The Study of the Change of Foreign Trade Pattern and Domestic Economic Structure Adjustment in the Late Qing Dynasty

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Abstract: After the Opium War, the number of treaty ports surged from five to dozens, with foreign goods extending inland along the Yangtze River while domestic exports expanded from Guangzhou to multiple competitive ports. The traditional "tribute-gift and merchant vessels" system collapsed, silver depreciated, and tax revenues flourished, triggering a domino effect across finance, markets, and society. Foreign trade evolved from peripheral mutual markets into a transformative force shaping national destiny. Each shift in commodity composition, settlement methods, or shipping routes triggered reconfigurations in domestic industries, regional hierarchies, and social stratification. The late Qing economy thus integrated into the global capital system — not passively, but through profound adjustments on its existing foundation, forging a unique industrialization and commercialization trajectory characteristic of a semi-colonial society.

Keywords**:** late Qing Dynasty, changes in foreign trade pattern, domestic economic restructuring

1. Introduction

The interactive relationship between changes in foreign trade and domestic demand structure is an important key to examining China's transition to modernity since modern times. Continuous records such as customs archives, inter-port trade lists, and financial documents make it possible to trace the linkage of prices, output volumes, tax rates, and interest rates. Meanwhile, the transportation network expanding from ports to hinterlands condenses regional differences into comparable spatial samples. Clarifying the evolutionary trajectories of these two aspects not only provides insight into the elasticity and limitations of the late Qing fiscal-market-social complex but also offers historical references for understanding the tortuous path of China's economic development in modern times.

2. The Changes of Foreign Trade Pattern in Late Qing Dynasty

2.1 Trade Sovereignty Lost, Passive Formation of Open Pattern

The changes in the foreign trade pattern during the late Qing Dynasty were characterized by the gradual loss of trade sovereignty, forcibly breaking the traditional independent trade system. Before the Opium War, the Qing government monopolized the Thirteen Factories in Guangzhou, and foreign merchants could only trade with licensed merchants in Guangzhou, while also complying with a series of regulations set by the Qing government. Tariffs were also determined by the Qing government, which was a well-arranged institutional framework. After the signing of the Treaty of Nanjing, Britain gained the right to tariff agreements and stipulated that imports and exports between British and Chinese merchants should be "fairly negotiated," thereby depriving China of tariff autonomy. Subsequently, the United States and France successively obtained unequal treaties such as the Treaty of Wangxia and the Treaty of Whampoa, significantly reducing China's tariffs. By the end of the 19th century, the average tariff rate on imported goods was only 5%, far below the world average, failing to fully leverage the protective role of tariffs on the economy.

At the same time, the number of treaty ports also increased, forming a pattern of all-round passive opening. In 1842, after the opening of five treaty ports, the Treaty of Tianjin was signed in 1858, adding ten more treaty ports such as Hankou, Jiujiang, and Nanjing; in 1895, according to the Treaty of Shimonoseki, Shashi, Chongqing, Suzhou, and Hangzhou were opened. By the end of the Qing Dynasty, the number of treaty ports had increased to more than a dozen, covering major cities along the coast, the Yangtze River, and inland areas [1]. These treaty ports became strongholds for foreign powers to plunder China's raw materials and dump goods, breaking through China's traditional regional trade limitations and expanding the trade map from the southeastern coast to the inland hinterland, passively participating in the division of labor in the capitalist world market.

2.2 The Structure of Commodity Changes Dramatically, and the Imbalance of Import and Export Trade Worsens

In the late Qing Dynasty, the structure of foreign trade goods underwent a fundamental change, shifting from traditional luxury goods trade to bulk commodity trade, resulting in a severe structural imbalance between imports and exports. In terms of export products, traditional silk and tea were predominant, but their proportion gradually declined. By the end of the 19th century, China's total exports had reached over 50%, becoming a supplier of raw materials to Western countries. This transformation was driven by the need for large quantities of raw materials in Western industrial development. China, with its abundant agricultural resources and low labor costs, held a pivotal position in the international raw material market.

