (skibsjournaler) and diaries (skibsprotokoller) from the ships that sailed to China and India. Not all files have been kept, however. The auction books for 1732–72 kept by the bookkeepers and the auction lists kept by the
auctioneers have been lost, and the same is true for later periods. These losses have made it difficult to determine who bought goods at the auctions and the sale of goods brought home is therefore almost unknown territory. This is not the place to list all the written sources available on the history of the Asiatic Company, but some of those most important for the description of the expeditions are: minutes of the general meetings, cash books, trade logs (negotiejournaler), muster logs (rullebøger), ships’ diaries, ships’ journals and trade account books (negotieprotokoller).

In the minutes of the general meeting one can find lists of the shareholders’ shares in ships’ cargoes up until about 1755. In the lists one can see how many shares the individual shareholder owned and also what his share of the ships’ cargoes, equipment and insurance was. In the cash books it is possible to find information on how much shareholders paid towards the cargo and equipping of the ship, how much money the auction of the return cargo brought in, and how much the shareholders got paid as dividend. In the trade logs one can read which articles the company’s ships carried to China and their value, and also the value of the return cargo. The muster rolls contain lists of crew members with wages and advance payments.

The ship’s diaries were kept by the ship’s clerk (skibsassistenten) who was the one on board with knowledge of trade. He described events on board but made no nautical references. The ship’s journals were kept by the captain or first mate. They contained both notes on work and events on board as well as nautical notes on wind, weather, and position. On the Dronningen af Danmark the journal was kept by the Dutch first officer. The trade account books contain: (1) instructions for the supercargo and the captain, (2) regulations for carrying of goods, (3) invoices of the cargo from Copenhagen and from China, (4) a concise diary of the more important events on board describing the buying and selling of goods. Apart from that, one often finds copies of incoming and outgoing letters and occasionally lists of rates of currencies, Chinese weights and measures, price lists and other such information important for the trade. Unfortunately the trade account book for the Dronningen af Danmark has not been preserved.

There is another type of source, not found in the Asiatic Company’s files, but nevertheless important for the study of the early Danish trade with China. That is the travel accounts, mostly written by the ships’ parsons on board the company’s ships. As these accounts were not written for professional purposes, they are often more informative and have more detailed descriptions of China and the Chinese than, for example, the ships’ journals. They are normally also more vivid and colourful, if not always as truthful. Travel accounts were mostly written to entertain and therefore often placed too much emphasis on the dangerous and unusual aspects of the travels to China. Nevertheless, the travel accounts sometimes allow for cross references of information in ship journals, etc. and they are important sources for understanding the Danish view of China and the Chinese in the eighteenth century and the first half of the nineteenth century. There are only travel accounts from a few of the Asiatic Company’s ships, including one from the Dronningen af Danmark. The following description of the
Dronningen af Danmark’s journey to China will consequently be based partly on information from the Asiatic Company’s files and partly from a travel account written by the ship’s parson, Jens Boje, after the return of the ship to Copenhagen.

THE DRONNINGEN AF DANMARK’S JOURNEY TO CHINA 1742–44

Early in the morning on 15 December 1742, the Dronningen af Danmark weighed anchor from the roads of Copenhagen (Københavns Red) bound for China. The ship was a three-masted frigate with square sails, one of the biggest of its time. The capacity of the ship was 216 commercial lasts (one commercial last is about 2.5 tons) and she had three decks because of the large crew necessary for the journey. The captain was Zacharias Allewelt. He had already captained ships to China several times and was very experienced. The months before the departure had been busy. Money had to be raised, the ship made ready, crew signed on and goods, provisions, and other necessities bought and brought on board. The capital necessary for sending off one of the company’s ships was, as mentioned earlier, raised from the shareholders before each expedition. The
money was used to buy and fit out a ship which on the return was auctioned off together with the cargo brought home. After that the expedition’s accounts were closed and the shareholders’ profits calculated. Each journey was thus a closed business in itself.⁴

In July 1742, the Dronningen af Danmark had returned from a voyage to China. Normally thorough repairs were necessary on a merchant ship before she could sail again and the Dronningen af Danmark was probably no exception to the rule. A journey to China normally lasted 18–20 months,⁵ and on the way the ships could seldom avoid storms, foundering, serious or less serious damage or other difficulties that would cause wear and tear to the ship. The timber was also heavily battered by the long stays in tropical waters and in spite of repeated repairs a merchant ship could seldom make more than 4–5 voyages before it was broken up. This meant a lifetime of 8–10 years.⁶
THE VOYAGE OF THE DRONNINGEN AF DANMARK TO CHINA IN 1742

THE CREW

The crew on the Dronningen af Danmark can be divided into five main categories: (1) officers, (2) petty officers, (3) able seamen (AS), (4) ordinary seamen (OS) and boys, and (5) traders. The officers included captain, first mate, parson, ship’s clerk, first surgeon, and head carpenter. Petty officers included among others boatswain, cook, sail-maker, and the four quartermasters. On the Dronningen af Danmark there were 37 officers and petty officers. There were 69 AS on board, and this was close to minimum. More than 70 men were needed to haul in the heavy anchor and no less to handle the large and often frozen sails and ropes. Included in this group were also those who worked e.g. as baker, butcher, painter, or cattleman (the cattleman looked after the livestock on board). There were 10 and 16 OS and boys respectively on the Dronningen af Danmark. In the group of OS and boys were included five apprentices at navigation and negotiation and the merchant’s three boys. The traders included three supercargoes, one head clerk (overassistent), one clerk (assistent), and five deputy clerks (under-assistent). Altogether the Dronningen af Danmark had a crew of 150 and this was about average for a merchant ship sailing to China.7

The muster roll shows clearly the difference between high and low on board. The people are listed according to rank, with the captain first, and their pay varies significantly. Captain Allewelt was the best paid, receiving 24 rigsdaler a month. Next came first officer Nicolay Mandelear who received 20 rigsdaler. To give examples of the pay for the rest it can be mentioned that an AS got 2–4 rigsdaler and a boy 1 rigsdaler a month. Of the traders, supercargo Peder Gram and second supercargo Hendrich Hooglant were paid the most. They received no salary, but one-half percent and one-fourth percent respectively of the auction value of the goods.8 The lowest-paid traders were the deputy clerk, who got 4–5 rigsdaler a month – which is roughly the same as the best paid AS. Compared to the overall level of salary in Denmark around 1740 a pay of 4–5 rigsdaler a month was relatively low.9

However, as a supplement to their pay all crew members had a carrying right, i.e. the right to bring home a certain amount of goods from China, and the sale of carrying goods usually paid well. On the other hand it could also cause heavy losses for each individual if the goods were lost. For instance, during the Dronningen af Danmark’s stay in Canton a violent fire broke out and destroyed both the Danish and the Swedish factories (a ‘factory’ in this sense was a type of trading post). All the goods in the Danish factory ready for loading were lost and the ship’s parson, Jens Boje, suffered – according to his own statement – ‘such a blow that I still feel it and will continue to feel it for many years to come’.10 Because of the upcoming Christmas season and the consequent pressure of work, he had packed all his carrying goods early. The amount each individual could carry depended on the ranking on board. The captain could bring a chest 60 inches long, 29 inches wide and 29 inches high, whereas the parson, the ship’s clerk, and the first and second surgeons had to share one.11 Those not interested in carrying goods received carrying money instead as remuneration. On the Dronningen af Danmark all traders from supercargo to
the merchant’s boys intended using their rights to carrying goods, but out of the 69 AS, 39 chose instead the remuneration of 5 rigsdaler. The 10 OS and 16 boys all chose remunerations of 2 and 1 rigsdaler respectively.\textsuperscript{12}

On top of the pay and carrying right the crew was also given a reward for a journey well done. The crew could claim one-fourth of the reward when the return cargo had been taken on and the ship was 20 miles out at sea. The rest of the reward was paid when the ship had arrived home successfully. A captain received a reward of 4,000 rigsdaler. In comparison, an AS got 40 rigsdaler.\textsuperscript{13}

**THE CARGO**

On the outbound journey the *Dronningen af Danmark* carried a cargo consisting of the goods listed in Table 3.1. In addition to this there were provisions and other necessities for the journey.

**Table 3.1:** Cargo of the *Dronningen af Danmark*\textsuperscript{*}

<table>
<thead>
<tr>
<th>Type of goods</th>
<th>Value in rigsdaler, mark, skillinger\textsuperscript{†}</th>
</tr>
</thead>
<tbody>
<tr>
<td>Silver</td>
<td>166,257.5.02</td>
</tr>
<tr>
<td>Cloth</td>
<td>9,622.4.14</td>
</tr>
<tr>
<td>Pigs of lead</td>
<td>7,422.1.14</td>
</tr>
<tr>
<td>Total\textsuperscript{‡}</td>
<td>175,502.5.14</td>
</tr>
</tbody>
</table>

\textsuperscript{*} Source: RA, Asiatic Company, No. 566: Trade log Litra D. Start 1 April 1741, end 31 March 1743.

\textsuperscript{†} Rigsdaler were further divided up into the smaller denominations of mark and skillling, much like the old British system of pounds, shillings and pence.

\textsuperscript{‡} When you add up the values for silver, cloth, and lead, you arrive at a total substantially higher than the one in the trade log, i.e. 183,302.0.48 rigsdaler. The reason the total is less than the sum of the three amounts in Table 3.1 can be that the lead is not considered part of the cargo but only dead freight. If you subtract the value of the lead you arrive at a total considerably closer to the stated total, i.e. 175,879.93 rigsdaler. The assumption that the lead is not included is supported by other sources. In *Fortegnelse paa alle til China og Ostindien Udgaaende Skibe, værende det Asiatiske Compagnies gamle Octroy, fra 1732 til 1772 og i den nye Octroyes Tid indtil datum 1783* [Register of all ships bound for China and the East Indies during the period of Asiatic Company’s old charter from 1732–1772 and the new charter until 1783], Kgl. Bibl. Ny. kgl. Saml. 793 and 793b [Royal Library, New royal collection 793 og 793b] the *Dronningen af Danmark*’s cargo is registered as comprising cash of 166,257.2.10 rigsdaler and goods for 9,045.3.4. rigsdaler. The two amounts are almost identical with the amounts given in the trade log for silver and cloth, and added up they give the exact total of 175,502.5.14 rigsdaler written as the total in the trade log.
As can be seen from Table 3.1, most of the cargo was silver and this was characteristic for the whole period 1732–1843. During the years 1732–72 silver made up an average of 93 per cent of the value of the cargo of ships sailing to China and for the remainder of the period silver continued to be the most important item of export. The last three merchant ships, sent off by the company in 1826, 1829 and 1833, were, however, an exception. They carried more goods than silver to China.

The company got the necessary silver by asking for tenders during the autumn. The suppliers were partly Copenhagen merchants, partly stockbrokers, who in this period of time were often of Jewish background. Among the merchants, Holmsted, Fabritius & Wewer, von Hemert, Iselin, Desmercieres, Klöcker, Black, Faddesen and Daldorf were the main suppliers, at least until 1772. These are names that almost all appear on the list of the Dronningen af Danmark’s shareholders and this illustrates how much economic interest the Copenhagen merchants had in the Asiatic Company. Not only did they supply silver, goods and other necessities to the company’s ships, but they were also in charge of the return cargoes, and as shareholders they received part of the dividend. Among the Jewish stockbrokers names such as Unna, Samuel & Kantor, Jacob, Raphael & von Halle, Goldschmidt, Jacob Emanuel, and Lazarus Wallich were the most prevalent. From the cashbooks it appears that at least Fabritius & Wewer, one Meyer Levi Jacob, B. Samuels, E. Jacob, and A.J. Unna supplied silver to the Dronningen af Danmark.

During the mercantilistic period it was attempted to limit the export of precious metals as much as possible, and the company therefore tried to find goods that could replace silver as payment for purchases in China. The lead on board the Dronningen af Danmark was mostly intended as dead freight but from time to time the possibilities for sale of lead in China were good. The company was under obligation to the Danish textile mills to export a certain amount of cloth with each ship and this sold fairly well until 1753, after which time it became almost impossible to sell. The reason for this was that England and France flooded the market with better and cheaper products. With varying success the company also tried to find markets for pewter, cotton, spices, alcohol and dyes, but silver remained the most important trade-in against Chinese products for the entire period of 1732–1843.

When the various preparations for the voyage were done there was roll call on the Dronningen af Danmark and the company’s cash was brought on board in 27 iron-plated, sealed money chests marked DAC. The King also had a chest of money brought on board to cover the royal purchases in China; then the journey could begin.

THE NAVIGATION ROUTE AND DURATION OF THE VOYAGE

In the eighteenth century the navigation routes for merchant ships sailing to China were mostly the same. The typical route was from Copenhagen through Kattegat round the north of the Shetlands into the Atlantic. From there they
sailed south via the Cap Verde Islands, west through the South Atlantic and east off the Cape of Good Hope, through the Indian Ocean to the Sunda Strait between Java and Sumatra. From here the route was through the Bangka Strait and South China Sea to Macao. The route home went from Macao to Sunda Strait and directly to the southern point of Africa up through the South Atlantic to St Helena and from there through the North Atlantic on a route further west than on the outbound journey. In the early nineteenth century, too, merchant ships mainly seem to have followed this route.21

The navigation route for merchant ships sailing to China was mainly decided by the winds. In the Atlantic Ocean the winds are to a large extent the same year round, and this meant head wind on the way through the North Atlantic. Once across the Tropic of Cancer the ships slowly got a tail wind, but only until the Equator. Then they again met unfavourable winds which forced them far out into the ocean. Not until they were off the southern point of Africa could the ships catch the prevailing westerlies that took them past the Cape into the Indian Ocean. Here they had to catch the SW monsoon that blows from April to October, and this took them the rest of the way to China. On the way home the ships were to catch the NE monsoon which blows from
October to April. With a tail wind they could go directly to the Cape and from there they could use the favourable winds to take a more direct route through the South Atlantic than on the outbound journey. Then the wind forced the ships to curve through the North Atlantic until they caught a tail wind on the last leg of the journey.

There were, of course, exceptions to the above. On the route from Copenhagen through Kattegat and into the North Atlantic wind and weather were often against them and some ships had to put into a port of refuge in Norway or sail through the Channel instead of north round the Shetlands. This was the case for the Dronningen af Danmark. There could also be variations later on in the journey – some ships called at Cadiz and the Cape rather than the Cap Verde Islands.

It was not only the navigation route that was very fixed, but the duration of the voyages was also rather uniform. From 1732 to 1792 the predominant part of the ships sailing to China were gone from home for 18–19 months, with 7–8 months for the outbound journey, 4–5 months in Canton and then 6 months for the home journey. The ships typically left Copenhagen in December–January and left Macao around the same time the following year. Variations on this general theme were mostly on the first leg of the journey from Denmark and into the Atlantic. Almost all shipwrecks were on this stretch. Of a total of 65 merchant ships that sailed during the period 1732–72, three were wrecked on the Swedish coast and one on the Orkneys. Only two ships were wrecked later on the route. It was also on the way to the Atlantic that the more serious delays occurred. One main reason for the difficulties early on the journey was the time of departure. The merchant ships left Copenhagen in the winter when the weather was at its worst, but this was necessary to catch the right winds later on the journey.

FROM COPENHAGEN TO PORTO DE PRAYA

The Dronningen af Danmark left Copenhagen on 15 December 1742, and was now on her way up through the Sound. To take advantage of the SW monsoon later the ships had to leave Denmark at the harshest and darkest time of the year and this meant that the Dronningen af Danmark had a rough journey through the Sound. She had a head wind and it took four days to reach Elsinore, which is only a few nautical miles from Copenhagen. Here the ship dropped anchor on December 19 and took on the last supplies of water and provisions. All merchant ships sailing to China laid to at Elsinore and it was not unusual for them to have to wait for days for the right wind or for the ice to break, and for this reason a journey was not considered to have started until Kronborg had been passed.

During the following days inclement weather made it impossible to proceed. On December 21, AS Jens Michelsen Gude was the first to be put in the bilboes, i.e. the ship’s jail, where prisoners were placed in irons. He had tried to break the lock on a basket belonging to another AS. On captain’s orders he was released on December 23, was given 60 lashes with the cat for his offence and ‘for this once pardoned’. The next day prayerbooks were given out to the crew. This was probably mostly because of Christmas but Captain Allewelt might also
have hoped that some devotional reading would improve the behaviour of the crew and prevent repeats.

During the following days it grew colder and the Sound froze. What was worse, a strong current broke the ice and carried it towards the ship. On the night between December 29 and 30 the anchor could not stand up to the pressure and the ship started drifting. It was therefore decided to set sail as quickly as possible. The ice and the current made it impossible to haul in the anchor, but they succeeded in getting away by cutting it loose with the axe. The next morning the *Dronningen af Danmark* passed Skagen and set course for Norway.

Having sailed out towards the North Sea the *Dronningen af Danmark* was again forced towards the coast of Norway on 1 January 1743. In thick fog the ship barely missed foundering on the rocks and put into port at Sandø Fjorden, two miles east of Arendal. Here the ship was forced to wait until January 26 because of the winds. Almost one-and-one-half months after leaving Copenhagen the *Dronningen af Danmark* had only reached Norway. Even according to the standards of the time the journey had been very slow, but as already mentioned, delays were far from uncommon. The ship *Kongen af Danmark* (King of Denmark) which also left Copenhagen in December 1742, used three-fourths of a year to reach Ireland, though it had, admittedly, been all the way to the coast of Brazil before the winds forced it to turn around.24

After leaving Norway the wind was still head on. They had to tack and this made it difficult to stay on course north of the Shetlands. It got really bad on February 2, when the *Dronningen af Danmark* encountered a heavy storm that lasted several days and forced the crew to ‘leave everything to the mercy of God, let the ship drift where ever wind and sea took her’.25 The storm slackened after a time, but the winds were still very variable. On February 5, mittens, sweaters and socks were given out to the crew, and it is easy to imagine the need for warm clothing when sailing in the northerly waters in winter. According to regulations the only fire allowed was in the galley and the officers’ mess, cabins, and orlop deck must have been freezing cold.26 The crew were not, however, given the clothing free of charge, they were debited on their pay books, and the company took a 25 per cent profit on the sale.27

Two days later the course north of the Shetlands was abandoned and it was decided to go back to the North Sea and sail through the Channel. However, new changes of the winds made this plan impossible and the ship turned back towards the Shetlands. During the following days changing weather and the winds made it impossible to stay on course, and it continued like that until ‘the nineteenth, when we due to thick weather and daily confusion hardly knew where we were’.28 At dawn, however, land was sighted. It turned out to be the Faroe Islands on the port side and the Shetlands below. The winds were now such that another attempt was made to go through the Channel and this time it was successful. On February 28, England and France were sighted and on March 1, the *Dronningen af Danmark* passed ‘the seven white English Cliffs’.29

The ship left the Channel on March 11 and now made good time. On March 18, they passed Madeira and on March 25, they dropped the anchor in the port of Porto de Praya on the Cap Verde Islands, after two months at sea.
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Ship’s parson Jens Boje was more impressed by the harbour than by the inhabitants, whom he described as poor, haughty and simply glistening with ‘blackness’. These people had two big vices: they were so lazy that they could not be bothered to ‘do a thing, except that which sheer necessity forces them to’, and so thieving ‘that they even dare steal the hat off the head of a stranger if he is not careful’.30

Most merchant ships sailing to India or China made a stop in Porto de Praya where they stocked up on water and provisions. If not, they went to Cadiz in Spain or the Cape of Good Hope on this leg of the journey.31 In Porto de Praya the Dronningen af Danmark also had her damaged rudder repaired.

In the eighteenth century it was known fairly accurately how long a person could be at sea without developing scurvy or other deficiency diseases. The limit was 150 days and the route to China was arranged with regular stops for fresh water and provisions, and deficiency diseases were therefore not among the main causes of death on board the Danish Chinamen.32

FROM THE CAPE VERDE ISLANDS TO JAVA

On April 7, the Dronningen af Danmark put to sea again. The wind was favourable and the ship made good speed. On April 14, there was the customary collection of money for the poor people of Copenhagen. Each man promised to give money as befitted his rank and income – but only if the ship came home safely. The collection, which was repeated several times during a voyage to China, in this instance brought in 72.5 rigsdaler.33 On April 19, the Dronningen af Danmark ran into an awful storm, which has been colourfully described by Jens Boje:34

On the same day we encountered thunder and lightning which hit the ship as glowing sparks and stung the legs of those of us who were on the quarter-deck; and as our boys were aloft to take down the topgallant sail one of them, by name Gregorius Ludwig, was killed either by a thunderbolt or suffocated. The other boys who were with him started screaming and moaning and some of them fell down with the dead one and got stuck in the ropes, others were carried down crying and wailing, but God showed mercy and no one came to any real harm except the one who lost his life. This happened at 2 degrees 27’ north and was truly the most horrible I have experienced and seen.

On April 28, Gregorius Ludwig’s possessions were put up for auction and brought in 21.5 rigsdaler.35

The way Gregorius Ludwig died was typical for the lower ranks on board a merchant ship sailing to China.30 The dangerous work in rigging and yards was done by boys, OS and AS, and about half the deaths occurring in the first two categories were due to accidents of work. Most of them were, however, far less dramatic than the ones above. The many accidents among boys and OS were not caused solely by the nature of the work, but also by their inexperience. As the youngest on board the boys and OS were especially vulnerable to accidents. Among the AS, accidents caused about a third of the deaths, and among the officers who did not take part in the dangerous work on board infectious diseases
CHINA AND DENMARK
were the most frequent causes of death. Officers had the highest rate of death on board, partly because they were the oldest, and partly due to the sanitary conditions on board. The lower-ranking seamen relieved themselves in the head, where there was a risk of being swept overboard, but this was relatively hygienic. The officers, however, used the dry gallery abaft and at night the same chamber-pot, and this no doubt contributed to the spreading of diseases among them.

The Dronningen af Danmark passed the Equator on April 26 and the voyage now entered a more quiet phase. The wind was not always favourable, but May and June went by without any real difficulties. From the Cap Verde Islands they sailed near the coast of Brazil, then turned and set the course south of Africa. On June 17 Africa's coast was sighted about seven miles north of the ship. From the southern point of Africa the Dronningen af Danmark continued across the Indian Ocean to Java which was reached mid-August. The stopover at Angrim about 12–16 miles up the Sunda Strait is described as follows: '[H]ere we stayed for four days and took on a heap of fresh water, buffaloes, ducks, chicken, turtles, fruit of several kinds, and we really needed it all'. That is understandable. The Dronningen af Danmark had spent four months at sea and this was close to the maximum if scurvy was to be avoided. The crew undoubtedly needed a change from the monotonous diet that mainly consisted of bread, butter, and salted meat. On the last part of the voyage from the Cape the supplies of these items had diminished so much that Captain Allewelt had ordered that the regular afternoon meal be replaced by porridge.

FROM JAVA TO CHINA
On August 18 the Dronningen af Danmark left Java and sailed through Bangka Strait into the 'Indian North Sea', i.e. South China Sea. A little more than a month later China was sighted. On September 21 the Dronningen af Danmark anchored at the rocky island of Saint John about 20 miles west of Macao where the entrance to Canton starts. The goal had almost been reached and still the voyage could easily have ended here. On September 22, a horrible storm blew up and nearly smashed the Dronningen af Danmark against the rocks. In the violent storm the anchors could not hold the ship and only by cutting down most of the rigging did the crew manage to lessen the storm's hold on the ship enough to stop her drifting towards the dangerous rocks.

Before the storm really started Holmsted, the head clerk, and Cretzmer, the clerk, had gone to Macao on a Chinese sampan, and when the storm dropped again the supercargoes followed them. In Macao they were to pay a formal visit to the Portuguese Governor and at the same time sound out the conditions in Canton, especially as to whether the previous conditions for trade had changed. After the visit to the Governor of Macao, the next task for the supercargoes was to get the permission necessary for trading and to settle obligations and rights. They also had to employ a river pilot and a comprador (a kind of middleman). Chinese regulations demanded that sampan people, artisans and purveyors of provisions, etc. made arrangements with Europeans only through a
THE VOYAGE OF THE DRONNINGEN AF DANMARK TO CHINA IN 1742

comprador, who was thus a very important person. There was a distinction between a ship’s comprador who looked after the ship’s provisions, and a house comprador who looked after the factory. Apart from the Chinese hong merchant and the comprador there was another person who was indispensable to foreigners during their stay in Canton. This was the interpreter, who translated and aided the hong merchant. In addition to this there were various servants. During the first years of the China trade no Danish ship sailed up the Pearl River before these formalities were in order. Later they just took on a pilot at Macao and took care of the rest after arriving in Canton.

The pilot for the Dronningen af Danmark came on board on September 24, and he saw the ship the last stretch up the Pearl River. For the first 75 km the river is very wide but it then narrows and becomes a 4-km-wide strait with mountains on both sides. The spot called Boca Tigris, Tiger’s Mouth, had two Chinese fortresses at that time. From here there were about 45 km till the anchorage at the island of Whampoa (Huangpu). Shortly before Whampoa the river bends sharply westward and divides into several branches. The most northerly which runs between Whampoa and the northern riverbank was used as anchorage for the foreign trading ships, and it was here that the Dronningen af Danmark dropped her anchor on 20 October 1743, having ‘from Copenhagen on the outbound voyage floundered about for 309 days, a large number of which had been very hard’.

CONDITIONS OF TRADING

When Danish merchant ships started sailing to China regularly, they could freely choose between ports such as Canton, Xiamen (Amoy), Fuzhou and Ningbo. The Danish and most of the other foreign trade did, however, go via Canton, which was the most flourishing. This was partly because Canton traditionally had traded a lot with foreigners and partly because it was closest to Southeast Asia. There were corruption and high taxes on foreign trade in all Chinese trading towns, but in around 1753 conditions in Canton were so glaring that the English decided to aim for Ningbo. Prices and taxes here were considerably lower and during the following years there was an increased English trade there. The more satisfying conditions for trade in Ningbo were, however, short-lived. In 1757 the Governor General of Canton, who was worried about the diminishing trade in the town, asked the court to raise taxes in Ningbo, and this was done. In all the northern ports, not only in Ningbo, taxes were raised so much that Canton became the only town where it paid for foreigners to trade.

The reason behind the court’s decision was partly the fear that Ningbo should become a new Macao, and also partly fear that widespread trade in Ningbo, Shanghai and Xiamen would be hard to supervise, as these towns (unlike Canton) were on the coast. Furthermore, increased trade in the north could cause serious problems for those groups of people in Canton living off foreign trade. The raise in taxes on the northern ports in reality gave Canton a monopoly on trade with foreigners, and two years later it was made official. In 1759 there came an imperial decree which closed all ports other than Canton
to European ships. This was of no real significance for the Danes as they had from the start decided to trade only in Canton.

There was constant bartering between Chinese civil servants and merchants on the one side and foreign traders on the other in Canton. In order to strengthen their position and secure decent prices a group of Chinese merchants had in 1720 formed a Cohong, a Merchants’ Guild or Chamber of Commerce, which tried to monopolize foreign trade. They did not succeed at first, as the first Cohong was dissolved after one year after protests from foreigners and those Chinese merchants that were kept out of the guild. In 1745 the Chinese authorities, however, started a system with security merchants that comprised all the old hong merchants, and this not only gave them a monopoly on foreign trade and empowered them to make conditions for the trade, but also made it their responsibility that foreigners paid customs and taxes and adhered to the rules in force at the time. Later the hong merchants also became middlemen for the foreign traders, who did not themselves have the right to negotiate with the Chinese authorities. In 1760 the Cohong was officially revived, in 1771 it was dissolved again, but from 1782 and up until the Opium War the hong merchants of Canton managed to hang on to their monopoly on trade with foreigners with no more interruptions.

Around 1760 China’s foreign trade had developed most of the traits that were characteristic of what was later called the Canton system. Foreign trade was handled solely through Canton, and here it was limited to a small group of privileged merchants, who not only set prices, sold goods and guaranteed that foreigners paid taxes and behaved correctly, but also managed the bank business, did translations, and offered a long list of other services to the authorities. The Canton system worked from about 1760–1834.

During their stay in Canton the foreign traders were subject to various rules and regulations. Some of the more important were the following:

1. Men-of-war must remain outside the river, and must not enter the Bogue.
2. Women could not be brought to the factories; neither could guns, spears, or other arms.
3. Hong merchants must not be in debt to foreigners.
4. Foreign traders must not engage Chinese servants.
5. Foreigners must not use sedan chairs.
6. Foreigners must not row for pleasure on the river.
7. Foreigners must not present petitions.
8. In the hong merchants’ factories foreigners must be under the restraint and control of the hong merchants.
9. Foreigners must not remain at Canton out of season.

Added to this were, among other things, a ban on moving outside the limited area surrounding the factories, and a ban on learning Chinese.

Even though not all of the above bans were enforced strictly, it is still surprising that the Europeans accepted them. Why did they sail up the Pearl
THE VOYAGE OF THE DRONNINGEN AF DANMARK TO CHINA IN 1742

River keeping their cannons silent, keep to the restricted areas and subject themselves to Chinese law, when they in many other areas did not hesitate to use power to rid themselves of obstructions? An important reason was no doubt the enormous profits on the China trade. The foreigners were dissatisfied with the control, the bans and the often condescending treatment, but they did not try to change it because that might hurt the trade. Furthermore, the Canton system was not something unknown to the merchants; on the contrary, it was quite similar to what was known in their own countries. During the mercantilistic period in Europe it was the norm that privileged merchants were given a monopoly on part of the trade, and this was also the case in China. The European merchants and the Chinese hong merchants worked under comparable conditions, and this was an important part of the good relations between them.

Another reason for the good relationship between Danish and Chinese merchants was the honesty, loyalty and sound business principles of the Chinese merchants. The following will illustrate some of these qualities that were often stressed by the Danes. When war broke out between Denmark and England in 1807, the Asiatic Company’s China trade came to a standstill, and not until 1819 did a company ship arrive in Canton. Here the Danes found not only all their property intact in the old factory, but also a tea lot which hong merchant Chunqua had bought for the company following an order in 1806. The tea was now completely useless, but Chunqua not only took half the loss and reduced the interest payment on his outstanding account, but also lent the company 66,000 taels to purchase a return cargo. Given this background it seems only reasonable that the Danish king, at the company’s request, presented Chunqua with his portrait as thanks for his help. The painting was sent with the company’s next ship to China, and Chunqua sent back a portrait of himself. This is now part of the collections of the National Museum’s Ethnographic Department.

CHINA SEEN FROM THE DRONNINGEN AF DANMARK

The Dronningen af Danmark arrived in China in October 1743, and through reading a travel account written by parson Jens Boje after his return to Copenhagen, we can get an impression of the contemporary view of the country and her inhabitants. By comparing Boje’s account with Skonning’s description one century earlier (see Chapter 2), we may also get an idea of whether the attitude towards China and the Chinese had changed.

Jens Boje describes China as a very big and ‘rambling’ land which abuts the ‘Great Tartary’ to the north, and Persia and the Kingdom of ‘Ziam’ to the west. To the south it reaches further than the Tropic of Cancer, and to the east and south it is washed by the big ‘Indian North Sea’. In Skonning’s earlier report China is also described as enormously big, but the geographical position of the country is different. This is probably because Skonning uses written sources rather than his own observations. Otherwise he could hardly have ignored the ‘Indian North Sea’ which all Danish merchant ships had to cross on the way to Canton.
CHINA AND DENMARK

If Skonning and Boje disagree on the geography of China they both stress the abundant flora, the varied fauna and the rich natural resources. Both of them write for example that there are abundant quantities of gold in China, and Boje points out that the inhabitants do not feel the ban on using the country's silver deposits, because 'enough silver grows on their tea trees, and is also dug up of their clay-digs, for as long as there are Piasters in Spain and Specier in Germany'. Here Boje, of course, indicates China's lucrative trade in tea and porcelain.

Just as Skonning does, Boje mentions the wall that borders China to the north. Where Skonning writes that it protects the Chinese against raids from outside, Boje points out that the wall 'has not been enough to enjoy complete security from enemy attacks'. In 1644 China was conquered by the easterly neighbours of Tartary, the 'Tungusian Manchus, and this is the reason why Skonning and Boje assess the defence value of the wall differently. China was conquered after Skonning wrote his book, but before Boje started his.

About the Chinese Boje says that there are so many that one can hardly believe it. It would be an advantage for 'restless potentates who always want war and unrest' but it also means that most inhabitants are so poor that they hardly have anything 'with which they can hide their blushes'. Boje's account of the social conditions in China are in sharp contrast to Skonning's. Where Skonning holds up China's good social system, Boje talks of inhabitants who for the most part are so poor that they hardly have any clothes. Here, too, the differences are probably due to Skonning's report being based on older, written sources while Boje describes the conditions as he saw them in the large port of Canton.

Boje generally feels that the Chinese are handsome and well-proportioned. He does, however, describe their noses as Skonning does – 'flattish' – and their eyes as very small. He describes the Chinese colouring as pale or palish yellow. Skonning and Boje describe the looks of the Chinese in the same way with the skin colour as the essential exception. From 1641 to 1742 the description has changed from the 'normal' European to pale or palish yellow. In Boje's time the yellow colour has not as yet any negative associations, however. This does not occur until later.

Boje writes that the Chinese are 'very quick to imitate all things they see, but do not seem as ingenious at inventing anything' – a picture of the Chinese which can still be found today. The Chinese are by nature merchants and have an 'unsatiable greed for riches'. This last is partly, according to Boje, because of their addiction to carnal lust – any Chinese may have as many wives he wants – and partly because their religion teaches them that the richer, grander and fatter a person becomes in this life the better the chances are to be so in the next as well. Nevertheless Boje feels that the Chinese generally 'are much better than one can otherwise expect to find in pagans', and they are nice and accommodating to be with 'when you keep your eyes peeled and do not irritate them too much'.

If the Chinese are greedy in some areas they do not, on the other hand, demand a lot when it comes to food and drink. They make do with rice, fish, and fruit and drink tea or water with pepper. They know alcohol, but seldom drink more than they can carry.
Boje agrees with Skonning that the Chinese are pagans, and he also tells us that they generally pray to an evil and a good being. The evil one is honoured so that he will not harm them, and the good one so he may bring them happiness. The sun, the moon and the stars are also worshipped at the great feasts. When something good happens to a man he asks the priests to say ‘Zing Zang’, a thanksgiving, to the god ‘Jass’ and he also brings offers to the god. But if his life is bad he may whip his Jass for the lack of luck. The Chinese are by no means slaves to their religion. On the contrary, according to Boje, they have a very relaxed relationship to it, which can be seen from the fact that a European may ‘tap their idols’ noses with the end of a stick and they do not seem angry, when it is not done with too much alarum or abuse’. One is tempted to believe that Boje has tried it.

Boje blames the Catholic missionaries for the poor expansion of Christianity in China. After an early progress the missionaries promised the Pope that the entire country would be converted and there would be large tributes to Saint Peter and the Holy See, but, notes the Protestant Boje openly gloating, ‘neither Peter nor the See got anything’. The missionaries could not confine themselves to religion but became ambitious and wanted to interfere in everything. This, combined with a lavish living, a sinful behaviour, and ‘carnal lust’, made them hated in China and they lost the chance of converting the Chinese to Christianity. Boje tells us that there are still stories going round about the Catholic missionaries that clearly show ‘which fruits grow out of a forced and compulsory celibacy’.

Finally, Skonning’s and Boje’s different view of China’s technological and scientific stage must be mentioned. Skonning is impressed, Boje is definitely not. Here, too, Skonning’s and Boje’s differences of opinion can be explained through Skonning’s use of older, written sources. Marco Polo’s description of China, which is the one source that is readily identifiable, was written about the year 1300. At this time China was in many areas leading in technical and scientific terms, and Marco Polo’s enthusiasm for what he saw was adopted by Skonning when he wrote his description centuries later. When Boje went to China it was clear that Europe had taken the lead where science and technology were concerned and this influenced Boje’s appraisal of what he saw.

In conclusion it must be said that Boje’s view of China was clearly more critical than Skonning’s. There were probably several reasons for this. For one thing China had definitely left the unknown world during the century between the two descriptions and was now part of the Europeans’ economic circle. This in itself made the country less qualified as an ideal. Ideals tend to pale when they come too close and Boje found that China had fallen behind in technology and science, and that the Chinese in Canton were as greedy and hungry for profit as people in any other large city of commerce. It is, however, too simple to say that Boje’s more critical view of China and the Chinese is due to the fact that he had been there and met them himself. In reality, what Boje saw was very limited. As with other Europeans of the time he had to be satisfied with making his observations from the river, where the foreign ships were
anchored, and the small area around the factories where foreigners were allowed to go.

Boje’s more critical attitude must therefore also be taken as an early expression of a development which in time would give China a new place in the minds of the Danes. The writers in the Age of Enlightenment were generally positive in their descriptions of China and often singled out the country for its rational form of government and its high level of development. As China became the target for European expansion the descriptions of the country became more negative, however. They were more and more often intended for other purposes than information. It was in the interest, for example, of the missionaries to depict China as an unhappy and impoverished country, crying for help from outside. Added to this was the fact that Denmark, after the seventeenth century’s wars and chaos, started enjoying a long period of peace and therefore did not need China as an ideal or a symbol of a better world as much as earlier.

Boje did not intend anything other than to inform, but the more stable conditions in Denmark and the beginning of Eurocentrism and a feeling of superiority towards the rest of the world influenced him, and helped give his description the slightly negative stamp. Boje did not, however, describe the Chinese nearly as rudely as the inhabitants of Saint Jago. The ‘black, lazy, and thieving’ islanders were clearly far beneath the Chinese in a racial hierarchy that would slowly evolve during the next centuries.

8. The European factories in Canton. The Danish factory was the furthest west. Handels- og Søfartsmuseet på Kronborg, Elsinor.
THE VOYAGE OF THE DRONNINGEN AF DANMARK TO CHINA IN 1742

THE STAY IN CANTON

After the arrival at Whampoa all the foreign trading ships were grouped in a long row on the river between Danish Island, French Island, Whampoa, and the Honan Islands, and in the course of the years each trading nation was given a fixed anchorage. The Americans were innermost, then came the Dutch and the Swedes, then the Danes and the French near the islands named for them, and outermost the British. During the first half of the eighteenth century it was not uncommon for there to be about 10 foreign ships with a crew of at least 1,000 men on the roads. Later in the century the number of ships doubled.

During the stay in China the Dronningen af Danmark was stripped and repaired. A warehouse (bankesal) where yards, masts and sails, and other parts of the ships could be repaired and looked over, was built on the island of Whampoa. Goods, either on the way to the factories or waiting to be loaded on board the ship, were also placed here. The crew kept busy with watches, sailing to and from the factory and other small jobs, but for many time passed slowly. Possibilities for activities were also very limited. The foreign traders had the right to bring merchandise and other goods between the ship and Canton, but were only allowed to sail on the river for pleasure a few days a month and were not allowed to go ashore to any places other than the factories. During the first many years there were in reality only two places that foreigners could visit. Those were Fati, the flower gardens, and Honam Josshouse, a Buddhist temple near the factories.

Before the actual trading could start the Dronningen af Danmark had to be measured. This event, which had developed a ceremony all its own, was very important because customs and taxes were paid according to the size of the ship. On October 25, the Hoppo came on board 'in his great Chinese Magnificence.' The Hoppo was the supervisor of foreign trade in Guangdong. He was the representative for the Imperial Household Department in Peking and it was his responsibility that customs and taxes were collected and sent to the Board of Revenue in the capital. His title was possibly a derivation of the name of this board. Custom demanded that the Hoppo was greeted with a nine-gun salute, and the captain welcomed him at the gangway. The Asiatic Company did not have a real uniform for its AS but they were nevertheless dressed almost identically. Around 1745 the dress was a blue-striped blouse and blue felt jacket, white linen shirt, pants, dark-blue stockings and buckled shoes. Later a stiff, black hat and a pair of yellow Nanking trousers became part of the outfit. Before the measuring began the Hoppo was offered wine and biscuits in the captain's cabin. Here they complimented each other and exchanged gifts. After the measuring it was decided how much the ship should pay in customs and taxes, and the Hoppo departed. When he left the ship he was again saluted with nine guns.

Now that all formalities were over, the hatches could be opened and the cargo taken to the factory. From the anchorage at Whampoa there was about 25 km to the European factories' landing point, Jack-ass Point, on the north side of the river at Canton. All transport of goods and personnel was on water and it took a couple of hours for a well-rowed ship's barge to make the trip.
ping ashore at Jack-ass Point you could see the factories situated in a row along the river about 100 metres from the shore. The area that the Chinese had given the Europeans was small and walled. Only the Chinese employed in trade could enter. To the north the area was bordered by ‘Thirteen Factory Street’. This ran along a high wall that divided the European part of town from Canton itself. To the south was the river. Between the river and the factories there was a space of about 95 metres wide and 320 metres long. This was open but bordered by walls to the east and west.61

The Danish factory, which was rented like all the others, was the farthest west. It faced the river and the landing point where the sampans anchored when they brought goods to and from the ships. The back of the building faced Thirteen Factory Street. Along the east side of the factory was New China Street which was a busy shopping street. The factory comprised a long warehouse, stretching all the way from the open space in front of the factories to the street behind, and a number of side buildings. In the cellar of the factory there was a warehouse for the coarse goods. On the ground floor there were offices, test rooms, warehousing for finer goods, rooms with tables for weighing fine and coarse goods, room for the comprador and his helpers and finally a massively built safe of granite with doors of iron where the 28 money chests from the Dronningen af Danmark were put. The safe was necessary because there was no bank. On the first floor there were dining rooms and sitting rooms, and on the top floor there were bedrooms. In the ship time, i.e. the time when the ship was anchored at Whampoa, the supercargoes and the other traders resided in the factory. The captain and most of the crew were also entitled to stay there for a shorter or a longer time, while the surgeons were only allowed at the factory when they were on sick calls. Otherwise their place was on the ship looking after the crew.62

Soon after the arrival in Canton the supercargoes met with the ‘stay-overs’ (overliggere) from the year before. Because the hong merchants drove the prices up during the months when there were most foreign ships in Canton, the Asiatic Company had decided in 1742 that a couple of supercargoes should stay in China. They should try to get some good contracts during the quiet time when there were few ships, and they succeeded so well that the arrangement became permanent. When a ship arrived the ‘stay-overs’ lived in the factory together with the traders from the ship, and when the ship sailed again they went to Macao. Foreigners were not permitted to stay permanently in the factory, as already mentioned.63

All traders were gathered in a council that had a number of important tasks and duties. The council had to go through the transactions made by the stay-overs, pay off old debts and get information about the ships from the other trading nations, the size of the capital brought along, etc. The most important task for the council was to sell the goods brought out and buy a return cargo; the success of the whole expedition depended on the council’s ability.64

As the trade account book from the Dronningen af Danmark has been lost there is no precise list of what the ship brought home from China. A calculation of the return cargo, which Captain Allewelt made during the stay in Canton, may, however, give an indication.65 The cargo consisted mainly of tea. The next
important item was porcelain. Added to that came sago, in which the porcelain was to be packed, brown sugar, tutenag, rhubarb, and galingale to be put between the tea chests. This would partly stabilize the cargo and partly absorb any moisture which could harm the tea. The carrying goods that the crew brought with them were mostly porcelain and silks.

As mentioned earlier, the Danish merchant ships were primarily loaded with silver on the outbound voyage; the return cargoes were tea. The most common types were black and green, and they existed in many different qualities. The English East India Company imported four different kinds of black tea and three kinds of green tea from China. The finest and most expensive was called *pekoe*. This was made from leaf-buds and just unfurled leaves. The next finest was *souchong* which was made from completely unfurled leaves. Because of the large demand in Canton the *souchong* was almost as expensive as *pekoe* and sometimes even more so. After that came *congo* made from larger and coarser leaves. The cheapest and lowest-ranked black tea was *bohea* made from the coarsest leaves, stems from the tea bushes and leavings from the other teas. The finest green tea was called *bing*, then came *heyson* and at last *singlo*, which cost only a little more than *bohea*. In 1720–60 the East India company imported mainly the cheap *bohea* and *singlo*, while only small amounts of the finer teas were brought home. The cargo of the *Dronningen af Danmark* also mainly consisted of *bohea* and *singlo* teas. In addition there were small quantities of *pekoe*, *congo*, *bing*, *heyson*, and a tea called *ziounzioung*.

Porcelain was also an important return cargo for the Danish merchant ships. It was bought in large quantities and usually put in the lower hold because it would not be damaged by any water leaking in. From the end of the 1730s the ships of the Asiatic Company also started carrying home silks, but this import was very harmful to the Danish silk industry and stopped around 1760. Sago, brown sugar, ginger, pewter, laquerware, mother-of-pearl, cane and pharmaceutical herbs such as borax, rhubarb, china-root and star aniseed were also brought home, but these goods were not of nearly the same economic importance as the tea.

**THE VOYAGE HOME**

At the end of January 1744 the *Dronningen af Danmark* had been loaded with return cargo, the ship had been rigged and the return journey could start. She reached Sumatra at the end of February, passed the Cape early in May, and after a stop at St Helena at the end of May, the voyage continued northwards and the ship passed the Shetlands on August 24. Norway was sighted two days later, and ‘finally we arrived again on the second, God be praised! on the roads of Copenhagen happily from a journey that lasted for 627 days, and which I shall not until my death forget with all its great troubles and pains’.69

**THE AUCTION AND THE END OF THE EXPEDITION**

After the return the cargo was to be sold, the accounts to be made up and possible profits paid to the shareholders. The auction started on October 21, and
when it was over and the accounts settled the shareholders received 1,049 rigsdaler in dividend on each share. Compared to the payment of 634.4 rigsdaler per share this was not a bad result. Of the goods auctioned off, 60 per cent were re-exported, which was a comparatively small share. From 1732–52 an average of 77 per cent of the goods from China were re-exported and from 1753 to 1770 the figure was even higher, 81 per cent. For the rest of the period until 1843 the main part of the goods from China continued to be sold abroad. The buyers at the auctions were mainly big Copenhagen merchants who were also taking care of the sale of goods to a third country. The large re-export was necessary as the Danish home market was too small to absorb all the goods imported from China. A regulation that permitted lower taxes on re-exported goods was also a strong inducement for selling abroad.

The successful voyage of the Dronningen af Danmark was far from unique. It is just one example of the successes experienced by the Asiatic Company in its first charter period. Essential reasons for the success were that Denmark during this time managed to stay out of wars and power conflicts, that the market for Asiatic goods grew in Europe, and that the Asiatic Company could reap the fruits of the work that its predecessors had done in establishing themselves in India and China. These conditions made it possible to form the continuity and regularity that the earlier companies had lacked. The Asiatic Company sent ships to India and China on a yearly basis and held regular auctions. In this way it was finally made possible to realize the old dream of making Copenhagen a European market for Asiatic goods that could keep the customers year after year.

The size of the trade of the Asiatic Company was far greater than that of the earlier companies. Where the first East India Company had brought home 7 cargoes and the second East India Company about 45 cargoes from Asia, the Asiatic Company had already in its first charter period held 94 auctions on return cargoes from India and China for a total of 41,101,829 rigsdaler. Of this, the China trade accounted for 31,233,155 rigsdaler, and this shows that the trade with China was by far the most important of the activities of the Asiatic Company during the first charter period.

CHINA TRADE UNDER THE ASIATIC COMPANY’S LATER CHARTERS

In 1772 the Asiatic Company had its charter renewed. The charter extended the company’s monopoly on the trade with China but trade with the rest of Asia was declared free. This did not have a negative influence on the company’s economy, though, because as mentioned it was on the China trade that the company made the largest profits; and during the following years the company could benefit from the wartime conditions because of a consistent Danish policy of neutrality. The wartime conditions, the policy of neutrality and the fact that there were abundant quantities of cheap British-Indian loan capital available ensured the conditions for the company to extend its activities during the coming years.

From 1772 to 1807, i.e. all of the second and a little more than half the third charter period from 1792 to 1812, the Asiatic Company had 124 ships bring home cargoes from India and China which were sold for a total price of
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75,128,940 rigsdaler. Added to this was an income from a few cargoes from other parts of Asia. It has been calculated that 15–20 per cent of the total income from the auctions was used in Copenhagen and there is no doubt that Asiatic Company’s trade was of great importance to the economy of the town if not the entire country. The value of the Chinese cargoes was 39,856,711 rigsdaler and this made the China trade – on which the Asiatic Company had a monopoly also in the third charter period – the most important activity for the company. As was true of the India trade, the China trade was, however, characterized by large fluctuations during the years 1772–1807.

During the first years of the second charter the level of activities for the company was about the same as during the first one, but after about 1780 it increased sharply. The most important reasons for this were the War of Independence (1776–83) in America, which hindered the rivals in their trade, the availability of cheap Anglo-Indian loan capital, and most of all a heavy British duty on tea, which made it profitable to smuggle tea from Denmark into the British market.

As early as the 1780s, however, the company’s China trade started to decline. This was not so much due to the Peace Treaty of Versailles (1783) as to the falling demand in the European market. The reason for the trouble was England. The British government had imposed rising duties on tea, and in 1780 they had reached 114 per cent. The heavy British duties had, as mentioned, made it a profitable business to smuggle tea and for the most part the tea brought home by Danish and other Continental companies ended up smuggled into the British market. However, in 1784 the British government had had enough, and from one day to the next the duty was reduced to 12 per cent. This took away the advantage of smuggling and was a disaster for the Danish company, which lost an important market and now had to compete on the smaller Continental market, not only with other continental companies but also with the mighty East India company and the extremely competitive Americans. At the same time the company’s trade with India was diminishing and this meant, in reality, that the fate of the company was sealed.

When war broke out between Denmark and England in 1807, the Asiatic Company was on the point of bankruptcy. At the conclusion of peace in 1814 the situation had not improved. Up until 1833 the company succeeded in sending off five merchant ships, but the results were not encouraging, and slowly it became clear that the company could not be saved. In 1838 the shareholders decided to wind up the company; this was completed in 1843.

CONCLUSION

The Dronningen af Danmark’s voyage to China 1742–44 was in many ways typical of the early Danish sailings to China. Ship and crew, the navigation route, the cargo – silver outbound and tea coming home – were similar to those on all other Danish ships going to China from 1732 to the late 1780s. The results of the journey were also typical. As was true of almost all Danish merchant ships sailing to China, the Dronningen af Danmark returned safely and once the cargo had been sold the shareholders received decent dividends.
CHINA AND DENMARK

In the course of the 100 years that the Asiatic Company traded with China, the Danes and the Chinese had the possibility of direct and regular contact for the first time. It is not known whether this influenced the Chinese view of the Danes, but it seems certain that it contributed to making the Danish attitude towards China more negative. From being an ideal in many areas in the first comprehensive description of the country in Danish from 1641, China was, in parson Jens Boje’s description 100 years later, reduced to a trading partner which, apart from tea, silk and porcelain, did not have much to offer the West. The changed Danish picture of China was due not only to direct and frequent contact between the two countries, but also, to a large extent, to the overall economic, political and religious conditions, which determined a certain attitude towards the country. This tendency was to become even more pronounced over the next centuries.

NOTES

1 Jens Boje, *Journal paa den anden Reyse til China med Skibet Dronningen af Danmark, Indeholdende de merkværdigste Ting, som fra Reyseens Begyndelse Anno 1742 og til dens Ende 1744 ere arriverede. Samt lidet om nogle Landes Vesen og Beskaffenhed* [Journal of the second journey to China with the ship Queen of Denmark, containing the most peculiar events, from the beginning of the journey in 1742 to its ending in 1744. Also a little on the nature and character of some countries], Copenhagen: Glasing, 1745. The verse written in the introduction to the book was always, according to the author, of comfort on his travels to China.


3 This type of source is included in Hans J. Hinrup and Bo Gregersen, *Dansk Kina-bibliografi 1641–1949* [Danish China-bibliography 1641–1949], Århus: Aarhus University Press, 1991.

4 *Octroy 1732*, p. 86; See also Kamma Struwe, *Dansk Ostindien 1732–1776* [The Danish East Indies 1732–1776], pp. 27–28, vol 6. in Brøndsted, *Vælde Tropkolonier*.


6 Around 1780 the English began, however, giving their ships a copper sheathing which prolonged the life of a ship by about four years. See Aa. Rasch and P.P. Sveistrup, *Asiatisk Kompagni i den florissante Periode 1772–92* [The Asiatic Company in the flourishing period 1772–92], Copenhagen: Gyldendalske Boghandel, Nordisk Forlag, 1948, p. 206.

7 RA, *Asiatisk Kompagni*, Nr. 646; See also Erik Gøbel, ‘Sygdom og død under hundrede års kinafart’ [Sickness and death during 100 years of China trade], *Handels- og Søfartsmuseet på Kronborgs Årbog* 1979. Selskabet Handels- og Søfartsmuseets venner, 1979, pp. 76–81.

8 The information about salary for the supercargoes is from Knud Klem, ‘Den danske Kompagnifart’ [The Danish company trade], in Olof Hasslöf et al (eds), *Sømand,
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RA, Asiatisk Kompagni, Nr. 288.


RA, Asiatisk Kompagni, Nr. 882. ‘DAC’ is an abridgement for Danish Asiatic Company.


See Deuntzer, Af det Asiatiske Kompagnis Historie, p. 18.


RA, Asiatisk Kompagni, Nr. 882.


Boje, Journal paa den anden Reyse til China, pp. 15–16.

See Jul Lehmann, Til Østen under Sejl [To the East under sail], Copenhagen: Gyldendal, 1935, p. 15. The orlop deck is the lowest deck of a ship with three or more decks.

RA, Asiatisk Kompagni, Nr. 882.

Boje, Journal paa den anden Reyse til China, pp. 18–19.


Ibid., p. 28.


RA, Asiatisk Kompagni, Nr. 882.


RA, Asiatisk Kompagni, Nr. 882.


The head is the seamen’s latrine in a ship’s bow.

The gallery is a platform around the stern, common in old-time vessels.
41 A sampan is a light, flat-bottomed boat for transport, especially used to sail on rivers and in ports.
42 Struwe, *Dansk Ostindien 1732–1776*, pp. 132–133.
47 This explanation is in Struwe, *Dansk Ostindien 1732–1776*, pp. 136–137.
49 This and the following quotations are all from Boje, *Journal paa den anden Rejse til China*, pp. 56–115.
50 The ‘Indian North Sea’ is now called the South China Sea.
51 In early reports the Chinese, as opposed to Africans and Indians, were often described as white men who had a lot in common with the Europeans. See for instance Demel, ‘Wie die Chinesen gelb wurden. Ein Beitrag zur Frühgeschichte der Rassentheorien’; Elisabeth Eide, ‘Når to kulturer møtes – kristendommens møte med kinesisk kultur’ [When two cultures meet: Christianity’s encounter with Chinese culture], *Norsk tidsskrift for misjon*, No. 4, 1990, pp. 209–210.
53 Eide, ‘Skandinaviske Kina-bilder’, p. 35.
56 Boje, *Journal paa den anden Rejse til China*, p. 54.
57 Fairbank, *Trade and Diplomacy on the China Coast*, p. 49.
58 Larsen, *Den danske Kinafart*, pp. 29–30. Nanking trousers are trousers made from nanking (nankeen), a heavy and usually weather-proof ticking made from cotton in twill weave (originally yellow), which has been named after the town of Nanjing.
59 A factory is a merchant company’s foreign trading station.
60 A barge is the second boat of a man-of-war, for the use of the chief officer.
61 Lehmann, *Til Østen under sejf*, p. 11.
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64 Larsen, Den danske Kinafart, p. 36.
65 RA, Asiatisk Kompagni, Nr. 882.
66 Tutenag is Chinese nickel silver. Galingale is the pungent aromatic rhizome of various plants related to true ginger.
67 Feldbæk and Justesen, Kolonierne i Asien og Afrika, p. 143.
70 RA, Asiatisk Kompagni, Nr. 289; RA, Asiatisk Kompagni, Nr. 567.
71 The payment includes share in cargo, fittings and insurance.
72 See Fortegnelse paa alle til China og Ostindien Udgaende Skibe.
74 On the Asiatic Company’s successful trade in the first charter, see also Feldbæk, ‘Den danske Asienhandel 1616–1807: Værdi og Volumen’ [Danish trade with Asia 1616–1807: value and volume], pp. 324–327.
75 See Feldbæk, ‘Den danske Asienhandel’.
76 Feldbæk and Justesen, Kolonierne i Asien og Afrika, pp. 201–253. See also Rasch and Sveistrup, Asiatisk Kompagni i den florissante periode 1772–1792.
77 This and the following figures are all from Feldbæk, ‘Den danske Asienhandel’.
78 Ibid., pp. 332–333.
Denmark’s China Policy 1845–64
The Diplomats Enter the Scene

Mads Kirkebæk

The dissolution of the Asiatic Company in 1843 marked the ending of the period with privileged trading companies in Denmark, and in China the old trading system was also breaking up. The Opium War (1840–42) and the signing of the Nanjing Treaty (1842) forced the Chinese to abolish the Canton merchants’ monopoly on foreign trade and open up four new cities to foreign traders.

The Danish–Chinese relations had been based on trade and commercial relations, and until the dissolution of the Asiatic Company these relations were carried out without the governments of the two countries having any direct contact with each other. A group of privileged Danish merchants traded with a group of privileged Chinese merchants, and for more than a century silver was traded for tea with no need of direct state involvement. However, after the breakdown of the ‘Canton system’ and the end of the Opium War the situation changed. From this time onwards China’s relations with other countries were more and more dependent on treaties negotiated by official representatives from China and the countries concerned.

Governor Hansen in China 1845: The First Danish Diplomatic Mission

In 1845 the first Danish diplomatic mission was sent to China. The major objective of the mission was to examine the possibilities of resuming the earlier so flourishing Danish China trade. The dissolution of the Asiatic Company in 1843 and the decision to sell the Danish properties in India two years later was not an indication of a diminishing Danish interest in the region. As had been the case earlier when Danish initiatives foundered, the dream of the Asiatic trade lived on, and the Danish Government was not slow to try to exploit the new opportunities created by the Opium War and the signing of the Nanjing Treaty.

When the Danish mission arrived in Canton, the English and Chinese authorities worked hard to suppress illegal trade, which threatened to destroy the legal trade and undermine the agreements in the treaties. In April 1845 the English tightened the control with their own ships, but this did not solve the problem. Ships from Denmark and other countries that had not signed treaties
DENMARK’S CHINA POLICY 1845–64

with China continued the illegal trade and omitted registration and payment of port duties and customs. Therefore, the English authorities put forward demands that the Chinese intensify the fight against ships engaged in smuggling. The Chinese reacted positively to the demands, and in June they issued regulations which stated that all foreign ships were to be registered and inspected by Chinese civil servants. However, because the English authorities doubted the ability or willingness of the Chinese to do the necessary inspection, they began to work towards establishing treaties between China and as many other countries as possible. In this way the individual countries could supervise their own ships and be held responsible for any violation of the treaties. This was to be of great benefit to the Danish envoy, Governor Peder Hansen, when he arrived in Canton at the end of June 1845.

THE DANISH–CHINESE NEGOTIATIONS

After his arrival in Canton Governor Hansen contacted the English authorities. The English Governor in Hong Kong, Sir John F. Davis, had been instructed by his government to assist Governor Hansen, and the Danish envoy, therefore, could obtain his help in writing a note to Qiying, Governor General of the provinces of Guangdong and Guangxi and responsible for relations with the West. In the note, Governor Hansen asked for permission for Danish citizens to trade in China and permission to appoint consuls who could supervise the trade and function as a link between Danish citizens and Chinese authorities.

The Danish note was well-formulated. It was written in a manner that was exactly as humble as the Chinese authorities could expect from a ‘barbarian’ state. For example, Governor Hansen did not request the right to negotiate with a civil servant of his own rank, but just asked for a talk with an ‘Imperial officer’. To the Chinese way of thinking, this showed recognition of Denmark’s inferior position to China. Furthermore Governor Hansen, no doubt well-advised by the English, stressed two other factors of importance to the Chinese. One was the earlier trade in China by the Danes, who did not ask for permission to trade but to resume their trade. In China, where precedent plays a big part, this was important. The other factor of importance to the Chinese was that the appointment of Danish consuls in China would make better control of Danish merchants possible.

Less than a week after the Danish note had been delivered the Chinese authorities replied. They informed the Danish envoy that ‘all nations trade here according to the same law’, and that ‘The great Emperor views them with the same benevolence, and makes not the slightest difference whether it be much or little, lest any foreigner should thereby suffer disadvantage’. Neither did the Chinese authorities have anything against the appointment of Danish consuls. ‘By this measure’, they wrote, ‘Harmony will still more be promoted, and you will with all of the other Nations, enjoy your advantages’.

The Chinese reply meant that Denmark was formally placed on an equal ranking with the treaty powers England, France and the United States. The
9. Governor Peder Hansen (1798–1880). In 1841, Peder Hansen was appointed Governor of Tranquebar and the other Danish possessions in East India, and later the same year the Danish government authorized him to sell the colonies. In 1845 – after the sale of the colonies to the English East India Company was completed – Governor Hansen was sent on the first Danish diplomatic mission to China. The Danish government was eager to find a new base for Danish trade in Asia and sent Governor Hansen to China to examine the possibilities of resuming the Danish China trade. Peder Hansen’s mission was a success, as he obtained a promise from the Chinese authorities that Danish traders could operate in China under the same conditions as traders from the treaty powers England, France and the United States. Det Kongelige Bibliotek, Kort- og Billedafdelingen, Center for Kort og Billeder.
reason was partly the principle of equality, i.e. that China strove to treat all foreign nations in the same way, and partly that the issuing of treaty rights would allow Denmark better possibilities to supervise her merchants. That Denmark's earlier trade in China played a role for the quick and positive Chinese reply to the Danish request is, however, evident from a report that Governor General Qiying sent to the Throne. The first part of the report reads as follows:

We, Qiying, Huang Entong, and Wen Feng, kneel down and report:  

Furthermore, on June 28 this year, we received a request from the Danish official in charge Hansen [with the following content]: When his country has come to trade in China, it has always been enriched by the Emperor’s benevolence. But, because there are no consuls to manage [the trade], it has probably been unavoidable that merchants from his country indulged in evasions of taxes and duties and selling of contraband goods. Now, his King has sent him here to select among all merchants an honest and able person as consul, who will discipline his country’s merchants to trade according to the law. He requests to have all the recently established trade regulations and tariffs for all countries issued, so that they can be observed.

We find that Denmark is identical with the Yellow Flag’s Land which has come to trade hitherto. This country sends no more than one or two merchant ships to Guangdong every year. Previously all their duties were presented through the American consul. They have come to trade in China for a very long period of time, it can be traced back to the first year of Qianlong, and up to this day [the trade] has not been interrupted. Not only are they different from those who not earlier have come to trade, their position is also different from that of Belgium, which earlier traded, then stopped to trade, and now again asks for permission to trade. Now, because nobody controls merchants from this country, and it is feared to cause malpractices like smuggling and tax evasions, he consults about appointing consuls to manage everything, and asks to have regulations and tariffs issued, so that they could be observed, for the purpose of making the trade legal. What he asks for is absolutely feasible.  

Both the official Chinese reply as well as the report to the throne show that the wish to stop the illegal trade was a deciding factor in the reply to the Danish note. Governor Hansen came to Canton at a time when the British and Chinese authorities worked hard at controlling the trade. Both parties were interested in putting a stop to the use of the Danish flag in the illegal trade and felt that the Danes themselves were best equipped to carry out the necessary measures of control. Therefore, it was not surprising that Governor Hansen gained support and guidance from the British and a positive reply from the Chinese when he asked for treaty rights. Denmark was a pawn in a bigger game regarding British and Chinese economic interests, and this was the main reason that Denmark received treaty rights so quickly and easily.  

China’s quick and positive treatment of the Danish request was, however, also due to the fact that Denmark was known in China. When Belgium, with
support from France, asked for treaty rights in March 1845 the Chinese authorities were less forthcoming because no information on Belgium or earlier trade by Belgians in China could be found.\textsuperscript{10} The different treatment of Belgium and Denmark by the Chinese clearly shows that the official Chinese principle of treating all foreigners alike was not always applied in practice.

**The Appointment of Danish Consuls**

With the negotiations successfully concluded Governor Hansen started appointing Danish consuls in the treaty ports. At first he chose three. They were Donald Matheson in Canton, John Burd in Hong Kong, and Nicolai Duus in Shanghai.\textsuperscript{11} The British authorities in Hong Kong disapproved of the appointment of Matheson, who was managing director for the big, powerful trading company Jardine, Matheson & Co. in China. They feared that the post as Danish consul could be used to make Matheson too independent of the British authorities. Governor Hansen chose, however, to disregard their objections, probably because he felt that a powerful and influential person such as Matheson would be in a good position to further Danish interests.

**Captain Bille's Visit to China in 1846: The Second Danish Diplomatic Mission**

The year after Governor Hansen’s mission the Danish corvette *Galathea* came to China.\textsuperscript{12} The *Galathea* was on her way around the world and was to carry out various tasks of scientific and official nature. In China the naval officer and chief of the corvette, Steen Andersen Bille, was to ensure that the three Danish consuls whom Governor Hansen had appointed were recognized and installed in their offices, and also to seek reconfirmation from the Chinese authorities that the Danish trading interests would be treated the same way as those of other European nations.\textsuperscript{13}

**The Installing of Consuls and the First Danish–Chinese Conflict**

When Captain Bille arrived in Hong Kong, John Burd had already been installed. The British governor in Hong Kong, Sir John Davis, had recognized him as Danish consul and Burd had already started carrying out his duties. As far as Matheson was concerned, Bille had been instructed to discuss the question of his appointment with the British authorities and to follow their recommendation.\textsuperscript{14} In reply to Bille’s request Sir Davis declared that he had no objection to the appointment, and Bille therefore asked Matheson to accompany him to Canton to be presented to the local Chinese authorities and then take up his posting.

On his arrival in Canton Captain Bille sent a note to the city’s governor. Bille informed him of his arrival and asked for the opportunity to present the new Danish consul. He also wished to confer with him about the protection of Danish trade interests in China. The governor reacted positively and a meeting between him and Captain Bille was set for July 9. The day before the meeting,
10. Steen Andersen Bille (1797–1883). Steen Andersen Bille was chief of the corvette Galathea on her journey around the world 1845–1847. Bille came to China to install three Danish consuls in their offices, and to seek reconfirmation from the Chinese authorities that Denmark would be placed on an equal ranking with other European nations. *Handels- og Søfartsmuseet på Kronborg, Elsinore.*
however, an occurrence took place that in Captain Bille’s words ‘threatened to have the gravest and most uncomfortable consequences’.\textsuperscript{15}

In one of Canton’s teeming business streets, a Chinese coolie accidentally pushed an Englishman, and when he pushed back the coolie picked up a stone and threw it at him. The Englishman, who was known for his impetuous and arrogant behaviour, caught hold of the coolie by his pigtail and dragged him into a building. This immediately caused a large crowd of people to gather, and when the demand for the coolie’s release was not granted the building was attacked. The Englishman let the coolie run and he himself escaped to the European factories where an alarm was sounded. The gates were closed, a defence was prepared and the British Governor General, MacGregor, sent for the city’s Chinese police. Before the police arrived, however, the factories were surrounded by a furious crowd that threw stones over the wall and threatened to blow open the gates. To prevent this a group of Europeans made a sortie, and in the ensuing fighting they shot thirteen Chinese, of whom five were killed. This made the Chinese crowd retreat, and when a hundred Chinese police soldiers arrived shortly after and separated the parties, the danger of an onslaught in the factories seemed to be over. The situation was still tense, however. The British Governor General, MacGregor, received a letter demanding thirteen Europeans’ heads as compensation for the thirteen Chinese shot, and as the Chinese police soldiers remained quite passive, the Europeans feared for what would happen during

\textsuperscript{11} The corvette \textit{Galathea}. On her way around the world, she was to carry out various tasks of a scientific and official nature. \textit{Handels- og Søfartsmuseet på Kronborg, Elsinore.}
the night. They therefore asked Captain Bille for help and he immediately called for his landing party, which came to play an important role in the conclusion of the affair. Captain Bille described it himself this way:

From the moment my landing party, 60 strong, came ashore, the Chinese authorities showed more energy. If this was because they felt strong enough as they now, in case of need, had a real power to support them, or because they did not want any foreigners to act as police in their city, I cannot say, but the guards were doubled and a state of order returned. Already towards evening I could send the armoured ships back but kept the landing party with me for the time being.16

Captain Bille’s willing support of the Europeans in Canton no doubt brought him their appreciation, but the affair created difficulties in his relations with the Chinese authorities. Thus the next morning, the Chinese governor let Captain Bille know that he was ill and unable to keep their appointment. Captain Bille’s time in Canton was short and he therefore saw no other way but to ask the governor to appoint an authorized mandarin to take his place, if he himself could not meet with Captain Bille. This suggestion was well received by the governor. Already the same evening Captain Bille received a flattering reply with the most exquisite compliments which made it clear that a ‘Great Mandarin’ with retinue would receive him the following day.

There can be no doubt that the Chinese strongly disapproved of Captain Bille’s landing of troops in Canton and that this was the reason why the governor became ‘ill’ and cancelled their meeting. It appears, however, that the Chinese interpreted Captain Bille’s regret at hearing of the governor’s illness and the suggestion that he might meet with a Chinese civil servant of lower rank instead of the governor as an expression of repentance, and this was the reason he was ‘rewarded’ with a flattering reply to his letter, and with excellent treatment during the meeting the next day. Captain Bille himself has described the meeting with the Great Mandarin the following way:

Friday morning I then went to this meeting accompanied by Mr. Matheson, Mr. Meadows as interpreter, as well as several of my officers. We went there by boat on the river, and were received at the place of landing by officers posted there who led us through some small courtyards to the residence where the meeting was to take place. I was complimented at the entrance by the owner of the house, who brought me, ever walking in front of me with continuous polite utterings, knee-bendings, clasping of hands in front of his chest, and greetings and fanning, through a long corridor into his rooms that were level with the ground and had lighting from a small, paved courtyard with a fountain in the middle. The seat of honour on the sofa by the small table was given to me; we kept our hats on our heads, as according to Chinese etiquette it would be of the utmost coarseness to be uncovered in the presence of honourable guests. Shortly after the Grand Mandarin, the Government’s foreign secretary, named Tja-sin-lin arrived, with all his retinue of mandarins and servants. He was a very heavy man, pockmarked,
with big spectacles on his nose. He had a blue button on the top of his pointed hat, and a peacock feather stuck out from the back of it; furthermore he was very ornate and wore a silk- and gold-embroidered coat. This was part of his Grand Mandarin dignity and is only worn on festive occasions. According to Mr. Meadows this was thus a rather seldom shown honour accorded me. Around his neck he wore a double row of large, coloured pearls that almost reached his waistline; on his thumb a ring of green jasper, very heavy and apparently very costly. All the Chinese gentlemen were notable by their unreasonably long fingernails, that stood like claws from their fingers and must have hampered them often every day; but I must admit they were very carefully polished and shiny. A large, very costly inlaid fan is inseparable from any Chinese of rank. The above-mentioned compliments were repeated again, and almost did not come to an end when we could not agree on who was to have the most prominent seat, as we both wanted to yield to the other. However, I had to give in in this noble struggle, took the topmost seat and now all the others sat down in a circle, after which tea was served in very precious cups … 17

After this they proceeded to business. Captain Bille delivered a note which said that the Danish king was extremely satisfied with the declaration which Governor Qiying had issued to Governor Hansen to the effect that Danish ships and Danish citizens would be treated on an equal footing with the treaty powers England, France and America, and that Captain Bille had been sent to China to confirm the good and friendly relations between the Danish and Chinese governments. It also said that the Danish king had appointed Donald Matheson as Danish consul in Canton, and Nicolai Duus as Danish consul in Shanghai, and that Captain Bille now asked for permission to present Matheson to the Chinese authorities and hoist the Danish flag at his house in Canton. Captain Bille also asked permission to do the same at Duus’s house when he arrived in Shanghai. Captain Bille ended the note by regretting that he could not stay in Canton long enough to make the Governor’s acquaintance.

Having noted the contents of the note to which he had no objections, the Chinese Grand Mandarin suggested for them to be sans cermonies. The hats were removed and a good dinner was served. In the afternoon the Danish flag was hoisted on Matheson’s house and with this Captain Bille’s mission in Canton had been brought to a happy conclusion.

What was left now was the installing of Nicolai Duus as Danish Consul in Shanghai.18 Before Captain Bille had gone to Canton, Duus had asked him for help in acquiring a piece of land for a consulate, and Captain Bille had agreed to help him. He wanted no conflict with the British consul, who would permit no other flag than the British one flying over the area that the Chinese authorities had placed at the disposal of the foreigners. Captain Bille wrote a note to Qiying, in which he referred to the agreement with Governor Hansen and asked if there were any chances of obtaining a piece of land in Shanghai for a Danish consulate.
A little less than a week later Qiying’s reply arrived, and it illustrates some of the communication problems the Danish and Chinese authorities suffered from in the beginning. Having acknowledged receipt of Captain Bille’s note, Qiying asked why Governor Hansen and Captain Bille called Denmark by different names. Hansen called his country ‘Tan-wo’ (Danguo) or ‘Tan-ma-urh’ (Danmaer), while Captain Bille called it ‘Ta-ne’ (Dani). It did not make it any better that the Guangdong pilots, in reply to questions about Captain Bille’s nationality, said that he came from the Land of the Yellow Flag (Huangqiguo). Qiying did not understand these discrepancies and asked for an explanation. This also went for the name of the Danish consul in Shanghai whom Hansen called ‘Too-sze’, and Captain Bille now wrote ‘Toe-Je’. Then Qiying went on to answer Captain Bille’s request. He made it clear that every inch of China’s land had their owners and that it all belonged to the people. The Danish consul could therefore not be given a piece of land, but could rent one on reasonable terms as all others could.

Captain Bille became outraged by the reply. Not because of the refusal to purchase land but because of Qiying’s obvious ignorance about Denmark, the effrontery of comparing Governor Hansen’s and his own words with those of the pilots and the possible confusion between the Danish and Swedish flags. He immediately wrote a note to Qiying where he made it clear that Governor Hansen and he himself came from the same country and served the same king, that the difference in the way ‘Denmark’ and ‘Duus’ were written was solely due to the fact that different interpreters had translated Hansen’s and his own notes, and that the Danish consul could therefore not be given a piece of land, but could rent one on reasonable terms as all others could.

To avoid such misunderstandings in the future Captain Bille asked Meadows, the interpreter at the British consulate in Canton, to prepare a list of names and titles that Danish consuls in China were likely to need in their official correspondence. Meadows replied that he had already recommended Governor Hansen to use the sounds ‘Tan-ma-urh-kwo’ (Danmaerguo) and ‘Tan-wo’ (Danguo) as a translation of the word ‘Denmark’. The first expression was possibly the one that came the closest to the sound of the Danish word ‘Danmark’ but Meadows nevertheless preferred the second one, because you would then have ‘Tan-wo’ for Denmark just like ‘Yeng-wo’ (Yingguo) for England and ‘Chung-wo’ (Zhongguo) for China. According to Meadows the similarity was important as it would make it possible to equate the names for Denmark and China in official documents. According to Meadows such an equation was always to be sought as it would be politically unwise ‘to submit oneself to the superiority which the Chinese always and incessantly seek to usurp even in such trifling matters as this’. For the same reason Meadows advocated the sounds ‘Ta-tan’ (da dan) as a translation of ‘His Danish Majesty’. This would correspond to the Chinese expression ‘Ta-tsing’ (da qing) and the English ‘Ta-yeng’ (da ying). ‘Ta-tsing’ was the then Chinese Dynasty’s title and means ‘the large, pure dynasty’. ‘Ta-yeng’, which was used by the British, means ‘the large, flourishing dynasty’, and ‘Ta-tan’ means ‘the large, sincere dynasty’. Meadows had chosen the word ‘tan’ (dan) partly because it was already present in the first syllable in the word for
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Denmark, partly because it had the beautiful meaning ‘sincere’. Finally Meadows advocated using the words ‘Hvang-te’ (Huangde) or ‘Hvang-shang’ (Huangshang) as a translation of ‘Souverain’. The Chinese were, it was true, against the usage of these expressions for others than the Chinese emperor, but Meadows pointed out that using them was the only thing that could make the Chinese understand that the Danish king was an independent ruler.

Captain Bille gave each of the Danish consuls a copy of Meadows’ list and readied himself to accompany Duus to Shanghai. On the way to Shanghai Captain Bille made a short stop in Xiamen. Similar to Canton, Xiamen had been opened to foreign trade after the Opium War and Captain Bille thought that the city in time could be of great importance to Danish shipping. As yet the foreign trade there was very limited and Captain Bille saw no reason to take steps to appoint a Danish consul. Captain Bille did not visit Fuzhou and Ningbo, the third and fourth cities where Europeans had been permitted to settle after the Opium War, as he had been informed that there were hardly any foreigners there. In Shanghai, the fifth and last of the opened cities, Captain Bille introduced Nicolai Duus to the local authorities and saw to it that the Danish flag was hoisted on the house that Duus would occupy until an independent Danish consulate could be built. Having completed the last of his tasks in China, Captain Bille boarded the Galathea and continued his journey around the world.

**Captain Bille’s Impressions of China**

China had made a great impression on Captain Bille. This is described in his book about the Galathea’s circumnavigation of the globe, and will be detailed here. Captain Bille’s description of China and the Chinese is interesting, first because it is one of the most comprehensive of its time in Denmark, second because it was read by comparatively many people and can therefore be assumed to have influenced the public view of China and the Chinese. Third, it is interesting because it gives an idea of how the attitude of the Danes towards China and the Chinese had changed since earlier times.

