CHAPTER 1

Structural changes in European long-distance trade, and particularly in the re-export trade from south to north, 1350–1750

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INTRODUCTION

The European long-distance re-export trade has not yet been the object of much quantitative research for the period of the late Middle Ages and early modern period.¹ Of course, some excellent quantitative information on Dutch and English re-exports from the seventeenth century onward is available, thanks to the work of Charles Wilson, Ralph Davis, David Ormrod, K. N. Chaudhuri, and others, but these statistics cover only the very end of the period to be examined here. Moreover, they concern European re-exports from north to south rather than the trade in the other direction, which is the subject of this paper.²

In the European re-export trade from south to north, Italy for centuries was the leading power. During the late Middle Ages it became the focal point of a very dynamic urban re-export trade of Near and Far Eastern wares to the rest of Europe, a trade that in its turn stimulated all other sectors of long-distance and local commerce in Eu-

¹ I define re-export trade as the exporting of previously imported goods without additional processing. For detailed definitions of re-export trade, see D. W. Pearce, The Macmillan dictionary of Modern Economics (London, 1981), 369; C. Ammer, Dictionary of Business and Economics (New York, 1977), 357; and Okonominisches lexikon (Berlin, 1979), 3:47–8.
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The discovery of alternative sea routes to Asia around 1500 by Portugal and Spain disturbed Italy's dominant position, but it did not lead to an immediate decline of its re-export trade from south to north. On the contrary, Italy reacted vigorously and adapted its economic structure and its re-export trade, the latter regaining strength from the second third of the sixteenth century onward. In the beginning of the seventeenth century, however, Italy had to give in: not to the Portuguese or the Spanish but to the Dutch and the English, keeping for itself a role in the re-export trade from the Levant.

I will focus mainly on Italy's dynamic role in the world's long-distance trade during the late Middle Ages and Early Modern period and particularly on Italy's dominant role in Europe's re-export trade from south to north during the same time span. The role of the Portuguese, Spanish, Dutch, and English in the re-export trade will be examined in more detail in other chapters. Because of the absence of viable statistics, my overview is based mainly on qualitative information and is limited to a *status questionis* of the problem of structural changes in Italy's long-distance trade.

THE RISE TO COMMERCIAL PREEMINENCE OF THE ITALIAN CITY-STATES IN THE LATE MIDDLE AGES

During the late Middle Ages the Italian city-states emerged as the leading centers for long-distance trade in the Mediterranean, in the Black Sea, and along the Atlantic coasts of northwestern Europe. This hegemony was the outcome of a long historical process and linked Italy's destiny with developments in Europe north of the Alps, in the Middle East, and in Asia.

The commercial revival of Italy had its roots in the early Middle Ages, but it accelerated quickly in the beginning of the second millennium, when two dynamic movements of long-distance trade over land came in touch with Italy's maritime potential in the Mediterranean area. The first of these movements was the new expansion of the overland traffic from China and India via central Asia and Persia to the Black Sea. For some time, the main link to the Black Sea – the destination of caravans from the Far East and South East – was an overland route along the Volga controlled by the Swedes and Russians. But Byzantium's political and economic resurgence, supported by Italy's revival, soon shifted the center of gravity of east–west trade from the shores of the Black Sea to Byzantium, whose trade in turn came increasingly under the control of the Italian sea-republics. Thanks
to their navies, the Italian sea-republics were able to give effective military assistance to Byzantium, when needed, and in return obtained commercial privileges. The Italian sea-republics and their merchants established themselves firmly in the Byzantine market, gradually weakening the position of the Greeks, Syrians, and Jews in this growing center of world trade. At the same time the Italians were allowed to found factories and colonies on the shores of the Black Sea, and by doing so, they gained control of the east-west trade in the whole area. Italian commercial dynamism in the Black Sea reinforced the commercial power of Byzantium and thereby also consolidated the Italian position in Byzantium itself. Swedes and Russians shifted their trade routes to the west and concentrated mainly on the staple market of Byzantium for trade with the South East and Far East and for their increasing trade with the Middle East and the Mediterranean.  

The second dynamic movement of long-distance trade over land started from the delta of the Rhine, Meuse, and Scheldt rivers in northwestern Europe. It was based on an active overland trade by Flemish, northern French, Brabant, and Rhineland merchants. They exported woolen cloth on a large scale to Italy, where it was re-exported to Spain, North Africa, and the Middle East. Soon Italy’s commercial rise also affected northwestern Europe. The emergence and prosperity of the fairs of Champagne in the twelfth and thirteenth centuries were due mainly to the successful penetration of Italian merchants into the European market north of the Alps: the Italians first took over from the northern merchants the long-distance overland trade from Champagne to the south; then the Italians moved farther north, obtaining control over the whole overland traffic from the northwestern European delta area of the Scheldt, Meuse, and Rhine to the south.  

