Sugar Production In The Ottoman Empire (1840-1908)

Osmanlı Devleti'nde Şeker Üretimi (1840-1908)

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Abstract

Historically only sugar source plant was sugar cane. For the Ottoman Empire, this situation did not also differ. Especially sugar cane cultivator southern provinces were main sugar providing areas of the Ottoman Empire. But with 17th century, strong American competition considerably diminished Ottoman sugar production. Hereafter, sugar became imported goods for Ottoman people. But invention of sugar extraction from beet took attention of many entrepreneurs to this sector. Primarily sugar had already great market in the Ottoman Empire. Moreover sugar beet cultivation has much more advantages than sugar cane. Beet requires less irrigation and it was resistant to lower temperatures. That means many regions of the Ottoman Empire could be opened sugar production. In this article, time period was held quite a long; because sugar manufacturing was not very common activity in the Ottoman Empire in this period. In general, sugar production entrepreneurs could be divided in to two parts. In the beginning, Dimitri Efendi, Davutoğlu Karabet and Monsieur Michel planned to establish their factories in Istanbul and Izmir for transportation facilities and closeness to main consumption centers. But after 1890's, new entrepreneurs took into account raw material needs in their investment plans. All newly chosen places were either former cultivation centers or very convenient places for sugar cane or beet agriculture. This attitude was very important, because sugar production was completely dependent to rapid raw material flow in that time and also today. The Ottoman Empire granted every possible facility to sugar producers to decrease trade deficit. As to entrepreneurs, some of them remained on paper. But Monsieur Michel founded a factory for experimentation. Rauf Pasha started beet cultivation and sent them to analyze for learning sugar

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content. But in general, sugar production entrepreneurs were not successful. Because sugar remained an important part of import, up to end of the Ottoman Empire.

Keywords: sugar, sugar cane, sugar beet, factory, agriculture.

Özet

Tarihsel olarak şeker kaynağı olan tek bitki şeker kamışıydı. Osmanlı Devleti için de bu durum farklı değildi. Özellikle seker kamışı yetiştiren güney eyaletler, Osmanlı Devleti'nin ana şeker sağlayıcı bölgeleriydi. Fakat XVII. Yüzyılla birlikte, güçlü Amerikan rekabeti Osmanlı şeker üretimini önemli ölçüde azaltmıştır. Bundan sonra şeker Osmanlı halkı için, ithal bir ürün haline geldi. Fakat pancardan şeker çıkarılmasının keşfi, pek çok girişimcinin dikkatini bu sektöre çekmiştir. Öncelikle şeker Osmanlı Devleti'nde önemli bir pazara sahipti. Üstelik şeker pancarının yetiştirilmesi şeker kamışına göre pek çok avantaja sahipti. Pancar daha az sulamaya ihtiyaç duyarken, daha düşük sıcaklıklara da dayanıklıydı. Bu Osmanlı Devleti'nin pek çok bölgesinin şeker üretimine açılabilmesi demekti. Bu makalede zaman dilimi biraz uzun tutulmuştur, çünkü Osmanlı Devleti'nde şeker üretimi bu dönemde çok yaygın bir faaliyet değildi. Genel olarak şeker üretimi girişimcileri iki parçaya ayırılabilir. Başlangıçta ulaşım kolaylığı ve ana tüketim merkezlerine yakınlık dolayısıyla; Dimitri Efendi, Davutoğlu Karabet ve Monsieur Michel fabrikalarını İstanbul ve İzmir'e kurmayı planlamışlardır. Fakat 1890'lardan sonra, yeni girişimciler yatırım planlarında hammadde ihtiyacını dikkate almaya başlamışlardır. Yeni seçilen bütün yerler ya eski üretim merkezleri, ya da şeker kamışı veya pancarı tarımına çok uygun yerlerdi. Bu tutum çok önemlidir, çünkü şeker üretimi hem o zaman hem de günümüzde, hızlı hammadde akışına tamamen bağımlıdır. Osmanlı Devleti mümkün olan her türlü imkânı şeker üreticilerine bağışlayarak, ticaret açığını azaltmaya çalışmıştır. Girişimcilere gelince bazıları kâğıt üstünde kalmıştır. Fakat Monsieur Michel deneme amaçlı bir fabrika kurmuştur. Rauf Paşa pancar üretimine başlamış ve şeker içeriğini öğrenmek için onları analize göndermiştir. Fakat genel olarak şeker üretimi girişimcileri başarılı değillerdir. Çünkü şeker ithalatın önemli bir parçası olarak Osmanlı Devleti'nin sonuna kadar kalmıştır.