One of the first things Captain Bille noted on his arrival in China was the enormous population, the busy business life and the materialistic attitude to life which marked the country. On the seaward approach to Canton Captain Bille had met ‘large numbers of boats, war- and trade-junks, barges, houses on the water and ships on land, bridges, bollards, floating restaurants, swimming shops, pagodas, and warehouses’, and among all this ‘an absolutely innumerable lot of people of both sexes, of all ages, who filled the air with yelling and shouting, crying out wares, the noise of the gongs while these people rush past each other in a restless endeavour, carried by water or wind’. Captain Bille absolutely did not like what he saw. ‘Everything is a dirty grey’ he wrote ‘– just like unpainted wood after a long period’s exposure to the air – houses, ships, barges, even the river itself with its horrible yellow-grey always heaving water’.

There can be no doubt that Captain Bille thought the Europeans were superior to the Chinese, especially on the spiritual level. The Chinese ‘have not
developed to a harmonious whole but remained at the halfway point in their spiritual development’, he wrote and continued: ‘They are not inspired by the nobility and creative power of the thought, they are not imbued by the divinity in the human nature’.26

Apart from trade, lots of Chinese were working in agriculture and different kinds of industry. According to Captain Bille the Chinese industry included the making of silks, Nankings, porcelain, lacquer, ivory, and mother-of-pearl work, paper, etc. Some of these goods, however, could not stand up to the competition from Europe, and they all showed more ‘diligence and durability than pure and unspoiled taste’. The lack of taste and sense of beauty that Captain Bille thought the Chinese industrial products suffered from, he also found in the spiritual striving by the Chinese and in their art and science. He felt this to be one of the most prominent traits in the Chinese character. Whether it concerned Chinese music, theatre, painting, sculpture, or architecture, they had a few big advantages but even greater flaws and a disharmonious whole. According to Captain Bille this was because the Chinese did not love art for art’s sake but only paid it lip-service and in reality only practised it with the worldly interests in view. The same was true for literature and the sciences, which were full of the most ridiculous mistakes and absurd theories. Captain Bille recognized that the Chinese had made great inventions (the compass, the art of printing, gun-powder, etc.). ‘But instead of being the heights which science reach now and again these inventions were only solitary facts that have no connections with the spiritual endeavour, isolated glimpses of light that left behind an even deeper darkness’.

According to Captain Bille the Chinese language sounded so obscure and strange that in the beginning it was difficult to believe that those speaking it could be sensible people. One could not help agreeing with the assertion that the Chinese were ‘mankind’s rococo’. According to Captain Bille this was something that showed up in a lot of ways.

When the Chinese in his little garden simulates Nature’s rocks, mountain streams and waterfalls; when he while the Spaniard has his bull- and the Malay his rooster-fights, keeps grasshoppers in a cage and trains them for a similar warlike usage; when he lets the fingernails grow to an incredible length to make a demonstrative show of his idleness and noble birth; when he plaits silk into his long pigtail so it can reach his heels; when he malforms the woman’s foot; – then all these things are just different expressions of the same urge for the bizarre.27

The differences in usage in Europe and China were, according to Captain Bille, so big that it was

as if the two people had walked side by side on either side of a very high wall without ever seeing each other, without getting in touch with each other, without influencing each other, but striving for the same goal for many centuries. Now they finally reach the end of the wall, they meet, they look at each other, and both are highly surprised at how far removed from each
other they have become, despite the fact they have walked the same road, and both would break out laughing if they were not too well-behaved, but they do shrug their shoulders with a pitying, regretful smile.  

Captain Bille thought that all Chinese lagged behind in comparison to Europeans, but some were better than others. Captain Bille drew a sharp line between northern and southern Chinese and between rabble and élite. The northern Chinese lived by agriculture, industry and trade with the interior parts of China, and as a result of that they were more civilized and peaceable than the southern Chinese. Captain Bille especially emphasized their kindness and courtesy towards foreigners. The southern Chinese, on the other hand, he described as the most rough, ill-bred, bellicose and quarrelsome of the Chinese nation. Many of them were sailors, living by fishing or as pirates, and they were generally very hostile towards foreigners. Captain Bille was relatively positive in his description of meetings with the Chinese élite. The civil servants with whom Captain Bille came in touch were described as polite, sometimes even intelligent. He did not, however, care very much for the Chinese mob. ‘A more disgusting collection of two-legged animals I have never been able to imagine – they really do not deserve the name of humanity’, he wrote in one place and continued in another: ‘One cannot imagine the ugly physiognomies that were gathered here. Slynsh, cruelty, and cunning were printed on their faces, which were distorted by their wild passions and intense indignation’.  

Captain Bille described China’s form of government as ‘patriarchal despotism’. The government was based on unquestionable obedience and mutual responsibility. The punishments for breaking these principles were very hard and hit not only the transgressor but also his family. According to Bille the harsh punishments, however, completely failed their objectives, as there was hardly a country ‘where the government, divided from the people by an iron-etiquette, is kept in such delusion, where its commands are circumvented to such a degree, and where bribery and sale of offices are rife, as the Heavenly Empire’. This was the main cause of China’s political weakness, which the realm’s immense geographical size, population of 367 million, income for the state of 40 million ounces of silver, fertile land, and a flourishing trade could not make up for. According to Bille, the weakness of the Chinese government could be seen from its lack of ability to combat rebellions and piracy and from the fact that outside enemies that attacked China, despite ‘the 2000-year-old wall to the North’ and ‘despite the dangerous and from all other sea powers far away coasts, which form the eastern and southern borders’ had always been able to force their way into the country. The Manchus’ conquest of China and the victory of the British in the Opium War were mentioned as examples.  

Captain Bille wrote that it was incomprehensible to many Europeans that the Chinese Government, having opened five ports to foreign trade and having learned of the superiority of Europeans in so many fields, did not call in European artists, scientists, engineers and officers who could help strengthen and develop the country. According to Captain Bille the explanation was, however, that by making such a concession to ‘the barbarians’ by not only placing
them equal to, but above his own people and by admitting that he needed their advice and was not self-sufficient, the emperor would shake the foundation on which the state rested and possibly demolish a building which only blind obedience and blind worship could keep together.31

Captain Bille’s description made less of Christianity and its extension in China than many earlier descriptions.32 He briefly sketched the history of Christianity in China and noted that the outlook for its spread in China was not as bright as previously. The reason was partly the obstacles which the Chinese Government and the Tartar nobility’s enmity placed in its path, partly the lack of readiness of the Chinese for conversion.

A people like the Chinese could not, according to Captain Bille, be religious, and Confucianism, the Chinese state religion, was characterized by him as a ‘moral-philosophical’ or political system, which did not talk about a life after death, placed usefulness above all else and obedience as the first tenet of life. The state was regarded as one big family into which no foreign element had ever been able to force its way. Therefore, Confucianism had been able to hold the empire together in fateful times, but it was also ‘what has excluded any progress, what has put China in a trance and placed an immovable barrier between this country and her neighbours’.33

Captain Bille ended his description by saying that if he had succeeded in giving a reasonably clear picture of the Chinese and their country, then the reader would understand why the traveller quickly became tired of what had in the beginning greeted him as colourful variety, why he was more amused than satisfied, felt more surprise than interest and love for this in many ways great and strange people. Where India, according to Captain Bille, was a country of magic and her street life a tale from ‘The Arabian Nights’, China was, by contrast, ‘a big trading market where everybody only seeks lower, worldly interests, and the life of the Chinese is an ugly farce that is played in the unforebearing sunlight of noon’.34

When one compares Captain Bille’s picture of China with those described in Chapter 2 and Chapter 3 it seems very negative, especially in its view of the Chinese. The first description by Hans Hanssøn Skonning from the 1640s characterized the Chinese as intelligent, diligent, able and very polite, and had it not been for their paganism Skonning seemed to feel that they in many ways could have been an ideal for Europeans. The main reason for Skonning’s positive attitude towards the Chinese can no doubt be found in the sources on which he based his description, but the Thirty Years War and Denmark’s difficult economic and social situation may very well have created a need for models in other areas than religion which China could fulfil.

The ship’s parson, Jens Boje, who wrote about China a hundred years later than Skonning, was somewhat more negative in his view of the country. There were probably several reasons why Boje was more critical than Skonning. Boje had first-hand experiences of China. Thus he had been able to see that China had fallen behind technologically and scientifically, and that the Chinese in Canton were no less greedy and profit-hungry than the population in other
large trading cities. Second, Boje’s picture of China may have been influenced by the fact that after the wars and chaos of the seventeenth century, Denmark had begun benefiting from a long period of peace towards the middle of the eighteenth century, and therefore to a lesser degree than earlier needed China as an ideal or symbol of a better world. Third, an incipient eurocentrism and a feeling of superiority in relation to the rest of the world may have influenced Boje when he wrote his account.

Captain Bille’s description of the Chinese, published in 1850, was even more negative than that of Jens Boje. There were probably two main reasons for this. The first has to do with the place and time of his first meeting with the Chinese. Canton, the first city on the mainland which Captain Bille visited, was hard hit by the Opium War both militarily and economically. The city had been besieged and there had been serious clashes between its inhabitants and the British troops. Apart from this, the war had dealt the commercial life of the city a blow because it meant that all foreign trade no longer took place via Canton, but increasingly also via Shanghai and the other cities that had been opened to foreign trade. In the light of the war and its unfortunate economic consequences it is no wonder that Canton’s population was hostile towards foreigners, or that Captain Bille’s impression of the inhabitants was extremely poor. Captain Bille did not meet the Chinese under normal circumstances but during an aggravated conflict, and this inevitably influenced his picture of China in a negative way.

A second important reason why Captain Bille had such a negative view of the Chinese seems to have been associated with the influence of evolution and race theories that were being advanced in the 1850s. Captain Bille’s description of the Chinese as a people that had come to a stop halfway in their spiritual development is well in line with the new race theories, according to which the yellow race was in a state of permanent childlikeness. This could, among other things, be seen from the fact that Chinese and Japanese had hardly any beard and had not been able to develop logic or ethics. It was also seen from the fact that, just like children who could mistreat animals, the yellow race found it easy to be cruel without really being evil; also, that their societies were ruled by despots, too immature to live in a higher order of society.

THE RESULT OF GOVERNOR HANSEN’S AND CAPTAIN BILLE’S MISSIONS

The purpose of Governor Hansen’s and Captain Bille’s missions had been to form a basis for a new Danish trade campaign in the East and during the following decade, the number of Danish ships calling on Chinese ports rose steadily. The rise was, however, less due to the Danish–Chinese agreement and the establishment of consulates than to a series of other conditions. Good international trade conditions and the abolition of the English Navigation Acts increased the demand for sea transportation and Danish shipping was well prepared to take advantage of the new possibilities. It had been favoured by the so-called ‘abatement orders’ (remissionsordningen) during the previous years.
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Up until 1855 Danish international shipping had concentrated on Latin American ports, but then more and more Danish ships diverted to the Asian market. China’s growing foreign trade, the coastal trade in which foreigners became still more involved and probably also the high freight rates were important reasons for this development.

During the period 1855–1861 the number of Danish ships calling on Chinese ports rose sharply, but in 1862 it suddenly fell again. The reason for this was related to new Chinese trade restrictions. In the beginning the Chinese authorities were reluctant to let the British use this right because large areas along the river were controlled by Taiping rebels. During the spring of 1861 the port cities Hankow (Hankou, part of Wuhan) and Jiujiang were opened after pressure from British merchants, and as a result of the most-favoured-nation clause, the opening of the two new cities was of benefit to all foreign merchants.

The opening of the Yangtse river was on the condition that foreign ships did not carry weapons or other supplies to the Taiping rebels. However, many ships did not observe this condition and the Chinese authorities complained to the British who promised to tighten control on their own ships and also suggested that the Chinese tighten control on foreign ships. The result was that in November 1861 the Chinese banned ships on the Yangtse from countries that had not signed treaties with China. In this situation it turned out that the Chinese did not consider the Danish–Chinese agreement from 1845 a treaty. Danish ships were included in the ban and this was a major reason for the sudden drop in the number of Danish ships calling on Chinese ports in 1862.

COLONEL RAASLOFF IN CHINA IN 1863: THE THIRD DANISH DIPLOMATIC MISSION

Before the Yangtse had been closed to Danish ships, Danish merchants had urged the Danish Government to start treaty negotiations with China, because they hoped that a real Danish–Chinese treaty would mean new opportunities for Danish trade and shipping. After Danish ships had been banned from sailing on the Yangtse, and the circulation of rumours that the Chinese in time would close their ports to all ships apart from those from the treaty powers, they increased the pressure and in the spring of 1862 their efforts paid off.

The Danish Government decided to send a diplomat, Colonel W.R. Raasløff, to China. Raasløff’s task was first and foremost to negotiate a proper treaty with China or, if this should prove impossible, to attempt to obtain a written and binding declaration from the Chinese authorities which would ensure that Danish trade and shipping was not placed in a position less favourable than that of the actual treaty powers.

Raasløff brought with him to China a draft for a treaty practically identical to the Tianjin Treaty. However, the paragraphs concerning the right to a diplomatic representation in Peking were omitted, and the paragraph concerning the
12. Colonel Waldemar Rudolph Raasløff (1815–83). Colonel Raasløff was sent to China in 1863 to negotiate a Danish–Chinese trade and shipping treaty, and he brought the negotiations to a very successful conclusion. In certain areas, Denmark even obtained better conditions than the other treaty powers had done until then. However, this was due not only to the efforts of Colonel Raasløff, but also to support from the English envoy, Sir Bruce, who realized that the Danish treaty negotiation – due to the most-favoured-nation clause – could be used to further English interests in China. 

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British consul’s judiciary powers over British law breakers was modified.\(^4^4\) The reason that the Danish Foreign Office drew up the Danish treaty draft as a copy of the Tianjin Treaty was probably that it was hoped that it would be easier to have an agreement accepted which had already been tested and tried by both the British and the Chinese, and this proved to be true.

There were two items in Raasløff’s instructions which were stressed as especially important. One was that Danish ships were to be treated equally to those of the most favoured treaty powers. The other was that Danish lawbreakers were to be sent to Denmark for sentencing. Apart from that there was no wish on Denmark’s part for any other formal rights.

During the months before his departure Raasløff had a series of discussions with government officials and China experts in America, England, France, and Belgium. Furthermore, he had talks with the Danish Envoy to Berlin who promised to seek information about the newly-signed treaty between China and Prussia. Raasløff obtained a promise of support for the Danish treaty draft from the American State Department as well as the Foreign Office in London and he gained useful information about the Chinese and their possible negotiation moves.\(^4^5\) In England Raasløff had learned that the Chinese placed great emphasis on the question of efficient consular judicial authority. This was confirmed in Belgium where he was briefed on the newly signed Belgian–Chinese treaty. The treaty obliged Belgium either to send out paid consuls or to be represented by paid consuls from other countries. Fundamentally, Denmark was against foreign consuls judging cases involving Danes as they could not be expected to have enough knowledge of Danish law, and for financial reasons Denmark would go far to avoid having to have paid consuls. Raasløff therefore foresaw that the questions of consuls and judiciary authority would be the most difficult during the forthcoming discussions.

When Raasløff arrived in Tianjin he received a letter from Sir Frederick Bruce, the British envoy in Peking. Sir Bruce advised Raasløff not to go to Peking and informed him that the Chinese were willing to sign a treaty with the same conditions as those offered to Belgium. This meant that Denmark could get the same rights as the other treaty powers in return for sending out paid consuls. Sir Bruce supported the Chinese in their demand for paid consuls. Both China and England wanted more effective control of foreign trade and their opinion was that this could best be achieved if all countries with trade interests in China sent out independent, professional diplomats as consuls.\(^4^6\)

Raasløff was not, however, inclined to give in to the demand for paid consuls without more ado. He decided to disregard Sir Bruce’s advice and go directly to Peking to state his case. A Chinese source describes Raasløff’s journey to Peking the following way:

In Tongzhi 2nd year 3rd month [April 1863] Denmark sent their emissary, W.R. Raasløff, to China. When he arrived at Tianjin he went directly to Peking. The Acting Chief Inspector in Tianjin, Dong Xun, at once informed the Zongli Yamen\(^4^7\) that the Danish emissary had gone on to Peking without a reason and without advising the authorities in advance. An order was issued to stop him at the city gate.\(^4^8\)
Thanks to the British authorities, Raasløff was, however, allowed to take up residence at the British legation in Peking which on his behalf asked the Chinese authorities to negotiate. The Chinese replied that if Raasløff wished to negotiate he had to comply with Chinese law and return to Tianjin and dispatch a note to the chief inspector. After he had done so the Chinese would be willing to negotiate a possible treaty.49 This time Raasløff chose to do what had been suggested, but it would later turn out that his journey to Peking had not been wasted.

During the succeeding negotiations the somewhat dead-locked situation softened up. England and the other treaty powers waived the demand for paid consuls and were satisfied with a Danish guarantee for effective control of the Danish consuls.50 The Chinese offered Denmark a treaty on the same conditions that applied to Belgium and Portugal. Thomas Wade, the first secretary at the English Legation, however, cleverly referred to the fact that the Danish and English Royal Families were related and that Denmark, therefore, ought to be treated equally to England. Therefore, the Chinese agreed to let the – from a Danish point of view – much more attractive English treaty form the starting point for the negotiations.51

The result of the negotiations was, taking the limited Danish goals into consideration, surprisingly good.52 Article VII of the treaty left the question of choosing consuls entirely to Denmark. There was no demand for sending out paid consuls as had been the case for Belgium and Portugal. Articles XV and XVI extended the principle of extraterritoriality to also include Danish citizens and gave the Danish government the right to decide where judicial power over Danish citizens should be enforced and how it should be administered. There was no demand for a Danish civil servant to be sent to China to guarantee an effective control with Danish consuls and Danish citizens. In addition to that the treaty afforded Denmark a series of trade and customs rights which exceeded anything Denmark had dared hope for. Some of the most important ones were in article XI which made Nanjing an open treaty port, and article XLIV which made Danish and other Western participation legal in coastal traffic with Chinese products.

In short, the Danish emissary W.R. Raasløff was sent to China in 1863 to negotiate a Danish–Chinese treaty which was to ensure that Danish ships were treated equally to those of the most-favoured treaty-powers, and in this he was completely successful. In some areas Denmark even obtained better conditions than the other treaty powers had obtained until then.

There were several reasons for the good results of the Danish negotiations. The first had to do with English support. When W.R. Raasløff arrived in China the British envoy, Sir Bruce, supported the Chinese in their demand for paid consuls, but he later changed his attitude as he reached the conclusion that the Danish treaty negotiation – because of the most-favoured-nation clause – could be used to further British interests in China.53 This secured for Raasløff the support of Thomas Wade, the first secretary of the British legation, who with his thorough knowledge of Chinese affairs had a decisive influence on the result of the negotiations with the Chinese.54
13. and 14. Extracts from the English and Chinese versions of the Danish–Chinese friendship, trade and navigation treaty of 1863. Articles XV and XVI extended the principle of extraterritoriality also to include Danish citizens and gave the Danish government the right to decide where judicial power over Danish citizens should be enforced and how it should be administered. Rigsarkivet, Copenhagen.
Another important reason for the favourable Danish negotiation results was the ‘co-operative policy’ which the newly formed Zongli Yamen had advocated in connection with the Western powers. It was during this period that the Western powers began to oppose the Taiping rebellion and the Chinese court began hoping that it would be possible to pacify the ‘barbarians’ or at least prevent their worst excesses by following a kind of appeasement policy, of which the Danish–Chinese negotiation can be seen as an example. Finally the favourable Danish–Chinese treaty was also a result of Raasløff’s journey to Peking. The Chinese were, it is true, anything but thrilled with Raasløff’s arrival in the city, but on the other hand they did see his return to Tianjin as a concession that ought to be rewarded. In a report from Zongli Yamen it was expressed this way:

… we have now received a report from Chong Hou [chief inspector in Tianjin] where he describes how Raasløff approached him in Tianjin and how he after this will follow our earlier command. His pride has already been humbled so it will not be suitable to turn him down again ...

If Raasløff had negotiated for a Danish treaty in Peking it would, according to traditional Chinese way of thinking, have meant a humiliating equality of status of the emperor and the Danish king, and this was the reason why the Chinese insisted on negotiating in Tianjin. When Raasløff gave in to the demand they, in return, took this as an expression that he had accepted his humbleness to the emperor. By doing that he had, according to traditional Chinese way of thinking, earned certain favours which in this case took the form of accommodation towards the Danish treaty desires.

Ratification of the Treaty

One year later, in July 1864, Vice Admiral Steen Andersen Bille, the former chief of the Galathea Expedition, and representatives of the Chinese authorities exchanged the ratified treaties. This took place, however, at a time when one of the most essential conditions for Denmark getting anything out of the treaty was lost. After the defeat in the war against Prussia in 1864 Denmark had to cede Schleswig-Holstein where most of the ships sailing to China belonged, and this caused the number of Danish ships calling on Chinese ports to drop sharply. However, only a few years were to pass before Denmark’s commercial interests in China increased again, and this time it was not shipping but an entirely new kind of activity that was behind the development: the telegraph.

Conclusion

During the entire period 1845–64 the aim for Denmark’s China policy was still trade, but the means to reach these aims were no longer the privileged trading companies. Instead Denmark began to use diplomatic missions to further her economic interests in China. In 1845 Governor Hansen was sent on the first
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Danish diplomatic mission, and the Chinese authorities reacted positively when he presented Denmark’s desire to trade and to appoint consuls in China. This was first of all due to the Chinese principle of equality, according to which China strove to treat all foreigners alike, and second due to a Chinese assumption that the bestowal of treaty rights would give Denmark better opportunities to keep an eye on her merchants. Third, the Chinese obliging attitude was related to Denmark’s long and uninterrupted trading connections with China. Fourth, the perfect timing of Governor Hansen’s arrival in China played a role, and fifth, the contents of the Danish note, for which Governor Hansen could thank the British China specialists in Canton, also influenced the Chinese.

In the beginning the Chinese authorities were also accommodating towards Bille, who was trying to make them repeat their assurance to Governor Hansen that Danish trade interests would be on an equal footing with those of other European nations. After his landing of troops in Canton their attitude changed, however, and the Chinese governor refused to meet with Bille. Nonetheless, Bille managed to solve the threatening conflict with the Chinese authorities by suggesting that he meet with a civil servant of lower rank than originally planned.

The Danish–Chinese treaty of 1863 gave Denmark a series of trade and customs rights which went further than anything Denmark had dared hope for. The Danish success was first due to the appeasement policy which the Chinese practised towards Western powers at the time. Second, it was due to support from England and other Western powers who, for one reason or another, saw an advantage in helping Denmark. Third, the positive outcome of the negotiations which Raasløff achieved was also a result of the journey he made to Peking and especially his return to Tianjin – which created a goodwill he could not have foreseen. Denmark’s good results in China in the cases chosen here are thus due less to the active efforts of Danish emissaries than to chance occurrences and factors outside their control.

In 1845–64 the Chinese authorities complied with the Danish requests by and large. However, contrary to what one might expect, the Danish view of China and the Chinese became more negative in the same period. One reason for this has to do with the place and time of Bille’s first meeting with the Chinese. Bille first visited Canton which was hard hit by the Opium War. It is therefore no wonder that Canton’s population was hostile towards foreigners, or that Bille’s impressions of the inhabitants was extremely bad. Another reason has to do with the fact that China had fallen behind technically and scientifically. A third important reason for Bille’s negative view of the Chinese seems to have been the influence of evolution and race theories that were being advanced in the 1850s.

NOTES
1 The description and analysis of Denmark’s first diplomatic mission to China will be based on Øle Lange, ‘Denmark in China 1839–65: A Pawn in a British Game. An
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5 Lange, ‘Denmark in China 1839–65’, p. 83. See also RA, Kommercekollegiets arkiv [Archives of the Commerce Collegium], Samlede sager til konsulatsjournal nr. 975 b [Collected files of the consular register, No. 975b], P. Hansen to Kommercekollegiet [the Commerce Collegium] 8 November 1845.

6 Lange, ‘Denmark in China 1839–65’, pp. 83–84. See also RA, Kommercekollegiets arkiv, Samlede sager til konsulatsjournal nr. 975 b, P. Hansen to Kommercekollegiet, 16 September 1845.

7 The title of Huang Entong is Lieutenant Governor, and the title of Wen Feng Superintendent of Customs in Guangdong. Thanks to Associate Professor Leif Littrup, Department of Asian Studies, Copenhagen University, for information on this point.

8 *Daoguang, xianfeng, liangchao chouban yiwu shimo buyi* [Appendix to the complete record of the management of barbarian affairs from the Daoguang (1821–50) and Xianfeng (1851–61) periods], Taipei, 1966, No. 114. Thanks to Associate Professor Leif Littrup, Department of Asian Studies, Copenhagen University, for his valuable comments to my translation.

9 This is Lange’s conclusion in ‘Denmark in China 1839–65’, pp. 87–88, 111–112.


11 Lange, ‘Denmark in China 1839–65’, pp. 84–87. See also RA, Kommercekollegiets arkiv, Samlede sager til konsulatsjournal nr. 975 b, P. Hansen to Kommercekollegiet September 16 1845.

12 The second Danish diplomatic mission to China will be described and analysed based on Steen Andersen Bille’s book *Beretning om Corvetten Galathea’s Reise omkring Jorden 1845, 46 og 47* [An account of the corvette Galathea’s journey round the world 1845, 46 and 47], Copenhagen: Reitzel, 1850.

13 For Bille’s instructions, see Bille, ibid., pp. 227–228, 284–285.

14 For the British recognition of Burd and Matheson as Danish consuls, see ibid., p. 228.

15 Ibid. The entire course of events is described on pp. 277–286.

16 Ibid., pp. 280–281.

17 Ibid., pp. 283–286.

18 For the installing of Nicolai Duus as Danish consul see ibid., pp. 229–234, 361.

19 Ibid., pp. 312–316.

20 Ibid., p. 315.

21 Ibid., pp. 332–336.

22 Ibid., pp. 337, 351.


24 Steen Andersen Bille’s book was printed in several editions. See Hinrup and Gregersen, *Dansk Kinabibliografi 1641–1949*, pp. 120–121.
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25 Quotations in this paragraph are from Bille, Beretning om Corvetten Galathea’s Reise omkring jorden, pp. 243–245.
26 Quotations in this and the following paragraph are from ibid., pp. 289–290, 302.
27 Quotations in this paragraph are from ibid., pp. 303–304.
28 Ibid., p. 287.
29 Ibid., pp. 283–264, 281.
31 Ibid., p. 307.
33 Ibid., p. 290.
34 Ibid., p. 312.
36 The first Navigation Act was an English law from 1651 which was to protect and further English trade. The law prohibited foreign ships from sailing other goods to England than those from their home country. The law was changed and modified several times before it was finally abolished in 1849.
39 About this treaty, its background and consequences see Hsü, The Rise of Modern China, pp. 249–274.
40 The Taiping Rebellion, which lasted 15 years (1850–64), ravaged most of the Chinese provinces and cost the lives of between 20 and 30 million people. Its goal was not only to overturn the Qing Dynasty but to abolish the Confucian state and create an entirely new society built on other religious and political ideas, among these equality and communal property.
42 The description and analysis of Raasløff’s mission and the Danish Chinese treaty negotiations in 1863 will be based on Lange, ‘Denmark in China 1839–65’ and Baark, Diplomatisk samkvem under Ch’ing dynastiet (1644–1911); Baark assesses the course of the negotiations differently than Lange because of differences in the source material.
43 For Raasløff’s instructions see Lange, ‘Denmark in China 1839–65’, p. 104; See also RA, Udenrigsministeriets arkiv, Departementet for Handels- og Konsulatsager [Archives of the Ministry of Foreign Affairs, Department for trade and consular affairs], Kopibog 1862 [letter book 1862]; J. Nr. 1672.
44 The Tianjin Treaty which was signed by England and China in 1858 contained the following main points: (1) 10 new cities were opened to foreign trade and foreign concessions established in each of them; (2) Western powers were permitted to open consulates in Peking; (3) missionaries were permitted to settle in the interior of China and to buy land and own land; and (4) China was to pay 4 million taels to England and 2 million taels to France as war endemnity. See Lange, ‘Denmark in China 1839–65’, pp. 103–104.
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47 The Zongli ge guo shiwu yamen – in abbreviated form, Zongli Yamen – was an office of external relations created in 1861 to facilitate the Chinese emperor’s relations with the Western powers.
48 Qing Shi, pp. 1935–1936. The quotation has been translated by Erik Baark in Baark, Diplomatiske samkvem mellem Danmark og Kina, p. 24.
49 Ibid.
51 Qing Shi, pp. 1935–1936. See also Lange, ibid., pp. 107–108.
54 Baark, Diplomatiske samkvem mellem Danmark og Kina, p. 34.
55 Ibid., p. 35.
56 Ibid., pp. 34–35.
57 Wang Yi and Zhang Chengqi (eds), Qing mo duiwai jiaoshe tiaoyue ji [A collection of negotiations and treaties with foreign countries from the late Qing dynasty], Taipei, 1964, Vol. 1, p. 44. Translated by Erik Baark in Baark, Diplomatiske samkvem mellem Danmark og Kina, p. 35.
The Establishment of a Danish Legation in China in 1912

Mads Kirkebæk

The first official contacts between Denmark and China were made solely on Danish initiative but during the 1860s China began practising a more active foreign policy. Thus the first Chinese diplomatic mission to Denmark arrived in 1869. The Burlingame Mission, as it was called, was led by the former American envoy to Peking, Anson Burlingame. Burlingame met with C.F. Tietgen, the Managing Director of Det Store Nordiske Telegraf-Selskab (The Great Northern Telegraph Company, referred to hereafter as the Great Northern), and told him that the Chinese government would not permit construction of telegraph lines on Chinese soil, but there would be nothing to prevent the Great Northern from laying telegraph lines in the sea and running them in to China's coast. Burlingame's statement was probably of importance for the Great Northern's decision to extend its activities to China.

In 1870 the Danish government sent Kammerherre [Lord Chamberlain] Sick on a mission to China and Japan at the Great Northern’s expense. In China his main task was to look into the possibilities of carrying the company's telegraph cables ashore. Kammerherre Sick soon found out that it was impossible to get official permission for this and only handed over his credentials to the emperor and invited the Chinese to establish a legation in Denmark. The Chinese, therefore, saw Sick’s visit as reciprocation for the Burlingame Mission’s visit to Denmark the previous year.

In 1874 the Great Northern started construction of a land line between Fuzhou and Xiamen and immediately ran into problems with the Chinese authorities and with the local population, which repeatedly sabotaged the work on the line. In order to make the Chinese authorities accept and protect this and the company's other lines in China, the Great Northern persuaded the Danish Government to send yet another mission to China. General W.R. Raasøff, who had been to China to negotiate the Danish–Chinese treaty in 1863, was put in charge of the mission and arrived in China in 1875. His primary task was to support the Great Northern, but he was also to seek the permission of the Chinese to transfer the handling of Denmark's interests in China to Russia whose interests, not least in the telegraph question, coincided with Denmark's.
received permission and from then on, until the establishment of an independent Danish legation in 1912, Russia represented Denmark. Raasløff, however, did not obtain any guarantee for the safety of the telegraph lines, and the Fuzhou–Xiamen line was never finished.

During the following decades the Great Northern continued its activities in China and more and more Danish companies followed suit. One of these was Østasiatisk Kompagni (the East Asiatic Company) which was established in 1897 and from the turn of the century was of crucial importance for the development of the Danish China trade. In 1896 the growing Danish commercial interests in China led Denmark to send her first paid consul to China. This was Captain of the Reserves, Antonio Gustav Gottlieb Leigh-Smith, who served as consul and judiciary consul (konsuldommer) in Shanghai. In 1906 the Danish government again began discussing establishing an independent Danish Legation.

REVISION OF THE FOREIGN SERVICE: PROPOSAL FOR A CHANGE IN THE REPRESENTATION IN CHINA

In 1906 the Danish Foreign Office set up a commission to work out recommendations to improve the Danish Foreign Office and especially to come up with suggestions on how to ‘offer Danish economic interests abroad a more practical and up-to-date representation’. The commission included an interesting section on Denmark’s representation in China and this will be used as a basis for the following description and analysis of the events that led to setting up a Danish legation in Peking in 1912. The analysis will primarily aim at answering the question of why the Rigsdag (the Danish parliament) decided to establish a legation in China in 1911 when only three years previously it had been decided not to. The argument will be that this was first and foremost due to a change in attitude by the Great Northern.

When the Foreign Office set up the commission to work out suggestions for a reorganization of the Foreign Service the Russian legation was still looking after Denmark’s diplomatic interests in Peking. A Danish consul and a vice-consul had been sent out from Denmark to Shanghai. The consul in Shanghai was judiciary consul for all of China and was also in charge of the honorary vice-consulate in Wuhan (Hankow). There were also honorary consulates in Xiamen and Canton. In other places Danish interests were looked after by the Russian consulates and vice-consulates. The commission set up by the Foreign Office worked for two years and in 1908 it presented a report in which it was mentioned that the Danish press as well as numerous Danes in China had encouraged the government to set up an independent Danish legation in China. There were two main arguments for this.

The first was that a Danish legation in Peking was necessary to ensure Denmark’s economic interests. An expected period of reform in China would offer work for many foreign advisers. It was therefore of the utmost importance that Denmark had her own envoy to ensure that Danish interests would be looked after when the time came to choose advisers. A foreign envoy repre-
senting Denmark would probably be inclined to give priority to the interests of his own countrymen. Therefore if the Danes wanted to get concessions on railways and mining installations and a share in deliveries to the Chinese government they needed the support of an independent Danish envoy.

The second argument mentioned in the commission’s report was that a Danish legation was necessary to take advantage of the fact that Denmark was a small state. As long as a foreign envoy was looking after Danish interests the Chinese would be apt to identify Danish interests with the interests of the foreign envoy and consider Denmark a kind of vassal state of the envoy’s country. In this way there was a danger that Denmark would lose the advantage of being a small state which China needed not fear politically or militarily.

The commission, however, did not agree with the above arguments and did not feel Denmark should expand her representation in China. First, the commission was convinced that it would be extremely costly to establish an independent Danish legation in Peking, even if it would be possible to make do without a legation guard. Second, the commission doubted whether Denmark’s economic prospects in China were big enough to justify establishing a legation. Third, the commission was of the opinion that even with a Danish envoy’s support it was not very probable that Danes would obtain concessions. Fourth, the commission was not eager to recommend establishing a legation which Danish commercial interests did not want. According to the commission the Great Northern, the East Asiatic Company, and Asiatisk Handelselskab [the Asiatic Trading Company] were against the proposed legation. They had instead suggested that a Dane became attached to the Russian legation, which had been looking after Denmark’s diplomatic interests in Peking since 1875, and the commission tended to agree.

Moreover, the commission recommended that the status of the consulate in Shanghai be raised to the level of consulate-general. All the treaty powers, except Spain, had consulates-general in Shanghai and the establishing of a Danish one would increase the importance of the Danish representation in the eyes of the others and especially in the eyes of the Chinese civil servants. The commission also wanted to concentrate the administration of all Danish consulates in China in one place and this could be done best and most easily by placing them all under the administration of a Danish Consulate-General in Shanghai.

The commission did not feel that Danish interests in China were significant enough to justify sending out more consuls to China. In 1906 about 200 Danes lived in China. Most of them worked for the Great Northern, the East Asiatic Company, and for the Chinese government. Some were employed by other Danish or foreign trading companies and some had their own businesses. The number and importance of these businesses were rather limited, although growing. In 1905 alone three new Danish trading companies were established in Shanghai and one in Canton. However, the commission recommended that more honorary consuls were appointed. Danish honorary consuls were to be preferred to the Russian consulates because ‘a widespread usage of their assistance can bring about a certain risk that the Chinese will form a false impression of the Danish state’s relationship to Russia’.
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In summary it can be said that the recommendations of the commission were aimed at two things. On the one hand to minimize the disadvantages of Denmark’s status as a small state. On the other to improve Denmark’s possibilities for exploiting its status as a small, politically and militarily unimportant country.

THE DEBATE IN THE RIGSDAG ABOUT THE RECOMMENDATIONS OF THE COMMISSION

After the commission had presented the recommendations for the revision of the Foreign Service they were debated in the Rigsdag.¹⁶ All speakers touching on Denmark’s representation in the East expressed the opinion that the suggested arrangement with a Danish legation secretary at the Russian legation was far from ideal. One speaker found it unfortunate that Denmark still would be represented by Russia, a country not well-liked in China. Another had misgivings about a Danish legation secretary being associated with a civil servant from another land, and operating out of that land’s legation. They both countered the commission’s report that Denmark did not have any great possibilities of increasing her economic engagement in China. All speakers expressed their preference for an independent Danish legation, but a majority was convinced that it would be too expensive. Therefore they supported the proposal of a Danish legation secretary at the Russian legation and saw this as a first step on the road to an independent Danish legation.¹⁷

The debate in the Rigsdag showed that many politicians felt uneasy about Denmark’s close relationship with Russia in China. However, such a close relationship was exactly what dominating Danish commercial interests wanted. The Great Northern, whose telegraph line from China to Europe ran through Russia, was against the appointment of an independent Danish representative in China, because the company feared that this could be misinterpreted by the Russians. According to the Great Northern’s representative in Shanghai the company attached great importance to not losing the support inherent in having its business matters looked after by a person with the influence and authority bestowed on the representative of the great power Russia.¹⁸

The Great Northern was eager to preserve its intimate relations to Russia, but would do much to avoid these relations becoming public knowledge. This would, according to the Great Northern’s representative in Shanghai, harm the company whose success in the East was partly based on its status as an absolutely neutral company from a country ‘completely without political importance and aspirations’.¹⁹ Fear of appearing to be too closely related to Russia may explain why the Great Northern suggested that a Dane be attached to the Russian legation in Peking. He could – at least on the surface – help Denmark to preserve her position as a neutral, independent small state, and this was clearly in the interest of the Great Northern.

The debate in the Rigsdag ended in a resolution to employ a Danish legation secretary at the Russian legation in Peking, and the Rigsdag also accepted the commission’s recommendation to establish a Danish consulate-general in
Shanghai. On 31 December 1908, Consul Raaschou in Shanghai was appointed consul-general and judicial consul in China. However, the commission’s recommendation to raise the number of Danish honorary consuls was not acted upon at once.

The Appointment of a Danish Legation Secretary at the Russian Legation

Count Preben Ferdinand Ahlefeldt-Laurvig was chosen for the post of Danish legation secretary. In his instructions from the Foreign Office it was pointed out that the position as legation secretary at the Russian legation would call for special discretion and tactfulness. However, after his arrival in Peking the legation secretary could report that his ‘special position’ probably would not be as difficult as assumed at first. In a letter to Suenson, Managing Director of the Great Northern, he wrote that the Russian envoy did not want to be involved in details, that he would give the necessary dragoman aid and that the Danish legation secretary could use the envoy’s influence and otherwise be independent. Thus, from the start the arrangement with the Danish legation secretary at the Russian legation seemed to function as intended. The legation secretary was able to work independently for Danish interests and at the same time had the support of the Russians when necessary.

Proposal for a Change in the Danish–Russian Co-operation in China

In the autumn of 1908, only a few months after his appointment, the Danish legation secretary nevertheless started working for a change in his position. In two letters to Suenson he aired the possibility of shared powers between Consul-General Raaschou in Shanghai and himself, which would give him the legal

15. Note from the Russian legation in Beijing to the Chinese Ministry of Foreign Affairs. The Russian Envoy informed the ministry that the Danish government had sent Count Preben Ahlefeldt-Laurvig to work as secretary at the Russian legation to help the Russian Envoy handle Danish affairs. China No. 1 Historical Archive, Beijing, China.
and consular responsibility for Manchuria and Northern China.\textsuperscript{27} The legation secretary wrote that the Russian envoy in Peking, Korostowetz, wanted this, but it is not clear whether it was he or the legation secretary himself who was the author of the scheme. This proposal would mean a considerable increase in the legation secretary’s authority, but it was met with resistance in the Foreign Office in Copenhagen. In January 1909 the legation secretary was informed that a share in power was out of the question at the moment as Consul Raaschou had just been appointed consul-general and judicial consul for all of China. The Russian authorities were also informed of this.\textsuperscript{28}

\textbf{16.} Count Preben Ferdinand Ahlefeldt-Laurvig (1872–1946). Count Preben Ferdinand Ahlefeldt-Laurvig served as Denmark’s first legation secretary in China from 1908 to 1912 and as Denmark’s first envoy to China from 1912 to 1920. In 1921 he took up the position as Danish envoy to Great Britain. The picture is taken in his office in London in 1922. \textit{Det Kongelige Bibliotek, Kort- og Billedafdelingen, Center for Kort og Billeder.}

However, the opposition from his own superiors in Copenhagen was not enough to make the legation secretary give up. He tried instead to win the Great Northern’s approval of his plan. In April 1909 Ahlefeldt-Laurvig wrote to the Great Northern’s representative in Shanghai that the Russian Envoy intended to suggest a revision of the Danish–Russian co-operation in China. According to Ahlefeldt-Laurvig the Russian envoy would suggest that the Danish legation secretary was made Chargé d’Affairs so that he would appear as Denmark’s
independent representative in all respects. The Great Northern’s business matters, however, should still be looked after jointly by the Russian envoy and the new Danish representative.

The Danish legation secretary asked the Great Northern’s representative in Shanghai to find out how the Great Northern would look at this and assured him that the Russian envoy would not go any further until the company had had an opportunity to express its views. The Great Northern’s representative in Shanghai sent an inquiry to the company’s headquarters, and the reply made it clear that the Great Northern had changed its attitude towards the question of an independent Danish representation. They now stated that an independent Danish representation in Peking was in the company’s interest provided that ‘a friendly cooperation between Russian and Danish diplomacy could be secured so that the support of the former would not be withdrawn from the Danish interests …’.

The legation secretary’s lobbying was probably not the most important reason for the company’s change in attitude towards the question of an independent Danish representation. This was more likely due to a change in the balance of power in the East, which made it less attractive for the Great Northern to be represented by Russia. In 1904–05 Russia and Japan fought a war for the control of Korea and Manchuria which was won by Japan. This very much weakened Russia’s position in the East. The loss of prestige and the unwillingness with which the Russians were met by the Chinese during the years after the defeat may have made it disadvantageous for the company to have its interests ‘glued’ together with Russia’s. Instead, the company probably wanted to make more use of the advantages that could be connected with coming from a small and neutral nation. This made the Great Northern responsive to the legation secretary’s suggestion in 1908 for an independent Danish representation, not least because he was able to convince the company that Russia would not mind such a step.

The reply from the Great Northern’s headquarters made it clear that the Danish legation secretary could count on the Great Northern’s support for the proposed independent representation in the East, provided it would not strain the relationship with the Russians. As the Russian envoy himself might have taken the initiative and at any rate was supporting the proposal there was little risk that this would happen. Therefore the legation secretary did not hesitate to proceed with his plans. At the end of September 1909 he wrote to the Great Northern’s representative in Shanghai, saying that he would no longer oppose the Russian envoy’s plan to send a report on the matter to the Foreign Office in St. Petersburg. The legation secretary stressed that the Russian envoy was acting entirely on his own initiative and would not with one word mention the Great Northern’s or the legation secretary’s view of the matter. With the letter the legation secretary also sent a Sketch of letter from his Excellency the Russian Minister to the Foreign Office at St. Petersburgh concerning the Danish Diplomatic Representation at Peking.

In this sketch the Russian envoy explained why the Danish government in his opinion should raise the Danish legation secretary’s position to that of
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chargé d’affaires. First of all he felt that the present arrangement was apt to miscon- 
lead the Chinese officials as it lead them to think that Denmark was a sort of a vassal state politically dependent on the Russian government. Second, the arrangement seemed odd to the other foreign diplomats who were at a loss to understand an arrangement which had no precedent in diplomatic history, and third, it could be feared that a possible successor to the present Danish legation secretary would lack the tact and refinement to avoid the difficulties that would arise unavoidably from such an ambiguous position. Therefore the Russian envoy suggested that the Danish government raise the Danish legation secretary’s position to that of chargé d’affaires. It would give the Danish govern- 
ment a higher standing in the eyes of the Chinese. Another advantage was that an independent Danish representative would have the right to participate in the meetings of the foreign envoys which at certain occasions would be of impor- 
tance. Finally, the Russian envoy pointed out that it would be easier for him to assist the Danish government if he only had to support a Danish colleague when he was putting a matter before the Chinese officials or the foreign envoys, than now where he had to act on the suggestion of his own secretary. However, he wrote:

As however the affairs of the Great Northern Telegraph Co. often are of the greatest importance to Russian interest I would suggest that all the more important telegraph matters are treated by the Danish Chargé d’Affaires and me together and that all Telegraph agreements with the Chinese Government in which the Great Northern is concerned will be signed by both of us.33

It is not clear whether it was the Russian envoy or the Danish legation secretary who was the author of this scheme. In any case they both supported the idea of a change in Denmark’s representation in China. The legation secretary pointed out that a position as chargé d’affaires would raise his standing with the Chinese and would also make it possible for him to invite home higher ranking civil servants from the Chinese Foreign Office. The position of chargé d’affaires would also make it possible for him to take part in meetings amongst the heads of the foreign legations and to invite them home. Moreover, the legation secretary assumed that if Denmark had an official representative in Peking, a future Chinese envoy for the three Nordic countries would have his seat in Copenhagen. Otherwise he would probably be placed in Stockholm. As chargé d’affaires the Danish legation secretary would also have the right to hoist the Danish colours, and would in all respects have a freer hand vis-à-vis the Russian legation.34 This was important, because Russia’s reputation was faltering in China.35

Having received the legation secretary’s letter and the Russian envoy’s sketch the Great Northern’s representative in Shanghai wrote back and said he had sent the sketch on to the headquarters in Copenhagen.36 The Great Northern’s representative was personally satisfied with the part about the Great Northern and moreover praised the sketch, as it had very clearly shown the views of the Russian envoy.
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OPPOSITION FROM THE FOREIGN OFFICE IN COPENHAGEN

When the Danish legation secretary took up his position in Peking, his uncle, Count Carl William Ahlefeldt-Laurvig, was the Danish foreign minister,37 and the legation secretary had obviously hoped that this would make his way to the post of chargé d'affaires easier. This assumption, however, proved wrong. In October 1909 his uncle wrote to him, ‘I will, of course, do what I can for you, but nepotism is far from me’,38 and the legation secretary’s later requests that the uncle use his influence to get him a possible posting in the East were useless.39

There seem to have been several reasons for the foreign minister’s opposition to the plan to promote his nephew from that of Danish legation secretary working out of the Russian legation to that of independent Danish chargé d'affaires.40 He felt that it would be too expensive, and that the legation secretary was not adequately trained for the post. He pointed out the problems involved in promoting the legation secretary, who had a past in the consular service, over the heads of legation secretaries of the same age in the diplomatic service, when it came to appointing a chargé d'affaires in Peking. Count Carl William Ahlefeldt-Laurvig was also clearly worried about being accused of nepotism and angry at what he considered his nephew’s attempts to use Russia and the Great Northern to get his own way.41

Undoubtedly the greatest obstacle for appointing a Danish chargé d’affaires in Peking was the Foreign Office in Copenhagen. The Russian envoy could confirm this after two talks with E. Scavenius who during the period from October 1909 till July 1910 replaced the legation secretary’s uncle as foreign minister.42 Scavenius himself also wrote to the legation secretary and suggested that he seek the post as legation secretary at a Danish legation elsewhere, as ‘it cannot be expected that a permanent legation in the East will be established’.43 Ahlefeldt-Laurvig, however, preferred to stay where he was, and declined a suggestion to apply for a possible post as consul-general in London.44 Apparently he believed that the Great Northern and Russia would be able to change the Foreign Office’s attitude and in this assumption he proved to be right.

THE SUGGESTION OF THE GREAT NORTHERN AND THE EAST ASIATIC COMPANY FOR A PRIVATELY FINANCED LEGATION

Suenson, Managing Director of the Great Northern, who had praised the legation secretary in Peking for not following the advice and giving up the East in favour of a post in Europe,45 now intervened. In April 1910 Suenson contacted H.N. Andersen, Managing Director of the East Asiatic Company, and made an agreement with him to pave the way for an independent Danish legation in Peking with Ahlefeldt-Laurvig in charge. In a letter to the legation secretary Suenson summarized the agreement in the following points:

1. That Great Northern and East Asiatic Company together shall advocate the establishing of an independent Danish government representation in Peking and Tokyo with you as head.
2. That the companies with this aim in mind are willing to supplement the present salary of the legation secretary with up to 20,000 Danish crowns per year, shared equally by both companies.

3. That they are willing to guarantee the said sum for a definite number of years and to possibly transfer this to your successor, if both approve of the government’s choice.

4. That the new Chief of Mission is requested by the Government to stay in Peking and Tokyo in turns and, if it is requested by one of the companies and approved by the Foreign Office, to support the said company by an extraordinary visit to one or the other country, also outside the normal time of stay.46

Having reached an agreement with H.N. Andersen and the East Asiatic Company, Suenson went to Foreign Minister Scavenius with the offer from the two companies. Scavenius saw difficulties in getting the matter through the Rigsdag but admitted that their offer might convince most members, if a suitable formula could be found. Scavenius was, according to Suenson, positive towards the offer which he promised to support as well as he could. However, Scavenius did not fail to mention that his time as foreign minister might soon be over and that his assistance thus might be limited.47

In July 1910, Ahlefeldt-Laurvig’s uncle took over the post as foreign minister from Scavenius, and with that, Suenson wrote to the legation secretary: ‘I felt, in reality, the matter settled in your favour’.48 The reason for this was that the legation secretary’s uncle, according to Suenson in his previous period as foreign minister, had been in favour of Suenson’s ideas of a Danish legation financially supported by the Great Northern and possibly the East Asiatic Company. Suenson must, however, have miscalculated the foreign minister’s attitude. As mentioned above, he had from the start been opposed to the plan of an independent representation headed by his nephew, the legation secretary, and this had not been changed by the offer from the Great Northern and the East Asiatic Company.

The foreign minister made it clear that he did not think that the legation secretary had the necessary ability to discharge the duties of an envoy. He felt that out of regard for the legation secretary’s future career in the diplomatic service it was necessary for him to be trained as a legation secretary in Europe. The foreign minister was also against the plan because the arrangement with a Danish legation secretary in Peking had been in existence for too short a time to be changed and because by appointing his nephew as envoy he could leave himself open to accusations of nepotism.49 Moreover, the foreign minister had consulted some of his fellow ministers and was in agreement with them that it would be too ‘sordid for the state to accept such an offer from a couple of private companies’.50 In this situation Suenson did not dare hope that the plan for a Danish legation could be carried through quickly.

THE BREAKTHROUGH

During the following year – from the summer of 1910 to the summer of 1911 – there was no development in the matter, but then a breakthrough occurred. In
June 1911 Suenson wrote to the legation secretary and told him that the Foreign Office’s attitude to the question of a partly privately financed Danish legation had suddenly changed. Suenson had spoken with the foreign minister about other things ‘and then the wonder suddenly occurred’. The foreign minister had raised the question himself and asked if the Great Northern was still interested in a Danish legation in China. Suenson had confirmed this and also said that he was certain this was also true of the East Asiatic Company. Then the foreign minister had said that he could see a possibility for granting the wish of the two companies, if their support for the legation in Peking and Tokyo could be made less questionable in the eyes of the Foreign Office. This, for example, could be done if the companies extended their support to include Denmark’s representations in all of East Asia. Suenson had no objections to this, and the talk had ended with the foreign minister suggesting ‘a closer conference on the matter’.

There were probably several reasons for the change in the foreign minister’s attitude. First, he had now held his position for a longer period. When the Great Northern and the East Asiatic Company had first approached him with the proposal to support a Danish legation with his nephew as head, he had just been appointed foreign minister and at that time he probably deemed it politically unwise to start by appointing one of his relatives to a partially privately financed post for which he was not properly qualified, and which, a few years previously, the commission set up by the Foreign Office had deemed unnecessary. Now the foreign minister had had more time to pave the way for the suggestion in the Foreign Office and among the parties in the *Rigsdag*.

Russia’s weakened position in China may also have convinced the foreign minister that it was no longer advantageous for Denmark to have Russia representing her interests. The most important reason for the foreign minister’s changed attitude, though, was no doubt that he could not ignore the wishes of Russia, Denmark’s patron in China, and the strong Danish commercial interests in the long run. Consideration for his nephew, the legation secretary, however, probably played a minor role for the foreign minister’s change in attitude.

In August the foreign minister himself wrote to Ahlefeldt about the new developments in the matter. The first part of the letter is quoted below as it shows clearly what the foreign minister had done to circumvent a possible criticism of the Great Northern’s and the East Asiatic Company’s offer of privately financing the legation:

Dear Preben,

I am pleased to inform you that I have decided to give in to the Great Northern and the East Asiatic Company in their desire for establishing an independent Danish legation for China and Japan. We shall now see if the *Rigsdag* will authorize such an arrangement. The companies have agreed to some minor changes in the original offer. The money will be placed at the Foreign Office’s disposal to support Danish representation in East Asia in general, and in this way it cannot be said that the envoy is paid by private
companies. The sum of money is secured for 10 years and each company is responsible for the entire amount. The demand for influence of the appointment of the post is dropped, etc. The appointee will be resident minister with the title Minister. If all goes through you will be the first to be offered the appointment.53

At about the same time that the legation secretary received his uncle’s letter he also got one from Suenson, who wrote that he had reached an agreement with the foreign minister which had been accepted by the Council of Ministers (Ministerråd) and was now to be brought up in the Rigsdag. Suenson ended by writing ‘that our long and patient efforts now seem to come to fruition as I cannot see the Rigsdag making difficulties’,54 and the legation secretary wrote back thanking him for the support and confidence Suenson had shown him during the entire time.55 The legation secretary also wrote to his uncle and thanked him for the offer of the appointment,56 and to H.N. Andersen. The letter to H.N. Andersen ran as follows:

Dear Mr Etatsraad [titular councillor of state]

From the Foreign Office I have now been officially informed that in the near future they intend to establish an independent representation in East Asia to which I may possibly be appointed. The Foreign Office has not given me any details, but without being too shrewd I think I can assume, that this arrangement cannot have come about without considerable sacrifice from you and the Great Northern, and I can no doubt also thank you for being the first to be offered the position.

My hope is that I will not be a disappointment to your expectations and I believe that we can accomplish something when we become separate from the Russians, who are anything but popular here.

It will no doubt be a good idea if I make a short home visit as there will be a lot to discuss face-to-face.

Thanking you repeatedly I remain always sincere to the Etatsraad.57

When reading the letter to H.N. Andersen, one invariably wonders why Ahlefeldt-Laurvig tried to make it look as if he was unaware of the agreement between the Great Northern, the East Asiatic Company and the Foreign Office, and all the preceding negotiations. The reason was, however, Suenson’s fear that H.N. Andersen should feel left out. H.N. Andersen had not from the start been informed of the negotiations between the legation secretary and the Great Northern and Suenson found it safest to pretend that they had not taken place. He therefore told the legation secretary to play ignorant in his thank-you letter to H.N. Andersen and completely leave out any mention of Suenson’s part in the matter.58

The above shows something of the complicated game played between Russia, the Great Northern, the East Asiatic Company, the Foreign Office, and the legation secretary before the proposal for an independent Danish legation
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in the East was ready to be put before the Rigsdag. Now the question was how the Rigsdag would take it.

The Rigsdag’s debate on the proposal for a Danish legation in the East

On 17 November 1911, the foreign minister brought in a bill to replace the legation secretary in Peking with a resident minister in China and Japan. He began by mentioning that the arrangement with the legation secretary had been introduced in 1908, because it had been desirable to see of what use it was, before considering an independent legation, and because a legation secretary was considerably cheaper than a legation which at that time would even have needed a legation guard.

Then the foreign minister went on to explain the reasons for his proposal to replace the legation secretary with an independent legation. He said that from the start it had been clear to the Foreign Office and ‘the big business community’ that the arrangement with a Danish legation secretary at the Russian legation was not ideal. Although Denmark had to be grateful for the way Russia had looked after her interests, it was obvious that the support for Danish commercial interests would be more efficient if it was given by a Danish envoy who was more familiar with Danish conditions. The foreign minister pointed out that the arrangement with a legation secretary had been ‘a rather unique case in diplomatic history’. The Russian envoy in Peking as well as the Great Northern and the East Asiatic Company had made it known that they preferred a Danish legation instead. The reasoning was that the legation secretary was often hampered in his work because it was linked to a foreign legation. He was therefore unable to use the advantages that would otherwise be available to Denmark as a small and neutral country. The foreign minister ended by saying that the Foreign Office, despite all the excellent arguments, would not have asked the Rigsdag to make a decision about a Danish legation unless the Great Northern and the East Asiatic Company had offered to pay the extra cost generated by the proposal.

The bill was given a generally positive reception in the Lower House (Folkehetinget). The spokesman from Venstre [the Liberals], the foreign minister’s own party, was in favour. He said that from the beginning it had been desirable to have a resident minister in China who could go directly to the Chinese authorities and further Danish interests, and he was happy that it would now be possible to realize this wish without additional cost for the state. He saw nothing wrong with the contribution from the Great Northern and the East Asiatic Company as it was given in a way that the state did not commit itself to the special consideration of these companies.

Det radikale Venstre [the Social-Liberals], Højegruppen [the Conservatives], and Socialdemokraterne [the Social Democrats], were also positive to the idea of an independent Danish legation in China. The Social-Liberals’ spokesman said that the old arrangement had been very unfortunate, because the Danish legation
secretary could not, as an employee of the Russian legation, have done any-
thing if Danish and Russian interests had come into conflict. Furthermore, he
added, the advantage of being a small state causing no political fears had been
lost as the legation secretary was attached to the Russian legation. The spokes-
man for the Conservatives said that unlike 1908 there was a need for an inde-
pendent Danish envoy as ‘Russia’s influence at this moment is nowhere near
what it was a few years ago, yes, one might even go so far as to say that there
might be cases where it could be harmful to Danish interests to have them
‘glued’ to Russia’s’. The spokesman of the Social Democrats had a more re-
luctant attitude, but said that his party was prepared to negotiate if the private
financing was scrapped and the extra cost in connection with the legation
could be financed through savings elsewhere in the Foreign Service.

All parties were positive to the proposal of an independent legation, but
the Social Democrats and Social-Liberals felt that the reasoning behind the
proposal was lacking and they made their support of it dependent on the for-

gien minister giving better evidence of the need for a legation. Besides, not
only the Social Democrats, but also the Social-Liberals and the Conservatives
were very much against the proposal to let private firms help finance the

gation. The spokesman for the Social Democrats declared that he did not
understand how the Foreign Office had found the courage to propose a bill

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that meant ‘that the thousand-year-old Kingdom of Denmark should form a
limited company with the Great Northern Telegraph Company and the East
Asiatic Company to employ a minister in Peking’ as ‘it is hard to imagine a
more glaring declaration of our bad financial status and the smallness of our
country than that we should bargain with two private companies about the em-
ployment of diplomatic agents’. He was supported by the Social-Liberals’
spokesman who pointed out that it was not ‘these two excellent but private
companies that were to have a minister in Peking with the Seal of the Danish
State, but it is Denmark’. The spokesman found it dubious that a minister par-

tially funded by the two companies would be able to act against their in-
terests. The Conservatives’ spokesman agreed with him by saying that a
partially privately financed envoy ‘would have to be an angel from Heaven who
was paid by the companies in question and still could feel completely inde-
pendent from them’. When Danish interests demanded a legation, then it
must be the state that paid the envoy. Otherwise conflicts of interest would be
impossible to avoid, he argued.

When the foreign minister took the floor he thanked for the many
sympathetic comments to the bill and started answering the questions put to
him. As far as the financing was concerned, the foreign minister pointed out
that this was nothing ‘unique’. For example the Danish governor of Tran-
quebar had been paid by the Asiatic Company despite the fact that he was a
Danish civil servant employed by the king. Therefore the foreign minister did
not think that a privately financed Danish legation would ‘cause so much
offence abroad’. He was not worried that the contribution from the two com-
panies would limit the envoy’s freedom of action, because the contribution was
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not to be used directly for the envoy’s salary. The question of further proof of the need for an envoy the foreign minister chose to ignore, and he ended by saying that for the Foreign Office what was important was to have a legation in China and if it was decided that the state was to pay for it, then he would be satisfied by that, too.

During the rest of the debate only few new viewpoints came up, and the foreign minister closed it by summarizing his reasons for the proposal for an envoy to China. He said that for many years Russia had represented Denmark, and that the Great Northern and the East Asiatic Company had worked closely with Russia, and the reason for the change now was, first of all, that Russia wanted it, and second that the Great Northern and the East Asiatic Company wanted it so much that they were ready to help pay for the legation.

After the debate the bill was sent into the Finance Committee which recommended the establishing of an independent legation paid by the state.\(^5\) During the second reading of the bill in the Lower House all speakers expressed their will to follow the recommendations of the Finance Committee\(^6\) and the Lower House decided at the third reading on March 22 1912, to establish a Danish legation in the East.\(^7\) The bill also went through the Upper House with no problems\(^8\) and thus the way was finally paved for the subsequent appointment of the legation secretary as resident minister with the title Minister for China and Japan.

CONCLUSION

In 1908 the main reason why the Rigsdag decided not to establish an independent legation in China was that it was deemed too expensive, that none of the predominant Danish companies in China wanted it, and that there were doubts as to whether Denmark’s economic prospects in China were good enough to justify establishing a legation. In 1911 neither the expected expenses in connection with the establishing of a legation, nor the economic opportunities in China seemed to have changed so much compared to 1908 that it justified a legation. The explanation for the Rigsdag’s changed attitude to a legation in Peking must thus be sought elsewhere, namely in the view of the matter of predominant Danish commercial interests and changes in Russia’s position in China. In 1906 neither the Great Northern, nor the East Asiatic Company wanted a legation. The Great Northern was against an independent Danish legation because the company feared that this could be misconstrued by Russia, who had until then taken care of Denmark’s diplomatic interests in China. The company placed crucial importance on not losing the support of the powerful representative of Russia, and the company therefore opposed the idea of an independent legation. In 1911 the company had, however, changed its attitude. This was probably due to a change in the balance of power in the East, which made it less attractive for the Great Northern to be represented by Russia.

In the Rigsdag all parties except one turned against the proposal of private financing of something they considered a duty of the state. This did not
mean, however, that the proposal for an independent legation fell. The politicians, who already in 1908 had seen China as a ‘Land of Great Opportunities’, chose to ignore the high costs and lack of reasoning behind the proposal and decided that the state alone was to defray the cost of establishing a legation in the East. The arguments were that a Danish legation would be better able to support Danish interests than a Danish legation secretary under the Russian envoy; that changes in the balance of power in the East encouraged the formation of a Danish legation, with the advantages of being a neutral, small country; and that Danish commercial interests wanted it that way.

NOTES


3 See Lange, Finansmænd, stråmænd og mandariner, pp. 165–185; Baark, Diplomatisk samkøm mellem Danmark og Kina, p. 40.

4 Lange, Finansmænd, stråmænd og mandariner, pp. 265–296.


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9 Ibid., p. 84.
10 Ibid., p. 84.
11 Ibid., pp. 84–85.
12 After the Boxer Rebellion 1900–01 it became necessary to have armed guards to protect the legations of the Western countries.
13 Betænkning afgiven af ..., p. 84.
14 The history of one of the three trading houses in Shanghai is described in Christopher Bo Bramsen, Generaldirektøren: Vilhelm Meyer: En dansk forretningsmands liv i Kina 1902–35 [The director general: A Danish businessman’s life in China 1902–35], Copenhagen: Gad, 1993.
15 Betænkning afgiven af ..., p. 86.
16 The commission’s work resulted in two bills. These were Forslag til lønningslov for Udenrigsministeriet [Wage bill for the Foreign Office] and Forslag til lov om Diplomat- og konsulatsvæsen [Bill for the diplomatic and consular services]. See Rigsdagstidende [Official report of parliamentary proceedings], Ordetlig Samling [General session], 1907–1908, Tillæg A2 [Supplement A2].
20 Ibid. The Foreign Office to Legation Secretary P.F. Ahlefeldt-Laurvig, 18 January 1909.
21 See Udenrigsministeriets Kalender, various years.
22 Count P.F. Ahlefeldt-Laurvig had in 1900 been employed as Secretary to the Danish Consul in Hull, and later he had served at the Consulates-General in London and New York as well as in the Foreign Office in Copenhagen. See Sv. Cedergreen Bech (ed), Dansk Biografisk Leksikon [Danish biographical dictionary], 3rd edition, Vol. 1, Copenhagen: Gyldendalske Boghandel, Nordisk Forlag, 1979, p. 96.
24 Ibid. P.F. Ahlefeldt-Laurvig to the Foreign Office, 6 August 1908.
25 A dragoman is an interpreter or tourist guide in the Orient.
27 Ibid. P.F. Ahlefeldt-Laurvig to Suenson, 29 September and 21 November 1908.
29 Ibid. P.F. Ahlefeldt-Laurvig to Bahnson, 14 April 1909.
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34 Ibid. P.F. Ahlefeldt-Laurvig to Bahnson, 14 April 1909.


39 See, for example, ibid. C. W. Ahlefeldt-Laurvig to P.F. Ahlefeldt-Laurvig, 5 November 1909.

40 Ibid. C. W. Ahlefeldt-Laurvig to P.F. Ahlefeldt-Laurvig, 11 October and 22 November 1909. See also Faber, Danish Consul General in London, to P.F. Ahlefeldt-Laurvig, 14 July 1909.

41 This point was very clear from a letter that Faber, Danish Consul General in London, later wrote to the legation secretary after a meeting in Copenhagen with his uncle. RA, UM, Gesandtskabsarkiver Peking. Afleveret 1946. J.Nr. 1–70/1911. Læg 1/1911 ‘Min stilling samt eventuel oprettelse af en dansk legation’. Faber to P.F. Ahlefeldt-Laurvig, 30 December 1910.


43 Ibid. E. Scavenius to P.F. Ahlefeldt-Laurvig, 8 February 1910.

44 Ibid. P.F. Ahlefeldt-Laurvig to Faber, 7 April 1910.


46 Ibid., 3 May 1910.

47 Ibid.

48 Ibid., 15 July 1910.

49 Ibid. The Foreign Minister’s objections are mentioned in Suenson’s letter to P.F. Ahlefeldt-Laurvig, 15 July 1910.

50 Ibid. This objection is mentioned in Suenson’s letter to P.F. Ahlefeldt-Laurvig, 29 July 1910.


52 Ibid.
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53 Ibid. C. W. Ahlefeldt-Laurvig to P. F. Ahlefeldt-Laurvig, 3 August 1911.
54 Ibid. Suenson to P. F. Ahlefeldt-Laurvig, 4 August 1911.
55 Ibid. P. F. Ahlefeldt-Laurvig to Suenson, 9 August 1911.
57 Ibid. P. F. Ahlefeldt-Laurvig to H. N. Andersen, 5 September 1911.
58 Ibid. Suenson to P. F. Ahlefeldt-Laurvig, 30 August and 21 September 1911.

59 At this time the Danish Foreign Office used four different kinds of envoys, whose mutual position had been decided on through regulations adopted on 19 March 1815 at the Vienna Congress and the so-called Aachen-Protochol of 21 November 1818. Envoys were divided into four categories: (1) ambassadors, (2) ordinary envoys (envoyés extraordinaires, ministres plénipotentiaires), (3) resident ministers, and (4) chargés d'affaires. The first three kinds of envoys were accredited to the head of state in the country where they were to work, while the last kind was accredited to the foreign minister. Most Danish envoys were ordinary envoys, but a few were residential ministers or chargé d'affaires. Ambassadors were used only on special occasions (for example for notifications of accessions to the throne) because their appearance called for all due ceremony which was quite costly.

61 Ibid. Spalte 2405–2407.
62 Ibid. Spalte 2414–2423.
63 Ibid. Spalte 2438–2439.
64 Ibid. Spalte 2407–2414.
65 Ibid. Spalte 2410–2412, 2422.
66 Ibid. Spalte 2409.
67 Ibid. Spalte 2419.
68 Ibid. Spalte 2425–2426.
69 Ibid. Spalte 2429–2433.

72 Ibid. Spalte 6576–77.
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Denmark’s China Policy 1912–49

Mads Kirkebæk

The purpose of this chapter is to describe the development in Denmark’s diplomatic and consular representation in China in the period 1912–49, and to analyse and find viable explanations for some of the major changes which Danish China policy underwent in the same period. The main thrust will be a discussion of Denmark’s attitude towards the 1919 Arms Embargo Agreement, the signing of a Danish–Chinese Friendship and Trade Treaty in 1928, the moving of the Danish legation from Peking to Shanghai in 1935, the 1940 dispatch of a Danish envoy to Chongqing, the break in diplomatic relations between Denmark and the Chongqing Government in 1941, and the resumption of diplomatic relations between Denmark and the Chongqing Government in 1945. Denmark’s China policy 1912–49 was characterized by several abrupt changes which may make it look random and self-contradictory. However, in this chapter it will be argued that most of the changes in Denmark’s China policy 1912–49 were well planned, co-ordinated and aimed at one single objective: always to secure the best opportunities for Danish trade interests.

Denmark’s Representation in China 1912–35

In 1912 Denmark’s representation in China consisted of an envoy in Peking and a paid consul-general in Shanghai, who was also judiciary consul for all of China. Apart from this there was a Danish honorary consul in Xiamen and an honorary vice-consul in Wuhan (Hankou), who was also looking after Danish interests in Jiujiang, Yueyang (Yochow), Shashi and Yichang. Russia was handling Denmark’s interests in Yantai (Chefoo), Fuzhou and Tianjin. This shows that the establishment of an independent Danish legation in Peking in 1912 was not an indication of a complete division of Denmark’s and Russia’s interests in China. During the years from 1912 to 1919 Russia continued to represent Denmark in several Chinese cities. After that Denmark’s and Russia’s consular co-operation ended completely. This was due to the revolution in Russia and its influence on the relations between the two countries.1

During the years up to 1920 there were no important changes to the Danish representation in China,2 but from 1920 to 1925 it was heavily extended.
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In 1920 the legation in Peking was enlarged by an attaché, and the following year a vice-consul was added to the consulate-general in Shanghai. The number of Danish honorary consuls also rose. At the beginning of 1924, the Danish representation in China consisted of an envoy and a legation secretary in Peking, a consul-general and a vice-consul in Shanghai, honorary consuls in Wuhan (Hankou), Harbin, Canton, and Tianjin, and honorary vice-consuls in Xiamen and Tianjin. All posts except the honorary vice-consul in Xiamen were filled by Danish citizens.

THE COMMISSION REPORT IN 1921

The arguments to extend the legation in Peking and the consulate-general in Shanghai can be found in a commission report from 1921 which was prepared in connection with a reorganization of the Foreign Office and Denmark’s representations abroad. The commission that prepared the report first of all recommended extending the legation and the consulate-general because there was no qualified Danish substitute for the Danish emissaries when they were absent. Until now the Danish emissaries had handed their official duties over to representatives from foreign countries when they were unable to look after them themselves. The commission, however, found it unfortunate that foreign diplomats handled Denmark’s political interests, and it found it especially unsatisfactory that representatives of foreign powers looked after Denmark’s economic interests. Therefore the commission recommended that the legation in Peking and the consulate-general in Shanghai be extended by an extra man each who could handle the official duties of the envoy and consul-general in their absence, and also relieve them of some of their current work. The recommended expansion of the legation was realized already before the final commission report was available. In 1920 an attaché was, as already mentioned, appointed to the legation in Peking. In 1921 a Danish vice-consul was appointed in Shanghai.

The commission’s second argument for extending the legation and the consulate-general dealt with Denmark’s growing economic interests and the increasing number of Danes in China. In the commission report it was mentioned that the number of Danes living in China had risen from 350 in 1912 to about 600 in 1921, and this meant more work for the Danish representation. The fact that Europeans in China had extraterritoriality meant that Danish citizens very often had to ask the legation and the consulate-general for assistance.

The increase in the number of Danish honorary consuls from 1920 onwards is also explained in the commission report. It is mentioned that the old arrangement of transferring Denmark’s consular business to Russia’s consuls in important cities other than Peking and Shanghai was now out of the question. The reason for this is not elaborated, but it was, no doubt, related to the above-mentioned political development in Russia. Instead, the commission recommended that Danish businessmen be appointed as honorary consuls. Admittedly honorary consuls were not as effective as paid consuls, but they were by and large
preferred to foreign assistance. The break-up of the co-operation with Russia thus led to the appointment of a growing number of honorary consuls in 1920 and during the following years. Another reason for the appointment of honorary consuls was that it was no longer so difficult to find suitable candidates, since, as mentioned above, the number of Danes living in China was on the increase.

During the years 1925–35 Denmark’s representation in China was gradually enlarged so that in 1935 it consisted of an envoy and an attached consul in Peking, a paid consul-general and a paid vice-consul in Shanghai, honorary consuls in Xiamen, Wuhan (Hankou), Harbin, Canton, Tianjin, and Qingdao, and honorary vice-consuls in Tianjin and Shantou (Swatow).

**CHINA IN 1911: FROM EMPIRE TO REPUBLIC**

When the Danish Rigsdag decided to establish a diplomatic legation in Peking, the Qing dynasty was about to collapse and the centralized political power in China was breaking up. From 1901–03 onwards, the Qing dynasty, seriously weakened by the defeat to Japan in 1894 and by the results of the Boxer rebellion, introduced a series of reforms including the creation of ministries between 1903–06, the publication of the details of the budget from 1908 onwards, the abolition of the traditional competitions (1905) and the reform of the educational system, the creation of provincial assemblies (1909), and the proclamation of a new code of law (1910) inspired by Western legislation. The Qing dynasty tried to adjust itself to new conditions and comply with the demands of a changing society, but the reforms came too late. On 10 October 1911, a military revolt at Wuchang (Wu-ch’ang) in Hubei province marked the beginning of a movement of secession which spread to most provinces and brought about the fall of the Qing dynasty which had ruled China since 1644. On 14 February 1912, the six-year-old emperor Pu Yi (Xuan Tong) abdicated.

China was proclaimed a republic and Sun Yat-sen, leader of a group of republican revolutionaries, was elected its first president. Sun took the oath of office on January 1 1912, but shortly afterwards he offered Yuan Shikai (Yüan Shih-k’ai) the presidency of the Republic on the condition that he would defend the new regime. The new republic was extremely weak. It did not have any armed forces or revenues to rely on, and this was the reason why its leaders turned to Yuan Shikai, the only man of the time with a well-trained and well-equipped army.

Yuan Shikai replaced Sun Yat-sen as the head of the Republic and transferred the government from Nanjing to Peking. As the months went by Yuan Shikai arrogated more and more power to himself, and Sun Yat-sen and other republican leaders were forced to leave the country. In January 1914 Yuan Shikai dissolved the parliament and in January 1916, a few months before his death, he re-established the monarchy for his own purposes.

The military governors whom Yuan Shikai had installed in the provinces before his death split in 1916 and divided China between them with the support of the various foreign powers which possessed ‘spheres of influence’ in China.
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Manchuria, the zone of Japanese influence, was the domain of Zhang Zuolin (Chang Tso-lin) (1875–1928), head of the military clique of the Fengtian (Liaoning). Duan Qirui (Tuan Ch’i-jui) (1865–1936) and Xu Shuzheng (Hsü Shu-cheng) (1880–1925) were dominant in central China and Fujian, again with the help of Japan. This was the group known as the Anfu clique (Anhui-Fujian). The Yangtze valley, the British zone, was held by a clique known as the Chili-group. Heads of this group were Cao Kun (Ts’ao K’un) (1862–1938) and Wu Peifu (Wu P’ei-fu) (1872–1939). England also watched the political situation in South China closely, because it could affect the activities of Hong Kong. France, which was still trying to penetrate the Southeast, supported Tang Jiyao (T’ang Chi-yao) (1882–1927), Japan’s former client, in Yunnan.14

During the period of the warlords, 1916–28, the internal situation in China grew continually worse. There were hundreds of armed conflicts on local, regional and national scales. There was inflation, the growth of banditry, the disorganization of commerce, and a big increase in the number of opium fields – a source of revenue for certain warlords.15

The chaos of warlordism and the extreme weakness of the national government in Peking rendered China vulnerable to foreign pressures, but, at the same time, limited foreign activities and interfered with the economic exploitation of the country by foreign enterprises. Banditry and wars disrupted normal trade and business activities, as did warlord oppression of the Chinese trading partners of foreigners, the debasement of currency and the use of unsecured notes, and the destruction, military seizure and deterioration of railway facilities.16

Foreign representatives delivered a steady stream of protests to the national government in Peking, although the weakness of the central authorities precluded their taking effective action. Foreigners themselves contributed to the disorder, however. They supported the warlords, served as soldiers and advisers in their armies, built arsenals, and responded to their demand for guns. Foreign arms merchants sold to whosoever had the means to meet the price, with no regard for political considerations.17 In 1919, however, a number of foreign powers decided to stop arms sales to China. They entered into an arms embargo agreement and asked Denmark and other interested powers to do the same.

DENMARK AND THE 1919 ARMS EMBARGO AGREEMENT

In 1919 the Danish government acceded to the agreement to forbid sales of arms to China.18 However, during the following years it did what it could to minimize the effects of the accession because it went against Danish commercial interests. When Great Britain and the United States in 1921, with reference to the agreement, demanded a stop to the deliveries of machinery by the Danish company Nielsen & Winther to the rebel Zhang Zuolin’s arsenal in Mukden (Shenyang),19 the Danish Government replied that Denmark, with the accession to the agreement in 1919, had only bound herself to limit sales of products that were included in a Danish ban on exports of ‘instruments and apparatus which
are made solely for the manufacture or repair of arms and material for land or naval warfare’. As Nielsen & Winther’s machines could be used for purposes other than arms production, there was, according to the Danish Government, nothing that could be done to prevent the sale of them. It was emphasized that Nielsen & Winther had entered into the contract in absolutely good faith, which was further strengthened by the fact that the company knew for certain that in 1920–21 American and British firms had supplied machinery of a quite identical nature to the arsenals of Mukden, Shanghai, Tai-Juan-Fu and Canton without obstacles of any kind. Moreover, it was mentioned that both American and British firms had competed with the company for the order from the Mukden arsenal.

