“The Centre of a Circle”:
Manila’s Trade with East and Southeast Asia
at the Turn of the Sixteenth Century

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A well-known memorial by the procurator general of the Philippine Islands, Hernando de los Ríos Coronel (1559–1624), published in 1621, portrayed Manila as “the centre of a circle”, whose circumference encompassed Japan, Korea, China, Siam, Cambodia, Sumatra, Java and the Moluccas. In fact, if we take a look at some seventeenth century maps of the “Islands to the West” (Islas del Poniente) and the Far East, we find the Spanish port-city in the middle of a broad maritime region, from Malacca to Nagasaki, surrounded by East Asia, Southeast Asia and the North Pacific Ocean.

This study will analyse Manila’s trade inside that circle, trying to shed some light on the complex mechanisms of the intra-Asian commerce around the Philippines at the turn of the sixteenth century.

Genesis of the “Pearl of the Orient”

The arrival of Miguel López de Legazpi (d. 1572) in the Philippines, in 1565, took place at the conclusion of a long process of Spanish overseas expansion that had started in 1492 with the first voyage of Christopher Columbus to Central America. Throughout the first half of the sixteenth century, the Spaniards had carefully planned their entry in Asia, with the aim of expanding the influence of the Crown of Habsburg in the East Indies and to try new conquests and exploitations. In their eyes, this would bring several benefits related not only to the evangelization of the “infidels” and the establishment of a global

1 Ríos Coronel 1621; English translation in BR 19. The same image of a circle was used by the Jesuit Father Juan de Ribera for the first time in 1618 (Archivo General de Indias [henceforth: AGI], Filipinas, 20, t. 12, n. 80): Esta ciudad de Manila, tan pequeña, es la escala para grandes reynos como Japón, Corea, la gran China, Siam, Patán, Camboja, las Xavas, la Sunda y el Maluco, de que está cercada como el centro de su circunferencia. “This city of Manila, [though] so small, is the stopover for great kingdoms such as Japan, Korea, great China, Siam, Patani, Cambodia, the Javas, Sunda and Maluco, by which is surrounded like the centre of its circumference.”

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empire (a universal monarchy), but also to the acquisition of a great wealth derived from Spain’s participation in the spice trade.²

Following the instructions of Madrid, Legazpi and his men settled in the isle of Cebu, hoping to gain access from there to the Moluccas. However, just a few years later, while still trying to expand their influence in the south of the Philippines through the “pacification” of the sultanates of Sulu and Mindanao, the newcomers started to look to the north, to the islands of Luzon and Mindoro, where the Chinese and the Japanese traded with the natives.³ In a letter of 1569, written in Panay, Legazpi explained to the king his future intentions and made clear the new strategy chosen by the small group of Spanish conquistadors:

I believe that [...] we shall [...] gain the commerce with China, whence come silks, porcelains, benzoin, musk, and other articles. Thus partly through commerce and partly through the articles of commerce, the settlers will increase the wealth of the land in a short time. In order to attain this, the first and foremost thing to be attempted is colonization and settlement.⁴

Accordingly, in 1570 the Spaniards reached Luzon, subjugated the Muslim settlement at the mouth of the Pasig River (1571), and founded the city of Manila: Insigne y siempre leal ciudad from 1574, and Cabeza de Filipinas in 1595.⁵

In the following years, Manila became an important hub for trade across the China Seas, and a crossroads between Asia and America. During the 1570s, while still consolidating their presence in the Philippines, the Spaniards started to harvest the profits of the Asian trade by welcoming foreign merchant ships in their new port-city. As is known, they exchanged American silver with the Chinese silk imported from Fujian that filled up the holds of the galleons dispatched to Mexico. The remittance of silver bullion to Manila was justified by the need to sustain the Spanish presence in the Philippines, and was the most practical way to give back to the Manileños the 10 % of almojarifazgo tax collected in Acapulco.⁶

The silver exploited in the mines of Mexico and Peru financed several plans of conquest, settlement, and evangelization in the Far East and permitted the participation of the Spaniards in the intra-Asian trade. Almost everyone,

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² Gil 1989, 15-68.
³ AGI, Filipinas, 6, r. 1, n. 7; BR 2, 238.
⁴ BR 3, 58.
⁵ Díaz-Trechuelo 2001, 78.
⁶ The almojarifazgo was a customs duty on the merchandise imports and exports.
among them—governors, officials, encomenderos, private merchants and missionaries—had a right of percentage on the load of the ships sailing from Manila and could enjoy a profit that came from the sale of the Chinese silk in America, generally of 100 or even 200%. The preponderance and the importance of the galleons’ trade and the silk-for-silver exchange across the Pacific became so evident that, as the Mexican viceroy Manrique de Zúñiga (1585–1590) already noticed in 1586, it would have been impossible for the Spaniards to support their presence in Asia, “and achieve success”, without the commercial voyages to Acapulco, “since they, without their trade, are so poor”.

