

The Activity of Armenian Merchants in International Trade

Artsvi Bakhchinyan

The geographical location of Armenia defined its involvement in international trading activity and provided it with the image of a trader nation. Located at a crossroads of continents, Armenia was a transit point for international trade and a crucial part of the Silk Road. The country straddles the major overland ancient trade routes between Europe and Asia and occupied a buffer zone between competing empires and civilizations in the East and West. Armenia's commercial networks are inseparable from its history, as numerous scholars have shown.¹ The most mobile element of Armenian society—the merchants—became the most successful commercial carriers and agents for various Eurasian civilizations. The existence of large and small Armenian communities throughout the world fostered communication, exchange, and networking among Armenian traders.

In this paper I will outline the phenomenon of late medieval Armenian external trade from relevant historical, geographical and cultural perspectives, including placing it in the context of world trade and the ruling states of the time. As a specialist in the Armenian diaspora who has studied the history of Armenian immigrants and communities in Northern Europe (Scandinavia) and the Far East (Japan and China), I regularly come across information on the activities of Armenian merchants—the most dynamic segment of Armenian society. The history of the Armenian Diaspora before the twentieth century is primarily a history of traders. In the history of the world economy, the Armenian trade—especially in the late Middle Ages—is unique, and offers numerous interesting details and paradoxes. The capture of Constantinople by the Turks in 1453 seriously impacted trade between East and West. Having lost their direct connections with the markets of the Near East, European traders sought the assistance of Asian intermediaries. Thus the sixteenth century saw Armenian traders re-emerge in new geographical and political conditions that brought fresh perspectives and challenges.

After losing its independence in the fourteenth century, Armenia experienced almost three centuries of continuous and bloody conflicts among nomadic dynasties. Only after the peace treaty between Safavid Persia and the Ottoman Empire in 1639 did living conditions in Armenia once again become somewhat bearable. However, the Ottoman Empire never recognized the rights of Armenian merchants and would regularly seize their assets. In contrast, the Safavid rulers granted special rights to Armenian merchants (known as “khas”) that were equal to those enjoyed by Iranian high officials.

After the treaty between the Persians and Ottomans, the long-distance trade run by Armenians

¹ Among the best studies on this subject in English, see Henry Edwards, *The Armenian Maecenats of New Julfa, Isfahan* (Oxford, 1991); Vahan Baibourtian, *International Trade and the Armenian Merchants in the Seventeenth Century* (New Delhi, 2004).

gradually developed and even flourished. By the late sixteenth and early seventeenth centuries, the Armenian merchant class of Persia, known as *khojayut'yun* or *khojas* (lord and rich in Persian respectively), had unexpectedly risen to prominence.² Several factors contributed to this development: the strengthening political and economic relations between the East and West, the growth of the European economy and its high demand for Eastern goods, the need for commercial intermediaries, and the ancient mercantile traditions of the Armenians, well-known for their resourcefulness and geographical mobility. Trade under Oriental tyranny, in the words of Armenian historian Leo, “was the one and only field of activity remaining open to him [i.e., to an Armenian person], which would secure him a measure of prestige, prosperity, and power.”³ For Europeans, the Christian Armenians, living throughout Asia, were “the most convenient keys to the East,”⁴ and well suited to managing East-West political and commercial relations. In this context the personal skills and national characteristics of the Armenian people were important. Their linguistic knowledge, negotiation skills, and ability to successfully resolve conflicts enabled them to become cross-cultural intermediaries. The Armenians naturally tended to avoid creating problems, and thus Armenian merchants became pivotal agents in the caravan trade between East and West, fostering contacts between the two continents.

The high point of these Armenian cross-cultural ties came in the seventeenth century, when Shah Abbas I (1587–1629) of Persia gave the Armenian merchants of New Julfa (a suburb on the outskirts of Isfahan) a monopoly over the Persian filoselle (raw silk) export trade. Since ancient times, as recorded by the fifth century Armenian historiographers, the Armenians produced this valuable product and exported it all over the world—including Europe, China, and later even America. Armenians remained involved in this trade even in the early twentieth century. Shah Abbas I’s granting of filoselle trade privileges enabled Armenians to dominate the filoselle trade throughout the seventeenth century, and by mid-century they controlled seventy per cent of the trade.⁵ In addition to silk, the dealings with precious stones also contributed to Armenia’s flourishing commerce, which enjoyed a golden age that lasted for about 150 years.

