

A Comparative Study of the Trade Structures in Korea and Taiwan during the Japanese Colonial Period

Kue-jin, Song

1. Introduction

One of the basic actions taken to subordinate the economy of a colony to the economy of the colonial homeland is to include the colony into the economic bloc of the colonizer. To do this, it is important to apply the customs laws of the colonizer to the colony. Customs were originally taxes that were levied according to laws or treaties on items that pass through the customs territories with the purpose of collecting financial duties and protecting the industries of a country. Therefore, customs policies not only affect the finances of a nation, but also determine the success and failure of foreign trade and play a major role in promoting various industries. Furthermore, such policies also affect the lives of ordinary people. The customs policy of each colony assumed different forms based on the exploitation methods used by the colonial homeland; they were determined on the basis of the development stage and industrial structure of both the colonizer and the colony and the economic and financial profit expected from colonial management.

After occupying Korea and Taiwan, the Japanese fundamentally aimed to implement

the "tariff assimilation policy." However, there were differences in the implementation process owing to the different historic situations and the timing of occupation of the two regions. The Japanese, who occupied Taiwan in accordance with the April 1895 Treaty of Shimonoseki, announced that they would implement the "tariff assimilation policy" in February 1896 and, in 1899, applied the "Customs Tariff Law" and "Customs Act" to Taiwan. However, considering the situation of Taiwan's industry and in order to secure finances for the Japanese Colonial Government of Taiwan, taxes on the export of some items continued to be levied. To balance these taxes, the "Rules on Taiwanese Export Tax and Clearance Fees" was established in July 1899, which outlined the imposition of clearance fees on the shipment of those same items to Japan. Japan also had some limitations with regard to the implementation of customs duties by the West, but in July 1911 achieved total tariff autonomy and established a new "Tariff Law." At the same time, Taiwan's special taxes were gradually abolished so that the tariffs of Japan and Taiwan became fully integrated.

Japan occupied Korea in August 1910; however, to appease the opposition of foreign countries with regard to Korean trade, the "Special Tariff Policy," which basically maintained existing Korean tariffs for 10 years was implemented. In August 1920, Japan applied the "Customs Tariff Law" and "Tariff Law" to Korea to implement the "tariff assimilation policy." The Japanese Colonial Government of Korea levied exceptional tariffs with regard to circumstances such as standard of living, finances, and taxation, while at

the same time retaining existing import taxes on Japanese products. Later revisions on laws to repeal import taxes on Japanese products occurred but it was not until April 1941 that they were finally and completely repealed.

Both Korea and Taiwan were colonies of Japan; however, not only were the timings of occupation different, but there were differences with regard to their relationship with Japan as well. Some research regarding this has been conducted by Korean and Taiwanese academics. The difference in tariff policies concerning Korea and Taiwan during the Japanese occupation arose from the historic differences between Korea and Taiwan before colonization. In addition, the differences in tariff policies arose from differences in the trade structure between Korea and Japan, and Taiwan and Japan. Despite this, no concrete comparative studies on this subject have been carried out by Korean or Taiwanese academics.

In this article, I analyze changes in the trend of trade in Korea and Taiwan during the Japanese colonial period and examine the difference in the trade structure between Korea and Taiwan back then, focusing on rice. The Japanese colonial period differed for Korea and Taiwan, so the time period subject to the analysis of this report is limited to the period from 1910 when Japan occupied Korea to 1936 before the outbreak of the Sino-Japanese War , because sudden change took place during the wartime that unusually cannot be explained with general economic theories.

2. Comparison of Trade Trends in Korea and Taiwan

<Table 1> Korea's trade during the Japanese Colonial Period(1910~1936) (unit: yen)

	Export			Import			Trade Deficit		
	Japan	Others	Total	Japan	Others	Total	Japan	Others	Total
1910	15,378,643	4,535,200	19,913,843	25,348,085	14,434,671	39,782,756	-9,969,442	-9,899,471	-19,868,913
1915	40,900,829	9,319,540	50,220,369	41,535,102	18,159,482	59,694,584	-634,273	-8,839,942	-9,474,215
1920	169,380,887	27,639,207	197,020,094	143,111,717	106,174,827	238,956,413	26,269,170	-78,535,620	-41,936,319
1926	338,175,745	24,779,055	362,954,800	248,235,850	123,933,933	372,169,783	89,939,895	-99,154,878	-9,214,983
1930	240,694,825	25,852,353	266,547,178	278,194,196	88,854,562	367,048,758	-37,499,371	-63,002,209	-100,501,580
1936	518,047,263	75,265,783	593,313,046	647,918,073	114,499,061	762,417,134	-129,870,810	-39,233,278	-169,104,088

Sources: *the Chosen Trade Chronology*, annual edition.