During the fourteenth century the pattern of international long-distance trade just described underwent fundamental changes. Traditional overland traffic was increasingly disrupted. In the course of the thirteenth century the Mongolian and Ottoman campaigns and conquests were already threatening the trade routes from central Asia to Byzantium. They paralyzed these routes in a catastrophic way during the next century. During the fourteenth century the long-distance overland trade through France also came under pressure. The rise of central royal power in France met with increasing resistance at the

periphery, generating conflict and violence. The famines and the great epidemics of the fourteenth century aggravated the situation by generating misery and insecurity on a large scale. The Hundred Years' War (1337–1453) was the biggest blow of all: It destabilized French political life for a very long period and disintegrated the economy by inflating transaction costs for long-distance overland trade.  

The consequences of the disruption of the traditional overland trade routes were far-reaching. The disruption weakened Byzantium's economic position and for that reason accelerated its decline, which was sealed by the capture of the city in 1453. The disruption also quickened the decline of the fairs of Champagne, which began shortly after the end of the thirteenth century.

There were positive effects too. The crisis, indeed, generated important shifts in the structure of international trade: it encouraged and stimulated, both in Asia and in northwestern Europe, long-distance maritime trade.  

In Asia the shift was clear-cut and had great importance for the growth of trade in the ports of the Nile delta and Syria. Transcontinental trade from the Far and South East, via central Asia and Persia to the Black Sea and Byzantium, was increasingly overshadowed by the expansive, long-distance maritime trade in the Indian Ocean, linking India and East Africa directly with the Red Sea and supplying from there the Middle East markets and ports, such as Damascus, Amman, Aleppo, Beirut, Cairo, Tripoli, and, above all, Alexandria. Arab merchants had been in control of this long-distance oceanic trade for centuries. But only now were they able to fully integrate into it the European trade of the Mediterranean. The disruption of the overland traffic in central Asia, Persia, and Anatolia must have been a decisive factor in the attraction of the Italians to the ports of Syria and Egypt. The consolidation of political power during the Mamluk period must also have had beneficial effects on trade in the same area.

In Europe north of the Alps the shift from transcontinental to maritime long-distance trade was not as complete as in Asia and the Middle East, but it was also evident. At the end of the thirteenth century the

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first Italian galleys from Florence, Venice, and Genoa left the Mediterranean for northwestern Europe, going mainly to Bruges, Antwerp, and London. During the fourteenth and fifteenth centuries this direct maritime link between Italy and the North Sea ports became a regular one, replacing to some extent overland trade via France. The expansion of the north-south maritime trade stimulated commercial activity in ports along the new sea route: The ports of Catalonia, Mallorca, and Valencia and of Andalusia, Portugal, and the French Atlantic coast benefited from the galleys moving northward; all of them felt Italian influence and power. Finally, in Bruges and London the Italians encountered the merchants of the Hanseatic League. The solidarity of the league prevented a successful further penetration of Italian commercial power into the north of Europe, but the presence of their galleys in Bruges and London enabled the Italians to fully integrate the maritime growth of northern Europe and the Baltic into their own northward expansion.

VENICE’S MARITIME HEGEMONY IN THE FIFTEENTH CENTURY

During the fourteenth century, Italian predominance in the long-distance maritime trade of the Mediterranean and northwestern Europe, even apart from the Hansa area, was never complete. Catalonia and Sicily became strong competitors in the Middle East trade. Southern France, the Dalmatian coast, and the islands of Rhodes, Malta, and Cyprus were also able to get small shares of it (Table 1.1). In fact, the maritime hegemony of Italy was rather complex. Venice and Genoa were major rivals, but they both remained leaders in the old declining trade of Byzantium and the Black Sea, and both acquired at the same time predominance in the expanding Syrian and Egyptian trade. Both cities also played a leading role in the maritime trade with northwestern Europe, but in this area they had to share
Table 1.1
Harbor Traffic in Beirut and Alexandria according to Port of Origin

