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*Part Three: Economic and Cultural Issues*

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# Japanese Merchants' Activities in French Indochina: A Study of the Lacquer Trade

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## Introduction

The purpose of this paper is firstly to examine the activities of Japanese merchants in French Indochina and the development process of the lacquer exports to Japan during the 1930s and the 1940s. Secondly, the study focuses on the lacquer trade and its role in the Asian region, Taiwan and China during the same period.

In recent years, there has been some substantial research in the field of colonial and emigration history in Japan which points out the important roles of merchants in the regions they expanded their businesses into. Hiroshi Hashitani (1997) clarified the situation in Southeast Asia before World War Two through the study of overseas economic organizations. In addition, Yasuyuki Hikita and others have examined the investment and establishment process of the Indochina Industry Co. (印度支那産業株式会社) concerning the company's foray into French Indochina during the war.<sup>1</sup> However, business practices of local small and medium enterprises (SMEs) in French Indochina have not been fully studied yet. Moreover, the abovementioned studies tend to downplay the continuity of the Japanese merchants' activities operating from prewar days.

Based on these facts, this writer will examine the actual situation of their business through the following: the path that merchants took to enter French Indochina, trade volume, distribution process, sales expansion after trade control with a special focus on raw lacquer exports to Japan (henceforth "the lacquer trade") handled by Japanese merchants in Hanoi during the 1930s and 1940s.

Attention is especially directed to the Saito Urushi Ten/lacquer company (齋藤漆店) and Tajima Urushi Ten/lacquer company (田島漆店)/Tajima Yoko (田島洋行) lacquer companies which engaged

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<sup>1</sup> There is some research on Japanese merchants in French Indochina. They include Hashitani Hiroshi, "Japanese Associations and Japanese Chamber of Commerce in South East Asia," in Namikata Shoichi ed., *Japanese Economic Organization in Modern Asia*, Dobunkan, 1997; and Hikita Yasuyuki, *The Southern Co-Prosperity Sphere*, Tagashuppan, 1955. The establishment of the Taiwan Development Co. (台湾拓殖株式会社) and Indochina Industry Co. (印度支那産業株式会社) is studied in the following papers: Hikita Yasuyuki, "Japan's economic aggression toward Indochina before and during the War," in Hikita Yasuyuki ed., *Comprehensive Study of Japan's Economic Rule over South Eastern Asia* (Science Study Report), 1992; Minato Teruhiro, "French Indochina Business of Taiwan Development Co. (台湾拓殖株式会社) during the Japan-China war period," in Rikkyo University Faculty of Economics ed., *Economy and Society in Colonial Taiwan*, Nippon Keizai-hyoronsha, 2011; and Adachi Hiroaki, *Japan and Southeast Asia before the War*, Yoshikawa-kobunndo, 2002.

in lacquer trade in Hanoi and the writer will reveal the process whereby they expanded overseas and moved into French Indochina.

### 1. The path that Japanese merchants took to penetrate overseas markets

Conventional studies provide the names of Japanese companies flooding into French Indochina in the 1940s but business practices of only some of the leading companies such as Mitsui & Co. (三井物産) have been investigated. The writer uncovered the actual situation of Japanese merchants before the war, even though the same could not be achieved for individual businesses during wartime.<sup>2</sup> Thus, the study of each company's business practices and entry into Vietnam remains only partial.

The way the Japanese merchants entered French Indochina can be divided into the following four types. The first was directly from Japan. The second one was advancing from Japanese-controlled territories like Taiwan. The third was from third countries besides the first two cases. The fourth was starting business in local places overseas by Japanese emigrants. The first case includes trading companies of financial conglomerates such as Mitsui & Co. (三井物産) and Mitsubishi Corporation (三菱商事), as well as Daiken Industry (大建産業) and Sanko Corporation (三興株式会社) which were based in Osaka. The amount of investment by these companies has been studied in Hikita's research.<sup>3</sup>

Next, let's take a look at the second case, the path taken by merchants from Japanese colonies. We cannot overlook the presence of Taiwan, Japan's colony that served as a springboard to overseas expansion. Even before the war, it was regarded as a base for Japan's invasion of the Southern area and so investments and dispatch of human resources were made via Taiwan to French Indochina. The Indochina Industry Co. (印度支那産業株式会社) (Taiwan Development Co. 100% stake) received attention, described earlier in this paper, but it is not the only one.