**Great Britain’s Proposal for a Widening of the Arms Embargo Agreement of 1919**

However, this reply did not make Great Britain and the United States lessen their pressure on the Danish government to become more active in the endeavours to prevent arms export to China. In June 1922, the British envoy in Copenhagen sent a new note to the Danish government in which it was proposed that ‘the embargo of 1919 should now be re-affirmed by the Powers who were parties thereto and that it should at the same time be more precisely defined and widened so as to include materials and tools destined directly or indirectly for the manufacture of arms or munitions of war, arsenal equipment and personnel to supervise or assist in the use or manufacture of such arms and munitions and the training of such personnel’. The note further stated that the British representative in Peking had been instructed to take up the question with his colleagues with a view to the framing of a recommendation as to the steps to be taken to place the existing embargo on a more satisfactory footing.

The Danish Foreign Office was opposed to Great Britain’s proposal for a widening of the embargo. According to the Foreign Office a Danish accession was probably not possible without changing existing legislation. Moreover, such an accession would probably also involve demands for supervision by the Danish customs authorities which would be impossible to enforce in practice and would impede Danish commercial interests in China unreasonably. The Foreign Office feared that a Danish accession to the proposal would mean that Danish companies, as opposed to companies from the larger countries, would be completely prevented from trading with arsenals in China. This was related to the fact that even if Great Britain’s proposal to widen the arms embargo was carried out it would still be possible to import machinery and tools to China, as long as there were not direct sales to the arsenals. This meant that big companies from large countries would be able to import machines and tools to their warehouses and subsidiaries in China and then resell the merchandise to arsenals in China with no objections raised. However, for a small country like Denmark the situation was different. Danish companies did not have enough capital to establish warehouses in China, but had to enter into agreements with deliveries directly to
the arsenals. Therefore, the Danish companies’ export to China of machines and tools of exactly the same type as the big, foreign companies’, could be prevented with reference to an expanded arms embargo agreement. Although the Foreign Office in principle agreed that steps had to be taken to restore peace in China, the ministry could not recommend accession to the British proposal, because it would put Danish companies in a less favourable position than their bigger foreign competitors.23

While the Foreign Office was considering the official reply to the British note from June, another note arrived. Dated August 1922, this was from the British envoy in Copenhagen stating that the British proposal for expanding the 1919 Arms Embargo had been given not only to Denmark, but ‘to all the powers who were parties to the original Embargo Agreement of 1919 with the exception of Russia, and also to the Governments of Germany and Austria, whose co-operation in making the embargo effective it was thought desirable to obtain’.24 The British envoy further wrote that:

[S]atisfactory replies have already been received from the Governments of Belgium, France, Germany, Italy and Portugal, and in particular it is to be noted that the Italian Government have stated that they share the view of His Britannic Majesty’s Government in regard to the desirability of extending the prohibition so as to include materials and tools destined directly or indirectly for the manufacture of arms or munitions of war and arsenal equipment, and also of adopting similar measures in respect of the personnel of arms and munitions factories and the instructors of such personnel.25

The British envoy then went on to quote a proposal for a revision of the Arms Embargo Agreement which had been formulated at the Washington Conference 1921–22.26 In the proposal the United States, Belgium, Great Britain, France, Italy, Japan, the Netherlands and Portugal affirmed their intention ‘to refrain from exporting to China arms or munitions of war, whether complete or in parts, and to prohibit such exportation from their territories or territories under their control, until the establishment of a Government whose authority is recognized throughout the whole of China’.27

The Washington proposal had less scope than the Arms Embargo Agreement of 1919. First, the agreement of 1919 contained an obligation for the concerned powers to effectively prevent their citizens and subjects from exporting to as well as importing into China the items comprised by the agreement, while the Washington proposal only stated that the powers concerned confirmed their intention to refrain from exporting to China. Second, the agreement of 1919 comprised arms and munitions of war as well as materials solely meant for manufacture thereof, while the Washington proposal only applied to arms and munitions of war in their finished form or parts thereof.28

The British envoy ended his note by stating that the diplomatic representatives in Peking were best able to judge what action was desirable in order to strengthen the existing embargo. If they reached the conclusion that the proposal from the Washington Conference sufficiently met the needs of the situ-
On 18 October 1922, the Danish government delivered a preliminary reply to the two British notes stating that there would be nothing to prevent the Danish envoy in Peking from taking part in the meetings proposed by the British government to discuss the question of a widening of the Arms Embargo Agreement, although it was not possible to give further instructions to the Danish envoy concerning the position he was to take on Denmark’s behalf in this question. At the same time the Foreign Office sent instructions to the Danish envoy in Peking that he was not to accede to any proposal until it had been properly approved by the Foreign Office.

The Agreement of 3 October 1922: A Widening of the 1919 Arms Embargo

On 13 November 1922, the Danish envoy in Peking reported to the Foreign Office that the British envoy had invited the Peking envoys of the governments which had acceded to the 1919 Arms Embargo to attend a meeting with the purpose of widening the embargo so that it would also include machinery for equipment of arsenals, aircraft, as well as a ban on foreign engineers participating in construction of arsenals. The meeting took place on 3 October 1922, but it proved difficult for the British envoy to gain support for the British proposal. The Italian delegation renewed their reservation to the original embargo that all signed contracts should be fulfilled, and the Dutch envoy declared that he could only accede to the Washington proposal in the form in which it was originally put forward and then only if unanimity was reached. Furthermore, the French minister emphasized that he had no authority to prevent Frenchmen resident in China from importing arms, and that the French government’s only means to prevent arms sales was an export ban from France. The Belgian and Danish envoys pointed out that their governments were in exactly the same situation.

After some discussion it was agreed that each of the envoys should report to his government that the diplomatic body had unanimously approved the Washington formulation ‘arms or munitions of war whether complete or in parts’, but that they could not agree on any modification of that language for the purpose of strengthening the arms embargo. The envoys should further report that the diplomatic body had unanimously agreed to submit to their respective governments the following interpretation note: ‘This is understood to include aircraft other than commercial aircraft and machinery and materials destined exclusively for the manufacture of arms or the equipment of arsenals’.

After the meeting, however, various parties voiced their opposition to the agreement. From Norwegian and Swedish quarters it was maintained that it
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would be impossible to report home an interpretation of a proposal passed at a conference at which Norway and Sweden had not been represented, and the resolutions with which the Norwegian and Swedish governments had had no opportunity to become acquainted. From another quarter it was maintained that the envoys in Peking had no authority whatsoever to interpret a proposal passed at a conference in Washington. The unanimity had been broken, and the Danish envoy, therefore, did not send the report in question to the Foreign Office in Copenhagen. He considered the Agreement of 3 October to be anulled.\textsuperscript{34}

In his report to the Foreign Office the Danish envoy wrote that a certain scepticism prevailed among the envoys in Peking vis-à-vis the arms embargo. According to the envoy the unrest in China had not lessened after the Diplomatic Corps in Peking agreed to ban arms sales to China. China had arms and was still receiving arms. There were numerous examples of United States and British arms sales to China, and it was said that much of the material supposedly for the Italian garrisons in Tianjin and Peking and the Italian men-of-war in Chinese waters was quietly transferred to the Chinese. The amount of war material that Japan had delivered to Zhang Zuolin, through Korea, was quite beyond control. Nothing was heard of most of the deliveries, but now and then information about huge deliveries of arms leaked out. The envoy finished his report by writing that prospects were poor for the Arms Embargo Agreement to be kept any better in the future, first, because shipments of arms could be imported without any control across China’s enormous land-border. Second, because several countries including Sweden, Norway, Greece, and most of the countries of Latin America had not acceded to the agreement. Third, because nobody could prevent banned goods from being exported to countries like these and from there to China. Finally, because citizens from the major powers had broken the embargo and could be expected to do so in the future even though their governments had acceded to the agreement. In these circumstances the envoy concluded, ‘a loyal observance of the embargo is only a self-denying restriction which brings no recognition, and only serves as a hindrance for oneself’.\textsuperscript{35}

THE AGREEMENT OF 9 FEBRUARY 1923: A RELAXATION OF THE 1919 ARMS EMBARGO

During the following months the Diplomatic Corps in Peking held a number of meetings to discuss the revision of the Arms Embargo Agreement of 1919. On 9 February 1923, the British envoy again proposed a widening of the embargo on exports to or imports into China of arms and munitions of war and material destined exclusively for their manufacture so that it would also include machinery for equipment of arsenals and aircraft, as well as a ban on foreign engineers participating in construction of arsenals. In accordance with his instructions from the Foreign Office in Copenhagen the Danish envoy expressed reservations about the British proposal regarding machinery. The envoys from Italy, Belgium and the Netherlands did the same and furthermore
pointed out that they had no legal power to enforce the other parts of Great Britain’s proposal for a widening of the embargo.36

At the meeting it became clear that only the British government had the means to prevent imports into China while all other governments’ only means to ensure that an embargo was maintained was an export ban from their respective countries. At the meeting, therefore, agreement had been reached to drop the question of imports into China. With the realization that Great Britain’s proposals for a widening of the embargo would in the main remain ineffective because a majority of the diplomatic representatives had no legal power to enforce them, it was also agreed to recommend that as many countries as possible accede to the proposal passed at the Washington Conference on the export to China of arms and munitions of war, with an addition that the embargo also included aircraft not intended for commercial use.37

The Agreement of 9 February 1923 had less scope than both the Arms Embargo Agreement of 1919 and the Agreement of 3 October 1922. The agreement of 1919 banned exports to as well as imports into China of arms or munitions of war, while the agreements of October 1922 and February 1923 only banned exports to China of these items. In addition to the ban on exports to China of arms or munitions of war, the agreement of October 1922 also banned exports to China of aircraft other than commercial aircraft and machinery and materials destined exclusively for the manufacture of arms or the equipment of arsenals. The agreement of February 1923 did not ban exports of machinery and materials for manufacture of arms and equipment of arsenals. This meant that Denmark’s commercial interests would not be affected by this agreement.

GREAT BRITAIN AND THE UNITED STATES REQUEST THAT DENMARK ACCEPT THE AGREEMENT OF 3 OCTOBER 1922

At the meeting on 9 February 1923, the Diplomatic Corps in Peking had reached an agreement about a revision of the Arms Embargo Agreement of 1919. The governments of Great Britain and the United States did not, however, feel that this agreement created enough guarantees to prevent sales of arms to China. Therefore, they chose to completely disregard this agreement and instead continued efforts to enforce the earlier agreement of 3 October 1922.38

In March 1923, the British government sent a note requesting information on the Danish government’s position on the Agreement of 3 October 1922.39 This time the Danish government sent a note of reply to the British government saying that because of discrepancies between the British note and reports from the Danish legation the entire matter had to be examined carefully before it was possible to give a decisive answer to the British request.40 In July and November 1923, the Danish government received two more notes from the British and the United States governments expressing the hope that Denmark would accept the Agreement of 3 October,41 but the Danish government simply did not reply to these notes.
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In September 1924, the United States government again delivered a note to the Danish government asking for a reply to the request for accession to the Agreement of 3 October, and then finally, in November 1924, the Danish government replied that it could not accept this agreement, but only the more narrow agreement of 9 February 1923, which did not put a ban on machinery. At this point the British government gave up trying to make Denmark accept the Agreement of 3 October. Instead it decided itself to accede to the less broad Agreement of 9 February. The Danish delaying tactics thus had proved an effective means to protect Danish interests in China.

The Danish government agreed in principle that steps had to be taken to restore peace in China, but it did not believe that the 1919 Arms Embargo Agreement would be an effective means to obtain this aim. The Danish envoy in Peking reported numerous breaches of the embargo, and the Danish government saw no reason why Danish firms should be prevented from selling arms to China when British and American firms continued to do so. A civil servant in the Foreign Office pointed out that ‘Denmark has no political policy in China, but solely an economic policy,’ and this is also the impression one gathers when looking at Denmark’s role in the matter. The Danish government placed a high priority on Danish interests in the arms trade and chose to dismiss the question of whether it was politically and morally correct to support Danish arms sales to a rebel who fought the government to which the Danish envoy in Peking was accredited. Consideration for Danish commercial interests was thus decisive for Denmark’s attitude towards the 1919 Arms Embargo Agreement.

The position of the Danish government in the matter of the arms embargo clearly demonstrates that Denmark was concerned primarily with the reaction and attitude of the Western powers, whereas the policy of the Chinese government was considered to be of less importance. This was no doubt related to the fact that the Chinese government was believed to be weak and inefficient and of no great interest to Denmark, whereas powers such as Great Britain and the United States, were believed to exert considerable power in China. This situation changed fundamentally in 1928, when the Guomindang party gained control of most of China. This meant that for the first time since the establishment of the Danish legation in 1912 there was a Chinese central government with power and authority over most of China. As a consequence the official Danish policy on China began to develop a Chinese dimension. From having more or less related only to and considered relations with the foreign powers in China the Danish government now also began building up relations with the Chinese central government.

THE SIGNING OF AN INTERIM DANISH–CHINESE FRIENDSHIP AND TRADE TREATY IN 1928

In December 1928 Denmark and China signed an interim Friendship and Trade Treaty which superseded the old Friendship, Trade and Shipping Treaty.
from 1863. The new treaty was different from the old one on two crucial points. First, in the new treaty Denmark recognized China’s autonomy over customs. In the 1863 treaty the fixing of customs rates was a joint Danish–Chinese concern. Second, Denmark in principle gave up extraterritoriality which had been one of the cornerstones in the unequal treaty system forced on China during the nineteenth century. The reason why Denmark in 1928 chose to comply with China’s long-standing demand for customs autonomy and the abolition of extraterritoriality was growing pressure from China, the other treaty powers’ position on the question and last, but not least, a pragmatic view on the future of the treaty system and the expediency of being on good terms with the Guomindang party which, after the victory in the civil war, had gained control over most of China.46

At the Peace Conference in Paris in 1919 and at the Washington Conference in 1921–22 China had, unsuccessfully, demanded abolition of the unequal treaty system. In the following years different Chinese governments and the Chinese public put forward more strongly the demand for customs autonomy and the abolition of extraterritoriality – in fact the revision of the entire existing treaty system in China. The foreign treaty powers were accommodating towards China in the question of customs,47 but were otherwise unwilling to negotiate. Therefore, the two rival Chinese governments in Peking and Nanjing began denouncing the treaties with the foreign powers, even though the denunciation clauses in the treaties seldom afforded legal rights for them to do so. In 1926 the Peking government denounced the treaties with Japan, Belgium and Spain and instead demanded the opening of negotiations for new treaties based on the principles of equality and mutual recognition of territorial sovereignty. Japan had its old treaty temporarily prolonged during the negotiations for new ones, but Peking took a more unbending attitude towards smaller countries. The result of this meant that Belgium and Spain in reality had to give up their extraterritoriality,48 which created a precedent which urged China to continue the unilateral denunciations of the old, unequal treaties.

Early in July 1928 the Danish envoy in Peking, Henrik Kauffmann, received a denunciation of the old Danish–Chinese treaty from the Nanjing Guomindang government, which had established control of most of China, including Peking.49 With reference to article 26 in the old Danish–Chinese treaty, the Guomindang government declared the treaty terminated and suggested the immediate initiation of negotiations for a new treaty based on the principles of equality and mutual respect for territorial sovereignty. Kauffmann’s reply, which he had prepared well in advance and had had accepted by the Foreign Office in Copenhagen, was sent a week later.50 It was brief and, in reality, only said that the Danish government, on the one hand, was willing to negotiate a general revision of the treaty but, on the other hand, maintained that legally the old Danish–Chinese treaty only afforded China the right to demand a revision of the commercial stipulations of the treaty. In his note Kauffmann, on purpose, only declared willingness to negotiate a general revision of the treaty, not an equal treaty for which China had expressed a wish. In Kauffmann’s opinion
such an undertaking could later be used against Denmark, as the distinction
between willingness to negotiate an equal treaty and willingness to conclude
such a treaty was too subtle to be successfully used in a possible public political
discussion. Kauffmann was convinced that the coming negotiations could only
be for an equal treaty, but he found it tactically unwise to let the reply show
Denmark’s willingness to negotiate a contract on China’s premisses as long as
the time for the signing of a new treaty was uncertain.  

Henrik Kauffmann was convinced early on that it was only a question of
time before the treaty powers in China would lose their privileges in the same
way that had happened in Japan and Thailand. Kauffmann considered it to be
a logical consequence of the ‘awakening of the peoples of Asia’ – a phenomenon
which, in his opinion, had been very much furthered by World War I and its after-
effects. In 1924 Kauffmann wrote, in a report to the Foreign Office, that the
public respect for the white man was far from what it had been and would
probably lessen more and more with time. This was first and foremost due to
World War I and the poverty and misery that it had brought to many foreigners in
the East. Before the war almost every white man had, according to Kauffmann,
lived as a kind of superman, whereas after the war, in most Chinese cities, thou-
sands of Russian men tried to make a living by pulling rickshaws and other work
which a white man would never have done before; and countless Russian women
had to become prostitutes and sometimes sell themselves to native coolies under
the most miserable conditions. At the same time, the Chinese saw that the soli-
darity among the foreign treaty powers was weakening. All this had, according
to Kauffmann, made the Chinese feel that they could afford to go much fur-
ther against the treaty powers than before, and this had made them more and
more demanding.  

In his printed account of Denmark’s treaty relationship with China,
Kauffmann later wrote that from the foreign countries’ point of view, it could
only be deplored that the treaties had come to have such a conspicuous place
in the minds of the Chinese public, since although few really knew what the
injustice towards China was in concreto, it had been drilled strongly into Chinese
minds over the last years that the treaties were unequal, and in Kauffmann’s
opinion it would not be possible to lay the matter to rest before all the existing
treaties were denounced. When the different Chinese governments’ foreign
ministers or military chiefs during previous years had spoken about China’s
relations with foreign countries, the abolition of the unequal treaties had
almost always been one of the main topics. Kauffmann wrote that the tone had
not always been the same. The regime controlled by Zhang Zuolin had usually
been polite and stressed China’s wish for negotiations to make changes. The
Guomindang Party had, on the other hand, often used ‘a less polished language’.
However, the tendency was the same all over, and although the Guomindang
Party now was more moderate and willing to negotiate than previously, Kauff-
mann still considered it unlikely that the different Chinese governments would
lessen their efforts to revoke the old treaties.
Kauffmann, and with him the Danish Foreign Office, was convinced that the foreign treaty powers’ privileges in China were coming to an end, but, for tactical reasons, they did not want Denmark to be the first country to give up the privileges. Therefore, the Danish government chose to use the old obliging reluctance tactics. On the one hand, they expressed understanding for China’s demand for a revision of the treaty but, on the other hand, they carefully avoided committing themselves to anything. Tactically, they wanted to wait for a clarification of the treaty question – without offending China or the other treaty powers – before committing themselves. The Danish government wanted to stay behind the scene, friends with every one, while the other treaty powers took issue with China about the revision of the old treaties. In the meantime they wanted to ‘sit on the mountain watching the tigers fight’ (Zuo shan jian hu dou) and wait for the dust to settle. Then they would examine the possibilities and act accordingly.

Having delivered Denmark’s official reply to the Chinese denunciation of the treaty to the Chinese government, Kauffmann wrote, in a report to the Foreign Office in Copenhagen, that the development in the negotiations between China and the other treaty powers during the coming month would probably give some indication of the course which would be natural for Denmark to follow in the treaty question. This proved to be true.

Shortly thereafter, the USA and China signed a customs agreement which meant that the two countries from 1 January 1929, would recognize each other’s customs autonomy and afford each other a most-favoured-nation status in the customs area. When the Guomindang government had managed to get the superpower USA to recognize China’s customs autonomy, it was very likely that China would be firm in the demand for Denmark to do the same during the coming negotiations. From a Danish point of view there was, therefore, no reason to let the customs question be an important part of the negotiations. That is why the American–Chinese customs agreement became more or less a deciding factor in the fact that Denmark, during the coming treaty negotiations, was ready to accommodate China’s demands in the customs area.

On 4 August, the Chinese foreign minister sent a new note to the Danish envoy in China, in which he expressed the hope that the Danish government would appoint an authorized representative who could open negotiations for a new Danish–Chinese treaty in October. In his reply Kauffmann wrote that he had been authorized by the Danish government to negotiate a revision of the treaty but that he, due to a planned journey to Japan, could not begin negotiations until December, and China accepted this. The postponement of the negotiations gave an advantage to Denmark for several reasons. First, it afforded the Danish government time to study the Chinese negotiation draft. Second, it increased the probability that other countries had finished their treaty negotiations with China before the opening of the Danish–Chinese negotiations. Both Belgium and Italy were to negotiate interim treaties with China at this time, and the result of these negotiations could, like the customs agreement between
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China and the USA, be used as a guideline for what Denmark could expect to gain in the negotiations with China. The postponement of the Danish–Chinese treaty negotiations thus gave Denmark the possibility of continuing the tactics pursued hitherto, i.e. to remain passive and let the other treaty powers discuss the framework for the new treaties with China. Then, when the scope of concessions by the other treaty powers was known, Denmark could offer China the same. In this way, Denmark avoided unnecessary strain on the good relationship with China and would not be placed in a less favourable position than the other treaty powers. There was even a possibility that Denmark could be seen by the Chinese as especially accommodating in the treaty question.

The interim treaties that were the result of negotiations between China and Belgium and China and Italy both contained stipulations for the abolition of the extraterritoriality. The Belgian treaty contained a stipulation that Belgium would renounce extraterritoriality when the other treaty powers did the same. The Italian treaty stated that Italy would renounce extraterritoriality on 1 January 1930, if China and Italy could agree, and otherwise when China had reached agreement on the abolition of the extraterritoriality with the signing powers of the Washington Conference. When Belgium and Italy had renounced the extraterritoriality, the Danish government felt that it was unlikely that Denmark could avoid the same. The Danish negotiator, Henrik Kauffmann, was then given the task to see that the stipulation for renunciation of the extraterritoriality became the same as the Italian one, which contained the most reservations, and Kauffmann succeeded. The Chinese foreign minister would have preferred a treaty based on the Belgian one, but 'because of China’s traditional friendship with Denmark and the good personal relationship between himself and Kauffmann' he renounced his demand and accepted a treaty similar to the Italian one.

DENMARK’S REPRESENTATION IN CHINA 1935–39

In 1935 a thorough reorganization of Denmark’s representation in China took place. The legation in Peking was moved to Shanghai, and this brought changes in the personnel. The post as envoy was kept, but the post as attached consul at the legation was abolished. Instead a post was created that combined the duties of legation secretary, consul in Shanghai, and judiciary consul for all of China. The holder of this post had the personal title of consul-general. Apart from these, a post of attaché and vice-consul was created at the legation, which corresponded to the former post of secretary and vice-consul at the consulate-general. All in all, the transfer of the legation from Peking to Shanghai meant a reduction in personnel. The legation and the consulate-general had employed four civil servants sent out from Denmark, and the number fell to three as a result of the changes. The economic saving obtained was, however, limited. The transfer of the legation did not influence the number of honorary consuls.
THE REORGANIZATION OF DENMARK’S REPRESENTATION IN CHINA IN 1935

There were two main reasons for changing Denmark’s representation in China in 1935. One was the wish of the Rigsdag to save money and the other the domestic political development in China. In 1932 the Finance Committee (finansudvalget) set up a sub-committee whose task it was to look into the possibilities of savings in the budget for the Foreign Office, and this committee’s work formed the base of a new bill on the Foreign Service which was put before the Danish parliament in November 1934. The idea behind the bill was to economize and make the work of the Foreign Office as efficient as possible. Therefore the Foreign Office was given greater freedom in moving about employees in Denmark and abroad, depending on where they were needed the most. As shown above, the bill, which was passed in the Rigsdag in March 1935, had far-reaching consequences for Denmark’s representation in China.

During the negotiation for Denmark’s future representation in China the Danish envoy in Peking Oscar L.F.A. O’Neill Oxholm had argued that the consulate-general, after a possible amalgamation with the legation, preferably should maintain the appearance of an independent representation. This also became the result of the discussions. The envoy’s argument was first that in the ‘Consular Body’ in Shanghai there was still some ‘animosity’ towards diplomats. Therefore it was important that the Danish consul and judiciary consul in Shanghai were to appear as independent of the legation as possible. Second, the envoy had pointed out that an independent consular representation was more or less mandatory for countries with extraterritoriality in China, and that the judicial and police authority, which the consular representations of these countries had, gave them a strength which was not to be disparaged. According to the envoy the consulates-general of the various countries rather than the legations were the ‘standard’ under which their national trade and shipping in China were carried out. This was Oxholm’s argument for, at least in name, keeping up an independent Danish consulate-general.

However, the reason for the Danish government’s decision to move the legation from Peking to Shanghai was also related to the internal political developments in China. In 1928, Generalissimo Chiang Kai-shek and the Guomindang Party moved China’s capital from Peking to Nanjing, and this shifted the country’s political centre. Peking, which had never been of much interest economically, lost most of the political importance after 1928, and this made it inexpedient for Denmark to have her legation there. However, as Nanjing was not a commercial centre and had very little industry or trade, the Danish government decided in the first instance to move the legation to Shanghai, which was considerably closer to Nanjing and at the same time China’s most important trading city. The plan was to move the legation to Nanjing when the city became more economically developed. However, due to the Japanese invasion of central China in 1937 and the subsequent occupation of Nanjing, this did not happen. After the end of World War II and the civil war in China the Danish legation instead was moved back to Peking, capital of the People’s Republic of China.
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In principle, the Chinese wanted all foreign representations moved to the new capital Nanjing, although they showed understanding of the difficulties involved in doing this immediately. Therefore, China was not very enthusiastic about the moving of the Danish legation from Peking to Shanghai. But the Chinese government realized that for a country like Denmark it would be a practical and economical interim measure, and also that it would bring both the envoy and the legation considerably closer to Nanjing.66

DENMARK’S REPRESENTATION IN CHINA 1939–46

Although the Udenrigsministeriets Kalender [Directory of the Ministry of Foreign Affairs] was published irregularly during the years 1939 to 1946, it is possible to draw a comparatively clear picture of the Danish representation’s development during these difficult years when both Denmark and China were invaded and occupied by foreign powers.

In 1939, the Danish representation in China consisted of an envoy in Shanghai who was assisted by other paid civil servants. One worked as legation secretary and consul-general, and one as a combined attaché and vice-consul. Furthermore, there were six honorary consuls: in Xiamen, Hankou (Wuhan), Harbin, Canton, Tianjin, and Qingdao, and a vice-consul in Shantou (Swatow). In 1942 the legation in Shanghai remained unchanged but the number of honorary consuls had decreased to four. The reason was that the honorary consulate in Xiamen was vacant and that the honorary consulate in Harbin was no longer listed under China in Udenrigsministeriets Kalender but under Manchukuo (Manzhouguo), the Japanese vassal state, which the Japanese established after the invasion and occupation of Manchuria in 1931. In 1946 the manning of the legation was the same as the previous years, but the number of honorary consuls had increased to five as the honorary consulate in Harbin was again listed under China after Japan’s capitulation and the return of Manchuria.

DENMARK’S CHINA POLICY DURING THE YEARS 1930–49

The years from the early 1930s to the late 1940s were difficult for both Denmark and China. In Denmark the domestic policy of the 1930s was marked by economic depression and political unrest, and the foreign policy by the tensions among Europe’s Great Powers. These tensions brought on World War II and, among other things, Germany’s occupation of Denmark in April 1940.67 After several years of civil war and national discord the Guomindang Party succeeded in 1936 in getting control of 18 of China’s 25 provinces, but the national government which the party had established in Nanjing in 1928 never managed to consolidate its power in all of this area.68 In 1937 Japan, which since 1931 had occupied Manchuria, invaded China and during the next 16 months occupied most of the cities in the Eastern part of the country where the main part of the country’s lines of communication, infrastructure, industry and commercial life were concentrated. The invasion forced the nationalist govern-

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ment to retreat to the city of Chongqing in central China where it resided until the end of World War II, isolated and cut off from its most important sources of income and lines of supply. As can be seen from the following, these events heavily influenced Denmark’s China policy during the war years.

During the entire period 1912–49 the aim of Denmark’s China policy was trade, and this was reflected by the goals the Danish representation worked for: political neutrality and economical most-favoured status. There can hardly be any doubts that it was of benefit to Danish commercial interests that the Danish state had no direct share in political and military conflicts in China. This was far from a new phenomenon. The Danish trading companies in Asia had benefited from Denmark’s neutrality in the seventeenth and eighteenth centuries when their rivals were engaged in warfare, and Denmark’s status as a neutral small state during the latter part of the nineteenth century had also been part of the reason that Denmark had reached a prominent position in the telegraph field in China.

Officially Denmark was politically neutral in China, but prior to 1928 relations with the leading treaty powers had a higher priority than relations with the different Chinese rulers. The reason for this was that to a much higher degree it was the treaty powers, rather than local Chinese warlords in the various provinces, who could guarantee that Danish merchants could benefit from the rights and privileges which the Danish–Chinese treaty of 1863 had given them. After 1928 this changed, however, because the Guomindang Party succeeded in unifying a greater part of the country and established a national government which was more in control of the country’s economy than any of the local warlords had been. This was an important reason why Denmark had signed a friendship and trade treaty with the Guomindang government and had begun to place a higher priority on relations with the Chinese government. From 1928 to 1937 Denmark’s representation in China had no major problems fulfilling the goals of political neutrality and friendly relations with the Chinese government as well as with the foreign powers with interests in China. After that it became more difficult, due to Japan’s occupation of China and Germany’s occupation of Denmark.

The second of the goals of the Danish representation in China during the years up to World War II was, even more than neutrality, to ensure that Denmark always would be among the most-favoured countries in China with regard to trade. Before Japan’s invasion of the country this was a comparatively simple matter. Until 1928 the friendship, trade and shipping treaty signed by Denmark and China in 1863 had automatically secured Denmark the same economic rights as the most-favoured of the other treaty powers, and the Danish–Chinese treaty from 1928 also contained a guarantee that in China Denmark would not be placed in an economically inferior position to any other country. The guarantee was, however, only of value for as long as the Guomindang government was in power and after Japan’s occupation of China’s eastern half in 1937 it lost its importance.

As can be seen from the above, the aims of Denmark’s China policy in the 1930s were fulfilled with a great measure of success until the Japanese inva-
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tion of China and the German occupation of Denmark. Thereafter it became much more difficult.\textsuperscript{73}

THE DISPATCH OF A NEW DANISH ENVOY IN 1940

The post as Danish envoy in China fell vacant in 1939, and Poul Scheel, the Danish Consul-General in Shanghai, was opposed to the appointment of a new envoy. In his mind the act of sending out a new envoy to be accredited by the Chinese exile government in Chongqing could be seen as a provocation by the Japanese occupation forces, and therefore harm Denmark's relations with Japan and Danish interests in China. According to the consul-general, Japan was determined to establish a new central government in Nanjing, and he therefore felt that 'the appointment of a new Danish Minister to Chongqing would be politically significant and would certainly not please the Japanese who have the power to let us feel that. Chungking on the other hand can do nothing for us'.\textsuperscript{74}

Moreover, Scheel was convinced that it would be difficult to find somebody who would want the post as envoy because it was dangerous and not very attractive. He wrote, 'Chungking, complete with bombs, and then Shanghai are not particularly attractive, at least to colleagues who have tried posts as envoys. In reality, there is no real task for the man in question, and I do think the day distant when China will have any say regarding our interests in China'.\textsuperscript{75}

He pointed out that China, politically as well as economically, was divided into two parts; the area into which the Chongqing Government had been forced – the so-called ‘Free China’ – and the area occupied by Japan, where all concessions and settlements were located. Danish interests were entirely tied to the area occupied by Japan, and it was consequently the Japanese in China that the Danes had to deal with. The Chongqing government, on the other hand, had no influence on Danish interests. In this situation, Scheel did not feel that there was any reason to quarrel with the Japanese. Instead of accrediting a new envoy in Chongqing just when the Japanese were in the process of establishing a Japanese puppet government in Nanjing, he felt it wiser, until further notice, not to do anything with regards to a new Danish envoy. The consul-general’s argument was that Denmark’s interests in China were not political and it might be dangerous for Denmark to go against Japan’s political interests in China.\textsuperscript{76}

The above shows very clearly how difficult it was for Denmark to fulfil the aims of her China policy after Japan’s occupation of the country. If Denmark accredited an envoy in Chongqing both the Chinese and the Japanese would regard it as support for the Chongqing government. On the other hand, if Denmark did not appoint an envoy it could easily be seen as a vote of no confidence to the Chinese government and a \textit{de facto} recognition of Japan’s conquests in China. No matter which course was chosen it was highly likely that Denmark would lose her status as politically neutral.

The question of appointing a new Danish envoy in China not only forced Denmark to give up her goal of political neutrality, it was also of great importance to Denmark’s possibilities of fulfilling the other goal in her China policy,
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which was to secure the best possible conditions for Danish trade. If Denmark chose to accredit a new envoy to Chongqing it would, according to Consul-General Scheel in Shanghai, have a negative influence on Denmark’s economic interests. If the choice was made not to, it would, on the other hand, benefit these interests. Denmark thus had the choice, on the one hand, of accrediting a new envoy to China’s legal government in Chongqing and possibly harming her economic interests and, on the other hand, to accommodate the Japanese by not appointing an envoy whereby the possibilities for Danish trade in China probably would improve. Of these two alternatives, the Danish government chose the former.

In 1940 a new Danish envoy was sent out, reaching Chongqing in June. On the day before handing over his credentials, the envoy was received by Generalissimo Chiang Kai-shek, about whom he sent the following description to the Foreign Office in Copenhagen:

With his 53 years the Head of Government leaves the impression of a strong and lively personality, whose manners are natural and unpretentious. He expressed his gratitude that Denmark had wanted to send an envoy to China in these, for China, so difficult times. Even before I left my hotel on the outskirts of the city the first alarms were sounded. The General was quite unaffected by them, but Madame Chiang Kai-shek who, because of the alarm, came in shortly after the beginning of the talks, soon suggested that we break it up so that I could get back to my ‘dugout’ in time. Here I then spent 3½ hours during the subsequent bombardment.77

The Chinese government in Chongqing, of course, appreciated the fact that the Danish government had sent a new envoy. He was treated with great kindness and the only difficulty during his stay in Chongqing seems to have been the almost daily Japanese air raids which were carried out by 150–300 planes and caused great destruction.78 When the Danish envoy finished the official duties in connection with his installation in his new post he left Chongqing again and went via Kunming, Hanoi, Saigon, and Hong Kong to occupied Shanghai, where the Danish legation was situated.

DENMARK’S RECOGNITION OF THE PUPPET GOVERNMENTS IN MANCHUKUO AND NANJING IN 1941

Dispatching the Danish envoy to Chongqing in 1940 can be said to be the high point in Denmark’s and China’s relations during the war years. However, only one year was to pass before these relations reached an absolute low. In 1941 China recalled her Copenhagen envoy and broke off diplomatic relations with Denmark. The reason was Denmark’s recognition of the Japanese puppet governments in Manchuria and Nanjing.79

As mentioned above Japan had in 1931 invaded Manchuria, proclaiming the Manchukuo Empire, and installed a puppet government. Although Denmark, like most other countries, had refused to recognize Manchukuo, it had
nevertheless, out of consideration for Denmark’s economic interests in the area, chosen to maintain the honorary consulate in Harbin. This cautious Danish policy which, on the one hand, showed that Denmark was against Japan’s annexation of Manchuria but, on the other hand, kept a door open for continued Danish trade in the area, only lasted until August 1941 when Denmark recognized Manchukuo and appointed an envoy.

In August 1941 Denmark also recognized the Japanese puppet government in Nanjing which claimed that it and not the government in Chongqing was China’s rightful government. The Nanjing government which had been established in March 1940 had, like the government of Manchukuo, had a difficult time in gaining international recognition, but in July 1941 first Germany and Italy, and then Bulgaria, Croatia, Romania, Slovakia, Spain and Hungary all recognized the Nanjing government de jure. Their recognition was followed by Denmark’s in August.

Neither the Danish envoy in Tokyo nor the one in Shanghai had been informed in advance of the recognitions which marked a drastic shift in Denmark’s China policy, and the envoy in Tokyo was very displeased by this fact. Denmark’s recognition of Manchukuo and the Nanjing government entailed that, at least formally, Denmark changed sides in the war between Japan and the Chongqing government, which Denmark had supported since the signing of the Danish–Chinese friendship and trade treaty in 1928. The reason was pressure from Japan and the German occupation force and possibly also consideration for Danish commercial interests in Manchuria.

Germany had occupied Denmark in April 1940 and although the German occupation forces had promised to pursue a policy of non-interference, it soon became clear that the Danish government was far from being able to act freely. During the first months of the occupation the Danish government consequently followed a policy of passive adaptation which meant not reacting to German demands before they were directly expressed and then trying to limit their consequences through negotiations.

Later the Danish government chose a more active policy of adaptation. In order to keep as much power as possible in Danish hands and prevent German attempts to take over the government it was decided to indulge the occupation power and give them in advance what they might be expected to demand. It is in this context that the decision by the Danish government to recognize the puppet governments in Manchukuo and Nanjing must be seen. Denmark may not have wanted to change her China policy but was prompted to do so by factors outside her control. This might not, however, be the whole explanation. An effort to protect Danish commercial interests in China may also have influenced the decision-making process. In a press release issued by the Danish envoy in Manchukuo in connection with his installation, emphasis was placed on the soy bean trade’s importance for the two countries, and the hope was expressed for its early resumption and development. This may have mirrored the Danish government’s hope that the recognition of the governments in Manchukuo and Nanjing would be of benefit to Danish trade, which had suffered badly from Japan’s invasion.
DENMARK'S REPRESENTATION IN CHINA 1947–49

Immediately after Germany's capitulation and the end of World War II, the Danish government approached the Chongqing government with a request for resumption of diplomatic relations between Denmark and China, and the two countries signed a treaty concerning the renunciation of extraterritoriality in China and the settling of related issues. In 1947 the Danish legation in Shanghai was manned by two paid civil servants, an envoy and a combined legation secretary and vice-consul. At the consulate-general in Shanghai, which had again been separated from the legation, the post as consul-general was vacant, but the consulate-general's business was looked after by the vice-consul from the legation. The number of honorary consuls rose to six in 1947 because a new honorary consulate in Dalian (Dairen) was established. In Xiamen the consulate's business was temporarily looked after by the British consul-general. During 1948–49 there were no changes in the manning of the Danish legation and consulate-general, but the number of honorary consuls fell to four because the consulate in Dalian was given up and the Canton consulate's business was looked after temporarily by the British consul-general in that city.

CONCLUSION

During the years 1912 to 1920 Denmark’s representation in China consisted of a legation in Peking, a consulate-general in Shanghai, and two honorary consulates. From 1921 to 1939 the number of Danish consulates rose markedly from three to eight. Then the number fell a little again, so that in 1949 there were seven Danish consulates in China. Three of these were vacant.

There were two main reasons for the increase in the number of consulates from 1920 onwards. The first was that Denmark’s and Russia’s co-operation in the consular area came to an end after the revolution in Russia. The second main reason was Denmark’s growing economic interests in China.

The reason for the declining number of Danish consulates and the increasing number of vacant consul positions in the 1940s was less opportunities for Danish businessmen in China. From the time of Japan’s invasion in 1937 until the time of the Guomindang government’s defeat by the communists in 1949, large parts of China’s trade was dormant and this caused many businessmen to leave the country. This meant that it became increasingly difficult to reman vacant Danish consul posts that had traditionally been filled by businessmen. In 1947 one out of eight consular posts was empty, in 1948 two out of seven, and in 1949 three out of seven were not filled. This shows how the war in China and the consequent lack of opportunities for Danish businessmen had a direct influence on the size and manning of the Danish representations in the country.

During the entire period 1912–49 the most important aim of Denmark’s China policy was trade, and until 1940 it was furthered by increasing the Danish representation in China. As mentioned above, Denmark established a legation in Peking in 1912 and during the years up to 1939 a growing number
of Danish consulates. Trade was also furthered by the fact that Denmark stayed politically neutral and, as far as possible, on friendly terms with everybody concerned. The conduct by the Danish government in the matter of the Arms Embargo Agreement illustrates this very well.

Before 1928 relations with leading treaty powers had a higher priority than relations with the Chinese rulers because it was first and foremost the treaty powers that had an influence on Danish trade opportunities. After 1928, when the Guomindang Party was in power, this picture changed. Between 1928 and 1940 Denmark’s endeavours were on the one hand to preserve good relations to the treaty powers and on the other hand to build good relations with the ruling Guomindang Party. The latter was, among other things, furthered by signing an interim friendship and trade treaty which – as opposed to the old Danish–Chinese Treaty of 1863 – was based on equality and mutual respect for the sovereignty, and in 1935 by moving the Danish legation from Peking to Shanghai which was closer to Nanjing where the Guomindang Party had established China’s new capital.

Finally, trade was stimulated by always seeking to secure a most-favoured status for Danish businessmen. Until 1928 the treaty signed by Denmark and China in 1863 secured Denmark the same rights as the most-favoured of the other treaty powers. The Danish–Chinese treaty from 1928, which replaced the 1863 treaty, contained a guarantee that Denmark would not be placed in an economically inferior position compared to other Western countries.

After Japan’s occupation of China, the outbreak of World War II and Germany’s occupation of Denmark, the aim of Denmark’s China policy continued to be trade, but this was harder to pursue than before. The war and the subsequent dormancy of trade made it futile to increase Denmark’s representation in China. It also became impossible to obtain new guarantees of economical most-favoured status after the Japanese invaded China and the Guomindang government fled to the central parts of the country. Clearly it became impossible for Denmark to remain politically neutral and be friends with everybody. Undoubtedly the best Denmark could do in such a situation to further her trade was to approach Japan, but this did not happen. Despite warnings of possible negative consequences to Danish commercial interests in the areas of China occupied by Japan, the Danish government at first chose to maintain its support of the Guomindang government. This seemed to indicate that political considerations now were more important than the trade considerations which previously had dominated Denmark’s China policy. In 1941, however, Denmark recognized the puppet governments which Japan had installed in Manchukuo and Nanjing. According to the Danish Foreign Office this was caused by pressure from Japan and the other axis powers, but consideration for Danish commercial interests may also have played a role. Immediately after the end of World War II Denmark took steps to resume the friendly relations to the Guomindang government. This was done, among other things, by signing a treaty that obliged Denmark to give up extraterritoriality in China.
NOTES

1 On Danish–Russian relations in a historical perspective, see Sv. Christensen and Henning Gottlieb (eds), *Danmark og Rusland i 500 år* [Denmark and Russia through 500 years], Copenhagen: SNU, 1993.

2 See *Udenrigsministeriets Kalender 1912–1920*.

3 In 1921 the post as attaché was changed to the post of legation secretary.

4 *Betænkning afgivet af den ved kongelig resolution af 3. september 1919 nedsatte kommission vedrørende organisationen af Udenrigsministeriet og Danmarks representation i udlandet* [Report submitted by the commission set up in accordance with royal resolution of September 3 1919 concerning the organization of the ministry of foreign affairs and Denmark’s representation abroad], Copenhagen: J.H. Schultz, 1921.

5 On Denmark’s growing economic interests in China at this time, see Chapter 8 below.

6 To be extraterritorial means to be free from the jurisdiction of the territory of residence, in this case China.

7 See *Udenrigsministeriets Kalender 1925–1935*.

8 The post as legation secretary at the legation was abolished the previous year, probably because an attached consul had been appointed.

9 In 1934–35 the post as consul-general in Shanghai was vacant for a time.

10 In 1876 Japan imposed a treaty on Korea that was similar to those exacted from China by the Western powers, obtaining the opening of ports to Japanese commerce and recognition of economic privileges. This was the start of a process which led China to commit herself in Korea to counter Japanese pressure; it was to end in the armed conflict of 1894. During the brief conflict between China and Japan in Korea, the Chinese armies suffered a grave defeat and the northern fleet was practically destroyed in the Gulf of Bohai. By the Treaty of Shimonsèki, China was required to pay huge reparations to Japan and to open up the country to foreign industries. See Jacques Gernet, *A History of Chinese Civilization*, Cambridge, London, New York: Cambridge University Press, 1982, pp. 579–580, 586–587, 600–601, 610.

11 The famine and floods which afflicted Shandong from 1898 onwards provoked the recrudescence there of one of the branches of the ancient Society of the White Lotus. Members of this society practised Chinese boxing as a method of physical and moral training and for this reason were called Boxers by Westerners. The Boxers were violently xenophobic and attacked railways, factories, shops selling imported products, Chinese converted to Christianity, and missionaries. The Boxers were driven out of Shandong, but the rising spread to Shanxi and Hebei. Those in favour of supporting the Boxers then gained the upper hand at the court, and the Qing dynasty officially declared war on the Western nations. The foreign powers responded quickly. Peking was sacked and punitive expeditions sent to other cities of North China. The protocol signed in Peking in 1901 imposed on China formidable reparations, a veto on all activities hostile to foreigners, the cessation of imports of arms, the dismantlement of the Dagu forts, the control by foreign troops of the Tianjin–Peking railway, the execution of some high officials, and deputations of atonement to foreign countries. See Gernet, *A History of Chinese Civilization*, pp. 604–605.

12 Ibid., p. 625

13 This and the following paragraph are based on ibid., pp. 626–628.

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17 Ibid., p. 304.
20 Ibid., Note of 22 May 1922 from Danish Government to British Government. Identical note was sent to the United States Envoy in Copenhagen. See also ibid., Minutes ‘Den Krebs'ske Overenskomst’.
21 Ibid., Note of 22 May 1922 from Danish Government to British Government. See also ibid., Minutes ‘Den Krebs'ske Overenskomst’.
22 Ibid., Note of 6 June 1922 from British Envoy in Copenhagen to Danish Government.
23 Ibid., The Foreign Office’s report on the matter to the Ministry of Justice of 18 February 1924.
24 Ibid., Note of 16 August 1922 from British Envoy in Copenhagen to Danish Government.
25 Ibid., Note of 16 August 1922 from British Envoy in Copenhagen to Danish Government.
27 RA, UM, 173.D.4, Note of 16 August 1922 from British Envoy in Copenhagen to Danish Government.
28 Ibid., The Foreign Office’s report on the matter to the Ministry of Justice of 18 February 1924.
29 Ibid., Note of 16 August 1922 from British Envoy in Copenhagen to Danish Government.
30 Ibid., Note of 18 October 1922 from Danish Government to British Government.
31 Ibid., The Foreign Office’s report on the matter to the Ministry of Justice of 18 February 1924.
32 Ibid., Report No. 92 of 13 November 1922 from Danish Legation in Peking to the Foreign Office in Copenhagen.
33 Ibid., Minutes: ‘Den Krebs'ske Overenskomst’.
34 Ibid., Report No. 92 of 13 November 1922 from Danish Legation in Peking to the Foreign Office in Copenhagen.
36 Ibid., Report No. 20 of 15 February 1923 from Danish Legation in Peking to the Foreign Office in Copenhagen.
37 Ibid., Report No. 20 of 15 February 1923 from Danish Legation in Peking to the Foreign Office in Copenhagen.
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38 Ibid., Report No. 92 of 7 August 1924 from Danish Legation in Peking to the Foreign Office in Copenhagen.

39 Ibid., Note of 6 March 1923 from British Envoy in Copenhagen to Danish Government; RA, UM, 173.D.4, the Foreign Office’s report on the matter to the Ministry of Justice of 18 February 1924.


41 Ibid., Note of 3 July 1923 from British Envoy in Copenhagen to Danish Government; ibid., Note of 5 November 1923 from United States Envoy in Copenhagen to Danish Government; ibid., the Foreign Office’s report on the matter to the Ministry of Justice of 18 February 1924.

42 Ibid., Note of 10 September 1924 from United States Envoy in Copenhagen to Danish Government.

43 Ibid., the Danish Foreign Office’s Draft for note of 23 September 1924 (repli to note of 10 September 1924 from United States Envoy in Copenhagen). See also a draft for the Foreign Office’s reply to the British note of 3 July 1923, and coded cable of 23 September 1924 from Foreign Office in Copenhagen to Danish Legation in Peking; ibid., internal report of 5 October 1924. The report, which has no heading, was written by Mr. Bolt-Jørgensen, Head of the Ministry’s Policy Office (Det politiske Kontor); ibid., Foreign Office’s letter of instructions (No. 87) to the Danish Legation in Peking of 13 November 1924. The instruction shows that the note to the British and the United States governments was sent on 6 November 1924.

44 Ibid., Note of 12 December 1924 from British Envoy in Copenhagen to Danish Government.

45 Ibid., comment written by Mr. Borberg, Head of the Ministry’s Trade Policy Office (Det handelspolitiske Kontor) on internal report of 3 October 1924. The report, which has no heading, was written by Mr. Bolt-Jørgensen.


47 For the Chinese customs question see Henrik Kauffmann, Danmarks Traktatforhold til Kina [Denmark’s Treaty Relations with China], Peking, 1928, pp. 63–67.

48 For China’s unilateral denunciation of the treaties with Japan, Belgium and Spain see Kauffmann, Danmarks Traktatforhold til Kina, pp. 8–21.


50 Ibid. Transcript of the note is enclosure to Report No. 19 of 14 July 1928, from Henrik Kauffmann to the Foreign Office.

51 Ibid. Henrik Kauffmann’s deliberations about the wording of the note are found in Report No. 8 of 18 May 1928, from Kauffmann to the Foreign Office.


53 Kauffmann, Danmarks Traktatforhold til Kina, pp. 6–7.

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55 Ibid., Report No. 20 of 26 July 1928, from Henrik Kauffmann to the Foreign Office.
57 RA, UM, Depecher 1909–1945, Peking 1927–1929 (box 115), Report No. 26 of 3 September 1928, from Henrik Kauffmann to the Foreign Office. A transcript of Kauffmann's suggested reply to the Chinese note is enclosed. After approval by the Foreign Office in Copenhagen the reply was sent to the Chinese Government.
59 Ibid., Report without number of 13 December 1928, from Henrik Kauffmann to the Foreign Office. The wording of the treaty is found in RA, UM, Gesandtskabsarkiver Peking. Afleveret 1960, J.Nr. ad 64.X.9. (box 49), Bekendtgørelse angående en under 12 december 1928 i Nanjing afsluttet midlertidig venskabs- og handelstraktat mellem Danmark og Kina med dertil hørende notevækslinger og deklarationer [Proclamation concerning an interim friendship and trade treaty between Denmark and China, finalized on 12 December 1928 in Nanjing with notes exchanged and declarations belonging to it].
60 This came out during the reading of the bill in the Danish parliament. Rigsdags-
63 'Consular Body' consisted of all foreign consuls in Shanghai and administered the foreign concessions in the city.
65 Ibid., Oxholm to the Foreign Office, 10 May 1935.
66 Ibid.
69 These two principle directions in Denmark's China policy first came to the author's attention during an interview with Ambassador M.G.I. Melchior, former vice-consul and acting consul-general in Shanghai.
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70 See Chapters 2 and 3.
71 See Lange, *Finansmænd, stråmænd og mandariner and Partnere og rivaler*.
72 See Chapter 4.
73 For a more detailed description and analysis of Denmark’s China Policy 1940–45 see Kirkebæk, ‘Fortiter in re, suaviter in modo’, pp. 1–64 (Chapter 7).
75 Ibid. Consul-General Poul Scheel to Legation Secretary Melchior 23 June 1939.
76 Ibid. Consul-General Poul Scheel to H.J. Hansen, Head of Department in the Foreign Office, October 5 1939.
78 Ibid.
80 On Denmark’s economic interests in Manchuria, see Chapter 8.
85 The policy of collaboration held until August 1943, when widespread unrest and a general strike led to the sacking of the Danish government, the arrest of the police and disarming of the armed forces.
87 See Chapter 8 for a discussion of the influence of World War II on Danish trade in China.
The Great Northern Telegraph Company in China 1870–90

Erik Baark

The Great Northern Telegraph Company (GNTC, hereinafter designated the Great Northern) came to play a very interesting and important role in the Sino–Danish relationship during the nineteenth century. In this process of 100 years of telegraph ventures in China, the interaction of commercial interests and foreign policy became an important factor in shaping major events on both the Danish and Chinese sides.¹

In addition, the story of the company and its activities in China reflects a new phenomenon of transnational business which, in many ways, foreshadowed the patterns of globalization of business and international technology transfer that have become so prominent in recent years. Finally, over many decades the company employed many Danes who would live and work in China, and whose experience in co-operating with the Chinese formed an important component in shaping the image of China among the Danish population. This chapter seeks to explore these three dimensions of the Great Northern Telegraph Company’s position in China, focusing on the earliest phases of the interaction in the late nineteenth Century.

Commercial interests were important in the growth of Western influence in China, and the opening of China was, largely, the pursuit of these interests. But many government departments, including the British Foreign Office, were reluctant to let their foreign policy be dictated completely by the business community.² An experienced and perceptive official such as Thomas Wade, who worked in the British diplomatic services in China during the 1870s and 1880s, recognized the interests of commerce and lent support to British and other Western ventures in China. However, he was sceptical of all attempts to involve British forces in endeavours to exploit Chinese weaknesses to further business interests.³ The network of British consuls which had been created in the wake of the opening of treaty ports was also seen as a means to control the actions of the foreign business community as much as a way to promote its activities. In short, the governments of major powers maintained their own diplomatic representation in China and, even if they pursued a set of imperialist goals in China, they were seldom led directly by the interests of business firms.
The situation was somewhat different for smaller countries such as Denmark, countries that could hardly afford to maintain a full-fledged diplomatic service in China. On the one hand, trade conducted at Canton under the Asiatic Company had declined in the early nineteenth century. On the other hand, the loss of the territories in Southern Jutland to Germany after the war of 1864 – particularly, the German conquest of the city of Aabenraa where many influential China trading houses were located – meant that the Chinese market had again become marginal to the Danish economy. Denmark’s influence and power witnessed a decline after the seventeenth century. The country lost Norway to Sweden and its maritime power was devastated when the Danish high seas fleet was destroyed (or confiscated by the British) as the result of Lord Nelson’s victory in the battle of Copenhagen in 1807. This had deprived Denmark of its status as a naval power in Europe.

With no military means for power projection, the Danish government had given up all ambitions that it may have harboured to participate in the nineteenth-century quest for overseas colonial expansion. Instead, the Danish government tried to utilize its position as a small nation to enlist the political and administrative support of major powers such as Great Britain and Russia. The Danish government also tried to save as much money in conducting its foreign diplomatic services as possible, for instance by appointing representatives from Western business houses in the treaty ports in China as Danish consuls. The considerations which led to this strategy for a low-cost solution to the provision of Danish consular services were straightforward: Denmark expected to enlist adequate consular services via employment of the local merchant houses – the Old China Hands – with their intimate knowledge of Chinese conditions, rather than what it would achieve with professional Danish diplomats. Regardless of the benefits in terms of savings that this arrangement involved, its effects on the performance of consular services in China also had negative aspects. The Chinese officials frequently expressed Confucianist disdain for the merchant class and occasionally refused to communicate with Danish consuls who were simultaneously merchants on equal terms. Moreover, the services of these consuls could be highly erratic, in some instances consuls would enthusiastically support Danish ventures and in other instances they would be unwilling or unable to do so.

Danish diplomatic relations with China during the late nineteenth century were therefore not so much a result of global political ambitions on the part of the Danish government as they were an outcome of a pragmatic need for support for the protection of the interests of commercial enterprise. Indeed, diplomatic interaction was significantly and directly influenced by business interests, most notably those of the Great Northern Telegraph Company. In several cases, this company financed diplomatic missions from the Danish court to China, and its presence in China became a major factor in the setting up of more permanent diplomatic representation in the early twentieth century, as described elsewhere in this volume.

The remarkable position of the Great Northern in China was the result of a peculiar trajectory of business expansion, which in many ways resembled
that of contemporary transnational corporations. Several factors enabled the company to enter competition for the provision of telegraphic links to China. These included the commercial opportunities which emerged with the processes of technological and economic development in Denmark during the latter half of the nineteenth century, the political alliances which the country was able to forge, and the unique personalities of some leading Danish entrepreneurs.

**The Great Northern: Establishment and Expansion in China**

The Great Northern Telegraph Company was established by the Danish banker C.F. Tietgen in 1869. It was formed as a merger between three companies which had constructed telegraph lines between Denmark, Norway, England and Russia during 1868–69. Tietgen was one of the leading promoters of capitalist entrepreneurship in Denmark. He had a perspective for international affairs that was unique among his contemporaries and, in particular, his fellow countrymen. During the last decades of the century, he established some of the largest business enterprises in Denmark, and his dominance of the Stock Exchange in Copenhagen became legendary. The Danish historian Ole Lange has shown that Tietgen employed whatever methods were available in order to achieve his goals. Thus he used hausse-speculation – the bullying of the stock market to artificially raise the value of his own shares – to deal with a crisis in the financing of his business. He frequently relied on various official and unofficial interventions by the Danish king and government for the purposes of his own business. Yet his achievements in the industrialization of Denmark and the international scale of his business interests were exceptional, and he became one of the most influential figures in modern Danish history.

As a small nation with negligible military resources, Denmark could provide a useful – politically neutral – centre for telegraph links to major European powers such as Britain, Russia and the emerging new power of Prussia. The Danes were able to utilize the technical know-how which had been accumulated with great difficulty, and occasionally heavy economic losses, in the preceding decades by British and American entrepreneurs. The rapid expansion of engineering and technical education in Denmark, under the leadership of H.C. Ørsted, the scientist, provided a source of technical manpower which was crucial for the rapid build-up of technological capabilities and the assimilation of British technology during the 1860s. There was an emphasis on experimental methods and romantic ideals in science, combined with strong traditions for commercial activities which had flourished during the era of the Napoleonic wars to form a particular Danish style in science and technology. In some respects, this style emerged as a synthesis of various European influences – including British industrial technologies, German philosophies, and continental institutions for technical education – which supported a rapid process of industrialization in the late nineteenth century.

The Siberian line and the Great Northern had powerful competitors in their quest to extend telegraph communication to East Asia. The main competition came from John Pender, an entrepreneurial businessman who had
made a fortune in Manchester textile industries and who had subsequently undertaken the successful construction of the transatlantic cable. Pender’s company Eastern Extension was part of a group that later became known as Cable and Wireless.\textsuperscript{8} Eastern Extension had been established in order to provide submarine cable links from the Indian telegraph system to East Asia and to Australia. The company was also eager to exploit the commercial opportunities of telegraph traffic from Shanghai’s foreign business community.\textsuperscript{9} Pender enlisted the services of John George Dunn, an entrepreneurial British merchant and journalist from the Chinese treaty ports who had developed a large network of personal and business contacts in China. Dunn proved to be a highly effective agent for Pender in China. At the same time, Dunn’s anti-Danish sentiments made him a persistent nuisance and a frequent cause of friction between the British and Danes.\textsuperscript{10}

The competition between the Danish and British groups of telegraph entrepreneurs for first access to the Chinese market was preliminarily resolved when the directors of the two companies negotiated a secret agreement in May 1870. The Danish group had acquired an advantage in terms of timing by winning the Russian concession in 1869, and had to cover shorter distances by sea cables from Vladivostok to Nagasaki and Shanghai. But the British group had the advantage of better access to capital and a more extensive technical experience with submarine cable manufacture and operation. The essence of the agreement was that the line between Hong Kong and Shanghai should be established and operated by the Great Northern; the companies would share the income for telegrams which passed this section of the line and they would run offices in Hong Kong and Shanghai jointly. The agreement provided the Danes with assured landing rights in Hong Kong and with British diplomatic support for attempts to secure landing rights in China.

Permission to bring submarine telegraph cables into Chinese treaty ports was obtained in 1870 from the Chinese Government (i.e., the office of foreign affairs, known as the Zongli Yamen) by the British Minister in Peking, Thomas Wade.\textsuperscript{11} At the same time, the Danish government had dispatched a diplomatic envoy, Chamberlain Julius Sick, at the Great Northern’s expense to China and Japan to obtain the necessary concessions. When he arrived in China, Sick appears to have been satisfied with the permission that Wade had obtained, which Denmark was also able to exploit due to the most-favoured nation clause in its treaty with China. The cable between Hong Kong and Shanghai was laid in 1870–1871 with the assistance of the frigate \textit{Tordenskjold}, which the Danish government had generously allocated to the task. The Great Northern had a great deal of technical problems with the cables they had bought from the British manufacturer since the quality of the insulation was not as good as expected. Therefore, the official opening of the line between Shanghai and Hong Kong was delayed until April 1871. During the remainder of that year the company struggled to finish cable sections from Shanghai to Nagasaki, and from Nagasaki to Vladivostok. Communication between Shanghai and Europe via these cables and the Russian Siberian lines was officially inaugurated on 1 January 1872.
The landing of the cable in Shanghai was kept secret, since the Chinese government only reluctantly had granted the permission for foreign telegraph companies to link their cables to hulks moored outside the treaty ports. According to the company’s own report, the cable was landed in Wusong after sunset on 8 December 1870,

... and in the bright moonlight of the night it was quietly laid along the Western bank of the Woosung River to the Cable House situated on the property which had been bought in Shanghai, where it was brought ashore and dug into the ground. All the signs from this night’s expedition were immediately erased, and for a long time nobody outside the circle of associates would know that it had taken place, and that the first telegraph cables had been landed on the territory of the ‘Celestial Kingdom.'

The Great Northern’s cable along the river from Wusong to Shanghai was frequently torn apart by ships’ anchors, and communication interrupted for one or several days. In addition, Chinese fishermen discovered that the copper in the cable was valuable, and during 1871, the company became increasingly
annoyed by attempts to steal sections of the telegraph cable. In order to avoid these problems, the Great Northern subsequently constructed a landline from Wusong to Shanghai in 1873.

An attempt to construct a land line along the same route in June 1865 had led to violent incidents and sabotage, and the Zongli Yamen had issued stringent orders to provincial authorities, who were to prohibit any construction of telegraph lines on Chinese earth. Little agitation or attacks from the local population took place while construction was underway on the Great Northern’s line in 1873. The official opening of the line in August 1873 was greeted with great excitement in the local English-language press. These newspaper articles created a lot of publicity, however, which compelled the local customs intendant Shen Bingcheng to attempt to stop the line before it would discredit him in the eyes of the superior authorities. After a long and confusing series of negotiations, the foreign consuls succeeded in postponing the question of removal indefinitely, and the telegraph line from Wusong to Shanghai remained in operation – without official approval from the Chinese authorities.

The Great Northern’s submarine cables from Shanghai to Europe (via Nagasaki) and to Hong Kong became the basis of ambitious plans to expand the network in China. From the beginning, it was the strategy of the director of the Great Northern, C.F. Tietgen, to try to reach Peking. Given the Chinese reluctance to allow Russia to build a line between Kiachta and Peking, Tietgen envisioned the construction of a link between the cable in Shanghai and the foreign legations in Peking via the treaty port of Tianjin. In addition, he wanted to build land lines to other major treaty ports in China such as Fuzhou, Guangzhou (Canton) and Hankou. Since the cable between Shanghai and Hong Kong was operated in collaboration with the British firm Eastern Extension, he was also keenly interested in the establishment of an alternative land line along the southern coast of China from Shanghai to Guangzhou, with a link to Hong Kong. If such a line was to be constructed by the Great Northern, it would offer a competitive alternative route between Shanghai and Hong Kong. Tietgen was also encouraged by the success that the Great Northern’s strategy had hitherto achieved in China, and believed that the Chinese resistance to the company’s activities constituted a front of pretended resistance which could be overcome if the Western powers were resolute in their persuasion of the Chinese government. The Great Northern’s plans for expansion of a network in China were also motivated by the need to generate a sufficient amount of traffic for the Siberian route. And the profits from the company’s trans-Siberian lines were essential in order to maintain a high market value for the company’s shares on the stock markets in Copenhagen and London.

THE GREAT NORTHERN AND THE DIPLOMATIC RELATIONS BETWEEN DENMARK AND CHINA

The development of the Great Northern’s network in China proved to be very difficult to carry out in the 1870s. The expansion of telegraphs in China took
place in the 1880s under the administration of a Chinese company, where the Great Northern merely provided extensive technical assistance to the various projects. In order to illustrate the special position of the Great Northern in the Sino–Danish relations, it will be useful to discuss briefly two major episodes. The first was the Danish diplomatic mission to China in 1874–76, related to the protection of telegraph cables. The second concerns the various diplomatic initiatives related to an agreement between the Great Northern and Li Hongzhang known as the Concession of 1881. The way that the Danish government became involved in these two questions, both of which were of essential importance to the future prospects of the company in China, shows the extent to which the government was willing – and able – to become the partner of the company in its endeavours to ‘modernize’ China.

THE FUJIAN LINES AND RAASLØFF’S MISSION TO CHINA, 1874–76

In 1874, a new opportunity arose to build telegraph lines on land in China, as the Chinese sought to improve their communications for the defence of the island of Taiwan against the Japanese. The Great Northern utilized its background as a company that had been responsible for most of the international telegraph traffic from China to start negotiating two contracts with the Chinese authorities. One contract concerned the construction of a submarine cable to Taiwan from Fuzhou, with connecting land lines in both the Fujian province, where the provincial authorities responsible for administration and defence of Taiwan were located, and on the island of Taiwan. This contract was never implemented since the terms were not commercially viable for the company and because the crisis with Japan was resolved on the basis of negotiations in Peking.

The other contract was aimed at the construction of a landline between Fuzhou and Xiamen (Amoy). This contract was drawn up in August 1874, after the Great Northern had constructed a short line between Fuzhou and Mawei (a port facility also known as Pagoda Anchorage) in less than two weeks. The Great Northern viewed this contract as a concession to construct and operate the line on the condition that the Chinese authorities should own one of the wires. The local Chinese authorities appeared eager to implement an Imperial Edict authorizing the construction of a telegraph connection to Taiwan. Soon after having agreed to survey the route between Fuzhou and Xiamen, however, they became worried that the line would infringe on Chinese sovereignty and enable other nations to start constructing telegraph lines in China. In particular, the Zongli Yamen had promised the Russian legation in 1865 that they would allow the Russians to build a line between Peking and Kiachta (on the Russian border to Mongolia) if any other nation was allowed to build and operate telegraph lines in China. Moreover, during the autumn of 1874 there had been some instances of resistance from the population against the telegraph lines.

New opportunities for the Great Northern were thus emerging in China. But because the existing telegraph facilities at Shanghai and Xiamen involved cables that had been landed without official authorization from the Chinese
authorities, the company realized that it would be necessary to mobilize diplomatic support to achieve legitimization of the Great Northern’s activities in China. Consequently, the company persuaded the Danish king and the government to send a mission to China in order to assist the Great Northern in obtaining official protection for its lines, to arrange for the Russian Ministers in Peking to represent Danish diplomatic and political interests in China and Japan, and to make arrangements for the appointment of Danish consuls in treaty ports. The company suggested that General Waldemar Rudolf Raasløff, a former minister of war and a long-time associate of Tietgen who had previously assisted the Great Northern in recruiting staff and providing ships for its missions to China, as an extraordinary envoy. General Raasløff had previous experience in China, since he had led the Danish mission, which had sought trade and diplomatic privileges in 1863 (see Chapter 4 in this volume).

The Great Northern offered to pay a substantial amount of the costs of Raasløff’s trip to China. Although there was general support for the mission from the Danish king, among administrators in the Ministry of Foreign Affairs, and from politicians in the Danish parliament, the endorsement was by no means equivocal or without reservations. Some officials in the Danish government and political parties were sceptical about undertaking a mission which was so directly motivated by the interests of a single Danish company, and with substantial financial support from this company. In addition, the Danish king was sceptical of Raasløff’s diplomatic skills – mostly on account of Raasløff’s presumptuous be-
haviour in Paris in 1870, which almost got Denmark involved in the war between France and Prussia.16

Raasløff arrived in Peking in December 1874, and managed to summon the assistance of the foreign legations in Peking for a joint appeal to persuade the Zongli Yamen to ensure the protection of foreign telegraph cables. His efforts resulted in a concerted action by the ministers from Britain, Russia, France, Germany and the United States. Each of these representatives of foreign powers sent more or less identical notes to the Zongli Yamen seeking official protection of the sea cables between Shanghai and Hong Kong.17 The Zongli Yamen’s reply, dated 11 January 1875, briefly reviewed the discussions concerning telegraphs in the past and pointed out that damage to foreign sea cables did not implicate Chinese officials. The officials of the Zongli Yamen underscored that the Chinese had repeatedly emphasized the problems of protecting cables in the past – this being one of the main reasons that they had rejected foreign requests for permission to set up telegraph lines. Damage occurring to cables at the bottom of the sea, according to the opinion of the Zongli Yamen, was caused either unintentionally by ships that were plying the coastal waters or by bandits who wanted to steal the precious metals. In their view it would be futile to prohibit the traffic of ships on the coast and in the rivers and thus extremely difficult to handle cases of accidental damage; moreover, it would be even more troublesome to apprehend thieves and to ensure that they pay damages.

As a gesture of goodwill, however, the Zongli Yamen issued a letter with a copy of the foreign ministers’ communications to the provincial authorities, together with instructions to consider ways and precautions in order to protect the telegraph cables.18 At this point, Raasløff seems satisfied to have obtained what he saw as a guarantee for the protection of sea cables from the Zongli Yamen. In his letter of acknowledgement he expressed deep gratitude for their willingness to notify provincial authorities and stated that he would instruct the Danish consuls to co-operate with the Chinese authorities in finding the best means to assure the protection of telegraph cables.19 For Raasløff, this communication signalled the successful completion of his main task in the mission to China, and he was prepared to proceed to the treaty ports and to Japan in order to carry out the remainder of his assignments in the Far East.

Dramatic events in Fujian, culminating in sabotage on the Fuzhou-Xiamen line and attacks on Danish engineers and Chinese construction workers at the small village of Fangkou, forced Raasløff to extend his mission in order to intervene directly on behalf of the Great Northern. In mid-February 1875 he raised the issue of the attacks on the lines in negotiations with the Zongli Yamen. Raasløff had been anticipating that he could receive support for the Great Northern’s landlines from all the foreign ministers in Peking again. This time, however, he was only able to gain the support of the Russian minister, who wished to use the threat of building a Kiachta-Peking line to gain territorial concessions from the Chinese in the negotiations concerning the Ili border areas which were taking place at the time. Thomas Wade and the other ministers of the major powers were aware that diplomatic support for the landlines in

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the Fujian province would only help the Russians achieve their ambitions. Thus, the association of the Danish company with Russian interests started to become a serious issue among the foreign representatives in Peking.20

General Raasløff’s negotiations with the Zongli Yamen on February 17 merely resulted in a compromise where the Chinese offered to pay for the damage done so far by the population and to purchase the existing lines. However, they refused to indicate whether the Chinese would complete the construction of the lines. Without the support of Great Britain and the majority of foreign ministers in Peking, Raasløff felt that he was in no position to disagree with Chonghou on this issue. General Raasløff informed the Great Northern’s director in Shanghai, Dreyer, about this decision during his visit to Shanghai in March 1875, but the reaction from Dreyer to this result was great disappointment. In Dreyer’s view, the compromise with the Zongli Yamen was a major setback for the ‘legitimate’ position of the company in Fujian, and it would only provide the authorities there with a powerful position in the negotiations about payment for the line and damage.21

During his trip to Japan and to Shanghai, Raasløff assigned his Danish interpreter, Lieutenant C.A. Schultz, to carry out detailed negotiations with the Chinese authorities in Fujian province regarding the solution to the problems of the construction of the telegraph line.22 In April 1875 Lieutenant Schultz initiated these negotiations with the provincial authorities, working together with the Great Northern’s general agent G.N.H. Dreyer, but left Fuzhou in the middle of the negotiation process in order to assist Raasløff during his trip. The result was that Dreyer continued negotiations alone and a new contract was drawn up and signed on 21 May 1875. This agreement specified that China would purchase the telegraph material that the Great Northern brought to Fujian, and commissioned the company to undertake construction of the Fuzhou–Xiamen line on behalf of the Chinese authorities. In addition, the Chinese officials would be responsible for the protection of material and workers during the construction and that the local population should be instructed not to interfere with the construction.23 The agreement did not take up the issue of Chinese purchase of the Pagoda line, which was still owned and operated exclusively by the Great Northern. These terms turned out to be unacceptable for the Chinese authorities at higher levels, particularly Zongli Yamen, which had emphasized that all lines should come under Chinese ownership. In their view, this implied that the Chinese authorities would have sovereign decision-making power with respect to the construction of lines on China’s soil.

Both the Danish envoy Raasløff and his interpreter C.A. Schultz appear to have been aware that the agreement did not correspond to the consensus which had been reached with the Zongli Yamen in February.24 Nevertheless, they argued that the agreement fulfilled the original intentions, which they saw as the Chinese wish to build a line from Fuzhou to Xiamen. In this instance, the Danish envoy became a representative of the more narrow interests of the Great Northern. He took up this view in spite of the fact that he had previously agreed to Chinese claims for sovereign rights to determine whether they would
build the line or allow others to do so. The resistance of the governor-general of Fujian and Zhejiang provinces, Li Henian, who had become an ardent opponent of the Great Northern and its aggressive approach to building the Fuzhou–Xiamen line, made it extremely difficult to implement the agreement in the following months. Popular resistance to the telegraph construction flared up again during the autumn of 1875 and the matter again went into a deadlock.

A short visit by the Danish envoy, who came to Fujian in November 1875 to try to help bring about a permanent solution, apparently achieved little in terms of ending the controversies. When Raasløff came to Fuzhou, he experienced major difficulties in arranging talks with the Chinese authorities. The governor of Fujian Wang Kaitai had just passed away, and his superior Governor General Li Henian used the excuse that he was occupied with military examinations, and therefore could not spend time with Raasløff, who also found it difficult to meet with the imperial commissioner Shen Baozhen. Instead, Raasløff met the Manchu General Wenyu, who had agreed with Shen Baozhen rather than with Li Henian on the best way to resolve the problems. Unfortunately, Wenyu was rather marginal to provincial decision making. He appears to have had little influence on the xenophobic officials who had taken over administration at the provincial Board of Trade after Ding Jiawei had been removed through an indictment from Li Henian and an imperial censor Chen Yi. Consequently, the Danish envoy could not achieve any substantial progress towards resolution of the conflicts between the Great Northern and the Chinese authorities in his meetings in Fuzhou, and had to return to Denmark without significant guarantees concerning a settlement of the conflicts between the Danes and the Chinese.

In this sense, there were clearly limits to the ability of Raasløff in playing the dual roles of diplomatic representative of the Danish government and protagonist of the interests which the Great Northern had with regard to building telegraph lines in China. The success of the strategy to integrate national and commercial interests in the Danish diplomatic mission depended on the endorsement of other actors. In the interaction with the central Chinese government (i.e. Zongli Yamen), Raasløff depended on the support of the representatives of major powers – in particular, Great Britain which had a significant influence due to the prestige of Thomas Wade. With regard to local Chinese authorities, the results that the Danish envoy could achieve were contingent on the political power of the Chinese who were sympathetic, or at least pragmatic, in their attitude to the Danish venture. For instance, even though Shen Baozhen had been provided with an Imperial authorization to negotiate a solution to the Chinese purchase of telegraph lines in Fujian, he appeared unable to control the opposition that arose from Li Henian, officials from the Board of Trade and the local population. On the other hand, one can speculate that Raasløff might have gained a considerably more sustainable solution if he had travelled to Fujian together with his interpreter during the spring. In particular, it would have been a great advantage if both had stayed long enough to ensure that an agreement that was acceptable to the Chinese government
was concluded. However, it was clear that Raasløff’s mission did not explicitly include assistance to the Great Northern’s activities beyond seeking the Žongli Yamen’s acknowledgement of the need to protect telegraph cables. For this reason, he was reluctant to become directly involved in the Great Northern’s affairs in Fujian.

The final resolution to the conflicts between the Danes and the Chinese regarding the construction of the telegraph line occurred when one of the most experienced Chinese experts on foreign affairs, Ding Richang, took up position as governor of Fujian province in 1876. A couple of months after the Danish envoy had left China, Ding Richang drew up a final contract with the new general agent for the Great Northern, Consul George J. Helland. Helland had replaced G.H.N. Dreyer and appears to have been much more co-operative and realistic in his relations with the Chinese authorities.

**Danish Diplomacy and the Concession of 1881**

In the 1880s Li Hongzhang, governor-general of Zhili and commissioner of trade for the Northern Ports, utilized his political influence at the Qing Court to initiate the development of telegraphs under Chinese control. He undertook a number of projects that ensured that he would be able to obtain rapid means of international communications, a need that appeared urgent in the light of Li Hongzhang’s role as de facto responsible for the handling of foreign affairs for China in the period. In addition, he collaborated with his main assistant in economic matters, Sheng Xuanhuai, in setting up a Chinese company to install and operate telegraph lines in China, under the institution that became known as the Imperial Telegraph Administration. In this endeavour both Li Hongzhang and Sheng Xuanhuai relied largely on the Great Northern for the transfer of technology to China.

In 1881 the Great Northern therefore tried to follow up on the prestige which the company had gained in the eyes of Li Hongzhang for its assistance in undertaking the construction of the Tianjin–Shanghai line on behalf of the Chinese authorities. Discussions concerning the expansion of the Chinese network between the company’s representative Jacob Henningsen and Li Hongzhang in June 1881 led to a proposal from Henningsen, asking Li Hongzhang to grant an exclusive concession to the Great Northern. Henningsen’s letter outlined a six-point concession that, among other things, would provide the Great Northern with exclusive rights to operate submarine cables from China, and priority on the international telegraphic traffic which originated in China. In exchange, the Great Northern would transmit official telegrams from the Chinese government free of charge. The Great Northern was also keen to assure that the future expansion of the Chinese telegraph network would not bring further competition to the company’s own lines, e.g. the cables between Shanghai and Hong Kong or a line between Peking and Kiachta. In addition, the Great Northern would gain official recognition for the cables that the company had put on shore illegally in China during the previous decade.
The British minister Thomas Wade learned about the agreement between the Great Northern and Li Hongzhang almost instantaneously, and promptly protested to the Zongli Yamen. Wade argued that the Zongli Yamen in 1870 had approved that a British telegraph company was given permission to land cables in Chinese treaty ports, and consequently argued that the Chinese government could not ratify the agreement with the Great Northern which prevented other countries to land cables. In addition, the American minister James B. Angell protested against the monopoly granted to the Great Northern since it would prevent the landing of a cable from the USA via the Sandwich Islands and Japan by an American company.