In effect, in just a few years after their arrival in the Philippines, the Spanish settlers had contributed to alter the traditional patterns of the local economy, which went through a radical change. During the 1570s, the natives living in the provinces of Pampanga, Bulacan, and Nueva Ecija (Luzon’s rice basket) were compelled by the Spaniards to leave the countryside in order to serve as timber-cutters, rowers and miners. This eventually caused a severe shortage of food, which was aggravated in the following years due to the sudden growth of the resident population in Manila and the expansion of its Chinese quarter. In 1580, for example, the Philippine governor Gonzalo Ronquillo de Peñalosa (1580–1583), arrived in the city with a group of more than 1,000 new settlers from Spain and Mexico, and by 1584 the Chinese immigrants living in its outskirts were already 4,000.

Inevitably, this situation led to a startling rise of the cost of food, and the Spaniards could not help but welcome the introduction of rice, wheat flour, salt-meats, vegetables and fruits from China and Japan, which became essential for the survival of the colony. The need for foodstuffs, along with ammunition and ship’s supplies, like iron, copper, lead, sulphur and saltpetre, justified the growth of the Asian trade in Manila in front of the opposition of the merchants of Seville, and permitted to carry on undisturbed the trade in silks and porcelains. In addition to provisions and supplies, of course, because of the easy profits that could be obtained by shipping Chinese silk to Mexico and Peru, Manila was literally invaded by the plentiful goods of the Middle Kingdom, and so the Spaniards started to rely exclusively on the transpacific voyages of the galleons and on the trade of the Asian merchants. When in the early-1590s Philip II

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7 Schurz 1939, 156-163.
8 Letter to Philip II of November 15, BR 6, 287.
9 Phelan 1959, 10.
(1556–1598) declared the exclusiveness of the Manila-Acapulco route and forbade any direct contact between America and Asia, the dependence of Manila upon its maritime trade was eventually crystallized.¹¹

**Manila in the Asian “Age of Commerce”**

Before the arrival of the Spaniards in 1565, the Philippines were already part of a broad maritime region that linked India to China through the ports of Southeast Asia.¹² The products of the islands, especially gold and wax, were exchanged across the China Seas, and beyond, and carried as far as in Malacca and Japan.

In his *Suma Oriental*, written at the beginning of the sixteenth century, the Portuguese apothecary and explorer Tomé Pires described the Tagalogs of Luzon, whom he calls *Luções* (in Spanish: *Luzones*), as expert seafarers, covering long distance trade. With all probability, they reached Malacca (as well as other ports of Southeast Asia) along the sea route that ran from the Philippines to the Malay peninsula through the island of Palawan and the northern coast of Borneo. According to Pires, the *Luções* also sailed to the port of Guangzhou, to trade with the Chinese.¹³ As a matter of fact, the natives of the Philippines were already sailing to China in early-Song times (eleventh century), and at the close of the fourteenth century they dispatched several embassies to the Middle Kingdom, from Luzon, the Visayas and Mindanao, to pay tribute to the emperors of the Ming dynasty (1368–1644).¹⁴ We know from Chinese sources that, about that time, the Filipinos exported beeswax, honey, cotton, betel-nuts, pearls and tortoise shells (from Mindanao), and a long list of aromatic woods and animal hides.¹⁵

Nearly two centuries later, when the first Spaniards reached the Philippines and the Moluccas, the trade in the region was still much the same. Pires confirms the exports of wax and honey from Luzon, and adds gold, telling us that it was shipped to Malacca "from the *Luções* [Luzon] and from the surrounding

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¹¹ Iaccarino 2011.
¹³ Cortesão 1944, 133-134; Ptak 2001.
¹⁴ Scott 1984, 75-78.
¹⁵ Scott 1984, 67-74, with excerpts from Zhao Rugua’s 趙汝諤 (1170–1228) *Zhufan zhi* 足跡志 (c. 1225) and Wang Dayuan’s 汪大淵 (1311–1350) *Dao yi zhidao* 島夷志略 (c. 1339).
islands”.16 Andrés de Urdaneta, eyewitness of Loaisa’s expedition to the spice islands of 1526, stated the presence of Chinese junks in Mindanao (Butuan); and García de Escalante Alvarado, who took part in the following mission of Ruy López de Villalobos (1543), testified that the Chinese merchants brought to the Philippines porcelains, amber, officinal storax, and aromatic perfumes, in exchange for gold and precious stones.17 A few years later, in 1567, Miguel López de Legazpi described the Sino-Japanese trade of Luzon and Mindoro in a letter to Philip II written in Cebú on July 23:

The Chinese and Japanese […] bring silks, woolens, bells, porcelains, perfumes, iron, tin, coloured cotton cloths, and other small wares, and in return they take away gold and wax.18

About this time, the Chinese merchants were sailing regularly to Luzon to trade with the natives living along its western coasts, especially in the Manila Bay and in the province of Pangasinan. Some of them had moved permanently to the Philippines in order to facilitate the practices of trade. After the arrival of Legazpi’s group in 1570, a rising number of Chinese Sangleyes19 settled in Manila and took residence in the “Parián” (alcaicería),20 a specific quarter destined to their trade and crafts that was built by the Spaniards outside the city’s perimeter. The Chinese community in Manila increased from the forty people met by Martín de Goyti in 1570 to over 20,000 men at the end of the century.21 On the other hand, the number of junks visiting Manila and the other ports of Luzon grew radically, reaching an average of twenty ships per year, with peaks of thirty or even fifty ships in the mid-1590s.22

The Chinese merchants trading in the Philippines were principally Fujianese. Most of them came from the prefectures of Zhangzhou 漳州 and Quanzhou 泉州, in the southern region of Fujian, historically known as Minnan 閩南.23 The former sailed from the ports located on the estuary of the

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16 Cortesão 1944, 134.
17 BR 2, 72.
18 AGI, Filipinas, 6, r. 1, n. 7; BR 2, 238.
20 This is a collective term for the several silk-markets located around present-day Intramuros. Gil 2011, 142-162; Chin 1998, 36-37.
21 AGI, Patronato, 24, r. 17; Felix 1966, 25, 77-78.
22 Gil 2011, 575-581; Chaunu 1960, 147-151.
23 Ptak 1998; Chang 1990.
Jiulong river 九龍, like Haicheng 海澄 (Yuegang 月港), Longhai 龍海 (Longxi 龍溪), and Xiamen 厦門 (Zhongzuo 中左所). The latter were from the area around Quanzhou, and sailed from Anhai 安海, Jinjiang 晋江, Tong’an 同安, etc. 24 To the Spaniards, all these places were known to be in the provinces (provincias) of “Chincheo” (Zhangzhou, or Quanzhou) and “Ucheo” (Fuzhou). 25 According to Morga, some traders also came from “Cantón”, which could refer to either the port of Guangzhou or the whole province of Guangdong. 26

The Chinese visited the ports of the Ilocos Region, especially in the gulf of Lingayen (at the mouth of the river Agno), where they bought gold, wax, cotton, sappan-wood (sibucao), and horns of carabao. In Manila, they obtained American and Japanese silver in exchange for several Chinese products, the most important of which was silk. The silks shipped to the city, and then loaded on board the Manila Galleons, were velvets, damasks, satins, taffetas, brocades, gorvarans (gorvaranes), and golden embroideries “in all sorts of colours and patterns”. 27 Raw silk was bought by the Japanese merchants of Kyūshū, who used it for their own manufacturing industry, and by the Iberians (both Spaniards and Portuguese) who sold it back in Mexico and Peru. Moreover, the Chinese carried several other goods to Luzon: precious stones, exotic animals, and foodstuffs, as well as iron, lead, sulphur, saltpetre, gunpowder and quicksilver.

Behind the captains who sailed every year to the Philippines with their own junks and champans, carrying on board several private traders and new settlers, there was the local gentry, which invested money in their overseas ventures. 28 Among the Sangley community of Manila there were the agents of the most influential merchants of Fujian and Guangdong, who set up complex shipping companies, sometimes involving the highest ranking officials of the Philippines. Such is the case, for example, of a certain “Tante”, who, in 1610, was entrusted by the Spanish captain Andrés de Obregón with the task to buy the present destined to the former shōgun Tokugawa Ieyasu 德川家康 (1543–1616). 29