In the 1940s, private companies started to expand overseas following national policy concerns like Taiwan Development Co. (台湾拓殖株式会社). One example was jute cultivation by Tainan Seima Co. (台南製麻株式会社) in French Indochina. The company was established in Tainan, Taiwan on March 23, 1935, with a capital of two million yen (paid-up, one million yen) as a company of refining jute and manufacturing jute bags. It moved into French Indochina on Jan. 10, 1943. Its director was Goro Yamada from Shanghai Toa Seima Co. (上海東亜製麻株式会社). The breakdown of the shareholders was 1.6% owned by Japan, 33.7% by Taiwan and 64.7% by others.<sup>4</sup> We can guess that most of the

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<sup>2</sup> Regarding major companies, see Suzuki Kunio, "Advance to the South by Japanese companies before opening of the war-Advance to South by trading companies," in Hikita ed., *Southern Co-Prosperity Sphere*. For the prewar days, see Yuyama Eiko, "The Activities of Japanese Merchants in French Indochina and the Development of Lacquer Exports to Japan between the 1910s and the Beginning of the 1940s," *Shakai-Keizai-shigaku* (Hokkaido University), 77, 3, Nov. 2011; and Yuyama, "Japanese Merchants' Activities in French Indochina-Consideration from Personnel Management of Mitsui and Mitsubishi Trading Companies from the 1910s to the beginning of the 1940s," *Keizaigaku Kenkyu* (Hokkaido University), 62, 3, Feb. 2013. Eiko Yuasa also wrote, "The Japanese Community in French Indochina: Especially before the Japanese-French Bipartite Rule Period," in Araragi Shinzo ed., *Migration and Repatriation: The Rise and Fall of the Japanese Empire*, Fuji shuppan, Tokyo, pp. 781-813, May, 2008 (Revised in Apr. 2014).

<sup>3</sup> Hikita, *Southern Co-Prosperity Sphere*, p. 811.

<sup>4</sup> Sunaga Tokutake, "Shareholder Composition and Profitability in Taiwan Companies in the Colonial Period," *Rikkyo Economic*

shareholders falling in the 'others' category were people related to Toa Seima Co. from the list of shareholders.<sup>5</sup> The company was jointly financed by Japan Cotton Co. (日本綿花株式会社) and Nisshin Bouseki Co. (日清紡績株式会社) and so we can confirm the transfer of capital to French Indochina.

In the third category, small business forays from the island of Tonga were an example from third countries whose investment size was relatively small. Hikita's research said "BannoShokai (伴野商会): 30000 in Southern French Indochina, 30000 in Northern French Indochina (piasters), Southern French Indochina (charcoal)."<sup>6</sup> It was not enough to explain the forays, however; studies of emigrants in Wakayama prefecture taught us that these inroads were made from Tonga. Its representative, Yasunobu Banno from Wakayama prefecture set up Banno Brothers Co. (Banno Kyodai Shoten: 伴野兄弟商店) in Nuku'alofa, Tonga's capital in 1934. This place was used as a base and branch offices were set up on the island from where the company engaged in trade with Japan, China and Britain.<sup>7</sup> Its headquarters was built in Saigon in 1939 and a branch office was located in Hanoi, dealing with teakwood.<sup>8</sup> There were funds transfers from third countries to French Indochina like this. With limited material, the facts could only be partially studied but some of the funds transfer processes are verified by Japan's local histories and business documents.

In this way, not only direct investments from Japan but also penetration from Taiwan, Japan's colony and third countries were seen. In the fourth case, in which businesses are established by emigrants, we can see an example in the lacquer traders in Hanoi. Next, we will look at the foray into French Indochina from the perspective of the lacquer industry.

## 2. Annam lacquer in French Indochina

The writer here would like to explain in brief the background to raw lacquer. Lacquer drew attention for its use in industrial coating at the time of World War One in Japan. The usage ratio of lacquer was 42.3% for lacquerware, 11.5% for military usage, 9.6% for spinning goods, 6.7% for furniture and stationery, 5.8% for clogs, 3.8% for vehicles, and 3.8% for the construction industry. Industrial and military demand accounted for 30%.<sup>9</sup> This can be seen in the trade volume of lacquer products [Table 1]. The facts demonstrate that lacquer had a wide range of other uses besides lacquerware, too. Lacquer was used in all kitchen utensils ranging from expensive gift lacquerware to soup cups and lunch boxes for daily use. It was also used in industrial fields such as coating for trains, vehicles and spinning wooden ducts, rust preventatives for the insides of cannonballs, the coating of ammunition boxes and coating for battleships and so on. For that reason, it was considered to be a critical material in wartime.

However, Japan produced only a limited amount of lacquer domestically and so its procurement

*Research*, 64, 4, March 2013, p. 55.

<sup>5</sup> *Establishment of Taiwan Seima Company (prospectus-business budget) and regulations* (Dec. 1, 1934).

<sup>6</sup> Hikita, *Southern Co-Prosperity Sphere*, pp. 790, 841 gives a list of investment amounts by companies in various parts of Indochina.

<sup>7</sup> *Tokyo Nichinichi*, 9 March 1935.

<sup>8</sup> Wakayama Prefecture, *History of Emigrants in Wakayama Prefecture*, 1957, p. 628.

<sup>9</sup> Japan Lacquer Association, *Lacquer and Crafts*, No. 440, Dec. 1938, pp. 5–6.