The Chinese defended the concession which had been given to the Great Northern since, Li Hongzhang argued, it was quite similar to those that the Great Northern had obtained in countries such as Russia, France and Japan. Li Hongzhang's arguments suggested, in other words, that if China was a sovereign nation with a status similar to those of Western powers, the British and the Americans would not be able interfere if it granted concessions to private companies. The problem was, of course, that under the system of the unequal treaties, China did not have a status equivalent to those of other nations.

The conflicts that arose between the Danish company on the one hand and British and American interests on the other led to a prolonged diplomatic and commercial struggle related to international telegraph cables in the Far East during the period 1882–1916. In particular, the commercial interests of the British company Eastern Extension were also directly challenged by the Great Northern’s concession. The British Foreign Office, which had previously attempted to remain aloof from commercial interests (and had provided assistance to the Great Northern in obtaining landing rights in China), gradually realized that it would need to support British interests.

The British reaction led to a concerted effort by the ministers of major powers in Peking (except the Russian minister, of course, who was interested in supporting the Great Northern) to obstruct the ratification of the concession. The British insisted on the landing rights for a cable that Eastern Extension would lay between Hong Kong and Shanghai. The Foreign Office also instructed the governor of Hong Kong to refuse the landing of cables or construction of telegraph lines in Hong Kong by the Great Northern or any Chinese company associated with the Great Northern.

A fascinating range of actors became involved in schemes to undermine each other’s plans. In addition to the British and Danish companies, the newly established Imperial Telegraph Administration became a new actor which gradually gained an independent role vis-à-vis the foreign companies. Soon the conflicts deeply implicated the governments of Britain and Denmark, while in China the Zongli Yamen, Li Hongzhang, and a number of provincial officials became engaged in the struggles. The result became a virtual diplomatic tug-of-war between the Chinese and the British over the issues of granting permission to land cables in Hong Kong, in Shanghai, and in Guangzhou. The British refused to grant permission to a Chinese company for landing a cable in Hong Kong,
particularly when it was learned that this company was allied with Sheng Xuanhuai and had contracted for technical assistance from the Great Northern; in retaliation, the Chinese refused the Eastern Extension landing rights in Guangzhou and Shanghai.

It is beyond the scope of the present chapter to describe the many incidents and negotiations that took place during the early 1880s between the Chinese and foreign powers, or between the various companies involved, since they have been analysed by both Ole Lange and Jorma Ahvenainen. The important point that should be noted here is that the interaction between commercial interests and foreign policy that continued to characterize Danish activities in China now had become even more difficult to pursue. The Great Northern was not able to raise the status of its agreement with Chinese officials to the formal level of official national policy, partly because of the controversial implications for other nations. Furthermore, the increased level of conflicts between major Western powers such as Russia and Great Britain precluded its former approach, namely, to mobilize diplomatic support in Peking on the basis of the neutral political status of Denmark.

For several years, the diplomatic representatives of major powers such as Great Britain and the United States contested the legal status of Li Hongzhang’s Concession of 1881. Therefore, it was difficult for the Danes to extract an official ratification of the concession from the Zongli Yamen. In fact, Li Hongzhang rather pragmatically used the concession to get a discounted tariff on the transmission of international official telegrams by Chinese foreign affairs decision-makers, and to block initiatives from other countries. Meanwhile, he ignored the existence of the concession when there was a need for the Imperial Telegraph Administration to expand its services, and he remained extremely evasive in cases when he was directly confronted by major foreign powers on the status of the concession. So the Chinese side was unwilling to raise that matter to a question of international diplomatic relations, considering it instead a question of commercial relations between the superintendent of trade at the Northern ports (i.e. Li Hongzhang) and a foreign business firm. It would have been difficult for a Danish envoy to force the Chinese government to ratify the concession without the support of the diplomatic representatives of major powers in Peking.

Only Russia appeared eager to force the Chinese to ratify the Great Northern’s concession. For strategic reasons, however, the Great Northern wished to avoid being seen as a Russian firm since Russian expansion in the Far East was viewed with some apprehension by the other Western powers and by the Chinese after the Ili Crisis of 1878–81. As a company which in many ways acted as a transnational (or ‘globalized’) corporation and which relied on capital, technology, and human resources coming from a wide range of nations, it was unfortunate for the Great Northern to become tied to the political interests of one nation. In addition, the company had relied extensively on the British support which its co-operation with the British telegraph company Eastern Extension since 1870 had made possible, and the status of this British sponsor-
ship was important for the way in which the diplomatic game concerning the concession developed.

The Danish Ministry of Foreign Affairs was still willing to support the Great Northern in its attempts to exploit the Chinese market. But now the focus of diplomatic initiatives shifted to securing support in London, Paris and other capitals of major nations. The company also entered extensive and detailed discussions directly with the British Eastern Extension Company in order to avert direct British resistance to its concession in China. In 1883 the two companies were prepared to undertake a joint effort to secure ratification by the Chinese government of the 1881 concession – this time on behalf of both companies. They never succeeded in gaining a formal ratification, however, and with the expansion of the Chinese national telegraph network under the Imperial Telegraph Administration during the 1880s, new controversies related to the competition between the Chinese and foreign telegraph companies emerged. In addition, the Chinese and Russian telegraph administrations started to negotiate about the construction of a land line from Peking to Kiachta, which could potentially present serious competition to the Great Northern’s business on the submarine cables between Shanghai, Nagasaki and Vladivostok. Plans for a line between China and India via Burma presented similar problems of competition for Eastern Extension’s cables. During the 1890s, these forms of competition were prevented by various means, and gradually the three parties (i.e. the Great Northern, Eastern Extension, and the Imperial Telegraph Administration) realized that a joint agreement ensuring standard rates for international telegraph traffic would be most effective and profitable. The opponents of a joint agreement between the three companies were the merchants and the chambers of commerce in the treaty ports: they believed that the monopoly effectively established by these companies maintained unreasonable rates on the international routes. By this time, however, the Great Northern was able to undertake its own negotiations without involving diplomatic action from the Danish government to any significant degree. The close relationship between the company’s interests and Danish foreign policy with respect to China continued to exist. When the company had acquired an official status in China, however, it became increasingly able to solve many problems on its own. In addition, other Danish companies such as the East Asiatic Company had emerged to become important actors in Sino–Danish relations.

THE GREAT NORTHERN AND THE TRANSFER OF TECHNOLOGY

The role played by The Great Northern in China was primarily shaped by ambitions to gain profits from exploiting markets for communication services at the treaty ports. However, the company gradually became involved with the transfer of modern technology to China as well. Indeed, the Great Northern saw its mission in China as an effort to bring progress to the ancient civilization. As Edouard Suenson wrote in a popular journal in 1873:

It [i.e. the mission] involved bringing our countryman H.C. Ørsted’s great invention out to the spiritually outlandish peoples living in remote areas who,
in spite of their real civilization and developed science, nevertheless hitherto have rejected with fear and repulsion so many of the benefits which Europe provides them.

With knowledge of telegraph systems, Denmark shall write its name in the millennial annals of the Oriental nations, not by means of violence or by means of the bloody method that the great powers of Europe have earlier used, but with the persuasive script of reflection and kindness which the conquered writes down with as much pleasure as the conqueror.39

Whether or not the idealism which Suenson expresses in this quote is pure rhetoric or indeed was a fundamental motivation for the company’s work in China, there appears to be little doubt that the Great Northern became instrumental in introducing knowledge about telegraphs to China and in helping the Chinese to construct and operate telegraph lines. This can be seen in several specific areas. First, the Great Northern became a pioneer in promoting the training of Chinese in the construction and operation of telegraphs. Second, the Great Northern helped invent, develop and disseminate the Chinese telegraph code. Third, many of the Danes who were employed in the service of the Great Northern in China later worked for the Chinese Imperial Telegraph Administration.

**Telegraph Schools**

The scientific and technological principles that were necessary for the construction and operation of telegraph systems were associated with two new areas of knowledge. On the one hand, telegraphs became connected with the new discipline of electrical engineering. On the other hand, the technique of Morse telegraphy required highly specific training and practice in keying and reading telegraph codes. In Western countries, expertise in electrical engineering was nourished by universities, technical schools and in the military engineering corps. For skills in telegraph keying, companies which required trained manpower would often set up special schools; this was the case, in particular, with the public telegraph administrations that emerged in many European countries around the mid-nineteenth century. The Great Northern would, for instance, be able to rely on the technical expertise developed in the technical university set up on the initiative of the Danish scientist H.C Ørsted and the practical skills which the Danish army developed in the area of the construction of telegraph lines. It would also depend, for the training of skilled telegraph operators, on the school that the Danish state telegraph administration had set up in Fredericia.

In China, however, a different situation prevailed in the mid-nineteenth century. Few people with skills in advanced Western science and technology were available, and formal schools of technical education were virtually non-existent. Therefore, when the first telegraph offices were set up in the 1870s and 1880s, it was necessary to establish specific training programmes. These programmes related to the telegraph became some of the first efforts to introduce technical education to Chinese students.

In order to achieve a rapid diffusion of the telegraph, companies such as the Great Northern had often been able to recruit young Danes immediately
after graduation from high school or college. In both cases, there had been some opportunities for students to learn modern science, and many were ready to work as telegraph operators, constructing and maintaining telegraph systems after they had received appropriate training. For the Chinese, who generally had no education related to modern technology, and where the schools did not impart much competence in science, any ambition to introduce an indigenous telegraph system, or to take over those erected by foreign companies, required extensive training programmes.

This need was clearly recognized by Chinese modernizers such as Li Hongzhang and Ding Richang; the latter had ensured that a training programme was included in the final agreement on the Chinese purchase of the telegraph lines in Fujian Province from the Great Northern in 1876. The first classes provided in China on telegraph technology were held in Fuzhou in 1876–77 because of Ding Richang’s agreement with the Great Northern. The classes were held for a period of one year starting on 1 April 1876, in the company’s Nantai Telegraph Office in the vicinity of Fuzhou. The company received one thousand silver dollars per month to cover the salaries of the three Danish teachers and various assistants. The results of this training process were encouraging. The Chinese telegraph engineers and technicians were able to independently construct and operate a line on Taiwan. The following statement concerning the progress of the construction of the telegraph line on Taiwan, submitted to the government by Ding Richang in 1877, illustrates the insights gained from his experience in Fujian:

For the time being we shall not hire foreigners. But if we encounter obstacles and things that are difficult to understand regarding theory, we will have to translate Western books about telegraphy in order to explore their secrets, or occasionally hire one or two foreigners for a short time to help us study and investigate. The Chinese concept of an engineering project is that the scholars understand the theories while the artisans become familiar with the [practical] affairs. Therefore [we do not] simultaneously seek [knowledge of] theory and tools, so that every aspect [lit. above the form and below the form] is very difficult to understand thoroughly. Now, because the tools are required to get to the bottom of theories, and theories are used in creating tools, the study of physics will gradually allow us to grasp the general framework.

Li Hongzhang also firmly believed that the enterprise of developing the Chinese telegraph network would require intensive training of people who would be able to operate the lines, the equipment and the telegraph offices in various locations. However, the Chinese provincial authorities were less enthusiastic. The most important Danish teacher at the Telegraph School in Tianjin was Carl H.O. Poulsen, who had also produced a number of textbooks. Another important teacher working at the telegraph school in Shanghai was C.C. Bojesen, who was also chief engineer at the Imperial Telegraph Administration for a large number of years. The Telegraph School at Tianjin continued operation during the 1880s and 1890s, and in 1895 it was reported that 300 students had graduated since the school was established. In 1900 it was apparently still functioning, now with an all-Chinese faculty.
The Chinese Telegraph Code

The use of telegraphs in China required some form of system to transmit messages in the Chinese language. Given the nature of the non-alphabetic written language where a vast number of Chinese characters each represent words with separate meanings, there was a considerable challenge in devising a rational method of representation for these words. The solution to this problem was not particularly elegant, but it represented a practically operational mode of encoding Chinese characters which, despite its drawbacks, could hardly have been improved with any techniques available at the time.

The invention of the four-digit telegraph code for Chinese characters still in use in China is primarily the achievement of the Danish astronomy professor, H.C.F.C. Schjellerup (1827–87). Professor Schjellerup was an interesting personality. His youth was spent as an apprentice clock maker in Odense. Under the sponsorship of the Danish scientist H.C. Ørsted, he pursued studies of physics at the Polytechnic College in Copenhagen. He was awarded a Doctorate at the University of Jena on the basis of his scientific work at the Observatory in Copenhagen. However, because Schjellerup had not passed the conventional preparatory exam for higher education (studentereksamen), he was not considered qualified for the Professorate of Astronomy at the University of Copenhagen when it became vacant in 1857. Partly as a result of his disappointment, he had turned his attention to studies of oriental languages, primarily in order to draw upon historical material from Chinese and Arabian sources to illustrate astronomical events.

When the Great Northern embarked upon its plans for construction of lines in China and discussed these with the members of the Burlingame Mission in 1869, the Director of the Great Northern C.F. Tietgen sought the assistance of Schjellerup in order to obtain a practical code for the Chinese language. In early 1870 Schjellerup selected 5,454 Chinese characters, arranged according to the 214 radicals and number of strokes – the conventional way to organize a Chinese dictionary – and provided each character with a unique number of four digits. The system that Schjellerup devised thus utilized number codes to represent words or concepts along lines that are still in use. The first manager of The Great Northern’s business in the Far East, Lieutenant E. Suenson, brought Schjellerup’s list to China. When Suenson arrived in Shanghai, he hired the French harbourmaster in Shanghai, S.A. Viguier, to oversee that the code was printed in Chinese in a form acceptable to Chinese businessmen.

A pamphlet that Viguier issued in 1875 tells another story, however. According to Viguier’s own account, the responsibility for inventing the code was entirely his own. He had already been working on a development of the code for Chinese characters in 1866, having been called upon such services by the French ministers to China, Count de Bellonnet, who was at the time supporting the plans for establishment of a line between Peking and Kiaitcha. Those plans did not become implemented at the time. The arrival of the Great Northern’s director and the construction of the line from Shanghai to Hong Kong had, Viguier argued, encouraged him to compile a code book, the first
edition of which was published by the Great Northern in 1870. After some tests and improvements, a standardized version came out in 1872, listing 6899 characters, which was entitled *Dianbao xinshu* [New Book for the Telegraph]. In his version of the codebook, Viguier also proposed a system by which to generate Chinese telegrams in a secret code.

Viguier’s claim to be the sole inventor of the system was later contested by the Great Northern, and in 1875 the general agent of the company in Shanghai, Dreyer, complained about the insistent demands of Viguier for additional compensation. Although the director of Great Northern, C.F. Tietgen, was well aware of the actual status of the invention of the Chinese telegraph code, he was weary of fostering yet another enemy in China at that particular moment. Therefore, a meeting with Viguier in Copenhagen was arranged, and it was agreed that Viguier would receive a final payment on the condition that he subsequently relinquished his sole claim to the invention.

The extent to which the Chinese came to utilize the telegraph amazed the local agents of the Great Northern, given the official and popular resistance which had been encountered during the earlier attempts to erect telegraph lines. One of the important reasons for the success among the Chinese was that Professor Schellerup had managed to invent a system for representation of the Chinese script which was very practical, even if it was somewhat cumbersome to use. But the story of the telegraph code also indicates that the Great Northern was prepared to adapt its system to the conditions in China in order to ensure its position as a leading agent of technology transfer.

**Danes in China: Romantic Visions and Hard Work**

No doubt one of the most important means of technology transfer to China took place by way of human resources, and a large number of Danes were acknowledged for their efforts to construct and operate telegraphs in China. At the same time, the opportunity to work in China for the Great Northern became, for many Danes, a stepping stone to a career in the Chinese Imperial Telegraph Administration or in other forms of business. The company was able to recruit many young people who were eager to travel to exotic places; although this attraction to the wondrous China seemed to fade somewhat around the turn of the century, it remained an important motivation for young Danes.

In the beginning, the Great Northern recruited many employees from the Danish army and navy. One reason was the support which the company received from the former Minister of the Marine, General W.R. Raasløff. For example, Raasløff succeeded in placing the Danish frigate Tordenskjold at the disposal of the company for the laying of cables between Hong Kong, Shanghai, Nagasaki and Vladivostok in 1870–71. Technical assistance came from the engineering corps of the army, too, and the High Commissioner of War, C. Madsen, and Captain Hoskær were for many years consultants regarding the technical aspects of the Great Northern’s work as well as members of the Board of Directors. Lieutenant Edouard Suenson, who undertook the vital job of supervising the deposit of the first cable from Hong Kong to Shanghai in 1870,
was another important person recruited from the military. In 1865–68 he had served in the French marine and had been on naval expeditions in East Asia. In 1869–70 he became adjutant for the Danish general W.R. Raasloff, who also recommended that Tietgen employ him for the difficult and essential task of establishing the first telegraphic connections in East Asia. After Suenson had functioned as the local manager for the first cables in China and Japan in 1870–72 with great success, he fell seriously ill because of the climate in Shanghai and returned to Denmark. He quickly became managing director of the Great Northern, where his family remained extremely influential until recently.

Another important reason for the large number of people recruited from the military was probably that the pioneering work to be carried out in China required endurance and discipline, normally of a kind associated with a soldier’s life. During the construction of the telegraph line from Fuzhou to Xiamen, Danish engineers ventured into areas of China that were commonly regarded as very dangerous for foreigners. In one incident in January 1875, two Danish engineers were assaulted while they were on their way back from the construction site to a watchhouse along the telegraph line south of Fuzhou. The mob carried off one of the Chinese workmen and attacked the two Danes with hayforks. In this case, the Danes were not harmed, but during later incidents the Chinese mobs tried to burn down the watchhouse with the Danes inside. It took courage to work under these circumstances and several people, including the electrician V. Hoffmeier, who apparently felt uncomfortable about the work, left the company during the tumultuous days in Fujian province.

One of the Danes who became well-known for his work both in China and Denmark was Jakob Henningsen. After having graduated from the School of Law at Copenhagen University in 1869, he joined the Great Northern, was trained as a telegraph operator and sent to East Asia in 1871. In 1874 he helped negotiate an agreement with the Chinese to build a land line between Fuzhou and Xiamen, and continued as a station master at Fuzhou even after this venture failed. In 1881 Henningsen was a key figure in gaining the concession from Li Hongzhang, and in 1885 he became general agent for the Great Northern in East Asia, stationed in Shanghai. Henningsen was awarded a Chinese official rank through the recommendation of Li Hongzhang, who seems to have respected and worked well with the Danish representative; Henningsen had also taken the trouble to learn enough Chinese to maintain business with his Chinese colleagues in a professional way.

Several Danes who had come to China in the service of the Great Northern subsequently left the company to work in the Chinese Imperial Telegraph Administration. One of these was the engineer C.C. Bojesen, who was also married to a Chinese woman. Before he joined the Administration, he had been one of the first engineers to work with the Great Northern in China. During the period 1874–76, for instance, he was involved in violent incidents during the attempt to construct a line between Fuzhou and Xiamen.

It was part of the pioneer ideology of the Great Northern that its employees would be able, and willing, to endure hardships while working for the
company in remote places. Frequently, the young men who sought employment in the company would be required to sign a contract covering a period of six years service abroad, which prevented marriage during the first years of service. Although the company often provided adequate facilities for board and lodging abroad, few of the Great Northern employees lived in luxury. In their memories from the early years, staff at the Great Northern would often joke about the way in which the company encouraged employees to ‘lend Glory to Denmark’ rather than care about their material benefit. In China, the company paid lower wages than the Imperial Telegraph Administration, which was one reason for many of the Danes to leave the Great Northern to take jobs in the Chinese company.

Conditions for the staff at the Great Northern’s stations in Russia and the Far East were occasionally very strenuous, particularly during times of war. An employee at the Vladivostok station, for instance, complained that the company paid its employees in Russian roubles during the difficult year of civil war.

19. The first class of students from the telegraph school in Fuzhou, established in April 1867. Seated, third from left in the first row is Jacob Henningsen, a key figure in the Great Northern’s activities in China. In 1885, he was to become general agent for the Great Northern in all of East Asia.
in 1922, when only Japanese yen were acceptable currency. The problems experienced with low wages and difficult living conditions by the employees of the Great Northern appear to have become more serious in this century. In a particularly outspoken critique of the company’s management, one of the engineers in the the Great Northern, A.C.V. Hansen, argued that the policy towards the employees had become much less flexible and forthcoming after C.F. Tietgen and E. Suenson left the management of the company.

THE IMAGE OF CHINA IMPARTED BY THE GREAT NORTHERN’S EMPLOYEES

Because of their long sojourn in China and occasionally an exposure to Chinese life in the treaty ports and in the interior of China, the Great Northern’s employees often acquired a unique knowledge of the country and its people. For some of the employees, the fascination with China encouraged them to write about their experiences and, thus, to influence the Danish public with their stories from the exotic Far East. The images of China and the Chinese which they offered to their contemporary Danes were, in many respects, extensions of the picture painted by Captain Bille in his book of travel accounts from 1850.

A travel account by Captain V. Hoskiær entitled Rejse i China, Japan og Indien (Travel in China, Japan and India), published in Copenhagen in 1880, has been mentioned earlier in this chapter for its accounts of the action which took place in Fujian in 1874–76. This book contains a narrative based on Hoskiær’s diaries, but with extensive commentaries about daily life in China, key personalities and places that he visited and major events of the 1870s. The tone of the book is condescending and the Chinese are portrayed as cunning, corrupt and entirely materialistic in their attitude to religion and personal relationships. The views that are most frequently quoted are those of the Western community in the treaty ports. Thus, for example:

[Few Westerners] believe in the affection of their servants, but all are certain that they are being squeezed as much as possible by them, and expect that the servants will immediately disappear, should any misfortune befall their masters. Many Europeans complained that their servants were lying, not merely out of fear or for the sake of economic gain, but also out of predisposition and habit. An example was that servants allegedly invented relatives that they did not have, in order that they could take leave for long periods, claiming that they went home and buried their relatives.

This passage also bears witness to the extent to which the Europeans with which Hoskiær became acquainted – and Hoskiær himself – were unaware, or unwilling to recognize, the concept of the extended family that the Chinese upheld.

Hoskiær’s account thus represents a straightforward reflection of the ideas that were most popular among the European communities in the treaty ports. The Chinese common people were regarded as filthy, cunning, greedy, and cowardly, while the officials were – with a few exceptions – seen as arrogant, rapacious and cruel. Even buildings and roads were characterized as decrepit and crooked, with very few places in China calling forth in Hoskiær any admira-
tion for beauty. Accordingly, Hoskiær quotes approvingly the French missionary Favier that he met in Tianjin, and who argued that one should talk with the Chinese with ‘a stick in one hand and a dollar in the other’ – only then would they understand everything one told them.58 Also noteworthy is the contrast between the characterization of the Chinese and the Japanese in Hoskiær’s accounts; the filthy appearance of the Chinese is contrasted with a Japanese penchant for clean houses and public baths. With respect to willingness to learn new technologies and work ethic, Hoskiær also argues that the Japanese are much more receptive and diligent than Chinese.

Probably the best-known Danish author of accounts from China was Jacob Henningsen. While in China and after his return to Denmark in 1900, Henningsen wrote several articles and published books about his experiences in the Far East, and in this way sought to portray the life of the foreign community in the Chinese treaty ports for a Danish readership.59 The image that Henningsen imparts in his books therefore represents a new twist to the image of China in the West – reflecting the experience of the Western treaty-port community in China rather than China or the Chinese themselves. Apart from a few detailed portraits of Henningsen’s own Chinese servants, the Chinese people in general become walk-on players on a stage set for European actors. The portrayal of Henningsen’s cook A-Lum, for instance, presents a fairly unscrupulous person with appalling standards of hygiene who is constantly engaged in activities that will help him tuck away a small percentage of the money set aside for food purchases. Nevertheless, Henningsen writes:

[D]espite his eccentric behaviour and faults A-Lum is not all that bad. He also has some strong points. If you bring guests home half an hour before dinner without having informed him in advance, then he does not say: there is only food for two persons; A-Lum will get food for ten persons, if need be, and the Boy will announce at the usual time that dinner is served. If he is not able to handle the task in other ways, he will send urgent messages to neighbouring A-Lums, who will always respond to the call to arms. One sends a fried chicken, another a boiled fish, the third a cake, and so on and so forth.60

This passage indicates an almost affectionate attitude to the Chinese that Henningsen knew at a more personal level, although the fundamental attitude of the Europeans as a master race never seems to have failed.

The treaty ports were, of course, replete with eccentric personalities, or the ‘Old China Hands’, who sought wealth and fame on the China coast, often in the service of the Chinese authorities. Some of these were the subject of small, entertaining portraits (reminiscent of the kinds of stories that Kipling wrote on the basis of eccentric Englishmen in India) in the essays that Henningsen published in Denmark. Henningsen’s dog Lajfu deserved another portrait, which was full of praise for the dog’s ability to chase away or even hunt down Chinese thieves.

The literature which was published by the employees of the Great Northern thus confirmed an image of China that combined a fundamental view stressing the uncivilized nature of the Chinese people and government with accounts of people and events from the more attractive, but still exotic,
context of the treaty port communities. In a sense, there were now two Chinas: a backward and stagnant country inhabited by corrupt and shabby people on the one hand, and the enclaves of Western civilization in the treaty-port communities on the other. This picture served to underscore the civilizing ‘mission’ of modern technology that was essential to the legitimization of the activities of the Great Northern in China.

**Nineteenth-Century Globalization: The Great Northern as a Transnational Service Firm**

What is so unusual about the Great Northern Telegraph Company is its approach to business. In many ways, it resembles a modern transnational corporation of the late twentieth century rather than a company from a small, semi-industrialized country of the mid-nineteenth century. The technology that the Great Northern utilized to provide a modern communications service was derived from an international technical community in electrical engineering which emerged during the latter half of the nineteenth century. The submarine cables that were the basis of its business were purchased from producers in Great Britain, although a domestic, modern cable industry was being set up in Denmark during the same period. Capital for the Great Northern’s activities in Russia and East Asia was raised on the London stock market as well as in Copenhagen. The company’s image stressed its Danish origins, but in many instances it appeared closely associated with the interests of other nations such as Great Britain, a source of much of the company’s capital, or Russia which depended heavily on the company for traffic along the trans-Siberian lines. The history of the company indicates that it was at the forefront of international telegraphy and often had decisive influence on the fate of new initiatives, whether it worked in public or behind the scenes.

Of course, the expansion of the European empires to colonies across the world in the nineteenth century and the high levels of economic growth which accompanied the opening of the ‘world market’ during the 1860s and 1870s provided many of the economic conditions and a widespread effort to liberalize trade which can be witnessed again a century later. But during the 1870s it required a special combination of factors to generate a company that was internationally oriented from the earliest beginnings. The nature of the technology, the special political status of Denmark, and the unique ambitions and outlook of the Great Northern’s director and leading management can be identified as some of the most significant factors.

The technological system associated with the telegraph was international at its outset. The sharing of technical knowledge among scientists and inventors internationally facilitated the diffusion of the telegraph. The attitude among the majority of inventors was that telegraph communication constituted a public service. Even if entrepreneurs used patents to appropriate private benefits from their inventions, there was a need to employ literate operators who could easily learn the necessary technical knowledge to run and maintain telegraph
systems. Innovative operators would often license their technologies to major telegraph companies, but might also try to set up competing businesses. In addition, there was a strong demand for an expansion of the network in order to capture economies of scale in providing communication services. This facilitated the growth of national and international telegraph connections and caused operators to open their systems so that services could be extended to a wider group of customers. The technical community associated with the telegraph was also eager to share knowledge through the publication of manuals, often providing minute details of the principles and practical aspects of telegraphs, and technical journals which specified the latest achievements.62 The Great Northern was able to benefit from the patterns of open international exchange and technology transfer that characterized the telegraph in the 1860s. The access to such technology and the capability to utilize both Danish and foreign engineers to master the difficult and advanced techniques related to the laying and operation of submarine telegraph cables helped the company expand its activities rapidly over great distances.

The communication services that the telegraph supported, and which became the foundation for the Great Northern’s wealth and power, were also inherently global. Submarine telegraph cables became technically and economically feasible after the first successful attempts to connect Britain with France across the English Channel and Britain with the United States across the Atlantic Ocean. The facilitation of international communication via telegraph cables provided ample business opportunities to a company that was able to work smoothly with a wide range of nationalities and which saw the whole world as its market. The economies of scale which ruled in the provision of telegraph services also dictated a need to extend networks as far as possible, and to source telegraph traffic from as many markets as could be reached through the company’s own lines or those of other companies.

The Great Northern tried to exploit Denmark’s peculiar status in world politics to the utmost degree. As a small nation located at the periphery of continental Europe, Denmark offered a neutral ground for communication between great powers without being directly dependent on any of these powers. In the late nineteenth century, when Germany was emerging as a strong military power on the continent in the wake of the French downfall after the Napoleonic wars, both Russia and Great Britain wished to be independent of lines passing over German ground. And none of the continental powers wished to be dependent on British lines of communication. Denmark’s position offered a useful alternative. Having lost significant colonial ambitions and without the military power to play any aggressive role beyond its immediate borders, Denmark was a neutral partner in overseas relations. Finally, the Danish king had close family relations with a large number of European monarchies, and such connections were still important in connection with negotiations for major deals such as concessions for telegraph lines.

The Great Northern skilfully exploited this position of Denmark in its activities in China, sometimes depending on the support from the British For-
eign Office and sometimes relying on Russian assistance. As long as the Western powers were more or less in agreement with regard to the opening of China to trade and foreign investment, this strategy worked relatively well. However, the strategy lost its effectiveness at the end of the nineteenth century, when the conflicts between imperialist powers and the process of ‘carving up’ China into specific zones of interest became dominant. Instead, the Great Northern opted for an alliance with the emerging Chinese ‘techno-nationalism’ and more specifically to Li Hongzhang and Sheng Xuanhuai, who were the leading policy makers with regard to Chinese industrialization. Following up on the concession of 1881, the Great Northern positioned itself as the main supplier of equipment and manpower for the rapid expansion of the Chinese Imperial Telegraph Administration; this was so extensive that many observers thought that the Administration was virtually run by the Danes. This role as close collaborator with the domestic telegraph administration was also made possible by the status of Denmark as a nation without significant imperialist ambitions.

Finally, it is difficult to assess the role of the Great Northern without reference to the unique personalities who created and managed the company. C.F. Tietgen had worked in Manchester in his early years, and had acquired an international outlook and a capability in English and other foreign languages, which was unusual for his generation. Although he was known as a man of few words and shunned social life, Tietgen was definitely a highly skilled strategist in business affairs with a pragmatic attitude to the opportunities and risks of commercial ventures. In addition, he relied on a network of business contacts in several European countries and personalities associated with the Danish government which enabled him to forge political ties abroad where his commercial connections were in need of such ties.

CONCLUSIONS

The unique role of the Great Northern in China was a product of several special conditions that included both structural factors and circumstances that arose from particular events. The Chinese were familiar with Danes because of the long-standing tradition of trade by the Danish Asiatic Company in Canton. In China, Denmark was regarded as a friendly nation with little interest in the pursuit of imperialist aggression; in Denmark, China was known and respected as a major civilization and the image of an exotic place lured many Danes to the treaty ports in search of work and fame. The nineteenth century represented a period of readjustment and consolidation of the Danish economy that created a fertile ground for international expansion. Some extraordinary linkages with the Russian court further facilitated a Danish initiative to reach the Far East.

The Great Northern became an important actor in Danish diplomatic relationship with China due to its special interests, but also because its unique entrepreneurship included an efficient network of contacts at the governmental level. In the cases of Danish missions by Chamberlain Julius Sick and
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General W.R. Raasløff to China in the 1870s, the company directly sponsored and directed Danish missions abroad. Later, in the 1880s, these initiatives were transformed to more indirect diplomatic support in China, via the governments of Great Britain and Russia. Finally, the company seemed to be able, at the turn of the century, to conduct many negotiations with the Chinese on its own. Nevertheless, it had an enduring interest in securing the best and most effective diplomatic representation for Denmark in China, as the case of the establishment of a Danish legation in the early decades of the present century (discussed in Chapter 5) shows.

The Great Northern arrived in China with great ambitions. It wanted to create a large network of lines between centres of Western business, i.e., Hong Kong, Shanghai, Wuhan, Tianjin and Peking, and to connect this network with its international lines. Although this grand scheme failed because of resistance by the Chinese and the potential conflicts with British interests, the company was able to develop a unique position in China. The result was a long period of co-operation with the Chinese authorities where the Great Northern supplied the Chinese side with training, construction surveys and engineering, wires and equipment, and human resources for engineering and management. The company received substantial remuneration for these services. However, it was probably even more important that providing this assistance generated a goodwill in China which would help the Great Northern generate more traffic on the company’s very profitable international lines.

Many Danes who had started to work for the Great Northern made a career in the Chinese Imperial Telegraph Administration. Because of the fascination that China held among Danes, a constant stream of entrepreneurial and hard-working young people (but of course also several incompetent and dipsoniac personages) joined the Great Northern for employment in China. Even at the level of the individual, the Danes appeared willing to respect and co-operate with the Chinese in ways that may have been less widespread among the people who came from great powers such as Britain, France or Russia. In a somewhat pompous statement presented as the conclusion of an overview of Danes in China, one author has stated:

It is not coincidental that Danes have been able to gain a footing in China in such great numbers. They have always had an unusual ability to get along with the Chinese. They show them the amount of respect which is appropriate for people belong to such an old culture, and the Chinese appreciate their humane behaviour, equanimity and cheerful spirits.63

In this sense, the role of the Great Northern and its employees appears to epitomize a modern and inter-culturally sensitive attitude to doing business on a global scale.
NOTES


5 For example, the general agent of the Great Northern Telegraph Company in Shanghai in the early 1870s, G.H.N. Dreyer, complained about the Danish consuls in both Shanghai and Xiamen (both non-professional diplomats) and suggested that a high-level diplomatic representation for Denmark was urgently required in China. See report from Dreyer dated 6 September 1873, in RA, Store Nordiske Arkiv, J.Nr. 10.619. Diverse korrespondance 1870–1876 [RA, The Archives of the Great Northern, J.Nr. 10.619. Various correspondence 1870–1876].


8 The story of John Pender and his operations in setting up transcontinental telegraph cable connections is told in Hugh Barty-King, *Girdle Round the Earth*, London: Heinemann, 1979.


10 John George Dunn had been employed in the British business house Lindsay and Co. and had been a partner in D. Reid and Co., both in Shanghai, in the mid-1860s. After taking a few initiatives to examine the possibilities to connect Shanghai with the US via Japan, he became involved in an attempt to win the concession to build the trans-Siberian telegraph line. When Dunn lost the race for the Russian concession, he became a fierce enemy of the Danish company. For information on Dunn’s background and his unfruitful meeting with Tietgen, see Lange, *Finansmænd, stråmænd og mandariner*, pp. 90–92 and 141.

11 For the original Chinese correspondence between Wade and the Zongli Yamen regarding the landing of telegraph cables along the Chinese coast, see the Foreign Office Archives (FO682) at the Public Record Office. The most important being

12 Det Store Nordiske Telegraf-Selskab 1869–94 [The Great Northern Telegraph Company 1869–94], Copenhagen, 1894, p. 47.

13 For an account of the incident, as seen by the foreign community at Shanghai, see North China Herald, 15 July 1865. The views of officials at Zongli Yamen are clearly expressed in their letter to Li Hongzhang, dated 2 August 1865, Haifang dang [Archives of Maritime defense], Taipei: Institute of Modern History, 1957.

14 An editorial was published in the widely read Shanghai paper North China Daily News on 15 August 1873. The following day, the paper published an even longer article that praised the Great Northern for its initiative. Furthermore, this article argued that the successful construction of the line provided evidence of the improved attitude of the local officials towards modernization.

15 Most Western studies have interpreted the official Chinese behaviour as basically motivated by the need to maintain sovereignty, but moderated by a pragmatic acceptance of the usefulness of telegraphs. For example, see Saundra Sturdevant, ‘A Question of Sovereignty: Railways and Telegraphs in China, 1861–1878’, Unpublished doctoral dissertation, University of Chicago, August 1975.

16 See Lange, Finansmænd, stråmænd og mandariner.

17 The text of the protocol (in French) submitted by the ministers is in FO233/79 Telegraphs, railroads: Papers 1868–1883. The Chinese texts of these communications from the foreign ministers are reproduced in Haifang dang, pp. 128–133 (Documents 112–116).

18 The original communication from Zongli Yamen is FO682/2078/1, and it is reproduced in Haifang dang (Document 117) with the instructions of the Zongli Yamen to the provincial authorities in Document 118, pp. 133–135. A translation into English of the reply is appended to Wade’s dispatch of 30 January 1875, FO17/697, pp. 113–122. It is worth noting that, due to the slow process of distributing government documents, these instructions only reached the Chinese provincial authorities in Fujian in mid-March 1875. This was almost two months after the decision had been made in Peking and after several rounds of violent incidents had taken place. Moreover, the letter from the Board of Trade simply copied the text of the Zongli Yamen’s instructions without any significant comment. See letter from Board of Trade dated 13 March 1875 in the Archives of the Ministry of Foreign Affairs: RA, UM, Konsulatsarkiver, Shanghai, pakke 6 [RA, UM, Consular Archives, Shanghai, box 6].

19 Haifang dang, pp. 136–137 (Document 120). Notes with similar formulations also arrived at Zongli Yamen’s desk from the ministers of the other nations, see documents 122 to 125.

20 Lange, Finansmænd, stråmænd og mandariner, pp. 289–290. Wade feared that a concession for the Danish company would only force China into ‘a much more embarrass[ing] concession’ (i.e. the proposed concession for a Kiachta–Peking line for the Russians). Wade would rather hope to ‘see it completed for the Chinese Government and worked by the Danish Company as Agents of China’ (Wade’s emphasis). To this end he would do all in his power. See dispatch from Wade dated 30 January, 1875 in FO17/697, p. 129. Wade was, however, reluctant to extend the full assistance of British Consular officers in Fuzhou and Xiamen.
21 Subsequently, differences in personalities between Dreyer and General Raasløff, and their views on the ways to achieve results in China, caused significant hostility, and both reported very negatively about the other party to the company. See reports from Dreyer dated 18 and 25 March 1875, in RA, Store Nordiske Arkiv, Jr.Nr. 10.619. Diverse korrespondance 1870–1876.

22 C.A. Schultz had been a Lieutenant in the Danish army before joining the Great Northern in China. Schultz was hardly the neutral diplomat that he was supposed to be while attempting to bring about a solution to the conflicts between Great Northern and the local officials in Fujian. After Schultz had arrived for negotiations, Shen Baozhen in a letter dated 11 April 1875 and sent from the Foochow Navy Yard excused himself on account of business with the defence of Taiwan, and instructed the Danish interpreter to negotiate with the Board of Trade. See RA, UM Konsulatsarkiver, Shanghai, pakke 6, brev nr. 20 [letter No. 20]. Most likely Shen felt that it was inappropriate for him (below his status) to negotiate directly with a Danish interpreter who was furthermore employed by a foreign business firm.


24 The board of the Great Northern appears to have agreed with Raasløff and questioned some of Dreyer’s actions. Dreyer defended his tactics since “frygt og ikke Velvilje er hvad der kan ventes udbytte af” [fear and not sympathy is that from which we can expect to gain]. See report from Dreyer dated 5 June 1875; in RA, Store Nordiske Arkiv, J.Nr. 10.619. Diverse korrespondence 1870-1876.

25 It seems mysterious that the Manchu general was not occupied with the military examinations too, but most probably Li Henian was simply playing an old game of finding more or less far-fetched excuses in order to postpone concrete negotiations with the Danish envoy, who was forced to leave soon in order to return to Denmark. See RA, UM Konsulatsarkiver, Shanghai, pakke 9, brev Nos. 61, 50, 72, 55, and 75.

26 The way in which Ding Richang managed the negotiations, and his efforts to salvage the telegraph cables and material which had been purchased from the Great Northern, are described in Lü Shichang, *Ding Richang yu ziqiang yundong* [Ding Richang and the self-strengthening movement], Taipei: Institute of Modern History, Academia Sinica, 1972, p. 252.


28 The final clause of the proposed concession stated that the Chinese text of the agreement should be the basis for arbitration in case the two parties did not agree on the interpretation. The Chinese text is a bit more specific on the question of fees for transmission of international official Chinese telegrams on other companies’ cables and verification of official telegrams in point four. Moreover, the issue of what was construction of lines ‘in opposition to’ the existing lines of the Great Northern depended on the interpretation of the formulation *you yu xiang ai zhe*, lit. ‘those which are mutually obstructing’. The Great Northern feared, in particular, the construction of a line from Peking to Kiachta connecting the Chinese network directly over land with the Russian lines, which would render the Great
Northern’s expensive sea cables via Japan unprofitable. See the appendix to Li Hongzhang’s report to the Zongli Yamen in *Haifang dang*, pp. 268–269 (Document 225).

29 Wade was informed by John George Dunn, Eastern Extension’s agent in China. Wade’s letter to Zongli Yamen (received 13 June 1881) is reproduced in *Haifang dang*, p. 269 (Document 226).


31 *Haifang dang*, p. 271 (Document 229). Li Hongzhang’s memorandum includes a transcript of an agreement with a duration of 30 years, signed 20 September 1879, including four points mainly concerned with the protection of the Great Northern’s cables and their linkage with domestic Japanese lines. According to Ahvenainen, however, the Great Northern was still negotiating a more extensive concession with Japan, which was signed – with some reluctance – by the Japanese government on 28 December 1882. This concession granted the company exclusive rights to lay cables and conduct telegraph communication business between Japan and the Asian mainland. In this case the Great Northern also offered compensation in terms of a reduced fare on international transmission of official telegrams (half fare, in contrast to no fare for the Chinese government) and assistance in laying a cable between Japan and Korea. See Ahvenainen, *The Far Eastern Telegraphs*, pp. 66–67. This concession was also controversial, particularly since it forestalled American plans to link the US West Coast to Japan and China.

32 A major factor which induced the Foreign Office to abandon their non-partisan attitude with regard to Western commercial activity in China was the disclosure that the Great Northern seemed committed to working against British influence in China. For a more detailed discussion of this important aspect of the Foreign Office’s shift of position, see Lange, *Partnere og rivaler*, pp. 71 and 99–100.


34 For instance, Li Hongzhang’s non-committal attitude to the Concession became evident when the American Minister James B. Angell inquired whether it would hinder the Chinese in allowing an American firm to land a cable from the US in China. Angell was assured that the concession did not have this implication, in spite of the fact that it did. For a description of this case, see Ahvenainen, *The Far Eastern Telegraphs*, pp. 73–75.

35 The Danish government was willing to support the Great Northern’s position rather uncritically because, Ole Lange argues, the Ministry of Foreign Affairs had few resources at its disposal to analyse the situation independently. Denmark’s diplomatic representation in Peking was with the Russian minister, who was biased, and the Danish consuls in the treaty ports were usually British merchants, who were also unreliable as sources of unbiased information. See Lange, *Partnere og rivaler*, pp. 98–99.

36 The conflicts between the two companies and their subsequent joint efforts to defend their monopoly (and lucrative business based on very high rates) are a central theme in both Ahvenainen, *The Far Eastern Telegraphs*, pp. 81–90 and 102–108 and Lange, *Partnere og rivaler*, Chapter 8.

38 Ibid., pp. 131–139.
40 The texts of the contracts relating to the telegraph school are contained in RA, UM, Konsulatsarkiver, Shanghai, Korrespondancesager m.v. 1872–79, pakke 6, leg mærket ‘1876’, breve nr. 33–35 [RA, UM, Consular Archives, Shanghai, Correspondence, etc. 1872–1879, box 6, sheet marked ‘1876’, letters Nos 33–35].
41 One important source on the developments related to the Fuzhou classes and telegraph schools subsequently established in Tianjin and other parts of China is the collection of documents relating to telegraph schools in Gao Shiliang (ed.), *Yangwu yundong shiqi jiaoyu* [Education during the foreign affairs movement period], Shanghai: Shanghai jiaoyu chubanshe, 1992, pp. 534–556.
42 Translated by the author from *Yangwu yundong wenxian huibian* [Collection of materials on the foreign affairs movement], Taipei: Shijie shuju yinhang, 1963, pp. 334–335.
44 Ibid., p. 68. Biggerstaff suggests that the school may have been closed a year later, since it was not mentioned in the *Chronicle and Directory for China, Japan, and the Philippines* (published in Hong Kong) for the year 1902. It can be surmised that the closure happened in connection with the upheavals during the Boxer Incident in 1901.
45 Schjellerup was so embittered by the incident in 1857 that he declined the Professorship of Astronomy when he was encouraged to occupy the chair in 1875. Nevertheless, he continued to teach mathematics and publish scientific works about astronomy, in addition to popular textbooks. He also prepared manuscripts for several dictionaries, including Chinese–English and Chinese–French, in addition to the telegraph codebook that he compiled for the Great Northern. See *Dansk Biografisk Lexikon* [Danish Biographical Dictionary], Copenhagen: Gyldendalske Boghandels Forlag, 1901, Vol. 15, pp. 111–113.
46 The first character *yi* (with the meaning ‘one’) has code number 0001, the second *ding* (the fourth of the ten Heavenly stems) has code number 0002, the third *qi* (‘seven’) has code number 0003, and so on. In the *Dianxin xinfa* from 1873, the character *ren* (‘man’) has code number 0111, while in the present day code of the *Tongsheng* almanac, it is assigned code 0086.
47 See the ‘Mémoire sur l’établissement de ligne télégraphiques en Chine’, par S.A. Viguier, Auteur du code de télégraphie Chinoise, printed in Shanghai by Imprimerie Carvalho & Cie, 1875, a copy of which is in FO233/79 Telegraphs, railroads: Papers 1868–1883; Document No. 1.
48 This is the sequence of events presented by Viguier in the Mémoire mentioned in the preceding note. Viguier indicates the title as *T’een-piao-shu-tsieh* or *Code de télégraphie Chinoise*. The problem with the first codes appear to have been that the codes for various characters could contain anything from three to six digits. It was superseded by the *Dianbao xinshu*, which subsequently became the model of Chinese telegraph codes.
49 A copy of this codebook, printed in 1992 but with a preface dated 1871, also contains examples of telegraph messages encoded in the ‘normal’ Chinese code, and in ‘secret’ code. This copy of the codebook is kept in Store Nordiske Arkiv, J.Nr. 10.619. China og Japan Extension [Package concerning China and Japan extension].
50 The general agent for the Great Northern, Dreyer, reported in June 1875 that 'it is about time that we put an end to his insolence and relieve us of his interference. I have the original plates on the basis of which our books are printed, and it is thus fraud that he carried on with. We paid him for his work, and let him exploit his own name instead of ours … The idea was not his, but Schjellerup's, although the honour has been appropriated by him [i.e., Viguier].' See report from Dreyer dated 5 June 1875, in Store Nordiske Arkiv, J.Nr. 10.619. Diverse korrespondance 1870–1876.

51 The fascination with work in the wondrous and exotic China can be seen in the literature which was published in the form of adventure stories or other kinds of boy’s literature (‘drengebøger’). One example of such literature published in the twentieth century was Viggo E. Jacobsen, Eventyret om Store Nordiske [The adventure of the Great Northern], Copenhagen: Jespersen og Pios Forlag, 1945.

52 V. Hoskier travelled with General Raasløff to China in 1874 in order to assist the local staff in the construction of the telegraph line over land from Fuzhou to Xiamen. He described his experience in a book entitled Rejse i China, Japan og Indien [Travel in China, Japan and India], Copenhagen: Wilhelm Prior’s Hof-Boghandel, 1880.

53 It was reported that the company’s guard had been attacked by soldiers who beat him up and tied him to the end of the cable, where he lay unconscious for three hours before being freed by his friends. The soldiers thereupon demolished the watch-house. Moreover, the soldiers apparently intimidated the Chinese supplier of poles to the company, and forbade him to supply any more poles. See report from Dreyer dated 4 February 1875; in Store Nordiske Arkiv, J.Nr. 10.619. Diverse korrespondance 1870–1876. See also Hoskier, Rejse i China, Japan og Indien, pp. 103–104.

54 Henningsen received the Chinese Baoxing ('Precious star') order of the 4th grade. See Haifang dang, Document 286.

55 See Det var dengang man … Einar V. Jessens oplevelser 1880–1923 [It was at the time when … Einar V. Jessen’s experiences 1880–1923], Copenhagen: Woldike, 1987, p. 186.


57 See Hoskier, Rejse i China, Japan og Indien, p. 85.

58 Ibid., p. 118.

59 The books are replete with amusing portraits of Danes, Russians and other nationalities, and also contain some descriptions of Chinese that express a warm, if somewhat condescending, attitude to the people that Jacob Henningsen worked with in China. See, for instance, Jacob Henningsen, Under punkhaen. Skitser af livet i Kina [Under the Punkah. Sketches from life in China], Copenhagen: Gyldendalske, 1897; and id., Djung Rhua Dji. Kinesiske Typer og Skitser [Djung Rhua Dji. Chinese types and sketches], Copenhagen 1894.

60 ‘Tjenestefolk i Kina’ [Servants in China], in Jacob Henningsen, Erindringer og Fortællinger fra Store Nordiske [Memoirs and stories from the Great Northern], Copenhagen: Nyt Nordisk Forlag, 1919, p. 203.

61 This company, which interestingly was named the Great Nordic Cable Works, but which apparently never had any direct relation to the Great Northern, became a leading producer of cables for telephony and electric power distribution.
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63 A. Kamp, *De rejste ud – og gjorde Danmark større* [They went abroad – and made Denmark larger], Copenhagen: Einar Munksgaards Forlag, 1943, p. 147.
In this chapter, a description and analysis of the commercial relations between Denmark and China in the first half of the twentieth century shall be given. The main characteristics of the trade shall be identified and discussed in their historical context. The aim is to develop an understanding of the history of Danish trade with China during the entire period, and to find viable explanations for its characteristics. By shifting attention between the statistical evidence of the trade, the historical settings and the firms engaged in the trade, an attempt at reaching this goal will be made.

The chapter is divided into three parts. In part one the historical settings will be presented, the conditions for the commercial relations between the two countries by the turn of the century will be sketched, and developments of importance for understanding the future of the commercial relations will be introduced and discussed. In part two the general trends in the trade between Denmark and China during the 50 years from the turn of the century to the establishment of the People’s Republic of China will be dealt with. In this section the statistical evidence of the trade will be presented and discussed, in order to determine the size and character of the trade and its respective importance to the two countries during that period. Part three narrows the scope and will focus on the most representative commodities of the trade during that period and the actors involved in it. In order to find viable explanations for the size and characteristics of the trade, the conditions under which the trade was conducted and the context in which it took place will also be discussed.

**Conditions for Development of a Trade Relationship**

The earlier period in the history of Danish trade relations with China has been discussed in previous chapters. In this section only a brief account of the historical roots relevant for an understanding of the Sino–Danish trade relations by the end of the nineteenth century will be given.
Chinese foreign trade was shaped primarily by, or in accordance with, foreign interests rather than China’s own active efforts to export goods. In regard to the Danish trade relations with China, this was also the case. It was Danish subjects who had shaped the trade that existed between Denmark and China by the beginning of the twentieth century. This is the main reason for the approach to the topic of this chapter, an approach that tends to emphasize Denmark, or the role of the Danes, in the historical analysis of the trade between the two countries.

As the era of dynastic rule came to a close the Western impact on the Chinese increased and whereas the West earlier did not have any products that were of interest to the Chinese, China now became a market with a germinating curiosity towards Western products. China’s foreign trade swelled and her trade deficit followed suit. An increasing number of Western companies wanted to get a share of the tremendous market that they predicted would evolve in the transformation of China to modernity. In Denmark the commercial interest in the Far East also grew in this period, as will be shown.

Prospects for Danish Activities in China by the End of the Nineteenth Century

In 1897 a report from the Royal Danish Consulate in Shanghai explicitly stated that if there should be a future for the Danish trade with China a direct shipping line between Shanghai and Copenhagen was considered a necessity. Hitherto freight between these two cities had to be sent over to Hamburg or Antwerp where it would be reloaded. The consequences of this were that shipping costs were at an unnecessarily high level in comparison to the suggested option, and that transport was slower and connected with higher risks than it needed to be. The report was signed by Antonio Gustav Gottlieb Leigh-Smith, the Danish consul, and dated 23 January 1897. It gave some very specific recommendations to how such a line could be operated, what ports should be called upon, and what the overall business possibilities were.

In his report, the author emphasized that a line between Copenhagen and Shanghai would be a line connecting the Eastern Sea area with the centre of China’s foreign trade. A specific route was also suggested: St. Petersburg – Copenhagen – Göteborg – Christiania (Oslo) as an option – Antwerp – and/or Rotterdam – Smyrna – Suez – Bombay – Singapore – Hong Kong – Shanghai – Nagasaki – Vladivostok. This route was estimated to be 13,700 nautical miles and the journey itself was believed to take between 65 and 70 days each way (with a steamer that could keep an average speed of 10 miles). The author suggested that four or five ships with a tonnage of 4,000–5,000 tons be engaged on this route, hereby making a trip every sixth week possible.

With its need for transportation between St. Petersburg and Vladivostok, the Russian government was considered a valuable potential customer. Sweden would also be interested in supporting a regular connection with the East, but the Swedes were more interested in India than the Far East. By calling at Bombay on the way to the Far East, the line was considered to become of great interest to Swedish industry.
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The third nation expected to have an interest in a Danish line was Holland. The Dutch were increasing their activities in the Far East, and especially trade between Indonesia and the China coast. By calling at Singapore the Danish route could ease trade between the Dutch possessions in Southeast Asia and China.

The report concluded that in a longer perspective the establishment of the suggested line would provide excellent business opportunities, but emphasized that in the beginning the interested states might have to pay an ‘appropriate’ subvention to make the line lucrative to private initiative. According to the Danish consul in Shanghai a regular connection with the Far East was essential to Denmark, if Danes were to take advantage of the big prospects for the future that were becoming visible at the time. By operating a line connecting Copenhagen with Shanghai, Denmark would ‘not only regain a position that earlier made her well-reputed in the Far East, but market conditions for Danish products would also become much better’.  

Establishment of the Danish East Asiatic Company

On 26 January 1897, only three days after the report from the Royal Danish Consulate was written in Shanghai, some interesting news circulated in Copenhagen. A new Far Eastern trading company was going to be founded. The company had evolved from the, in Denmark quite unknown, Danish-owned company Andersen & Co. that originated from Bangkok. Although the press generally had tried to paint a rosy picture of the plans put forward, the news was received with widespread skepticism in financial circles. However, the story regarding the new company was confirmed in March 1897. On March 20 it was eventually decided to establish the East Asiatic Company Limited at a meeting in Landmandsbanken – the biggest bank in Scandinavia at the time.

Shortly after the final decision was made, a prospectus regarding the new company was sent out. The company was to engage in trade, shipping and industry in Denmark and abroad, and ‘with all force’ develop trade between Denmark and especially the East Asiatic countries. It was decided to order three new steamers, each of 6,000 tons dead weight to sail on a route between Denmark and Asia, and to buy a smaller steamer to ‘sail along the coasts of the Asiatic waters’.

These investments were estimated at two and a half million Danish kroner and were to be financed by selling shares and bonds. The share capital was set to be two million Danish kroner. Shares to the amount of one million were already subscribed for, so in the prospectus the public was invited to purchase shares in the East Asiatic Company Limited (EAC) for the amount of one million Danish kroner and furthermore to invest in bonds, with a four and a half per cent interest rate, to the value of one and a half million Danish kroner. Landmandsbanken backed the new company and its director, Isak Glückstadt, became chairman of the board. One of the conditions for the support from Glückstadt had been that all assets and activities of the above-mentioned Andersen & Co. were to be taken over by the EAC.

The firm Andersen & Co. from Siam was owned by two brothers, Frederik and Emanuel Kinch, and the original founder, Hans Niels Andersen,
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better known as H.N. Andersen. Andersen owned 50 per cent of Andersen & Co. and he became the founding father of the EAC. Andersen & Co. was established in 1884 and had been engaged in running ‘Oriental Hotel’ and ‘Oriental Provision Store’ in Bangkok and had later entered the teak business. Andersen & Co. had developed good relations with the government and the royal house of Siam and hereby gained concessions over sizeable teakwoods. This had led to expansion of the company that already had its own sawmill, and ships sailing with timber from Siam to Europe as well as Hong Kong.

H.N. Andersen had been a captain when he decided to settle in Bangkok and start his first trading business. He was a very ambitious man, and had obvious talents for establishing connections with people of influence. In the years preceding the establishment of the EAC his relations with the Danish king and the royal house of Denmark became more intimate. Andersen was a man with visions who easily managed to gain even royal respect – later he also developed quite close connections with the Tsar family of Russia – connections which should prove very beneficial especially in the first years of the company. H.N. Andersen had initiated the negotiations that led to the establishment of the EAC as early as 1882. He had a deep desire to create a Danish company that could compare with the companies of the bigger European countries that had become so influential in the East.

Hong Kong and the business environment created there by the British especially had left a profound impression on H.N. Andersen. Biographers of Andersen claim that entering trade on the China coast had been a dream of his since his youth. Andersen himself mentions in his writings how disillusioned he became when he realized that of all the ships he saw on the great oceans only few were Danish. In the biographies about him, the authors all emphasize how patriotic Andersen was and how important it was for him to make the Danish flag present ‘again’ on waters across the globe. In many respects it could be held that at the beginning of the twentieth century H.N. Andersen became the heir to C.F. Tietgen as a central figure in the Danish business community.8

The First Years of the East Asiatic Company

In 1897 the EAC started operating from the office Andersen & Co. had established in Copenhagen Free Port in 1897, and in 1898 the company moved into the brand-new headquarters, also located in the Free Port headquarters. The company could, however, not immediately start its business of shipping between Copenhagen and the East. It had to wait until the three ships ordered that same year were ready. The first, the SS Siam, built at Flensburger Schiffbaugesellschaft, was delivered in 1898 and its maiden journey started from Copenhagen on 2 March the same year. The destination in the East was Hong Kong and on its outward and return journeys, calls were made at the following ports: Hamburg, Antwerp, Colombo, Singapore and Bangkok. The journey lasted six months.

The first three ships, the Siam, the Malaya and the Cathay could carry a little more than 6,000 tons and their steam engines could produce 1,500 horse-
powers, making possible a speed of $9\frac{1}{2}$ to 10 nautical miles. The three ships were originally estimated to cost two and a half million Danish kroner, but when finished the ships had cost one million each.\textsuperscript{9} It is tempting here to compare with the earlier journeys to China. In Chapter 3 Mads Kirkebæk gives an elaborate account of the journey to China by the frigate \textit{Queen of Denmark} in 1742. The journey from Copenhagen to China and back had taken the ship and its crew of 150 men 627 days. By the end of the nineteenth century a ship with a crew of only 35 could navigate a steamship that could carry four times as much cargo as the \textit{Queen of Denmark} and at an average speed that was approximately four times higher. Conditions for the Chinamen (the ships trading with China) had changed remarkably. It should also be mentioned that to the earliest Chinamen, China was the sole destination, and this was certainly not the case anymore. Now the shipping business had become more internationalized and the trading companies had much more global aims. This meant that ports were called upon also for the purpose of participating in interregional trade.

Initially the plans of the EAC were opposed by an association of big shipping companies called ‘The Straits, China and Japan Conference’ which had been considered a vital threat to the success of the new line.\textsuperscript{10} The purpose of the Conference was to keep the freight rates stable (high) and competitors out. This association caused great concern for the EAC and its undisputed strength was one of the reasons for the skepticism in Denmark towards the future of the new company. Nevertheless, against all odds, the EAC succeeded in getting on terms with the Conference. H.N. Andersen went to London to discuss collaboration with the association.\textsuperscript{11} At first it had seemed impossible for the EAC to enter the association, but somehow Andersen, using his connections, managed to pave the way. How exactly things happened is still unknown, but with the help of the Danish Ministry of Foreign Affairs, the EAC made an agreement with the leader of the association, the powerful Sir Thomas Sutherland of the Peninsular and Oriental Steamship Company in December 1897.\textsuperscript{12} H.N. Andersen sums the whole affair up this way:

\begin{quote}
At that time I came in touch with circles abroad within which sympathy and friendship was gained for the East Asiatic Company. It has since stood its test and has become knit even tighter. The East Asiatic Company was admitted to the ‘Conference’ and obtained free access to the harbours in the Baltic and Scandinavia as well as Antwerp, but only for the three ships that had been ordered. Others and more \{ships\} were not to be engaged on the route to East Asia. There were thus some obstacles here that should be surmounted and which have been surmounted. Along with the increasing turnover and growth of the company more and more ships have been added to this and other routes. It [EAC] has created its own sphere of interest and has the same rights in regard to the amount and tonnage of own ships as have the other members of the ‘Conference’.\textsuperscript{13}
\end{quote}

The EAC’s first steamship, the \textit{Siam}, arrived at Bangkok in the beginning of 1898. Much attention was paid to the arrival of the \textit{Siam} and the ship was
CHINA AND DENMARK

honoured with a visit by the Siamese king. The company’s direct route between Europe and Siam was hereby initiated and by July 1898, the three new ships had all been sent to sea. From their stern posts fluttered the swallow-tailed Danish flag with the company’s initials. The right to use the swallow-tailed flag had been bestowed upon the EAC in 1898 after negotiations with the state regarding a subvention that the company had hoped for. The company was denied the subvention, but conferred the right to carry the flag. In the eyes of H.N. Andersen this was quite important. It entailed the right to use a well-known national symbol and could contribute to giving the company an image comparable to that of the former Chartered Asiatic Company.

In 1897 the Russians had begun working on the expansion of the trans-Siberian railway, by extending the existing lines all the way to both Port Arthur and Vladivostok. The Russian need for tonnage, in order to transport troops and supplies from the Baltic to Manchuria, gave the newly-founded Danish company some excellent opportunities, which it also managed to make use of. As a result of a trip to St. Petersburg by the EAC management, the company got its first contracts to transport for the Russian government. In the following months the company started shipping supplies and railway equipment from ports in the Baltic to Port Arthur (Lüshun), Dalny (Dalian) and Vladivostok. The company could not meet the demands with its own fleet, and had to charter four other steamers.

It was a terrific start, and by 1898 the company had already ordered three new steamers. The new ships were bigger, they had a tonnage of 7,200 tons dead weight each, and were powered by engines with 2,500 IHP. Two of the ships, the SS Annam and the SS Manchuria, were built at the Danish shipyard Burmeister & Wain, which later on received many of the orders for new ships for the EAC. The third ship, the SS Korea, was built in Flensburg. After the new ships were delivered tonnage was no longer a problem for the company.

The newly established East Asiatic Company differed from its predecessors or ‘earlier colleagues’, as Andersen expressed it, in several ways. Below the three most significant differences are explained.

Form of ownership

The Danish king had no economic stakes in the company, which was created on private initiative for private funds. The company did not represent the interests of the royal house or the state to the same degree as the former companies. This is not to say that the company in any way opposed those interests or that there was no support at all from the royal house or the state. The company did, in fact, get wide support from members of the royal house, but this was primarily due to the efforts and the personality of H.N. Andersen, who was the supreme leader of the company until his death on 30 December 1937. As the company grew, later on, it could be claimed that the interests of the state in its success increased equally. The most important difference, in comparison with the former companies was, however, that the EAC was interested in long-term commitments, due to the company’s business activities, and that the investors
got their returns according to the annual accounts and not upon the settlement of each business deal, as had been the practice earlier.

**Geographical boundaries**

The EAC did not limit itself to geographical boundaries. It focused, as indicated by the name, on East Asia, but was prepared to do business all over the world, ‘considered beneficial by the board of directors’. In the beginning the EAC based its activities on those of the former Andersen & Co. This meant that Siam was of special interest to the new company, but prospects for an engagement in China were also taken into consideration at an early stage.

**Business activities**

Whereas the former companies were engaged only in trade, and had owned ships entirely for the purpose of carrying their own goods, the EAC also wanted to engage in shipping for others. The company was, in fact, prepared to engage itself in all links: production and transportation, as well as sales. The philosophy behind the new company was much in line with the predominant ideas of the time with regard to big business. Today this is called *vertical integration*. Andersen termed it *reciprocal action*, and made it a central principle in the activities of the company.

The establishment of the EAC, the quick expansion in the shipping business and the focus on the Russian expansion in Manchuria were all in line with the recommendations put forward in the above-mentioned report of January 1897 from the consulate in Shanghai. The fact that the consular report was found in the archives of the EAC and that the suggestions of the report were followed quite closely makes it tempting to assume that Andersen or maybe another of the EAC founders had either ordered or inspired the writing of such a report. The report could, as a result of a kind of objective investigation, have served the purpose of convincing potential investors about the possibilities brought forward by the establishment of the East Asiatic Company.

**The Valkrien’s Trip to the Far East and the Report by H.N. Andersen**

From 1897 especially the business circles around the Copenhagen Chamber of Commerce (*Grosserer-Societetet*) had backed the idea that Denmark should make an official naval visit to the East. Among the advocates for such a trip was the well-known reporter from the Danish newspaper *Politiken*, Henrik Cavling. In November 1897 Cavling had written an article on the front page in which he made a strong appeal for an official Danish visit to the Asiatic waters. Cavling argued that there was a growing interest within Danish business circles in the cities along the shores of China and India, and that the establishment of the East Asiatic Company would add further to this interest. ‘In Siam, where the Danish influence is especially big, a Danish warship has never been seen, and in Shanghai, where the Great Nordic Telegraph Company has an important position, an official visit from the home land has not been received in the past 27 years.’
Cavling became a loyal supporter of the East Asiatic Company in the years to follow, and when in 1899 the trip to the East was approved by the parliament (Rigsdagen), H.N. Andersen and Henrik Cavling followed the corvette Valkyrien that was under the command of Prince Valdemar, on its journey. Valkyrien left Denmark on 3 October 1899 and returned on 31 July 1900 with its 272-man crew. On its journey the ship called at the following ports: Plymouth, Algiers, Malta, Port Said, Aden, Colombo, Singapore, Bangkok, Saigon, Hong Kong, Fuzhou, Shanghai, Yokohama, Kobe, Nagasaki, Batavia (Jakarta), Piraeus, Gibraltar and Le Havre.

H.N. Andersen participated on the journey with the Valkyrien in his capacity as the head of the EAC, but also as the representative of the Copenhagen Chamber of Commerce; Henrik Cavling participated as the public eye. Cavling’s articles and books from exotic places were very popular at the time, and his writings from the journey to China are interesting reading.

H.N. Andersen’s Internal Report

When H.N. Andersen returned from the Far East he delivered an official report to the Copenhagen Chamber of Commerce. It was assumed that Andersen also made an internal report for the board of directors in the EAC. This report has hitherto been considered lost (or secret) but has recently surfaced.

While the public report in regard to China presents primarily general observations about the business conditions in the country, the internal report is much more concrete about what possibilities Andersen saw for the EAC in China. The internal report, which is dated 17 September 1900 became a kind of programme for the EAC in China by the turn of the century. It should be mentioned that the report deals not only with China, but all the countries visited by the Valkyrien. The part pertaining to China has the following headline: ‘The conditions and the company’s chances in China.’

In his report Andersen expressed clearly that the idea behind the company was not merely to run a shipping business but also to engage in trade. He considered that China offered big opportunities for the further development of the company’s trading activities, but he emphasized that being represented by agents, especially in China, was most inexpedient. It was his impression that the firm used by Melchiors & Co. as their agent – like other firms that, as a consequence of the opening up of China, wanted to take part in ‘the rush’ for the riches of the country – spent all their capabilities and strength on managing their own interests. He mentioned that the previous year, 50,000 tons of sesame seeds were shipped from Shanghai to Europe. With reference to the large Russian oil mills, Andersen suggested that this was the kind of item that the company should not only transport, but actively engage in trade with. Hence he wanted the company to establish its own branch in China, preferably in Shanghai:

It is a principal condition for the Company to participate in opportunities arising from the development of China and advantages offered by the Baltic Sea. Only by establishing itself in China at this propitious moment in time, and by taking care of own interests there, can the opportunities be fully utili-
DANISH TRADE WITH CHINA

The company has to establish a branch office in Shanghai and from there handle its own business activities in China, as well as the interests of others. Being located at the mouth of the Yangtze River Shanghai is the most important trading centre in all of China. The valley, which this river and its branches traverse, has a population of around 160,000,000 people from the richest provinces of China. The treaty port Hankou, through which huge amounts of tea and other commodities are exported to Russia, is located along the shore of the river approximately 160 miles from Shanghai; 2/3 of all China’s foreign trade through treaty ports are conducted through Shanghai.

Shanghai is of further interest to the company since almost all business deals are concluded there. Andersen considered it imperative that the company benefit from the ‘propitious conditions that prevailed’ due to the developments taking place in China and especially the construction of harbours and accompanying buildings. For these purposes there would be a sizeable demand for wood which the company, with its activities in Siam, would of course be capable of supplying. Andersen also spotted great opportunities in the delivery of cement, a product that Denmark produced competitively.

The report reflects the interest that the EAC took in the activities of the Russians in China, and that Andersen was deliberating how the good connections with the Russians could be of benefit to the company out there.

Shanghai was the centre of business activities in China. Besides being itself the most important city for foreign trade it also had the advantage of being positioned geographically close to Dalny (Dalian) and Port Arthur (Lüshun), in the North; Hong Kong and Canton in the South; Hankou in inner China; and finally Japan to the East. Hence Shanghai was the place where most foreign businesses, including the Danish East Asiatic Company, decided to set up their Far Eastern main branch.

The EAC Establishes Itself in China

Upon Andersen’s return to Copenhagen it was decided that the EAC should increase its activities in China, and that an office should be established in Shanghai. Frederic Kinch, one of the original owners of Andersen & Co, and at that time one of the directors of the EAC, became the head of the China branch located in Shanghai. With the establishment of the EAC office in Shanghai (1900), the company took the initial step towards an active engagement in China. Additional offices were quickly established in Port Arthur (Lüshun) and Dalny (Dalian) in Manchuria, but also in other parts of China: Hankou (1902), Qingdao (1922), Wei-hai-wei (Weihai) (1934), Hong Kong (1934) and Canton (1938). Through these the company experienced at first hand the business consequences of the political changes that took place in China. The EAC was to become a company of international status and by far the most significant Danish player in the trade with China. With the EAC’s growing engagement in China by the turn of the century a new page was turned in the history of the trade between Denmark and China.
In order to understand the size and nature of the trade between the two countries in the first half of this century some statistical material will be presented in this part of the chapter. In the previous part it was mentioned that the study primarily has been based on Danish sources, and this is also the case with regard to the statistical material.28

General Trends in the Trade between Denmark and China 1900–49

It is difficult to obtain a very precise picture of the nature of the trade between the two countries before 1910. This is due to the fact that in the Danish statistics China was not a separate area until 1910, but a part of a geographical entity called ‘South and East Asia, Australia and the South Sea’. Figure 8.1 shows the value of the trade between Denmark and China in current prices. The figures for the years 1900–09 are from the entire above-mentioned area, and not China alone. There is good reason to believe that the trade with China was considered too insignificant to establish a separate category for that country in the statistics. However, in the years from 1900 to 1910 trade with ‘South and East Asia, Australia and China’ increased, and consequently China was allotted its own entry in the statistics. Thus the drop seen in Figure 8.1 in the trade from 1909 to 1910 is due to the fact that from 1910 and onwards the figures represent only trade with China. From 1910 a steady increase in trade between the two countries took place, but in 1917 there was a dramatic drop and in 1918 virtually no trade at all. Then in the following two years, 1919 and 1920, trade reached unseen heights and the year 1920 stands out as the most significant year of the entire period dealt with here. In the years following 1920 trade between the two countries returned to the pre-war level. Some fluctuations did take place, but there were no clear trends in either an upward or downward direction. However, after 1934 trade between Denmark and China decreased significantly and during World War II it stopped entirely. By the end of 1946

Figure 8.1: Danish trade with China 1910–49
DANISH TRADE WITH CHINA

trade slowly picked up again, but in the years up to the establishment of the People’s Republic of China it never reached its former heights.

It can be concluded that the two world wars left a conspicuous mark on the trade figures, but apart from this it is difficult to talk about distinct trends in the overall trade picture during this period. It is clear, though, that in general Denmark had a tremendous deficit in its trade with China.

In 1919 and 1920 the value of the trade with China showed an immense increase, but it was followed by a dramatic drop. In the section below some statistical explanations for that particular development will be sought and the importance of the trade to the respective countries will be discussed.

Denmark

In 1900 Denmark’s most important trading partners were: Great Britain (316 million Danish kroner), Germany (211 million Danish kroner), Sweden (86 million Danish kroner), the USA (85 million Danish kroner) and Russia (53 million Danish kroner). In 1900 the value of the Danish trade with ‘East India, China and the Pacific area’ constituted less than one per cent of the country’s aggregate foreign trade. Above it has been pointed out that a general trend in the trade between Denmark and China was that the Danish imports by far exceeded the exports. Hence it might be of more interest to look at the relative importance of the value of imports from China, instead of making comparison to the entire Danish foreign trade. By doing this a slightly different picture of the development in the trade appears (see Figure 8.2).

Figure 8.2: China’s share of Danish import 1910–49

China and the Pacific area’ constituted less than one per cent of the country’s aggregate foreign trade. Above it has been pointed out that a general trend in the trade between Denmark and China was that the Danish imports by far exceeded the exports. Hence it might be of more interest to look at the relative importance of the value of imports from China, instead of making comparison to the entire Danish foreign trade. By doing this a slightly different picture of the development in the trade appears (see Figure 8.2).

As was also suggested by the growth in absolute figures, in the years from 1910 to 1916 the importance of imports from China grew and in 1916 the import did, in fact, reach one of the highest levels of relative importance in the entire period. Apart from the earlier recognized influence of the two world wars, Figure 8.2 further indicates that the Danish imports from China were at a lower level in the mid-1920s, and from the mid-1930s and onwards. Thus the heyday of Danish trade with China was around, but not during, World War I, and from the late 1920s to the mid 1930s. However, in the periods where the
Danish import from China reached its highest peaks, it only constituted between 2.5 and 3 per cent of Denmark’s aggregate imports.

**China**

In 1912 the Chinese exports to Denmark accounted for 0.12 per cent of China’s total exports, and only in 1920 did the figure come close to one per cent. In the period from 1910 to 1928, the Chinese imports from Denmark never accounted for more than 0.18 per cent of China’s aggregate imports. This clearly testifies that Denmark’s relative share of the Chinese foreign trade was quite insignificant. The direct trade between Denmark and China varied much during the period up to 1949, but on the national level trade with Denmark was never comparable in size to the trading between China and the bigger Western countries.

Japan was the largest importer of Chinese goods during the period from 1912 to 1928, according to the Chinese statistics. Japan’s share of the aggregate value of Chinese exports during this period amounted to 24.3 per cent. Japan was closely followed by Hong Kong (21.7 per cent) and then, in order of importance, the United States (14.7 per cent), Russia and Siberia (7.4 per cent), France (6.5 per cent), Great Britain (6.3 per cent), Korea (3.7 per cent), Turkey (2.0 per cent) and Holland (1.5 per cent). In the period from 1912 to 1928 the value of the Chinese exports to Denmark accounted for 0.7 per cent of China’s aggregate exports. In regard to direct import from China, Denmark was clearly outranked by China’s big neighbours and the bigger European countries. However, in comparison with the two other Scandinavian countries, Sweden and Norway, Denmark was a relatively active buyer of Chinese produce. Of China’s aggregate exports, Norway accounted for only 0.01 per cent and Sweden for 0.08 per cent during the period from 1912 to 1928.

It has been shown that in regard to the value of the trade between the two countries, during the period examined here, the trade had a bigger impact on the Danish trade than on the Chinese. This is not surprising when the big difference in the size of the two countries is taken into consideration. Seen from the macroeconomic perspective it is thus tempting to conclude that China was of very little economic importance to Denmark, and Denmark of extremely little importance to China. However, before this can finally be concluded it will be necessary to consider some qualitative aspects of the trade between the two countries: What products were traded, and what was the significance of these products to the two countries?

**Composition of Danish Import from China 1910–27**

In the Danish statistics China is, as mentioned above, regarded as part of the geographic entity called ‘East India, China and the Southern Sea’ until 1910. Hence it is not possible to obtain exact information from the Danish statistics with regard to the size and character of the Danish trade with China before 1910.