<table>
<thead>
<tr>
<th>Port</th>
<th>Beirut (1394-1408)</th>
<th>Alexandria (1404-1405)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Catalonia</td>
<td>25.8</td>
<td>21.0</td>
</tr>
<tr>
<td>Basques</td>
<td>---</td>
<td>5.2</td>
</tr>
<tr>
<td>Biscaye</td>
<td>1.6</td>
<td>---</td>
</tr>
<tr>
<td>Provence</td>
<td>3.4</td>
<td>2.6</td>
</tr>
<tr>
<td>Perpignan</td>
<td>2.6</td>
<td>---</td>
</tr>
<tr>
<td>Venice</td>
<td>32.0</td>
<td>5.2</td>
</tr>
<tr>
<td>Genoa</td>
<td>30.2</td>
<td>23.6</td>
</tr>
<tr>
<td>Gaeta</td>
<td>0.1</td>
<td>---</td>
</tr>
<tr>
<td>Ancona</td>
<td>0.5</td>
<td>---</td>
</tr>
<tr>
<td>Pisa</td>
<td>---</td>
<td>2.6</td>
</tr>
<tr>
<td>Toscana</td>
<td>3.3</td>
<td>---</td>
</tr>
<tr>
<td>Sicily</td>
<td>0.1</td>
<td>13.1</td>
</tr>
<tr>
<td>Ragusa</td>
<td>---</td>
<td>5.2</td>
</tr>
<tr>
<td>Pera</td>
<td>---</td>
<td>2.6</td>
</tr>
<tr>
<td>Cyprus</td>
<td>---</td>
<td>2.6</td>
</tr>
<tr>
<td>Malta</td>
<td>---</td>
<td>2.6</td>
</tr>
<tr>
<td>Rhodes</td>
<td>---</td>
<td>5.2</td>
</tr>
<tr>
<td>Other ports</td>
<td>0.4</td>
<td>8.5</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: See n. 9.

the lead with Florence, which was particularly interested in the trade in English wool.  

Venice, Genoa, and Florence were able not only to increase their influence outside Italy but also to extend their political power in Italy beyond the limits of their own walls. They became mighty city-states by annexing surrounding countryside, villages, and towns. They also tried to bring Mediterranean islands under their control. Venice was successful in Crete, Cyprus, and several others; Genoa was successful in Chios and Rhodes, albeit to a lesser degree than Venice.11

During the fifteenth century, the concentration of political and maritime power in the hands of Venice, Genoa, and Florence tended to increase. This tendency intensified the struggle for maritime hegemony among the three: Florence and Genoa had to give in, and Venice emerged, from the second quarter of the fifteenth century onward, as the leading commercial and financial center of Europe.12 Structural shifts in the pattern of world trade help explain the emergence of Venice as the center of European world trade. These shifts were determined by geographical and geological factors, by socioeconomic and political circumstances, and by the changing nature of the export and re-export trade.

Geographical and geological factors in the fifteenth century favored Venice at the expense of Genoa and Florence. The Hundred Years’ War undermined the French economy, disrupting Genoa’s closest and traditionally richest market. Genoa therefore followed a strategy of increasing its commercial and financial links with Spain. But penetration into the Spanish market proved to be very slow and costly.13 The strong position of the Catalonian and Valencian ports in the Mediterranean trade was not easy to overcome. The benefits of financing Portuguese and Spanish explorations in the Atlantic Ocean and along the West African coast were not immediate and would become visible only at the turn of the century, after the great event of the opening of new oceanic sea routes to the West and East Indies. Even then, the Genoese had to be patient: Seville’s boom and the “siècle des Génois” linked with it would begin only in the middle of the sixteenth century.14

Venice, by contrast, was geographically favored by the development of Europe’s world trade in the fifteenth century. German colo-

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Organization in central, eastern, and northern Europe in the thirteenth and fourteenth centuries had been a great success. It had created attractive markets, which Venice had helped to develop and expand, in collaboration with merchants, entrepreneurs, and bankers of south German cities. Venice's geographical position had been crucial in this respect. Its unique harbor facilities and its sheltered location at the end of the long Adriatic Sea were complemented by excellent Alpine routes, such as the Brenner Pass, which provided the easiest overland access from Italy to the vast "hinterland" of central and eastern Europe.\(^{15}\) The revival of mining in central and southern Europe beginning in the fifteenth century soon reinforced the stimulus emanating from the central and east European economy: Innovations in mining techniques attracted south German and Venetian investment in the silver and copper fields of the Harz Mountains, Bohemia, Tirol, and, later, Bosnia and Serbia.\(^{16}\) At this moment the south Germany–Venice commercial axis reached its zenith, symbolized in the Fondacco dei Tedeschi, the impressive staple house and residence of the south German merchants in Venice.\(^{17}\)

The flourishing north German Hansa also had contact with the south German–Venetian axis. The Hansa's relations with the west were mainly with the markets of Bruges and London, but Hansa towns also had access to the south German markets and Venice along the great north European rivers, such as the Vistula, Oder, Neisse, and Weser. The most important overland link between the Hansa and the south German–Venetian axis was along the Rhine and was dominated by Cologne, leader of the western Hansa towns (Lübeck was leader of the eastern Hansa towns). Part of the Hansa trade in Bruges and Antwerp did not go southward via the maritime route to the Mediterranean but followed the Rhine route via Cologne to south Germany and Venice. Traffic along the Rhine route grew quickly from the second third of the fifteenth century onward, when the Brabant fairs, the fairs of Frankfurt, and those more inland in Germany were linked by the south German and Venetian alliance. During the fif-

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teenth century, south German merchants established themselves in increasing numbers in Antwerp.  