**Table 1.** Japanese Lacquer use Product Export (1936)

Product	Value (Japanese yen)
Lacquer ware	2,098,000
Japanese umbrella	609,000
Umbrella	2,632,000
Umbrella handle and umbrella hand wooden goods, other imitation	1,070,000
Can for canned food	214,000
Fountain pen	1,701,000
Automobile bodies	5,247,000
Automobile parts, others	10,653,000
Spinning machine bobbin, others	10,153,000

Source: (Petition of the import lacquer), *Lacquer and Crafts*, Vol. 440, pp. 4–7, Dec. 1938.

**Table 2.** Japanese Lacquer Domestic Production (kg)

Calendar Year	Imports	Domestic Production	Total	Domestic Share of Total
1897	525,060	258,840	783,900	33.02%
1902	314,993	213,000	527,993	40.34%
1907	608,861	176,873	785,734	22.51%
1912	767,824	92,220	860,044	10.72%
1916	790,058	53,400	843,458	6.33%
1921	1,002,446	54,240	1,056,686	5.13%
1926	1,341,919	45,000	1,386,919	3.24%
1927	1,413,274	41,250	1,454,524	2.84%
1928	1,535,220	37,500	1,572,720	2.38%
1929	1,499,280	37,500	1,536,780	2.40%
1930	1,429,200	38,325	1,467,525	2.61%
1931	1,566,180	37,703	1,603,883	2.35%
1932	1,256,940	36,683	1,293,623	2.83%
1933	1,463,400	41,486	1,504,886	2.76%
1934	1,698,300	61,613	1,759,913	3.50%
1935	1,846,440	65,625	1,912,065	3.43%
1936	2,094,060	71,025	2,165,085	3.28%
1937	1,528,845	78,750	1,607,595	4.90%

Source: Table 2: Composition of Import and Production of Lacquer in Japan, *Bulletin of Forest Experiment Station: Experiments in Production of Japaneselac*, The Forest Experiment Station Government-General of Chosen Keijo Nippon, Vol. 30, p. 2, Mar. 1939.

mostly relied on imports. The self-sufficiency rate of Japanese lacquer was 10% in 1912 and the average sufficiency rate between 1926 and 1937 dropped to around 3%, so that Japan had to largely depend on imported lacquer [Table 2]. At first, lacquer from China was used overwhelmingly but with the deterioration of Japan–China relations, the supply area shifted to French Indochina. The trade volume of French Indochina or “Annam lacquer” gradually increased in the early 1920s until it surpassed Chinese output in 1935 [see Table 3]. There were three kinds of lacquer which met Japan’s demand: Japanese, Chinese and French Indochinese lacquer. The price order was also Japanese, Chinese and French Indochinese lacquer. In terms of cost, the Chinese and French Indochinese ones were useful for industrial coating.

There were six Japanese stores/companies engaged in Annam lacquer trade in Hanoi in the early 1940s. They were Shimomura Yoko (下村洋行), Watanabe Yoko (渡部洋行), Saito Urushi Ten (斎藤漆

**Table 3.** Lacquer Import Quantity of Japan (kg)

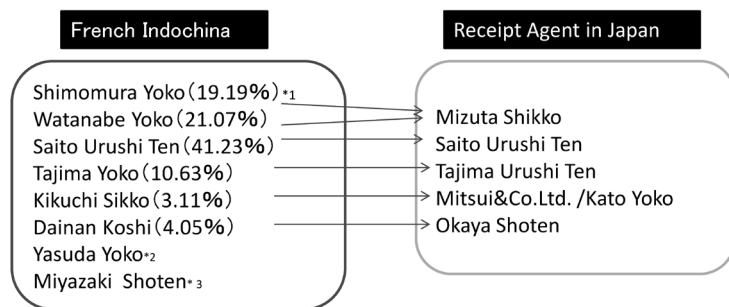
Calendar Year	China	Indochina	Other Areas	Total (kg)
1913	699,780	20,400		720,180
1914	674,460	16,080		690,540
1915	727,920	7,500		735,420
1916	785,700	4,380		790,080
1917	733,140	18,780		751,920
1918	924,840	11,400		936,240
1919	1,095,720	7,920	1,080	1,104,720
1920	805,800	43,980		849,780
1921	977,280	25,140		1,002,420
1922	985,500	101,700		1,087,680
1923	999,600	121,920	720	1,122,240
1924	1,080,840	225,660	840	1,307,640
1925	963,180	337,560		1,300,740
1926	1,191,000	149,760	1,020	1,341,900
1927	1,127,940	280,680	4,680	1,413,300
1928	1,168,320	366,900		1,535,220
1929	1,307,400	165,180	26,700	1,499,280
1930	1,334,520	79,440	15,240	1,429,200
1931	1,195,320	361,320	9,540	1,566,180
1932	852,360	403,440	1,140	1,256,940
1933	805,020	543,840	114,540	1,463,400
1934	885,600	812,700		1,698,300
1935	932,520	913,920		1,846,440
1936	910,260	1,183,800		2,094,060
1937	373,560	1,162,380	1,080	1,537,020
1938	136,020	1,292,940	4,080	1,433,040
1939	250,680	1,219,260		1,469,940
1940				
1941				
1942	10,620	773,160		773,780
1943	900	614,220		615,120
1944	35,700	57,900	200	93,800
1945	—	—		—

Sources: Ministry of Finance, *Annual return of the foreign trade of the Empire of Japan* (1913–1928), *Annual return of the foreign trade of Japan* (1929–1958).