Trade grew significantly in Korea during the Japanese colonial period. In the 1910s, the Japanese Government-General of Korea evaluated the trade deficit of Korea as being just temporary and predicted that it was going to improve. However, Korea's trade deficit during that period was chronic, and it continued throughout the period of colonial rule. It is notable that Korea recorded a surplus in its trade balance with Japan, while its trade deficit with other countries expanded further during the 1920s, so that a continuous trade deficit was recorded in total. In the 1930s, the trade deficit with Japan expanded greatly, even though the trade deficit with other countries somewhat decreased. That shows how unstable Korea's trade structure was during the Japanese colonial period.

<Table 2> Index

	Expor			Import		
	Japan	Others	Total	Japan	Others	Total
1910	100	100	100	100	100	100
1915	266	205	252	164	126	150
1920	1,101	609	989	565	736	601
1926	2,199	546	1,823	979	859	936
1930	1,565	570	1,339	1,097	616	923
1936	3,369	1,660	2,979	2,556	793	1,916

When the baseline is set at the trade indices in 1910, the content of trade growth in Korea until 1936 can be understood in detail. Exports to Japan increased 33.69 times, while exports to other countries rose 16.60 times, so overall trade increased 29.79 times in total. Imports from Japan increased 25.56 times, while imports from other countries increased 7.93 times, so overall imports increased 19.16 times over that period. Such a record shows that the degree of increase in both exports to and imports from Japan was remarkably greater than that of other countries.

<Table 3> Percentage(%)

	Export			Import		
	Japan	Others	Total	Japan	Others	Total
1910	77.23	22.77	100.00	36.28	63.72	100.00
1915	81.44	18.56	100.00	69.58	30.42	100.00
1920	85.97	14.03	100.00	59.89	44.43	100.00
1926	93.17	6.83	100.00	66.70	33.30	100.00
1930	90.30	9.70	100.00	75.79	24.21	100.00

1936	87.31	12.69	100.00	84.98	15.02	100.00
------	-------	-------	--------	-------	-------	--------

In 1910, Japan was already taking up 77.23% of Korea's exports, and the figure increased continuously to reach 93.17% in 1926. After the Manchurian incident and establishment of the country of Manchuria, exports to that region increased, and exports to Japan decreased. However, exports to Japan still made up 87.31% of Korea's exports in 1936. In 1910, the proportion of imports from Japan to Korea was high at 63.72%, but the share of imports from other countries still made up 36.28%. Imports from Japan continued to increase thereafter, to reach 84.98% in 1936, which indicates the concentration of Korea's trade on Japan during the Japanese colonial rule.

<Table 4> Taiwan's trade during the Japanese Colonial Period(1910~1936)

	Export			Import			Trade Deficit		
	Japan	Others	Total	Japan	Others	Total	Japan	Others	Total
1910	4,866	1,216	6,082	2,949	2,013	4,962	1,917	-797	1,120
1915	6,160	1,580	7,740	4,158	1,308	5,466	2,002	272	2,274
1920	23,768	4,617	28,385	14,709	7,923	22,632	9,059	-3,306	5,753
1926	19,474	4,752	24,226	11,698	5,975	17,673	7,776	-1,223	6,553
1930	22,175	2,313	24,488	12,488	4,578	17,066	9,687	-2,265	7,422
1936	20,936	1,694	22,630	14,224	2,849	17,073	6,712	-1,155	5,557

Sources: *the Taiwan Trade Chronology*, annual edition.

During that period, Taiwan's trade grew greatly as well. As Taiwan always recorded a trade surplus, its trade structure was very stable over the period. Notably, it recorded a

deficit in its trade balance with other countries every year except for 1915, but it continuously recorded a surplus in its trade balance with Japan. Therefore, as opposed to Korea, Taiwan's trade structure was stable.

<Table 5> Index

	Export			Import		
	Japan	Others	Total	Japan	Others	Total
1910	100	100	100	100	100	100
1915	127	130	127	141	65	110
1920	488	380	467	499	394	456
1926	400	391	398	397	297	356
1930	456	190	403	423	227	344
1936	430	139	372	482	142	344

When trade indices from 1910 to 1936 are examined with the baseline set at the index of 1910, the details of trade growth in Taiwan can be understood. Taiwan's exports to Japan increased 4.30 times, and exports to other countries increased 1.39 times, so that overall exports increased 3.72 times. Its imports from Japan increased 4.82 times, and imports from other countries increased 1.42 times, so that overall imports increased 3.44 times. Such indices indicate that Taiwan showed a more substantial increase in both exports to and imports from Japan than in trade with other countries, just like Korea.