26 Stanley 1868, 337.
27 Stanley 1868, 338.
28 Stanley 1868, 337: “These ships come laden with goods […] with servants and the agents of other merchants who remain in China; and they come out from that country with permission from their viceroy and mandarins.” See Chuan 1975, 101-104; Chang 1983, 319-337; Oka 2013, 82-86.
The Chinese trade in Manila was also stimulated by the presence of the Japanese, who regularly visited the ports of Luzon from the mid-sixteenth century (at least) until the enforcement of the kaikin policy (海禁政策) by the third shōgun 藩上 Tokugawa Iemitsu 徳川家光 (1604–1651). At the beginning of the 1580s there were already several Japanese settlements (Nihonmachi 日本町) in the provinces of Pangasinan, Ilocos and Cagayan. The town of Agoo, for example, located on the estuary of the Agno river, was known to the Spaniards as the “Port of Japan” (puerto del Japón), surely enough because of its trade with Kyūshū. In 1595 the Japanese community of Manila reached nearly 1,000 people and continued to grow in the following years as a result of the flowing of the Chinese trade. In addition to raw silk, the Japanese bought gold, wax, honey, deer-hides, sappan-wood, ceramics (especially the Luzon tsubo 呂宋壺), cotton, and medicines, while they sold iron, copper, lead and saltpetre (to the Spaniards), side arms, furniture, manufactured silks, folding screens, etc.

Similarly to the Chinese, the Japanese traders in Manila were agents of the great merchants of Kyūshū and Kinai, and were supported and financed by several daimyō 大名 and tomos 殿 families. Among the principal investors there were the Sueyoshi 宗氏 and Shimai 島井 families, and the guilds (za 座) and associations (nakama 仲間) of Hakata 博多, Nagasaki, Sakai, and Kyōoto. Their ships sailed from the ports of Kyūshū (Hirado 平戸, Usuki 臼杵, Saeki 佐伯, Nakatsu 中津, Kyōdomari 京治, Nagasaki, etc.) and the Inner Sea (Naikai 内海). The residents of Manila’s Nihonmachi (located in Dilao) acted as mediators for the traders coming from Japan, and as interpreters of Spanish (and Chinese?) language. The close relationship between the latter and the Franciscan missionaries who administered their Christian community in Dilao, is one of the reasons why the Spanish friars reached Japan in the early-1580s, and contributed to the establishment of trade relations with several daimyō, among whom Matsuura Shigenobu 松浦家信 (1549–1614), Ōmura Sumitada 大村宗光 (1595–1600).

30 Boxer 1951, 362-397.
31 AGI, Patronato, 23, r. 9, f. 12v; BR 5, 106-107.
32 Iwao Seiichi 1940, 257.
33 These were old Chinese earthenware dating from late-Tang and Song times.
34 They also bought some Spanish products like wine, glasses, and hats. Stanley 1868, 341.
35 Oka 2013.
37 Iaccarino 2017, 31-41.
Among the traders who came to Manila from Japan there were also several Portuguese captains, who worked for the great shipowners of Macao or even for the Japanese government. Bartolomé Medina, António Garcês, Vasco Dias, and Pedro Gonçalves de Carvalhais, are just a few names of a larger group of Lusitanian seafarers that carried on a triangular trade between Macao, Manila and Nagasaki, and to a lesser degree with Malacca and the Malay archipelago.\textsuperscript{38}

In addition to the Sino-Japanese and Portuguese trade from Southeast Asia, Manila relied on the commerce with Indochina and Borneo, as well. Merchants from Cambodia and Siam started to reach the Philippine capital at least from the early-1590s to sell benzoïn, ivory, and precious stones. They also brought “horns, hide, hoofs and teeth” of rhinoceros, and carried away cowries (\textit{siguey}) and other Philippine “trinkets” (\textit{bujerías}).\textsuperscript{39} Trade with Borneo, on the other hand, was carried on principally in the Visayas, but in Manila it did not reach great proportions. According to Morga, some Bornean merchants came to the city to sell palm mats, sago, glazed jars, and camphor to the natives, and took in return supplies of rice and wine, cotton wrappers, “and other baubles of the islands which are wanting in Borneo”.\textsuperscript{40}

\textbf{Mechanisms and Peculiarities of the Manila Trade}

The growth of the Sino-Japanese trade in the Philippines and the establishment of commercial links with the countries of Southeast Asia turned Manila into “one of the greatest \textit{emporia} of the world”, as the Archbishop Miguel García Serrano (1618–1629) would declare in 1620.\textsuperscript{41} Soon after its founding in 1571, the city became the principal destination of the junks, champans, and other smaller ships sailing from China (Fujian) and Japan (Kyūshū), and started to be visited by some traders from Indochina and Borneo, as well as from the Portuguese captain-merchants of Macao. But why Manila? Which were the reasons for such an important and sudden development of its trade? What turned the little port of Maynilad into the Spanish “Pearl of the Orient” and one of the principal centres of the intra-Asian trade? This questions can find an answer in

\textsuperscript{38} On the Portuguese trade from Malacca and the Moluccas see Stanley 1868, 341-342.

\textsuperscript{39} Stanley 1868, 343.