Anahtar Kelimeler: şeker, şeker kamışı, şeker pancarı, fabrika, tarım.

Introduction

Sugar cane and sugar beet are the two most important sources of processed sucrose of the refined carbohydrate product the people consume and call sugar. Sugar beet was not economically important as a source of sucrose, until the middle of the nineteenth century. But sugar cane has been the prime source of sucrose for more than a millennium and perhaps for much longer.¹ Sugar beet stores sugar in its long, tapering, silvery-white roots. An average beet weighs about two pounds. Beet matures in six to nine months. Thus beet is adapted to those climates in which crops must be produced between the last frosts of spring and the onset of the following winter. At harvest time beet is lifted from the ground and the leafy top is cut off. Sugar cane is a tall perennial grass. Its stalk is divided into sections by joints and each joint contains a bud which will sprout when planted. Sections of the stalk are carefully selected for planting and dropped lengthwise into furrows. Cane is a thirsty plant and irrigation is practiced in areas in which average rainfall is insufficient to produce successful crops.²

The steps by which sugar is obtained from sugar cane and sugar beet differ in some respects but the principal operations are similar. In short, they are: to extract the sugar containing juice from the plant, to remove impurities in the juice, to concentrate it by boiling until crystals form, to separate the crystals from syrup and finally to wash crystals. The sugar obtained is a water-white crystalline solid and consists of 99.9% sucrose. ³

Sugar cane production began in India. Firstly sugar pith could only convert as pellet which had name of (Gur). But later production skills developed within time and then granular type of sugar commenced to produce. After Indians, Chinese and Iranian people also started sugar production. In BC 327, the soldiers of Alexander the Great became the first Europeans to see sugar cane. Egypt had been conquered by Arabs in 641 and sugar cane entered Mediterranean domain. Umayyad ruler Abdurrahman I brought sugar cane to Spain in approximately 755. During Umayyad administration a highly developed sugar industry founded in Iberian Peninsula. The peninsula and near Mediterranean islands had continued their importance in sugar production, up until to the collapse of Umayyad administration. After that event sugar production began to slide to New World.⁴

After Mediterranean basin and before New World, sugar industry shifted for a short period to the Atlantic islands. In their search for favorable sugar production places; Portugal seized Sao Tomé and other islands, Spain captured the Canaries. But situation changed when the American industries began to grow. Sugar cane was first carried to the New World by Columbus in his

¹ Sidney Wilfred Mintz, *Sweetness and Power: The Place of Sugar in Modern History*, Penguin Books, New York 1986, p. 19.

², Sugar: An Illustrated Story of the Production and Processing of a Natural Food and Useful Chemical, Sugar Research Foundation, New York 1948, p. 4-5.

³ Ibid, p. 3.

⁴ Noel Deerr, *Kamış Şekeri*, tra. Baha Esat Karova, Türkiye Şeker Fabrikaları A.Ş. Yayınları, İstanbul 1946, p. 305 and 532-533.

second voyage. He brought cane there from Spanish Canary Islands in 1493. Sugar cane was first grown in the New World in Spanish Santa Domingo. In around 1516, Santa Domingo's sugar exported to Europe. Spain formed African slave labor and plantations also in the other Caribbean Islands. By 1526, Brazil was shipping sugar to Lisbon in commercial quantities. 16th century became Brazilian century for sugar production. Developments on the mainland left behind Spanish sugar production activities. After the success of Portuguese in Brazil, French people entered sugar production sector and became accomplished within a century. British people followed French in sugar production. Both of them organized sugar plantations in Caribbean islands during 17th century. Sugar cane production increased rapidly, because of continuously growing demand. In the middle of 19th century, Cuba and Brazil were the major production centers for cane sugar. ⁵

As to beet sugar, it was discovered by Andraeas Sigismond Marggraf in 1747. Marggraf was an eminent chemist that he showed beet sugar is as identical as cane sugar in his discovery. Although Marggraf's discovery, sugar could not produce commercially in Germany. For the late coming of this industry, there were two reasons. Firstly sugar could still be bought more cheaply from the tropics, because with the available techniques sugar production from beet required much more expenditures. Secondly Marggraf recommended the beet as a source of syrups for cooking, not as the basis of industry. This situation changed with the Napoleonic Wars, because military conflicts blocked cane sugar transportation. On the other hand, investigations were lasted about beet sugar; although it could not gain a commercial importance. Marggraf's student and successor began a systematic study of beet sugar in 1786 at Caulsdorf. Thus, by the time of the Napoleonic Wars, sugar shortages could be overcame with the availability of beet sugar technology. ⁶