However, from 1910 the Danish trade statistics became very detailed about the trade with China. The value and quantities of commodities traded were recorded. All commodities with significance to the trade were specifically men-
Table 8.1: Danish imports from China 1910–27 (in thousand DKK)

<table>
<thead>
<tr>
<th>Year</th>
<th>Tea</th>
<th>Cinnamon bark</th>
<th>Feathers</th>
<th>Soybean oil</th>
<th>Sesame seeds</th>
<th>Hemp seeds</th>
<th>Soybeans</th>
<th>Ground-nuts</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1910</td>
<td>163</td>
<td>61</td>
<td>112</td>
<td>246</td>
<td>735</td>
<td>0</td>
<td>2,580</td>
<td>24</td>
<td>161</td>
<td>4,082</td>
</tr>
<tr>
<td>1911</td>
<td>165</td>
<td>155</td>
<td>538</td>
<td>26</td>
<td>701</td>
<td>0</td>
<td>3,730</td>
<td>27</td>
<td>329</td>
<td>5,671</td>
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<tr>
<td>1912</td>
<td>168</td>
<td>88</td>
<td>325</td>
<td>0</td>
<td>9</td>
<td>0</td>
<td>4,580</td>
<td>279</td>
<td>306</td>
<td>5,755</td>
</tr>
<tr>
<td>1913</td>
<td>67</td>
<td>111</td>
<td>300</td>
<td>0</td>
<td>413</td>
<td>68</td>
<td>6,902</td>
<td>0</td>
<td>619</td>
<td>8,480</td>
</tr>
<tr>
<td>1914</td>
<td>28</td>
<td>59</td>
<td>312</td>
<td>0</td>
<td>579</td>
<td>145</td>
<td>10,923</td>
<td>0</td>
<td>404</td>
<td>12,450</td>
</tr>
<tr>
<td>1915</td>
<td>6</td>
<td>41</td>
<td>180</td>
<td>0</td>
<td>2,445</td>
<td>157</td>
<td>18,664</td>
<td>0</td>
<td>981</td>
<td>22,474</td>
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<tr>
<td>1916</td>
<td>20</td>
<td>48</td>
<td>921</td>
<td>0</td>
<td>8,247</td>
<td>0</td>
<td>27,103</td>
<td>0</td>
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<td>37,239</td>
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<tr>
<td>1917</td>
<td>45</td>
<td>18</td>
<td>247</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>10,572</td>
<td>0</td>
<td>185</td>
<td>11,067</td>
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<tr>
<td>1918</td>
<td>537</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>8</td>
<td>546</td>
</tr>
<tr>
<td>1919</td>
<td>375</td>
<td>157</td>
<td>1,162</td>
<td>0</td>
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<td>34,669</td>
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<td>1920</td>
<td>653</td>
<td>87</td>
<td>2,787</td>
<td>8,204</td>
<td>22,175</td>
<td>1,959</td>
<td>43,161</td>
<td>0</td>
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<td>1921</td>
<td>1,338</td>
<td>184</td>
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<td>0</td>
<td>3,306</td>
<td>171</td>
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<td>1922</td>
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<td>1,026</td>
<td>1,190</td>
<td>0</td>
<td>12,133</td>
<td>492</td>
<td>1,369</td>
<td>17,790</td>
</tr>
<tr>
<td>1923</td>
<td>140</td>
<td>27</td>
<td>1,696</td>
<td>1,408</td>
<td>2,357</td>
<td>49</td>
<td>20,803</td>
<td>801</td>
<td>2,006</td>
<td>29,287</td>
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<tr>
<td>1924</td>
<td>184</td>
<td>59</td>
<td>1,783</td>
<td>0</td>
<td>2,046</td>
<td>29</td>
<td>21,831</td>
<td>1,669</td>
<td>1,747</td>
<td>29,348</td>
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<tr>
<td>1925</td>
<td>131</td>
<td>45</td>
<td>2,950</td>
<td>0</td>
<td>1,349</td>
<td>47</td>
<td>22,193</td>
<td>1,438</td>
<td>1,297</td>
<td>29,450</td>
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<tr>
<td>1926</td>
<td>113</td>
<td>0</td>
<td>1,641</td>
<td>282</td>
<td>1,638</td>
<td>0</td>
<td>13,513</td>
<td>1,089</td>
<td>879</td>
<td>19,155</td>
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<tr>
<td>1927</td>
<td>127</td>
<td>0</td>
<td>1,439</td>
<td>357</td>
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<td>0</td>
<td>16,033</td>
<td>900</td>
<td>926</td>
<td>20,367</td>
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<td>1,246</td>
<td>17,646</td>
<td>11,549</td>
<td>61,445</td>
<td>2,625</td>
<td>279,949</td>
<td>6,719</td>
<td>24,670</td>
<td>410,331</td>
</tr>
<tr>
<td>Total (%)</td>
<td>1.1</td>
<td>0.3</td>
<td>4.3</td>
<td>2.8</td>
<td>15.0</td>
<td>0.6</td>
<td>68.2</td>
<td>1.6</td>
<td>6.0</td>
<td>100</td>
</tr>
</tbody>
</table>
CHINA AND DENMARK

tioned by name, while various groupings or categories were used for items of lesser importance.

The structure of the statistics, applied in 1910, continued up until 1927, so it is possible to make a very detailed table of the Danish imports from China by gathering the Danish statistical material from 1910 to 1927 – this is shown in Table 8.1.

Table 8.1 reveals that the single most important item during the period was soybeans. From 1910 to 1927 soybeans accounted for 68 per cent of the entire Danish import from China – every year soybeans dominated the import. Only in 1918, the last year of World War I, where the Danish trade with China was virtually non-existent, there was no import of beans from China (only a minor import of tea). The second most important item in terms of value was sesame seeds, which had a share of 15 per cent. Of other products imported were tea, cinnamon, feathers, soybean oil, hemp seeds and groundnuts. The category named ‘other’ in Table 8.1 consists of various items that did not appear frequently in the Danish imports from China during the period, for example fireworks, straw mats, bamboo sticks, silk and fruit.

In Figure 8.3, Danish imports from China 1910–27 are presented in a graph where soybeans are isolated, and where all other items are included in a category named ‘other’. The chart presents a clear picture of the development in the Danish import from China during the period and the dominant role of the soybean.

![Figure 8.3: Danish imports from China 1910–27](image)

In Figure 8.1 it was shown that in the entire Danish trade with China in the period from 1910 to 1949, the years 1919 and especially 1920 stood out as being especially prosperous. This was due primarily to large Danish imports. In Figure 8.3 that development is confirmed, and it is shown that the high figures stemmed from an extraordinarily large import of soybeans and items belonging to the category ‘other’. The composition of the trade during 1919 and 1920 can, of course be, read from Table 8.1, but in order to illustrate the composition of the category called ‘other’ in Figure 8.3 another chart, Figure 8.4, is presented below.
DANISH TRADE WITH CHINA

Figure 8.4: Composition of Danish imports from China 1910–27, excluding soybeans

Figure 8.4 illustrates the shares of all items imported to Denmark from China, with the exception of the most dominant item, soybeans. The aggregate import of these items every year is 100 per cent, so the chart should be compared with Figure 8.3 if an explanation of the real value is sought.

Figure 8.4 shows that apart from import of soybeans the high figures in 1919 and 1920 owed primarily to bigger imports of sesame seeds. In 1920 another item, soybean oil, added further to the imports from China.

Figure 8.5 includes the import of soybeans and thus shows the composition of the entire import from China 1910–27 in terms of value. The picture of the composition of the import presented in Figure 8.5 is almost all embracing, since the value of the selected commodities represents 94 per cent of the aggregate value of items imported directly from China during the period 1910–27.

Figure 8.5: Danish imports from China by product 1910–27 (in thousand DKK)

Another way to measure the size and composition of the trade is by looking at quantities instead of value. By doing this another dimension is added to the above-presented picture of the trade – this is done in Figure 8.6 below.

Figure 8.6 shows the import of the selected items presented in Figure 8.5 in terms of quantity. The importance of the soybean is confirmed, and in fact proves to be an even bigger import. However, Figure 8.6 provides a picture slight-
CHINA AND DENMARK

ly different from that of Figure 8.5 in regard to the importance of cinnamon bark. In terms of weight cinnamon bark constituted the second largest item in the Danish import from China and after that came sesame seeds, which also held a significant position.

Comparing the imports in terms of value and weight also reveals something about the relative value per unit of the imported items. It is clear that the ‘per unit value’ of cinnamon bark was very low, but it must have been a commodity that had a high value in Denmark or Europe, since Danish importers were shipping this spice in such huge quantities over the long distances during most of the period.

The size of the import of sesame seeds varied more over the period. Sesame seeds were imported in the biggest quantities in 1916 and 1919–20, but clearly at the highest prices in the latter years with 1920 as the most expensive year.

The trade in soybeans was very similar in this sense. By comparing Figures 8.5 and 8.6, it can be learned that significant imports in 1919 and 1920, in

Figure 8.6: Danish imports from China by product 1910–27 (in 1,000 kg)

Figure 8.7: Danish import of soybeans 1910–27 (in 1,000 kg)
DANISH TRADE WITH CHINA

terms of value, owed more to higher prices on the imported commodities than to a rise in the quantities of imports. This is especially apparent if the amounts of soybeans imported during the above-mentioned two years are compared with those of 1915 and 1916, where the value of the imports was substantially lower.

It has been shown that the majority of the Danish imports from China, in terms of both value and weight, consisted of soybeans. This does not, however, say anything about the relative importance of the soybeans imported from China. Figure 8.7 gives a luminous picture of that relationship. The chart shows that the large majority of the soybeans imported into Denmark stemmed from China, especially up until 1921. However, beginning in 1921, and especially from 1923 onwards, a growing share of the import of soybeans came from countries other than China, such as Russia and the United States.

The importance of the Danish purchase of soybeans from China is illustrated in Table 8.2. The table shows Denmark’s share of China’s export of beans and peas in the period 1912–23, calculated from the Chinese statistics.

**Table 8.2:** Denmark’s share of China’s export of beans and peas 1912–23*

<table>
<thead>
<tr>
<th>Year</th>
<th>Quantity (%)</th>
<th>Value (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1912</td>
<td>0.63</td>
<td>0.73</td>
</tr>
<tr>
<td>1913</td>
<td>0.72</td>
<td>0.68</td>
</tr>
<tr>
<td>1914</td>
<td>0.11</td>
<td>0.14</td>
</tr>
<tr>
<td>1915</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>1916</td>
<td>8.33</td>
<td>10.33</td>
</tr>
<tr>
<td>1917</td>
<td>4.99</td>
<td>5.64</td>
</tr>
<tr>
<td>1918</td>
<td>1.58</td>
<td>1.75</td>
</tr>
<tr>
<td>1919</td>
<td>4.85</td>
<td>5.25</td>
</tr>
<tr>
<td>1920</td>
<td>6.58</td>
<td>7.14</td>
</tr>
<tr>
<td>1921</td>
<td>0.50</td>
<td>0.58</td>
</tr>
<tr>
<td>1922</td>
<td>0.54</td>
<td>0.64</td>
</tr>
<tr>
<td>1923</td>
<td>1.20</td>
<td>1.24</td>
</tr>
</tbody>
</table>

The Chinese statistics covering the country’s export of beans and peas confirm that the Danish buying of soybeans must have been at a level making it visible in relation to that of other nations, but by no means dominant. The figures also confirm that the most significant years were 1916–17 and 1919–20. However, after 1923 figures concerning Denmark do not appear in the Chinese statistics covering the period 1912 to 1928.

It is impossible to reach an unequivocal conclusion regarding the strategic role of soybeans, but it has been proved that Denmark absorbed a significant share of the beans exported from China and that the Chinese beans were of utmost importance to the Danish buyers.

Apart from the above-mentioned commodities some other items were also imported from China during this period. In order of approximate importance (according to value) these items were feathers and down, groundnuts, tea, silk products, and spices. These items did not, however, represent values that were of noteworthy significance to the foreign trade of either of the two countries.

**COMPOSITION OF DANISH IMPORTS FROM CHINA AFTER 1927**

Beginning in 1928 the nomenclature of the Danish trade statistics was changed. The new statistical categories hereby implemented stayed unchanged for only ten years. In 1938 a new nomenclature was adopted again. It is possible though to transfer the figures from the years 1910 to 1927 into the nomenclature adopted in 1928, and hereby making comparison over the period 1910 to 1937 possible. This can only be done because the statistics were more detailed in the earlier period.

In Table 8.3 (pp. 173–74) the trade from 1910 to 1937 is grouped according to the nomenclature adopted in 1928. The figures from the table are illustrated in Figure 8.8. These figures clearly testify that there were no significant changes in the composition of the Danish imports from China in the ten years following 1927. The group named ‘Various plant matter’ (*Forskellige plantestoffer*) in the nomenclature, included not only the important soybeans but also items like sesame seeds, groundnuts and hemp seeds. This group remained the most valuable until 1934. From 1935 and onwards the value of Danish imports from China underwent a remarkable decrease, which it was never really to overcome in the last decade of the republican era (with 1938 and 1939 as minor exceptions). The years from 1915 to 1934 constituted, in general, the period in which the Danish imports from China were at their highest.

It has been explained above that the Danish exports to China were only of minor significance. In the period from 1912 to 1928 the value of the Chinese import of goods from Denmark had only an average share of 0.05 per cent of China’s aggregate import. While Denmark absorbed a much larger share of the Chinese exports in comparison with her two Nordic sister countries Sweden and Norway, the opposite was the case in regard to the Chinese imports. According to the Chinese statistics, the average Chinese imports from Sweden and Norway during the period from 1912 to 1928 accounted for 0.24 and 0.22 per
During this period of sixteen years, these two countries somehow managed to export goods of approximately five times the value of those of Denmark. In the latter part of the 1920s Norway acquired a remarkable share of up to 0.66 percent of all Chinese imports, 30 times bigger than that of Denmark!

**DANISH EXPORT TO CHINA 1910–49**

The difference between the Nordic countries in their commercial intercourse with China is an interesting topic that still needs to be explored. Here the focus will continue to be Danish–Chinese relations, and even though China, in the greater scope, was an insignificant market for Danish products it might be interesting to get at least a general understanding of the nature of the Danish exports to that distant country.

In Figure 8.1 an overview of the value of the aggregate Danish trade with China in the period from 1910 to 1949 was presented. In this figure it is made apparent that exports from Denmark to China constituted only a minor part of the entire trade and were accordingly difficult to measure. In Figure 8.9 the development in the aggregate value of Denmark’s export to China during the period from 1910 to 1949 is shown. This figure reveals a steady increase in exports from the end of World War I to 1923. In 1923 the export peaked only to decrease again until 1927. In the following ten years the value of Danish export, measured in Danish currency, fluctuated significantly but in the last two years of the 1930s it suddenly quadrupled! During World War II the export temporarily came to a standstill, but after the war it reached a level equal to that of the mid-1930s.
Figure 8.10 illustrates the distribution of the Danish exports to China from 1910 to 1927 on commodities. Danish export was dominated by machinery, and it is clear that the previously mentioned increase after World War I was due primarily to an increase in this category. However, items like dairy products, beer and liqueur also had an impact along with less frequently appearing items like, ‘electrical parts’, ‘Portland cement’ and ‘ships’. A large part of the increase came from the category ‘other’, which refers to items that did not play a regular role in the trade and varied from year to year.
Table 8.3: Danish imports from China 1910–37 (in thousand DKK)

<table>
<thead>
<tr>
<th>Year</th>
<th>Bc</th>
<th>Db</th>
<th>E</th>
<th>F</th>
<th>L</th>
<th>N</th>
<th>R</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1910</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>224</td>
<td>129</td>
<td>246</td>
<td>3,320</td>
<td>163</td>
<td>4,082</td>
</tr>
<tr>
<td>1911</td>
<td>0</td>
<td>0</td>
<td>12</td>
<td>357</td>
<td>538</td>
<td>246</td>
<td>4,458</td>
<td>60</td>
<td>5,671</td>
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<td>0</td>
<td>2</td>
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<td>25</td>
<td>4,868</td>
<td>270</td>
<td>5,755</td>
</tr>
<tr>
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<td>0</td>
<td>0</td>
<td>26</td>
<td>178</td>
<td>329</td>
<td>12</td>
<td>7,692</td>
<td>243</td>
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</tr>
<tr>
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<td>2</td>
<td>0</td>
<td>10</td>
<td>87</td>
<td>312</td>
<td>54</td>
<td>11,793</td>
<td>192</td>
<td>12,450</td>
</tr>
<tr>
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<td>279</td>
<td>1</td>
<td>0</td>
<td>63</td>
<td>330</td>
<td>72</td>
<td>21,356</td>
<td>373</td>
<td>22,474</td>
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<tr>
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<td>970</td>
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<td>247</td>
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<td>10,572</td>
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</tr>
<tr>
<td>1918</td>
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<td>0</td>
<td>9</td>
<td>546</td>
</tr>
<tr>
<td>1919</td>
<td>54</td>
<td>0</td>
<td>0</td>
<td>1,064</td>
<td>1,149</td>
<td>732</td>
<td>48,617</td>
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<tr>
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<td>174</td>
<td>0</td>
<td>0</td>
<td>802</td>
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<td>8,828</td>
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<td>85,525</td>
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<td>1,723</td>
<td>0</td>
<td>150</td>
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<td>1,561</td>
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<td>0</td>
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<td>1,200</td>
<td>14,013</td>
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<td>1,751</td>
<td>24,322</td>
<td>753</td>
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</tr>
<tr>
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<td>64</td>
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<td>1,783</td>
<td>176</td>
<td>2,5614</td>
<td>873</td>
<td>29,348</td>
</tr>
</tbody>
</table>
Table 8.3: Danish imports from China 1910-1937 (continued)

<table>
<thead>
<tr>
<th>Year</th>
<th>Bc</th>
<th>Db</th>
<th>E</th>
<th>F</th>
<th>L</th>
<th>N</th>
<th>R</th>
</tr>
</thead>
<tbody>
<tr>
<td>1925</td>
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<td>0</td>
<td>24</td>
<td>221</td>
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<td>224</td>
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</tr>
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<td>142</td>
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<td>0</td>
<td>113</td>
<td>1,641</td>
<td>384</td>
<td>16,740</td>
</tr>
<tr>
<td>1927</td>
<td>104</td>
<td>0</td>
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<td>127</td>
<td>1,439</td>
<td>357</td>
<td>1,8184</td>
</tr>
<tr>
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<td>4</td>
<td>35</td>
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<td>262</td>
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<td>1929</td>
<td>14</td>
<td>31</td>
<td>209</td>
<td>229</td>
<td>2,822</td>
<td>50</td>
<td>45,249</td>
</tr>
<tr>
<td>1930</td>
<td>43</td>
<td>18</td>
<td>189</td>
<td>126</td>
<td>3,069</td>
<td>65</td>
<td>33,022</td>
</tr>
<tr>
<td>1931</td>
<td>61</td>
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<td>155</td>
<td>124</td>
<td>1,135</td>
<td>89</td>
<td>27,605</td>
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<tr>
<td>1932</td>
<td>337</td>
<td>85</td>
<td>191</td>
<td>90</td>
<td>1,576</td>
<td>617</td>
<td>27,819</td>
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<td>1933</td>
<td>244</td>
<td>59</td>
<td>248</td>
<td>118</td>
<td>2,109</td>
<td>639</td>
<td>29,506</td>
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<tr>
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<td>199</td>
<td>186</td>
<td>316</td>
<td>49</td>
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<td>31,121</td>
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<td>78</td>
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<td>59</td>
<td>2,428</td>
<td>626</td>
<td>4,216</td>
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<td>1936</td>
<td>27</td>
<td>370</td>
<td>128</td>
<td>36</td>
<td>2,203</td>
<td>3</td>
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<td>82</td>
<td>3</td>
<td>2,372</td>
<td>60</td>
<td>237</td>
</tr>
</tbody>
</table>

Note: The letters (Bc, Db, E, etc.) refer to the nomenclature used in the Danish statistics.
DANISH TRADE WITH CHINA

It is not possible to make exact comparisons between the items of Danish export to China in the individual years from 1910 to 1949, due to changes in the statistical groupings. However, in the years from 1928 to 1937 Danish export to China continued to be dominated by items that in general could be called ‘machinery and instruments’. Included in the category ‘Other’ (and thus less dominant) items was a marginal export of dairy products, but other items are also included, for example, paper products, minerals, yarn and rope.

Of the Danish exports to China between 1910 and 1949, trade in the years 1938 and 1939 was exceptionally high. In 1938 it was more than 8.5 million Danish kroner and in 1939 it was approximately 6.8 million Danish kroner. Both years the exports were dominated by ‘Chapter 48’ which according to the general index of the nomenclature includes watches and manufactured goods not mentioned elsewhere. A close look at the Danish trade statistics reveals what the nature of the items included in ‘Chapter 48’ really are. In 1938 Denmark exported 105,600 kilos of ‘hand weapons’ to China, at a total worth of 7.5 million Danish kroner, constituting 88.4 per cent of Denmark’s aggregate export to China that year. In 1939 small arms worth of 6.1 million Danish kroner were exported to China: 90 per cent of that year’s aggregate export to China. In the following year, 1940, hand weapons had a 74 per cent share of the Danish exports to China. In the years 1938 and 1939 China absorbed approximately 50 per cent of the Danish export of hand weapons, but in 1940 the figure was only around 10 per cent. Henceforth World War II halted the further development of commercial relations between the two countries.

It is somewhat of a surprise that the extraordinarily high export from Denmark to China by the end of the 1930s originated from an export of small arms, and it certainly does not correspond very well with traditional Danish neutrality and non-interference in the internal affairs of other countries.

CHARACTERISTICS OF THE TRADE RELATIONSHIP

In the previous part of this chapter the general trade figures and their distribution on commodities have been presented. As indicated at the end of the chapter, these figures tell only one part of the history of the trade relations between the two countries in the first part of the twentieth century. And even more important, in the statistical data itself it is not possible to find explanations for the figures.

The report from the Royal Danish Consulate in Shanghai predicted that by establishing a line between Copenhagen and Shanghai, Denmark would ‘regain a position that earlier made her well reputed in the Far East’, and the market conditions for Danish products would become much better. The line was established by the EAC, and it did make the trade between Denmark and China grow remarkably, but as has been shown in the figures presented above, the Danes only managed to obtain a minor export of Danish produce to China, and thus continuously displayed a deficit in the balance of the direct trade with China. The most representative aspects of the trade between Denmark and China during the period will be dealt with in the following sections. This will
be done in order to seek some explanations for the general trends and overall characteristics of Sino–Danish trade during the first half of the twentieth century.

DANISH IMPORTS FROM CHINA

In the previous part of this chapter it has been shown that Danish imports from China were dominated by three products: most importantly, soybeans followed by sesame seeds and, in terms of quantity, also cinnamon bark. Here the background for the soybean trade will be sketched and the reason for its dominant position will be explained, along with an identification of the companies engaged in this trade.

The most important product in the Sino–Danish trade was the soybean, *glycine hispida*.\(^{35}\) The *Glycine hispada* is one of fifteen soybean species that grow in the wild and are found in temperate zones in Asia, Africa and Australia. In Manchuria, North Eastern China, soybeans were grown in huge quantities.\(^{36}\) The Chinese had found a wide use for the bean, which at the turn of the twentieth century still was not very well known in the West. The oil content in the soybean is as high as 20 per cent and of all vegetable food the soybean has the highest content of protein: more than 40 per cent. It is a hardy plant that can almost be grown in sand, and it was a perfect crop for the fertile plains of Manchuria. The Chinese had long been well aware of the advantages of the bean, and the foreign traders who arrived in Manchuria were impressed by the number of oil mills for the pressing of soybeans that they found all over Manchuria. At the turn of the century, the Chinese were primarily interested in the oil, which was used for cooking, but earlier it had also been widely used for lighting.\(^{37}\) The ‘by-product’, the bean cake, was used as a fertilizer in paddy fields; for this purpose it was exported to Japan. Furthermore, the high nutritious value made the soybean a popular stock in a variety of food articles like soya sauce, soya milk and bean curd.

THE INCIPIENT EXPORT OF SOYBEANS FROM MANCHURIA TO EUROPE

In a 1908 report from the Danish legation secretary in Peking, Count P.F. Ahlefeldt-Laurvig, the first exports of soybeans from Manchuria to Europe are mentioned. The incipient trade with soybeans, or which Ahlefeldt-Laurvig mistakenly thought was the export of soybean cakes, is mentioned in connection with the possibilities for export of Danish butter to China. Butter was a commodity on which it was quite natural for a Dane to focus, but the soybean became a much more important item in the trade between the two countries.

In 1909 Ahlefeldt-Laurvig wrote a letter to H.N. Andersen wherein he reported on the English interest in soybeans:

I have just experienced that after the ice broke, no less than five English steamers arrived in Newchang [Yingkou] to load this commodity [soybean cakes]. It seems that this export article is going to gain importance so I wondered if it is not possible that the EAC could participate in this export.\(^{38}\)
That same day Ahlfeldt-Laurvig had also sent a letter to a company in Newchang (Yingkou), Bush Brothers. The letter read:

I am informed that you have lately started to export Manchurian Oil bean cakes to England and Germany, and that the same has proved useful food for European cattle. As my country – Denmark – is a great cattle-breeding country, I should feel thankful for your kindly sending me some few samples of the said cakes, it might possibly interest my people in Denmark for the stuff.39

On 24 April 1909 a reply was sent from Newchang (Yingkou), from A. Van Ess & Co:

Your Excellency,

Messrs. Bush Brothers have handed us your letter of the 19th. Inst., concerning exports of bean Oil Cakes from this port to Europe.

In reply we beg to state that up to the present no direct shipment have been made from this to the United kingdom of Beancakes, but large shipments of beans have gone forward and these have been crushed at Mills in Liverpool and Hull; the cake being used for cattle feeding purposes and the oil extracted for use in the manufacture of soap.

We would suggest that we be supplied with the addresses of people to whom you wish samples of beans and beancakes sent to in Denmark then we shall take pleasure in forwarding same from this port direct as a single beancake weights 522 lbs. and we presume that it would be difficult to forward whole cakes.

By sample post we are forwarding your Excellency a small piece of beancake and a sample of soybeans (from which the cake is produced). These beans contain from 15 to 20 per cent of oil this being from 13 to 18% more than that contained in beans grown in England and the proportion of albuminoids rises to as high as 30 to 35% and the soybean contains practically no starch, hence it’s value for cattle feeding purposes.

The only difficulty that at present exists in the shipment of these beans to Europe is the danger of fermentation and this has been, so far, obviated by shipment during the winter months only by vessels fitted with special ventilators.40

Ahlfeldt-Laurvig forwarded the samples to the EAC in Copenhagen. However, before H.N. Andersen had received the samples of the soybeans and the beancakes he had already written a reply. This letter is dated May 19 1909. In his letter Andersen expressed that he was happy again to receive yet another proof of the interest Ahlfeldt-Laurvig showed in the company and its activities. Andersen wrote that the samples would be carefully studied once received. However, on the same occasion Andersen informed Ahlfeldt-Laurvig that the company already had signed contracts for more than 10,000 tons of fodder (beans and peas) from ‘Manchuria and China’, that was to be exported to Europe, and that the company also expected to get their share of the coming harvest.41

It seems that Ahlfeldt-Laurvig, although based in Peking, close to Manchuria, was not as well informed about the developments as the EAC head
The correspondence also suggests that the EAC had acted very swiftly upon receiving news of the first soybeans arriving safely in England. The EAC agency in Vladivostok had kept the head office informed about the local developments. In December 1909 an article in the Peking and Tientsin Times dealt with the soybean exports from Manchuria:

Beans have literally taken the Manchurian export market by storm and are, by their own dazzling popularity, eclipsing everything else on the list of staple produce of Manchuria. This year’s output of beans in Manchuria is roughly estimated to be 10,000,000 ‘koku’ which, calculated on the basis of the prevailing price, is worth about Y[uan]100,000,000. Taking 40% off this enormous figure as for consumption at the bean oil mills and elsewhere, Y60,000,000 will approximately represent the volume of bean export during this season.

So, all of a sudden about 60 per cent of the increasing Manchurian soybean production was exported. This sudden interest in the soybean of course sparked speculation, and in 1909 the same paper also reported on this:

There is every prospect of the bean trade in North Manchuria developing into a complicated and highly speculative business. The industry has created interests in many quarters with the result that the number of buyers is increasing. American firms have recently entered the market. German firms, in view of the repeal of the duty on beans will undoubtedly buy largely; while a well known Japanese firm, by far the largest operator till now, is believed to be preparing for export on an even greater scale than hitherto. The tendency promises to be for the Chinese merchants to get the business into their own hands, buying from the local producers and selling again to the European firms. At present the practice for the agents of these is to go into the country and buy with Chinese measurements and money. The business is a very difficult one, and several firms engaging in the business for the first time have bought their experience dearly.

The exact economic results of EAC’s first year in the soybean trade are unknown, but judging from the outcome one can definitely conclude that the company correctly predicted a future for the soybean. When it was reported that the first soybeans had arrived in fine shape, the EAC board of directors acted quickly and decided upon the establishment of an office in Harbin, where the company had been represented by an agent, and the building of a soya cake factory in Denmark – the first factory outside Manchuria established exclusively for the purpose of pressing soybeans. The idea behind the establishment of the soya cake factory was that the oil could be used for production of margarine and soap, and that the cake, which to some degree was the by-product, could be sold as fodder to cattle farmers. Although the company did not participate in the growing of soybeans, the EAC’s strategy of a high degree of vertical integration was evident. The company wanted to buy the raw material, the soybean, from the local producers or through the local market and then transport the commodity on the company’s own ships directly to the company’s own processing factory in Denmark. It all fitted well into H.N. Andersen’s idea of reciprocal activities.
THE DANISH SOYA CAKE FACTORY LTD

Only two months after H.N. Andersen had written to Ahlefeldt-Laurvig in Peking about the company’s interest in the bean trade, the Danish Soya Cake Factory (Soyakagefabrikken) was established in Copenhagen. The factory was situated along a pier in the heart of the city. The EAC got preferential treatment and was allowed to buy the area from the harbour administration, as it was expected that the big investment would be of economic benefit to both the harbour administration and the city. The company would also have to deepen the inner harbour in order to enable the company’s big ships to enter. At the beginning of June the EAC worked out a programme for the establishment of a factory in Copenhagen with the purpose of handling soybeans. In the programme the basics of the new business and its prospects were introduced:

For approximately one year the so-called soybeans have been exported from Manchuria to Europe with great luck. From Vladivostok approx. 150,000 tons have been shipped to Europe and from Dalny [Dalian] at least the same amount. There are reasons to believe that these figures will increase from year to year. The beans have mainly been bought for oil mills in Hull, where about 12% oil is pressed. The remaining foodstuff cakes are sold in England, Scandinavia and Germany, where there is an ever-increasing interest in this excellent fodder. Through its agencies in Vladivostok and Shanghai the East Asiatic Company has taken lively part in this export that apart from being profitable at several occasions has supported the shipping activities. Home-ward steamers would more frequently be filled wholly or partly with the item if the beans could be used in Copenhagen. An increasing profit from production and trade could also be made possible if there was direct shipping between the place of production and place of consumption.

After the initial idea the programme presented details pertaining to the harbour, its location, the different components of the factory and its size. The factory was intended to be able to process up to 30,000 tons of beans per year. At the end of the programme it was emphasized that the suggested factory would support the East Asiatic Company’s line to the East and increase the importance of Copenhagen as the centre of trade with the Baltic countries. It was estimated that Danish agriculture used fodder in an amount twenty times bigger than the suggested production, and it was held that oil cakes could be a substitute for the majority of this fodder. The programme stated conclusively that it would be in Denmark’s interests to have the new industry located in Denmark.

The project was initiated and production started in Denmark on 1 March 1910. In 1909 the EAC’s strategic approach had also led to the establishment of a sales company called Nordic Manchu Oil Company Limited (Nordisk Manchu-Olie Aktieselskab). However, in 1913 that company became a part of the Danish Soya Cake Factory Limited.

The Danish Soya Cake Factory got off to an excellent start. Although the prices of soya cakes were rather low at times, the investment was an economic success. In 1912 and 1913 the factory also started processing other related raw
materials like sunflower seeds, sesame seeds and hemp seeds, and later again groundnuts. The shells of these seeds and nuts had of course no value as fodder, but the popularity of the beancakes increased and a new product was invented, soya meal. By extracting the oil with gasoline, instead of pressing, more oil could be produced and the percentage of protein in the fodder ‘by-product’, soya meal, was higher. The Danish cows quickly got used to chewing soya meal and the new fodder became a huge success.

In the first years of World War I the Danish Soya Cake Factory doubled its capacity and all products could easily be sold: business was good. However, when Germany declared unrestricted submarine war the factory had to rely on its stocks and they were quickly drained. During the last year of the war all sorts of seeds were tried and valuable knowledge acquired, but when the war was over, it was with excitement that the first load of soybeans from Manchuria was again expected. The MS Australia had loaded beans in Manchuria and left Dalny (Dalian) in December 1918, a month after the fighting had stopped. Three months later the MS Australia reached Copenhagen Free Port, and started unloading at the Danish Soya Cake Factory three days later.48

In the years following the war there was a big demand for fat in Denmark. The use of margarine increased and by 1929 the average annual per capita consumption of margarine was 22.5 kilos, while only 5.9 kilos of butter was consumed. The market for the vegetable oil produced by the Danish Soya Cake Factory Ltd. had grown, and the soybean was by no means the only raw material. Copra, sesame seeds, groundnuts and palm kernels were among the other important raw materials.

THE EAC IN CHINA

As indicated, the EAC was the single most important player in the trade between the two countries. The company had established its first China branch in Shanghai in 1900. This was to become the centre of the EAC’s organization in China, but as explained earlier, Northern China had from the beginning been a special area of focus. The activities of the Russians had been given special attention by the EAC, and the company soon established offices in the areas considered to be of special interest. In the beginning it all looked very promising, and the quick success in China led the company to invest huge sums of money there. In 1903 alone, the EAC invested more than one million of its seven million Danish kroner share capital in Port Arthur (Lüshun), and by the turn of the year 1903–04, the company had invested more than half of its share capital in activities in China.49 The dispute over Manchuria ignited the war between Japan and Russia in 1904. As the latter was forced to move north, the value of the EAC’s investments decreased dramatically, and at the same time it became almost impossible for the company to collect on its outstanding debts. The employees of the EAC, like other ‘foreigners’ in Manchuria, had to flee as the Japanese advanced. Those who had stayed behind when the Japanese arrived just received an expulsion order or got deported. In early June, as the Japanese
superiority was becoming clear, Frederic Kinch received a telegram from Copenhagen, wherein he was requested to liquidate all branches ‘as favourably as possible.’ The EAC suffered a significant loss. The initial strategy had failed and Kinch became the scapegoat. In February he was called back to Copenhagen where he was suspended. H.N. Andersen held him alone entirely responsible for the loss, which according to later calculations amounted to approximately 2.7 million Danish kroner. Kinch on his part insisted that the head office was responsible. The unfortunate result of these first years in China led to a rift between the EAC and Frederic Kinch, who resigned. The financial losses of the company were for a great part caused by the Japanese victory over the Russians. The EAC’s ‘Russian strategy’ had become expensive, but when the war was over the EAC transported approximately 13,000 Russian soldiers from the Far East to Odessa. These shipments gave the company a sizeable profit but as the exact figures for these various activities are unknown, a total cannot be calculated. The consequence of the events was first of all that the EAC moved out of the southern part of Manchuria along with the Russians. It closed its offices in Dalny (Dalian), Port Arthur (Lüshun) and Newchang (Yingkou) and settled with an office in Vladivostok. However when the export of soybeans began, business developed much more lucratively for the company and offices were established in Harbin, the trading centre of Manchuria, and Dalny (Dalian), the port of shipment.

SOYBEAN TRADE IN MANCHURIA

Russian influence in Manchuria had been extensive and the large majority of foreigners there were Russians. Hence, the business language between the foreigners in Harbin was Russian, and if the Chinese merchants spoke any foreign language, it would definitely be Russian. English was of no use. At first the EAC had not been directly engaged in the purchase of soybeans as it had been buying through a Russian agent. In 1908 it was decided that a Dane from the EAC office in Vladivostok, C.C. Hansen, should move to Manchuria to open an agency for the company in Harbin. The Russian agent had suddenly died, and the EAC was forced to act promptly. On such short notice it was considered impossible to bring young Danes to Manchuria to function as buyers due to both language difficulties and the lacking of a ‘psychological understanding of the population’. At first dealing directly with the Chinese was not considered possible either, so the EAC decided that the only viable option would be to hire a staff of Russian buyers for the new office. The purchase of soybeans was conducted by the Harbin office and through Russian agents on the trading markets along the railway. Initially the Harbin office had made contracts with some Russian grain dealers, but subsequently it was realized that trading directly with the Chinese was not more difficult. As soon as the Chinese became assured that doing business with Danes was not more risky than dealing with Russians, the office in Harbin became crowded with Chinese dealers from dawn to dusk. As time passed by the local EAC people learned a lot.
about the business environment and how the buying of soybeans could be conducted most beneficially.

The EAC built a network of buyers along the railroad and also deepen into the country. Among the difficulties was the practical financing of the buying handled by these subsidiaries. To pay cash for the beans huge amounts of notes in the local currency were needed, since the nomination of the Chinese notes was generally quite small. The agents had to travel to Harbin almost daily, escorted by Chinese soldiers to bring back the required amount. The staff thus spent an excessive amount of time commuting back and forth. The agency in Harbin then started providing the agents with chequebooks, so that they could issue cheques for the amount they bought, and the cheques could be cashed at the office in Harbin; the arrangement turned out to be a success. After a while the EAC realized that the mentality of the locals made direct trade with the farmers much too time-consuming and difficult to manage in the quantities that were needed to fill the company’s ships. As local Chinese groceries were already engaged in a wide range of business activities – like a kind of country stores – the EAC organized its buying of soybeans through those stores that were spread all over the area where the beans were produced. According to reports from the Danish consular representations in China and EAC sources, the EAC quickly became the biggest buyer of soybeans in Manchuria. The Danish company controlled more than 40 per cent of the trade. Such an enormous amount of soybeans was, of course, not only for the Danish Soya Cake Factory in Copenhagen, but also for a German oil mill, Stettiner Oelwerke, which the EAC had established together with German partners, and for a mill in Glasgow. Apart from the beans sold to these mills the EAC also sold soybeans and horsebeans, Vicia fabia, to other European countries and Japan. The soybeans were bought in Harbin and shipped from either Vladivostok or Dalny (Dalian) depending on the contemporary political conditions in the area.

The Danish imports of sesame seeds, hemp seeds and groundnuts from China were also conducted by the EAC through its offices in Hankou, Shanghai and Tianjin. These products were also used at the Danish Soya Cake Factory and other Danish oil mills, especially for the production of margarine.

THE IMPORTANCE OF THE SOYBEAN TRADE

It has been mentioned above that the Danish trade with China was only of little significance to both countries. In terms of general trade shares this might be correct, but when the trade is narrowed down to specific commodities and when the consequences for the directly involved parties are taken into account, this is certainly not the case. It has been documented above that the Danish trade with China consisted primarily of a few items that were all handled by the same company, the East Asiatic Company, and were imported for further processing at the company’s own oil mill, the Danish Soya Cake Factory. The importing of soybeans, oilseeds and horsebeans from China was of significant importance to the EAC, to the Danish Soya Cake Factory and related industries, but certainly also to the Danish farmers and consumers in general.
DANISH TRADE WITH CHINA

The items that dominated Denmark’s imports from China during the period did in fact become the most important export commodities for China until 1932, when Japan created the puppet state Manchukuo (Manzhouguo) in Manchuria. The Danish trade statistics fail to mention the establishment of Manchukuo until 1942, but in the years 1942–45 Manchukuo was given its own entry, as a kind of sub-entry for China. China was country number 62 and Manchukuo, during that period, was called country number 62a.54 How exactly this should have affected the trade picture is hard to say, but since there was only minor production of soybeans in other parts of China, it seems most likely that the figures in the Danish trade statistics, between 1932 and 1940, when soybeans were imported, refer to beans that were actually imported from Manchukuo. It could be held that the statistics presented above then fail to give a true picture of the trade between the two countries. However, this is only true if one recognizes the Japanese occupation of Manchuria, and the puppet state Manchukuo. The origin of the beans was the same, but the Danish buying was of no benefit to the finances of China after 1932. However, to the EAC it was business above all, something that is clearly revealed in C.C. Hansen’s words: ‘We [the EAC] have not come to China to improve the administration of the country, but to participate in exchange of commodities.’55

Above we have attempted to trace the beginning of the soybean trade, and to explain the Danish use of that item, in order to find some explanations for the most important aspect of the Sino–Danish trade in the first half of the century. The correspondence between the Danish legation secretary, Count Ahlefeldt-Laurvig and H.N. Andersen, and the quoted newspaper articles give a clear indication about how fast the EAC had acted as the interest in the soybean as an item for export increased. It is tempting to maintain that the profits made in the soybean trade were only the lucky outcome of a big gamble. However, the establishment of the Danish Soya Cake Factory in Denmark to process materials bought in distant places by the company, and transported to Denmark on the company’s own ships constituted a business set-up well in line with the original ideas behind the company. It was a manifestation of reciprocal action. The buying of beans and seeds in China provided the company with cargo for its ships and resulted in the establishment of several other profit-generating businesses.

It can be concluded that the relatively big import of soybeans from China to Denmark was due to the co-existence of the following four aspects:

**Surplus production/ample supply.** When the dust had settled after the war between Russia and Japan life in Manchuria slowly began to return to normality, and consequently agriculture began to prosper. By 1908 a surplus in the area’s production of soybeans had developed and the first load of beans was sent to Europe. In the following years the production of soybeans grew, and it became the single most important item in the Chinese exports.

**Qualities and price of the soybean.** The qualities of the soybean made it a unique raw material, and as the processing technology improved it became more profitable and the uses for the product increased. The price of the soybeans made it profitable to ship the bean over such long distances, as long as freight rates were kept within a certain level.
Demand in Denmark. The soybean was well suited to meet the demands of a country like Denmark, with its needs for cattle fodder and margarine production. Accordingly the establishment of the Danish Soya Cake Factory in Copenhagen created a stable demand for the product.

Performance of the EAC. It would be wrong to forget the company that was behind the trade, because it was the EAC that was the active factor in the establishment of the soybean trade and it was the initiative of the company that built the industries for the soybean.

It was a fine balance between the above-mentioned four factors that made the soybean, and the other oilseeds and nuts, become dominant items in the imported goods from China to Denmark. As long as the balance between supply and demand left room for profits, and as long as political conditions in the world allowed the business to continue, trade was fine. However, during the 50 years under review here, two world wars were fought and China experienced one of the most unstable periods in her entire history. Danish trade with China was profoundly affected by the plethora of historical events and obstacles haunting China and the international business environment in the greater part of the first half of this century. By the end of the 1940s the majority of the soybeans imported by Denmark came from the United States, and as the People’s Republic of China was proclaimed in 1949 the heyday of the Danish soybean trade in Manchuria came to an end.

Danish Export to China

The development of Danish exports to China in the first 50 years of the twentieth century has been discussed above. It was concluded that in general the Chinese market was not very important to Danish exporters. There were only three years where the aggregate Danish exports to China exceeded 2.5 million Danish kroner, according to Danish statistics. Variation in the exports of items belonging to the category ‘machinery’ constituted the main reason for the general fluctuations in export. This owed much to the fact that exports from Denmark to China in general were dominated by machinery. However, a variety of other commodities also found their way to China.

A memorandum from 1927, from the Royal Danish Consulate in Shanghai, gives an informative picture of how trade relations were viewed by the Danish representatives after the decline in Danish exports to China since 1923. The memorandum was written for the Far Eastern Capital and Trade YearBook. In it, the character and size of the export from Denmark to China is presented as follows:

Whereas Denmark, as we have seen, ranks comparatively high among the buyers of Chinese goods, the export to China is of more modest proportions. Denmark is mainly known for her agricultural products, and while export on a large scale of such products to the Far East could perhaps hardly be carried on profitably, the European markets, especially the English and Ger-
man, have always been able to absorb without difficulty the whole of the Danish output. On account of the failure of agriculture to absorb the surplus population the Danish industry has been growing steadily, and a determined effort has been made to increase the output and export of industrial products. In order to be able to compete successfully with other countries the tendency is to specialize in the lines of goods where exceptional quality can be maintained, as for instance the construction of machinery, which has reached a high degree of perfection. On the whole it may be said that as regards quality most Danish articles compare favourably with those of other countries.

That the export to China of Danish industrial products has hitherto been comparatively unimportant is no doubt partly due to the fact that so far goods of exceptional quality have not been in special demand on the Chinese market.

The considerable falling off in the export of recent years is due to not only the general state of depression, which especially caused a set-back to the import from Europe, but even more so to the steady rise in the value of the Danish krone, making it increasingly difficult for Danish export goods to compete with those of other countries. The krone is however, now at par, and according as the prices adapt themselves to this, the harmful effects caused by the drop in the value of the krone will probably cease to be felt.

Machinery is the principal item of export from Denmark to China; more especially crude oil motors, electro-motors and machine-tools, though there has also occasionally been a demand for Danish refrigeration plants and for machinery used in the cement industry.

The export of electrical articles is not inconsiderable, the main demand having so far been for dry cells.

In the category of provisions and stores Danish beer deserves special mention. Carlsberg and Tuborg beer being very popular in the Far East, and the same may be said of Danish cherry brandy. The Danish canning industry is highly developed, the main exports in this branch being canned butter, canned milk (Sea-gull brand) and canned ham.

Denmark could also furnish China with a number of other goods, of which special mention may be made of cheese, seeds, soap, pencils, matches and hardware.56

This memorandum was, of course, a piece of trade promotion, but it also shows what the Danes were particularly proud of; what they felt were their best products. The message was clear: Danish machines were to be considered top quality and if the market wanted to pay for quality, Danish products were highly competitive. Some more inexpensive products were mentioned though, as possible items for future trade. However the largest ‘machines’ that were sold to China did not get much attention, namely machinery for the cement industry. The Danish Company F.L. Smith had in fact sold an entire cement factory to the Chee Hsin Cement Co, Ltd. in Tangshan as early as 1910.57 And after World War I, F.L. Smith again managed to get several new orders from China.
In the archives of the Royal Danish Consulate in Shanghai many inquiries can be found from Danish firms regarding the possibilities for their products in China. This indicates that China certainly existed in the minds of many Danish businessmen. However, only a few companies got to the point where something was actually exported to China. The obstacles were many, and apart from the relatively high prices of the Danish products, the long distance also played a role. It was important to be present in China in order to sell to the Chinese. Accordingly local companies established by Danes in China played important roles as middlemen or agents in relation to exports to China. In 1925 the biggest of these firms was Larsen & Trock, whose main article was electric motors from the Danish company Thomas B. Thrige.

There were several Danish-founded companies in China during this period, but they could not depend solely upon Danish goods owing to the impact of the two world wars. One of the more successful Danish-founded companies in China was Andersen, Meyer and Co. The company had initially been selling a number of Danish products, but World War I halted supplies and consequently became one of the reasons for the company to seek co-operation with American companies instead. The machine-tool producer Winther & Nielsen, which concluded many business deals in China during this period had some of their own people sent to China, but this was not something that Danish firms in general were prepared to do.

One of the reasons might have been the reports coming from Shanghai. In the yearly trade reports from the Danish consulates in China in the 1920s and 1930s it was repeatedly stated that the prevailing conditions made it difficult to do business there.

CONCLUDING REMARKS

The optimism about the potential of the Chinese market at the beginning of the century, was by no means just a Danish phenomenon. The Western exports to China had grown by more than 200 per cent during the last decade of the nineteenth century and in business circles it was commonly held that the development was in its embryonic stage. The fact that China had a population of more than 400 million was like a magic spell to those who ventured into estimates about the future of the Chinese market. China was considered ‘the greatest of the world markets’ and was viewed as a potential absorber of the increasing industrial production in the West, although the exports to China accounted for only a negligible percentage of the total exports of the Western countries. It must be concluded that Danish firms never managed to obtain their predicted share of the estimated Chinese market. Giving an unequivocal explanation for this is not the aim here, but three important reasons are suggested below.

The Historical Development in China and the Shifting Market Conditions

The first half of the twentieth century became a period of unpredictable political and economic instability in the world in general. The two world wars and the
economic depression of the latter part of the inter-war period affected all international trade. These events were of course impossible to foretell as the twentieth century began, and the wars left their conspicuous mark on the trade between Denmark and China. However, apart from the general state of affairs in the world during the half-century dealt with here, the developments in China during this period created a highly complex and challenging business environment. In fact, the period became one of the most eventful and dramatic in the entire history of China. During that period China was a country divided by occupying powers and local warlords, a country situated in the midst of various opposing interests, internal struggles, civil war, and foreign interference and aggression. The chaotic and shifting conditions in China provided investors and foreign business interests with excellent opportunities for short-term business engagements, but made it difficult to become successful in China with more long-term commitments. China only periodically experienced the stability that must be considered a precondition for steady economic development. Due to these circumstances the Western ideas about the potential of the Chinese market were too optimistic, and this of course also limited the possibilities for the Danish businessmen.

The Incompatibility between the Danish Products and the Chinese Market
It is pure speculation to discuss whether or not the Chinese would have bought more Danish products if history had been gentler to their country. However, one cannot neglect the fact that agricultural products in general dominated the Danish exports. These products were difficult to transport over long distances and even if that was possible, it would cost a lot of money resulting in low competitiveness with local products. The small Danish export of butter is an illustrative example: butter was a typical Danish export product, but at the beginning of the century the Chinese did not eat any butter so the foreign community would have to do with canned butter. This created a marked for the canned Danish butter, but as the market grew, fresh butter from Russia and Australia entered the market and the Danish product lost its market share. The possibilities for non-perishable goods were much better for a distant country like Denmark, which is possibly why the exports to China were dominated by machinery.

The Size of the Danish Firms and Their Internationalization Strategies
In general the Danish firms were too small to include China in an active internationalization strategy, which meant that the cost of establishing a branch or subsidiary company in China was to be considered too big a financial burden or risk. The bigger the company, the easier it would be to venture into a distant market. Instead of taking interest in China the majority of the Danish companies focused on closer markets, which is natural as it was an era where telecommunication and air transportation were in their infancy.
NOTES


2 Leigh-Smith, 'Report regarding possibilities for Danish trade with China', Shanghai: Royal Danish Consulate, 1897. The author has obtained a copy of the report from the archives of the Danish East Asiatic Company.

3 Leigh-Smith, *Beretning fra det Kongelige Konsulat i Shanghai* [Report from the Royal Consulate in Shanghai], Shanghai: Royal Danish Consulate, 1897.


6 The prospectus is reprinted in: H.N. Andersen, *Tilbageblik* [In retrospect], Copenhagen: 1914, pp. 44–45.

7 Andersen, *Tilbageblik*, p. 31.


9 Internal EAC publication, written for the executive council and the board of directors: A. Brøndal, *Rids af kompagniets historie* [Sketch of the company’s history], Copenhagen, 1968.


11 Andersen, *Tilbageblik*, pp. 52–54.


13 Andersen, *Tilbageblik*, p. 54.


16 The swallow-tailed flag is first of all the Danish naval flag, but it is also used on land by state authorities. According to royal resolution, the flag can be used by certain other institutions. One of the few other Danish companies allowed to use the swallow-tailed flag was the Great Northern Telegraph Company.

17 Lange, *Den hvide elefant*, p. 58.

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19 This was how it was expressed in the prospectus mentioned earlier.

20 Ignotus [Henrik Cavling], Politiken, 30 November 1897.


22 Andersen and Cavling travelled aboard the EAC steamer Anam that followed the Valkyrien to Thailand, along with a little exclusive group from different sections of the Danish society. Cavling has written about the journey aboard the ship in Journalistliv, pp. 263–281.

23 Carl Østen, Valkyrien og dens sidste togt [the Valkyrien and its last expedition], Copenhagen: H. Hirschsprungs Forlag, 1959, p. 199. From this book more detailed information in regard to the ship and the life aboard can be obtained.


25 H.N. Andersen, Indberetning til Grosserer-Societets Komité angående forholdene i Østasien [Report to the committee of the Chamber of Commerce concerning the situation in East Asia], Copenhagen: Det Danske Handelsforlag, 1900.

26 The EAC has allowed me to read that report. I am grateful for the help of Mr. Kampsrup of the EAC.

27 H.N. Andersen, Internal EAC report: The conditions and the company’s chances in China, Copenhagen, 1900.

28 Sources of the statistical data presented in the tables 8.1 and 8.3 and all figures (8.1 to 8.10) are the yearly statistical publications from Danmarks Statistik (Statistics Denmark), Danmarks vareindførsel og -udførsel [External trade of Denmark], Copenhagen: Statens Statistiske Bureau, 1901–1950. There are several reasons for the selection of the Danish statistics. Apart from the fact that it has not been possible to obtain enough Chinese statistics to cover the entire period, several flaws in the Chinese statistics have also led me to believe that the Danish statistics serve the purpose better. It might be worth mentioning the most troublesome difficulties involved in using the Chinese statistics (CS) to describe the foreign trade: in the CS very little priority is given to creating a detailed picture of the nature of the trade with each trading partner (country). It is thus clear that Chinese authorities have been more interested in knowing the size of the taxes collected in regard to commodities imported and exported and place of payment than in understanding the composition of the trade with each foreign country. In order to use the CS as a source to describe trade between Denmark and China one would have to go through all items imported and exported from China and then create a new table with the figures relating to the trade with Denmark. This would be rather time consuming and unnecessary since the figures are more easily accessible in the Danish statistics. Another obstacle is the changes in the units used for measurement of value.

29 Danmarks Statistik [Statistics Denmark], Danmarks vareindførsel og -udførsel i aaret 1900 [External trade of Denmark in the year 1900], Copenhagen: Statens Statistiske Bureau, 1901.


31 The following shares have been calculated based on information provided in: Ministry of Industry, Commerce and Labour, National Government of the Republic of China, Foreign Trade of China: Statistical Series No. I, 1929.
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32 The import of feathers and down has been omitted, since the quantities have not been recorded every year. If it had been possible to obtain the figures then it would only have had a minor influence on the result due to the relatively small quantities in terms of weight.

33 These shares have been calculated on the basis of the figures provided in: Ministry of Industry, Commerce and Labour, National Government of the Republic of China, Foreign Trade of China: Statistical Series No. II: Value of the Import of Foreign Goods, 1912–1928.

34 It is difficult to say what the exact economic results of the entire commercial intercourse between the two countries really were. How the trade through third-party countries, like the EAC sales of timber from Thailand to China, or the activities of the Great Northern Telegraph Company, would have affected the trade picture if they were incorporated is unknown.

35 The Glycine hispada exists in several varieties, their beans varying in colour from yellow, green and black. The soybeans bought in Manchuria were primarily of the yellow kind and can be found in the Chinese statistics under the name of huang dou.


37 Chu-yuan Cheng has given a description of how the cheaper kerosene exported from America to China substituted the locally produced vegetable oil for this purpose in the article: 'The United States Petroleum Trade with China 1876-1949', in Ernest R. May and John King Fairbank (eds), America’s China Trade in Historical Perspective: The Chinese and American Performance, Cambridge: Harvard University Press, 1986.


41 Ibid. H.N. Andersen to P.F. Ahlefeldt-Laurvig, 19 May 1909.

42 Andersen, Det Østasiatiske Kompagni, p. 41.


44 Ibid. Peking and Tientsin Times. The exact date of the article is unknown, since the date was not written on this clipping found in the archives of the Danish legation in Peking. The origin of the clipping is, however, evident and the year must be 1909.


46 This is the English translation of the name of the factory used by the EAC and the factory at the time.

47 Author’s translation. The full programme is re-printed in Dansk Sojakagefabrik: 1909–1959, pp. 21–22.


49 Lange, Den hvide elefant, p. 141.

50 Ibid., p. 147.

51 A very interesting account of the soybean trade in Manchuria is given by the EAC manager H.V. Jacobsen, who in 1920 succeeded C.C. Hansen in Manchuria, in: Andersen, Det Østasiatiske Kompagni.

52 Andersen, Det Østasiatiske Kompagni, p. 43.

53 Andersen, Tilbageblik, p. 76; Brøndal, Rids af kompagniets historie, p. 71.
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54 Danmarks Statistik, Danmarks Vare Ind- og Udførsel 1942–46.
55 Andersen, *Det Østasiatiske Kompagni*, p. 54.
58 The documents are kept in Rigsarkivet. Several of the mentioned inquiries can be found in: RA, UM, Konsulatsarkiver Shanghai. Afleveret 1963. “[L]ille designation” II (box 179).
59 Ibid. Royal Danish Consulate, Shanghai, *Report to the Danish Legation in Peking, November 28 1925*.
60 An interesting book on this topic is Christopher Bo Bramsen, *Generaldirektøren: Vilhelm Meyer – en dansk forretningsmands liv i Kina* [The director general: A Danish businessman’s life in China], Gad: Copenhagen, 1993.
61 Most of the reports referred to have been kept in the archives of the Danish legation in Peking and can thus be found in RA (Rigsarkivet). The yearly reports for the period 1908–21 are all available, and can be found in the index of Legation-Archives Peking. Delivered 1946. Other reports regarding the trade conditions in China and the Danish trade with China are also available but under various entries.
63 ‘The greatest of the world’s markets’ was a term used in *Journal of Commerce and Commercial Bulletin*, New York, 8 January 1898, according to Charles S. Campbell, Jr. in *Special Business Interests and the Open Door Policy*, p. 12.
Diplomatic and Political Relations between Denmark and the People’s Republic of China 1949–97

Kjeld Erik Brødsgaard and Jan Rowinski

This chapter deals with political and diplomatic relations between the People’s Republic of China (PRC) and Denmark. The aim is to give an overview of the contents, forms and channels of these relations. Relations between Denmark and the PRC are of special interest to the parties concerned. For China it is important that Denmark was among the first countries to recognize the PRC in early 1950 and consistently has supported the PRC’s claim that there is but one China and this China is represented by the PRC. Moreover, Denmark has been regarded not only as a friendly Nordic country but also, as a member of the European Union (EU), a contributing factor in the European integration process, which the PRC has supported since the 1970s. Finally, Denmark’s strategic position controlling the access to the Baltic Sea has also contributed to shaping the Chinese interest in maintaining close relations.

In a similar way, a number of considerations have been crucial for Denmark in influencing relations with China. First, it has always been a main pillar of Danish diplomacy to recognize a regime when it controls the territory (or most of it). Therefore, the Danish government saw no problems in recognizing the PRC at an early stage. Second, the substantial commercial engagement in China by major Danish companies such as the East Asiatic Company and the Great Northern Telegraph Company also has had an important positive effect on Danish foreign policy towards mainland China. Finally, the Danish attitude has been formed by a number of moral considerations, in the sense that there has been a widespread feeling from early on among the population and in major political parties, notably the Social Democratic Party, that the wrongdoings of Western colonialism should be rectified and that it is the duty of the developed Western world to assist the developing world in creating a better future. Thus relations with China benefited from the traditional Danish proclivity to support the fight of oppressed people for self-determination. Paradoxically, in the 1990s, this basic strand in Danish foreign relations has turned out to have adverse effects on Sino–Danish relations. Now that China is increasingly being portrayed...
as an emerging political and economic superpower, public opinion is shifting towards sympathy for what appear to be the objects of mainland Chinese oppression (Tibet) or big power intimidation (Taiwan).

In the following these aspects and developments of Sino–Danish relations will be discussed. But first the wider international context will be sketched. The Nordic context for Denmark’s relations with the PRC has been discussed elsewhere, but the European dimension has been neglected and will therefore be addressed in some detail.¹

**Western Europe and China**

Chinese relations with Western Europe since 1949 have gone through four distinct phases and are now entering a fifth.² Each phase has been shaped by developments in the international system, by China’s relations with the superpowers, and by the Chinese perception of the world. Of these factors the second appears to have had the most direct impact on actual policies. Thus relations with West European states were originally developed in order to exploit fissures in the imperialist camp and to counterbalance a perceived Soviet threat.³ Only from the beginning of the 1990s did China start to view relations with Europe primarily in their own right.

In the 1950s the international system was dominated by bipolarity. To the Chinese this meant a confrontation between the socialist and imperialist camp. In between was the intermediate zone – ‘a vast zone which includes many capitalist, colonial, and semicolonial countries in Europe, Asia and Africa’.⁴ Western Europe was thought to belong to the imperialist camp dominated by the United States and was therefore believed to be heavily constrained in its foreign policy options. During the first couple of years after the communist victory, China’s foreign policy towards Western Europe was almost non-existent and the new Chinese government did not actively seek recognition from Western Europe. This was reflected in the PRC’s rather restrictive attitude regarding diplomatic relations. Great Britain and the Scandinavian countries recognized the Chinese government already in January 1950, but actual establishment of relations occurred only after prolonged negotiations.⁵ In the case of Britain, for example, an agreement to send a Chinese chargé d’affaires to London was not reached until June 1954. However, following the Geneva Conference in 1954 relations between China and Western Europe began to improve, signifying that Peking no longer was content with leaving Western Europe to the Russians and indicating a growing awareness on the part of the Chinese that the West Europeans might not always automatically follow the American line. These developments had a positive effect on Sino–European commerce and trade and West Germany became the PRC’s largest non-communist trading partner.

At the beginning of the 1960s, with the Sino–Soviet dispute, the socialist camp began to disintegrate. The Chinese also perceived contradictions within the imperialist camp, and in 1964 Peking advanced a new foreign policy analysis, which clearly placed Western Europe in the intermediate zone between the US
and the Soviet Union. A logical result of the new analysis was the idea that it now was possible to exploit the inherent contradictions between Europe and the United States. The new line was manifested in an important *People’s Daily* editorial of January 1964, in which the Chinese leadership expressed an interest in cooperating with Western Europe in the attempt to form the broadest possible united front against the United States.6

During the 1950s the PRC had established diplomatic relations only with the Nordic countries, the Netherlands and Great Britain. But in 1964, the PRC also succeeded in establishing full diplomatic relations with France. This seemed to substantiate the Chinese view that bipolarity was breaking down. However, in general, the main focus of China’s foreign policy in the 1960s was not Europe, but rather the Third World and its national liberation movements.

In the third phase of the 1970s the old world order had effectively broken down. The Soviet Union was no longer regarded as the leader of the socialist camp, but as an imperialist power locked in fierce struggle and competition with the United States. In fact, already from 1970 the ‘social-imperialist’ Soviet Union was regarded as the number one enemy.7 The main foreign policy concern of the Chinese in this period was to develop an anti-Soviet international united front. The theoretical rationale for this preoccupation became embodied in the ‘theory of the three worlds’.8 This theory was not only spearheaded against the superpowers, chiefly the Soviet Union;9 it also posited Europe as the strategic battleground for superpower rivalry. The Chinese kept warning the Europeans against any detente with the Soviet Union claiming that Moscow ‘was feinting to the East, but would strike to the West’.

Europe’s new increased importance in Chinese foreign policy had two consequences. The first was strong Chinese support for NATO. In fact, China became such an active advocate of the North Atlantic defence organization that it was often labelled the ‘sixteenth member of NATO’. The other consequence was that China began to voice strong support for West European unity.10 When a European union (EU) was formed in 1958, the Chinese argued that the European Economic Community (EEC) – as the union was called at the time – could be used by the United States to ‘expand her own economic influence and prop up German militarism’.11 But as a result of the new world analysis European economic co-operation was seen in a much more positive light as a sign of the emergence of a more multipolar world with increased possibilities for Chinese diplomacy. Thus the expansion of the EU with the inclusion of Great Britain, Ireland and Denmark in 1971–72 was viewed as a new contribution towards Europe’s attempts to resist ‘bullying by big powers’.

The fourth phase began with the formulation of an independent or rather equidistant Chinese foreign policy in 1981/1982.12 There were a number of reasons for this change. The euphoria in Chinese–American relations came to an abrupt halt with Ronald Reagan’s election as president of the United States. In particular the Chinese were worried that Reagan would upgrade relations with Taiwan.13 At the same time, the Soviet Union was publicly stating its wish to improve relations with China. In general China no longer felt security
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pressures from one of the superpowers to be strong enough to mandate an alliance with the other. Rather, Chinese leaders increasingly came to perceive the world in terms of interdependence and multipolarity. In such a world European and Chinese interests would often coincide and be different from those of the two superpowers.

The fifth phase began after the collapse of Communism in Eastern Europe and the Soviet Union in 1989. The break-down appeared to show that the cold war had been won by the West. The United States emerged as the only global superpower and a new unipolar world order had developed. The Western military show of force in the Gulf War in February 1991 further strengthened the general perception that there was, in effect, only one superpower left on the global scene. The Chinese, however, soon disagreed with this view of the new world order. They pointed to the existence of contradictions within the Western camp and argued that even though only one superpower had survived the end of the cold war, new economic superpowers such as Japan and the new united Germany were emerging. As to Europe, the German GNP already constituted almost a third of the GNP of the EU. With Germany as its dynamic core the EU would develop into a formidable competitor for both the United States and Japan. Moreover, although the Soviet Union had collapsed the new Russian state would be a strong military power. In short, according to China, the world is in a transitional period moving from bipolarity towards a multipolar world order. In this world Europe, especially the EU, will become one of the main economic and political centres.

CHINA–EU RELATIONS

As mentioned above, originally China was critical of the West European integration process. However, the negative attitude had already begun to change in 1962–63 and especially at the beginning of the 1970s, in connection with the formulation of the theoretical rationale behind the three worlds theory. Now Europe was seen as a potential partner for China in her confrontation with the superpowers. This shift in perception is clearly evidenced in Chinese relations with the EU.

However, although the Chinese re-evaluation of Europe’s role in global politics and trade had a positive impact on general relations, it was the Europeans who took the first concrete steps to improve formal relations. The background was that the bilateral trade agreements existing between the EU and the state-trading countries were due to expire in 1974. In connection with China’s admission to the UN, all community members with the exception of Ireland had established diplomatic relations with China and in 1973 the European Parliament advised the Commission of the EU to take appropriate initiatives to strengthen economic and trade relations between the Community and the People’s Republic of China. During EU Commissioner Sir Christopher Soames’ visit to Peking in May 1975 an initial round of talks was held and during Deng Xiaoping’s visit to France the same month the pace of Sino–EU
interaction was further accelerated. A Chinese ambassador to the EU, Li Lanpi, was stationed in Brussels in September, and in January 1976 the Commission and the Chinese mission began talks on a trade agreement.\textsuperscript{18}

Talks were prolonged due to the succession crisis in China in 1976–77, but relations with the EU never became an issue in the internal Chinese struggle, and on 3 February 1978 the Trade Agreement was signed.\textsuperscript{19} In order to oversee the functioning of the agreement it was agreed to set up an EU–China Joint Committee which was to meet once a year, alternately in Brussels and Peking. K.B. Andersen, executive president of the EU Council of Ministers and Danish foreign minister signed the agreement on behalf of the EU. Addressing the Chinese minister of foreign trade, Li Qiang, K.B. Andersen noted that this was the first occasion on which institutions of the EU had had ‘the honour’ of receiving a member of the Chinese government and that the agreement marked ‘a decisive stage’ in the positive development of relations between the two parties. He was convinced that the agreement would open up a ‘new era’ in Sino–EU trade relations.\textsuperscript{20}

In July 1979 a Sino–EU textile agreement was signed with effect from 1 January 1980, and the EU also decided to include China in the general system of preferences (GSP). The cumulative effect of all these bilateral arrangements gave a great impetus to Sino–EU trade, which more than doubled in the period 1975 to 1980 and further expanded in the 1980s when China implemented a series of reform policies and opened the door to the outside world.

In the wake of the so-called ‘The Tiananmen Massacre’ in Peking on 4 June 1989, West European governments adopted sanctions against the PRC and France even provided asylum for prominent Chinese dissidents, who set up their own formal organization devoted to the overthrow of the Chinese government. For a while China became marginalized in the eyes of the West Europeans and the economic opportunities of the Chinese market did not excite as much European interest as before. However, as the Chinese economy from 1991 again entered a path of rapid economic growth, Europe began to lessen the sanctions and renew its interest in stable political and economic relations with China.

The renewed European focus on China has been based on more explicit considerations concerning the desirability of long-term relations. Thus the EU Commission in July 1995 published an important policy document on Sino–European Relations entitled ‘A Long-Term Policy for China–Europe Relations’.\textsuperscript{21} This document followed a year after the EU unveiled its general Asia strategy, ‘Towards a New Asia Strategy’, and parallels similar initiatives on Japan and Korea.

The EU’s Asia initiative published in July 1994 was based on the realization that Asia’s new economic strength would significantly increase Asia’s political role in the international arena and therefore Europe had to prioritize Asia more than had been the case in the past. What was needed was the establishment of a political dialogue based on ‘the partnership between equals’. Only by taking the initiative in strengthening relations between the two continents could Europe secure its long-term interests in Asia (see also Chapter 10 on trade and economic relations between Denmark and the PRC).
The EU’s new China policy had been worked out as a consequence of the renewed stress on Asia. It was built on the realization that ‘Europe’s relations with China are bound to be a cornerstone in Europe’s external relations, both with Asia and globally’. The EU realized that the more confrontational approach of the immediate post-Tiananmen era was dysfunctional with the Community’s long-term goals and therefore the new initiative proposed a policy of ‘constructive engagement’. This policy had three strategic goals. The first was to launch a ‘serious political dialogue’ with China, which was clearly emerging as one of the major powers in the world. The second aim was to stimulate negotiations for China’s accession to the World Trade Organization (WTO). These negotiations had been dragging on for about ten years and the Commission wanted to signal that Europe fully supported China’s bid to enter. The third strategic goal was to explore new possibilities and priorities in EU–China cooperation. In the past co-operation programmes had focused on agricultural development and poverty alleviation. The new strategy offered new areas of cooperation within human resources development, the environment sector and business and trade and was also founded on an attempt to render support to China’s internal reform process. However, in it was the opinion of the European Commission that changes in China and in Europe and in the mutual relationship necessitated further upgrading of the EU’s China policy. It was believed that the issues surrounding China’s development process were global issues with a direct impact on Europe’s own vital interests, and therefore there was ‘no alternative to engagement with China’. In short, according to the policymakers of the EU, Europe should develop a long-term relationship which reflected China’s worldwide influence as well as its regional, economic and political influences.

In the spring of 1997, the larger EU countries France, Germany, Italy and Spain refused to support a Danish motion put forward in Geneva at the meeting of the UN’s Commission for Human Rights. Denmark, seconded by a number of smaller EU countries such as the Netherlands and Sweden, upheld the motion and as a consequence a split on the policies to follow vis-à-vis China emerged among the EU countries. In the autumn of 1997 the EU began to repair the damage that had been done to the EU’s strategic policy of ‘partnership between equals’ and work was initiated in view of revising the policy paper from 1995.

The European Commission’s renewed stress on relations with China was fleshed out in a policy document entitled ‘Building a Comprehensive Partnership with China’. The document was published in March 1998 and specified the Commission’s wish to ‘engage China’. The main thrust of the Commission’s new policy document on relations with China was that the Commission believed that China had entered a transition to an open society based upon the rule of law and the respect for human rights. It was believed that the best way of supporting this process would be to further engage China through an upgraded political dialogue. Such a dialogue would also be supportive of the economic and social reform underway in Chi-
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na and would facilitate efforts to integrate China into the world economy. As a result of these considerations the Commission would strengthen its economic support to China and in general raise the EU’s profile in the country.

In summing up almost 50 years of Sino–European relations, several observations must be made. For many decades China’s relations with Europe were determined by its policies towards the two superpowers and the overarching world analysis. In the 1970s Europe acquired a special strategic significance as the battleground for superpower rivalry and the arena where the social-imperialist Soviet Union would strike first. In the 1980s China somewhat downgraded the strategic importance of Europe due to the more self-reliant and equidistant policy posture she established from around 1981/1982. In the post-Tiananmen era Europe has acquired a new role as a possible adversary to the United States with whom China is on a confrontational course on a long range of issues stretching from human rights to nuclear technology transfers to Pakistan. Moreover, for the Chinese trade relations with Europe, and especially the EU countries, provide a supplement, if not an alternative to the often strained economic relations between China and the United States.

The new China initiatives formulated by the European Commission testify that Europe for its part also sees the significance of strengthening its ties with a China that is becoming more and more visible on the international arena, politically as well as economically. As a member of the EU, Denmark is also part of this process and therefore must take the EU dimension into consideration when formulating its China policy.

POLITICAL RELATIONS BETWEEN DENMARK AND CHINA

Establishment of Diplomatic Relations and the UN Question

China has seen relations with Denmark from different perspectives. As a NATO member and a member of the EU Denmark has been regarded as a contributing factor in the European integration process which China has supported since the beginning of the 1970s. To be sure Denmark has also been placed in another context and that is the context of China’s policy towards the Nordic countries. However, due to its European links Denmark has been regarded as the ‘least Nordic’ of the Nordic countries, and most references to Danish affairs in the Chinese media have appeared in comments on NATO and the EU.25 Denmark’s strategic location in regard to possible Soviet military moves in the Baltic Sea area has attracted special attention. However, from around the mid-1970s the Chinese media began to show an interest in bilateral Danish–Chinese relations.26

Relations between Denmark and China post-1949 have clearly benefited from the more than 250 years of contact between Denmark and China prior to 1949. Two companies, in particular, stand out in the history of these contacts: the Great Northern Telegraph Company, which brought the telegraph to China and played an important role in Sino–Danish relations in the latter part of the
nineteenth century, and the East Asiatic Company which by the beginning of the
twentieth century had established over ten permanent agencies in China, mostly
in the major ports of the east coast (see Chapters 7 and 8). Mention must also be
made of the activities of the Danish Missionary Society, chiefly in the northeast
(Manchuria). This Danish presence has had the added effect of contributing
to a spread of knowledge of China and the Chinese, their culture and customs,
among the Nordic countries.

After the proclamation of the Chinese People’s Republic, Denmark, like
the other Nordic nations, suspended relations with the Nanking government
which in December 1949 found refuge in Taiwan. In their China policy the
capitals of the Nordic countries followed the example of London, like the
British taking the view that, one, facts had to be faced and, two, economic
interests in mainland China should be protected. The question for Danish
diplomacy was not whether to recognize the new authorities in Peking but
when. So within days of its recognition by the British government on 6 January,
1950, Sweden, Denmark, Finland and Norway did likewise. However, except for
the socialist countries, the Central People’s Government of China had adopted
the principle of conducting prior negotiations with any state which had expres-
sed a wish to establish diplomatic relations. Aside from technicalities, they were
concerned with such matters as problems connected with history (for example,
the unequal treaties issue), official relations with the Republic of China, sup-
port for admission to the United Nations, or restitution of Chinese assets in the
country concerned. Though Copenhagen, Stockholm or Oslo were not bur-
dened with a colonial record in China, they, too, had profited from the treaties
imposed in the nineteenth century by Britain, America, France, Japan, Russia
and Prussia.

On 9 January 1950 the Danish foreign minister Gustav Rasmussen sent a
telegram to the Premier and Foreign Minister of the Central People’s Government
in Peking Zhou Enlai, informing him that the government of Denmark
had recognized it as the lawful authority in China and wished to establish diplo-
matic relations and that Denmark’s envoy in Shanghai, Alex Mørch, had re-
ceived the necessary instructions and powers to enter into talks with the author-
ities in Peking. In a reply dated 14 January Zhou Enlai confirmed receipt of
the telegram and expressed his government’s wish to establish ‘equal and mutu-
ally advantageous diplomatic relations based on respect for sovereignty and terri-
torial integrity’, adding that a precondition of Mørch being received in Peking
for talks was severance by Copenhagen of relations with the ‘remnants of the
reactionary Kuomintang regime’. Also, pending the fulfilment of this require-
ment and finalization of negotiations on establishment of diplomatic relations,
the Chinese People’s Republic could not consent to the reopening of a Danish
consular office in Shanghai. However, the Chinese authorities were satisfied by
the progress of subsequent negotiations on normalization of relations and this
led to the rapid signing of a joint communique and exchange of diplomatic re-
presentatives. On 11 May 1950 the two countries agreed to establish diplo-
matic relations at legation level.
On 24 June, 1950 the first Danish envoy to the Chinese People’s Republic, Alex Mørch, presented his letters of accreditation to the chairman of the Central People’s Government Mao Zedong. Mao expressed hopes that relations, especially in the economic sphere, would prosper. Replying, Mørch stressed the importance attached by his government to relations with China and its wish to expand cultural and commercial contacts.

After the Danish recognition of the PRC the Danish legation, which since 1935 had resided in the Danish consulate general in Shanghai, was ordered to move back to Peking. The consulate general in Shanghai was re-opened in February 1950 and functioned until 1963. But it was without Danish staff during part of 1953 and from 1958 until it was closed down. In 1949–50 there were Danish consulates in Harbin, Tianjin, Qingdao, Wuhan (Hankou), Xiamen, and Guangzhou. They suspended operation in 1952 and were formally closed down in 1953.

In Copenhagen the Chinese legation opened in May 1950 when regular diplomatic relations had been established. An envoy extraordinary and plenipotentiary was appointed head of the legation. This first diplomatic representative of the People’s Republic accredited to the Danish government was General Geng Biao who presented his letters of accreditation in November 1950 and remained in Denmark till March 1955, simultaneously serving as envoy to Sweden and Finland.

The swift recognition by Copenhagen of the new Chinese regime seems to have been determined by a number of factors. First, there were economic considerations. Important Danish companies such as the East Asiatic Company and the Great Northern had a relatively strong and longstanding foothold on the Chinese market, and they had an interest in safeguarding their position or ‘saving what could be saved’. The Danish presence in China in the Republican period had been so dominated by these companies that the Danish government felt it only natural to take their interests into consideration, when deciding on whether to enter into relations with the new government on the Chinese mainland. Second, it is a basic Danish foreign policy principle to recognize the government which controls the territory, and in the case of China no one could deny that Mao and the CCP seemed to be in control of the Chinese mainland. Third, undoubtedly the Danish public, the media and major political parties – not least the ruling Social Democratic Party – seemed to perceive the Chinese situation as a case of successful anticolonial struggle. The Chinese people had finally ’stood up’ and they should be assured the right to consolidate and expand their newly won independence of outside powers. These were also the considerations leading Denmark to consistently support the proposition that the People’s Republic of China (PRC) should represent China in the UN rather than the Republic of China (ROC) – often to the chagrin of the United States and other allies.

The Danish government felt it necessary to side with the United States and the majority of the UN in denouncing China’s involvement in the Korean War, and when the UN General Assembly was asked to recognize Communist
China as the aggressor in the Korean War, Denmark voted in favour of the resolution and the decision to impose an embargo. However, this did not entail a basic change in the Danish attitude.