\textsuperscript{40} Stanley 1868, 342-343.

\textsuperscript{41} \textit{Manila es uno de los grandiosos emporios que tiene el mundo, donde concurren de muchos Reynos, de que está cercada, como el centro de una circunferencia, que son la gran China, Xapón, Coria, Sian, Patán, Cambaya, la India Oriental, Sunda, Jaba, Maluco y Borneo}. AGI, México, 2488.
the analysis of the particular conditions of trade in East and Southeast Asia in the second half of the sixteenth century.

In 1567, after nearly two centuries of prohibition, the Ming court opened the port of Yuegang (Haicheng) and officially permitted the reestablishment of private trade between Fujian (Minnan) and the Philippines. This measure was aimed at controlling the illicit trade and traffics of the wokou, and at putting an end to their raids and pillages along the Chinese coast. It is a well-known fact that in early-Ming times, during the years of the imposition of the ban on maritime activities (haijin) many Chinese renegades, brigands or simple merchants had joined forces with the Japanese pirates from Kyushū and Shikoku, and by the mid-sixteenth century it had become quite impossible for Beijing to control their ventures overseas and contrast their smuggling activities. Many Japanese lords of Kyushū, profiting from the anarchy of the sengoku period (戦国時代, 1467–1603), started to collaborate with these bands of pirates and carried on an illegal trade with China in several smuggling bases off its south-eastern littoral. This was in fact the only way to get the Chinese goods they needed, since in the aftermath of the incident of Ningbo (1523), Japan had been erased from the list of tributary states that could send embassies to the Son of Heaven and trade in China.

Finally, the end of the tally trade (kanhe maoyi, kangō bōeki) between the Ming and the Ashikaga shōguns in 1549 resulted in the prohibition for all the Japanese to enter China, and to the Chinese ships to sail to Japan. Still in 1565, despite the reestablishment of the Guangdong supervisorate (shibōi), which regulated the maritime commerce, the Japanese were not permitted to trade neither in Guangzhou nor in any other port of China. Considering that the same prohibition was introduced in Macao after its cession to the Portuguese in 1557, from 1571 onwards the nearest place where the Chinese and the Japanese could trade by the light of the sun became, as a consequence, the port of Manila.

Furthermore, the emergence in China of a silver based economy in the mid-sixteenth century stimulated the Chinese demand for the American "eight royals" coins (reales de a ocho), that started to be minted in Mexico almost in the

43 The Ningbo Incident was a scuffle between the members of the tributary trade delegations of the Ōuchi 大内 and Hosokawa 細川 families, which broke out in 1523 for reasons related to the tally trade system. See Geiss 1998, 491-493.
same years, and triggered off a hunger for silver all around East and Southeast Asia.\textsuperscript{45} Already in the 1560s the Spaniards had noticed the advantage of exchanging silver bullion with Chinese goods and the strong interest that the Sangleyes showed for the Mexican coins. A memorandum of 1565, for example, written when Legazpi and his men were still in Cebu, asked for the dispatch from New Spain of "coins and small bars of fine silver for trade in China".\textsuperscript{46}

It is a noteworthy coincidence that China’s increased demand for silver was concomitant with a sudden rise in its production in both America and Japan. The amalgamation process (beneficio del patio), which stimulated the productivity of the Spanish mines in Potosí (Cerro Rico), was introduced in Peru in the 1570s after the discovery of a rich mercury deposit at Huancavelica. At the same time, the Japanese started to exploit new silver mines in Kyūshū and Chūgoku and increased the output of their ores. The voyages of the Spanish ships across the Pacific permitted to concentrate in Manila great amounts of silver bullion that stimulated the Chinese trade in the Philippines and the development of several secondary routes from Southeast Asia and Japan. This was so especially after 1581, when the enforcement of the single-whip reform of taxation (yi tiao bian fa 一條鞭法) led to a general increase of the need for silver all over the Celestial Empire, for it had become, ex jure, the only accepted means of payment.\textsuperscript{47}

It goes without saying that the presence of so much silver coming to Manila from Japan, Mexico and Peru, all together, raised the price of silk and created a particular condition that favoured the Sangleyes and their purchases.\textsuperscript{48} Accordingly, at the end of the sixteenth century, the easiest and most convenient way for the Chinese to obtain silver was to sail to Manila, where they could find both the Mexican coins and the Japanese bars. In the same way, the Philippine capital was the nearest place where the Japanese could meet the Chinese demand for their own silver and buy from them raw silk and other products. Moreover, in the Philippines, particularly in Luzon, they obtained gold, which was mined by the Igorot peoples in the mountains of the Central Cordillera and carried downstream to the provinces of Pangasinan, Ilocos and Cagayan.