In 1799 Achard presented Frederick William III of Prussia with a loaf of beet sugar prepared at a Berlin refinery. With royal assistance, Achard set up a sugar works. But this work was failed, mainly due to his lack of business skill, although insufficient research and development may have played a part as well. Achard applied France with his results, because of French investigations about getting sugar from grapes. But nothing had happened. Meanwhile a Königsaal refinery in Bohemia produced beet sugar in 1797, and also another beet sugar factory opened at Horowitz in 1800. France maintained their researches to carry out systematic tests of new plants. They also crossed various strains of beet. The factory of Freiherr Moritz von Koppy started production in 1806. His (White Silesian) beetroot has provided all of the modern strains of sugar beet. Achard also told with Russian Tsar of his work and opened a factory in

⁵ S. W. Mintz, Sweetness and Power, p. 31-32.

⁶ Peter Macinnis, Bittersweet the Story of Sugar, Allen & Unwin, Sydney 2002, p. 131, 134.

here. In 1809 there were eight factories in Russia. Napoleon ordered an expansion of the French beet sugar enterprise. By the time of 1813, France had 334 factories producing nearly 4000 tons of sugar. But this beet sugar industry boom came nearly to the end. As Napoleon's armies began to retreat, Europe opened up again to English trade and to sugar from the British colonies. After the peace which was signed in 1815, British cane and French beet sugar competition had deepened for the other part of the century.⁷

For the competition, sugar beet gained an advantage within time over sugar cane. In 1836 the best beet sugar yield was about 5.5 % by weight, but this ingredient reached 16.7 % in 1936. This increase came partly from improved plants, but more came from better methods of extraction. In 1866 Jules Robert developed a new diffusion technique. With Robert's new method, beet sugar effectively competed with cane sugar after 1880's. Even in 1885, the world produced more beet sugar than cane sugar. Beet sugar had also two more advantages. Growing sugar beet provided important amount of discount in transportation fee. Even in about 1850s, sugar beet commenced to grow in places like Utah which is in the middle of the USA. Second advantage of beet sugar was its superior storage simplicity. Because beet sugar could be produced as white granules; thus it did not lose weight in transit, something the wholesalers appreciated. But beet sugar was not free from drawback. In order to whiten color of sugar, a small amount of sulfuric acid added to it in 1890s. Although sugar had a strong chemical smell, traders claim that they had no choice. They said that, with its original brownish yellow color, this sugar could not be sold.⁸

Historical Background of Sugar in the Ottoman Empire

In the time, sugar gained an important place in Ottoman court. In weddings and some other entertainments, there was a great demand to sugar by imperial family. Cyprus and Egypt were the main suppliers of this demand. But imperial palace also gained sugar from some European sources, mostly from Venice. But this total dependence of importation changed with the conquest of Syria, Egypt and Cyprus in 16th century. From this time, the Ottoman Empire became not just consumer but also producer. Newly captured regions strictly evaluated to consider their sugar producing potential. Mostly these regions were taken under the control of state. Sugar trade also attracted many local and foreign traders. Because sugar provided considerable profit and endured much more than from other food products. ⁹

Cyprus was an important sugar production place of the Ottoman Empire. Even before Ottoman conquest, sugar had been produced in here for more

⁷ Ibid, p. 134-136.

⁸ P. Macinnis, Bittersweet, p. 140-141.

⁹ Zafer Karademir, "Osmanlı İmparatorluğu'nda Şeker Üretim ve Tüketimi (1500-1700)", *OTAM*, No:35, Ankara 2015, p. 183-185.

than three centuries. Cypriot sugars were whiter than Cairo and Damascus products, but they had less quality. Paphos (Baf) and Limassol were the main production centers in Cyprus. ¹⁰ But small part of produced sugar was sold in Cyprus. The bulk of sugar was sent to Istanbul for the consumption of palaces. Although the existence of Cypriot sugar refineries were noticed by many historians; production techniques, prices, way of transportation to Istanbul palaces and smuggling of sugar were not known. ¹¹

Towards to the end of 16th century, Ottoman sugar producers encountered strong competition. Especially American sugar began to control European markets. American products had two advantages that it was cheaper than local product and it had much more quality. When sugar had risen in Atlantic, sugar industry of Mediterranean rapidly deteriorated from Sicily to Cyprus. In Mediterranean region, industrial raw materials gained much more importance. In Southern Germany linen, in Italy hemp and in the Ottoman Empire cotton were begun to cultivate in a larger extent.¹²