Social and economic factors also favored Venice at the expense of Genoa and Florence during their struggle for commercial hegemony in Europe. Florence's power was based on industrial development, export-led growth, and international finance. High-quality woolen cloth (manufactured using English wool and Flemish techniques), high-quality silk cloth (manufactured using Levantine silk and Levantine techniques), and sophisticated international banking became the leading sectors of the Florentine economy. This structure accentuated the inequality of wealth and income. It made large segments of the labor force, particularly those with marginal incomes, vulnerable to economic fluctuations, thus generating and aggravating social conflict. In the end it weakened Florence's economic position in the world.  

Genoa's social structure also encompassed more inequality than the Venetian one. Investments in the eastern Mediterranean and in Spain were increasingly financed by large family companies, the predecessors of the big Genoese banking houses of the sixteenth and seventeenth centuries. The rich Genoese families were taking political control of the town, and by doing so, they intensified social tension. In the first half of the fifteenth century this tension reached a climax: No fewer than thirteen urban uprisings and revolutions took place in Genoa between 1413 and 1453.  

Venice, by contrast, was characterized during the same period by social stability and political efficiency. Several social and institutional factors were responsible. Wealth was more equally distributed among Venetian merchants than it was in the other city-states. Trade was less concentrated, and political institutions worked in such a way that large segments of the world of commerce and finance were involved in the decision-making process of town and state. Industry was not yet oriented toward mass production of standardized high-quality goods, which would make the sector dependent on the erratic fluctuations of export demand. Instead, industry was based on more stable activities such as artisanal luxury products, with an inelastic export demand, and a large-scale, state-owned shipbuilding and ship-repairing industry.  

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Venice also had some vital assets in the field of commercial policy, which was characterized by a spirit of aggressive state mercantilism "avant la lettre." Venice's large state-owned commercial fleet was a powerful tool in its diplomatic and political strategy for maritime hegemony. Strict navigation laws provided that only Venetian fleets could bring spices to the city of the doge. Efficient organization of maritime traffic made Venetian galley convoys regular, fast, and reliable, giving them a substantial advantage over their competitors. Venice's tight control over its colonies Cyprus and Crete and over other islands gave it strategic military and commercial bases in the eastern Mediterranean (Genoa tried to obtain the same advantages on Chios and Rhodes but never succeeded in gaining complete control; instead, both islands became increasingly independent staple markets). A large network of highly skilled diplomatic representatives (state consuls and official factors) in the Middle East and in Europe supplied commercial information to the state and its merchants and provided the latter with reasonable safety and protection. Finally, Venetian legislation intensified commercial protectionism and discrimination, so reinforcing the foundations of Venice's staple market. Success reached its zenith in the fifteenth century, when Venice became the world center of the re-export trade from the Far and Middle East, and even from the western Mediterranean, to the rest of Europe.

THE RE-EXPORT TRADE FROM SOUTHERN EUROPE IN THE LATE MIDDLE AGES

The commercial rise of Italy in the beginning of the second millennium was based to a large extent on the long-distance re-export trade of luxury goods and fabrics from North Africa and increasingly from the Middle, Far, and South East. This re-export trade was financed mainly by exports of woolen textiles from northwestern Europe (later also from Italy itself) and increasingly by exports of silver and copper or copperware from central Europe.

The structural shifts in the long-distance trade between east and west and in its control, as described previously, did not fundamentally change the types of goods being re-exported. The replacement

22 G. V. Scammell, The World Encompassed, passim.
of the traditional overland routes, ending in Byzantium, by the maritime routes along the Indian Ocean and the Red Sea, ending in Syria and Egypt, did not fundamentally affect the composition of the goods supplied by the Far, South, and even Middle East, although there were some significant changes in the structure of the east–west trade.

First, the range of luxury goods increased as long-distance trade between east and west expanded under the dynamic influence of Italian and Arab merchants. To this “rich trade” belonged, traditionally, Byzantine, Persian, and Chinese silk fabrics, Persian tapestries, fancy cotton fabrics from India, Chinese porcelain, all kinds of aromatics and perfumes (such as incense and musk), ivory, precious woods, pearls, gems, jewels (such as Indian emeralds, rubies from Burma, sapphires from Ceylon), various dyes, all sorts of spices (pepper, ginger, cinnamon, saffron, cloves, sugar, and many others), and numerous medicines and drugs (such as Chinese galangale and the aloes of Socotra). It can be taken for granted that over the centuries the supply of these luxuries became much more differentiated, not only because the intensification of the maritime trade in the Indian Ocean and the Red Sea opened up new centers of supply but also because European demand increased strongly, particularly during and after the Crusades, when demonstration effects came to the fore, and during the fifteenth century, when a long period of higher living standards began.