Thus in January 1956, speaking at the 27th Congress of the Danish Social Democratic Party, party chairman H. C. Hansen, prime minister as well as foreign minister in the ruling Social Democratic government, argued that the underdeveloped world should be given aid and assistance in order to further their economic and social development. Only then would international tension subside. He claimed that the Social Democratic party’s policy of voting for the representation of the PRC in the United Nations logically followed from this basic attitude to the developing world. H.C. Hansen concluded that ‘if other countries, including our friends in the United States, took a similar position the door would be open to new possibilities in the United Nations’. 39

Again on 21 September, 1958, speaking in Aarhus, H. C. Hansen referred to the Taiwan Strait crisis, stating:

The events in the Far East are grounds for re-emphasizing the fact that China’s representation in the United Nations by the government in Taiwan rather than Peking cannot last. We consider the continued exclusion of the Peking government from the UN to be wrong. We have frequently voted to that effect in the UN and the recent events seem to bear out the necessity of this question (the Taiwan Straits crisis) being reviewed by the UN in the presence of the Peking government as a member of the organization. The same applies for the whole question of disarmament. As regards the present dispute over Taiwan and the offshore islands we express the hope that the talks between the Peking government and the USA now in progress in Warsaw will take a friendly and positive course. There would be relief all over the world. 40

On more than one occasion the Chinese authorities paid tribute to the Danish government for the ‘constructive position adopted on the question of China’s representation in the United Nations’.

In February 1956 the two countries decided to raise their diplomatic representation to embassy level and to exchange ambassadors. From then, until France established diplomatic relations with the PRC in 1964, the four Nordic countries were the only Western countries which had ambassadors in Peking, followed at a lower level by Great Britain and the Netherlands. 41 This unique position contributed to the widely shared belief in Denmark that the Nordic countries enjoyed a special relationship with the PRC.

In December 1957 a senior official in the Danish foreign ministry Kield Knut-Winterfeldt visited China and signed the first trade and payments agreement between the two countries. 42 It was later superseded by the Sino–EU Trade Agreement which also applied to Denmark as a member of the EU. In May 1958, the first visit by a member of the Danish royal family took place. Prince Axel, who was accompanied by the later head of the East Asiatic Company, Mogens Pagh, had a meeting with Prime Minister Zhou Enlai during his three-day visit. 43
At the beginning of the 1960s the setbacks of the ‘Great Leap Forward’ were followed by a certain reflux of contacts. In the 1963–65 period, centre stage was occupied by economic relations, which was connected with a clear reorientation of Chinese policy towards the so-called ‘second intermediate zone’ and mounting controversies with Moscow. At this time the Chinese leadership disapproved of Denmark’s attempts to join the Common Market, a view that was reflected in the content of media publications.

Though there were critical reactions in Denmark to the excesses of the Cultural Revolution, this did not result in any serious exacerbation of relations as it did in the case of many other countries. However, the Chinese embassy in Copenhagen did lodge a sharp protest with the foreign ministry when a cartoon showing Mao about to be devoured by a dragon appeared in the main Social Democratic newspaper Aktuelt on 9 August 1967.

The Chinese saw the cartoon as a ‘sign of the Aktuelt’s hostility towards China’ and an act which the Chinese people ‘absolutely cannot tolerate’. The Embassy apparently saw the case as especially serious since Aktuelt was the main

20. In general, Danish-Chinese relations were not affected by the Cultural Revolution. However in August 1967, when the main Social Democratic newspaper Aktuelt brought a cartoon showing Mao about to be devoured by a dragon, the Chinese government lodged a protest. Aktuelt, 9 August 1967.
organ of the ruling Social Democratic Party and therefore was believed to reflect the position of the Danish government. Said the Chinese protest note:

If the Danish government continues to cling to its obstinate attitude, continues to use the press for its anti-Chinese propaganda and undermines the peaceful relationship between the two countries, the Danish government must bear the full responsibility for the grave consequences that might occur.45

The next day the Danish government delivered an official reply which stressed that Aktuelt was ‘a privately owned daily which in no circumstances was subject to the directives of the Danish government’ and since freedom of the press was a principle stipulated in the constitution as well as an integral part of the Danish social system the Danish government could do nothing to accommodate the Chinese.

Aktuelt carried an editorial which characterized the Chinese protest note as ‘insulting’. The editorial stressed that the paper had attempted to cover not only the consequences of the Cultural Revolution, but also its background, and pointed to the fact that the newspaper had even let the red guards voice their views when they had been criticized for harassing a group of Danish tourists. However, in spite of the incident Aktuelt did not argue for any change in the direction of the official Danish China policy and concluded: ‘By the way, we still want the PRC to be admitted to the UN.’46

Soon the whole affair was forgotten. The Chinese focused their diplomacy on other and more important countries and Denmark continued to uphold a policy which implied a closer integration of China in global politics and admission to the United Nations.

However, in September 1967 the harassment being suffered by Western diplomatic personnel in the Chinese capital and the prolonged absence of the Chinese ambassador from Copenhagen (all heads of mission with the exception of Huang Hua in Cairo had been summoned home) led a foreign ministry spokesman to state that the government was considering a reduction in the staff of its embassy in China.47 But again, it was pure rhetoric and nothing drastic happened.

THE PRC AND DENMARK IN THE 1970s

Following the bloody incidents on the Sino–Soviet border (March 1969), the pacification of the Red Guard movement by the army and, above all, the 9th Party Congress (April 1969), the situation in China began to calm down and the country gradually recovered from the upheavals of the Cultural Revolution. After a three-year hiatus the Chinese ambassador returned to Copenhagen. The presence of Vice-Premier Li Xiannian and Foreign Minister Ji Pengfei at a reception in the Danish embassy indicated the Chinese authorities’ interest in improving and expanding relations.48 Peking’s disapproval of Danish entry into the European Community was reconsidered and for the first time a more favourable view was taken of Denmark’s membership of NATO, which had previously been a subject of more-or-less overt criticism. Relations between the two
Countries acquired a fresh momentum. In May 1973 K.B. Andersen became the first Danish foreign minister to visit Peking. On 18 May he and his Chinese counterpart, Ji Pengfei, signed an Air Transport Agreement. That same day he had a meeting with Prime Minister Zhou Enlai. He also attended the laying of the cornerstone of the new Danish embassy in Peking. With his hosts he exchanged views on the steps necessary for an intensification of relations. It was agreed that the strongest possible impetus was needed.

This impetus came with a much-celebrated journey to China by the Danish head of government. From 18 to 26 October 1974, Prime Minister Poul Hartling was in Peking on an official visit, the first head of government of a Nordic country to make a tour of mainland China in this capacity. He was received at the airport by Vice-Premier Deng Xiaoping acting on behalf of Prime Minister Zhou Enlai, who was hospitalized.

*Renmin Ribao* carried an editorial on 18 October noting that Hartling’s visit was a major event in ‘the annals of the development of friendly relations between China and Denmark’. Said the editorial:

> Headed by Prime Minister Hartling, the Government of the Kingdom of Denmark energetically defends national independence and state sovereignty,
stands for consolidating and strengthening national defence, maintains vigilance against superpower threats, and advocates a ‘common defence’ with other European countries. In addition, the Danish government stresses the strengthening of co-operation among countries of the European Community ‘so that Europe speaks with one voice on all major issues’.\(^{50}\)

Official talks with Deng Xiaoping revealed differences of views on some of these issues, e.g. the significance of the OSCE, the Vienna talks on conventional force reductions in Europe and East-West relations. There was also divergence between Peking’s and Copenhagen’s assessments of the policy of Moscow. On the other hand, both sides declared themselves in favour of intensification of the process of European integration and a strengthening of NATO. The Chinese also hinted that they intended to seek closer relations with the EU.\(^{51}\)

The visitors concentrated mainly on economic relations and expansion of trade. During the visit an agreement was signed on co-operation in the field of navigation and sea transport.\(^{52}\)

Prime Minister Poul Hartling and his delegation also met with Mao’s wife Jiang Qing, who took them to performances presented by the China Song and Dance Ensemble. But the most celebrated part of the visit was when Hartling met Mao Zedong on 20 October. The official picture on the front page of Renmin Ribao showed an old enfeebled chairman. However, Hartling later claimed that the two had a conversation on a ‘high intellectual level’, so apparently the chairman was still functioning and in charge of affairs. That Mao found time to meet with Hartling clearly illustrated that Denmark had a special interest for China in its capacity as both a Scandinavian country and a member of the EU. In 1974 China was approaching the EU in order to establish official ties and since Denmark at the time was a member of the EU-troika the Chinese believed that the Danish government would have considerable influence on the progress of these negotiations.\(^{53}\)

**Educational Co-operation and Exchange**

In the educational and cultural fields there was also further intensification of co-operation and exchange. Already during the Great Leap Forward students from the Nordic countries, including one from Denmark, had studied in China on a private basis.\(^{54}\) The political turmoil of the Cultural Revolution put a stop to this arrangement and only in 1973 were cultural and educational relations resumed. The Chinese agreed to receive three Danish students for the academic year 1973–74. The students were to receive a Chinese state grant to cover 10 months of language studies at the Peking Language Institute. For the academic year 1974–75 the same arrangement operated, but in 1975 the Chinese authorities declared their willingness to increase the number of Danish students to five and to make it possible for them to also to study at Chinese universities such as Peking University and Fudan University. In 1977 the Chinese further enlarged the number of Danish students who could study in China to seven in addition to two students who were admitted as self-financed (\textit{zifei}).
Denmark received the first Chinese students in December 1973. The Danish authorities had offered three grants, but only two students arrived, both of them with the objective of studying Danish. In 1978 the Danish Ministry of Education increased the number of grants from three to eight – half of them to be used for studies at the Niels Bohr Institute of the University of Copenhagen.

In 1978 the Chinese ambassador approached the Danish Foreign Ministry in order to explore the possibilities of sending a relatively large number of Chinese students to Danish universities and institutions of higher education. Similar inquiries had been made to other West European countries, including France, Western Germany, Great Britain, Holland and Sweden. The Danish government responded positively to the Chinese suggestion and during the visit of the Danish Minister of Education Ritt Bjerregaard in December 1978, a new agreement was reached according to which scientific and educational relations between the two countries would be strengthened. According to the agreement twenty Chinese students would be sent to Denmark in order to participate in a Danish language course and a preparatory course in view of admission into Danish universities and other institutions of higher learning.

They were to be followed by similar groups on a regular basis. The Chinese were also to select twelve research scholars with five to ten years of university experience after graduation for research programmes in Danish universities, each of a duration of one to two years, and an unspecified number of postgraduates who would be sent to Denmark with the purpose of acquiring a Danish Ph.D. degree (licentiatgrad). Moreover the two parties agreed to an exchange of four professors, each selected for stays of a duration of about four weeks. Finally the Danish part increased the scholarships available to Chinese students and scholars from 56 months to 110 months. The Chinese scholarships available to Danish students and scholars were apparently not discussed, but in 1979 the Chinese allocated nine scholarships and also agreed to receive seven self-financed students.

**ROYAL VISIT**

In May 1979 Prince Peter visited China. It was the prelude to an official visit by Queen Margrethe II and Prince Consort Henrik, who were in China from 12 to 21 September 1979. This was the first visit by a Danish head of state and also the first visit by a head of state of Northern Europe.

At the official banquet in Peking the Danish queen pointed out that although there were big geographic distances between the two countries, China had always attracted and fascinated the Danes. She mentioned that a flourishing trade already existed in the eighteenth century and that official relations were commenced in 1863, when the first trade, shipping and friendship treaty was signed.

Vice-Premier Li Xiannian gave the official Chinese speech at the banquet saying that ‘relations had been quite friendly in the 30 years since the establishment of diplomatic relations despite the many changes in the inter-
national arena.’ He noted that in recent years contacts had increased steadily and
coopera tion and exchanges in the economic, trade, scientific and techno-
logical fields had expanded constantly. The Chinese government was pleased
with these developments and hoped that relations between the two countries
would continue to expand.60

The queen also met with the CCP Chairman Hua Guofeng, who reitera-
ted China’s wish to expand relations with Denmark.61

During the Royal party’s stay in Peking an agreement on economic and
technical co-operation was signed by the Danish Minister of Foreign Affairs
Henning Christophersen, who was accompanying the queen on her China visit,
and the Chinese Minister of Foreign Trade Li Qiang. The Joint Danish–Chinese
Committee established in October 1974 would be responsible for the imple-
mentation of the new agreement.62

Danish ministers who visited mainland China in the second half of the
1970s and early 1980s included Ivar Nørgaard (trade, March 1976 and May
1980), Kjeld Olesen (transportation, April 1978), Eva Gredal (social welfare,
September 1978), Ritt Bjerregaard (education, December 1978), Svend Auken
(labour, October–November 1980). A second visit, but in a private capacity,
was paid by former Prime Minister Poul Hartling. In 1978–81 alone, eight
Danish ministers visited China indicating the Danish interest in expanding
and improving relations (see Appendix 1).

Among Chinese official visitors to Denmark in this period mention should
be made of Vice-Premiers Gu Mu (May 1978), Wang Renzhong (September
1979) and Foreign Minister Huang Hua (May 1980). Gu Mu’s was the more
important of these visits. He arrived with a delegation of 29 including the
Chinese Minister of Water and Electric Power Jian Zhengyin. The purpose of
the visit was to strengthen economic, scientific and technological relations be-
tween the two countries. The delegation visited a number of well-known Danish
companies involved in trade or business in China like Superfos (chemical ferti-
izer), Højgaard & Schulz (construction and infrastructure), Burmeister &
Wain (shipbuilding), F.L. Smidth (cement), I. Krüger (environment) and inspec-
ted the container facilities in the Free Harbour of Copenhagen and the contain-
er terminal in Esbjerg.63 It was the Danish presidency of the EU in 1978 which
made the Chinese include Denmark on the list of countries Gu Mu would visit
in Western Europe.64 During his visit Gu Mu was treated as a head of govern-
ment and was received by the queen.

In all their contacts with Danish officials in the 1970s Chinese politicians
stressed the necessity of strengthening West European defences and consoli-
dating NATO, especially on what they believed to be its weakest, northern,
flank. It was emphasized that Denmark occupied an exceptionally important
strategic position in this part of Europe, controlling as it did the Baltic ap-
proaches to the North Sea and the Atlantic. As a result, Peking argued, it was
particularly vulnerable to threats from Moscow and its Warsaw Pact allies. The
Chinese press scrupulously reported all decisions by the authorities in Copen-
hagen and statements by members of the Danish government in which a tough
line was taken with the USSR and suppressed any mention of steps which indicated a wish to improve relations with Moscow or Baltic neighbours belonging to the Warsaw Pact.

**CHINA AND DENMARK IN THE 1980s**

At the turn of 1981/1982 a gradual but critical reappraisal of Chinese foreign policy took place and the Chinese government began to steer a more independent or equidistant course between the superpowers, which involved a less aggressive anti-Soviet stance and a gradual retreat from the idea of strategic alliance with America. At the same time there was a renewed growth of support for EU independence of both superpowers: Peking spoke of seeking closer relations with the EU and its members, focusing its efforts on the development of bilateral contacts. It continued to emphasize the importance of Denmark’s membership of NATO and a united Western Europe and pointed to the need to strengthen defence and be on guard against the dangers from the East, but did so in a much more muted fashion. Chinese media coverage of developments in Denmark became more balanced, objective and less blatantly governed by the immediate requirements of the policy of the leadership. In the 1980s there was (until the tragedy of Tiananmen Square) a marked intensification of contacts between both countries in the political, economic, scientific, technological, educational and cultural spheres.

This was already beginning to materialize during Anker Jørgensen’s visit to China 19–29 October 1981. He was only the second Danish prime minister to pay China an official visit, but the eighth Danish minister to travel to China since 1978. During the visit he met with Deng Xiaoping, Premier Zhao Ziyang, Vice-Premier Wan Li, State Councillor Gu Mu and Foreign Minister Huang Hua.

The hosts were primarily concerned with warning Denmark against Soviet expansionism and once more lectured the Danes on the strategic importance of the Danish straits for the Soviet access to the Oceans, whereas the visitors were chiefly interested in questions of bilateral contacts, particularly expansion of trade and economic relations. On a number of major international issues (such as the Soviet aggression in Afghanistan, the situation in Kampuchea caused by the presence of Vietnamese troops, the need to strengthen the European Community and consolidate the US–West European alliance against Soviet threats) there was a considerable identity of views. A programme of scientific, educational and cultural co-operation between Denmark and China was signed and Denmark agreed to grant China a credit of 100 million Danish kroner, the details of which remained a subject of negotiations until April 1982.

**CULTURAL CO-OPERATION AND EXCHANGE**

A few months after Ritt Bjerregaard’s meeting with her Chinese counterpart in December 1978 the Chinese had indicated through diplomatic channels that they wished to sign a formal agreement on scientific, cultural and educational
co-operation between Denmark and the People’s Republic of China. The Ministry of Foreign Affairs and the Ministry of Education were interested in the Chinese suggestion. But it was the general impression that such an agreement ideally should be modelled after existing cultural agreements and therefore the Ministry of Culture also was involved. In 1981 negotiations with the Chinese counterpart had resulted in a draft agreement, which was further discussed and signed in October 1981 during Anker Jørgensen’s visit.

The agreement covering the years 1982 and 1983 contained the following main points:

1. During the years 1982 and 1983 the parties would exchange one academic study mission of three to four persons from each side for a two to three week period for the purpose of continuing already existing co-operation or initiating new fields of such co-operation. Specific subjects of study were to be agreed upon between the two parties.

2. There would be an annual exchange of three professors or scholars from each side for up to four weeks each for the purpose of giving lectures and prepare further academic co-operation. Whereas academic study missions would be selected by the home country, guest professors would in principle be appointed or invited by the receiving country.

3. Denmark would offer 220 months of scholarships annually for Chinese graduates and researchers to supplement their education with studies at Danish universities. This represented a doubling of the 110 months Denmark had contributed previously. The Chinese would offer 150 months of scholarships annually for Danish students, an increase of 60 months compared to the 90 months they had contributed since 1979. The Chinese agreed to a Danish wish that part of the scholarships might be converted into scholarships of shorter duration for Danish graduates and researchers with a sufficient knowledge of the Chinese language.

4. In the cultural field the two parties would encourage the exchange of artistic ensembles. The Chinese, for example, declared their willingness to send the ‘The Chinese Acrobatic Troupe’ to visit Denmark in 1983 and the Danish party would examine the possibility of having the Danish Royal Ballet pay a visit to China. There were also intentions expressed to exchange exhibitions, films and other cultural works.

5. Finally it was decided that three months prior to the expiration of the programme the two parties would evaluate the present programme and initiate discussion on the next programme of cultural co-operation.

The cultural agreement of 1981 was a major event in Sino–Danish relations. It became the framework regulating an increased exchange in the educational and cultural fields and was in general a catalyst for increased co-operation in other fields as well. The agreement was renegotiated in 1984 and 1987, but in connection with the crisis in Danish–Chinese relations in 1989 the Danish party refused to participate in the negotiations for the 1990 renewal.
CHINA AND DENMARK

MINISTERS’ FAVOURITE TRAVEL DESTINATION

In the course of the 1980s a large number of Danish ministers came to Peking and held talks with their counterparts on intensification and expansion of co-operation. Even after a conservative-led coalition government (the so-called ‘Four-Leaf-Clover Government’) led by Poul Schlüter took over in September 1982 the lively traffic of Danish ministers to Peking continued. Between 1982 and mid-1987 no less than 10 Danish cabinet members visited China making the country the favourite travel destination of the ‘Four-Leaf-Clover Government’.72

These visits included: Minister of Environment Christian Christensen, who was one of the first Western politicians to draw the attention of the Chinese to the necessity of co-ordinated efforts in this field, one of fundamental importance to the future of the country, and offering Danish assistance and support (November 1983); Mimi Stilling-Jacobsen (cultural affairs, March 1983); Ib Sæter (industry, July 1983); Isi Foighel (taxation, August 1984); Britta Schall-Holberg (interior, 1984); Bertel Haarder (education, August 1984); Thor Petersen (housing, August 1986); Nils Wilhjelm (industry, June 1987); and Lauritz Tørnæs (agriculture, November 1988) (See Appendix 1).

Foreign Minister Uffe Ellemann Jensen visited China in April–May 1985, accompanied by a large business delegation.73 On 29 April he signed an agreement under which the Danish government was to provide loans for animal husbandry projects in China, an agreement on encouragement and reciprocal protection of investment, and a protocol on scientific and technical co-operation. Talks were held with Prime Minister Zhao Ziyang and Vice-Prime Minister and Foreign Minister Wu Xiugian. Both stressed their country’s interest in expanding relations with Western Europe and with Denmark in particular.74

Finally, the Danish Prime Minister Poul Schlüter visited China from 23 to 30 March 1986, the third visit to the Middle Kingdom by a Danish prime minister. He held talks with Zhao Ziyang and had a meeting with the veteran Chinese leader Deng Xiaoping, who had been absent from the political scene for over three months.75 Zhao presented his government’s position on the American–Soviet dialogue and the international situation, stressing the significance of the Reagan–Gorbachev summit for easing international tension, but also noting that although tension had relaxed to some degree no major global problem had been resolved, competition between the two superpowers remained intense and their policy on key issues had not changed. He emphasized China’s opposition to plans to extend the arms race into outer space. Deng Xiaoping described the reforms undertaken in China since 1978, concentrating on their ‘urban stage’ and indicating the need to acquire practical experience. On March 26 an agreement on investment protection and double taxation was signed together with an accord on co-operation in veterinary medicine and improvement of seed quality.76

Chinese visitors to Denmark included, among others, the Chinese minister of public security, Li Fuzhi, who studied the organization and operation of Danish law enforcement agencies (September 1983). In the same month there was a visit by a deputy foreign minister, Yao Guang, under arrangements with
the Nordic states for regular consultations between foreign ministries. He held
talks with leading Danish politicians, expressing approval of the decision to
suspend development aid to Vietnam because of the presence of its troops in
Cambodia. In November 1983 Copenhagen was visited by Minister of Educa-
tion He Dongchang, who acquainted himself with the Danish education system.

Contacts between the countries' legislatures were established. In June 1981
a delegation of the National People’s Congress (NPC) led by Xi Zhongxun, vice-
chairman of its Standing Committee and a member of the Communist Party
leadership, came to Copenhagen. In August 1983 this visit was reciprocated by a
ten-person delegation of the Danish Parliament, the Folketing, led by its presi-
dent Svend Jacobsen. At the turn of May/June 1986, Denmark was visited by
Rong Yiren, vice-chairman of the NPC, Standing Committee and a leading repre-
sentative of China’s world of business; in November 1986, by Fu Hao, a Stand-
ing Committee member and chairman of the Foreign Affairs Commission (a for-
ter deputy foreign minister). In December 1988 a brief stopover in Copenhagen
en route from Sweden was made by Standing Committee vice-chairman Chen
Muhua, who held talks with the president of the Danish Parliament, the Folketing.

From 20 to 22 May 1986, during a month’s tour of Europe, Foreign Minis-
ter Wu Xueqian was in Denmark. This was a reciprocal visit. During the talks the
Danish side criticized the Chinese nuclear tests and the fact that China was the
only nuclear power which had not acceded to the non-proliferation treaty.
Wu argued that the scale of the tests was small and expressed the opinion that
‘a strong and united Europe will contribute to agreement being reached by the
two superpowers on arms control and China will then join in these efforts and
propose a suitable initiative’. At a meeting with the Danish prime minister Wu
emphasized the importance of West European integration which he called ‘an
important factor in defending peace and stability and in boosting co-operation
between China, conducting a peaceful foreign policy, and a united, forward-
marching Europe’.

After a five-year hiatus, consultations at the deputy foreign minister level
were resumed. From 1 to 4 September 1988, Zhou Nan, under-secretary of state
at the Chinese Foreign Ministry, held talks in Copenhagen with senior officials
in the Danish Foreign Ministry. The topics were bilateral relations, the Chinese
position on Cambodia, and major international issues. The Chinese visitor also
had a meeting with the Danish Prime Minister Poul Schlüter, who, according
to Chinese reports, emphasized the significance of his visit to Peking in 1986
which had laid a strong foundation for the mutual trust essential to developing
political relations and closer economic ties. He also expressed his belief that the
Chinese reforms were irreversible since they were proving successful; a flourish-
ing China, he added, was the best guarantee of mutually profitable co-operation.

Without question, the most important event of the decade in bilateral
relations was the visit of the premier of the Chinese State Council, Zhao Ziyang
on 8–10 June 1984, the first visit to Denmark ever by a Chinese head of govern-
ment. It was not only the awaited reciprocation of the visits to China of Danish
Prime Ministers Poul Hartling and Anker Jørgensen, it was also a reflection of
the notable improvement in relations which had begun in the mid-1970s. Zhao met with the queen and held talks with his Danish counterpart, Poul Schlüter, and other leading politicians. He expressed support for Denmark’s foreign policy, emphasizing the importance of steps to bolster security. His government, he said, wished to expand consultations and co-operation with Denmark. Both sides were in broad agreement in their assessments of the situation in Afghanistan and Cambodia. Zhao stressed China’s interest in intensifying and expanding economic relations, particularly in the sphere of farming, describing Denmark as ‘a positively ideal partner in China’s efforts to develop its agricultural production’. After visiting a small farm outside Copenhagen, Zhao declared that he had been deeply impressed by the standards of local farming.

In 1985–88 leading Chinese figures who came to Denmark included: Rui Xingwen, Minister of Construction and Environmental Protection (May 1985); Yuan Yuhua, Vice-Chairman of the State Economic Committee (March 1987); Wang Dezhang, Director of the Bank of China (March 1988); and Deng Shi, Chairman of the Committee for Promotion of International Trade (April 1988).

Although relations between the PRC and Denmark were cordial during the 1980s and in certain areas, chiefly economics and trade, expanding, it was obvious that Denmark played a less prominent role in China’s foreign policy in Europe. One indication of this was that neither Anker Jørgensen nor Poul Schlüter were given the kind of special treatment Hartling had been offered in 1974. The main reason for this change appears to be related to the new foreign policy orientation adopted by China in 1981/1982. China no longer felt a need to mobilize the European countries against the Soviet Union. In fact, the Soviet Union played a less menacing role and therefore the Danish control of the approaches to the Baltic sea seemed less important. Also, China was increasingly orienting itself towards Asia and the Pacific area while Europe was losing importance. To Denmark, relations to its immediate neighbours in Scandinavia and in Europe had all along been of primary importance. Moreover, as a consequence of opening up and promoting tourism many Danes, including media people, had visited China and reported their impressions and China was losing the mythical character it still enjoyed in the 1970s. Finally, many Danish businessmen became frustrated with the Chinese market. They felt that in spite of several years of economic reform and opening up it was still a cumbersome job to deal with the Chinese bureaucracy and the often quite blurred Chinese rules and regulations for investment and trade.

After Tiananmen

Denmark reacted very critically to the military crackdown on the Chinese students in June 1989 and was the first country in the world to deliver a protest note to the Ministry of Foreign Affairs in Peking. Copenhagen cancelled all pending aid and credit programmes and restricted official contacts. (For instance, a visit by a delegation of the Folketing’s Finance and Administration Committee,
scheduled for June, was cancelled and in the second half of 1989 not one of the earlier planned official visits went ahead.) The government decided that there would be no contact at ministerial level until further notice and not only did the foreign minister halt any negotiations on further aid to China; the Ministry of Education even called off the scheduled talks on a renewal of the Agreement on Cultural and Scientific Exchange between Denmark and China.84

Further Danish measures were co-ordinated with the other members of the European Council. They met in Madrid on 26–27 June 1989, and decided on a number of measures, including suspension of high-level contacts, freezing of new co-operation projects, reduction of co-operation projects in the cultural and scientific field, and extension of the Chinese students’ visas.85 In October 1990, under the framework of the European Political Co-operation, the EU countries decided to lift sanctions. However, a majority in the Folketing forced the Danish government to give up attempts to resume Danish development aid to China.86 It was decided as a compromise that a hearing should be organized by the Folketing later in the autumn of 1991 to assess whether there had been any substantial changes in democracy and human rights in China. Due to pressure from the Confederation of Danish Industries and important Danish companies the hearing was cancelled. Instead members of parliament from liberal and conservative parties began to work for a hearing on human rights in Tibet scheduled to take place in May 1996.

Between June 1989 and December 1991 a total of only seven delegations went to China; of these three were official, but below the minister level. Compared with the restraint of Copenhagen, Peking seemed positively zealous in its efforts to maintain contacts: between June 1989 and the end of 1991 no less than 17 Chinese delegations visited Denmark, these were however also all below the minister level.87

However, although development aid was being shelved, bilateral relations were gradually returning to normal. Such a signal was sent by the Danish government with its assent to resume consultations at deputy foreign minister level and in June 1991 Tian Zengpei, under-secretary of state at the Chinese foreign ministry, came to Copenhagen.88

But the Danish change of mind came slowly and only in February 1992 did the Danish government officially break the ice by sending Industry and Energy Minister Anne Birgitte Lundholt to China to discuss the question of how to reinvigorate economic co-operation. A month later the Director-General of the Danish Foreign Ministry Ulrik Federspiel, came to Peking at the invitation of the Chinese foreign ministry and had talks with his counterpart, Jiang Enzhu. He also had a meeting with Vice-Premier and Foreign Minister Qian Qichen and his Deputy Tian Zengpei. The chief topic discussed was stimulating political dialogue. This visit paved the way for a tour of the Nordic states at the turn of May/June 1992 by a Chinese government delegation led by Vice-Premier Tian Jiyan and including Secretary-General of the State Council Li Chang’an, as well as a number of deputy ministers of economic departments. While in Denmark (early June) Tian met with Prime Minister Schlüter. They discussed tech-
technical and commercial co-operation, Tian expressing his government’s appreciation of Denmark’s support for the renewal of EU relations with China. A meeting with the president of the Folketing, H.P. Clausen, was devoted to intensification of contacts between legislatures. A number of contracts were signed.89

The green light for a return to the pre-June 1989 situation had earlier been given by the invitation to Vice-Premier Zhu Rongji, who paid an official visit on 22–25 November 1992, and had meetings with the Danish prime minister and the foreign minister.90 The new cordial relations were confirmed by the talks in Peking in March 1993 of the head of the Joint Danish–Chinese Committee, Arne Christiansen, ‘an old friend of China’ as the hosts called him, and a delegation of industrialists, and Finance Minister Mogens Lykketoft, who visited China in August 1993 and had talks with Vice-Premier Zhu. In June 1994 Minister of Environment Svend Auken visited China to discuss matters concerning cooperation in the environmental field. At the end of the same month Vice-Prime Minister and Minister of Economics Marianne Jelved arrived to discuss economic issues. In 1995 there were the visits of Minister of Agriculture Henrik Dam Christensen (April) and Minister of Transportation Jan Tryjborg (October). In January 1996 Minister of Environment Sven Auken visited China once again, and in August the chairman of the Conservative Party led a delegation to Peking. But it was especially the visit by Foreign Minister Niels Helveg Petersen in August–September 1996, which set the seal on the process of normalization of relations.91 Helveg Petersen met with Prime Minister Li Peng. The talks centred mainly on economic relations, but there were also plans to initiate co-operation in legal matters and local elections.

Between the beginning of 1993 and the end of 1996, 37 Chinese delegations visited Denmark.92 Most of these were at the vice-ministerial and bureau level. However there were also visits by members of the top leadership in Peking. For example in May 1994 Li Rui Huan, Chairman of the Chinese Political Consultative Conference and Member of the Standing Committee of the Political Bureau of the Chinese Communist Party visited Denmark and had meetings with Danish Prime Minister Poul Nyrup Rasmussen.93

He also met with Foreign Minister Niels Helveg Petersen and Minister of Industry and Co-ordination Mimi Stilling Jacobsen. In 1995 Prime Minister Li Peng, who is ranked number two in the Chinese power hierarchy, visited Copenhagen for the first time. He took part in the UN Social Summit held in Copenhagen in April and also had a meeting with Danish Prime Minister Poul Nyrup Rasmussen.94

The cordial atmosphere surrounding the Danish foreign minister’s visit to China in 1996 visit did not survive the spring of 1997. The reason was that Danish–Chinese relations became entangled in power politics due to Denmark’s decision to sponsor a resolution critical of China’s human rights record at the meeting of the UN Human Rights Commission in March–April 1997.

At the yearly meetings in Geneva of the UN Human Rights Commission, the US and the EU had every year since 1990 sponsored resolutions criticizing China’s human rights violations. However, supported by most of the devel-
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On behalf of fourteen countries Denmark put forward its resolution on 10 April 1997. The text of the resolution noted with concern reported violations of human rights and fundamental freedoms. It also criticized Chinese policies in Tibet. The Chinese government was encouraged to uphold the commitments inherent in the human rights convention and to sign the covenant on economic, social and economic rights and the covenant on political and civil rights. The Chinese government was also called upon to improve conditions in the prisons, to free all political prisoners and to secure the cultural, ethnic and religious identity of the Tibetans.

The Chinese delegation put forward a motion of no action, which was adopted with a 27-to-17 majority. Nine countries abstained from voting. Voting against the motion of no action were all the EU countries, including those who had refused to sponsor the resolution. For the Chinese motion were the great majority of developing countries, including big countries such as Indonesia and India. China had once again succeeding in turning the matter into a South–North issue rather than an issue of internal Chinese oppression and violations.

In the course of the meeting in Geneva the Chinese government warned Denmark more than once in strong words against pursuing its 'dangerous course'. It was said by the government in Peking as well as the head of the Chinese delegation in Geneva that these events would be detrimental to Danish–Chinese relations. Following the conclusion of the meetings in Geneva there were no signs that the Chinese would let actions follow words. However from the beginning of 1998 there were indications that the economic and commercial relations were being affected by the difficulties that had arisen in the political relationship.

Denmark did not sponsor a new critical resolution at the meetings of the Human Rights Commission in 1998. Instead the Danish government chose to follow the other EU countries in pursuing a policy of further engagement as laid out in Sir Leon Brittan’s speech in February 1998 and the policy paper of the commission. At the same time, the commission emphasized that any action taken against Denmark on the part of the Chinese government would have consequences for China’s overall relationship with the EU. Denmark clearly was interested in moving away from any confrontational policies towards China and the visit of Vice-Premier Li Lanqing in the spring of 1998 seemed to indicate that the Chinese government had adopted the same objective. Li
Lanqing met with the queen and held separate talks with Prime Minister Poul Nyrop Rasmussen, Vice-Prime Minister Marianne Jelved, and Foreign Minister Niels Helveg Petersen.

To sum up, the Tiananmen debacle of 4 June 1989 had almost disastrous consequences for Danish–Chinese relations. Overnight the media became extremely critical of China and the Chinese political system. Whereas before there was a prevalent tendency of the press to report about social progress and economic development it now became routine to focus on questions of democracy, human rights and the situation in Tibet. For a while high-level contacts were suspended and even after they were resumed Danish ministers would take up the human rights issue with their Chinese counterparts whenever they met. As time went by it would often appear like a ritual without much substance, but it was enough to irritate the Chinese.

Trade relations suffered significantly. The upsurge of the 1980s was halted, and in 1990 there was even a reduction in the value of trade. When trade began to expand again in the beginning of the 1990s, it was only due to an increase of Chinese exports to Denmark. Danish exports to China continued to show signs of stagnation and only reached the 1987 level in 1994–95 (for further details see Chapter 10).

With the collapse of the former Soviet Union, the strategic importance of Denmark for Chinese foreign policy has been further reduced and with Sweden and Finland having entered the EU, Denmark has lost its position as the important bridge between the Nordic area and the European Community. However, a factor which also in the future undoubtedly will secure for Denmark and the other Nordic countries some continued importance in the European and Russian policies of the PRC is the delicate relationship between Russia and the Baltic states which have seceded from the former Soviet Union.

INTER-PARTY CONTACTS

The first contacts between the Danish Communist Party (DCP) and the Chinese Communist Party (CCP) were established in the mid-1950s. The Eighth Congress of the Chinese Communist Party in September 1956 was attended by a delegation of the DCP headed by Martin Nielsen, the editor of the DCP organ Land og Folk [Land and people].

In the late 1950s there was an aggravation of controversies between Moscow and Peking and mounting competition between the Communist Party of the Soviet Union (CPSU) and the CCP for hegemony in the communist movement. As early as 1958 Mao told an expanded meeting of the Political Bureau in Chengdu:

Differences are something that is inescapable ... If we keep on talking about unity [in the international communist movement] we will become like a puddle ... The foundations on which the present unity rests need to be demolished and unity achieved on a new basis by means of struggle.97
The DCP was critical of the CCP platform at the Conference of Communist and Workers Parties in Moscow in November 1960. It supported Khrushchev in the ideological dispute with Mao and rejected the ‘25 Points’, or ‘Proposals concerning the general line of the international communist movement’, set out in the CCP leadership’s letter to the CPSU of 14 June 1963.98

However, when Khrushchev was ousted and the new CPSU leadership made overtures to the Chinese, the DCP supported its initiative. This was also reflected in a delegation headed by Political Bureau member Robert Sartori being sent to the celebrations of the fifteenth anniversary of the proclamation of the People’s Republic. However, the Chinese were reluctant to acknowledge the overtures and soon the split widened again.

The Danish party reacted by condemning ‘the splinter activities of the Chinese Party leadership and interference in the internal affairs of other parties’ and the excesses of the Cultural Revolution. The changes in Chinese foreign policy in the 1970s were assessed as a ‘negative evolution towards pro-imperialist positions’. In the mid-1960s relations between the parties were severed.

At the beginning of the 1960s an attempt was made to set up a Maoist faction in Denmark as a ‘revolutionary alternative’ to the revisionist and pro-Moscow stance of the Danish Communist Party.99 Supporters were sought among communist youth organizations, leftist student groups and the Chinese Friendship Society founded by the DCP. In 1963 a Maoist organization called Kommunistisk Arbejdskreds (KAK) was formed by Benito Scocozza, an activist in Clarté, which had come out of the old Students Union, and Gotfred Appel, journalist at the DCP organ, Land og Folk. Both renounced their membership of the DCP in the fall of 1963. In 1965 there was a split in KAK, and Appel’s followers were charged with revisionism. On 15 September 1968 Scocozza formed a new organization, Kommunistisk Forbund Marxister-Leninister (KFML). KFML unqualifiedly endorsed the internal policy and international line of the CCP leadership, although the Chinese embassy first shifted its support from KAK to KFML in 1969, when Gotfred Appel criticized Lin Biao’s rise to become Mao’s heir apparent. KFML soon started publication of two journals, Kommunist (later renamed Arbejderavisen) and Marxistisk-Leninistiske Studiebreve (later renamed Kommunistisk Tidsskrift). The articles carried in these journals were vehemently critical of the internal and external policy of Moscow and were then reprinted or extensively cited by the Chinese party organ, Renmin Ribao. This group enjoyed the confidence and support of the Chinese leadership. Scocozza made several journeys to China at the invitation of the CCP Central Committee – in the summer of 1976 and in 1977 – and met with high-ranking party leaders such as Geng Biao and Chairman Hua Guofeng.100

In the autumn of 1976 the group transformed itself into a party called the Communist Workers Party of Denmark (Kommunistisk Arbejderparti). Its First Congress was held in November 1976.101 It numbered about 800 members and sympathizers. In the summer of 1978 a delegation of its organ, Arbejderavisen, headed by editor Peter Bischof, was invited to China by Renmin Ribao. It appears from references in the Chinese press that in the mid-1970s there was also a
Maoist group in the Faroe Islands. At the turn of the 1980s the Scocozza party, like the whole Maoist movement, was overtaken by internal crises and divisions. This offered Peking, which had revised its internal and external policy after the historic turn of December 1978, a convenient pretext to reduce and eventually withdraw financial and other support. In the first half of the 1980s all contacts with the Danish Maoists faded out.

In the second half of the 1980s the Chinese leadership normalized relations with the Danish Communist Party. In April 1988 its chairman, Ole Sohn, visited China.

In 1982 the Chinese began to re-establish contacts with socialist and social democratic parties affiliated with the Socialist International. A conspicuous role in these efforts was played by the visit to Peking of the Socialist International’s chairman, Willy Brandt, in May 1984. Speaking at a reception in honour of the distinguished German statesman, the General Secretary of the CCP Hu Yaobang described Peking’s motives as follows: ‘[There is] a desire for agreement and co-operation above ideological differences and rifts in the interests of detente, disarmament, defence of peace, progress and development of friendly relations between peoples’. In September 1986 the General Secretary of the Socialist International, Penti Vaenen, was invited to China by the Central Committee. At the turn of August/September 1984 a delegation of the Socialist People’s Party of Denmark came to Peking. It was decided to establish direct contact and co-operation between the two parties. Chairman Gert Petersen visited China at the invitation of the CCP Central Committee in September 1985. In June 1985 talks were held in Peking by a former vice-chairman of the Danish Social Democratic Party, Tove Schmidt, indicating that the Chinese party leadership was expanding contacts with so-called bourgeois parties. In May 1986 the Head of the CCP Organization Department Wei Jianxing and in October the Head of its Foreign Contacts Department Zhu Liang visited Copenhagen and held talks with leaders of parties with which the CCP maintained relations.

CONCLUSION

Denmark was one of the first Western countries to establish diplomatic relations with the PRC, despite Washington’s disapproval. By acting swiftly on this matter, the Danish government followed a basic Danish foreign policy principle, namely to recognize the government which controls the territory. It also seems clear that large Danish companies with a relatively long and strong foothold on the Chinese market pushed the government in order to secure economic interests and trading possibilities.

The 1950s and 1960s did not encourage expansion of relations between Denmark and the PRC. Peking oriented itself towards the Soviet Union and later, after 1960, towards the Third World and Denmark felt bound by its membership of NATO. Nevertheless, Denmark consistently supported Peking’s claim against Taipei on the issue of UN representation.

In the 1970s China perceived the Soviet Union to be the number one enemy and concentrated its foreign policy moves on containing the Soviet
threat. Here Denmark played an important role in the European context as a member of the EU and as a Nordic country controlling the sealanes that the Soviet Baltic fleet would have to use in order to reach the high sea. The significance that China attached to Danish–Chinese relations at the time were clearly demonstrated during Poul Hartling’s visit to Peking in October 1974.

In the 1980s China began to retreat from the idea of a strategic alliance against the Soviet Union. It continued to stress the importance of Denmark’s membership of NATO and the EU, but it did so in a much more muted fashion. Although trade relations expanded and the traffic of high-level official delegations increased, Denmark was becoming less important in strategic terms, and China was beginning to lose its mythical attraction as more and more Danes became familiar with the realities of Chinese society.

The ‘Tiananmen massacre’ of 4 June 1989 had grave consequences. Denmark was the first country in the world to lodge a protest with the Chinese Foreign Ministry. China was slow to realize that the Danish reaction was meant seriously and not just an attempt to appease the Danish media. The Chinese government has obviously had difficulties understanding why Denmark would be willing to jeopardize what was regarded to be a long and special relationship.

From late 1991 and especially from the beginning of 1992 the Chinese once again intensified the speed of economic reform and the Chinese economy was again experiencing a boom. This in combination with strong pressure from the world of business has made the Danish government realize that full resumption of normal relations was in Denmark’s interest. Moreover, the new EU initiative which featured China as a cornerstone in Europe’s Asia strategy and argued for the building of a Sino–European relationship characterized by ‘constructive engagement’ also applied in Denmark. But the Danish change of mind had come slowly and in the political parties and in the media there were still critical voices to be heard. The criticism was related to a new popular perception of China. Before 1989 China was perceived as a poor country which needed assistance in order to develop its economy. The country had been oppressed by the Western powers and it was only understandable that it was trying to reassert itself. However, in the 1990s China was increasingly portrayed as an emerging political and economic superpower which behaved aggressively towards its neighbours and oppressed its national minorities and non-Han cultures. This caused the traditional positive view of China among broad segments of the media, the political circles and also the population to change so that sympathy was increasingly directed towards the perceived objects of Chinese oppression and domination such as Taiwan and Tibet. This was not only the result of events in China in 1989, but was also linked to what appears to be a new assertiveness in Danish foreign policy.

Following the fundamental changes at the end of the Cold War, Denmark has increasingly shed itself of its ‘small-state syndrome’ and has instead adopted a foreign policy stance characterized by ‘active internationalism’.

This entails a focus on international norms such as respect for human rights, democratization, and the principles of international law.
strengthened the normative elements in Denmark’s foreign policy towards China. In short, the current policy line towards China is a logical outcome of the basic change in Danish foreign policy that took place around 1989 with the collapse of the Soviet bloc and the end of the Cold War. Therefore the damage caused by Tiananmen will not be easily repaired. Other European countries, especially the major EU countries such as France and Germany, which are conducting their diplomacy in accordance with more pragmatic policy considerations, have had less difficulties in resuming normal relations. Here Denmark perhaps for once is closer to the American position with its strong focus on basic and universal human rights values.
APPENDIX 1

CHRONOLOGY OF HIGH-LEVEL VISITS AND MAJOR EVENTS IN RELATIONS BETWEEN PEOPLE’S REPUBLIC OF CHINA AND DENMARK, 1949–95

9 January 1950        Denmark recognizes the People’s Republic of China
11 May 1950           Denmark and China establish diplomatic relations
18 February 1956      Denmark and China upgrade diplomatic representation to ambassador level
1 December 1957       Trade and payments agreement signed
February 1965         Visit by Minister of Trade Lars P. Jensen
October 1971          Visit by Vice-Minister of Foreign Trade Zhou Huamin
March 1972            Visit by Minister of Trade Erling Jensen
15–18 May 1973        Visit by Foreign Minister K.B. Andersen
18 May 1973           Air transport agreement signed
September 1973        Visit by Vice-Minister for the First Ministry of Machine Building Zhou Zijian
18–26 October 1974    Official visit by Prime Minister Poul Hartling
21 October 1974       Sea shipping agreement signed. Letter exchanged on the establishment of a China–Denmark Mixed Committee for the development of bilateral trade and economic relations
March 1976            Visit by Minister of Trade Ivar Nørgaard
May 1977              Visit by Minister of Communication Ye Fei
September 1977        Visit by Minister of Social Affairs Eva Gredal
April 1978            Visit by Minister of Transportation Kjeld Olesen
May 1978              Visit by Vice Prime Minister Gu Mu
December 1978         Visit by Minister of Education Ritt Bjerregaard
12–21 September 1979  Visit by Queen Margrethe II and Prince Henrik; accompanied by Foreign Minister Henning Christiansen
14 September 1979     First long-term agreement on economic and technological co-operation signed
26 Sept.–2 Oct. 1979  Visit by Deputy Prime Minister Wang Renzhong
May 1980              Visit by Minister of Trade Ivar Nørgaard
16–19 May 1980        Visit by Foreign Minister Huang Hua
September 1980        Visit by Minister of Culture Lise Østergaard
<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oct.–Nov. 1980</td>
<td>Visit by Minister of Labour Sven Auken</td>
</tr>
<tr>
<td>May 1981</td>
<td>Visit by Minister of Environment Erik Holst</td>
</tr>
<tr>
<td>2–7 June 1981</td>
<td>Visit by Chinese parliamentary delegation led by Xi Zhongxun, Vice-Chairman of National People’s Congress’ Standing Committee</td>
</tr>
<tr>
<td>19–23 October 1981</td>
<td>Visit by Prime Minister Anker Jørgensen</td>
</tr>
<tr>
<td>22 October 1981</td>
<td>Agreement on co-operation in science, education, and culture signed in Peking</td>
</tr>
<tr>
<td>19 April 1982</td>
<td>An agreement on Denmark extending interest-free loans of DKK 125 million to China</td>
</tr>
<tr>
<td>12 October 1982</td>
<td>A medical and biological co-operation agreement signed in Peking</td>
</tr>
<tr>
<td>March 1983</td>
<td>Visit by Minister of Cultural Affairs Mimi Stilling-Jacobsen</td>
</tr>
<tr>
<td>July 1983</td>
<td>Visit by Minister of Industry Ib Stetter</td>
</tr>
<tr>
<td>13–22 August 1983</td>
<td>Visit by a Danish parliamentary delegation</td>
</tr>
<tr>
<td>September 1983</td>
<td>Visit by Minister of Public Security Li Fuzhi.</td>
</tr>
<tr>
<td>November 1983</td>
<td>Visit by Minister of Education He Dongchang.</td>
</tr>
<tr>
<td>November 1983</td>
<td>Visit by Minister of Environment Christian Christensen</td>
</tr>
<tr>
<td>1 May 1984</td>
<td>An agreement on 1984–87 economic co-operation involving co-operation on 25 projects and mixed Danish loans of DKK 1,000 million signed in Copenhagen</td>
</tr>
<tr>
<td>8–10 June 1984</td>
<td>Visit by Prime Minister Zhao Ziyang, the first by a Chinese head of government</td>
</tr>
<tr>
<td>August 1984</td>
<td>Visit by Minister of Taxation Isi Foighel</td>
</tr>
<tr>
<td>August 1984</td>
<td>Visit by Minister of Education Bertel Haarder</td>
</tr>
<tr>
<td>28 April–4 May 1985</td>
<td>Visit by Foreign Minister Uffe Ellemann-Jensen</td>
</tr>
<tr>
<td>29 April 1985</td>
<td>An agreement on Denmark extending loans to China and an agreement on encouraging and mutually protecting investments and a protocol on scientific and technological co-operation signed in Peking</td>
</tr>
<tr>
<td>May 1985</td>
<td>Visit by Minister of Construction and Environmental Protection Rui Xingwen</td>
</tr>
<tr>
<td>23–30 March 1986</td>
<td>Visit by Prime Minister Poul Schlüter</td>
</tr>
<tr>
<td>26 March 1986</td>
<td>An agreement on the avoidance of double taxation on incomes and prevention of tax evasion, an agreement</td>
</tr>
</tbody>
</table>
on medical and biological co-operation programme, and an agreement on seed development projects signed in Peking

20–22 May 1986 Visit by Vice Prime Minister and Foreign Minister Wu Xueqian
May–June 1986 Visit by Chinese parliamentary delegation led by Rong Yiren
August 1986 Visit by Minister of Housing Thor Pedersen
June 1987 Visit by Minister of Industry Niels Wilhjelm
March 1988 Visit by Director of Bank of China Wang Dezhang
October 1988 Visit by Minister of Agriculture Laurits Tørnæs
January 1989 Visit by Prince Henrik
February 1992 Visit by Minister of Industry and Energy Anne Birgitte Lundholt
4–8 June 1992 Visit by Vice Prime Minister Tian Jiyun and economic delegation

22–25 November 1992 Visit by Vice Prime Minister Zhu Rongji
August 1993 Visit by Minister of Finance Mogens Lykketoft
August 1993 Visit by the Financial Committee of the Folketing
September 1993 Visit by Minister of Housing Flemming Kofoed-Svendsen
17–22 October 1993 Visit by Foreign Minister Niels Helveg Petersen
21–26 November 1993 Visit by Chinese parliamentary delegation
March–April 1994 Visit by the Foreign Policy Council of the Folketing
May 1994 Visit by Chairman of the Chinese Political Consultative Conference Li Ruihuan
June 1994 Visit by Trade and Industry Committee of the Folketing
June 1994 Visit by Minister of Environment Svend Auken
June–July 1994 Visit by Vice Prime Minister and Minister of Economics Marianne Jelved
October 1994 Visit by Vice Prime Minister Zou Jiahua
March 1995 Prime Minister Li Peng takes part in the UN Social Summit in Copenhagen
April 1995 Visit by Minister of Agriculture Henrik Dam Kristensen
October 1995 Visit by Minister of Transportation Jan Trøjborg
September 1995 Novo Nordisk invests USD 200 million in building a factory in Tianjin
January 1996 Visit by Minister of Environment Svend Auken
CHINA AND DENMARK

August 1996  Visit by a group of conservative politicians led by Hans Engell
Aug.–Sept. 1996  Visit by Foreign Minister Niels Helveg Petersen
May 1997  Visit by Minister of Education Ole Vig Jensen
February 1998  Visit by Vice-Premier Li Lanqing
April 1998  Visit by Minister of Development Poul Nielsen
June 1998  Visit by Minister of Social Affairs Karen Jespersen
June 1998  Visit by Peking’s Mayor Jin Qinglin
August 1998  Visit by the Foreign Policy Committee of the Danish Parliament
APPENDIX 2

CHINESE DIPLOMATIC REPRESENTATIONS ACCREDITED IN KINGDOM OF DENMARK

1950–55  Geng Biao
1955–56  Chai Zhengwen
1956–61  Zhang Weizhi
1961–63  Wang San
1963–66  Ke Bainian
1971–77  Yue Liang
1978–82  Qin Jialin
1982–84  Ding Xuesong (the only woman so far)
1984–87  Chen Luzhi
1897–91  Zhang Longhai
1991–97  Zhang Yaowen
1997–     Yang Hexiong
APPENDIX 3

DANISH DIPLOMATIC REPRESENTATIONS ACCREDITED TO THE PEOPLE’S REPUBLIC OF CHINA

1946–53 Alexis Mørch
1953–59 Aage Gregersen
1959–62 Hans Bertelsen
1962–65 Anker Svart
1965–68 Troels Oldenburg
1968–72 J. Stenbæk Hansen
1972–76 Janus Paludan
1976–80 Kjeld Mortensen
1980–83 Rudy Thorning-Petersen
1983–86 Flemming Hedegaard
1986–91 Arne Belling
1991–95 William Friis-Møller
1995– Christopher Bo Bramsen
NOTES


3 On this point see Shambaugh, China and Europe.


5 Kapur, China and Europe, p. 10.

6 The editorial made a distinction between a first and a second intermediate zone. The first intermediate zone was composed of independent countries and those striving for independence in Asia, Africa and Latin America. The second consisted of Canada, capitalist countries in Oceania and the whole of Western Europe. ‘Quan shijie yiqie fandui mei diguo zhuyi de liliang lianhe qilai’ [All the world’s forces opposing US imperialism, unite!], editorial, Renmin Ribao, 21 January 1964.


8 Deng Xiaoping’s speech to the Sixth Session of the UN General Assembly (10 April 1974) in Peking Review, No. 16, 1974, pp. 6–10.

9 The theoretical justification for the anti-Soviet line is elaborated in a major article in Renmin Ribao Editorial Department, ‘Mao zhuxi guanyu sange shijie huafen de lilun shi dui Makesi Liening zhuyi de zhongda gongxian’ [Chairman Mao’s theory of the differentiation of the three worlds is a major contribution to Marxism-Leninism], Renmin Ribao, 1 November 1977.


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23 Ibid., p. 7.


26 Ibid., p. 94.


31 Han, *Diplomacy of Contemporary China*, p. 15


34 *Udenrigsministeriets Kalender* [The Calendar of the Danish Foreign Ministry].

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36 Geng Biao was the first and most senior Chinese politician to represent his country in Scandinavia. He was a Long March military veteran and in 1982–87 a member of the Politbureau of the Chinese Communist Party. For many years he also held leading positions within the top military organs of the CCP, including the Military Commission of the Central Committee of the CCP.


38 I have elsewhere discussed Denmark’s recognition of the PRC as well as Denmark’s position on the UN question. See Kjeld Erik Brødsgaard, ‘The ROC and the United Nations from a Scandinavian Perspective’, in Marie-Luise Näth (ed.), *The Republic of China on Taiwan in International Politics*, Frankfurt am Main: Peter Lang, 1998, pp. 131–146.


42 Ibid., p. 111.


44 Aktuelt, 9 August 1967.


46 Ibid., 23 August 1967.


50 People’s Daily Editorial, ‘Relie huanying guibing fangwen’ [Warmly welcome the visit of Danish distinguished guest], *Renmin Ribao*, 18 October 1974.

51 Renmin Ribao, 18–22 October 1974.


53 Information, 5 November 1981.


55 Notat, Udenrigsministeriet [Note, Danish Foreign Ministry], 11 September 1978.

56 For the Danes a number of reasons facilitated the decision to respond favourably to the Chinese approach. First a benign Danish attitude would seem to be in accordance with the decision to expand Sino–Danish relations across the board reached at Gu Mu’s visit in May 1978. Second, it was thought that it would further the efforts of Danish business to penetrate the Chinese market if there existed in China a group of well-educated influential Chinese with a thorough knowledge of Denmark and Danish know-how and therefore it was in Denmark’s interest to welcome Chinese students. Third, it was the assumption that if Denmark alone of the countries China had approached showed an unco-operative attitude it would have an adverse effect on the good relationship that had developed between the two countries. See ibid.

57 The agreement does not exist in the form of a document formally signed by the two parties. Available in the archives of the Danish Ministry of Foreign Affairs are
only 'Minutes (tentative and informal)' from a meeting held between the Danish
and Chinese Ministers of Education, Ritt Bjerregaard and Liu Xiyao, in Peking on
9 December 1978, and the minutes of the Danish ambassador to China, Kjeld
Mortensen, also dated 9 December 1978.

58 Renmin Ribao, 12–16 September 1979.
59 'Hendes Majestæt Dronningens tale ved den kinesiske statsbanket i Peking onsdag d.
12. november 1979' [Her Majesty the Queen’s speech at the Chinese state banquet in
Peking, Wednesday 12 November 1979], photocopy. By courtesy of Claus Seiden.
60 'Vice-Premier Li Xiannian’s Speech at the Banquet in Honour of Her Majesty Queen
Margrethe II of Denmark and His Royal Highness Prince Henrik, 12 September
1979', photocopy. By courtesy of Claus Seiden.

61 Politiken, 15 September 1979.
62 ‘Udenrigsminister Henning Christophersens tale efter underskrivelsen af den dansk-
kinesiske aftale om økonomisk og teknisk samarbejde i Peking den 14. september
1974’ [The speech of Foreign Minister Henning Christophersen after the signing
of the Danish–Chinese agreement on economic and technical cooperation in
Peking 14 September 1974], photocopy. By courtesy of Claus Seiden.

63 Politiken, 23 May 1978.
64 Information, 23 May 1978.
65 See, for example, Xinhua News Agency Bulletin, 11 February, 31 March, 9 and 20 April,
26 and 27 May, 6 July, 31 August, 4 November, 16 and 17 December 1983; 13
February, 27 and 31 March, 17 April, 4 and 20 May, 1984.
66 Information, 5 November 1981.
67 Xinhua News Agency Bureau, 10, 17, 19, 20–22, 24, 27–29 October, and 2, 5, and 7
68 ‘Notat til ministeren om samarbejde med den kinesiske folkerepublik’ [Note to the
Minister concerning co-operation with the People’s Republic of China], 24 August
1982.
69 See ‘Bekendtgørelse af aftale af 22. oktober 1981 med den Kinesiske Folkerepublik
om program for videnskabeligt, uddannelsesmæssigt og kulturelt samarbejde [Notice of
agreement of 22 October with the People’s Republic of China on programme of
scientific, educational and cultural co-operation], Udenrigsministeriet [The Foreign
Ministry], 22 March 1982.
70 Technically the two parties did not sign an agreement but a cooperation programme
to be renegotiated every third year.
71 The Danish party proposed to send a group of Danish researchers to conduct field
work in forest areas in Southern China. It was decided to discuss the project separately
through diplomatic channels. However, it never materialized since the relevant Chi-
nese authorities would not authorize the trip.
74 Guoji Wenti Yanjiu [Research on foreign affairs], No. 4, 1985, p. 55; Politiken, 5 May
1985.
76 Guoji Wenti Yanjiu, No. 3, 1986, p. 57; Renmin Ribao, 24–25 March 1986; Berlingske
Tidende, 30 March 1986.
77 Xinhua News Agency Bureau, 6 September 1983.
78 Børsen, 29 May 1986.
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79 Berlingske Tidende, 22 May 1986.
80 Renmin Ribao, 24 May 1986.
82 Kina Information [China Information], nr. 3, 1984.
83 Renmin Ribao, 8–11 June 1984.
85 Ibid., p. 184.
87 For example in 1990: Tong Zengyin, Deputy Director, Bank of China (May); Gu Yongjiang, adviser to the minister of External Economic Cooperation and Trade (June); Lin Cai, Deputy Minister of Chemicals Industry (July); Ma Hong, Director of the Government Development Centre (November); Qu Geping, Director of the Government Natural Environment Protection Agency (November); 1991: Deputy Ministers Tian Zengpei (foreign affairs), Si Dazhen (energy), Chen Yaobang (agriculture) and Zhang Zhijian (civil affairs), and Chang Chungyi, Deputy Chairman of Family Planning Committee (all in June); Wang Zhanuo, Deputy Minister, Ministry of Transport (September); Qu Geping (October); Liu Deyu, Deputy Minister, Ministry of Culture (October).
88 Zhongguo Waijiao Gailan 1992, p. 266.
91 Zhongguo Waijiao 1997 [China’s international relations 1997], p. 457.
92 E.g. 1995: Jie Zhenhua, Vice-Director, State Environmental Bureau (February); Yuan Mu, Director of the State Council’s Research Office (March); Liu Suinian, Vice-Chairman of the Financial Committee of the National People’s Congress (March); Chen Haosh, Vice-Chairman of the Chinese Friendship Association (April); Sun Kuiwen, Vice-Governor Of Heilongjiang Province (July); Li Bingliang, Vice-Chairman of the Party Committee of Hebei Province (July); Yang Chonghou, Vice-Chairman of the Party Committee of Sichuan Province (July); Liu E, Vice-Governor of Anhui Province (July-August); Du Yijin, Vice-Governor of Anhui Province (August); Zhang Faqiang, Vice-Chairman, State Sports Commission (August); Zhou Deqiang, Vice-Minister of Post and Telecommunication (August-September); Wu Yixia, Vice-Minister of Agriculture (September); Liu Guangcai, Vice-Chairman, Anhui National People’s Congress (October); Yu Xingde, Vice-Governor of Jiangsu Province (October); Gan Ziyue, Vice-Chairman, State Planning Commission (November).
96 Ibid.
98 ‘Guanyu guoji gongchan zhuyi yundong zong luxian de jianyi – Zhongguo gongchan-dang zhongyang weiyuanhui dui Sulian gongchandang zhongyang weiyuanhui 1963 nian san yue lai de fuxin’ [A proposal concerning the general line of the inter-


100 *Renmin Ribao*, 7 August 1977.


105 ‘Speech by General Secretary Hu Yaobang at the Banquet in Honour of Chairman Willy Brandt (Beijing, May 29, 1984)’, *Foreign Affairs China*, Vol. IV, No.3, September 1984, pp. 1–3.


107 The first two representatives listed held the title of envoy. The rest were ambassadors.
Trade and Economic Relations between Denmark and China 1949–97

Kjeld Erik Brødsgaard

This chapter addresses the issue of trade and economic relations between Denmark and mainland China during the period 1949–97. The intention is to analyse the volume and distribution of trade over the years. What is the size of trade in different periods and how is the trade made up? Also the channels and forms of trade will be addressed. What are the agreements and policies governing trade and economic relations and who are the main actors? This requires a survey of the main Danish companies involved in trade with the People’s Republic of China and how they have managed to penetrate the Chinese market, as well as a discussion of the role of the Danish state in promoting trade. The role of the state is particularly relevant in the 1980s when the Danish government decided to support the development process in mainland China by offering a number of advantageous loan packages in the form of interest-free Danish state loans backed with export credits. In order to put Danish–Chinese trade in perspective we shall first attempt to sketch the broad tendencies and dynamics in mainland China’s trade relations with the outside world with the focus on Sino–EU trade relations.

China’s Economic Development and Foreign Trade since 1949

Like other developing socialist countries after the end of the Second World War, the PRC copied the Soviet development strategy. In terms of foreign trade this involved adopting an import substitution strategy. Efforts were concentrated on developing the indigenous capacity to produce the manufactured goods China initially had to acquire through imports. Production was oriented towards the domestic market and exports were perceived not as an end in itself but as a means of financing imports. Thus imports of producer goods or capital equipment were designed to reduce reliance on foreign trade rather than at improving China’s competition position in the world market. The Chinese minister of foreign trade summed up the policy in 1955 when he said: ‘Export is for import and import is for the country’s industrialization.’
In the 1950s the PRC’s foreign trade was characterized by a heavy dependence on the Soviet Union. Trade with the Soviet Union was essential for the economic take-off of the 1950s, giving China access to both capital goods and industrial raw materials such as petroleum and metals. China paid for these imports with agricultural and mineral products and consumer goods.\textsuperscript{4} In terms of value trade with the Soviet Union (and Eastern Europe) constituted about half of the PRC’s total foreign trade over the decade.\textsuperscript{5} As part of copying the Soviet development strategy the PRC also borrowed its system of foreign trade from the Soviet Union. This was a system where the state’s tight control over imports and exports was exercised through a handful of state trading corporations which had monopoly on trading with the outside world.

Table 10.1: Direction of PRC Foreign Trade (percentage of total)\textsuperscript{*}

<table>
<thead>
<tr>
<th>Year</th>
<th>Japan</th>
<th>Hong Kong</th>
<th>Soviet Union</th>
<th>USA</th>
<th>Western Europe\textsuperscript{†} (EU)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1958</td>
<td>2.9</td>
<td>7.4</td>
<td>41.2</td>
<td>0.0</td>
<td>16.5 (11.2)</td>
</tr>
<tr>
<td>1959</td>
<td>0.6</td>
<td>5.1</td>
<td>51.9</td>
<td>0.0</td>
<td>14.2 (9.5)</td>
</tr>
<tr>
<td>1960</td>
<td>0.6</td>
<td>6.3</td>
<td>45.7</td>
<td>0.0</td>
<td>17.4 (10.6)</td>
</tr>
<tr>
<td>1961</td>
<td>1.9</td>
<td>8.0</td>
<td>37.4</td>
<td>0.0</td>
<td>15.5 (8.0)</td>
</tr>
<tr>
<td>1962</td>
<td>4.3</td>
<td>11.4</td>
<td>37.5</td>
<td>0.0</td>
<td>11.7 (9.7)</td>
</tr>
<tr>
<td>1963</td>
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<td>18.2</td>
<td>20.6</td>
<td>0.0</td>
<td>25.1 (16.0)</td>
</tr>
<tr>
<td>1964</td>
<td>16.0</td>
<td>16.6</td>
<td>12.8</td>
<td>0.0</td>
<td>22.1 (12.5)</td>
</tr>
<tr>
<td>1965</td>
<td>19.0</td>
<td>15.2</td>
<td>9.6</td>
<td>0.0</td>
<td>26.8 (17.2)</td>
</tr>
<tr>
<td>1966</td>
<td>21.3</td>
<td>15.4</td>
<td>6.6</td>
<td>0.0</td>
<td>30.0 (19.7)</td>
</tr>
<tr>
<td>1967</td>
<td>20.2</td>
<td>13.9</td>
<td>2.7</td>
<td>0.0</td>
<td>36.7 (25.4)</td>
</tr>
<tr>
<td>1968</td>
<td>19.4</td>
<td>12.9</td>
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<td>0.0</td>
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<tr>
<td>1969</td>
<td>20.6</td>
<td>13.2</td>
<td>1.4</td>
<td>0.0</td>
<td>29.3 (26.0)</td>
</tr>
<tr>
<td>1970</td>
<td>25.2</td>
<td>12.8</td>
<td>1.6</td>
<td>0.0</td>
<td>28.6 (24.2)</td>
</tr>
<tr>
<td>1971</td>
<td>25.9</td>
<td>14.2</td>
<td>3.1</td>
<td>0.1</td>
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<td>14.8</td>
<td>4.0</td>
<td>2.2</td>
<td>24.4 (19.9)</td>
</tr>
<tr>
<td>1973</td>
<td>24.3</td>
<td>12.6</td>
<td>2.4</td>
<td>9.9</td>
<td>23.6 (17.2)</td>
</tr>
<tr>
<td>1974</td>
<td>28.4</td>
<td>9.7</td>
<td>2.1</td>
<td>8.5</td>
<td>17.8 (15.3)</td>
</tr>
<tr>
<td>1975</td>
<td>31.4</td>
<td>10.4</td>
<td>2.0</td>
<td>4.0</td>
<td>22.3 (18.6)</td>
</tr>
<tr>
<td>1976</td>
<td>27.3</td>
<td>13.1</td>
<td>3.1</td>
<td>3.1</td>
<td>22.8 (20.5)</td>
</tr>
<tr>
<td>1977</td>
<td>27.1</td>
<td>12.4</td>
<td>2.2</td>
<td>3.0</td>
<td>18.1 (14.5)</td>
</tr>
</tbody>
</table>
The Sino–Soviet split caused China’s trade with the communist world to fall sharply. As relations worsened this tendency continued in the 1960s and in 1969 trade with the Soviet Union, which had accounted for about 52 per cent of mainland China’s trade in 1959, was less than 2 per cent of the total (see Table 10.1). Instead the PRC expanded its trade relations with the West. The initial impetus came in the beginning of the 1960s, when China as a result of the disastrous Great Leap Forward had to initiate large-scale grain imports from Canada,
CHINA AND DENMARK

Australia and other Western suppliers. When the economic situation began to improve as a result of successful readjustment policies, the PRC also decided to purchase plant and technology in the West. However, in general, trade with the outside world had entered a period of stagnation and during the cultural revolution stagnation even turned into recession so that China’s trade as a percentage of GNP fell to 5.7 in 1969, compared to 10.6 ten years earlier (see Table 10.2).

Table 10.2: PRC Foreign Trade as a Percentage of GNP (billion RMB)*

<table>
<thead>
<tr>
<th>Year</th>
<th>Total trade</th>
<th>GNP†</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1950</td>
<td>4.2</td>
<td>48.9</td>
<td>8.5</td>
</tr>
<tr>
<td>1951</td>
<td>5.9</td>
<td>57.2</td>
<td>10.3</td>
</tr>
<tr>
<td>1952</td>
<td>6.5</td>
<td>67.7</td>
<td>9.6</td>
</tr>
<tr>
<td>1953</td>
<td>8.1</td>
<td>81.5</td>
<td>9.9</td>
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<tr>
<td>1954</td>
<td>8.5</td>
<td>86.0</td>
<td>9.9</td>
</tr>
<tr>
<td>1955</td>
<td>11.0</td>
<td>90.6</td>
<td>12.1</td>
</tr>
<tr>
<td>1956</td>
<td>10.9</td>
<td>101.4</td>
<td>10.7</td>
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<td>1957</td>
<td>10.5</td>
<td>104.4</td>
<td>10.0</td>
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<tr>
<td>1958</td>
<td>12.9</td>
<td>128.6</td>
<td>10.0</td>
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<td>1959</td>
<td>14.9</td>
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<td>10.6</td>
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<td>106.3</td>
<td>7.6</td>
</tr>
<tr>
<td>1963</td>
<td>8.6</td>
<td>115.0</td>
<td>7.5</td>
</tr>
<tr>
<td>1964</td>
<td>9.8</td>
<td>134.1</td>
<td>7.3</td>
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<td>1965</td>
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<td>1966</td>
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<td>182.4</td>
<td>6.9</td>
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<tr>
<td>1967</td>
<td>11.2</td>
<td>171.0</td>
<td>6.5</td>
</tr>
<tr>
<td>1968</td>
<td>10.9</td>
<td>162.7</td>
<td>6.7</td>
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<tr>
<td>1969</td>
<td>10.7</td>
<td>185.9</td>
<td>5.7</td>
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<tr>
<td>1970</td>
<td>11.3</td>
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<td>1971</td>
<td>12.1</td>
<td>238.8</td>
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<tr>
<td>1972</td>
<td>14.7</td>
<td>245.6</td>
<td>6.0</td>
</tr>
</tbody>
</table>
## Table 10.2: PRC Foreign Trade as a Percentage of GNP (billion RMB) *

<table>
<thead>
<tr>
<th>Year</th>
<th>Total trade</th>
<th>GNP†</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1973</td>
<td>22.1</td>
<td>266.6</td>
<td>8.3</td>
</tr>
<tr>
<td>1974</td>
<td>29.2</td>
<td>270.0</td>
<td>10.8</td>
</tr>
<tr>
<td>1975</td>
<td>29.0</td>
<td>287.8</td>
<td>10.1</td>
</tr>
<tr>
<td>1976</td>
<td>26.4</td>
<td>279.1</td>
<td>9.5</td>
</tr>
<tr>
<td>1977</td>
<td>27.2</td>
<td>304.1</td>
<td>8.9</td>
</tr>
<tr>
<td>1978</td>
<td>35.5</td>
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<td>1979</td>
<td>45.5</td>
<td>399.8</td>
<td>11.4</td>
</tr>
<tr>
<td>1980</td>
<td>57.0</td>
<td>447.0</td>
<td>12.7</td>
</tr>
<tr>
<td>1981</td>
<td>73.5</td>
<td>477.3</td>
<td>15.4</td>
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<tr>
<td>1982</td>
<td>77.1</td>
<td>519.3</td>
<td>14.8</td>
</tr>
<tr>
<td>1983</td>
<td>86.0</td>
<td>580.9</td>
<td>14.8</td>
</tr>
<tr>
<td>1984</td>
<td>120.1</td>
<td>696.2</td>
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<td>1985</td>
<td>206.6</td>
<td>855.7</td>
<td>24.1</td>
</tr>
<tr>
<td>1986</td>
<td>258.0</td>
<td>969.6</td>
<td>26.6</td>
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<td>1987</td>
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<td>1988</td>
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<td>1,406.8</td>
<td>27.3</td>
</tr>
<tr>
<td>1989</td>
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<td>1,599.3</td>
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<tr>
<td>1990</td>
<td>556.0</td>
<td>1,769.5</td>
<td>31.4</td>
</tr>
<tr>
<td>1991</td>
<td>722.6</td>
<td>2,023.6</td>
<td>35.7</td>
</tr>
<tr>
<td>1992</td>
<td>912.0</td>
<td>2,403.6</td>
<td>38.0</td>
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<tr>
<td>1993</td>
<td>1,127.1</td>
<td>3,447.7</td>
<td>32.7</td>
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<tr>
<td>1994</td>
<td>2,039.2</td>
<td>4,491.8</td>
<td>45.4</td>
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<td>1995</td>
<td>2,349.9</td>
<td>5,749.5</td>
<td>40.9</td>
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<td>1996</td>
<td>2,413.4</td>
<td>6,685.1</td>
<td>36.1</td>
</tr>
<tr>
<td>1997</td>
<td>2,695.9</td>
<td>7,345.3</td>
<td>36.7</td>
</tr>
</tbody>
</table>

† Note: Figures for GNP 1950–78 have been calculated by adding 15 per cent to national income figures for those years.
At the beginning of the 1970s, China’s economic relations with the outside world improved, stimulated by a diplomatic breakthrough which gained the PRC diplomatic recognition by a number of Western countries and a seat in the UN. The US trade embargo on the PRC was relaxed, enhancing the importance of the West in China’s total foreign trade. The value of trade soared from 11.3 billion RMB in 1970 to 22.1 billion RMB in 1973 (see Table 10.2). However, although trade with the outside world had increased significantly in absolute terms during the 1970s, at no point did the share of trade as a percentage of GNP exceed 10.8 per cent (1974). So what had happened was not really a change of the basis for the PRC’s foreign trade policy, which continued to be the import substitution strategy, but rather a resurgence of the pattern of the 1950s – the difference being that the PRC for political reasons directed its attention towards the West rather than the communist world in its quest for plants and technology.  

The big change in China’s foreign trade policies came in 1978–79 when China decided on economic reform (gaige) and an Open Door Policy (kaifang). Economic reform, which was first introduced in agriculture and later in industry, gave a strong impetus to economic growth and China entered a path of hypergrowth similar to those of the high-performing economies of the so-called ‘four small tigers’ Taiwan, South Korea, Singapore and Hong Kong. In the middle of the 1980s and again in 1992–93 China had record high growth rates of about 13–15 per cent and the average annual growth rate for the whole period of 1979–97 amounted to almost 10 per cent. 

One of the most striking features of China’s post-Mao reform process has been the economy’s transformation from an autarkic system to one that is open to international economic forces and the world market. The new reform-oriented leadership deliberately sought to acquire foreign technology and expertise and in order to facilitate this goal passed a law on joint ventures and the creation of four special economic zones. Also the stifled and cumbersome trade bureaucracy was dismantled by a series of reforms and financial incentives to stimulate export were introduced. In the early 1980s the PRC joined the World Bank and the International Monetary Fund (IMF) and became a member of the Asian Development Bank in the middle of the 1980s. In 1986 the PRC also applied to become a member of GATT. 

All this has caused China’s foreign trade to expand dramatically. Thus the value of total trade calculated in RMB rose ninefold from 1978 to 1987 and then again from 1987 to 1997, peaking at a figure of 2,695.9 billion RMB, equivalent to 36.7 per cent of GNP – up from 11.4 per cent in 1979 (see Table 10.2). At the outset of the reform process in 1978 China was ranked as the world’s 32nd exporting nation. By 1997 China had moved up to the tenth spot and is now on the verge of overtaking such high-income economies as the Netherlands and Canada. 

The success of economic development coupled with new legislation and regulations increasingly has attracted foreign investment. In the ten-year period from the beginning of the implementation of the open door policies until
1989 the contracted value of direct foreign investment amounted to about USD 38 billion averaging about 3.8 billion per year. In the beginning of the 1990s, especially from 1992, the volume of direct foreign investment grew dramatically (see Figure 10.1). In 1992 the value of these investments amounted to USD 58 billion rising to a record high of USD 111 billion in 1993, of which USD 27.5 billion actually were utilized. To be sure, contracted direct foreign investment had decreased to USD 51 billion in 1997, but the amount of pledged capital actually used increased to a record high of USD 45.3 billion.13 There are now 235,681 ‘foreign-funded enterprises’ (enterprises with foreign participation) in China.14 Their contribution to China’s export rose from less than 1 per cent in 1984 to about 40 per cent in 1997. On the import side, the impact of foreign investment enterprises is even more pronounced with an import share of 55 per cent in 1997.15 China has truly changed its strategy from import substitution to an outward-looking strategy linking the Chinese economy to the world economy.

**Figure 10.1:** Contracted foreign direct investment 1990–97 (in billion USD)

China–EU Trade and Economic Relations

As mentioned above, trade between Europe and China benefited from the Sino–Soviet break which caused the PRC to look for alternative trading partners. Due to an effective trade embargo the United States was not available, but Western Europe was not hindered by the same obstacles and in fact quite
ready to expand relations. The consequence was that Sino–West European trade soared to about a third of total Chinese trade in the mid-1960s (see Table 10.1). Since then the relative size of Sino–European trade has decreased. In the mid-1970s Japan replaced Western Europe as China’s principal trading partner and in the 1980s trade with Hong Kong also superseded Sino–European trade.