Rich merchants of New Julfa received citizenship and the freedom to practice their own Christianity. This tolerance can be explained by the pragmatic understanding of Iranian rulers of the importance of external trade. Of course, members of the Armenian trading class in Safavid Persia suffered religious oppression and persecution, and were always required to pay head-money (*kharaj*) for practicing their religion. This class was also anxious about a lack of security for the people, their property, and their rights. During the reign of Sultan Husein Shah (1684–1722), amidst conditions of economic and political decline in Iran, the attitude of the Safavid government

² About Armenian *khoja* class, see Leo, *Khojayakan kapital* (Capital of Khojas) (Yerevan, 1934); L. G. Minasyan, *Nor Jughayi khojanere* (The Khojas of New Julfa) (New Julfa, 2006).

³ Leo, *Yerkeri zhoghovatsu* (Collection of works), vol. 3 (Yerevan, 1969), p. 150.

⁴ Raffi, *Yerkeri zhoghovatsu tasnerku hatorov* (Collection of Works in Twelve volumes), vol. 7 (Yerevan, 1985), p. 235.

⁵ Zh. Ananyan, “Hay vajaranakut’yune Rusastanum (17-rd d. verj – 19-rd d. skizb) (Armenian Merchant Class in Russia (End of the Seventeenth Century – Beginning of the Nineteenth Century),” in V. Barkhudaryan and Z. Yekavyan, eds., *Ejer hay gagh t’avayreri patmut’yan* (Yerevan, 1996), p. 196.

toward the Armenian merchants changed. They were forced to pay huge taxes, their property was no longer secure, and religious persecutions were enforced.

In general, however, before these negative events, the patronage of the Persian court had increased participation of Armenian merchants throughout the region, including the entire Levantine trade, and thus helped them establish a powerful international commercial network. The commercial activity centred on New Julfa expanded overland and maritime networks on an unprecedentedly large scale crossing Eastern and Western Europe, Russia, the Levant, the Middle East, Central Asia, India, and the Far East. This geographically extensive commercial presence can be characterized as a kind of empire of a colonized, stateless nation, professionally administered and often serving non-commercial purposes. “The Armenian merchants benefited from a far-flung web of Armenian diaspora communities connected by ties of kinship, religion, and language, by cooperation and mutual support, by relatively easy credit, and by contracts based on trust and good will. Through their commercial school and published manuals and guidebooks, New Julfa's Armenians also provided apprentice traders with business training and expertise.”⁶ That is why one recent study on Armenian trade characterized the Armenian trading network as an independent so-called “world-economy” with distinctive components that included a big ethnic and political complex, incorporating various “world-economies” and state units. This “world economy” had its own geographical centre in New Julfa, the major centre of capital accumulation for the Armenian diaspora, from where international overland trade was organized and regulated. The network spanned Surat, Madras, Calcutta, Constantinople, Izmir, Moscow, Krakow, Lwow, Venice, Amsterdam and other centres. The volumes of goods circulated through this network reached into the millions of tons⁷. Thus, the Armenian khojas not only became rich themselves but also enriched the Persian Shah’s treasury.

Shortly after establishing business contacts with East and West, Armenian merchants also came to control the transit trade in Iran. Various Armenian trading dynasties (including the Velijanians, Shehrimanians, Lazarians, and Safrazians) wielded great influence over international trade. To resist the penetration of European trading capital into Iran, those professional, bold and intelligent traders unified themselves in big companies; the biggest was the New Julfa Armenian trading company, established in the mid-seventeenth century, which traded with Russia and Western Europe using the Caspian Sea and Volga River route. The signing of two major commercial contracts with Russia, in 1667 and 1673, furnished the representatives of New Julfa Armenian trading company with various privileges, which were extended to other Armenian merchants.

During this 150-year period the Armenian merchants faced different challenges. To increase the scope of their activities they first had to shift their focus from the caravan (overland) trade to maritime trade. Although the Armenians were not new to maritime trade (the earliest references to

⁶ Philip D. Curtin, *Cross-Cultural Trade in World History* (New York: Cambridge University Press, 1984), p. 179.