Another advantage of trading in Manila was related to taxes. Throughout the 1570s, foreign traders were given the freedom to make their purchases in

\textsuperscript{45} Flynn and Giraldez 1995, 201-221; Flynn and Giraldez 1999, 23-35.
\textsuperscript{46} BR 2, 191.
\textsuperscript{47} This reform commuted most fiscal obligations to the government into a single tax paid in silver. See von Glahn 1996, 145-152.
\textsuperscript{48} AGI, Filipinas, 77, n. 1; BR 6, Memorial to the Council, III/1.
the city without the interference of the royal treasury. Only in 1581, after the appointment of Gonzalo Ronquillo de Peñalosa as new governor of the islands, a 3% tariff of *almojarifazgo* was introduced, and anchorage dues were fixed to 12 *pesos* per ton.49 However, these measures, especially the customs duties, caused the immediate reaction of the citizens of Manila, who expressed their dissatisfaction with the taxation introduced by Peñalosa and sent their protests to Madrid and Seville. According to what they wrote in a memorial to the Council of the Indies, dated April 19, 1586, the Chinese, because of the *almojarifazgo*, had experienced “many annoyances” (*mucha pesadumbre*) and threatened to abandon the trade in the Philippines.50 Two months later, on June 26, the members of the Audiencia wrote a letter to Philip II explaining that

the fear of customs duties on such things as provisions and supplies, which are of great bulk, the great expense in lading, and their small profits here, induce[d] those merchants to discontinue bringing the above-named articles, substituting others in their place. Thus there has been a great scarcity of supplies, and considerable distress in the land.51

Accordingly, a royal decree was issued in 1589 exempting the Chinese, the Japanese, Siamese, Portuguese and Borneans from the payment of the *almojarifazgo* tax, as far as “provisions and ammunitions” (*bastimentos y municiones*) were concerned.52 Yet, in spite of the goodwill of the Spanish legislators, just three years later, in 1592, the Philippine governor Gómez Pérez Dasmariñas (1590–1593) lamented that the Chinese had severely reduced their imports of supplies, and that in Manila there was not even “a pound of powder, nor saltpetre, nor copper, or any other munitions”. That, according to him, was because the *Sangleyes* were too much afraid of the laws of their country and did not risk to ship them abroad.53

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49 AGI, *Filipinas*, 6, t. 4, n. 44; Ch’en 1968, 66-67; Gil 2011, 50-51.
50 AGI, *Filipinas*, 77, n. 1; BR 6, *Memorial to the Council*, II/3. When analyzing the *almojarifazgo* duty paid by the Chinese in the Philippines, one should not forget to consider the taxes that were levied in China, in terms of sailing licenses, tonnage of ships, and imports duties. See Chang 1991, 161.
52 Archivo Histórico Nacional [de España], *Codices*, l. 690; BR 7, *Royal decree regarding commerce*. Only in 1610 the Spaniards were able to raise the tax to a 6% tariff, which was kept unchanged until the end of the seventeenth century. Gil 2011, 50-54; Schurz 1939, 180.
In fact, the selling of these products outside the country was considered illegal in China, and the transgressors of the law could be sentenced to death and suffer the confiscation of all their properties. Inevitably, when the armies of Toyotomi Hideyoshi (1536–1598) invaded Korea in 1592, and the Ming were entangled in the conflict, the Chinese exports of gunpowder, saltpetre, sulphur and copper were reduced even further. As a consequence, the Japanese trade from Kyūshū and Kinai turned to be indispensable to the Spaniards, who could not depend exclusively on the Chinese imports and had to find other trading partners. This situation not only turned the Japanese into the principal suppliers of iron, gunpowder and saltpetre to the Philippines, but helped them to consolidate their independence concerning the purchases of raw silk in Manila, and confirmed the low taxes that they paid to the Spanish treasury.

That partly explains why the Spaniards did not burden the Chinese and the Japanese merchants with high duties on trade, and why the percentage of the almojarafiego tax was kept so low. Moreover, it was in their interest to preserve good relations with all the communities of foreigners coming to the Philippines to trade, taking advantage of their enmities. Such, for example, is the case of the Chinese and the Japanese, as well as of the Siamese and the Cambodians.55

Another important factor that stimulated the growth of commerce in Manila was the possibility to sell at retail, without the intervention of the Spanish government. In other words, the Spaniards did not apply the bulk-purchase system known as pancada to the foreign goods carried to the Philippines, and trade in Manila simply followed the rules of supply and demand, to the advantage of the Chinese and the Japanese.56 Later on, in 1610, the Spanish captain Juan de Cevicos declared that the silk bought in Macao was far cheaper than that of Manila, because the Portuguese fixed the prices through the pancada system, whereas the Spaniards allowed the Japanese to buy Chinese silks freely, to the detriment of their own purchases and the reduction of their profits.57