In terms of imports, after the legalization of the opium trade, opium long ranked as the top import, causing great harm to China's finances and public health. At the same time, industrial products manufactured by Western machinery, such as cotton textiles, steel products, and kerosene, also flooded into China's market. Take cotton textiles as an example: after the 1880s, foreign yarns and their superior quality and price quickly occupied China's market, gradually replacing domestic cloth. China's imports were mainly industrial manufactured goods, while its exports were primarily agricultural products and raw materials. This "scissors gap" in the commodity structure placed China in an extremely unfavorable position in international trade, leading to a continuous expansion of the trade deficit and massive outflow of silver, plunging the country's economy into difficulties.

2.3 Diversification of trade entities and foreign capital dominating the trade market

Before the late Qing Dynasty, China's foreign trade was basically monopolized by government-run trading firms, with a single trading entity. After the Opium War, due to the opening of treaty ports and the lifting of trade bans, the trading entities gradually diversified, mainly consisting of foreign merchants, Chinese merchants, and comprador merchants, while foreign trading firms controlled China's foreign trade market with their privileges.

Foreign trading houses, taking advantage of the privileges granted by unequal treaties, opened branches in China and controlled China's import and export trade. They purchased raw materials from China at low prices, dumped goods to the West, and even ventured into industries such as finance and shipping, thereby forming an absolute monopoly on China's foreign trade [2]. At the same time, compradors emerged as intermediaries in Sino-foreign trade. Employed by foreign trading houses, they were tasked with connecting Chinese and foreign merchants and handling trade affairs, playing a significant role in promoting the Chinese market. However, due to insufficient capital and lack of special protection, they were at a disadvantage in competing with foreign trading houses and could only engage in local trade activities. The diversification of trade entities not only failed to change China's passive position in international trade but also deepened foreign capital's control over China's economy.

3. Adjustment of Domestic Economic Structure under the Change of Foreign Trade Pattern

3.1 Adjustment of agricultural economic structure: disintegration of natural economy and promotion of commercialization

The changes in the foreign trade pattern during the late Qing Dynasty first impacted China's traditional agricultural economy, breaking the self-sufficient natural economy and significantly increasing the commercialization of agricultural production. Traditional agriculture was primarily focused on grain production, with household handicrafts closely integrated into farming. The typical "men plow, women weave" economic model saw farmers mainly consuming their own products, with minimal surplus entering the market. The massive influx of Western goods and the growing demand for raw materials disrupted the traditional agricultural production model.

On the one hand, the massive influx of industrial goods such as foreign cloth and yarn made it difficult for household handicrafts to survive. Foreign cloth, favored by consumers for its high quality and low price, led to the rapid decline of rural household textile industries. Many farmers abandoned self-weaving and turned to purchasing foreign cloth, marking the separation of household handicrafts from agriculture and the disintegration of the natural economy [3]. On the other hand, the enormous demand for China's agricultural raw materials from Western countries promoted its development towards commercialization. To meet the needs of the international market, farmers began to cultivate a large number of cash crops such as cotton, tea, and beans, resulting in an increase in the planting area of cash crops and a decrease in the area of grain crops. For example, Jiangsu, Zhejiang, and Hubei are all major cotton-producing regions, while Fujian, Anhui, and Hunan show an expanding trend. With the acceleration of agricultural commercialization, the relationship between farmers and the market has become increasingly close, and the traditional natural economy has gradually merged into the tide of the commodity economy.

3.2 The Structure Change of Handicraft Industry: Decline of Traditional Handicraft Industry and Rise of Modern Handicraft Industry

The changes in foreign trade methods have brought tremendous impacts to traditional handicrafts while also giving rise to modern handicrafts and causing profound changes in industrial structure. China's traditional handicrafts have a long history and rich categories, with silk, porcelain, and cotton spinning once enjoying global fame. However, most of these handicrafts were primarily manual, with backward technology and low efficiency, making it difficult to compete with Western machine-made industrial products.