<Table 6> Percentage

	Export	Import
--	--------	--------

	Japan	Others	Total	Japan	Others	Total
1910	80.01	19.99	100.00	59.43	40.57	100.00
1915	79.59	20.41	100.00	76.07	23.93	100.00
1920	83.73	16.27	100.00	64.99	35.01	100.00
1926	80.38	19.62	100.00	66.19	33.81	100.00
1930	90.55	9.45	100.00	73.17	26.83	100.00
1936	92.51	7.49	100.00	83.31	16.69	100.00

In 1910 already, Japan was the destination for 78.01% of Taiwan's exports, and the number continued to rise to reach 92.51% in 1936. When it comes to importing, the share of Taiwan's imports from Japan was high at 59.43%, while the share of imports from other countries was also high at 40.57%. However, Taiwan's imports from Japan then continued to increase, to reach 83.31% in 1936, which indicates that the concentration of Taiwan's trade with Japan intensified during the colonial period.

3. Comparison of Export/Import Commodities—Focusing on Primary Food Items Including Rice

In terms of food products out of import and export commodities during the Japanese colonial rule, Korea exported rice to Japan and imported millet from Japan. Because of such a trade structure, Koreans' per-capita rice consumption in 1936 greatly decreased, while per-capita millet consumption increased when compared to the levels in 1910. Because the degree of decrease in rice consumption was greater than the increase in the

millet consumption, Koreans' per-capita food consumption substantially declined. During the Japanese colonial period, the Korean people had to reduce their consumption of rice that was their staple food and eat secondary food. The volume of even that secondary food consumption declined, forcing the Korean people to live a life of destitution, struggling with starvation.

Taiwan exported rice and then imported rice. Just like Korea, Taiwan exported its rice to Japan, but while Korea imported mostly millet, Taiwan imported rice from other countries, to maintain its people's per-capita rice consumption. That was the decisive difference between Korea and Taiwan. However, while rice producers created large profits by replacing the indigenous rice species with Japanese species for the purpose of their export to Japan, the ordinary people of Taiwan had to eat cheap foreign rice. That might not have been a problem if the quality and taste of the foreign rice had been the same as that of the native species of rice. In addition, as the Japanese species of rice was more expensive than the rice species of Taiwan and those of other foreign countries, in theory, the people of Taiwan could earn money from the balance to buy other daily necessities and improve their daily lives. However, that was not the reality. Most of the profits from the rice trade were taken by those who held capital such as large-scale Japanese traders, and they were also used by the Japanese Government-General of Taiwan. Therefore, the lives of the Taiwanese people did not improve.

4. Conclusion

From 1910 to 1936, Korea and Taiwan had similar trade structures. In both Korea and Taiwan, imports and exports increased greatly, but the concentration of trade on Japan intensified. However, the degree of increase in exports and imports was much greater for Korea than for Taiwan. While Korea continuously recorded a trade deficit, Taiwan kept recording a trade surplus. Therefore, even though Korea recorded a greater degree of increase in trade volume, Taiwan's trade structure was much more stable.

The staple food for both Korea and Taiwan is still rice. I think that the difference in the two countries' sentiment toward Japan after the same Japanese colonial rule is related to the volume of rice consumption over that period. In Korea, that period is remembered as a harsh time of starvation, as not only per-capita rice consumption, but also per-capita food consumption itself greatly declined since Korea had to export rice and import millet for its people instead. That was not the case for Taiwan. Of course, it is true that many other factors affect the Korean people's current sentiment toward Japan and Taiwanese people's sentiment toward Japan. Nevertheless, we should remember that such factors are partly related to the economic aspect.

This report gives my opinion about the trade structure of Korea and Taiwan during the period of Japanese colonial rule. In this article, I briefly examined the trade trends in Korea and Taiwan from 1910 to 1936 and the structure of import/export commodities,

focusing on rice. I hope this report will work as the foundation for a more detailed comparison between the trade of Korea and Taiwan based on *the Chosen Trade Chronology* published by the Japanese Government-General of Korea and *the Taiwan Trade Chronology* published by the Taiwanese Government-General of Korea.