A second mechanism of change in Italian re-export trade to the north during the late Middle Ages was import substitution. In the beginning of the second millennium Italy’s role was still overwhelmingly commercial. Italy imported luxury goods from North Africa and the Middle East and re-exported a large number of them north of the Alps, in exchange for European goods, which were re-exported to the south and east. During this period Italy was, industrially speaking, still underdeveloped. But its commercial successes during the twelfth and thirteenth centuries would soon change the situation. Whereas the Italian towns during the eleventh and twelfth centuries still imported gold coins from Byzantium, Sardinia, and North Africa and re-exported some of them north of the Alps, from the middle of the thirteenth century onward, Florence, Genoa, and Venice, although remaining big importers of gold powder and gold coins from North Africa and the Middle East, started minting their own coins for export to the north.

28 Lane, Venice, A Maritime Republic, 148.
In textiles the changes were more significant. Lucca, Florence, Venice, and other Italian towns began importing raw silk from the Levant for the production of silk fabrics. The original aim was to substitute Italian fabrics for Levantine ones on the domestic market, but soon the Italian products found their way north of the Alps. In the case of cotton the changes went still further. Milan, Cremona, and other towns began to import cotton from the east in order to produce fustian, a mixture of cotton and wool. Their success was so great that Italian production could not satisfy both home demand and the increasing export demand north of the Alps. Italian merchants then introduced production in south Germany, which soon superseded the Italian industry. Ulm, Augsburg and Nürnberg became leading export centers, selling fustians all over Europe. Italy’s role was now to be a center for the re-export of cotton as a raw material from the Levant to south Germany, and Venice was best located to dominate this staple trade.29

Import substitution, extending into export-led growth, was also to be found in other branches of industry: The Venetian glass-, mirror-, and crystal-making industries, the Venetian majolica industries, and the Venetian and other Italian jewelry crafts are the best examples, but the Italian and French paper industries should also be mentioned. A similar phenomenon, very famous and successful though in the opposite direction (i.e., north to south), should be noted here: the substitution of high-quality Florentine woolens for Flemish ones and their re-export to North Africa and the Middle East.30

Spices were not, in general, suited to import substitution. But there were exceptions: Sugar, for example (still considered during the late Middle Ages as belonging to the category of spices), was a product that received much attention. Originating in Southeast Asia, production of cane sugar had been moving slowly westward, reaching Palestine in the Middle East about the beginning of the second millennium. Venetians started planting it in Cyprus and Crete, and it later reached Sicily and Malta. The Genoese introduced it in southern Spain, from where it moved, in the course of the fifteenth century and with the help of Genoese, Portuguese, and Flemish capital, to the Atlantic islands (first to the Canaries and Madeira and later, in the sixteenth century, to the Azores and São Tomé).31 Although the introduction

30 See in this context H. van der Wee, ed., *The Rise and Decline of Urban Industries in Italy and the Low Countries during the Late Middle Ages and the Early Modern Times* (Louvain, 1988).
31 C. Verlinden, “From the Mediterranean to the Atlantic: Aspects of an Economic
of cane sugar in the Middle East was originally aimed at import-substitution, the rapid extension of production westward soon became export-oriented. Cane sugar was a success story and, for that reason, a vital product of the European re-export trade. The city councils of Genoa and Venice tried hard to maintain control over the trade, but the Portuguese crown, supported by Genoese, south German, and Flemish private bankers, was in the end able to dominate it. However, this did not occur until the fifteenth century was already close to its end.

In the other sectors of the spice trade, the Italian city-states – and Venice in particular – did much better. Between 1420 and 1496 Venice was able to maintain a very strong position in re-exporting spices from the Middle East to Europe and in re-exporting woolen cloth to Syria, Egypt, and the Levant. During a period of considerable expansion of spice consumption in Europe, such a predominance in the re-export trade was a tremendous asset in Venice's struggle for maritime hegemony. A tentative estimate puts Venice's share in the total spice trade (including sugar) under 45 percent about 1400 and over 60 percent a century later. Pepper remained the leading article of the spice trade, the volume of its re-export still growing in absolute terms during the fifteenth century. But in the course of that century the relative position of pepper deteriorated to the advantage of the other spices. Demand clearly was differentiating in Europe. The increase in European pepper consumption during the fifteenth century was probably less than 25 percent, whereas the demand for spices other than pepper increased by 155 percent. Prices during the fifteenth century reflect the growth of the world trade in spices. They not only tend to fall more rapidly than the general price level, no doubt another factor in the increase in demand, but their convergence throughout Europe reflects the development of trade links. Comparisons between the price movements of spices at the Venetian and Antwerp markets during the fifteenth century are a case in point.