Price competition was a big problem for Ottoman sugar producers. But some other problems were also happened in manufacturing. Production facilities and techniques of the Ottoman Empire could not improve as fast as European and American ones. Ottoman sugar had lower purity than its rivals. Except technical difficulties, there was some agricultural infrastructure problems occurred mostly in Cyprus. Irrigation could not maintain as strongly as Venetian times. The Ottomans monopolistic excessive interferences also caused some difficulties in sugar production. In Mediterranean many sugar plantations abandoned production, because of decreasing prices. Olive and cotton cultivation or sheep raising provided much more profit. Although sugar production lasted in Egypt, Ottoman sugar production lost its former importance in 17th and 18th centuries. ¹³

Position of Sugar as Consumer Goods in the Ottoman Empire

Sugar was an import commodity in the Ottoman Empire during 19th century. According to the first statistical yearbook of the Ottoman Empire and for the financial year of 1894, raw sugar was totally imported and its value was 157,582,667 piasters.¹⁴ When manufactured sugar considered a bit of export

¹⁰ Halil Sahillioğlu, Osmanlı İdaresinde Kıbrıs'ın İlk Yılı Bütçesi", *Belgeler*, V: 4, No: 7/8, TTK, 1967, p. 11.

¹¹ Mehmet Akif Erdoğru, "Osmanlı Döneminde Kıbrıs Şekerhaneleri (1571-1607), Güneydoğu Avrupa Araştırmaları Dergisi, No:12, İstanbul 1998, p. 71-72.

¹² Faruk Tabak, *Solan Akdeniz 1550-1870, Coğrafi-Tarihsel Bir Yaklaşım*, tra. Nurettin Elhüseyni, Yapı Kredi Yayınları, İstanbul 2010, p. 96.

¹³ Z. Karademir, "Osmanlı İmparatorluğu'nda Şeker Üretim ve Tüketimi", p. 185-186.

¹⁴ According to 1893-1894 (1309) financial year budget, state expenditure totaled

^{2.142.220.051} piasters. As to amount of money to spend for sugar imports, it consisted

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existed, but imports had reached a level nearly 3.5 times more than to exports. The bill of confectionery imports priced 2,200,838 piasters; whereas export gains reached only 644,966 piasters. ¹⁵ In Ottoman sugar imports, there were two important countries. Austria was the most important sugar exporter to the Ottomans. Its share was steadily increased in the Ottoman imports; in years between 1891-93 %17.4, 1900-02 %31.9 and 1910-12 %29.2. Russia was the second important country in this trade. Its share was %10.1 in 1900-02 and %18 in 1910-12. ¹⁶

% Years % % Value Value Years Value Years 1878 7,2 1.027.894 5,1 1888 1.259.513 6,5 1898 1.927.736 7,3 1879 958.260 4,9 1889 1.537.857 1899 2.155.909 8,8 1880 1.108.806 1890 1.514.076 1.762.046 6,2 6,6 1900 7,4 1881 1.167.864 6,0 1891 1.299.505 5,3 1905 2.580.878 8.3 1882 1.469.408 7,3 1892 1.645.222 6,7 1907 2.264.612 9,6 1883 1.381.486 7,0 1893 1.765.407 7,3 1908 2.621.598 8,4 1.575.827 6,5 1884 1.320.142 1894 1909 3.045.407 8,8 6,4 1885 1.100.163 5,5 1895 1.395.391 1910 3.573.200 8,4 6,8 1886 1.473.227 7,1 1896 1.605.923 7,5 1911 3.258.731 7,2 1887 1.136.174 5,7 1897 1.608.427 6,9 1913 2.730.304 6,5

Table.1. Import Values of Sugar and Its Share in Ottoman Import (Golden Liras)

Source: Şevket Pamuk, 19. Yüzyılda Osmanlı Dış Ticareti, Devlet İstatistik Enstitüsü, Ankara 2011, p. 55.