店), Tajima Yoko (田島洋行), Kikuchi Shikko (菊地漆行), and DainanKoshi (大南公司), as shown in Figure 1. In addition to these six stores/companies, Yasuda Yoko (保田洋行) in Hài Phòng and Miyazaki Shoten (宮崎商店) in Hanoi entered into this business. Yasuda Yoko (保田洋行) was taken over by the Saito lacquer company and Miyazaki Shoten (宮崎商店) appears to have withdrawn from the business. Eventually, the six stores/companies which had enjoyed thriving business in the 1930s remained members of the French Indochina Raw Lacquer Export Association (仏印生漆輸出組合) organized in 1938 and continued their business until the end of World War Two. Also these stores had their own receiving agents in Japan, as shown in Figure 1.

These stores/companies fit into the fourth category of starting business in local areas overseas as stated before. Japanese living in local places started businesses that included Shimomura Yoko (下村洋行), Watanabe Yoko (渡部洋行), Kikuchi Shikko (菊地漆行), Dainan Koshi (大南公司), as well as Ya-

## Japanese Merchants (Lacquer companies) in French Indochina



Note:

\* 1: The number is the 1935-37 yearly average traffic ratio of amounts.

\* 2: Yasuda Yoko (Haiphong) withdrew from the lacquer business by a Saito advance.

\* 3: Miyazaki Shoten (Hanoi) quit the lacquer business.

■ Distribution control & Trade control: Six stores/companies mentioned above, French Indochina raw lacquer export association. → Toa Lacquer control Co.

Source: Taniuchi Jikitsu, *Lacquer in An Nam*, Kotutenbosya, 1943, p.172.

Figure 1.

suda Yoko (保田洋行) and Miyazaki Shoten (宮崎商店). They conducted sales of miscellaneous goods and trade, seeking to export goods to Japan.<sup>10</sup> Although Saito Urushi Ten (齋藤漆店) and Tajima Yoko (田島洋行) were categorized in the first category and as SMEs in Japan, they expanded their business outside of Japan in terms of lacquer production areas. The details of these two companies are explained in the next section.

Here, the writer wants to clarify Japan's trade control during wartime. Lacquer was considered to be a raw material indispensable for military purposes, as described above, and the government began to regulate its import and distribution. First, the Raw Lacquer Trade Control Association (生漆輸入統制組合) was formed by six companies that included Saito Urushi Ten (齋藤漆店) (Osaka), Mizuta Shikko (水田漆行) (Osaka), Okaya Shoten (株式会社岡谷塗物店) (Nagoya), Tajuma Urushi Ten (田島漆店) (Kainan), Kato Yoko (株式会社加藤洋行) (Osaka), and the Nagoya branch of Mitsui & Co. (三井物産株式会社). This association was succeeded by the Toa Lacquer Control Co. (東亜漆統制株式会社) from 1942 under the Trade Control Act. This company became the core control institution for the import of lacquer in wartime. On the other hand, the French Indochina Lacquer Export Association (仏印漆輸出組合), China Lacquer Export Association (支那漆輸出組), Korea Lacquer Industry Co. (朝鮮漆工業株式会社) and Taiwan Shoku Lacquer Co. (台湾殖漆株式会社) were established in light of this regulation.<sup>11</sup> Next, we will consider Saito Urushi Ten (齋藤漆店) which moved into Taiwan.

<sup>10</sup> Yuyama, "Activities of Japanese Merchants," p. 69.

<sup>11</sup> Isobe Kiichi, *Theory of Japanese Lacquerware Industry*, Yuhikaku, 1946, p. 268; *Complete Guide to Modern Lacquer Lines in Japan*, Japan Lacquer Industry Association, 1976, pp. 460-462.