Three other shifts concerning the re-export trade from and to the Middle East should be mentioned. First, during the fifteenth-century,
Venetian trade to Egypt, in particular to Alexandria, grew at the expense of its trade to Syria. As Venice was the predominant trading partner with the Middle East, this meant that Alexandria became the leading exporter of spices from the Middle East, and Egypt began to overshadow Syria in trade relations with Europe. Second, import substitution in Europe had a negative effect on industrial activity in Iraq, Syria, and Egypt. The introduction of cane sugar plantations in the Mediterranean islands, southern Spain, and the Atlantic islands virtually terminated the export of sugar from the Middle East. The introduction of paper factories in France and Italy had the same unfavorable effect on the exports of paper from the Middle East. The increasing imports of north European, Italian, and south German textiles by the Middle East had no less disastrous effects on the traditional textile sectors of Syria, Egypt, and Iraq. Third, import substitution in Europe and exports of European textiles to the Middle East had a favorable effect on Europe’s balance of payments. The effect, however, was insufficient to restore equilibrium. The sharp increase in European consumption of spices and other luxury goods imported from the Middle East gradually undermined Europe’s traditional surplus. The deficit became critical about 1400, but its reduction was not possible until the second third of the fifteenth century, when innovations in mining techniques stimulated the production of silver in central and southern Europe.

As mentioned above, Venice, for geographical and commercial reasons, benefited most from the increasing flow of silver from north to south; thus, the south German–Venetian axis was a crucial variable in the emergence of Venice as the leading European center of the re-export trade from south to north and in Venice’s rise to maritime and financial hegemony in the Mediterranean and Europe.

THE RISE OF THE PORTUGUESE RE-EXPORT TRADE AND VENICE’S TEMPORARY RECOVERY (FIFTEENTH TO SIXTEENTH CENTURIES)

The increasing predominance of Venice in the Mediterranean and North Sea trade during the fifteenth century was accompanied by a parallel growth of maritime activity from the Iberian Peninsula, especially from Portugal, into the Atlantic Ocean.

During the fourteenth and fifteenth centuries Portuguese shippers

added to their traditional skills the technical innovations that had been introduced in Italian and Hanseatic shipbuilding and navigation. The Portuguese kings took advantage of these advances in Portuguese shipping and increasingly used their fleets for maritime exploration and military conquest. The islands of Madeira, the Canaries, and the Azores were discovered and annexed beginning in the fourteenth century. During the same period exploration of the western coast of Africa prepared the way for the discovery of the Cape of Good Hope and the route to East Africa and India.40

When exploring the western coast of Africa, the Portuguese not only discovered gold but also found spices, which they could sell in northern Europe. The re-export of West African spices from Lisbon to Flanders and Brabant was already an important trade before 1500. It remained significant until the middle of the sixteenth century, when English and French ships began importing spices directly from West Africa.41 The successful re-export trade of West African spices induced the king of Portugal to send official agents to Bruges and Antwerp to represent his interests. These interests suddenly widened in 1498, when Vasco da Gama reached Calicut and returned to Portugal, his ships loaded with Asian spices. But an expansion of the spice trade required increased imports of copper and silver from the north and greater financial support. The imports could be found most easily at Antwerp, where merchants from the Aachen area and south Germany were selling both metals in increasing quantities. Extra loans could be obtained from Genoese, Flemish, and south German merchants at the money markets in Flanders and Brabant.42

Thus was created a Lisbon–Antwerp commercial axis. In 1501 the first ship from Lisbon loaded with Asian spices arrived at the Antwerp harbor. From 1503 the re-exports of Asian spices from Lisbon to Antwerp were large and regular.

Not only did the king of Portugal try to increase his sales of spices at the Antwerp market, but with the help of Italian financiers, he wanted to monopolize the re-export trade in African and Asian spices for the whole of Europe. In 1508 rights to the Portuguese crown monopoly of spices were leased to the Affaitadi and Gualteroti, which probably accounts for the appearance of Asian spices, re-exports from

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Lisbon, at the fairs of Lyons beginning in 1508. Shortly afterward, re-exports from Lisbon were also penetrating into central and eastern Europe, even into Italy. 43

The success of the re-export trade in spices from Lisbon to the rest of Europe was, without doubt, at the expense of the Italian trade, in particular that from Venice. At the same time, the weakening of the Venetian spice trade was not only due to Portuguese competition. After the death of the Mamluk sultan of Egypt in 1496, the Mediterranean spice trade was hindered by serious internal turmoil. The Turks took advantage of the situation by extending their political ambitions to Syria and Egypt. Tensions led to the outbreak of the Turkish–Venetian War in 1499. The end of the war in 1503 did not lay to rest Turkish expansionism, and Syria and Egypt came definitively under Ottoman control in 1517. 44 During the same period the Portuguese were using military means to prevent the export of Malabar spices along the traditional Muslim sea route to the Mediterranean. In 1505 the Portuguese founded their Indian empire officially. They defeated the Mamluks and Gurjeratis in the Indian Ocean. They set up factories along the Indian coast. They built military fortifications and naval bases. They took control of many of the strategic entries to the ocean, such as the Cape of Good Hope, Socotra at the entrance of the Red Sea, Bahrein and Hormuz in the Persian Gulf, and Malacca at the entrance to the South China Sea. Finally, they subjugated the small Muslim states of East Africa and conquered the islands of Madagascar and Mauritius. 45