Sino–West European trade (which, with the admission of Finland, Sweden and Austria to the EU in 1994 is in effect almost identical with Sino–EU trade) has diminished in recent years in the percentage it holds of China’s overall trade. In spite of this, it is still sizeable seen from a Chinese perspective. According to Chinese sources the two-way trade in 1997 amounted to USD 45.43 billion, which equals 14 per cent of China’s total foreign trade (see Table 10.1).16

Seen from a European perspective trade with China is relatively less important. EU exports to China have only a share of 2.3 per cent of total EU exports to the outside world. Thus China is only ranked number nine among the EU’s most important export destinations, behind smaller countries and economies such as Hong Kong (2.8 per cent), Turkey (3.1 per cent), and Norway (3.2 per cent). However, as to imports China is the EU’s fourth largest trading partner with a share of extra-EU imports of 5.6 per cent. Thus China is still trailing Switzerland but is ahead of Norway. In comparison China only ranked 25 among the EU’s external suppliers in 1980 with a share of 0.7 per cent of total imports.17

Concerning the composition of trade, PRC exports to the EU comprise mainly manufactured goods such as textiles, clothing, toys, leather goods, and footwear. Manufactured consumer goods constituted 65.4 per cent of PRC export to the EU in 1994, down from 68.1 per cent in 1993. Next comes machinery and transport equipment, with a share of 21 per cent, up from 18.7 per cent in 1993. There is also some export of raw material and chemical products. As for EU exports to China the main items continue to be machinery, both mechanical and electrical, transport equipment, and nuclear reactors, which amounted to 73.2 per cent of total export to China in 1994. Another relatively important area for EU export is miscellaneous manufactured goods (14.9 per cent).

Certainly the EU still remains an important trading partner for mainland China. However, for European policy makers and businessmen there are some worrying tendencies. One is that the European share of total Chinese external trade appears to be stagnating. In fact Europe has lost its position as the third largest trading partner of the PRC to the United States, which continues to expand its trade with Peking (see Table 10.1). A second worrying factor is the growing EU trade deficit with China. The EU enjoyed a positive trade balance between 1983 and 1987. However, since 1988 the situation has changed significantly (see Table 10.3). Mainland China could register a trade surplus that year, and from then until 1991 the surplus has grown rapidly every single year, reaching a temporary peak in 1992 with a trade deficit of ECU 9.931 billion. 1993 showed a reversal of the trend leading to the first reduction of the EU trade deficit vis-à-vis China since 1988. But in 1994 China’s bilateral trade surplus with the EU started to grow again, peaking at ECU 20.9 billion in 1997.18
In the field of direct foreign investment the performance of the EU also presents a mixed picture. In the 1980s the EU’s relative share of total foreign investment in the PRC amounted to about six per cent making the EU the PRC’s fourth-largest investor next to Hong Kong, the United States and Japan.\textsuperscript{19} Since then the EU has been lagging behind not only Hong Kong, the United States and Japan, but also Taiwan with a share of around four per cent, which is lower than the EU’s share in other emerging markets. In the period 1979 to 1993 EU companies pledged USD 6.92 billion and actually invested USD 2.4 billion in some 2,700 projects.\textsuperscript{20} This is less than half the investment used by either US or Japanese companies. In 1996 EU countries invested USD 2.74 billion, which amounted to 6.6 per cent of total foreign direct investment in China. However not only Hong Kong, but also Japan the US and Taiwan registered higher shares of foreign direct investment.\textsuperscript{21} In 1997 utilized investment increased to USD 4.2 billion turning the EU into the PRC’s third largest investor next to Hong Kong and Japan.\textsuperscript{22}

The comparatively poor record of direct EU investment in China coupled with an export performance, which was stagnating from 1985 to 1992 and only

<table>
<thead>
<tr>
<th>Year</th>
<th>EU Import</th>
<th>EU Export</th>
<th>EU Balance</th>
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<tbody>
<tr>
<td>1985</td>
<td>3,936</td>
<td>7,181</td>
<td>3,245</td>
</tr>
<tr>
<td>1986</td>
<td>3,223</td>
<td>6,533</td>
<td>2,316</td>
</tr>
<tr>
<td>1987</td>
<td>5,239</td>
<td>5,533</td>
<td>2,946</td>
</tr>
<tr>
<td>1988</td>
<td>7,539</td>
<td>5,801</td>
<td>-1,204</td>
</tr>
<tr>
<td>1989</td>
<td>9,148</td>
<td>6,372</td>
<td>-2,276</td>
</tr>
<tr>
<td>1990</td>
<td>10,587</td>
<td>5,271</td>
<td>-5,316</td>
</tr>
<tr>
<td>1991</td>
<td>14,972</td>
<td>5,605</td>
<td>-9,367</td>
</tr>
<tr>
<td>1992</td>
<td>16,783</td>
<td>6,852</td>
<td>-9,931</td>
</tr>
<tr>
<td>1993</td>
<td>19,538</td>
<td>11,392</td>
<td>-8,236</td>
</tr>
<tr>
<td>1994</td>
<td>23,002</td>
<td>12,475</td>
<td>-10,527</td>
</tr>
<tr>
<td>1995\textsuperscript{†}</td>
<td>26,340</td>
<td>14,689</td>
<td>-11,650</td>
</tr>
<tr>
<td>1997</td>
<td>37,294</td>
<td>16,421</td>
<td>-20,873</td>
</tr>
</tbody>
</table>

\textsuperscript{*} Source: Eurostat External Trade.
\textsuperscript{†} Starting with 1995, EU statistics also include Sweden, Finland, and Austria.
began to improve in 1992 has clearly worried European policy makers and business executives and initiatives are underway to improve the infrastructural conditions of bilateral economic and trade relations.

In general trade between the EU and the PRC is governed by an Agreement on Trade and Economic Co-operation signed on 22 May 1985. The agreement covers a wide area of co-operation in industry, agriculture, mining, energy and environment protection, science and technology, transport and communication, etc. The agreement provides a framework for exchange of economic information and for EU-sponsored seminars and training programme to assist and develop Chinese expertise in areas of environment, law, management, industry, economics and telecommunications. The EU–China Joint Committee, which was formed in 1978 to oversee the functioning of the first trade agreement, is also used to review and initiate cooperative programmes. Trade and investment matters are reviewed by specialized joint committees. For example, a Joint Working Group on Economic and Trade Affairs was convened in 1993 and meets annually to discuss matters relating to trade and economic co-operation and has also organized a number of sectoral meetings on financial services, intellectual property, and agriculture. There is also a joint committee on industrial co-operation which meets regularly.

Since the 1980s EU and China have deepened co-operation on financial and technical assistance. In 1993, for example, the first phase was completed on dairy projects aimed at producing milk in 20 Chinese cities and it was decided to initiate phase two in 1995. In 1997 it was decided to establish two working groups, the Energy Working Group and the Information Technology Working Group, under the auspices of the Joint Committee. In 1994 the two sides signed an agreement to establish a China–EU International Business Administration Institute in Shanghai involving EU investment of about ECU 15 million. In November 1996 the first graduates finished their studies and the second batch graduated in 1997. In terms of personnel training the EU has also been engaged in training fifteen simultaneous interpreters for China on a yearly basis.

As to financial co-operation EU countries have regularly provided China with government financing. In 1997, for example, eleven out of the fifteen EU countries extended China government loans totalling USD 730 million, which accounts for 27.4 per cent of total government financing provided for China by foreign governments, international organizations and policy-related banks such as the World Bank.

In spite of these mechanisms and fora to promote trade and economic interaction Europeans continued to have a feeling that European businesses were lagging behind in Asia in general and in China in particular. Asians for their part increasingly came to regard Europe as inward looking and the EU integration process was seen as an attempt to build a Fortress Europe.
LONG-TERM POLICY FOR CHINA–EU RELATIONS

In order to counter these notions and to work out an overarching framework defining the role of Asia in the EU’s external relations, the EU Commission in July 1994 put forward a document with a more explicit trade strategy vis-à-vis the Asian region. The EU’s new Asia strategy was based on a growth prognosis which envisions that in the year 2000 half of total growth in the world economy would take place in East and Southeast Asia. As a consequence by the year 2000 about a billion of the population in this area would have a significant buying power and 400 million of these would even have an average income equal to, if not higher than, the level of the average citizen of Europe and the United States. According to the Commission such a scenario made it imperative for the EU to assign Asia and Asian affairs higher priority than hitherto had been the case. In fact, the Union had to act as quickly as possible to expand its economic activities in Asia in order to secure its leading role in the world economy. There was tough competition not only from Japan and the United States, but also from companies originating from the area’s newly industrializing economies such as South Korea and Taiwan, and the EU stood to lose the race to be part of the East Asian economic miracle and therefore had to take proper action.

In 1995 the EU’s Asia initiative was followed by a specific China initiative entitled ‘A Long-Term Policy for China–Europe Relations’. This is a programmatic document which seeks to chart a long-run course for EU–China relations into the 21st century. As mentioned in Chapter 9, the document takes its point of departure in the realization that ‘Europe’s relations with China are bound to be a cornerstone in Europe’s external relations, both in Asia and globally’. Although it explicitly declares that it redefines EU’s relationship with China, in the spirit of the ‘new Asian strategy’ endorsed by the Essen European Council, it places less emphasis on political and diplomatic matters and concentrates on China’s economic growth and the potential European trade and investment opportunities. The document underlines China’s growing regional and global importance, observing that on the basis of purchasing power parities (PPP) the Chinese economy already is similar in size to Japan and second only to the US. Extrapolating recent growth rates leads to the forecast that China will have become the biggest world economy in a generation’s time. In fact, the ‘rise of China is unmatched amongst national experiences since the Second World War’. Also, ‘Japan has made its mark as an economic power, the Soviet Union survived essentially as a military power’. But the remarkable thing about China is that it is increasingly strong in both the military–political and the economic spheres. Faced with this fact the Commission argues for a strategy of ‘constructive engagement’ to sustain a ‘comprehensive, long-term bilateral dialogue’ and proposes a number of concrete steps to be taken to improve EU–China trade and economic co-operation.

Clearly, the interests at stake are not only shared interests in global and regional stability, but also a realization on the part of the EU that in order for
European industry to remain globally competitive, the EU must be present on the world’s most dynamic markets. China is now the EU’s fourth largest market and third largest external supplier. China’s market is about to become the largest in the world in many high-tech sectors, including telecommunications, computers, and the aircraft industry. An active role for the EU in such a market where the US and Japan are already fiercely competing is deemed essential by the EU Commission. In short there is every economic reason why a greater EU presence in the Chinese market is imperative. This is spelled out very clearly in the EU Commission’s latest policy document on China from March 1998 which concurs with the forecast of the World Bank that China will become one of the top three traders of the world by 2020.

Summing up Sino–European relations in the post-1949 period one must conclude that trade and economic co-operation have played an important role. At times Europe has taken up as much as a third of Chinese external trade. Although this share has diminished in recent years, the value of trade has actually increased reaching a peak in 1997 of ECU 53.7 billion. However, it also appears that there has been an important political dimension to the Sino–European trade relationship. Thus the significant expansion of trade in the late 1960s was caused by the Chinese attempt to find trading partners other than the Soviet Union, with whom China was on the verge of full-scale war. Similarly, the relative decrease in the volume of Sino–European trade in the 1970s was not only related to an expansion of Sino–Japanese trade but also to the resumption of Sino–US trade made possible by the Nixon–Mao rapprochement of 1971 to 1972 and the establishment of Sino–US diplomatic relations in January 1979. A third example of the political dimension of trade is provided by the EU’s recent China initiative. Here it is stated quite unequivocally that although the PRC does not observe internationally accepted standards of behaviour on the human rights issue, the EU should deepen its relationship with China. This is not only because China provides the EU with an important market, but also because the EU regards the PRC as a major world actor with whom the EU, which perceives itself as another major world actor, must have a stable and predictable relationship. China, for its part, is interested in diversifying its global trade in order to prevent it from becoming too dependent on the US with whom China experiences frequent trade frictions, or on Japan, which the Chinese still have not forgiven for its occupation of China during the Second World War.

Although the EU Commission might wish to lay out the policies of the EU towards China, the EU is composed of a number of member states with their own national backgrounds and their own bilateral relations with the PRC. Denmark for example was one of the first Western countries to recognize the PRC, and was therefore able to develop an early trade relationship with the new regime. Danish trade has in general benefited from the goodwill earned by the early recognition and from the pragmatic attitude towards China adopted by changing governments regardless of their political colour. However, as discussed in the chapter on political and diplomatic relations Danish foreign
TRADE AND ECONOMIC RELATIONS BETWEEN DENMARK AND CHINA 1949–97

Policy towards China has changed recently to a more normative attitude. Hence although EU policies and initiatives provide an important framework, Danish–Chinese trade relations are still primarily determined by bilateral factors.

TRADE RELATIONS DENMARK–CHINA

The Volume and Distribution of Trade in the 1950s

The Second World War and the civil war between the CCP and Guomindang brought trade relations between Denmark and China almost to a halt. Danish trade with China which had amounted to DKK 22.3 million fell to about DKK 2.1 million in 1947 (see Table 10.4). But although trade was sharply reduced, some trade nonetheless did take place and Danish commercial interests in China continued to be strong.35

Table 10.4: Denmark’s Trade with China, 1938–59 (in thousand DKK*)

<table>
<thead>
<tr>
<th>Year</th>
<th>Imports</th>
<th>Exports</th>
<th>Total</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1938</td>
<td>13,800</td>
<td>8,500</td>
<td>22,300</td>
<td>-5,300</td>
</tr>
<tr>
<td>1947</td>
<td>1,800</td>
<td>300</td>
<td>2,100</td>
<td>-1,500</td>
</tr>
<tr>
<td>1948</td>
<td>4,600</td>
<td>1,900</td>
<td>6,500</td>
<td>-2,700</td>
</tr>
<tr>
<td>1949</td>
<td>2,348</td>
<td>699</td>
<td>3,047</td>
<td>-1,649</td>
</tr>
<tr>
<td>1950</td>
<td>19,249</td>
<td>831</td>
<td>20,080</td>
<td>-18,218</td>
</tr>
<tr>
<td>1951</td>
<td>59,468</td>
<td>618</td>
<td>60,086</td>
<td>-58,850</td>
</tr>
<tr>
<td>1952</td>
<td>53</td>
<td>1,190</td>
<td>1,243</td>
<td>+1,137</td>
</tr>
<tr>
<td>1953</td>
<td>14,464</td>
<td>2,093</td>
<td>16,557</td>
<td>-12,371</td>
</tr>
<tr>
<td>1954</td>
<td>1,915</td>
<td>924</td>
<td>2,839</td>
<td>-991</td>
</tr>
<tr>
<td>1955</td>
<td>1,103</td>
<td>451</td>
<td>1,554</td>
<td>-652</td>
</tr>
<tr>
<td>1956</td>
<td>9,584</td>
<td>21,566</td>
<td>31,150</td>
<td>+21,566</td>
</tr>
<tr>
<td>1957</td>
<td>3,340</td>
<td>4,912</td>
<td>8,252</td>
<td>+1,572</td>
</tr>
<tr>
<td>1958</td>
<td>27,409</td>
<td>29,474</td>
<td>56,883</td>
<td>+2,065</td>
</tr>
<tr>
<td>1959</td>
<td>115,835</td>
<td>24,677</td>
<td>140,512</td>
<td>-91,158</td>
</tr>
<tr>
<td>1960</td>
<td>117,158</td>
<td>14,698</td>
<td>131,856</td>
<td>-102,460</td>
</tr>
</tbody>
</table>

245
As shown in Table 10.4, after 1949 Danish imports from China quickly regained the pre-war level, but exports hardly made any improvements. Only in 1956 did Danish exports to China begin to surpass the level of the 1930s. The considerable fluctuations in the volume of trade can be related to the development of China’s internal economy, but they are also associated with China’s focus on the Soviet Union and Eastern Europe as its principal trading partners. The 1950–51 upsurge in Danish imports is probably a reflection of Danish traders’ efforts to re-establish trade connections with China after the war and of the favourable impact of Denmark’s early recognition of the People’s Republic of China.36 The upsurge ended with a steep fall in 1952 mainly because of the Korean war trade embargo. In 1956 there was a sudden rise in Danish exports to China, causing the volume of trade to reach its highest figure since 1951. The new upswing seems to be related to the conclusion of the first major contract, technically a private deal between firms in the two countries, in February 1956. The contract was worth some DKK one million and provided for sales to China of a refrigerating plant, medical equipment and drugs and for Chinese sales to Denmark of silk, soya and pepper.37

There was another boom in 1957–59, when the volume of Danish–Chinese trade increased from DKK 8.2 million to DKK 140.5 million, an increase of 1,500 per cent. This boom appears to have been stimulated by at least three factors. First, Denmark abolished its policy of adhering to the restrictions imposed by the CHINCOM list of goods not to be exported to China when the United Kingdom in May 1957 partly relaxed the embargo. Second, the 1957 Trade and Payment Agreement facilitated trade between the two countries. Finally, it probably also played a role that the late 1950s saw the beginning of a major upswing in the Danish economy.38

In 1957 the first interstate agreement, the above-mentioned Trade and Payment Agreement was negotiated by a senior official in the Danish foreign ministry, Kield Knuth-Winterfeldt, and signed in Peking on 1 December. The provision of the agreement included most-favoured treatment in maritime transport. In March 1958 an agreement on trade marks was concluded and in December 1958 Denmark was visited by the first delegation from the Chinese foreign ministry.

Over the decade the balance of trade was in China’s favour with an accumulated surplus of DKK 156,000 million. Denmark could show a positive trade balance for four years, but only in 1956 was the surplus of major proportions (see Table 10.4).
Concerning commodities being traded, all Danish imports in 1949 consisted of oilseed products (soybeans), whereas exports mainly consisted of food and dyestuff. In 1950 oilseeds still dominated imports (75.9 per cent) and in exports the main categories were dyestuff (57 per cent) within the category of chemicals and chemical products, followed by paper products (16 per cent), food (9 per cent) and machinery and transport (6 per cent). The importance of oilseed products fell steadily during the 1950s. In 1959 the value of oilseed imports was DKK 73.4 million, accounting for almost all imports of crude oil.

Table 10.5: Composition of Danish Import from the PRC in Selected Years (in %)*

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total in DKK 1000s</td>
<td>115,835</td>
<td>68,450</td>
<td>229,069</td>
<td>2,439,249</td>
<td>4,162,078</td>
</tr>
<tr>
<td>As % of total Danish import</td>
<td>1.1</td>
<td>0.2</td>
<td>0.2</td>
<td>1.2</td>
<td>1.8</td>
</tr>
<tr>
<td>0 Food</td>
<td>8.2</td>
<td>12.8</td>
<td>14.7</td>
<td>31.5</td>
<td>5.8</td>
</tr>
<tr>
<td>1 Beverages and tobacco</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>2 Crude materials</td>
<td>71.7</td>
<td>11.2</td>
<td>4.5</td>
<td>2.3</td>
<td>0.5</td>
</tr>
<tr>
<td>3 Mineral fuels</td>
<td>0.0</td>
<td>0.0</td>
<td>2.6</td>
<td>3.2</td>
<td>0.4</td>
</tr>
<tr>
<td>4 Animal and vegetable oils</td>
<td>1.0</td>
<td>0.9</td>
<td>0.3</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>5 Chemicals and chemical products</td>
<td>1.0</td>
<td>9.5</td>
<td>13.7</td>
<td>9.9</td>
<td>5.1</td>
</tr>
<tr>
<td>6 Manufactured goods, chiefly semi-manufactured</td>
<td>11.2</td>
<td>49.9</td>
<td>34.5</td>
<td>7.4</td>
<td>8.9</td>
</tr>
<tr>
<td>7 Machinery and transport equipment</td>
<td>0.0</td>
<td>0.1</td>
<td>0.2</td>
<td>3.0</td>
<td>15.2</td>
</tr>
<tr>
<td>8 Manufactured goods, i.a.n.†</td>
<td>6.8</td>
<td>15.2</td>
<td>29.5</td>
<td>42.5</td>
<td>63.7</td>
</tr>
<tr>
<td>9 Other goods</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.1</td>
<td>0.1</td>
</tr>
</tbody>
</table>

* Source: For each year, see Danmarks vareindførsel og -udførsel [External trade of Denmark].
† Not elsewhere specified.
materials and for 63 per cent of total Danish imports from China. Other products than oilseed started to appear in import trade statistics from about 1955. In 1959 semi-manufactured goods of a value of DKK 13 million (11.2 per cent) are listed. Food and finished manufactured goods also appear on the import list with shares of 8.2 per cent and 6.8 per cent respectively (see Table 10.5).

Table 10.6: Composition of Danish Export to the PRC in Selected Years (in %) *

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total in DKK 1000s</td>
<td>24,677</td>
<td>9,731</td>
<td>121,175</td>
<td>705,771</td>
<td>1,101,182</td>
</tr>
<tr>
<td>As % of total Danish export</td>
<td>0.3</td>
<td>0.2</td>
<td>0.2</td>
<td>0.3</td>
<td>0.4</td>
</tr>
<tr>
<td>0 Food</td>
<td>0.1</td>
<td>1.3</td>
<td>0.1</td>
<td>0.7</td>
<td>1.7</td>
</tr>
<tr>
<td>1 Beverages and tobacco</td>
<td>0.0</td>
<td>0.6</td>
<td>0.2</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>2 Crude materials</td>
<td>0.0</td>
<td>0.0</td>
<td>0.6</td>
<td>0.7</td>
<td>2.1</td>
</tr>
<tr>
<td>3 Mineral fuels</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>4 Animal and vegetable oils</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>1.8</td>
</tr>
<tr>
<td>5 Chemicals and chemical products</td>
<td>87.6</td>
<td>42.2</td>
<td>8.3</td>
<td>18.6</td>
<td>12.4</td>
</tr>
<tr>
<td>6 Manufactured goods, chiefly semi-manufactured</td>
<td>0.3</td>
<td>0.1</td>
<td>0.7</td>
<td>4.6</td>
<td>2.1</td>
</tr>
<tr>
<td>7 Machinery and transport equipment</td>
<td>10.4</td>
<td>52.5</td>
<td>53.7</td>
<td>68.0</td>
<td>71.1</td>
</tr>
<tr>
<td>8 Manufactured goods, i.a.n.†</td>
<td>1.4</td>
<td>3.2</td>
<td>35.7</td>
<td>7.3</td>
<td>6.0</td>
</tr>
<tr>
<td>9 Other goods</td>
<td>0.0</td>
<td>0.1</td>
<td>0.5</td>
<td>0.1</td>
<td>2.8</td>
</tr>
</tbody>
</table>

* Source: For each year, see Danmarks vareindførsel og -udførsel [External trade of Denmark].
† Not elsewhere specified.

Concerning exports, there were great fluctuations in the 1950s (see Table 10.6). For example, in 1953 and in 1958 machinery dominated Danish exports to
TRADE AND ECONOMIC RELATIONS BETWEEN DENMARK AND CHINA 1949–97

China with shares of total export of 66 per cent and 77.2 per cent respectively. However, in 1956 and again in 1959 chemicals and chemical products dominated with shares of 80.9 per cent and 87.6 per cent respectively. In 1950 dyestuffs were the main item within the commodity group of chemicals. At the end of the 1950s it was rather chemical elements and compounds (81 per cent of total export within this category). Machinery and transport came second with a share of export at 10.4 per cent. None of the other commodity groups exceeded more than 1.4 per cent of total export to China.

The Volume and Distribution of Trade in the 1960s

After 1959 the value of trade began to fall. After having hit the bottom in 1963 with a figure of DKK 50.4 million, trade began to expand again, only to experience a new reduction in the cultural revolutionary years of 1968–69. During the decade trade was without exception in China’s favour, with an accumulated surplus of DKK 570.42 million (see Table 10.7).

Table 10.7: Danish Trade with the PRC 1960–69 (in thousand DKK)*

<table>
<thead>
<tr>
<th>Year</th>
<th>Imports</th>
<th>Exports</th>
<th>Total</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1960</td>
<td>117,158</td>
<td>14,698</td>
<td>131,856</td>
<td>-102,460</td>
</tr>
<tr>
<td>1961</td>
<td>92,975</td>
<td>29,089</td>
<td>122,064</td>
<td>-63,886</td>
</tr>
<tr>
<td>1962</td>
<td>64,740</td>
<td>25,557</td>
<td>90,297</td>
<td>-39,183</td>
</tr>
<tr>
<td>1963</td>
<td>46,476</td>
<td>3,932</td>
<td>50,408</td>
<td>-42,544</td>
</tr>
<tr>
<td>1964</td>
<td>75,253</td>
<td>7,565</td>
<td>82,818</td>
<td>-74,688</td>
</tr>
<tr>
<td>1965</td>
<td>72,658</td>
<td>14,353</td>
<td>87,011</td>
<td>-58,305</td>
</tr>
<tr>
<td>1966</td>
<td>81,097</td>
<td>17,107</td>
<td>98,204</td>
<td>-63,990</td>
</tr>
<tr>
<td>1967</td>
<td>61,683</td>
<td>41,430</td>
<td>103,113</td>
<td>-20,253</td>
</tr>
<tr>
<td>1968</td>
<td>62,086</td>
<td>15,781</td>
<td>77,867</td>
<td>-46,305</td>
</tr>
<tr>
<td>1969</td>
<td>68,540</td>
<td>9,731</td>
<td>78,271</td>
<td>-58,809</td>
</tr>
</tbody>
</table>

* Source: For each year, see Danmarks vareindførsel og -udførsel [External trade of Denmark].

As to the composition of trade, the importance of soybean-related products fell further, and in 1969 the category of crude materials in the SITC nomenclature, which includes oilseeds, had been reduced to 11.2 per cent of total Danish imports from mainland China, down from 71.7 per cent in 1959 (see Table 10.5). Instead manufactured goods had become the main category in Danish imports. Its share of total import constituted 49.9 per cent, followed by manufactured goods i.a.n. (15.2 per cent), and food (12.8 per cent), chiefly sugar and honey. On the export side machinery and transport equipment expanded its
China and Denmark

Share from 10.4 per cent in 1959 to 52.5 per cent in 1969, whereas the share of chemicals and chemical products fell from 87.6 per cent to 42.2 per cent. The remaining exports consisted mainly of food (1.3 per cent) and manufactured goods i.a.n. (3.2 per cent).

In order to arrest the downward trend in trade with the PRC, the Danes started to arrange industrial exhibitions at the beginning of the 1960s. The first, an exhibition of optical and electrical goods, was held in Shanghai in August 1963. In February 1965 there was an exhibition of Danish electronic equipment in Peking opened by the Danish trade minister, who was visiting China at the time. A third such industrial exhibition was held in Peking in April 1965. These exhibitions were all comparatively small and organized on a private basis. However, in 1967 Holger Hansen, who for many years was in charge of the East Asiatic Company’s business operations in China, succeeded in organizing the first national Danish industrial exhibition in the Chinese capital. Partly as a result of these efforts trade did increase in 1966–67, but the Cultural Revolution prevented the full effects of the export promotion campaigns to materialize.

The Volume and Composition of Trade in the 1970s

In the 1970s, in particular after 1972–73, trade began to expand again and reached a record high of DKK 350 million at the end of the decade. Denmark was one of the few EU countries with which China could show a trade surplus for virtually the whole decade. The only exception was 1975, when the trade balance showed a small surplus in Denmark’s favour (see Table 10.8).

Table 10.8: Danish Trade with the PRC 1970–79 (in thousand DKK)*

<table>
<thead>
<tr>
<th>Year</th>
<th>Imports</th>
<th>Exports</th>
<th>Total</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1970</td>
<td>79,276</td>
<td>28,405</td>
<td>107,681</td>
<td>-50,871</td>
</tr>
<tr>
<td>1971</td>
<td>86,420</td>
<td>17,976</td>
<td>104,396</td>
<td>-68,444</td>
</tr>
<tr>
<td>1972</td>
<td>78,645</td>
<td>61,303</td>
<td>139,946</td>
<td>-17,342</td>
</tr>
<tr>
<td>1973</td>
<td>122,062</td>
<td>22,905</td>
<td>144,967</td>
<td>-99,157</td>
</tr>
<tr>
<td>1974</td>
<td>182,884</td>
<td>86,248</td>
<td>269,132</td>
<td>-96,636</td>
</tr>
<tr>
<td>1975</td>
<td>124,662</td>
<td>127,401</td>
<td>252,063</td>
<td>+2,739</td>
</tr>
<tr>
<td>1976</td>
<td>160,644</td>
<td>57,239</td>
<td>217,883</td>
<td>-103,405</td>
</tr>
<tr>
<td>1977</td>
<td>169,796</td>
<td>98,451</td>
<td>268,247</td>
<td>-71,345</td>
</tr>
<tr>
<td>1978</td>
<td>175,353</td>
<td>44,257</td>
<td>219,610</td>
<td>-131,096</td>
</tr>
<tr>
<td>1979</td>
<td>229,069</td>
<td>121,175</td>
<td>350,244</td>
<td>-107,894</td>
</tr>
</tbody>
</table>

* Source: For each year, see Danmarks vareindførsel og -udførsel [External trade of Denmark].
The expansion of trade and economic relations was stimulated by an increase in visits by government delegations and delegations led by leading figures from the world of business and finance. Sometimes these delegations would merge when Danish ministers would include business leaders in their official delegations, as for example when the Danish Minister of Trade Ivar Nørgaard in March 1976 was accompanied by a delegation of business executives headed by the Chairman of the Danish Export Promotion Committee Ole Damgaard. Danish business continued to arrange industrial exhibitions, such as the export exhibition held in Peking in March 1972, with the participation of the Danish Minister of Trade Erling Jensen. Danish companies would also continue to participate in the annual spring and autumn fairs in Canton.

During the 1970s oilseed products almost disappeared from Danish imports from China and in 1979 they accounted only for 0.3 per cent of total import from the PRC and 5.6 per cent of imports in the category crude materials. Instead, semi-manufactured goods, chiefly textiles and garments, and manufactured goods, especially clothes, had become the important import items with shares of 34.5 per cent and 29.5 per cent respectively. Food, mainly fruit and vegetables, was also on the rise with a share of 14.7 per cent in 1979 (see Table 10.5).

In exports to China machinery and transport equipment still constituted the main category, with a share of 53.7 per cent in 1979. In second place were finished manufactured goods with a share of 35.7 per cent in 1979, of which almost all consisted of scientific instruments and equipment. During the 1970s Denmark was also able to benefit from the Chinese focus on the importation of whole plants as a means of acquisitioning advanced foreign technology. In 1972–75 Denmark was the ninth biggest exporter of turnkey projects to China. Their total value came to USD 20 million, which corresponds to about one per cent of such Chinese contracts in this period.

**Danish State Loans**

In 1979–81 the Chinese asked the Danish government for development assistance on several occasions. In the spring of 1982 the Danish foreign minister consented to the Chinese request and asked the parliamentary committee to provide China with development assistance. The foreign minister argued that China with a per capita income of only USD 260 was among the poorest countries in the world and that the loan would improve Danish exports to China.

In April 1982 Denmark granted the first of four credits worth in total USD 155 million. The credits were given in the form of state loans free of interest and covering a term of 25 or 35 years. The first instalment on the loans would be deferred for 7–10 years. Due to these advantageous conditions the state loans involved a high element of donation – 76 per cent for the 25-year loan and 86 per cent for the 35-year loan. The loans were to be used for financing industrial development projects or for the delivery of technical equipment and the recipient country was obliged to use the funds for purchases in Denmark.
CHINA AND DENMARK

The procedures laid down were that when such a loan had been granted there were to be negotiations between potential Danish suppliers and Chinese institutions representing end users in the recipient country. Thereafter a pre-

Table 10.9: Distribution of Danish State Loans to the PRC 1981–86 (in million DKK) *

<table>
<thead>
<tr>
<th>Industry</th>
<th>Loan I 1982</th>
<th>Loan II 1983</th>
<th>Loan III 1985</th>
<th>Loan IV 1986</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cement and leca factory, Guangzhou</td>
<td>15.00 †</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dairy equipment factory, Anda</td>
<td>13.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consultancy assistance – district heating, Peking</td>
<td>8.40</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Machinery and equipment for cement factories, Tangshan</td>
<td>8.99 †</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Renovation of cement factory, Shanghai</td>
<td>7.50 †</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Power station, Fushun</td>
<td>84.00</td>
<td>36.00 †</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Planning of power station, Fushun</td>
<td>5.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Furniture factory, Siping</td>
<td>10.47 †</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Renovation of cement factory, Shanghai</td>
<td>12.50 †</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Planning of power station, Wang Ting</td>
<td>6.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equipment for casting diesel engines, Chaoyang</td>
<td>16.00 †</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cement factory, Chifeng</td>
<td>20.00 †</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Concrete pipe factory, Shanghai</td>
<td>10.00 †</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Manufacturing and storage of fish, Chongqing</td>
<td>7.20 †</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corn mill, Siping</td>
<td>10.12 †</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Meat cutting factory, Shanghai</td>
<td>8.68 †</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Renovation of sugar factory, Fan Jia Tun</td>
<td>10.96 †</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rice fructose production plant, Jiangling</td>
<td>20.00 †</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


**TRADE AND ECONOMIC RELATIONS BETWEEN DENMARK AND CHINA 1949–97**

**Table 10.9:** Distribution of Danish State Loans to the PRC 1981–86 (in million DKK)*

<table>
<thead>
<tr>
<th></th>
<th>Loan I 1982</th>
<th>Loan II 1983</th>
<th>Loan III 1985</th>
<th>Loan IV 1986</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Manufacturing of foodstuffs, Harbin</strong></td>
<td>9.00†</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Foodstuff laboratory, Peking</strong></td>
<td>10.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Plant for treating seeds (beet sugar)</strong></td>
<td>14.75</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Corn mill, Tieling</strong></td>
<td>9.86†</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Meat cutting factory, Shanghai</strong></td>
<td>20.00†</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Bread factory, Changchun</strong></td>
<td>19.00†</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Agriculture</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Equipment for pig breeding evaluation-centre</strong></td>
<td>10.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Feed mill, Jiaxin</strong></td>
<td></td>
<td></td>
<td></td>
<td>12.50†</td>
</tr>
<tr>
<td><strong>Agriculture/Dairy</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Milk powder factory, Anda</strong></td>
<td>70.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Yoghurt factory, Peking</strong></td>
<td>15.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Dairy, Shanghai</strong></td>
<td>18.00†</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Dairy, Fuyu</strong></td>
<td>17.60†</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Dairy training centre, Harbin</strong></td>
<td>17.50</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Dairy training centre, Shanghai</strong></td>
<td>30.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Dairy, Shenyang</strong></td>
<td>9.20†</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Dairy, Shanghai</strong></td>
<td>25.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Foodstuff production</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Renovation of sugar factory, Jilin</strong></td>
<td>25.00†</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Corn mill, Qing’an</strong></td>
<td>8.00†</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Sugar factory, Hailun</strong></td>
<td>67.50†</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Figures in parentheses indicate total cost of individual projects.
liminary contract would be signed subject to the approval of DANIDA (Danish International Development Assistance). In most cases development projects enjoyed additional credit in the form of private Danish credits guaranteed by the Danish Ministry of Industry.

There were four soft state loans in the 1980s amounting to DKK 780 million (see Table 10.9). Additional export credits supplied by the state came to DKK 528 million. In addition Denmark donated DKK 165 million to China, earmarked for ten projects which were to be purchased in Denmark. As for the state loans the calculated gift element was DKK 658 million. This sum, plus the earmarked donation of DKK 165 million, brought the total gift element to DKK 823 million.44 The arrangement covered 41 projects. In general they were financed with mixed loans in the form of 40 per cent state loans and 60 per cent commercial loans guaranteed by the Danish state (export credits).45 In terms of production branches the projects were distributed as illustrated in Table 10.9.

The DKK 165 million donation concerned ten projects with the following distribution: food (4); industry (2); dairies (1), environment (1); energy (1); and fodder production (1).

At the end of January 1989 contracts valued at DKK 1.13 billion had been signed between China and Danish companies. The soft DANIDA loans

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**Table 10.9: Distribution of Danish State Loans to the PRC 1981–86 (in million DKK)**

<table>
<thead>
<tr>
<th></th>
<th>Loan I 1982</th>
<th>Loan II 1983</th>
<th>Loan III 1985</th>
<th>Loan IV 1986</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Manufacturing and storage of fish, Dalian</strong></td>
<td>6.84†</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Manufacturing and storage of frostwares, Harbin</strong></td>
<td>4.80†</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Warehouses for raw materials in cement production, Tianjin/Harbin</strong></td>
<td></td>
<td>9.00†</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Environment</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Equipment and services for waste water purifying plant, Kaishantun</strong></td>
<td></td>
<td></td>
<td>10.00†</td>
<td></td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>2.71</td>
<td>28.92</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>125.00</td>
<td>150.00</td>
<td>240.00</td>
<td>265.00</td>
</tr>
</tbody>
</table>

* Source: Rigsrevisionen, 'Beretning til statsrevisorerne om udviklingsprojekter i Kina, finansieret med danske statslån' [Report to the state auditors on development projects in China financed by Danish state loans], August 1990.
† Figures marked with † are supplemented by export credits.
were involved in most of these contracts. It appears that these loans had become so important that almost a third of Danish export was directly related to development assistance.  

In April 1989 DANIDA once again decided to donate development assistance without any provisions for interest or repayment of the money. This gift of DKK 300 million was almost twice as big as the 1988 gift and indicated that China was receiving great attention in DANIDA’s aid policy towards the Third World. However, this new package was never approved by the financial committee of the parliament due to the government’s decision in June 1989 to freeze all development assistance to China.

**Table 10.10: Danish Trade with PRC 1980–89 (in thousand DKK)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Imports</th>
<th>Export</th>
<th>Total</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
<td>378,171</td>
<td>274,351</td>
<td>652,522</td>
<td>-103,820</td>
</tr>
<tr>
<td>1981</td>
<td>452,763</td>
<td>261,313</td>
<td>714,076</td>
<td>-191,450</td>
</tr>
<tr>
<td>1982</td>
<td>487,344</td>
<td>1,125,291</td>
<td>1,612,635</td>
<td>+637,947</td>
</tr>
<tr>
<td>1983</td>
<td>883,591</td>
<td>541,287</td>
<td>1,424,878</td>
<td>-342,304</td>
</tr>
<tr>
<td>1984</td>
<td>1,056,244</td>
<td>755,181</td>
<td>1,811,425</td>
<td>-301,063</td>
</tr>
<tr>
<td>1985</td>
<td>1,187,316</td>
<td>1,073,796</td>
<td>2,261,112</td>
<td>-113,520</td>
</tr>
<tr>
<td>1986</td>
<td>1,573,181</td>
<td>1,062,222</td>
<td>2,635,403</td>
<td>-510,959</td>
</tr>
<tr>
<td>1987</td>
<td>1,653,392</td>
<td>1,260,186</td>
<td>2,913,578</td>
<td>-393,206</td>
</tr>
<tr>
<td>1988</td>
<td>2,157,692</td>
<td>870,325</td>
<td>3,028,017</td>
<td>-1,287,367</td>
</tr>
<tr>
<td>1989</td>
<td>2,349,249</td>
<td>705,771</td>
<td>3,055,020</td>
<td>-1,643,478</td>
</tr>
</tbody>
</table>

* Source: For each year, see, *Danmarks vanindførsel og -udførsel* [External trade of Denmark].

**Volume and Distribution of Trade in the 1980s**

In the 1980s Danish–Chinese trade relations registered rapid progress. The total value of trade increased from about DKK 652 million in 1980 to DKK 2.3 billion in 1985 and further to DKK 3.1 billion in 1989 - almost a fivefold increase in just nine years (see Table 10.10). Except for an exceptionally good year for Danish export in 1982, trade has consistently been in China’s favour with an accumulated surplus of DKK 4.2 billion over the decade. Thus China’s exports to Denmark have grown at a higher pace than Denmark’s exports to China. In just ten years from 1979–89, Chinese export grew more than tenfold and imports from China as a share of total Danish imports increased from 0.2 per cent to 1.2 per cent. To be sure, there are also today invisible elements of
Table 10.11: Danish Exports to the PRC 1980–89 (in thousand DKK)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>Live animals</td>
<td>2,440</td>
<td>-</td>
<td>12,140</td>
<td>-</td>
<td>237</td>
<td>811</td>
<td>43,079</td>
<td>0.5</td>
</tr>
<tr>
<td>5</td>
<td>Fertilizer, manufactured</td>
<td>59,184</td>
<td>209,142</td>
<td>268,858</td>
<td>261,180</td>
<td>149,598</td>
<td>80,016</td>
<td>1,685,841</td>
<td>21.3</td>
</tr>
<tr>
<td>-</td>
<td>Medical and pharmaceutical products</td>
<td>293</td>
<td>8,602</td>
<td>5,948</td>
<td>11,755</td>
<td>9,649</td>
<td>11,490</td>
<td>75,489</td>
<td>1.0</td>
</tr>
<tr>
<td>6</td>
<td>Manufactures of metal</td>
<td>1</td>
<td>1,701</td>
<td>6,464</td>
<td>10,467</td>
<td>9,524</td>
<td>11,884</td>
<td>70,626</td>
<td>0.9</td>
</tr>
<tr>
<td>-</td>
<td>Iron and steel</td>
<td>-</td>
<td>299</td>
<td>5,880</td>
<td>2,253</td>
<td>13,122</td>
<td>9,455</td>
<td>41,305</td>
<td>0.5</td>
</tr>
<tr>
<td>7</td>
<td>Other transport equipment</td>
<td>46,967</td>
<td>776,867</td>
<td>18,130</td>
<td>77,429</td>
<td>102,583</td>
<td>1,859</td>
<td>1,201,467</td>
<td>15.2</td>
</tr>
<tr>
<td>-</td>
<td>Machinery and appliances for industry</td>
<td>60,464</td>
<td>19,015</td>
<td>73,240</td>
<td>191,739</td>
<td>113,555</td>
<td>132,601</td>
<td>1,007,874</td>
<td>12.7</td>
</tr>
<tr>
<td>-</td>
<td>Power machines and motors</td>
<td>51,097</td>
<td>28,150</td>
<td>111,783</td>
<td>39,075</td>
<td>27,514</td>
<td>40,204</td>
<td>282,797</td>
<td>3.6</td>
</tr>
<tr>
<td>-</td>
<td>Special machinery in industry</td>
<td>8,189</td>
<td>7,076</td>
<td>137,488</td>
<td>497,380</td>
<td>244,429</td>
<td>250,422</td>
<td>1,829,831</td>
<td>23.1</td>
</tr>
<tr>
<td>8</td>
<td>Technical and scientific instruments</td>
<td>29,729</td>
<td>38,730</td>
<td>131,693</td>
<td>51,955</td>
<td>35,120</td>
<td>38,189</td>
<td>669,107</td>
<td>8.4</td>
</tr>
<tr>
<td>-</td>
<td>Miscellaneous manufactured articles</td>
<td>698</td>
<td>2,602</td>
<td>1,127</td>
<td>6,521</td>
<td>7,265</td>
<td>3,363</td>
<td>44,005</td>
<td>0.6</td>
</tr>
</tbody>
</table>

* Source: For all years, see Danmarks vareindførsel og -udførsel [External trade of Denmark].
the balance of trade which are to Denmark’s advantage. Denmark has had a strong position in shipping to and from China, Danish companies are increasingly involved in investments and other economic activities and there are other elements in Danish–Chinese relations which do not enter the official trade statistics. However, the invisible movements will in no way be so substantial that they can neutralize the Danish trade deficit. 48

Concerning the composition of Sino–Danish trade in the 1980s, there was some change in the pattern of Danish imports from China. For example the main SITC category of manufactures, chiefly semi-manufactures, had its share of imports reduced substantially. This was due to a significant fall in the import of textiles and garments which had been popular import items in the 1970s. Instead the category of manufactured goods registered significant progress and began to dominate Chinese exports to Denmark with a share of 31.5 per cent in 1982 and 42.5 per cent in 1989 (see Table 10.5 for the 1989 figures). In this category it was especially footwear and clothing which showed progress. In 1982 these two items accounted for 21.1 per cent of export, and in 1989 the figure had grown to about a third of all exports. Food, in particular animal fodder, also enlarged its share of total export and in 1989 it amounted to 31.5 per cent. Then came chemicals and chemical products with a share of 9.9 per cent, down from 13.7 per cent in 1979. Organic chemicals dominated in this category, followed closely by medical and pharmaceutical products the yearly import of which increased twelffold between 1979 and 1989 (from DKK 7.1 million to DKK 89.4 million). Crude materials, including oilseed products, which in the 1950s weighed so heavily, sold for DKK 11 million, a small increase of DKK 500,000 compared to 1979, but in relative terms this category was reduced from 4.5 per cent to 2.3 per cent.

Danish export to China did not show a continuous upward trend as was the case with import, but fluctuated greatly from year to year. For example, export soared from DKK 261 million in 1981 to DKK 1,125 million in 1982 and then fell rapidly to DKK 541 million in 1983. From 1984 to 1985 there was again a big jump from DKK 755 million to DKK 1,073 million. Export topped in 1987 with a high figure of DKK 1,290 million, but then it went down again to DKK 870 million in 1988 and DKK 706 million in 1989, only half of the 1987 figure. It appears that the sudden upswings happening in 1982 and again in the mid-1980s are related to the conclusion of major contracts. The dramatic increase in 1982 is explained by the Burmeister & Wain sale of four 64,000 tonnes Panmax bulk carriers worth DKK 776 million. 49 The sale accounted for two thirds of Danish exports to China that year. Except for these ship orders imports at the beginning of the 1980s were dominated by chemical fertilizer shipped to China by the Danish chemical fertilizer company Superfos. The dramatic increase of chemical fertilizer imports began in 1980 with a value of DKK 59.18 million (21.6 per cent of total import). As a share of total import it peaked in 1981 when it took up 63.6 per cent of China’s import from Denmark, but in terms of value the best year for Superfos was in 1984 when the company sold goods worth DKK 287 million, equal to 38 per cent of Denmark’s
export to China that year. During these years Superfos sold sold about a quarter of its total chemical fertilizer production in the Chinese market. Table 10.11, which lists the two major export commodities within the five most important SITC categories, shows that over the decade chemical fertilizer took more than a fifth of Danish exports to the PRC.

Table 10.11 illustrates that in the field of export, the 1980s are characterized by the growing importance of machinery and transport equipment. Thus machinery and transport equipment advanced 14.3 percentage points during the ten years from 1979 to 1989 (see Table 10.6). In Table 10.11 we see that export of the subcategory ‘special machinery in industry’ developed from a small figure of DKK 8.2 million in 1980 to DKK 250.4 million in 1989, having peaked in 1987 with DKK 497 million. In fact, at the end of the decade ‘special machinery’ clearly had become the most important export category, with a share of almost a quarter of total exports. ‘Other transport equipment’ (i.e. ships) had its share diminished at the end of the 1980s, but still, because of the very strong performance in 1982, ‘other transport equipment’ could register a sale of DKK 1.2 billion during the 1980s and thereby in terms of value became the third biggest Danish export commodity in the period. If ‘machinery and transport’ is broken down into even finer categories we also find strong performances by ‘machinery and appliances’ for industry with a sale of DKK 1 billion and ‘power machines and motors’ with a sale of DKK 287 million (see Table 10.12).

Table 10.12: Composition of Danish Export of Machinery and Transport Equipment to the PRC 1980–89 (in thousand DKK)*

<table>
<thead>
<tr>
<th>Product</th>
<th>Total</th>
<th>% of total export of machinery</th>
<th>% of total export</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power machines and motors</td>
<td>287,927</td>
<td>5.9</td>
<td>3.6</td>
</tr>
<tr>
<td>Special machinery in industry</td>
<td>1,829,831</td>
<td>37.3</td>
<td>23.1</td>
</tr>
<tr>
<td>Machinery and appliances for industry</td>
<td>1,007,874</td>
<td>20.5</td>
<td>12.7</td>
</tr>
<tr>
<td>Electrical machinery, apparatus, appliances</td>
<td>318,612</td>
<td>6.5</td>
<td>4.0</td>
</tr>
<tr>
<td>Other transport equipment</td>
<td>1,201,467</td>
<td>24.5</td>
<td>15.2</td>
</tr>
<tr>
<td>Other machinery and transport equipment</td>
<td>265,011</td>
<td>5.3</td>
<td>3.3</td>
</tr>
</tbody>
</table>

* Source: For each year: Danmarks vareindførsel og -udførsel [External trade of Denmark].

Without doubt the expansion of machinery exports to China in the 1980s is related to the development assistance programmes administered by DANIDA.
Most of these programmes involved new machinery and equipment or the renovation of production facilities.

In the 1980s manufactured goods occupy third place among the SITC main categories on the list of Danish exports to China (see Table 10.6). A closer look at the statistics will show that this is not because the Chinese import a great deal of Danish clothing, footwear or furniture. The weight of this category is almost entirely related to a strong performance in exports of technical and scientific instruments. Behind the figures are hidden Brüel & Kjær's strong performance in exporting electronic measuring instruments for measuring sound and vibrations. At the beginning of the 1980s Brüel & Kjær were reportedly concluding 200 to 300 contracts a year with the Chinese.51

Volume and Distribution of Trade in the 1990s

Trade relations between Denmark and the PRC suffered from the so-called Tiananmen Massacre of June 1989. The value of trade fell from DKK 3.02 billion in 1988 to DKK 2.66 billion in 1990. Exports fell from DKK 870.3 million to DKK 633.6 million – a reduction of about 27 per cent, thereby substantiating the claim that development assistance had contributed 20 to 30 per cent of Danish export to China. In 1991 export was still very sluggish and only began to regain momentum in 1992 (see Table 10.13). However, import responded quickly to the lessening of sanctions in 1991 and not only regained its former size, but even crept over the 3 billion mark in 1991. In fact, China had become Denmark's number 13 import country with a percentage of total Danish imports at 1.7 per cent. The only non-European countries ranking higher than China on the list of import countries were the US and Japan.

Table 10.13: Denmark’s Trade with the PRC 1990–97 (in thousand DKK)*

<table>
<thead>
<tr>
<th>Year</th>
<th>Imports</th>
<th>Exports</th>
<th>Total</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>2,099,333</td>
<td>633,561</td>
<td>2,662,894</td>
<td>-1,395,772</td>
</tr>
<tr>
<td>1991</td>
<td>3,201,786</td>
<td>633,486</td>
<td>3,835,272</td>
<td>-2,568,300</td>
</tr>
<tr>
<td>1992</td>
<td>3,361,428</td>
<td>761,467</td>
<td>4,122,895</td>
<td>-2,599,961</td>
</tr>
<tr>
<td>1993</td>
<td>3,690,764</td>
<td>876,049</td>
<td>4,566,813</td>
<td>-2,814,715</td>
</tr>
<tr>
<td>1994</td>
<td>4,162,078</td>
<td>1,101,182</td>
<td>5,263,260</td>
<td>-3,060,896</td>
</tr>
<tr>
<td>1995</td>
<td>4,233,939</td>
<td>1,477,979</td>
<td>5,711,918</td>
<td>-2,755,960</td>
</tr>
<tr>
<td>1996</td>
<td>4,721,673</td>
<td>1,788,615</td>
<td>6,510,288</td>
<td>-2,933,058</td>
</tr>
<tr>
<td>1997</td>
<td>6,004,462</td>
<td>2,452,469</td>
<td>8,429,931</td>
<td>-3,578,993</td>
</tr>
</tbody>
</table>

* Source: For each year, see Danmark vareindførsel og -udførsel [External trade of Denmark].
In 1993 and especially in 1994 import grew further to DKK 4.1 billion and China’s share of total Danish import reached 1.8 per cent. Since export grew relatively less to DKK 1.1 billion the result was a record deficit of DKK 3.1 billion. China had become the country in the world with which Denmark was having the largest trade deficit.

As to the composition of trade compared to the 1980s, import is even more dominated by manufactured goods (63.7 per cent), chiefly clothing accessories and apparel, taking up 35.6 per cent of all import (see Table 10.5). Transport equipment has registered a substantial increase in absolute value as well as in the relative share of import (15.2 per cent), relegating food, especially feedstuff, to third place (5.8 per cent). Taking a closer look at the figures one will observe that there are certain categories where Chinese goods account for about 80 per cent of all imports. Most of these examples are found within clothing accessories and apparel. For example, ski suits imported from China account for 82.2 per cent of all imported ski suits and for working gloves the share is 80.5 per cent.52 This pattern has developed although the EU has maintained a number of import quota which were supposed to somewhat reduce the import of clothing, textiles, and shoes manufactured in China to Europe. This phenomenon is also found in the category of machinery and transport equipment. For example, radiosets with inbuilt loudspeakers imported from China take up 82.7 per cent of all Danish imports of this item.53 In fact, the significant increase in import of machinery and transport equipment from China in recent years is not due to an increase in industrial machinery and trucks and ships, but to a surge in the importation of Chinese-manufactured apparatus for telecommunication, sound recording and reproduction, and electrical machinery.

As to Danish export there are some major changes. The most significant is the increase in machinery exports to DKK 782.6 million in 1994. This caused the share of machinery of total export which had dipped in 1992 to rise again to more than 70 per cent (see Table 10.6).

Table 10.14, based on the HS nomenclature, gives a more detailed description of the kind of machinery being sold to China. The table lists twelve items with a total sale of DKK 447.2 million in 1994 equal to 57.1 per cent of all machinery export this year and constituting 40.6 per cent of all Danish export to China. The table illustrates that Danish export to China continues to be heavily concentrated on machinery.

In 1994, as in 1989, the second most important SITC division in terms of export is chemical and chemical production. But the export of chemical production in terms of value actually stagnated in the five-year period and fell as a percentage of total export from 18.6 per cent in 1989 to 12.4 per cent in 1994. This was caused by a reduction in the exports of dyestuffs and manufactured fertilizer. Manufactured goods also registered a decrease in the value of commodities being exported, whereas food had a small increase.

In 1997 there was an increase of 29 per cent in the value of trade between Denmark and China. This new surge in trade was primarily caused by a significant growth in imports which rose to a value of DKK 6 billion, equalling
TRADE AND ECONOMIC RELATIONS BETWEEN DENMARK AND CHINA 1949–97

2.1 per cent of total Danish trade with the outside world and for the first time the value of imports from China was actually higher than the value of Danish imports from Japan. Since Danish export to China only came to DKK 2.4 billion there was a record high deficit in trade relations of DKK 3.6 billion.

**Table 10.14:** Danish Machinery Export to China in 1994. Selected Items within the HS Group 84 (in DKK)*

<table>
<thead>
<tr>
<th>Item</th>
<th>Total Sale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Machinery for treating mineral products</td>
<td>183,877,697</td>
</tr>
<tr>
<td>Machinery and apparatus for drying</td>
<td>43,695,363</td>
</tr>
<tr>
<td>Machinery and equipment for sugar factories</td>
<td>35,109,664</td>
</tr>
<tr>
<td>Machinery for filtering and purifying liquid</td>
<td>27,489,988</td>
</tr>
<tr>
<td>Machinery for filtering of purifying water</td>
<td>21,604,545</td>
</tr>
<tr>
<td>Machinery for moulding mineral products</td>
<td>17,857,880</td>
</tr>
<tr>
<td>Other refrigerating or freezing equipment; heat pumps</td>
<td>15,666,294</td>
</tr>
<tr>
<td>Parts for milking machinery and dairy machinery</td>
<td>13,378,821</td>
</tr>
<tr>
<td>Machinery for crushing stone, earth and mineral products</td>
<td>13,324,648</td>
</tr>
<tr>
<td>Parts for steam or other vapour generating boilers</td>
<td>10,224,331</td>
</tr>
<tr>
<td>Parts for internal combustion piston engines</td>
<td>8,792,878</td>
</tr>
<tr>
<td>Parts for treating bread, meat, fish, fruits, vegetables, sugar, chocolate; parts for breweries</td>
<td>5,099,479</td>
</tr>
</tbody>
</table>

* Source: Danmarks Statistik.

With regard to the composition of trade manufactured goods now constituted 67 per cent of total imports. Transport equipment still had a share of about 15 per cent (15.3 per cent) and the division chemical products came third with 4.0 per cent. Within certain categories of imports Chinese commodities now completely dominate. For example, 84.2 per cent of all working gloves are from China, 78.8 per cent of all pyjamas and night shirts, 59.3 per cent of all dolls, 51 per cent of all shopping and travelling bags, etc. It is well known that Denmark also imports the bulk of children’s toys from China. It is perhaps more surprising that 62.9 per cent of all imported Christmas tree decorations and other Christmas decorations actually come from China.

In 1997 ‘machinery and transport equipment’ still constituted the major Danish export division to China, but its share had decreased to 50.2 per cent.
Food and foodstuffs had moved up to second place (19.9 per cent), ahead of chemicals and chemical products (15.9 per cent).

From a Danish point of view the comparatively slow expansion of exports to China is a disappointing phenomenon. The Chinese market is considered one of the most promising in the world and it is an issue of concern that Danish enterprises have such difficulties in enlarging their market share, whereas Chinese commodities are highly competitive on the Danish market. However, many of the more dynamic Danish firms have chosen to establish a presence within China in the form of joint ventures with a Chinese partner or wholly-owned subsidiaries. Therefore, looking at Danish–Chinese economic and trade relations only from the perspective of direct export and import provides only part of the larger picture.

Mixed Credits and Danish Investment in the 1990s

Although Denmark from early on developed stable trade relations with the PRC, direct investment was a phenomenon which occurred relatively late. It was in fact only in 1993 that the Danish business world really opened its eyes to the opportunities provided by the Chinese market. At the end of 1992 there were 25 Danish projects in China involving Danish investment of USD 112.83 million. In 1993 an additional five to ten projects involving Danish investment were approved by the Chinese and the number increased further in 1994. On average the invested capital in a Danish joint venture in China amounts to USD 2.3 million. Danish joint ventures are on average smaller than other Western joint ventures. However, considering recent large investments by Jacob Holm Industries (DKK 220 million) and Novo Nordisk (DKK 1,330 million), this conclusion should perhaps be modified.

In establishing joint ventures in China many Danish companies have been assisted by IFU, the Industrialization Foundation for Developing Countries, which for example often will be willing to account for up to half of the Danish investment in the initial phase of the project.

Danish development assistance to the PRC was frozen in the aftermath of the military suppression of the Chinese democracy movement in the spring of 1989 and has not since been resumed. However, in late 1993 Denmark established a mixed credit programme which also covers development projects in China. The programme was intended to finance deliveries of Danish produced capital goods, contractor services and related technical assistance for development projects in a number of middle and low income countries. A mixed credit is defined as an export credit, where Denmark (DANIDA) pays the interest on a ten-year USD loan. The gift element has been calculated at 35 per cent. Figures released by DANIDA show that in 1995 development projects in China accounted for 60.5 per cent of total funds that DANIDA actually used under the new scheme (DKK 108 million out of DKK 178.5 million). Out of 28 projects receiving support in 1995 17 were located in China and included projects in water supply, waste water disposal, health, energy, and industry.
Most of them were in energy production and involved the establishment of windmill parks. Although the amount of financial support China can obtain through the new programme seems small compared to the development assistance of the 1980s, it does have an important impact within certain sectors. From a Danish perspective, the significant export of windmills to China has contributed to securing Denmark a leading position in the world regarding the production of windmills.

**AGREEMENTS BETWEEN DENMARK AND THE PRC**

Several agreements were signed and played an influence in stimulating Danish–Chinese economic and trade relations over the years. For example the agreement about economic and technical co-operation signed in April 1979 during the visit of the Danish queen provided the framework for the expansion of cooperation in agriculture, the food industry, electronics, veterinary medicine, fisheries, construction, exchange and protection of patents and licences, etc. In the mid-1980s a Commission for Scientific and Technological Co-operation was established. It meets annually in the capitals of the two countries alternately.

Businessmen took part in the fairs in Canton and were active in organizing industrial exhibitions and symposia. In 1987, for example, a group of industrialists participated in a Danish Technology Week in Peking and attended the opening of a Dairy Industry Personnel Training Centre in Harbin built with Danish development assistance. The group also attended the laying of the foundation stone of a brewery in Canton which was to operate with Danish technology and equipment. Also in conjunction with the visit of the Minister of Agriculture in November 1988 a special Danish–Chinese symposium was organized. In November 1983 Danish–Chinese co-operation on environmental issues led to a Danish–Chinese symposium on power-plant pollution and environmental protection. It was attended by a 29-person group of Danish experts led by Minister of the Environment Christian Christensen. Denmark has in general had an important role in drawing Chinese attention to the need of embarking on practical measures in order to protect the environment.

In 1982 an agreement on co-operation in medicine and veterinary science was signed. Under the framework of the agreement a medical training Centre was established in Peking and Denmark assisted in the development of facilities of the training of veterinary staff in Harbin.

It is interesting that Denmark appears to be one of the first countries to enter into direct co-operation with local authorities at the provincial and local level and through them with local enterprises within their jurisdiction. Such co-operation was established with Heilongjiang, Anhui, Zhejiang, and Guangdong provinces. Contacts were also sought by the authorities of Jiangsu, Jilin, Fujian, and Hebei provinces. In the late 1980s there were also initiatives to establish direct contacts between allied towns and regions, including co-operation, for example, between the sister cities of Harbin and Århus. Similar co-
operation was acquired by Odense, the birthplace of Hans Christian Andersen and Shaoxing, the birthplace of one of China’s famous writers, Lu Xun. Friendship agreements were also signed by Aalborg and Hefei (capital of Anhui province), and by Esbjerg and Suzhou.

The many Chinese economic missions to Denmark also played a role in stimulating trade and economic relations. The most important were the visits by deputy prime ministers Gu Mu (May 1978), Wang Renzhong (September–October 1979), Tian Jiyun (June 1992), and Zhu Rongji (November 1992), Li Lanqing (February 1998) and the visit by prime minister Zhao Ziyang in June 1984.

During the 1980s Danish companies seriously attempted to penetrate the Chinese market in the form of establishing a physical presence. Until 1985 the East Asiatic Company was the only Danish company with major success. However, during his visit to China in May 1985 the Danish foreign minister Uffe Elleman Jensen laid the foundation stone of a Danish–Chinese bicycle joint venture in Tianjin.62 In 1987 a third joint venture, a construction consultancy, saw the light of day.63

DANISH FIRMS IN CHINA

The East Asiatic Company established its first China office in Shanghai in 1900 (see Chapter 8 of the present volume). Branches soon followed in other Chinese trading centres of the time such as Harbin, Dalian, Tianjin, Qingdao, Wuhan and Guangzhou. A Hong Kong Office was opened in 1934.

When the PRC was established, the East Asiatic Company (EAC), like all Western companies, was asked to close its offices in China. The EAC obliged, but very slowly, and the last office was not shut down until 1962.64 In the middle of the 1960s the EAC became known for being instrumental in bringing about big sales of Canadian wheat to China.65

In 1972 the EAC was the first foreign company to be allowed to reopen its China office and in 1980 it was also the first foreign company to move from the rented rooms in Peking Hotel to its own office facilities in Minzu Gong (the Palace of Minorities). At the time it had developed into the largest Western trading house in China with around 1,000 employees.66 In the beginning of the 1980s it changed from being a ‘Jack of all trades’ to a more specialized trading organization.67 Most of the activities were related to the EAC’s expertise in functioning as an agent for foreign companies. Here the EAC has played an important role as an agent for many Danish companies in China. For example the EAC has assisted Danish companies in taking advantage of DANIDA’s loan programmes. At the beginning of the 1980s the EAC among other things was involved in the sale of a yoghurt plant built by Danish Turnkey Dairies, renovation of a sugar processing plant by The Danish Sugar Factories, an ice-cream plant from Hoyer, seed processing plants from Cimbria and brewing technology agreements for some of China’s breweries on behalf of Danbrew consult. The EAC also handles projects and technology transfers and were among other things involved in the sale of a complete F.L. Smidth cement plant. A
second important function of the EAC is as an agent for Chinese export. It handles a wide range of export commodities and products which are mainly exported to North America and Europe. The EAC also has a more long-term function which is to advise major foreign companies on developments in the Chinese market. All in all the China activities are divided into eight product divisions, of which six are related to import into China, one handles export from China and one is engaged in business development. Due to financial difficulties, the EAC has recently downsized its activities in China and moved its company headquarters from Denmark to Singapore.

The EAC was the first Nordic company to set up a joint venture in China. It happened in 1981 when the EAC, in co-operation with China Merchants Steam Navigation Co., established a container factory located in Shekou, the industrial zone of Shenzhen Special Economic Zone.68

In 1986 Denmark was involved only in two joint ventures in China. One was the container factory in Shekou, the other was the bicycle factory in Tianjin, but there were twelve more under negotiation and the Danish presence was rapidly expanding.69

In April 1988 there were fourteen Danish companies present in China.70 In addition to the EAC they included major Danish companies such as Brüel & Kjær (electronic measuring instruments), F.L. Smidth & Co. (cement), Haldor Topsøe (chemical and petrochemical industries, environment), Jebsen & Co. (agent and general trade), A.P. Møller (shipping), and Danish Turnkey Dairies. There were also companies such as Danavox (hearing aids), Jydekompagniet (general trading agency), O.G. Hoyer (food industries), SMEKRU (waste water treatment), Wolfking (meat processing equipment), Sino–Danish Enterprises (bicycles) and Sino–Dan International Consultants.

In 1993 the Danish presence had increased to 12 joint ventures and 21 representative offices.71 Among the representative offices all the companies mentioned in 1988 except for Danish Turnkey Dairies and Sino–Danish Enterprises were still there. New offices had been established by Carlsberg Brewing Company, DISA (foundries), Kampsax (consultancy and construction), Nordtank (windmills), Novo Nordisk (enzymes), SAS, China–Denmark Food Systems, Penta Shipping and Penta Travel, Bendix Transport (shipping agency), and NIRO (spray drying). Unibank, the second largest Danish bank, had also established a representative office – first Danish bank ever to do so. In addition to Peking and Hong Kong, the EAC had offices in Shanghai and Canton. Jebsen & Co. had five offices – in Peking, Chengdu, Dalian, Qingdao and in Shanghai. But A.P Møller’s shipping division Maersk Shipping had nine representative offices in places such as Peking, Guangzhou, Shanghai, Nanjing, Tianjin, Dalian, Qingdao, Xiamen and Shekou. In 1994 A.P. Møller was allowed to open its own wholly-owned company in China, Maersk (China) Shipping Company Ltd. Maersk’s expansion in China has been so significant that the company now has 800 people employed in China and is recognized as the biggest foreign shipping company in China. In 1994 A. P. Møller’s division Maersk
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Drilling also became involved in oil exploration in the South China sea in co-operation with Chinese and US partners.

From 1994 to 1995 there was a surge in the number of Danish companies establishing a presence in China. Thus by 1998 the list of Danish companies in China had increased to as many as 166 representative offices, joint ventures, and wholly-owned companies, including a number of branch offices. Of these 103 are representative offices, joint ventures number 33 and wholly-owned foreign companies 19. It became legal to establish wholly-owned foreign companies from the beginning of the 1990s; since then an increasing number of Western companies have used this possibility. Wholly-owned Danish companies in China include Maersk Shipping, Coloplast, Hempel, Velux, Danisco, Jacob Holm Industries, Danfoss and Novo Nordisk – i.e. some of the more successful Danish companies in China. With the construction of production facilities, accumulated Danish investment in China had increased significantly to about DKK 3 billion by the end of 1998. The number of Danish expatriates also grew rapidly to about 600, of which almost half are located in the Peking–Tianjin area.

Maersk Shipping has consolidated its position in China as the biggest foreign shipping company in the country. Novo Nordisk, with its investment of about USD 200 million in a production facility in Tianjin and laboratory facilities in Peking, has also established a strong foothold in China. It is less known that the trading house Jessen & Co., which is headquartered in Hong Kong, but which has its roots in Åbenrå in the Southern part of Jutland, also has a
significant presence in China. Twenty years ago activities in China constituted
only about 5 percent of the company’s total turnover. Today the percentage is
about 50. The company has some ten representation offices in China and is
involved in twelve joint ventures. It has invested about DKK 500 million in
business activities in China. These companies illustrate that penetration of
the Chinese market by Western companies has adopted various forms and
methods, which are not mutually exclusive.

Chinese enterprises started to invest abroad in the early 1980s, and by
1992 the number had risen to more than 1,300. The total amount of Chinese
foreign direct investments reached almost USD 1.6 billion that year. However,
none of these investors were located in Denmark.

CONCLUSION
China’s foreign trade in the period after 1949 has gone through several phases.
In the 1950s there was a heavy dependence on the Soviet Union and Sino–
Soviet trade accounted for about 50 per cent of China’s trade with the outside
world. As a consequence of the Sino–Soviet split, trade between the two coun-
tries fell rapidly in the 1960s and was almost non-existent at the end of the
decade. Instead China began to orient its trade policies towards Western Eu-
rope and – to a lesser degree – Japan. However, trade played only a residual role
in an economy that was becoming more and more autarkic and self-reliant. In
the 1970s Japan became China’s principal trading partner and due to a
normalization of Sino–US relations trade between the two former enemies
began to enter the statistics. The regime which came to power in China after
Mao’s death had economic reform and \textit{kaifang} – opening up – as its main eco-
nomic policy objectives. In the 1980s the implementation of these objectives
created a completely new situation in China’s relations with the outside world.
China left behind the strong focus on import substitution and began to stress
the importance of associating with the world market. Trade became more diver-
sified, with Sino–US trade almost approaching the level of Sino–European
trade and with Hong Kong taking over Japan’s position as China’s principal
foreign trade partner. In the 1990s the volume of foreign trade expanded fur-
ther and now foreign trade’s share of GNP hovers around 35 to 40 per cent.

There are great fluctuations in trade between Denmark and the PRC.
After 1949 imports from China quickly regained in the pre-war level, whereas
exports remained below the level of the 1930s until 1956. There was a boom at
the end of the 1950s and the value of trade reached DKK 140.5 million in 1959.

The strong performance of 1959 could not be sustained in the 1960s
and in the middle of the Cultural Revolution in 1968 the volume of trade had
fallen to DKK 77.8 million and only in 1973 did the total value of Sino–Danish
trade regain the 1959 level of above DKK 140 million. For the rest of the
decade there was further expansion in trade relations in absolute terms.
However the share of Danish export and import to China did not exceed 0.2
per cent of total Danish export and import respectively.
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From 1982 trade began to pick up also in comparative terms. In 1989 the value of trade for the first time exceeded DKK 3 billion and imports from China constituted 1.2 per cent of total Danish import. There was a setback in 1990 due to the impact of the Peking Massacre of June 1989, but from 1991 the volume of trade began to pick up again, primarily due to considerable increases in import, whereas export to the PRC grew less significantly. By 1997 Denmark’s import of commodities from China accounted for DKK 6 billion and for the first time surpassed import from Japan.

An element of continuity in Danish–Chinese trade relations since 1949 is that the balance of trade has almost exclusively been to China’s advantage. Denmark can only show a positive balance for four years in the 1950s (1952 and 1956–58), for the year 1975 and for 1982. Only in 1982 did the surplus assume major proportions when the large Burmeister & Wain sales caused Danish exports to jump from DKK 261 million in 1981 to DKK 1.12 billion in 1982, creating a trade surplus of DKK 637.9 million. Since 1978 the yearly Chinese trade surplus has consistently exceeded DKK 100 million and since 1988 it has not been below DKK 1 billion. Thus the Danish trade deficit has been growing fast, registering a record of DKK 3.6 billion in 1997, and the PRC is now the country with which Denmark maintains the biggest trade deficit.

As to the composition of trade, oilseeds were important in Danish import from China in the 1950s, but from the mid-1950s semi-manufactures, finished manufactured goods and food also began to appear on the list of major import commodities. In the 1960s this trend continued and by the beginning of the 1970s oilseeds had almost ceased to be an import item. In the 1980s the group of semi-manufactures lost market shares and instead finished goods begin to dominate Chinese exports to Denmark. Thus by 1989 footwear and clothing took up almost a third of Chinese export to Denmark. In the 1990s manufactured goods, especially clothing accessories and apparel, continue to dominate the picture on the import side with a share of 67 per cent of total imports from China. Next come machinery and transport equipment, especially manufactured apparatus for telecommunication, sound recording and reproduction and electrical machinery with a share of 15 per cent. By 1997 manufactured products, chiefly semi-manufactures such as textile yarn come third (9.9 per cent).

Export to China is characterized by the dominance of the two divisions ‘chemicals and chemical production’ and ‘machinery and transport equipment’ in the SITC nomenclature. In the 1950s the two alternated in importance, but in the 1970s there was a shift towards machinery and transport equipment. Thus at the end of the 1960s machinery accounted for more than half of Danish exports whereas chemicals had been reduced to less than 10 per cent. There was also a shift within the division of chemicals from dyestuffs to chemical elements and compounds. In the 1980s, machinery and transport equipment consolidated its central position in Danish export. There was a reduction in machinery export in the wake of economic sanctions introduced in 1989 and the abolishment of the Danish state loan packages. In 1993 machinery and
transport equipment again accounted for about two-thirds of Danish export, but settled to about 50 per cent in 1997. After a relatively poor performance in the late 1970s chemicals and chemical production in the 1980s again became the second most important export category. The renewed strength of this category was primarily caused by substantial export of chemical fertilizer. But by the mid-1990s chemicals were losing importance and food and foodstuffs became the second most important category in Danish exports to China, with a share of 9.3 per cent in 1997.

Danish exports to China over the years appear to have been characterized by the dominance of a few major companies such as the East Asiatic Company, Bruel & Kjær, F.L. Smidth, Superfos, Burmeister & Wain, etc. Of late L.S. Krüger, Novo Nordisk and A.P. Møller have shown an ability to penetrate the Chinese market. However, many medium-sized Danish companies have also been able to export quality products, for example in the field of machinery. The state loans of the 1980s created an impetus for these companies and the result was that certain areas, chiefly the food processing industry, were characterized by the activities of a range of Danish companies rather than a selected few.

Major Danish companies have chosen to establish a more permanent presence in China and have opened representative offices or have entered into cooperation with the Chinese in the form of joint ventures. In the 1990s it has also been possible to establish wholly foreign-owned companies in China.

A presence in mainland China established in the form of a joint venture or a wholly-foreign-owned enterprise has the added advantage of providing direct access to the Chinese market. In this way Danish performance on the Chinese market may very well turn out to be better than indicated by official statistics on trade between the two countries.

NOTES
3 Cited in Lardy, *Foreign Trade and Economic Reform in China*, p. 16.
5 Batsavage and Davie, ‘China’s International Trade and Finance’, p. 710.
7 There was strong resistance in the Chinese leadership against changing the self-reliance strategy of the 1960s. During the campaign to criticize Lin Biao and Confucius (1973–74) and the anti-Deng Xiaoping campaign (late 1975–76) there were many articles that claimed that the moderates then in charge of China’s economy and foreign trade relations were ‘slaves of foreigners’. In 1975 in the policy document
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‘Some Questions on Accelerating the Development of Industry’ Deng proposed to increase export of China’s natural resources, chiefly oil, to pay for imports of badly needed foreign technology. This was anathema to the Gang of Four who criticized Deng for pursuing a ‘policy of capitulation and national betrayal’ and for turning China into ‘a raw materials supplying base for imperialism and social-imperialism, a market for their commodities and outlet for their investments.’ See Kao Lu and Chang Ko, ‘Comments on Teng Hsiao-ping’s Economic Ideas of the Comprador Bourgeoisie,’ *Hongqi*, No.7, 1976. See also People’s Daily Editorial ‘Grasp the Crucial Point and Deepen the Criticism of Deng Xiaoping,’ *Renmin Ribao*, 23 August 1976.


14 Ibid., p. 643.

15 Ibid., pp. 626 and 636.

16 According to EU statistics, two-way trade is even more sizeable, reaching a figure of ECU 53.7 billion (equal to USD 60.9 billion in 1997), which would constitute 18.7 per cent of the value of China’s total foreign trade in 1997. In general there are often divergences between Chinese statistical data and those published by its Western trading partners. The chief reason for these divergences seems to be related to the substantial increase in Chinese trade passing through Hong Kong. According to Chinese statistical practice, such trade is registered as trade only with Hong Kong. However, since at least half of China’s export to Hong Kong is in turn re-exported, this practice in fact inflates China’s export to Hong Kong and underestimates export to third countries such as the EU.


18 It should be noted that the EU and China do not agree on these statistics. Chinese figures show a bilateral trade deficit vis-à-vis the EU of USD 2.4 million in 1993 instead of the surplus of ECU 8.2 billion (USD 9.6 billion) registered by EU statistics and for 1997 a deficit of USD 4.7 billion rather than the surplus of ECU 20.9 billion (USD 23.6 billion) found in the same EU statistics. As mentioned in the previous note, these discrepancies are a result of the differences over how to include Hong Kong re-export figures in the statistics. ECU=§ conversions for 1993 calculated at 1.17, for 1997 at 1.15.