### 3. Saito Urushi Ten (齋藤漆店)

Saito Urushi Ten (齋藤漆店) based in Osaka was the first company that made its way to French Indochina as a lacquer specialty store, opening a local office in Hanoi in 1926. The store had dealt with foreign lacquer since the Meiji era and expanded to Hanoi, Hankou in China, Taiwan and Korea as well. It opened a branch office in Hankou in 1898, and the direct purchase of lacquer was the onset of its business expansion into foreign countries. It embarked on the forestation of "Japanese lacquer" in Hongcheon county, North Pyongan province, Korea (朝鮮平安北道湊川郡) in 1911. It also started tree-planting for Korean lacquer, and the building of a lacquer liquid extraction plant in the same place in April 1916. Following this, it set up a branch, Saito Urushi Ten (齋藤漆店京城支店) in Eiraku-cho, Seoul (京城府永樂町) for the purpose of selling refined lacquer.<sup>12</sup>

At one point, Saito Urushi Ten (齋藤漆店) established a new company, Dainippon Lacquer Co. (大日本漆株式会社) operating under joint management with the Industrial Lacquer Section of Nippon Paint Co. (日本ペイント) which was a paint manufacturer. Although it became Dainippon Lacquer Co. (大日本漆株式会社) with its headquarters in Osaka and a Hankou branch in China with a capital of one million yen (paid-up 500 thousand yen), it was dissolved one year later.<sup>13</sup> In the background to this joint venture Nippon Paint developed paint using lacquer, "gloss paint (Tuyaurushi)" and tried to stabilize the supply of Chinese lacquer, dispatching its workers to China to ensure a steady supply of the raw material. Therefore both companies discovered their common interests and started a joint business in order to strengthen the purchase routes for Chinese lacquer. Nevertheless, the reason behind the dissolution of the joint management is unknown.

Four companies, Mizuta Shikko (水田漆行), Saito Urushi Ten (齋藤漆店), Takebayahi Yoko (武林洋行) and Mitsui Yoko (三井洋行) carried out lacquer trade in Hankou in 1918.<sup>14</sup> This place was a major collection center of lacquer in China. Japanese merchants conducted the handling of lacquer in the early days based in this city.

On the other hand, as part of its business development, Saito Urushi Ten (齋藤漆店) set up a local office in Hanoi in 1926, and as mentioned earlier, its purchases were handled through Yasuda Yoko (保田洋行) in Hài Phòng before 1926. As of 1924, the store paid a 5% commission to Yasuda Yoko. After that, it got trade rights for lacquer from Yasuda Yoko, paying in gold 7500 yen and silver 7500 piasters in 1930.<sup>15</sup> Saito Urushi Ten sent its employee Shiomi Kakuji to Taiwan. At first, Mr. Shiomi became a member of the Department of Forestry Government Research Institute, Taiwan (台灣總督府中央試驗所林業部) as a temporary worker and at the same time, he opened Saito Urushi Ten Forestation Laboratory (齋藤漆店造林部研究所) and took up the transplanting and forestation of Annam lacquer. Later, the Taiwan Shokusan Co. (台灣殖産漆株式会社) was established in which Saito Urushi Ten be-

<sup>12</sup> Saito Urushi Ten opened its branch office in 1906 according to *Complete Guide of Modern Lacquer Linc in Japan*, p. 452. The expansion Chosen: Seoul Daily Report, 6 and 7 Oct. 1923 (*Seoul Daily Report*, 6 and 7 Oct. 1923).

<sup>13</sup> *Company History of Saito Company*, unpublished internal document, pp. 45-47.

<sup>14</sup> Ministry of Foreign Affairs publication "Lacquer sector of agricultural production," (3-5-2-115-2).

<sup>15</sup> *Company History of Saito Company*, pp. 44-45.

came a shareholder under Japan's trade control policy and started operating a refining factory, shifting to "domestic production."

Thus, Saito Urushi Ten expanded its business into China, Korea, Taiwan and French Indochina based on the increase of the lacquer demand. It brought Japanese refining machines into Korea and Taiwan so that it could produce refined lacquer by itself. Especially in Taiwan, it took the lead in involving itself in lacquer cultivation in cooperation with the Department of Forestry Government Research Institute.

#### 4. Taiwan Shoku Lacquer Co. (台湾殖漆株式会社)

In Taiwan, Annam lacquer was brought to a forestry laboratory under the Office of the Governor-General of Taiwan (総督府) from French Indochina at the end of 1910s and the study results for Annam lacquer began to come out at the end of the 1920s.<sup>16</sup> So the company entered its market to seek a business opportunity. At first, Saito Urushi Ten demanded the Forestry Department of the Central Research Institute to sell Annam lacquer. Initially the institute declined the demand, saying that "a government institute cannot give a private company owner material in the middle of research." However, the institute accepted Shiomi, an employee of Saito Urushi Ten, as a temporary worker in the forestry laboratory. Shiomi carried out the study while he visited many places in Taiwan, as well as helping with the analysis of lacquer. He acquired land in a hilly area, Byōritsu District, Shinchiku Province (新竹州苗栗郡山の手方面) as Saito's cultivation area.<sup>17</sup> Subsequently, the store expanded the Annam lacquer cultivation area and its tree-planting reached 500,000 in 1939 in Taiwan.<sup>18</sup> And yet, Taiwan continued to import lacquer from China and French Indochina.<sup>19</sup>