Between 1510 and 1530 the Portuguese predominance in the re-export trade in African and Asian spices to the rest of Europe via Lisbon and the Antwerp staple market reached its peak. 46 Half of the revenue of King John III of Portugal in the 1520s came from this re-export trade. By contrast, the revenue that the Mamluk sultan derived from the transit trade in spices from Syria and Egypt toward Italy, still very high in the early 1490s, fell drastically at the beginning of the sixteenth century. Venice’s share in the re-export of spices to Lisbon and Antwerp had decreased so much that in 1527 the Venetian Senate, in despair, offered to purchase the spice monopoly of the Portuguese crown, a proposal that was not accepted. 47

Portugal was not able to maintain for long its near-monopoly posi-

44 Lane, Venice, A Maritime Republic, 349.
46 Godinho, L’empire portugais, passim.
tion in the re-export trade in spices. It lost this position shortly after 1530, when the Mediterranean, and Venice in particular, recaptured a good share of the re-exports of Asian spices to Europe north of the Alps.\textsuperscript{48}

From the early 1530s spice shipments from the Middle East to Venice increased sharply again. In the 1530s in Lyons the share of spices arriving via the Mediterranean, which during the French–Habsburg war of the 1520s had risen to about half, reached 85 percent. These spices, however, were not imported exclusively from Venice but came in increasing quantities directly via Marseille from Alexandria, Istanbul, and the Anatolian ports.\textsuperscript{49}

In the 1530s "Venetian" spices also reappeared in large quantities in central Europe, in the Baltic area, along the Rhine route, and even on the Antwerp market. The strong position of the Antwerp staple market for Asian spices was soon severely eroded. With it came the decline of the Antwerp Feitoria de Flandres, which closed in 1548.\textsuperscript{50}

Of course, re-exports of spices from Lisbon to Antwerp and the north did not disappear at once. They still remained important for a while, together with Venetian and other re-exports. During the second half of the century, however, the Portuguese position receded further relative to that of Venice.\textsuperscript{51}

The reasons for the decline of the Portuguese re-export trade in spices and for the revival of the Venice–Marseille trade are complex. First, there was a gradual deterioration of Portugal's military and naval strength from the second third of the sixteenth century and particularly during the last third of that century. The weakening of royal power in Portugal led to the annexation of the country by Philip II of Spain and to a relaxation of military control in the Indian Ocean. After the Portuguese conquest of the Malabar Coast, the Muslim merchants, who had in previous centuries dominated the spice trade in the area, moved to Sumatra, trying to set up a trade in Indonesian pepper directly from Sumatra to the Red Sea via the more open, southern belt of the Indian Ocean. By doing so the Muslims were able to rebuild slowly the Asian spice trade to the Red Sea. During the second half of the sixteenth century, profiting from the fact that Aden, at the entrance to the Red Sea, had withstood the Portuguese, Muslim merchants intensified their efforts and succeeded partly in reviving

\textsuperscript{48} Braudel, \textit{La Méditerranée}, 2:495ff.
\textsuperscript{50} van der Wee, \textit{Antwerp Market}, 2:156ff.
\textsuperscript{51} Glamann, "European Trade, 1500–1750," 475–82.
the old spice routes to Cairo-Alexandria and in particular to Damascus-Beirut. These routes, however, never recaptured their predominant position of the fifteenth century. The main reason for their relative failure was the rise of an alternative spice route to the Mediterranean, one closely linked with the impressive growth of the Ottoman Empire under Sultan Soliman the Great.52

When the Portuguese at the beginning of the sixteenth century were able to block the supply of Malabar spices along the Red Sea to Damascus-Beirut and Cairo-Alexandria, Venice was forced to limit its visits to both markets. But the temporary weakening of the Mediterranean spice trade did not entail a decline in the whole Levant trade. On the contrary, Venetian merchants and other Italian, French, and Catalan traders continued to visit the Levant markets to buy goods such as cotton and raw silk, wheat and salt, cotton and silk luxury fabrics, precious stones, gems, jewels, and so on. This Levant trade increased considerably as the general European expansion gained momentum from the second third of the sixteenth century. The Ottoman Empire, which was also entering a period of impressive internal growth, gave another powerful impetus to the Mediterranean trade.53