⁷ Smbat Khanamiri Hovhannisyan, *Fransiakan Annalneri patmagitakan dproce yev XVII–XVIII dareri hay arevtrakan kapitali himnakhndire* (French Historical School of Les Annales and the Problem of Armenian Trade Capital of the Seventeenth – Eighteenth Centuries), Summary of Ph. D. dissertation (Yerevan, 2009), p. 23.

Armenian maritime trade can be traced back to Cilician Armenia, a kingdom on the Mediterranean), the seventeenth century required them to operate in ocean environments and over longer distances, something they managed successfully. For our research interests, two major commercial routes of the New Julfa Armenian traders are important. The first route was that to Europe, running from Isfahan via Tabriz to Shemakha near the Caspian Sea, sailing across the Caspian Sea up to the lower reaches of the Volga River at Astrakhan, and following the Volga River to Kostroma, before branching south to Moscow. From Moscow the route continued to the White Sea and the city of Arkhangelsk, from there various possible routes through the North Sea and to the West existed. In the White Sea the goods were generally transferred to Russian or Swedish vessels and shipped to other European ports, although merchants sometimes took land routes to Western Europe through present-day Finland and the Scandinavian Peninsula. This Caspian-Volga route trade route quickly acquired international commercial significance, and was considered “Armenian” by other peoples.⁸ With the minor exception of a few Persian and Caucasus Tatar traders, Armenian merchants dominated the Russian trade route to Europe.⁹

While the European states were usually friendly to Armenian traders because of the economic importance of their activity, history also knows instances of social, ethnic and religious discrimination. The policies of Sweden and the Baltic countries provide an example of a friendly attitude. In 1687 a commercial contract was signed between Armenian merchants and Sweden, permitting the former a two-year toll exemption. This contract, highly favourable to the Julfa traders, also granted Armenian merchants permission to open factories in Stockholm under royal protection. A hostel-cum-storage depot was built for Armenian merchants in Narva with the support of the Swedish Royal Palace. The Armenian merchants paid a two per cent tax on goods exported to their homeland from Sweden and a one-per cent tax on goods purchased elsewhere in Europe for transport to Persia via Sweden.¹⁰ In 1696 Frederick Kazimir, Duke of Kurland, signed a treaty consisting of twenty two points, which satisfied most of the requests of Persian-Armenian merchants in various Baltic cities. He taxed all their goods, excluding precious stones, but allowed them to obtain the provisions necessary to support their activity. The Duke also guaranteed their safety from all dangers or violations, under the stipulation that they in turn should behave in a law-abiding fashion. In the Baltic countries the Armenians enjoyed freedom of religion, the right to enter into transactions with the local populace, and the right of habitation in Baltic cities. They were also allowed to establish factories with equal status to those of the local inhabitants, and article six of the treaty granted wholesale merchants freedom from all taxes for four years. In marked contrast, Armenian traders encountered many problems with the French authorities. The Armenians’ handling of the French-Iranian trade before 1664 prompted the French authorities to attempt to break the Armenian monopoly. For example, in 1622 the city administration of

⁸ Archbishop Avgustin (Nikitin), “Armiaskaia khristianskaia obshchina Peterburga (The Armenian Christian community of Petersburg),” *Neva*, no. 10 (1996), p. 234.

⁹ Vahan Bayburdyan, *Hamashkarhayin arevture yev iranahayut'yune* (World Trade and Armenians of Iran) (Tehran, 1996), p. 177.

¹⁰ Einar Ekegård, *Studier i svensk handelspolitik under den tidigare frihetstiden* (Uppsala, 1924), pp. 87-92; Ture J. Arne, *Svenskarna och Österlandet* (Stockholm, 1952), pp. 59-60.