As mentioned before, economic control in Japan started during wartime after the outbreak of the Second Sino-Japanese War, and the Raw Lacquer Trade Control Association (生漆輸入配給統制組合) was established in 1938; later it was taken over by Toa Lacquer Control Co. (東亜漆統制株式会社). In this way, the import and supply of lacquer was controlled by the government. Then a special company, Taiwan Shoku Lacquer Co. (台湾殖漆株式会社) was founded in Hsinchu city (新竹市) in 1940. The business purpose of the company was production and managerial improvement of Annam lacquer and aimed at maintaining a stable supply. People connected to Saito Urushi Ten made up the majority of shareholders and many others were residents in Kansai, Kainann-shi, Wakayama Prefecture, and Hsinchu Province in which many lacquer traders operated.<sup>20</sup>

The business activities of Taiwan Shoku Lacquer Co. included timber-planting and cropping and building its own refining factory. This was the first factory where the refining process was enabled. In

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<sup>16</sup> Yuyama Eiko, "The Development Process of Raw Lacquer 'Domestication' under Japanese Colonialism," in Shirakizawa Asahiko ed., *Imperial Presence and Local Communities in Northeast Asia*, Kaken Report, 2015.

<sup>17</sup> *Taiwan Daily News*, 3 June 1934.

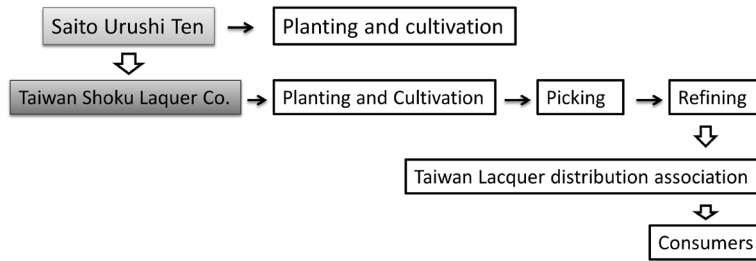
<sup>18</sup> *Chugai Commerce News*, 1 Feb. 1939.

<sup>19</sup> Tropical Industrial Commission, *Report on Forestry/ Forestry Section, Shokusan Bureau*, Vol. 2, No. 18, *Lacquer*, 1935, p. 32.

<sup>20</sup> Taiwan Shoku Lacquer Co. "Fourth Business Report" (Apr. 1, 1943 to Mar. 31, 1944).



## Lacquer company in Taiwan (1940s)



Sources: Taiwan shoku lacquer Co. "Fourth Business Report" (April. 1, 1943 to Mar. 31, 1944).  
Isobe Kiichi, *Theory of Japanese Lacquerware Industry*, Yuhikaku, 1946.

Figure 2.

in addition, it started tree-planting of lacquer in Yujing district, Tainan Province (台南州玉井地域) in 1942. This work was conducted for the purpose of dispersing possible damages from storms and floods as well as diseases.<sup>21</sup> Distribution routes were established as illustrated in Figure 2, and the company aimed for consistent in-house production from timber-planting through refining. It hired Taiwanese as wageworkers who engaged in scratching lacquer. However, according to "The Fourth Business Report," it was regarded as still being under preparation since it fell short of expected profits due to the decrease in the amount of harvest from disease of lacquer trees, the lack of workers and the influence of the wage hike. A profit and loss statement in the report said that the sales of lacquer refining accounted for most of the income (58,049.97 yen) and supply remained only inside of Taiwan. Although the company was intended for "domestic lacquer," aiming to transfer the product to Japan, it failed to achieve the goal.<sup>22</sup>

### 5. Tajima Urushi Ten (田島漆店)/Tajima Yoko (田島洋行)

Tajima Urushi Ten made its appearance rather late, in 1934.<sup>23</sup> It belonged to the first category but the capital scale was small. Tajima Urushi Ten had its headquarters in Kainan city, Wakayama Prefecture. Although its history is still not clear, Yasuke Tajima (born in 1881) started dealing with raw lacquer.

<sup>21</sup> Wong Chun-Yi (翁群儀), "Study and Research on Japanese who Contributed to the Promotion of Craft Culture in Taiwan during the Japanese Colonial Period," PhD dissertation, Chiba University, Graduate School of Natural Science Research Department, 2006.

<sup>22</sup> National Archives Museum closed institutions involved in liquidation, *Showa 20, September, Local office representative—Taiwan Shoku Lacquer Co.*

<sup>23</sup> Concerning the business startup of Tajima Co. in French Indochina, Hikita's study shows that it was founded in Dec. 1938, with the following leadership: representative, Tajima Yanosuke; local managers, Matoba Masaaki and Urashima Shigeru; see *Southern Sea Company Guide* (1938), p. 840. However, there was a description of Tajima Yoko in *South China and South Pacific Affairs* (Taiwan Government's Foreign Affairs division, No. 105, 1936) which suggests that a date of 1934 is more accurate.