Under the impact of imported goods, traditional handicrafts such as the cotton textile industry, knitting, and candle-making industry first declined. Take the cotton textile industry as an example: the large-scale import of foreign yarns led to the loss of market for traditional spinning, resulting in massive unemployment among textile workers. The dumping of foreign cloth caused domestic cloth to sell poorly, leading to the closure of weaving factories across urban and rural areas. In addition to the cotton textile industry, the traditional porcelain-making industry also faced challenges from Western machine-made porcelain. Traditional porcelain centers like Jingdezhen saw a sharp decline in production. Faced with the difficulties of traditional handicrafts, some artisans began to innovate technologically, introducing advanced Western production techniques and tools, thereby promoting the development of modern handicrafts. Some merchants established handicraft workshops in treaty ports, utilizing machines for production, shifting from manual operations to machine manufacturing. For instance, steam-powered cotton ginning mills and silk reeling mills emerged successively in Shanghai and Guangzhou. Though small in scale and not highly technical, they marked the beginning of the transformation of China's handicrafts towards modernization.

3.3 The Beginning of Modern Industry: The Influx of Foreign-funded Enterprises and the Hard Rise of National Industry

The changes in the foreign trade pattern during the late Qing Dynasty created favorable conditions for Western powers to invest and establish factories in China, and also stimulated the rise of China's national industry, making it a new component of the domestic economic structure. Before the Sino-Japanese War after the First Sino-Japanese War, the powers mainly used material exports as a means to plunder China's wealth. Although a few treaty ports had factories, their scale was small and the number was limited [4]. After the signing of the Treaty of Shimonoseki, the powers invested and established factories in China, and a large number of foreign enterprises entered China.

Foreign investment is mainly concentrated in industries such as textiles, mining, shipping, and finance, rapidly capturing the market with advantages like technological leadership, substantial capital, and special protection. While these foreign enterprises plunder China's resources and wealth, they also exert enormous pressure on domestic industries. However, they simultaneously bring advanced production technologies and management expertise to China. Some enlightened bureaucrats and national capitalists, facing the impact of foreign enterprises and the loss of national sovereignty, raised the slogan of "saving the country through industry" and began to establish national industries.

In the 1860s, the Westernization Movement established modern military and civilian industries such as the Jiangnan Arsenal and Fuzhou Shipyard in China, pioneering the development of modern industry. From the late 19th century to the early 20th century, China's national capitalist industry further developed, with light industries like cotton textiles, flour, and matches becoming the mainstay of various national industries. Although the development of national industries faced difficulties in terms of capital, technology, and market, their rise marked the beginning of China's economic transition from a traditional model to modern industrial civilization.

3.4 Reconstruction of Commercial Structure: The Port of Trade Becomes the Trade Center and the Expansion of Commercial Network

The changes in foreign trade patterns prompted shifts in the domestic commercial landscape, with treaty ports evolving from traditional commercial hubs into new trade centers. Meanwhile, the commercial network continued to expand, gradually forming a trade system that connected domestic and international markets. China's traditional commercial centers were mostly concentrated in inland areas such as Beijing, Xi' an, and Kaifeng, with commercial activities centered on the domestic market. After the Opium War, treaty ports rapidly developed into emerging trade centers due to their unique geographical advantages and policy benefits.

Shanghai, Guangzhou, Tianjin, and Hankou, these treaty ports, became hubs for international trade, with foreign goods and raw materials from China being transported to the inland of China through these ports [5]. In addition to serving as distribution centers for goods, these treaty ports also gathered various commercial and industrial facilities such as banks, trading houses, factories, and docks, forming a modern urban commercial system. Meanwhile, the radiating effects of the treaty ports grew increasingly stronger, and the domestic trade network expanded significantly. Centered around the treaty ports and linked by coastal, riverside, and inland areas, a nationwide trade network was established. Commercial capital began to modernize, giving rise to trading companies primarily engaged in import and export trade, whose business models also transitioned from traditional family businesses to modern enterprises.

4. Conclusion

In summary, the frequent changes in the foreign trade pattern during the late Qing Dynasty were not merely due to external shocks, but rather the comprehensive result of a series of institutional, technological, and conceptual adjustments. China, under semi-colonial conditions, developed a unique rhythm of industrialization and commercialization, which had a significant impact on the traditional economy. Historical experience tells us that under open conditions, economic security cannot rely on one-way protection, but rather requires continuous reshaping of institutional flexibility in areas such as circulation, finance, and credit. This still holds distinct explanatory power and cautionary significance for grasping the interaction between internal and external cycles and reshaping the resilience of industrial chains today.

Acknowledgments

This research was supported by the Xinjiang Social Science Fund Project (Grant No. 2025CZS117).

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