The Ottoman boom was particularly important because it had a double effect. First, the boom increased the demand for European goods. All European ports of the Mediterranean benefited from this, but most of all Venice. A woolen industry, organized on a large scale and oriented toward the Middle East, developed in the city.54 Venice also took particular advantage of the intensification of long-distance overland trade from Flanders to Italy along the Rhine route and through south Germany and from central Europe to Italy. Textiles from England and Flanders, copperware from Germany, and many other goods from Europe north of the Alps were re-exported in increasing quantities from Venice to Istanbul and to the other Ottoman markets in the Levant.55

The other effect of the Ottoman boom was to increase the home demand for oriental products, that is, luxury goods and spices from the Far East. Because of their growing military power east of Anatolia, the Ottomans started putting pressure on the overland routes in Persia. The Portuguese took advantage of this, turning Hormuz on the Persian Gulf into a huge staple market for oriental goods (in particular

52 Godinho, L’empire portugais, passim.
53 Braudel, La Méditerranée, 2:493ff.
54 Pullan, Crisis and Change, 11ff.
55 Lane, Venice, A Maritime Republic, 297ff.
for Malabar spices) intended for the Ottoman territories. From 1543 onward the customs of Hormuz were fully and directly integrated into the tax system of Portugal, an indication of their growing share in public revenue.\(^{56}\)

Malabar spices and other oriental goods passing the staple of Hormuz continued their way westward along the Persian Gulf. From Basra they reached Baghdad and Aleppo by caravan. From Aleppo they were re-exported to the Anatolian markets and Istanbul, and increasingly to western Europe. Venice and the other west Mediterranean ports involved in the expanding Levant trade soon came into contact with the new spice route. Because of its growing importance in supplying the Ottoman market, Aleppo became very attractive to west Mediterranean buyers as well. Gradually Aleppo (and its port Tripoli in Syria) rose to prominence, becoming the leading staple market for oriental goods and spices in the Levant, distributing them partly to the Ottoman markets and partly to the Venetians and others, who re-exported them to Europe north of the Alps. Aleppo at the turn of the century surpassed Alexandria and Damascus by far, and it maintained this leading position far into the seventeenth century.\(^{57}\)

Meanwhile, the pattern of the European re-export trade in Asian, Atlantic, and American products had changed fundamentally once again. From the end of the sixteenth century English and Dutch ships, in growing numbers, penetrated into the Mediterranean.\(^{58}\) English and Dutch merchants started selling Baltic grain and west European textiles, first to Italian merchants, then directly to Levantine merchants. With their earnings, they started to buy Levantine and other oriental products directly.\(^{59}\)

When the Thirty Years’ War (1618–48) broke out in Germany, the Venetian overland re-export trade in Levantine and Asian products collapsed entirely. Amsterdam in the meantime emerged as the leading European staple market for these products, because the Dutch East India company, founded in 1602, succeeded in replacing the Portuguese merchants in the spice trade via the Cape of Good Hope, and because Dutch shipping to the Levant supplied Asian goods directly from the Mediterranean to Holland.\(^{60}\) From this moment onward European re-exports from Asia no longer went from south to north but

\(^{56}\) Godinho, *L’empire portugais*, passim.


\(^{59}\) Braudel, *La Méditerranée*, 2:517ff.

\(^{60}\) F. S. Gaastra, *De Geschiedenis van de VOC* (Haarlem, 1982), 35 ff.
went increasingly in the opposite direction. When later in the seventeenth century the London staple market surpassed Amsterdam, the structure of the re-export trade did not fundamentally change. Even the newcomers in the Far East trade of the late seventeenth and early eighteenth centuries, such as Sweden, Denmark, France, and the Austrian Netherlands, did not alter the pattern.\footnote{61 F. S. Gaastra and L. Blusse, eds., \textit{Companies and Trade}, Comparative Studies in Overseas History, vol. 3 (The Hague, 1981), passim.}

During the decade after 1602 the volume of trade moving through Venice fell dramatically. Venice’s share in the revived Mediterranean spice trade shrunk considerably during these years; the exports of Venetian woolen cloth to the Levant dropped sharply.\footnote{62 R. Romomo, “Between the Sixteenth and Seventeenth Centuries: The Economic Crisis of 1619–22,” in G. Parker and L. M. Smith, eds., \textit{The General Crisis of the Seventeenth Century} (London, 1978), 176ff., 184ff.; D. Sella, \textit{Commercio e industria a Venezia nel secolo XVII} (Venice and Rome, 1961), passim.} The crisis at the beginning of the Thirty Years’ War made things worse: it was the last, fatal turning point in the definitive decline of Venice’s re-export trade of Asian goods to the rest of Europe. Genoa, the other great maritime power of Italy, succeeded for a while in maintaining some international trade activity because of its financial links with the Spanish Empire. But when the financial siècle des Génois was over, after the bankruptcy of the Spanish government in 1627, Genoa’s trade also decayed quickly. The historic role of Italy as transmitter of Asian and African wares to the rest of Europe had come to an end.