54 Von Glahn 1996, 118.
55 For a concise résumé of the Spanish involvement in the Indochinese wars of the 1590s, see Hall 1981, 279-283.
56 The Spaniards tried to introduce the pancada system in Manila already at the end of the 1580s, and a few years later, in 1593, a royal decree was issued for this purpose. However, the disposition was strongly opposed by the citizens of Manila, especially by the missionaries, and still at the end of the decade it had not been applied yet. Gil 2011, 54-55.
57 AGI, Filipinas, 4, n. 6.
This independence concerning purchasing and the low taxes imposed to foreign trade were among the reasons for the success of the Sino-Japanese trade in Manila. The commercial voyages of the Chinese between the ports of East and Southeast Asia permitted silver to circulate across the region, and they were also decisive for the establishment of new trade routes, which eventually stimulated the development of the intra-Asian commerce.

At any rate, foreign trade in Manila was not only a prerogative of the Chinese and Japanese merchants. As mentioned previously, there were several Portuguese traders who sailed to the Philippines from Macao, Malacca, and the Moluccas, as well as from Japan (Nagasaki). Many of them started to visit Manila in the early-1580s, after the union of the crowns of Spain and Portugal and the signing of the pact between Philip II and the Cortes of Tomar, which guaranteed to Goa the independence of the Estado da Índia and the exclusiveness of the Asian trade.

According to this, no Spanish ship was permitted to cross the line of demarcation of the Portuguese sphere of influence in the Far East and to engage in trade activities outside the geographical limits of the Philippine archipelago. In other words, the captain-merchants of Macao, Nagasaki, and Malacca, were the only ones allowed to cast anchor in the ports of China, Japan, Indochina, and Insulindia. It is, consequently, not surprising that the trade between Guangdong, Luzon, and Kyūshū fell largely if not exclusively in their hands. The Portuguese successfully expanded their commercial network through Manila and became the principal competitors of the Chinese merchants. The silver bullion carried to the Philippines from Mexico financed their commerce in the region and permitted the expansion of a far-reaching trade network.58

After 1580, some Portuguese merchants took residence in Manila and started to participate in the city’s daily life. They held a share in the load of the galleons bound to Acapulco and sent Asian goods to Mexico, Peru, Brazil, and the Caribbean, by means of their agents and associates. Moreover, they built up joint companies with the Spaniards and cooperated with the Japanese lords of Kyūshū, the Chinese mandarins of Guangdong, and other business partners.59

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58 Souza 1986; Boyajian 1993; Subrahmanyam 1993.
stones to the American market until his death in 1598. His associates were shipping goods to Manila from several ports of the Far East: in India, Southeast Asia, China and Japan. Among them, António Dias de Caceres (Antonio Díaz de Cáceres) made several voyages between Acapulco and Macao, via Manila, in those same years.60

Besides stimulating the growth of Philippine commerce, the Portuguese also contributed to the establishment of new trade routes, like those from Macao and Nagasaki. In the early-1590s, the merchants of the “City of the Name of God” provided ammunition and provisions to the Spaniards, when the latter faced a shortage of imports from China. In 1608, the Macanese were officially authorized to send an annual ship to Manila in order to supply the Philippines with gunpowder, metals, and other strategic products.61 In later years, when the Dutch and the English appeared off the coast of Luzon, the commercial voyages from Macao became essential for the defense of Manila against a common enemy. More important still was the route Nagasaki-Manila, which was active at the turn of the sixteenth century until the expulsion of the Portuguese from Japan in 1639. At the beginning of the seventeenth century, the Spaniards started to visit the ports of Kyūshū to sell Chinese silk and other products obtained in the Philippines to the local daimyōs. From 1603 to 1609 they also sent one annual ship to Usuki (in the province of Bungo) to buy iron, copper, sulphur, saltpetre, and hemp for the royal warehouses.62

By the 1620s, the Portuguese were sailing to Manila from several ports of Island Southeast Asia: Macassar, Brunei, and the Moluccas, as well as from India and the Malay peninsula. Manila’s customs records reveal that some Portuguese ships also arrived from the gulf of Siam and the Vietnamese coast.63 With regard to Indochina, we have already enlisted the products that were carried to the Philippines by the merchants of Ayutthaya, Lovek, and Patani, but the arrival of Siamese ships to Luzon at the turn of the sixteenth century had less to do with trade than with politics and diplomacy. In fact, their visits to Manila, that happened “on rare occasions”, as Antonio Morga tells us, had begun just a few years before the writing of Sucesos de las Islas Filipinas (which was published in Mexico in 1609) when King Satha (1576–1596) sent the first Cambodian embassy to the Philippines in order to gain the support of the