According to “Tajima Lacquer-store Paper,” a factory of Tajima Urushi Ten was confirmed as a lacquerware sales and manufacturer in Nadaka, Kainan city in 1940. In the following year, 1941, Yanosuke Tajima became the president of Tajima Urushi Ten Co., Ltd. (有限会社田島漆店).<sup>24</sup> This meant that Yanosuke, a son of Yasuke took over the business.<sup>25</sup> Originally, they were “Nushiya” whose work was painting lacquer and began the sales of refined lacquer, triggered by its refining work for its own business.<sup>26</sup>

This Tajima Urushi Ten established Tajima Yoko (田島洋行), which was a separate company for the purpose of expanding overseas later. “The articles of association” of Tajima Yoko (田島洋行) in 1941 said that its business included trade with many foreign countries, its capital: 195,000 yen, its headquarters was located in Osaka city and branch offices were in Hankou, Shanghai, and Hanoi.<sup>27</sup> Most of the employees and investors consisted of the Tajima family and relatives such as Tajima Yasuke (Funao, Kainan city), Tajima Unosuke (Nadaka, Kainan city), Tajima Masaichiro (Funao, Kainan city), Tajima Daisuke (Torii, Kainan city), Enomoto Katsutaro (Taihocho, Minami ku, Osaka), and Urashima Shouzo (Kuroe, Kainan city). It indicated that even though the names were different its overseas trading department belonged to the same company.

The persons in charge of the overseas office in China were Yanosuke, Daisuke, Hiroo Onoda, Kitamura Kenzo and others; each of them held their positions at slightly different times. Among them, Kitamura was fluent at Chinese because he graduated from Tenri foreign language school.<sup>28</sup> We can guess that the company put importance on trade with China.

During wartime, there were four Japanese lacquer merchants operating in Hankou: Saito Urushi Ten (斎藤漆店), Mizuta Shikko (水田漆行), Tajima Yoko (田島洋行) and Mitsui & Co. (三井物産). There were these three local offices and one branch office (Mitsui & Co.).<sup>29</sup> This corresponds to the information from the “Tajima Urushi Ten paper,” kept in the Wakayama Prefectural Library. Hikita’s study said that the persons in charge of French Indochina were Matoba Masaaki and Urashima Shigeru.<sup>30</sup> But, the details of those people are still unknown. Although Tajima Yoko joined later in Hanoi regarding its overseas expansion, as described before, its trade volume in 1935–1937 accounted for 10% of all its six companies. In the 1940s, the company had branches both in China and French Indochina as Tajima Yoko and was devoted to the overseas trade of lacquer.

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<sup>24</sup> Wakayama Prefectural Archives, Tajima Urushi Ten Documents.

<sup>25</sup> Ibid.

<sup>26</sup> Author’s interview with Tajima Teiji, June 24 2015.

<sup>27</sup> Tajima Urushi Ten Documents.

<sup>28</sup> Information on Kenzo Kitamura is from *ibid.* and author’s interview with Tajima Teiji. Onoda Hiro was from Wakayama Prefecture and stationed in Hankou, China beginning in 1939. He was drafted into the military in 1942 and hid in the jungles of Lubang Island, the Philippines for 30 years after the war; see Onoda Hiro, *Fighting the 30-Year War on My Own*, Tokyo Shinbun Press, 1996.

<sup>29</sup> Isobe, *Theory of Japanese Lacquerware Industry*, p. 266. *China Commodity Series No. 13, lacquer*, Shanghai office, South Manchuria Railway Co. 1939.

<sup>30</sup> Tajima Urushi Ten Documents include a reference to Urashima Shozo.

## 6. Business expansion by lacquer merchants

Lacquer merchants in Hanoi strengthened the foundation there, and advanced further south after entering French Indochina, thus expanding their business area. Regarding business licenses in Saigon, Watanabe Yoko (渡部洋行) got export licenses for rice, corn, rubber, sugar except rice malt (1942) and a drink retailing license to supply the military in 1943. Also Kikuchi Shikko (菊地漆行) and Shimomura Yoko (下村洋行) obtained business licenses in Saigon and Saito Urushi Ten obtained them in Saigon and Mỹ Tho.<sup>31</sup>

Masato Yamamoto, who worked at Saito Urushi Ten in Hanoi starting in May 1943, said that its primary tasks were the purchase of lacquer, export to Japan and the management of a lacquer field in Phú Thọ Province. Also he noted that Saito Urushi Ten ran a pharmacy besides the lacquer business.<sup>32</sup> This came from the fact that Takeda Pharmaceutical Co. (武田薬品工業) and Saito Urushi Ten jointly founded a pharmaceutical division and pharmacists were dispatched from Takeda. Moreover, it purchased and sold electric appliances such as switches and sockets from Matsushita Electric Works (松下電器産業株式会社). The local office in Hanoi of Saito Urushi Ten was raised to a branch office in status and at the same time, it opened a local office in Saigon.<sup>33</sup>