19 Endean, ‘China’s Foreign Commercial Relations’, p. 761.

20 Grant (ed.), *The European Union and China*, p. 106.

TRADE AND ECONOMIC RELATIONS BETWEEN DENMARK AND CHINA 1949–97

23 There is also a textile agreement covering China’s textile trade with the EU. The EC and China signed the first textile agreement in 1979 and it provided a framework for China’s textile and clothing export to the EC through the 1980s. The current textile agreement was signed in December 1992. Sino–EU textile trade is also regulated by the international trade arrangements known as the Multifibre Arrangement (MFA). See Jie Zhang and Gustav Kristensen, ‘The Danish Trade in an EU Context’, School of Business and Economics, Odense University, European Studies Discussion Paper, No. 19, 1995.
28 Ibid., p. 17.
30 Ibid., p. 32.
31 Ibid., p. 33.
32 Ibid., p. 32.
33 Ibid., p. 34.
34 European Commission, ‘Building a Comprehensive Partnership with China’. For a fuller discussion, see Chapter 9 of the present volume.
35 See Chapter 8 of the present volume.
38 Mohr, ‘Trade with Denmark’, p. 143. It should also be emphasized that the 1959 change in the basis for calculating import and export figures automatically caused a jump in the volume of trade.
39 Danmarks vareindførelse og -udførsel [External trade of Denmark] (years 1949 and 1950).
40 See Holger Hansen, I Østen [In the East], København: Gyldendal, 1983, pp. 140–143.
41 Again it was Holger Hansen of the East Asiatic Company who took the initiative in organizing the exhibition on behalf of the East Asiatic Company and the Danish government, represented by the Committee for Exhibitions Abroad (Komitéen for udstillingen i udlandet). Ibid., pp. 162–167.
43 Rigsrevisionen, ‘Beretning til statsrevisorerne om udviklingsprojekter i Kina, finansieret med danske statslån’ [Report to the state auditors on development projects in China financed by Danish state loans], August 1990.
44 Ibid., p. 8.
The continuous Danish trade deficit is not reflected in Chinese statistics. According to Chinese Customs Statistics the PRC is in fact enjoying a surplus in its trade with Denmark in the 1970s except for 1975, but in the 1980s China is experiencing a trade deficit every year without exception. The discrepancy between Danish and Chinese data is mainly caused by the Chinese tendency not to calculate goods passing through Hong Kong in Chinese export figures.
TRADE AND ECONOMIC RELATIONS BETWEEN DENMARK AND CHINA 1949–97

68 Jyllandsposten, 18 February 1983; Børsen, 30 October 1984.
69 Jyllandsposten, 22 October 1986.
73 Børsens Nyhedsmagasín, nr. 1, 10 January 1997.
Trade and Economic Relations between Denmark and Taiwan 1949–97

Kjeld Erik Brødsgaard

The main purpose of this chapter is to provide an account of trade and economic relations between Denmark and Taiwan since the establishment of the Republic of China on Taiwan in 1949. Denmark was one of the first European countries to establish diplomatic relations with the People’s Republic of China in early 1950, thereby acknowledging the new communist government’s claim to be the sole lawful authority representing China. As a result of this act Denmark severed its relations with the nationalist government and since then Denmark has never taken steps to diplomatically recognize the Republic of China on Taiwan. Denmark continued to have unofficial contacts with Taiwan, but these were primarily related to trade and economic affairs and on a limited scale there were also some contact in the cultural and scientific field. Only at the end of the period do political relations begin to acquire some importance. As a result, an account of relations between Denmark and Taiwan during the 48 years from 1949 to 1997 must necessarily focus on economic and trade relations, leaving political relations to recede into the background.

The present chapter will primarily describe and analyse trade and economic relations between Taiwan and Denmark in terms of value and type of commodities and the flow and pattern of trade. Second, the environment or the infrastructure of the trade between Taiwan and Denmark will be addressed, i.e. what are the agreements and policies governing relations between the two sides and what the channels for contact are. Third, there will be an attempt to identify the actors involved in ROC–Danish trade relations. How many Danish companies are operating in Taiwan and what are the products in which they trade and do business? In a similar way the Taiwanese economic presence in Denmark will be addressed.

It is important to note that relations between Denmark and Taiwan do not exist in a vacuum. For Taiwan they constitute part of her relations with Europe and for Denmark they have always been affected by policies towards the Chinese mainland. Moreover, in recent years the Danish attitude has increasingly been influenced by EU policies. The mainland China aspect is dealt with in other chapters and will not be further discussed here. But a brief outline of
relations between Taiwan and Europe will be provided in order to put relations between Denmark and Taiwan in a wider perspective. Again there will be an emphasis on economic and trade issues. But first the recent political and economic developments in Taiwan will be sketched in order to put the analysis into a broader perspective.

**THE TAIWAN MIRACLE**

Over a period of 40 years from 1951 to 1991, Taiwan experienced an average annual growth rate of real GNP of 8.8 per cent. In terms of per capita GNP the annual average growth rate for the same period amounted to 6.4 per cent. GNP rose on an annual rate of 8.9 per cent in the 1950s and 1960s, 10.0 per cent in the 1970s and 8.1 per cent in the 1980s. Meanwhile per capita GNP rose from USD 196 in 1952 to USD 217 in 1965, USD 2,344 in 1980, and USD 13,198 in 1997. The only other economy in the world which can rival such an outstanding growth performance is diamond-rich Botswana.

The only other economy in the world which can rival such an outstanding growth performance is diamond-rich Botswana. The only other economy in the world which can rival such an outstanding growth performance is diamond-rich Botswana.

| Table 11.1: Economic Growth and Indicators of Structural change in Taiwan, 1965–97* |
|-----------------|-------|-----------------|
| **Growth (annual rate)** |       | **Growth rate 1965–97 (%)** |
| GNP (USD billion) | 2,811 | 284,777 | 8.5 |
| Per capita GNP (USD ) | 217 | 13,198 | 7.0† |
| **Structural change** |       |       |
| Gross savings as percentage of GNP | 20.7 | 24.6 | - |
| Gross investment as percentage of GNP | 22.7 | 21.9 | - |
| Agriculture as percentage of GDP | 23.6 | 2.7 | - |
| Industry as percentage of GDP | 30.2 | 34.9 | - |
| – manufacturing | 22.3 | 27.7 | - |
| Services as percentage of GDP | 46.2 | 62.3 | - |
| Trade as percentage of GNP | 35.8 | 83.1 | - |
| Foreign reserves as percentage of GNP | 8.7 | 29.5 | - |

* Source: *Taiwan Statistical Data Book 1995; Taiwan Statistical Data Book 1999.*
† The 1965–94 period.
As a result of successful industrialization, agriculture’s contribution to gross domestic product fell from 32.3 per cent in 1952 to 23.6 per cent in 1965 and to 2.7 per cent in 1997. Until 1987, the share of manufacturing GDP rose, but in recent years it has declined again due to the increased importance of services. In 1997 the service sector contributed 62.3 per cent and manufacturing 27.7 per cent of GDP (see Table 11.1). Thus Taiwan appears to have been transformed into an industrialized economy.

The indicators for social welfare and development are equally impressive. In 1995 there were 99 refrigerators, 99 colour TV sets and 96 telephones per 100 homes. The literacy rate has risen from 58 per cent in 1952 to 94 per cent in 1996 and life expectancy at birth stood at 71.94 years for men and 77.81 for women.

It is generally believed that there are two main sources for the hyper-growth of Taiwan’s economy. The first is sustained increases in investment based on a high domestic savings ratio. Thus savings as a percentage of GNP has hovered around 30–38 per cent since the beginning of the 1970s. In 1990 it sank below 30 per cent and was in 1997 24.6 per cent, which is still a high figure compared to other economies in the world. The domestic savings rate has in general exceeded the investment rate allowing for capital export as well as the accumulation of huge foreign reserves.

The second source of growth is the rapid expansion of export achieved since the beginning of the 1960s. Taiwan’s economy has become increasingly dependent on trade. Between 1960 and 1990 Taiwan’s total foreign trade increased 265-fold from USD 461 million to USD 121,930 million. During these three decades the average annual growth rate of foreign trade was about three times the growth rate of GNP. Consequently, Taiwan’s dependency ratio (trade/GNP) rose from 26.9 per cent in 1960 to a high of 91.4 per cent in 1981 before slowly declining to 85.9 per cent in 1987 and 83.1 per cent in 1997 (See Table 11.1). Most of the expansion in trade has been ‘export-led’. In fact, since 1970 Taiwan has consistently recorded a positive trade balance with the exception of 1973–74 when the economy suffered from the impact of the oil crisis. In the 1980s and beginning of 1990s Taiwan’s trade surplus as a percentage of GNP continued to grow and in 1994 it made up a record high 37.9 per cent of that year’s GNP. Although the trade surplus has gone down in recent years it still amounted to USD 5.9 billion in 1997, down from USD 13.6 billion in 1996.

Primarily due to pressures from abroad, Taiwan has in recent years moved to correct the imbalances in its relations with the outside world. One of the measures adopted was the rise of the Taiwan dollar since 1986 with the aim of reducing the trade imbalance especially between Taiwan and the US. Another measure has been to reduce tariffs. The average real nominal tariff rate has been lowered from 31 per cent in 1984 to 13 per cent in 1988. A third measure has been to soften import barriers and simplify import regulations.

These measures have stimulated import and contributed to a reduction of the enormous surplus in Taiwan’s trade with the outside world. However, primarily due to its strong export performance on the North American market, Taiwan is still accumulating large surpluses which remain largely untapped.
23. Public investments have contributed to Taiwan’s rapid economic growth. One example is Taipei’s mass rapid transit (MRT) system, which opened its first line in 1996 – an elevated train system connecting suburban Mucha with downtown Taipei representing investments of about USD 14 billion. *Free China Review*, 10 October 1999.
Due to the robustness of its economy Taiwan has weathered the storm of the Asian financial crisis that broke out in late 1997 much better than its neighbours in the region. Economic growth slowed down to 4.8 per cent in 1998, but there has been no meltdown of the financial system and Taiwan continued to show a surplus in its trade balance.

Because of its strong economic performance Taiwan is generally considered to be a showcase of the region. However, the transition from authoritarianism to participatory democracy, which has taken place over a ten-year period from the late 1980s, also has attracted considerable attention. A series of political steps initiated this process in 1986–88. Thus the martial law decree was abolished in 1987 officially suspending the emergency regime and allowing for the establishment of opposition parties.\textsuperscript{15} Already in September 1986, *dangwai* [outside of the party] leaders had met to form the major opposition party – the Democratic Progressive Party (DPP).\textsuperscript{16} But until the suspension of martial law, the party remained illegal in the eyes of the government. At the end of the 1980s measures were also discussed to introduce parliamentary reform and it was decided that the mainland-elected representatives who had served since 1947 should retire by the end of 1991. This step made it possible to hold the first major national election – for the Second National Assembly – in December 1991.\textsuperscript{17} The Guomindang (Kuomintang – KMT) won a large majority of the seats. One year later, in December 1992, elections for the total renewal of the most important parliamentary body, the Legislative Yuan, were held. The KMT won 53 per cent of the vote while the DPP managed to gain 31 per cent and independent candidates took the rest of the vote.\textsuperscript{18} In December 1994 there were direct elections for the posts of governor of Taiwan and mayors of Taipei and Gaoxiung (Kaohsiung) cities. In Taipei the candidate of the DPP Chen Shuibian (C’hen Shui-pian) defeated the KMT-candidate, indicating the emerging pluralist nature of Taiwan’s political system. In December 1995 elections to the third Legislative Yuan were held and in 1996 elections to the third National Assembly.\textsuperscript{19} Finally, the first direct presidential elections in Taiwan’s history, indeed in China’s history, took place in March 1996, illustrating that Taiwan’s transition to a representative democracy had been formally completed. Li Denghui (Lee Tenghui), who with 54 per cent of the vote easily defeated his opponents from the DPP and the New Party seems committed to a deepening of the process towards a more pluralistic and open society.\textsuperscript{20}

Under the umbrella of economic development and political reform Taiwanese society has moved decisively towards pluralism and a participatory democracy. The two-party system in the early years of reform has with the formation of the New Party (NP) in 1993 turned into a three-party system, and the KMT can no longer be sure of exclusive dominance of the centre.\textsuperscript{21} Concomitant with economic growth there has been an important development of new social groups and classes and new social movements, which form part of a revitalized civil society.\textsuperscript{22}

Taiwan’s economic success began to take shape in the early 1960s. It has been characterized by sustained high growth rates and relatively equal income.
distribution. In terms of political development Taiwan was considered to lag behind and analysts in general regarded society and the political system as being ruled and controlled by an ‘authoritarian state’. However, in recent years political reforms have been introduced and Taiwan has turned into a pluralistic and democratic society. Although these issues will not be addressed in further detail since they only indirectly influence relations between Denmark and Taiwan, they are worth mentioning as they form part of the background picture.

EUROPE–TAIWAN: POLITICAL RELATIONS

In 1950, a year after the nationalist government left the mainland, the Scandinavian countries, the United Kingdom, Switzerland and the Netherlands formally recognized the People’s Republic of China. France followed suit in 1964; Italy in 1970; Austria, Belgium and Iceland in 1971. As the PRC took over the Chinese seat in the UN, West Germany, Greece and Luxembourg also established diplomatic relations with Peking. So did Spain in 1973; Portugal in 1975; and Ireland in 1979. By the end of the 1970s the Vatican became the only European state with an official ROC representation. Thus, the 30 years after the Communist takeover in 1949 were characterized by a continuous process of diminishing diplomatic relations between Western Europe and the ROC. The European countries clearly prioritized the mainland over Taiwan and for Taipei’s part relations to Western Europe were subordinated to relations with the United States and Japan.

Since 1971, when the ROC lost its seat in the UN, there has been almost no formal contact between Europe and Taiwan. Since 1980, however, the two sides have taken steps to improve relations – the 1985 European Parliament ‘Resolution on Trade with Taiwan’ was one of the major efforts in this direction.

The resolution states that under the premises of recognizing the People’s Republic of China as the sole legal government of China the European Union should take into consideration Taiwan’s important trade relations with over 140 countries and its position among the 20 largest trading nations of the world. In particular, six points are stressed: (1) the EU cannot neglect the economic importance of Taiwan and should take full advantage of developing commercial and economic relations; (2) the Commission of the EU should ensure that Taiwan is informed of planned trade measures and is treated in a comparable manner to other Far Eastern trading partners where EU exports and imports are concerned; (3) the Parliament notes with satisfaction that Taiwan has taken measures against the manufacture of and trade in imitation products; (4) considerations should be given as to how to integrate Taiwan into the obligations and responsibilities of ‘an advanced trading partner’ within the international economic system; (5) in order to further trade and industrial contacts existing procedures, such as banking and visa issuance, should be facilitated; (6) the resolution and a ‘Report of the Committee on External Economic Relations’ should be sent to the Commission, the Council of Ministers and all EU governments.
Encouraged by the resolution the ROC announced that 1986 would be the 'year of trade with Europe' and sent a trade promotion delegation to stimulate further initiatives.\footnote{27} From the Taiwanese perspective it was another step forward when the European Community in 1991 for the first time agreed to hold the annual trade conference with Taiwan in Brussels rather than in a third country.

Also in 1996 the European Parliament took the initiative in efforts to upgrade relations between Taiwan and the EU. Influenced by the Taiwan straits crisis in the spring of 1996 the Parliament passed three resolutions criticizing mainland China's 'provocative behaviour' and 'supporting the democratization process in Taiwan' as evidenced in the presidential elections of that year.\footnote{28} The third of these resolutions dated 18 July 1996, welcomed the fact that the direct presidential elections in Taiwan had been carried out in a peaceful and democratic way despite 'overt aggression' on the part of the PRC. The resolution also touched upon the issue of Taiwan's attempts to create a stronger international profile stating that 'the people of Taiwan ought to be better represented in international organizations than they are at the present.' According to the resolution a stronger ROC presence in international organizations would not only benefit Taiwan, but the 'whole of the international community.'\footnote{29}

Specifically, it was suggested that Taiwan should be supported in its attempts to be represented in international organizations within areas concerned with human rights, labour rights, environment and development issues and economic affairs. Moreover, the Parliament instructed the Commission to explore ways for establishing a UN working group which should consider 'how Taiwan could participate in the activities of the bodies answerable to the UN General Assembly.' Finally, the Commission was recommended 'to adopt measures with a view to opening a European Union information office in Taiwan.'\footnote{30}

On 24 October 1996, the European Parliament passed a resolution which approved funds for a Taiwan affairs working group and for the establishment of an EU Parliament liaison office in Taiwan. However, the decision was never implemented since the Commission made it a condition that Taiwan first became member of WTO. Since Taiwan’s admission to WTO is not an immediate possibility the Commission in reality refused to act on the resolutions put forward by the Parliament.

In general resolutions of the Parliament have only limited influence in the EU system since they are rarely binding. Policy making takes place in the Council of Ministers or in the Commission, which is also the organ supposed to execute initiatives and decisions. However, as noted by one observer, the European Parliament may have started 'an initiative of considerable psychological significance that may be followed by institutionalized consequences' some time in the future.

**Representative Offices**

The Vatican is the only state in Europe to have formal relations with the ROC. However, as many as 20 European countries have established offices in Taiwan.
These offices are in charge of bilateral political, commercial, technological, cultural and tourism exchanges and the handling of visa applications. Despite the absence of formal diplomatic relations, European offices and their personnel in Taiwan have been offered diplomatic privileges with the purpose of obtaining the same benefits for ROC representatives in Europe.\textsuperscript{31}

The ROC for its part maintains 25 representative offices in 21 different European countries (see Table 11.2). Of these five have been established since 1990. They are located in Helsinki, Lisbon, Budapest, Prague and Warsaw.\textsuperscript{32} Since the middle of the 1980s these offices have in fact been granted semi-official status and have in spite of mainland Chinese protest been able to include ‘Taipei’ in their name.

\begin{table}[h]
\centering
\caption{The Representative Offices of the ROC in Europe\textsuperscript{*}}
\begin{tabular}{llll}
\hline
First & Country & City & Present name of office \\
\textbf{established} & & & \\
July 1971 & France & Paris & Bureau de Representation de Taipei en France \\
Oct. 1971 & Belgium & Bruxelles & Taipei Representative Office in Belgium \\
Dec. 1971 & Austria & Vienna & Taipei Economic and Cultural Office, Institute of Chinese Studies \\
Aug. 1972 & Greece & Athens & Taipei Economic and Cultural Office \\
July 1973 & Denmark & Copenhagen & Taipei Representative Office in Denmark \\
July 1973 & Sweden & Stockholm & Taipei Mission in Sweden \\
Aug. 1973 & Spain & Madrid & Oficina Economica y Cultural de Taipei \\
Mar. 1975 & Luxembourg & Luxembourg & Taipei Economic and Cultural Office \\
July 1979 & Netherlands & The Hague & Taipei Representative Office in the Netherlands \\
Aug. 1979 & Switzerland & Lausanne & Délégation Culturelle et Economique de Taipei \\
Aug. 1980 & Norway & Oslo & Taipei Economic and Cultural Office \\
July 1981 & Germany & Bonn & Taipei Vertretung in der Bundesrepublik Deutschland \\
July 1981 & Germany & Hamburg & Taipei Vertretung in der Bundesrepublik Deutschland \\
\hline
\end{tabular}
\end{table}
For many years, European ministers in office would not visit Taiwan. Impressed by political reforms and attracted by the potential contracts involved in Taiwan’s Six Year-Plan, many European countries have changed their policy in recent years. Thus since the early 1990s, a growing number of European high-ranking government officials and cabinet ministers have visited Taiwan. The first serving European minister to visit Taiwan was the French minister of industry and regional planning. Following his example more than 25 European cabinet members visited Taiwan from early 1991 to early 1997 in order to promote business interests on the island. Denmark has also become more accommodating towards Taiwan and in September 1993 sent its Minister of Industry and Energy Jan Trøjborg to Taiwan with a seven-member Danish delegation. He was the first Danish cabinet member ever to visit Taiwan.

### Table 11.2: The Representative Offices of the ROC in Europe *

<table>
<thead>
<tr>
<th>First established</th>
<th>Country</th>
<th>City</th>
<th>Present name of office</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 1981</td>
<td>Germany</td>
<td>Berlin</td>
<td>Taipei Vertretung in der Bundesrepublik Deutschland</td>
</tr>
<tr>
<td>Sept. 1988</td>
<td>Ireland</td>
<td>Dublin</td>
<td>Taipei Representative Office in Ireland</td>
</tr>
<tr>
<td>Dec. 1988</td>
<td>Germany</td>
<td>Munich</td>
<td>Taipei Vertretung in der Bundesrepublik Deutschland</td>
</tr>
<tr>
<td>N.A.†</td>
<td>Italy</td>
<td>Rome</td>
<td>Ufficio di Rappresentanza Taipei in Italia</td>
</tr>
<tr>
<td>Apr. 1990</td>
<td>Finland</td>
<td>Helsinki</td>
<td>Taipei Economic and Cultural Office</td>
</tr>
<tr>
<td>Apr. 1990</td>
<td>Hungary</td>
<td>Budapest</td>
<td>Taipei Representative Office in Hungary</td>
</tr>
<tr>
<td>Dec. 1991</td>
<td>Czechoslovakia</td>
<td>Prague</td>
<td>Taipei Economic and Cultural Office</td>
</tr>
<tr>
<td>June 1992</td>
<td>Portugal</td>
<td>Lisbon</td>
<td>Centro Economico e Cultural de Taipei</td>
</tr>
<tr>
<td>Oct. 1992</td>
<td>Poland</td>
<td>Warsaw</td>
<td>Taipei Economic and Cultural Office</td>
</tr>
<tr>
<td>N.A.</td>
<td>Latvia</td>
<td>Riga</td>
<td>Taipei Mission in the Republic of Latvia</td>
</tr>
<tr>
<td>N.A.</td>
<td>U.K.</td>
<td>Edinburgh</td>
<td>Taipei Representative Office in the U.K. Edinburgh</td>
</tr>
</tbody>
</table>

* Source: Chiu, ‘From Economic Relations to Political Ties’; and Taipei Representative Office, Denmark.
† N.A.: Not available.
Europe–Taiwan: Trade and Economic Relations

In the 1950s ROC trade with Europe grew at a low pace constituting only about six to seven per cent of total ROC foreign trade (see Table 11.3). Taiwan's imports from Europe were nearly twice the value of its exports to Europe, approaching three times the value at the end of the decade, and Taiwan ran up a continuous trade deficit.35

In the 1960s ROC–European trade relations gradually improved and trade with Europe reached 9.9 per cent of Taiwan’s total foreign trade in 1967.36 Exports grew from USD 9.8 million in 1960 to USD 103.7 million in 1969. The average rate of growth of exports in the decade was about 10.5 per cent. Except for 1963 and 1964 Taiwan continued to run up a deficit.

Table 11.3: Trade Between the ROC and Europe 1952–97 (in thousand USD) *

<table>
<thead>
<tr>
<th>Year</th>
<th>ROC trade with Europe</th>
<th>ROC trade total</th>
<th>European trade as percentage of total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1952</td>
<td>18,400</td>
<td>303,689</td>
<td>6.1</td>
</tr>
<tr>
<td>1957</td>
<td>26,667</td>
<td>360,528</td>
<td>6.8</td>
</tr>
<tr>
<td>1962</td>
<td>44,275</td>
<td>522,316</td>
<td>8.5</td>
</tr>
<tr>
<td>1967</td>
<td>142,823</td>
<td>1,446,562</td>
<td>9.9</td>
</tr>
<tr>
<td>1972</td>
<td>563,443</td>
<td>5,501,625</td>
<td>10.2</td>
</tr>
<tr>
<td>1977</td>
<td>2,084,470</td>
<td>17,871,597</td>
<td>11.7</td>
</tr>
<tr>
<td>1978</td>
<td>2,901,442</td>
<td>23,714,071</td>
<td>12.2</td>
</tr>
<tr>
<td>1979</td>
<td>4,008,535</td>
<td>30,877,126</td>
<td>13.0</td>
</tr>
<tr>
<td>1980</td>
<td>4,981,936</td>
<td>39,545,753</td>
<td>12.6</td>
</tr>
<tr>
<td>1981</td>
<td>4,848,682</td>
<td>43,810,748</td>
<td>11.1</td>
</tr>
<tr>
<td>1982</td>
<td>4,705,511</td>
<td>41,092,645</td>
<td>11.5</td>
</tr>
<tr>
<td>1983</td>
<td>5,031,376</td>
<td>45,408,825</td>
<td>11.1</td>
</tr>
<tr>
<td>1984</td>
<td>5,444,176</td>
<td>52,415,476</td>
<td>10.4</td>
</tr>
<tr>
<td>1985</td>
<td>5,450,184</td>
<td>50,854,711</td>
<td>10.7</td>
</tr>
<tr>
<td>1986</td>
<td>8,010,329</td>
<td>64,042,964</td>
<td>12.5</td>
</tr>
<tr>
<td>1987</td>
<td>13,710,017</td>
<td>88,662,128</td>
<td>14.9</td>
</tr>
<tr>
<td>1988</td>
<td>17,892,860</td>
<td>110,340,162</td>
<td>16.2</td>
</tr>
</tbody>
</table>
In the 1970s trade between Taiwan and Europe further expanded from a value of USD 297.4 million in 1970 to USD 4 billion in 1979. The growth of exports outpaced imports so that Taiwan could begin to accumulate a considerable trade surplus in its trade with Europe. In fact, with the exception of 1974, since the beginning of the 1970s Taiwan’s exports to Europe have consistently outweighed imports. However, although statistics show a steady increase in trade with Europe, Taiwan’s trade with the rest of the world also increased, and therefore at its peak in 1979 the European trade only took up 13 per cent of total ROC foreign trade (see Table 11.3).

In the 1980s ROC export to Europe increased significantly with an average annual growth rate of 28.3 per cent. The decade started off with a stagnation in mutual trade, but after the second oil crisis had passed, trade began to increase rapidly (see Table 11.4). In 1984 Europe absorbed 10.4 per cent of Taiwan’s export. This share increased to 16.3 per cent in 1989 and further to 17.9 per cent in 1990. Europe thus became the second largest market for the ROC, before Japan and left behind only by the USA.

ROC imports from Europe also grew significantly. From 1984 to 1989 imports from Europe increased from USD 2,380 million to USD 8,382 million with an annual average growth rate of 26.6 per cent (see Table 11.4). Thus Europe increasingly became a supplier of Taiwan imports as well as a receiver of export. In 1990 ROC trade relations with Europe peaked with a share of total trade reaching as high as 17.9 (see Table 11.3). Since then the relative weight of trade with Europe has gone down, a trend which primarily was caused by a slowdown in Taiwan’s export to Europe. In 1993 Taiwan registered a deficit of USD 658 mil-

<table>
<thead>
<tr>
<th>Year</th>
<th>ROC trade with Europe</th>
<th>ROC trade total</th>
<th>European trade as percentage of total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1989</td>
<td>19,335,466</td>
<td>118,569,278</td>
<td>16.3</td>
</tr>
<tr>
<td>1990</td>
<td>21,819,268</td>
<td>121,950,450</td>
<td>17.9</td>
</tr>
<tr>
<td>1991</td>
<td>23,976,350</td>
<td>139,038,854</td>
<td>17.2</td>
</tr>
<tr>
<td>1992</td>
<td>26,403,526</td>
<td>153,477,044</td>
<td>17.2</td>
</tr>
<tr>
<td>1993</td>
<td>26,461,802</td>
<td>162,152,661</td>
<td>16.3</td>
</tr>
<tr>
<td>1994</td>
<td>28,877,271</td>
<td>178,397,977</td>
<td>16.2</td>
</tr>
<tr>
<td>1995</td>
<td>34,426,379</td>
<td>215,208,844</td>
<td>16.0</td>
</tr>
<tr>
<td>1996</td>
<td>37,088,085</td>
<td>218,312,085</td>
<td>17.0</td>
</tr>
<tr>
<td>1997</td>
<td>40,016,078</td>
<td>236,505,338</td>
<td>16.0</td>
</tr>
</tbody>
</table>

* Source: Taiwan Statistical Data Book 1999.
TRADE AND ECONOMIC RELATIONS BETWEEN DENMARK AND TAIWAN 1949–97

lion in its trade with Europe – the first since the crisis year of 1974. In 1994 Tai-
wan continued to increase its imports from Europe whereas exports stagnated 
and the trade deficit widened to more than USD 3 billion (see Table 11.4). In  
1995 exports as well as imports began to pick up again and in 1996 Europe’s 
share of Taiwan’s total foreign trade went up to 17 per cent and Europe was about 
to take Japan’s position as Taiwan’s second largest trading partner, next to the 
United States.

Table 11.4: ROC’s Trade with Europe 1984–97 (in million USD) *

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>Import</th>
<th>Export</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1984</td>
<td>5,444</td>
<td>2,380</td>
<td>3,064</td>
<td>+ 684</td>
</tr>
<tr>
<td>1985</td>
<td>5,450</td>
<td>2,454</td>
<td>2,996</td>
<td>+ 542</td>
</tr>
<tr>
<td>1986</td>
<td>8,010</td>
<td>3,236</td>
<td>4,774</td>
<td>+ 1,538</td>
</tr>
<tr>
<td>1987</td>
<td>13,170</td>
<td>5,278</td>
<td>7,892</td>
<td>+ 2,614</td>
</tr>
<tr>
<td>1988</td>
<td>17,893</td>
<td>8,006</td>
<td>9,887</td>
<td>+ 1,881</td>
</tr>
<tr>
<td>1989</td>
<td>19,336</td>
<td>8,382</td>
<td>10,954</td>
<td>+ 2,572</td>
</tr>
<tr>
<td>1990</td>
<td>21,819</td>
<td>9,586</td>
<td>12,233</td>
<td>+ 2,647</td>
</tr>
<tr>
<td>1991</td>
<td>23,977</td>
<td>9,975</td>
<td>14,002</td>
<td>+ 4,027</td>
</tr>
<tr>
<td>1992</td>
<td>26,404</td>
<td>12,475</td>
<td>13,929</td>
<td>+ 1,454</td>
</tr>
<tr>
<td>1993</td>
<td>26,462</td>
<td>13,560</td>
<td>12,902</td>
<td>- 658</td>
</tr>
<tr>
<td>1994</td>
<td>28,877</td>
<td>15,950</td>
<td>12,927</td>
<td>- 3,023</td>
</tr>
<tr>
<td>1995</td>
<td>34,426</td>
<td>18,701</td>
<td>15,725</td>
<td>- 2,976</td>
</tr>
<tr>
<td>1996</td>
<td>37,088</td>
<td>20,143</td>
<td>16,945</td>
<td>- 3,198</td>
</tr>
<tr>
<td>1997</td>
<td>40,016</td>
<td>21,601</td>
<td>18,415</td>
<td>- 3,186</td>
</tr>
</tbody>
</table>

* Source: Taiwan Statistical Data Book 1999

Among the European countries, EU countries dominate the trade with 
Taiwan (see Figure 11.1). Thus the EU takes 87.7 per cent of Taiwan’s trade with 
Europe; Switzerland covers almost a third of the remaining 12.3 per cent.30 In  
1992 the EU accounted for 82.7 per cent of Taiwan’s trade with Europe. The EU’s 
increase in the relative share of overall trade with Europe reflects the expansion 
of EU membership countries from 12 to 15 in 1993.

Among the EU countries Germany dominates with a share of 22.6 per 
cent of total ROC trade with Europe. In the second place is France (15.3 per 
cent), and then come the Netherlands (14.8 per cent) and the United Kingdom
Statistics concerning Taiwan’s commodity trade with major trading partners on a global scale reveal that German–ROC trade accounted for 3.9 per cent of Taiwan’s total trade with the outside world in 1997. This makes Germany Taiwan’s fifth largest trade partner, next to the United States, Japan, Hong Kong, and the People’s Republic of China. The widening deficit in Taiwan’s trade with Europe is primarily caused by an increasing imbalance in ROC–German trade in Germany’s favour. Since 1991 Taiwan’s trade balance with Germany has developed from a positive balance of USD 855 million in 1991 to a negative balance of 1.07 billion in 1997.

As to the composition of trade almost two-thirds of Taiwan’s exports (62 per cent) to Europe consists of mechanical appliances and electrical machinery and equipment, reflecting Taiwan’s growing export of computers and computer components. Toys, games, sports requisites, and clothing are much lower on the list with a share of only 2.5 per cent, indicating that Taiwan no longer can compete with the PRC in these industries. Imports are dominated by machinery and mechanical appliances (17.7 per cent), electrical machinery and equipment (15.7 per cent), iron and steel (10.7 per cent), and vehicles other than railway stock (6.3 per cent), reflecting Taiwan’s need for automobiles, machinery, integrated circuits, spare parts and steel. These are the items where German industry plays a leading role.

In the 1980s a sign of closer economic co-operation between Taiwan and Europe was the increase of European investment in Taiwan since the beginning of the 1980s. Before 1979 there were less than five cases of European investment annually, with a total amount of less than USD 30 million per year; but in 1984 there were fourteen incidents of European investment in Taiwan worth USD 92 million and in 1989 85 cases with USD 530 million. In fact, already in 1988 European investments surpassed those of the United States and Europe became the second largest investor, next only to Japan. In 1989 European investments accounted for 24 per cent of total foreign investments.
shows the increasing interest of European investors in Taiwan. At the beginning of the 1980s, Taiwanese investments in Europe were at a minimum. In fact, during the crisis years of 1982 to 1984 there was not a single instance of outward investment in Europe. From 1985 this situation began to change and in 1988 there were sixteen instances of investment involving USD 10 million. In 1990 there were 35 cases with USD 266 million (see Table 11.5). In 1991 the value of ROC investments in Europe peaked at USD 350.2 million.  

The sudden increase in Taiwan’s investments in Europe is remarkable. It caused the share of Taiwan investment in Europe to grow from 7.9 in 1989 to 21.2 per cent in 1991 of Taiwan’s total outward investment. The obvious explanation is the ROC’s appreciation of the importance of establishing a foothold in Europe before the formation of the European Single Market in 1992. Traditionally Taiwan has directed its investment towards the United States, but the European Single Market entailed the creation of a new market even bigger than that of the United States. This, in combination with the need to diversify outward investment, led the Taiwanese to increasingly stress relations with Europe. The Europeans, for their part, did not fail to notice the enormous potential buying power Taiwan possessed as the result of having created the world’s second largest foreign exchange reserves. The mammoth USD 303 billion Six Year Plan announced in 1991 also contributed to convincing the Europeans that it was important to be present on the island.

The intensification of economic relations was also followed by the mutual establishment of banks in Taiwan and in Europe. Before 1979 there were no European banks present in Taiwan. Since 1980 altogether 24 European banks have opened branches and representative offices in Taiwan. They include five from France, three from United Kingdom, three from the Netherlands, three from Switzerland, three from Germany, two from Belgium, one from Austria, one from Spain, one from Italy, and one from Hong Kong. The Nordic countries are represented only by the representative office of the Swedish Svenska Handels-

<table>
<thead>
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<th>Year</th>
<th>Case</th>
<th>Amount</th>
</tr>
</thead>
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<td>1</td>
<td>1,000</td>
</tr>
<tr>
<td>1981</td>
<td>1</td>
<td>2,231</td>
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<td>1983</td>
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<td>0</td>
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<td>1984</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>1985</td>
<td>1</td>
<td>891</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Case</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
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<td>194</td>
</tr>
<tr>
<td>1987</td>
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<td>10,199</td>
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<td>17,005</td>
</tr>
<tr>
<td>1989</td>
<td>13</td>
<td>73,325</td>
</tr>
<tr>
<td>1990</td>
<td>35</td>
<td>265,903</td>
</tr>
</tbody>
</table>

* Source: Chiu, ‘From Economic Relations to Political Ties’. 
banken. By the end of 1991 ROC banks had established a total of eleven branches or representative offices in Europe.\textsuperscript{52}

In this context the strengthening of the European presence in Taiwan in the form of trade offices is also important to note. Some of these have assumed semi-official functions and are headed by former diplomats. By the end of 1996 altogether 18 European trade offices had been established in Taiwan. Luxembourg and Portugal are the only EU countries which have not yet established a trade office in Taipei.\textsuperscript{53}

A third sign of the two sides developing closer relations is the establishment of bilateral committees for economic co-operation. Annual bilateral economic conferences were held with Belgium from 1981, with Spain from 1982, with the Netherlands from 1983, with France from 1984, with Germany from 1988, and with Italy and Poland from 1994.\textsuperscript{54} The only Nordic country to have regular similar contact with Taiwan is Sweden, which accepted bilateral economic co-operation conferences with Taiwan in 1986. These committees hold regular meetings to discuss economic and commercial co-operation. A number of countries have also entered into technological co-operation agreements with the ROC, covering areas such as environmental protection techniques, computer technology, industrial planning and biotechnology. The ROC has also signed protocols with the EU and the two former EFTA countries Norway and Sweden on mutual exemption of maritime taxes. In addition, the ROC has signed agreements concerning educational co-operation and exchange with many European countries.

Since 1981, Taiwan had also held annual trade conferences with the EU. Because of pressure from China these conferences were usually held in a third country, avoiding Brussels and Taipei. But in 1992 the EU accepted the holding of the conference in Taipei and EU and ROC officials are now in direct contact.\textsuperscript{55}

In sum, the Europeans are clearly strengthening their economic links with Taiwan. They have come to recognize the potential purchasing and investment power of the island and at the same time they are no longer content to let mainland China decide the rules of the game. Here Taiwan has benefited tremendously from the reduced international prestige and status of the PRC in the wake of the Tiananmen debacle and after the collapse of the former Eastern bloc. Nor has it escaped the attention of the Europeans that Taiwan now for over a decade has been engaged in creating a democratic and open society with free elections and a pluralistic political system.

In the economic area, European companies appear to have realized that Taiwan can be used to start joint-venture operations on the mainland. In Taiwan, European companies can gain experience in how to do business in a Chinese environment and they may find the talent they need when they start operating on the mainland.

Taiwan authorities are eager to diversify Taiwan’s trade and investment. Traditionally, Taiwan has been dependent on the American market. However, the trade with the mainland is rapidly increasing and already the PRC takes the lion’s share of ROC outward investments.\textsuperscript{56} The ROC government is worried
about this trend and would rather like Taiwan companies to direct more attention to Europe. It is, for example, of concern to the Taiwan authorities that Taiwan’s approved direct investment in Europe has fallen from USD 350 million in 1991 to USD 214 million in 1995. In 1997 Europe took only two per cent of Taiwan’s approved outward investment.

Since 1994 Taiwan has experienced a yearly deficit of about USD 3 billion in its trade with Europe. This is in stark contrast to bilateral trade over the past two decades, where Taiwan (except for a minor deficit in 1993) enjoyed a trade surplus with Europe every year. Recent developments have been explained by economic recession in Europe and the declining purchasing power of the European consumer. Taiwanese sources also point to the effect of European economic integration creating protectionist pressures on Taiwan’s exports. Moreover, the traditional Taiwanese export products have encountered strong competition from mainland China and from Southeast Asian countries. Equally convincing arguments are to be found on the import side, namely that Taiwan is trying to diversify its imports in order to reduce its large deficit in trade with Japan and this has stimulated imports of European goods. In general, due to the rise of the Japanese yen against major Western currencies European goods have also become more competitive on the Taiwanese market. Finally, it has been argued that Taiwan currently is lacking the number of trade and investment strongholds it would need in Europe in order to penetrate the market from the inside and make the island less vulnerable to the fluctuations in the European market.

**DENMARK–TAIWAN**

**Political Relations**

Denmark was one of the first European countries to establish diplomatic relations with the PRC in 1950, thereby acknowledging the communist government’s claim to be the sole lawful authority in China and that Taiwan was an integral part of China. To be sure, Denmark has also cultivated unofficial contacts with Taiwan. However, these were first and foremost economic and trade related and only in a very limited and sporadic degree did they spread to culture, science and tourism.

Successive Danish governments supported the proposition that the PRC rather than the ROC should represent China in the United Nations and not even the Korean War changed this basic attitude, which seemed to be shared by the media. The political turmoil of the Cultural Revolution also did not cause any change in the Danish position on this matter. As argued earlier in the chapter on Danish–Chinese political relations Danish support for the PRC logically followed from a basic sympathy for the underdeveloped world which was slowly emerging from what was thought to be the oppression of the imperialist powers and was forming its own independent nation states. The ROC was thought to owe its existence solely to the strong anti-communist stance of
the United States – a stance which the social democratic Scandinavian welfare states could and would not share in the Far Eastern arena. Only when the ROC began to loosen its ties to the United States, did the Danish attitude slowly begin to change.

In 1973, two years after the ROC relinquished its seat in the UN, a Free China News Syndicate was opened in Denmark to serve as the island’s unofficial representative in the Nordic area. In 1980 its successor, the Free China Information Office, was formed. As mentioned earlier, three years later, in October 1983, a Danish Trade Organization was established in Taipei. Both institutions were of non-governmental status but authorized to issue visas. In 1991 the Free China Information Office was renamed the Taipei Economic and Cultural Office. Four years later the name was changed to the present name, the Taipei Representative Office, reflecting the increased political role of the office. The Taipei Representative Office consists of a political, economic and information department and also covers Greenland, the Faroe Islands and Iceland. Until June 1995 the economic department also covered Norway and the three Baltic countries.

There are only two official treaties between Denmark and Taiwan. One concerns postal administration and is an international express mail agreement between the Postal Administrations of Taiwan and Denmark, including the Faroe Islands. It was signed in October 1985 and was effective from February 1986. The other concerns medical co-operation and is a Memorandum of Understanding between the National Institute of Preventive Medicine of the Department of Health of the Republic of China and Statens Serum Institut of the Ministry of Health of Denmark. The memorandum was signed in July 1992 and went into effect immediately.

In the cultural and educational fields there are some limited, although growing contacts. Since 1982 Danish students planning to study Chinese in Taiwan have been able to apply for scholarships provided by Taiwan’s Ministry of Education. Altogether 25 Danish students have been able to profit from this arrangement. However, since 1991 Taiwan has ceased offering these scholarships. The reason appears to be that Taiwan now would like Denmark to reciprocate by offering scholarships to ROC students and by agreeing to more formal relations in this field. A number of Danish scholars have also conducted research on Taiwan. Most of them have been supported by their own home institutions. But some scholars have also benefited from a programme established by the Centre for Chinese Studies, Taipei, to assist foreign sinologists to carry out research in the ROC. In recent years the Chiang Ching-kuo Foundation has supported scholarly research in Denmark on mainland China and Taiwan with significant grants.

For many years the ‘official’ Denmark refused any contacts with representatives of Taiwan’s government and visiting Taiwanese delegations would not be received or entertained by Danish government officials. However, given the political developments in mainland China and Taiwan’s strong role in international trade, Denmark has changed its attitude.
TRADE AND ECONOMIC RELATIONS BETWEEN DENMARK AND TAIWAN 1949–97

In April 1992 a Danish delegation of 23 members headed by Svend Henriksen, deputy director-general of the Federation of Danish Industries, visited Taiwan to take part in a special seminar promoting economic relations and Danish participation in the Taiwan’s ambitious Six-Year Development Plan (1991–96). The delegation, which among others included two senior officials – Henrik Ree Iversen, under secretary for trade relations in Denmark’s Ministry of Foreign Affairs and Lars Bernhard Jørgensen, deputy permanent secretary of the Ministry of Industry – was the highest-ranking Danish mission to visit Taiwan since the severing of relations in 1950.61

The Danish interest in expanding relations with Taiwan was expressed even more clearly in September 1993, when the Danish Minister of Industry and Energy Jan Trøjborg, as the first cabinet member ever to visit Taiwan, led a seven-member Danish delegation to take part in a Danish business conference in Taipei.62 At the business conference he said that both countries were small, heavily dependent on foreign trade and with economies dominated by medium-sized enterprises. He said that Denmark had the expertise to help solve some of the problems in the environment, energy, transportation and medical care which Taiwan were experiencing as a result of her rapid economic growth. Trøjborg further suggested that Denmark could serve as a springboard for Taiwan exports to various European countries.63 The ROC Minister of Economic Affairs Jiang Bingkun (Chiang Ping-kun) agreed that stronger economic relations between Denmark and Taiwan would be a good idea, and he proposed that Taiwan become a regional operations’ centre for Danish companies in Asia. Although the Danish side stressed that formally the visit was to be regarded as a private visit, Trøjborg met not only the minister of economic affairs, but also had meetings with the ROC Premier Lian Zhan (Lien Chan) as well as the Minister of Foreign Affairs Qian Fu (Fredrick F. Chien).64 In the late summer of 1994, the new Danish minister of Business and Industry Mimi Stilling Jacobsen was also scheduled to pay Taiwan an unofficial visit, but the trip never materialized. However there was a private visit by former Prime Minister Poul Schlüter as well as by a delegation of members of the Liberal Pary led by former Minister of Finance Anders Fogh Rasmussen. Later in the year, a seven-member delegation of Danish parliamentarians of the Danish Folketing led by Klaus Hækkerup of the Social Democratic Party also came to Taiwan.

In short, Denmark has adopted the ‘Japanese formula’ in her relations with Taiwan. Although Denmark does not officially recognize the Republic of China, she cultivates quasi-official ties which have been substantially strengthened in recent years. Delegations from Taiwan are no longer denied access to Danish government officials and cabinet members and Danish delegations to the island, although still private in nature, have begun to include senior government officials and acting ministers. These developments cannot but benefit the expansion of trade and economic relations.

Trade and Economic Relations
It was not until 1955 that Taiwan (at that time called Formosa) appears as a separate entry in Danish trade statistics. The data are incomplete as only import
CHINA AND DENMARK

figures are given. Danish exports to Taiwan first begin to appear in the statistics in 1959.

The value of imports from Taiwan in 1955 amounted to DKK 1.09 million (see Table 11.6). Four years later, imports had dropped to DKK 1.05 million, equal to 0.01 per cent of total Danish imports. In comparison, imports from mainland China amounted to DKK 115.8 million, equal to 1.05 per cent of Danish imports. Clearly, Taiwan played only a marginal role in Danish foreign trade. This was – as has been shown earlier – in line with the general European pattern.

Table 11.6: Trade Between Denmark and the ROC 1955–97 (in thousand DKK)

<table>
<thead>
<tr>
<th>Year</th>
<th>Import</th>
<th>Export</th>
<th>Import change %</th>
<th>Export change %</th>
<th>Balance</th>
</tr>
</thead>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1956</td>
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<tr>
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<td></td>
<td></td>
</tr>
<tr>
<td>1958</td>
<td>1,260</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1959</td>
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<td>31,294</td>
<td>129.55</td>
<td>192.22</td>
<td>-16,738</td>
</tr>
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</table>
### Table 11.6: Trade Between Denmark and the ROC 1955–97 (in thousand DKK)*

<table>
<thead>
<tr>
<th>Year</th>
<th>Import</th>
<th>Export</th>
<th>Import change %</th>
<th>Export change %</th>
<th>Balance</th>
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<td>450,752</td>
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<td>-0.9</td>
<td>-791,124</td>
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<tr>
<td>1988</td>
<td>1,313,621</td>
<td>661,198</td>
<td>5.8</td>
<td>46.7</td>
<td>-652,243</td>
</tr>
<tr>
<td>1989</td>
<td>1,385,398</td>
<td>749,064</td>
<td>5.5</td>
<td>13.3</td>
<td>-636,334</td>
</tr>
<tr>
<td>1990</td>
<td>1,265,500</td>
<td>688,135</td>
<td>-8.7</td>
<td>-8.1</td>
<td>-577,365</td>
</tr>
<tr>
<td>1991</td>
<td>1,552,499</td>
<td>887,407</td>
<td>22.7</td>
<td>29.0</td>
<td>-665,092</td>
</tr>
<tr>
<td>1992</td>
<td>1,639,897</td>
<td>865,250</td>
<td>5.3</td>
<td>-2.5</td>
<td>-774,647</td>
</tr>
<tr>
<td>1993</td>
<td>1,530,081</td>
<td>933,784</td>
<td>-6.7</td>
<td>7.9</td>
<td>-596,297</td>
</tr>
<tr>
<td>1994</td>
<td>1,498,487</td>
<td>1,010,932</td>
<td>-2.1</td>
<td>8.3</td>
<td>-487,555</td>
</tr>
<tr>
<td>1995</td>
<td>1,557,067</td>
<td>1,073,376</td>
<td>3.9</td>
<td>6.0</td>
<td>-483,691</td>
</tr>
<tr>
<td>1996</td>
<td>1,886,849</td>
<td>1,139,226</td>
<td>19.8</td>
<td>6.0</td>
<td>-727,623</td>
</tr>
<tr>
<td>1997</td>
<td>2,243,311</td>
<td>1,146,109</td>
<td>20.2</td>
<td>6.2</td>
<td>-1,097,202</td>
</tr>
</tbody>
</table>

* Source: For each year, see *Danmarks vareindførsel og -udførsel.*
During the 1960s, imports were still at a low ebb, but exports began to grow and in the eight years from 1964 to 1971 Danish exports consistently outweighed Danish imports from the island. In 1971, the year when the ROC left the UN, total trade had reached DKK 32.1 million constituting 0.05 per cent of total Danish trade with the outside world. Danish trade with the mainland was still considerably higher (0.17 per cent of total trade) and Hong Kong, which during the Cultural Revolution had replaced the mainland as Denmark’s most important Chinese trade partner, had an even higher percentage of total Danish foreign trade.

Table 11.7: Weight of ROC–Danish Trade in Total Danish Trade (in thousand DKK)*

<table>
<thead>
<tr>
<th>Year</th>
<th>Total trade Denmark</th>
<th>ROC–Danish trade</th>
<th>ROC–Danish trade (Share of total Danish trade (%))</th>
</tr>
</thead>
<tbody>
<tr>
<td>1979</td>
<td>176,200,314</td>
<td>289,925</td>
<td>0.31</td>
</tr>
<tr>
<td>1980</td>
<td>205,059,158</td>
<td>469,107</td>
<td>0.23</td>
</tr>
<tr>
<td>1981</td>
<td>238,059,158</td>
<td>469,107</td>
<td>0.25</td>
</tr>
<tr>
<td>1982</td>
<td>267,037,766</td>
<td>609,200</td>
<td>0.23</td>
</tr>
<tr>
<td>1983</td>
<td>294,905,768</td>
<td>766,007</td>
<td>0.26</td>
</tr>
<tr>
<td>1984</td>
<td>337,172,203</td>
<td>1,033,755</td>
<td>0.31</td>
</tr>
<tr>
<td>1985</td>
<td>371,139,706</td>
<td>1,232,767</td>
<td>0.33</td>
</tr>
<tr>
<td>1986</td>
<td>356,523,551</td>
<td>1,362,816</td>
<td>0.38</td>
</tr>
<tr>
<td>1987</td>
<td>349,368,501</td>
<td>1,692,628</td>
<td>0.48</td>
</tr>
<tr>
<td>1988</td>
<td>356,843,743</td>
<td>1,930,437</td>
<td>0.54</td>
</tr>
<tr>
<td>1989</td>
<td>399,401,119</td>
<td>2,038,625</td>
<td>0.51</td>
</tr>
<tr>
<td>1990</td>
<td>412,224,543</td>
<td>1,953,635</td>
<td>0.47</td>
</tr>
<tr>
<td>1991</td>
<td>436,562,681</td>
<td>2,439,906</td>
<td>0.55</td>
</tr>
<tr>
<td>1992</td>
<td>459,341,437</td>
<td>2,505,127</td>
<td>0.55</td>
</tr>
<tr>
<td>1993</td>
<td>423,579,997</td>
<td>2,463,865</td>
<td>0.55</td>
</tr>
<tr>
<td>1994</td>
<td>471,143,554</td>
<td>2,509,419</td>
<td>0.53</td>
</tr>
<tr>
<td>1995</td>
<td>538,712,000</td>
<td>2,630,443</td>
<td>0.49</td>
</tr>
<tr>
<td>1996</td>
<td>556,732,388</td>
<td>3,006,075</td>
<td>0.54</td>
</tr>
<tr>
<td>1997</td>
<td>615,813,887</td>
<td>3,389,420</td>
<td>0.55</td>
</tr>
</tbody>
</table>

TRADE AND ECONOMIC RELATIONS BETWEEN DENMARK AND TAIWAN 1949–97

From 1972 the growth rate of Danish imports from Taiwan began to outpace that of exports and ever since Denmark has experienced a deficit in its trade with the island (see Table 11.6). Similar to ROC–European trade there was a temporary peak in 1979, when two-way trade reached DKK 290 million which amounted to 0.31 per cent of total Danish foreign trade (see Table 11.7).

After some years of stagnation at the beginning of the 1980s, the value of ROC–Danish trade expanded again from 1984–85. Since then trade relations have continued to improve and in 1992 the value of ROC–Danish trade amounted to more than DKK 2.5 billion (DKK 2,505,127,000), equal to a share of 0.55 per cent of total Danish trade with the outside world (see Table 11.6).

The value of trade between Denmark and Taiwan fell in 1993, but so did Denmark’s trade with the outside world in general and the relative share of ROC–Danish trade peaked at 0.55 per cent. In 1994 the value of trade increased again, but relatively less than growth in overall Danish foreign trade, and the relative share fell to 0.53 per cent. In comparison Danish trade with the mainland amounted to DKK 5.3 billion, i.e. 1.1 per cent of total foreign trade. The growing trade in the 1990s has primarily been caused by an increase in Danish exports to Taiwan. In fact, at the beginning of the 1990s the value of Danish exports to Taiwan has been higher than exports to the mainland. Only in 1994 was this situation changed and exports to the PRC again surpassed exports to Taiwan.

It is noteworthy that imports from Taiwan have declined recently, whereas exports have increased. This seems to reflect the general European pattern noted earlier. However, Denmark is still experiencing a substantial although diminishing deficit in its trade with Taiwan.

The variations in the trade pattern are noticeable. There are, for example, big fluctuations in 1972–73, 1979–80, 1986–87. During these years Danish imports from Taiwan rose significantly. It is noteworthy that imports from Taiwan increased by about 100 per cent in 1972 and in 1973, the years just after Taiwan’s departure from the UN. Similarly, in 1979 Taiwan’s diplomacy suffered a new serious setback, when the United States established diplomatic relations with the PRC; yet ROC exports to Denmark experienced a surge. At the beginning of the 1980s there is a slowdown in ROC trade with Denmark, although Taiwan had consolidated its international position due to the passing of the American Taiwan Relations Act and Ronald Reagan’s election as president of the United States.

It could be that these fluctuations are caused by specific orders and contracts. For example, ship orders or cement factories would weigh heavily. However, apparently, there are no such big contracts during the years in question. When comparing the indices of foreign trade to figures concerning the internal economy it appears there is a pronounced correlation in the sense that strong performance of the economy is associated with a strong performance in trade with the outside world. This is in fact not a surprising correlation for a country which is so strongly export-oriented that trade constitutes almost 80 per cent of GNP.
Types of commodities

Concerning commodities being traded, in 1959 as much as 98.3 per cent of the total Danish imports from the ROC consisted of food, with fruit and vegetables taking a share of 88.1 per cent and coffee, cocoa, tea and spices 10.2 per cent (see Table 11.8). Classified by commodity groups (SITC divisions) the rest comprised animal and vegetable crude materials (0.6 per cent); explosives and miscellaneous chemical products and elements (0.6 per cent) in the category chemicals and chemical products; and miscellaneous manufactured goods (0.5 per cent). For exports to Taiwan the main products were machinery and trans-

Table 11.8: Composition of Danish Imports from Taiwan in Selected Years (in %)*

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total in DKK 1000s</td>
<td>1,046</td>
<td>4,278</td>
<td>206,847</td>
<td>1,385,398</td>
<td>1,498,487</td>
</tr>
<tr>
<td>As % of total Danish imports</td>
<td>0.01</td>
<td>0.02</td>
<td>0.21</td>
<td>0.7</td>
<td>0.7</td>
</tr>
<tr>
<td>0 Food</td>
<td>98.3</td>
<td>64.8</td>
<td>8.8</td>
<td>0.8</td>
<td>0.5</td>
</tr>
<tr>
<td>1 Beverages and tobacco</td>
<td>0.0</td>
<td>1.5</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>2 Crude materials</td>
<td>0.6</td>
<td>12.6</td>
<td>0.8</td>
<td>0.3</td>
<td>0.3</td>
</tr>
<tr>
<td>3 Mineral fuels</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>4 Animal and vegetable oils</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>5 Chemicals and chemical products</td>
<td>0.6</td>
<td>5.5</td>
<td>1.3</td>
<td>0.8</td>
<td>1.7</td>
</tr>
<tr>
<td>6 Manufactured goods, chiefly semi-manufactured</td>
<td>0.0</td>
<td>10.0</td>
<td>27.8</td>
<td>17.5</td>
<td>14.6</td>
</tr>
<tr>
<td>7 Machinery and transport equipment</td>
<td>0.0</td>
<td>2.6</td>
<td>20.3</td>
<td>42.5</td>
<td>62.3</td>
</tr>
<tr>
<td>8 Manufactured goods i.a.n.†</td>
<td>0.5</td>
<td>2.4</td>
<td>41.0</td>
<td>37.9</td>
<td>20.2</td>
</tr>
<tr>
<td>9 Other goods</td>
<td>0.0</td>
<td>0.1</td>
<td>0.0</td>
<td>0.2</td>
<td>0.4</td>
</tr>
</tbody>
</table>

* Source: For each year, see Danmarks varindførsel og -udførsel.
† Not elsewhere specified.
TRADE AND ECONOMIC RELATIONS BETWEEN DENMARK AND TAIWAN 1949–97

Port equipment (47.4 per cent); chemicals and chemical products (36.8 per cent) including medicinal and pharmaceutical products; food (13.9 per cent), especially dairy products, mostly milk (see Table 11.9). The rest included beverages (0.2 per cent), crude materials (0.2) and manufactured goods (1.5 per cent).69

Table 11.9: Composition of Danish Export to Taiwan in Selected years (in %) *

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total in DKK 1000s</td>
<td>4,309</td>
<td>17,612</td>
<td>83,168</td>
<td>749,064</td>
<td>1,010,932</td>
</tr>
<tr>
<td>As % of total Danish export</td>
<td>0.05</td>
<td>0.08</td>
<td>0.11</td>
<td>0.36</td>
<td>0.40</td>
</tr>
<tr>
<td>0 Food</td>
<td>13.9</td>
<td>57.3</td>
<td>30.6</td>
<td>40.7</td>
<td>27.8</td>
</tr>
<tr>
<td>1 Beverages and tobacco</td>
<td>0.2</td>
<td>0.2</td>
<td>0.0</td>
<td>0.2</td>
<td>0.1</td>
</tr>
<tr>
<td>2 Crude materials</td>
<td>0.2</td>
<td>0.1</td>
<td>0.5</td>
<td>7.3</td>
<td>9.2</td>
</tr>
<tr>
<td>3 Mineral fuels</td>
<td>0.0</td>
<td>0.2</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>4 Animal and vegetable oils</td>
<td>0.0</td>
<td>0.6</td>
<td>0.0</td>
<td>0.0</td>
<td>0.2</td>
</tr>
<tr>
<td>5 Chemicals and chemical products</td>
<td>36.8</td>
<td>10.4</td>
<td>30.3</td>
<td>15.4</td>
<td>13.8</td>
</tr>
<tr>
<td>6 Manufactured goods, chiefly semi-manufactured</td>
<td>1.5</td>
<td>0.4</td>
<td>4.1</td>
<td>3.2</td>
<td>5.3</td>
</tr>
<tr>
<td>7 Machinery and transport equipment</td>
<td>47.4</td>
<td>30.5</td>
<td>26.3</td>
<td>22.5</td>
<td>28.9</td>
</tr>
<tr>
<td>8 Manufactured goods i.a.n.</td>
<td>0.0</td>
<td>0.3</td>
<td>8.1</td>
<td>10.6</td>
<td>14.3</td>
</tr>
<tr>
<td>9 Other goods</td>
<td>0.0</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.4</td>
</tr>
</tbody>
</table>

* Source: For each year, see Danmarks vareindførsel og -udførsel.

Ten years later, in 1969, Denmark still mainly imported food (fruit and vegetables) although the percentage of this category in the SITC classification had fallen from 98.3 per cent to 64.8 per cent. In the 1970s and 1980s imports of food continued to drop rapidly and in 1994 accounted only for 0.5 per cent of total import from Taiwan. ‘Machinery and transport equipment’ has experienced a reverse process. The category did not appear in the 1959 statistics and
accounted for a very small fraction of imports in 1969, but during the 1970s and 1980s this commodity group markedly increased its share and now accounts for about two thirds of imports from Taiwan. A closer look at the statistics shows that more than half of this consists of computers and computer components such as various integrated circuits, chips, printed circuit boards, digital data processors, terminals, colour monitors, etc. Bicycles are also an important import item within this commodity group. ‘Miscellaneous manufactured goods’ is a third category which has been of major importance in Danish imports from Taiwan. In fact ‘manufactured goods’ (clothing, footwear, photographic and optical goods) accounted for as much as 41 per cent of imports in 1979 and 37.9 per cent in 1989. The share of miscellaneous manufactured goods has now fallen to a fifth of total imports from Taiwan, but it is still the second most important import category. Finally, in 1979 the category ‘manufactured goods, chiefly semi-manufactures’ (textiles and manufactures of metal) had also become a major import category in Denmark’s trade with Taiwan. Since then its importance has gradually decreased to the present share of 14.6 per cent of total import. In 1969 crude materials played a role in Danish–ROC trade with an import share of 12.6 per cent, but it quickly lost importance and now accounts only for 0.3 per cent of total Danish imports from Taiwan.

A top seven list of the most important import items from Taiwan in 1994 reveals that various parts and components for use in automatic data processing machines lead the list in terms of export value. However, in terms of relative weight in total Danish import the leading import items are bicycles, parts for loudspeakers, microphones, amplifiers, etc., and digital data processing machines with respective shares of 28.2, 20.4, and 15.5 per cent of total Danish import of these items (see Table 11.10). The import of bicycles has increased, especially in recent years, and in 1998 Taiwan had a share of 42 per cent of the Danish market. The market share of parts and accessories for data processing machines and electronic components for data processing machines has also increased substantially to 20.9 per cent and 17.1 per cent respectively in 1998.

Food, chemical products and machinery and transport equipment have been the most important commodity groups in Danish export to Taiwan. In 1959 machinery and transport equipment dominated with a share of 47.4 per cent, but ten years later food had taken the position as the most important export category, which it kept until the late 1980s, when export of machinery and transport equipment regained some of its former significance (see Table 11.9), due to an increase in imports of BMW diesel engines. But food, which consists primarily of dairy products (chiefly milk), still contributes more than a quarter of total Danish exports to Taiwan. Chemicals and chemical products, including medical and pharmaceutical products which were important export articles in the late 1950s and late 1970s, have lost in importance in the 1980s and 1990s and now only account for 13.8 per cent of Danish export to the ROC. Of other commodity groups only crude materials and miscellaneous manufactured goods have shown some increase in export value, in 1994 respectively constituting 9.2 per cent and 14.3 per cent of total export. Miscellaneous manufactured products mainly comprise technical and scientific instruments.
TRADE AND ECONOMIC RELATIONS BETWEEN DENMARK AND TAIWAN 1949–97

Table 11.10: Seven Most Important Import Items from Taiwan, 1994 (in DKK 1000s)*

<table>
<thead>
<tr>
<th>H.S. Code and Item Description</th>
<th>Import Share (in %)</th>
</tr>
</thead>
<tbody>
<tr>
<td>8473.30.90 Parts and accessories suitable for use in data processing machines</td>
<td>6.9</td>
</tr>
<tr>
<td>8473.30.10 Electronic components for data processing machines</td>
<td>4.8</td>
</tr>
<tr>
<td>8712.00.30 Bicycles</td>
<td>28.2</td>
</tr>
<tr>
<td>8471.92.80 Automatic data processing machines and units</td>
<td>8.4</td>
</tr>
<tr>
<td>8471.20.20 Digital data processing machines</td>
<td>15.5</td>
</tr>
<tr>
<td>8518.90.00 Parts for loudspeakers, microphones, amplifiers, etc.</td>
<td>20.4</td>
</tr>
<tr>
<td>8517.82.10 Telefax machines</td>
<td>8.0</td>
</tr>
</tbody>
</table>


Summing up, one sees a clear trend in Taiwan’s export to Denmark. Food has ceased to play a role whereas the category of ‘machinery and transport equipment’ has seen strong growth over the last 20 years. The same is the case for the two categories of manufactures although there was some decline at the beginning of the 1990s. The strong performance of machinery and transport equipment is primarily due to the fact that Taiwanese computers and computer-related products like modems, printers, keyboards, monitors, etc. have found a big market in Denmark. Over the years Danish exports to Taiwan have consistently been dominated by the categories ‘food’ and ‘machinery and transport equipment’, whereas ‘manufactures’ have played a relatively minor role. Danish exports of machinery and equipment have only recently picked up again after showing a downward trend for most of the 1980s.

In short, Taiwan has moved away decisively from a trade pattern where it mainly exported food to Denmark and mainly imported machinery and transport equipment. To a large extent Denmark has taken over this pattern in its trade relations with Taiwan, although the export of machinery and transport equipment is picking up again after some slow years in the 1980s.
Danish Companies in Taiwan

Currently 140 Danish companies are operating in Taiwan. Ten have a more permanent presence. Two of the ten have established a branch office and eight have formed limited companies. The biggest Danish company in Taiwan is Maersk Taiwan Ltd. of the Danish shipping company A.P. Moller. The firm, which established itself in Taiwan in 1974, now employs more than 400 persons. It has a head office in Taipei and branches in Gaoxiong (Kaohsiung), Jielong (Keelong) and Taizhong (Taichung). The East Asiatic Co. (Taiwan) Ltd. comes second with 300 employees. It also has branch offices in Taizhong and Gaoxiong and is engaged in the distribution, marketing and selling of graphic equipment and consumer goods. Other Danish companies established in Taiwan include Royal Copenhagen (porcelain) and its local affiliates Holmegaard (glassware) and Georg Jensen (silverware). These products are sold in twelve stores on the island. The growing concern for the environment in Taiwan and the rise of an active ecological movement have attracted the Danish Vandkvalitetsinstitut [Water Quality Institute]. The institute has been working in Taiwan since 1983 promoting water quality products and expertise in preserving the aquatic environment and in 1988 it opened a liaison office in Taipei, which, however, was closed down in 1992. Vølund ecology systems A/S Taiwan is the local project office for the construction of four household-waste incineration plants worth DKK 2 billion – by far the biggest project ever for a Danish company in Taiwan. Grundfoss Taiwan Manufacturing Co., Ltd. also has a strong presence on Taiwan employing around 145 people. It has established a regional firm which in addition to selling on the Taiwanese market exports its products to Japan, Australia, New Zealand and Southeast Asia. The ten Danish companies employ a total of 1,000 people, including nineteen Danish executives.

In order to promote Danish trade with Taiwan the Danish Trade Organizations’ Taipei Office was set up in 1983 by the then four major Danish trade organizations, Industrirådet, Landbrugsrådet, Handelskammeret og Håndværksrådet, through their joint secretariat Export Promotion Denmark (Erhvervenes Exportfremme Sekretariat). Since then an additional three organizations have joined Export Promotion Denmark. The Danish Trade Organizations’ Taipei Office (DTOTO) enjoys a semi-official status and, apart from performing commercial services, has the authority to issue visas to ROC citizens visiting Denmark. Since August 1994 this has included business visas as well as individual tourist visas. The issuing authority (chops [stamp] and signature) is the Consulate General in Hong Kong. In 1993 a total of approximately 5,000 Taiwanese visited Denmark on business or for pleasure.

Taiwan in Denmark

In order to promote and co-ordinate trade activities in Denmark, Taiwan established the Far East Trade Office in Copenhagen in 1982. As mentioned earlier, it covers activities in Denmark, Norway, Iceland and the three Baltic countries. In 1992 the office became part of the Taipei Economic and Cultural Office in Copenhagen as its Economic Division.
By the end of 1998 there were more than 100 Taiwanese companies operating in Denmark. Most of them are represented by agents. However, there are three companies with a more permanent presence: ACER Scandinavia A/S, Zyxel A/S, and YCL Multi-ACC International Co., Ltd. ACER, which is one of the world’s leading PC manufacturers, established a branch in Denmark in October 1991 with nineteen employees and an investment of USD 1.5 million. ACER’s branch in Denmark also directs the company’s activities in the other Nordic countries. Zyxel A/S specializes in internet technology and services. In Denmark it has a workforce of twelve and has invested USD 2.5 million. The Copenhagen branch was established in October 1998 and is in charge of the company’s overall operations in the Nordic and Baltic countries. YCL Multi-ACC International Co., Ltd. is the third Taiwan company with a physical presence in Denmark. It specializes in textiles and has three people employed in Denmark and direct investments of USD 75,000.74 ACER’s and Zyxel’s presence in Denmark indicates the growing importance of computers and computer equipment in commercial relations between Denmark and Taiwan. In fact, almost a third of Taiwanese companies (27) operating in Denmark are in the computer business. About fifteen companies trade in electronics and electrical components, including monitors, microphones, loudspeakers, video tapes, etc. Seventeen are in machinery including metal-working machinery, sawing, sharpening, and cutting-off machines, lathes, milling and drilling machines, fork-lift trucks, etc. Seven trade in instruments, including measuring instruments and meters, and the rest are in shipping, sporting goods and consumer durables.

Until the end of the 1980s foreign companies showed little interest in investing in Denmark, but since then there has been a boom in foreign direct investment. In 1989 a national Danish investment promotion organization called Invest in Denmark was established in order to further attract foreign investment in Denmark. However, foreign direct investment from Asian countries and firms is still scarce. Even after considerable efforts from – among others – Invest in Denmark, Japanese investment, for example, only accounts for 0.3 per cent of total foreign direct investment.75 The reason why Asian direct investment in Denmark continues to be negligible appears to be a widespread belief that high taxes and living costs in Denmark make it unprofitable to open an office or establish a subsidiary of the home factory. In addition, the Danish reservation vis-à-vis further economic integration within the framework of the EU seems to handicap foreign companies which try to obtain access to the European market through Denmark.

However, according to the Economic and Trade Division, Taipei Representative Office in Denmark, difficulties operating in and from Denmark are exaggerated. Foreign companies in Denmark are not obliged to pay more than 33 per cent in taxes and therefore are not directly affected by the high personal income tax rates. Moreover, most people in Denmark speak English and since the country is small administration is generally efficient and of high quality. In summary, there seem to be positive reasons for turning Denmark into a ‘harbour’
CHINA AND DENMARK

for Taiwan trade and business in the Nordic area. In a similar way there are plans to convince Danish companies that Taiwan could function as a bridgehead or ‘business harbour’ for Danish business activities in Asia. It is argued that the strong presence of Royal Copenhagen in Taiwan is an indication that Danish design attracts many customers in Taiwan. Here the local Economic and Trade Office in Denmark also has taken initiatives to combine ‘Danish design and Taiwanese manufacturing’. There are, for example, plans to locate the third European office of the China External Trade Development Council (CETRA) in Copenhagen.

CONCLUSION

When Denmark established diplomatic relations with the PRC, the Danish government recognized Taiwan to be an integral part of Chinese territory and the government of the PRC to be the sole lawful authority in China. Formally this remained official policy, albeit Denmark, like the other Nordic countries, in practice cultivated unofficial relations with Taiwan. These relations were observed closely by Peking, which would react from time to time emphasizing that Taiwan was an inalienable part of China.

Relations with Taiwan were first and foremost economic. In the 1950s and early 1960s Taiwan played only a marginal role in Danish trade. But in the 1970s trade relations expanded reaching a temporary peak in 1979. The growth rate of imports began to outpace export and ever since Denmark has experienced a deficit in its trade with Taiwan. After some years of stagnation in the early 1980s the volume of trade began to expand again and in 1988 the value of ROC–Danish trade amounted to about DKK two billion, equal to a share of 0.54 per cent of the total Danish trade with the outside world. In the 1990s trade expanded further and reached DKK 3.4 billion in 1997, equal to 0.55 per cent of total Danish foreign trade.

In the late 1950s almost all Danish imports from Taiwan consisted of foodstuffs. On the export side, machinery and transport equipment and chemical products dominated. This pattern changed over time and by the late 1970s miscellaneous manufactured products had become the primary ROC export commodity in ROC–Danish trade. Danish export to Taiwan began to be dominated by food and machinery and transport equipment were losing their importance. In the late 1980s manufactured goods and machinery and transport equipment constituted almost 90 per cent of Danish import from Taiwan, whereas these categories continued to lose importance in Danish exports. By the mid-1990s transport and equipment alone accounted for two-thirds of Taiwan’s export to Denmark.

Thus we see a process where Denmark increasingly exports primary products, whereas Taiwan primarily exports manufactured products, machinery and electrical products to Denmark. This is usually a trade pattern characteristic of relations between developed and less-developed countries. Although Denmark can in no way qualify as a less-developed country, in certain vital areas it has
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difficulties in competing with economies such as the Taiwanese and has to rely on the export of primary products.

In the 1970s relations began to spread to culture, science, farming technology and a growing tourist traffic, albeit in a sporadic way. In 1973 a Free China News Syndicate was opened in Denmark to serve as Taiwan’s unofficial representative in the Nordic area and seven years later its successor, the Free China Information Office, was formed. Three years later, in 1983, the Danish Trade Organizations’ Office was established in Taipei. In 1991 the Free China Information Office was renamed the Taipei Economic and Cultural Office and in 1993 the Taipei Representative Office. Although they are different in scope and official status both are authorized to issue visas.

In September 1993 the first Danish member of government visited Taiwan indicating that Denmark was interested in further strengthening economic and trade relations. The visit also showed that Denmark was willing to pay the price for closer economic relations, namely the upgrading of existing quasi-official relations to the ministerial level, although official state visits cannot be undertaken.

Danish relations with Taiwan have always been formed according to the belief, also shared by the media and the public, that there is only one China and the government of the PRC is the sole lawful authority of this China. Denmark has also been sensitive to the attitude that the PRC might take if relations with Taiwan took on more official forms. However, in recent years Denmark has been less prone to heed PRC protests. Moreover, the Danish public is now aware that Taiwan is not only a significant world player in terms of economics and trade – Taiwan has also experienced political and social reforms which have created a more open and pluralistic society.

NOTES

5 *Taiwan Statistical Data Book 1999*.
6 Ibid.


12 Taiwan Statistical Data Book 1999.


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26 ‘Beretning om handel med Taiwan’ [Resolution on trade with Taiwan], Doc. 2–1765/84 in De Europæiske Fællesskabers Tidende, nr. C 229/108, 9 September 1985.

27 Chiu, ‘From Economic to Political Ties’, p. 27.


30 Ibid.

31 Chiu, ‘From Economic to Political Ties’, p. 31.

32 Since 1990 Taiwan has established a presence in Eastern Europe. For this interesting aspect of Taiwan’s relations with Europe, see Jan Rowinski, ‘China and Central and Eastern Europe: A New Relationship’, Issues and Studies, Vol. 30, No. 2, February 1994, pp. 50–73.

33 Mengin, ‘The Foreign Policy of the ROC on Taiwan since 1971’.

34 Politiken, 16 September 1993.

35 See Taiwan Statistical Data Book 1995.


40 Ibid.

41 Taiwan Statistical Data Book 1999.

42 There are about 160 Taiwanese businesses operating in Germany, accounting for more than half of all Taiwanese companies in Europe. Shipping companies, computer and electronics firms, and banks have made the greatest penetration into the mar-
Analysts in Taiwan see Germany as the key to the entire European market. They argue that in addition to providing access to the East European consumer market of about 400 million consumers, Germany can also open the door to the West European market of 340 million consumers. See Emma Wu, ‘Germany; Gateway to Europe’, Free China Review, Vol. 42, No. 12, December 1992, pp. 20–29.

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From 1980 to 1991, i.e. in just 12 years, Foreign Exchange Holding of the Central Bank of China increased from USD 2,205 million to USD 82,405 million, turning Taiwan into the world’s second largest holder of foreign exchange, only second to Japan. See Taiwan Statistical Data Book 1999.

The process of establishing a foothold for foreign banks in Taiwan was facilitated by the introduction of new laws and regulations.


See Chiu, ‘From Economic to Political Ties’, p. 25.

Ibid.


Chiu, ‘Impact of Mainland China on the ROC – West European Relations in the 1990s’.

In 1993 mainland China took 67 per cent of Taiwan’s total foreign investment. See Survey of World Broadcast, SWB, 9 March 1994.

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Interview with Yu-Chu Chen, Representative, Taipei Representative Office, Copenhagen.


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The table specifying the value of trade between Denmark and the foreign countries by commodity groups only deals with direct trade between Denmark and Taiwan and not indirect trade through third parties like the United Kingdom or Western Germany. On the import side, this means that 80 per cent of the import is left out of the table. Therefore it is not possible to obtain a clear picture of the type and volume of commodities being traded.


Danmarks vareindførsel og -udførsel 1992, p. 35.
68 It should be mentioned that ROC statistics form a somewhat different picture of the two-way trade. Thus the ROC surplus based on ROC customs statistics is consistently substantially lower than the figure which appears from Danish official statistics. According to official Danish statistics, as published by Danmarks Statistik, Denmark experienced a deficit in its trade with the Taiwan every year through the 1980s and 1990s. But according to ROC statistics, the period 1981 to 1985 was characterized by a Danish trade surplus. Moreover according to ROC statistics, 1991 was the year with the biggest Danish deficit, whereas Danish figures have 1993 as the year of the biggest Danish deficit (DKK 774,667,000). In general, ROC statistics consistently underestimate ROC export to Denmark. For example, ROC statistics list the value of exports to Denmark in 1994 as USD 184 million, whereas Danish sources have a figure of about USD 267 million. DKK=$ conversions in 1994 at 6.35.

70 Udenrigshandelen fordelt på varer og lande 1998.
71 Information provided by the Danish Trade Organizations’ Taipei Office.
72 The Free China Journal, 5 June 1992. Of the Scandinavian countries Sweden has the strongest presence in Taiwan. Currently there are more than 30 Swedish-owned subsidiaries in Taiwan. They include major international Swedish companies like the telecommunications giant M. Ericsson and the steel manufacturer Asea Brown Boveri. Sweden has also the only Scandinavian bank in Taiwan, Svenska Handelsbanken, which has been in operation since 1989. Sweden is Taiwan’s most important trade partner in the Nordic area. Bilateral trade amounted to USD 991,361 million in 1994 with Taiwan registering a trade deficit for the sixth consecutive year. Imports from Sweden consist mainly of vehicles, paper and paperboard, machinery, and iron and steel. See Board of Foreign Trade, Two-Way Statistics between Kingdom of Sweden and the Republic of China, Taipei: Ministry of Economic Affairs, 1995.
73 Ibid.
74 Interview with Paul J.J. Jwo, Director, Economic and Trade Division, Taipei Representative Office in Denmark, 10 September 1999.
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