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60 Boyajian 1993, 76-81.
61 Boxer 1959, 74-75.
62 Gil 1991, 105-106; AGL Filipinas, 20, r. 4, n. 35.
63 AGL Filipinas, 24, r. 2, n. 14; Chaunu 1960, 156-157.
Spaniards against the armies of Ayutthaya (1593). A similar mission also came from the Thais in 1595, with the intent to buy firearms and sell benzoin and ivory.

As a whole, the Indochinese trade in Manila did not reach such impressive proportions as the Sino-Japanese trade did. This can be explained with the lack of interest that the Siamese and the Cambodians (the same applies to Champa and Patani) had for the Philippine trade and for the Spanish silver in particular. As Father Francisco Combés wrote in 1662, silver from Peru and Japan

[... ] attracted with powerful strength the trade of great China, Cochinchina, Cambodia, Siam, [...] and all the kingdoms of the Orient, and all of this mass of silver was converted in very precious goods that greatly ennobled the commerce.

In his nostalgic observation, the missionary included Indochina among the regions from where merchant ships sailed to Manila to get Spanish silver and Mexican coins. Yet, as we learn from the Franciscan missionary Marcelo de Ribadeneira (1527–1611), Siam had its own silver, which was used in Ayutthaya to trade with the Chinese, and it seems that no ship reached Manila from the ports of Vietnam at the turn of the sixteenth century. Such Philippine products as wax, honey, palm leaves, civets (gatos de algalia), and others, were not needed in Indochina, and the Siamese merchants were far more interested in trading with the Chinese and the Japanese, on the same basis as the Spaniards.

64 "Siamese" ships were already visiting Manila in the 1580s, and probably even before the arrival of the Spaniards, but it is unclear whether they were sailing from the ports of the gulf of Thailand or from other places.

65 Rodao 1997, 26-38; Groslier and Boxer 1958, 39.

66 Boxer 1970, 472: *Llamava con fuerza poderosa el trato de la China, Cochinchina, Camboya, Siam, [...] y todos los reinos del Oriente, i toda esta masa de plata se convertía en géneros preciosísimos que ennoblecían grandemente el comercio.*

67 In Legínska 1947, 167; see also Reid 1988, 99. The dates of Ribadeneria's birth and death are unknown. He arrived in Manila in 1594 and was immediately destined to the Franciscan mission in Japan. He stayed in Japan until 1597, when he was expelled in the aftermath of the San Felipe affair. He arrived in Manila on January 1598 and finally sailed back to Europe. In 1600 he was in Madrid, and in 1601 his book (*Historia del archipiélago filipino y reinos de la Gran China, Tartaria, etc.*) was published in Barcelona.
Conclusion

Manila has been largely celebrated as the Spanish "Pearl of the Orient", and, according to several accounts and memorials of the early-seventeenth century, as the centre of an imaginary circle, whose circumference encompassed the countries of the China Seas, and beyond. Because of its unique role as a link between two continents, Asia and America, and due to the great value of its Mexican silver, the city became one of the most visited ports of the region, attracting the trade from China, Japan, Indochina, and the Malay archipelago.

The particular conditions of the Sino-Japanese relations after the end of the tally trade (1549), as well as the peculiarities of the silk-for-silver exchange between China and Japan in the second half of the sixteenth century, favoured the establishment in Manila of an important community of overseas Chinese, and a smaller Japanese one, which contributed to the growth of the city and to the internationalization of its trade. The presence of silver bullion in the Philippines attracted a great number of Chinese ships from Fujian (and to a lesser degree, also from Guangdong), and stimulated the development of a quadrangular trade between South China, Luzon, Kyūshū, and Mexico, whose branches extended to India, Indochina, and Island Southeast Asia, through the Portuguese and Chinese maritime networks.

This long-distance transnational trade involved several actors, shipowners, captain-merchants, agents, and investors who moved their capitals between the Portuguese settlements of the Estado da Índia and the overseas Chinese and Japanese communities scattered around the region. Most of these communities were established in the same Southeast Asian countries which sent ships to Manila, or were commercially linked to the Philippines. Despite not having a great volume of trade with the Spaniards, the ports of Ayutthaya, Lovek, Brunei, and others, were nonetheless included inside Manila’s circle, and contributed with their products to the wealth of its commerce.
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BR. See Blair et al. 1898–1909.


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