Dainan Koshi (大南公司) had already relocated its headquarters to Saigon in 1928; the Hanoi branch office handled raw lacquer. It obtained a business license and expanded in scale after expanding in French Indochina. According to Hikita's study, the company had its headquarters and main sales activities in Saigon, import and export of general goods at branch offices in Hanoi and Nha-Trang. There followed the establishment of Dainan Japan Co. (日本法人・大南公司) in 1942, active in northern Indochina (agricultural and forestry and mining) and in southern Indochina (timber, wooden vessel, medicine, food industry, civil engineering, mining, fats and oils, steel machine); and Indochina Leather Association (印度支那皮革組合) jointly with Mitsubishi Corporation (三菱商事) from Thailand (rubber industry, miscellaneous manufacturing, vessels).<sup>34</sup>

Dainan Koshi just before the end of the war, had four branch offices and twenty local offices in many areas of Southeast Asia. The company consisted of its Saigon headquarters; four branch offices in Hanoi, Hải Phòng; Chợ Lớn and Phnom Penh; a Bangkok branch office and six other local offices in Thailand; a Singapore branch office and two other local offices in Malaya; a Rangoon branch office and two other local offices in Burma; a Haikou branch and two other local offices in Hainan island, thus expanding their presence to wider areas.<sup>35</sup> It was the largest company that started their business in a local area.

Many of these companies' foreign assets are still unclear but a part of Saito Urushi Ten assets were revealed by in-house documents. Its overseas assets which were a target of the Company Accounting

<sup>31</sup> Đỗ Hữu Nghiê, *Hoạt động của công ty Nhật Bản tại Nam Kỳ 1940-1945*, 1997 Sumitomo Foundation research grant report.

<sup>32</sup> Author's interview with Yamoto Makoto on Dec. 4 and 5, 2000.

<sup>33</sup> *Company History of Saito Company*, p. 56.

<sup>34</sup> Hikita, *Southern Co-Prosperity Sphere*, pp. 788-851.

<sup>35</sup> Maki Hisashi, *Dream of Annam Kingdom*, Wedge, 2012, p. 98; Hirata Toyohiro, Matsushita Mitsuhiro and Dainan Company, Kansai University, Cultural Interaction Studies Research Base ed., *Porcelain Distribution and Seikai Area*, No. 4, Dec., 2011, p. 119.

Temporary Measure Law (会社経理応急措置法) in 1946, were conducted in accounting as follows. According to the inventory of the property, as of the end of September 1947, its assets were 701,986.08 yen in the Hankou branch office; and 284,656.51 yen in the Taiwan Shoku Lacquer Co., for a total of 1,171,464.3 yen. Overseas assets accounted for most of the total assets (1,905,842.15 yen) and Hanoi's assets accounted for 16% of its overseas assets.<sup>36</sup> From this fact, we can understand how Saito Urushi Ten placed importance on the trade of foreign lacquer.

## Conclusion

Many aspects of the business activities SMEs in French Indochina are still unclear. In this paper, the writer focuses on the lacquer trade handled by Japanese merchants in Hanoi and examines their business in the 1930s and 1940s through the path they took to make a business entry, trade volume, distribution channels and business expansion after trade control. We have focused on Saito Urushi Ten and Tajima Urushi Ten/ Tajima Yoko to examine the process of how both these stores made forays overseas by moving into French Indochina.

We can divide the way Japanese merchants entered these foreign markets into four types by their characteristics. The first one was advancing from Japan directly and there has been considerable scholarship on this case. The second case was entering from regions under Japan's power. The third one was from the third countries. Examples were from Taiwan and Tonga, respectively. The fourth case was starting a business in local places overseas and some examples were stores engaged in the lacquer business in Hanoi. Although Saito Urushi Ten and Tajima Urushi Ten/Tajima Yoko made their foray from Japan directly, both companies opened branch offices in Hankou in the wake of the increase of lacquer demand from Japan. However, the trade situation was not as good as expected due to deteriorating relations between Japan and China, and their existing business shifted to lacquer in Indochina. Moreover Saito Urushi Ten started its business expansion into Taiwan, too. In regards to the lacquer cultivation in Taiwan, Annam lacquer from Indochina was brought into Taiwan by the Japanese at the end of the 1910s, and its experimental cultivation was carried out by the Governor-General of Taiwan. After that, "lacquer domestication" in Taiwan was conducted by Saito Urushi Ten and Taiwan Shoku Lacquer Co. This fact had a background stemming from Japan's dependence on lacquer produced overseas. Therefore, we could say that Indochina and Taiwan held very important positions for Japan. The people who implemented the work were mainly Japanese merchants operating in Indochina since before the war.

The study on the roles of Japanese merchants in French Indochina will require approaches from other sectors of business since the target of this research is limited to the lacquer industry. The writer wants to make this a future challenge.

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<sup>36</sup> *Company History of Saito Company*, p. 61.