Marseille issued a special warrant forbidding the captains of French ships from transporting the goods of Armenian traders.¹¹

The second major trading route was that in Asia, which was mostly used by representatives of the Armenian communities of India, most of them originally from New Julfa. The Armenian presence in India was ancient, and they were in the Indian peninsula a long time before the Europeans arrived there to trade. Initially the European trading companies and colonial authorities in India and the Far East were uncertain whether to treat the Armenian trading communities as competitors or allies. However, eventually the British East India Company and subsequent British colonial authorities found the Armenian trading networks and communities to be worthy allies and useful for their commercial and colonial penetration of the region. In India, Myanmar, Singapore, Java, certain ports of China, the Philippines and elsewhere in the Far East, the Armenian trading firms were involved in import-export enterprises handling spices, textiles, daily commodities, and even opium. In 1688 an eminent Armenian merchant, Khoja P'anos Kalant'ar, acting on behalf of the larger Julfan community of merchants, signed an agreement with the English East India Company in London. The Julfans agreed to transport their silk and other merchandise using English shipping, and in return were granted a number of privileges including equal rights with the English merchants to transport their goods and themselves across the Indian Ocean, as well as tax exemption. After signing the 1688 agreement, many Julfan Armenians began to use English and Indian ships in addition to their own. There are about a dozen recorded examples of Armenian-owned ships sailing the Indian Ocean in the late seventeenth and early eighteenth centuries. Naturally such privileges highlighted the commercial ties of Armenians with many ports in the Far East.¹² Many European merchants willing to facilitate their activities in overland trade in Asia even began to wear Armenian-like costumes. For a period the Armenian flag (an image of a lamb carrying a cross) was also a guarantee of security in the ports of the Far East.

By the eighteenth century, however, the Armenian trading communities in India and the Far East were considered enemies of the East India Company. The British started to persecute them and confiscate their ships as enemy property. As elsewhere, foreign hostility towards the Armenians stemmed from their financial success. In 1783 the British robbed Armenians settling in the Chinese city of Guangzhou. Although the Chinese authorities offered the Armenians protection, most left to resettle in Macao and Indochina.¹³

In the beginning of the nineteenth century, in response to the emerging capitalistic economy the Armenian merchants of India and the Far East started to band together to form major trading corporations. In 1850 seven major Armenian trading companies joined to form a single powerful corporation in Guangzhou, and this corporation then opened branches throughout the Far East. The

¹¹ V.A. Bayburdyan, "Hayastani azatagman khndire yev jughahay arevtrakan burjuazian XVI–XVII darerum (The Issue of Armenia's Liberation and the Commercial Bourgeoisie in the Sixteenth – Seventeenth Centuries)," in *XVI-XVII dareri hay azatagrakan sharzhummere yev hay gagh'tavayrere* (The Liberation Movements of the Sixteenth – Seventeenth Centuries and the Armenian Colonies) (Yerevan, 1989), pp. 107-108.

¹² Mesrob J. Seth, *Armenians and the East India Company* (Calcutta, 1926), pp. 5-7.

¹³ R. Abrahamyan, "Chinastan (China)," in *Hay gagh'tashharhi patmutyun (mijnadaric minchev 1920 t.)* (History of Armenian Diaspora: From Middle Ages until 1920) (Yerevan, 2003), p. 431.

preeminent company among the Armenian trading houses was the “Seth Apar” company, whose ships serviced three continents via routes that linked China and Great Britain. However, in the 1880s when the British began to establish commercial colonies in China, they hindered Armenians from trading on certain routes, seeking to monopolize the most valuable trade for the British and impose high taxes upon Armenians.

The Armenian trading empire was damaged following the Afghan invasion of Iran in 1722, during which New Julfa was ruined and its inhabitants were saddled with a seventy thousand tuman payment to the invaders. Many Armenians immigrated from New Julfa after this event, and the highly successful Armenian Trade Company of New Julfa increasingly moved its activity elsewhere, establishing branches in several other cities.

The significance of the Armenian trade with various regions of Europe and Asia mirrors that of the East–West trade in general; the trade stimulated the circulation of Asiatic goods throughout Europe and the appearance of European goods throughout the East. However, several aspects distinguished the Armenian merchants from their rivals in international trade. Here we emphasize the following three unique aspects of the Armenian trade.

1. Creation of new communities. The Armenian network of small trading communities in both East and West closely resembled other diasporas of Middle Eastern merchant communities, including the Arabs, Greeks and Jews. But the Armenian traders, unlike their European counterparts, often sought to settle permanently in the countries of their business activities, and thus brought their families to those places. This is different from the exclusively male communities of Chinese and Arab traders. Therefore, new Armenian communities came to be established in many countries and generally were welcomed by local authorities that appreciated their professional abilities.

2. Public Relations component. The commercial contacts between the Armenians and many countries allowed peoples around the world to become not only economically acquainted with Armenia, but also culturally and generally acquainted. The international trading activities enabled Armenians to make them broadly known despite the fact that this small and obscure nation had lost its sovereignty to invaders. Recognizing the statelessness of the Armenians, some European researchers labelled the trade “Armenian-Persian.” Moreover, while Armenia was not a political actor in the region, for centuries sources labelled its geographical location Armenia. Armenian merchants not only appeared frequently in travel notes and chronicles of different nations, but were also frequently portrayed as exotic figures by European artists¹⁴ and writers of fiction. The activity of Armenian merchants attracted the attention of several eminent figures of the epoch, who appreciated their skills. For example, in his study *Anthropology from a pragmatic point of view* German philosopher Immanuel Kant noted the following: “Among another Christian people, the

¹⁴ Dutch artists in particular produced many paintings with images of Armenian merchants. The mural of the city commodity exchange in Amsterdam includes representations of Armenian merchants along with traders and money-changers (see R. A. Bekius, “The Armenian Community in Amsterdam in the Seventeenth and Eighteenth Centuries: Integration and disintegration” Paper presented at the First conference of the Association International des Etudes arméniennes, Amsterdam, 1983, p. 6).

Armenians, a certain commercial spirit of a special kind prevails: they wander on foot from the borders of *China* all the way to *Cape Corso* on the coast of Guinea to carry on commerce. This indicates a separate origin of this reasonable and industrious people who, in a line from North-East to South-West, they travel through almost whole extent of the ancient continent and know how to secure a peaceful reception by all the peoples they encounter. And it proves that their character is superior to the fickle and grovelling character of the modern Greek.”¹⁵ Another philosopher, David Hume wrote: “Thus the Jews in Europe, and the Armenians in the East, have a peculiar character; and the former are as much noted for fraud as the latter for probity.”¹⁶

3. Political and cultural objectives. Most importantly, the late medieval Armenian trade did not limit itself to solely serving economic purposes or the creation of private wealth. Armenian traders often simultaneously pursued other ambitions and goals, and had an identity other than that of simple merchants. They formed an educated class with experience of different nations and an idea of Armenian statehood, developed national self-defence movements, and created a new national identity. In late medieval times the Armenian merchants were the preeminent carriers of national ideas and new values on behalf of Armenia, and attempted to lead the Armenian social mind into modernity.¹⁷ In their negotiations with courts and noblemen of different Asian and European countries, and in their publications, they regularly raised the issue of reconstructing the Armenian state. Consequently, they sponsored several cultural projects intending to prepare their compatriots for the re-creation of an independent state. At the end of the sixteenth century the Armenian merchants were already involved in book printing, aiming to publish books to educate a new Armenian generation with national values, and prepare them for the re-establishment of the Armenian state. Unfortunately, for various objective and subjective reasons, these efforts by Armenian traders to rehabilitate the Armenian state did not succeed.

To conclude, we can see that from the middle ages Armenian merchants were a special kind of mobile businessmen, working hard not only economically, but also culturally and politically. While representing a stateless nation, they enjoyed various privileges, and successfully constructed a commercial empire that lasted for more than a century. They had originated from a landlocked nation, yet were actively involved in maritime trade and even struggled against piracy. In the late Medieval Age—an epoch of difficult communications, international and civil conflicts and wars, and technological backwardness—the Armenian merchants managed to create a unique and highly functional commercial network.

¹⁵ Immanuel Kant, “Anthropology from a pragmatic point of view,” in Robert B. Loudon, ed., *Cambridge Texts in the History of Philosophy* (Cambridge: Cambridge University Press, 2006), p. 222.

¹⁶ Quoted by Eric Morton, “Race and Racism in the Works of David Hume,” *Journal on African Philosophy* (2002).

¹⁷ On this subject see Boghos Levon Zekiyan, *The Armenian Way to Modernity: Armenian Identity Between Tradition and Innovation, Specificity and Universality* (Venice, 1997).