In this article, there were two questions to investigate about sugar: industry and agriculture. Firstly, industrial attempts of sugar production were mainly evaluated. Within historical perspective, activities of every entrepreneur were thoroughly described. But sugar production was not just an industrial business. For its raw material needs, it requires continuous agricultural support; because raw material, especially sugar beet, cannot be waited too much for transportation and processing. Every lost minutes means decrease in sugar content of these plants. During storage time in silos waiting for processing, one ton sugar beet loss daily half pound pure sugar. ¹⁷ Due to this reason,

of 7.35% of state budget. This shows that sugar had a great market in the Ottoman Empire. Tevfik Güran, Osmanlı Mali İstatistikleri Bütçeler 1841-1918, Devlet İstatistik Enstitüsü, Ankara 2003, p. 124

¹⁵ Tevfik Güran, Osmanlı Devleti'nin İlk İstatistik Yıllığı 1897, Devlet İstatistik Enstitüsü, Ankara 2011, p.202.

¹⁶ Şevket Pamuk, *19. Yüzyılda Osmanlı Dış Ticareti*, Devlet İstatistik Enstitüsü, Ankara 2011, p.66-67.

¹⁷ R. H. Cottrell, *Pancar Şekeri Ekonomisi*, tra. Ziya Kütevin, Türkiye Şeker Fabrikaları A. Ş. Neşriyatı, Ankara 1962, p. 175

agriculture was also an important subject in this article. Other than sugar cane and beet, some different plants were tried for sugar production.

Table.2. Wholesale Sugar Prices in İstanbul between 1884-1914 (piaster/kantar=54.5 kg)

1001	1 15 0	1005	02.5	1007	02.0
1884	145,0	1895	93,5	1906	82,9
1885	160,0	1896	89,5	1907	91,0
1886	137,5	1897	84,5	1908	107,5
1887	141,0	1898	86,5	1909	101,5
1888	145,8	1899	86,5	1910	109,0
1889	155,0	1900	85,0	1911	118,0
1890	125,0	1901	78,5	1912	119,5
1891	102,5	1902	70,0	1913	93,0
1892	116,5	1903	76,8	1914	77,5
1893	122,0	1904	100,0		
1894	96,3	1905	93,0		

Source: Şevket Pamuk, İstanbul ve Diğer Kentlerde 500 Yıllık Fiyatlar ve Ücretler, 1469-1998, Devlet İstatistik Enstitüsü, Ankara 2000, p. 172.

In this article, time period was held quite a long; because sugar manufacturing was not very common activity in the Ottoman Empire in this period. Periodization started in 1840 with Dimitri Efendi who was first entrepreneur in sugar manufacturing. It ended with 1908 that Ottoman economic perspective was completely changed in that time. In Tanzimat era, the Ottoman Empire maintained liberal economic policies. State limited his intervention to economic activity, due to liberal thought. But after 1908, politics and economics intermingled, partly from conscious policies and partly from financial difficulties of World War I.¹⁸

After periodization, scope of article was another problem. In this article eight entrepreneurs were evaluated. First three entrepreneurs targeted to operate in Istanbul. Remaining five ventures aimed to work in four different places. Rauf Pasha in Edirne and Ahmet Refik Pasha in Syria had their own farms to cultivate sugar beet. They planned to establish factories in their farms. Yusuf Bey wanted to work in Afyonkarahisar. He did not have a farm, but he claimed that local beet cultivation was sufficient to meet raw material needs of new factory. With fertile soils of Çukurova, fourth location for sugar manufacturing was Adana. Two associates requested licenses for establishment of sugar factories. But contrary to other entrepreneurs, sugar cane was more important than sugar beet in their region.

Other than these eight enterprises, there were some different attempts in sugar manufacturing. They are excluded from this article that either they stayed

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¹⁸ Zafer Toprak, *Türkiye'de Milli İktisat, 1908-1918*, Doğan Kitap, İstanbul 2012, p. 31-32.

in proposal level, or there was not enough knowledge about their future. But for the sake of integrity, they will be mentioned here with a few sentences. First, Kirkoryan Sergiz Efendi wanted to establish a sugar factory in Samsun. Sugar cane and beet would be cultivated in Canik Sanjak. 19 Second, Henry Gruold named British citizen handled sugar cane in Bursa to produce sugar, alcohol and beverage. But he also requested to process sugar beet. 20 Third, Vanderi Solet wanted to produce sugar from beet. He demanded to be allocated to himself free lands from state. But he turned to Europe; his petition was shelved by Council of State (Sura-yı Devlet). 21 Fourth, Monsieur de Lenjevil was retired from French embassy. He gave a petition to government for establishment of sugar factories and refineries. But he did not come back to İstanbul. ²² Fifth, Vitalis Pasha and his foreign citizen associates had a farm in Rumeli Kavağı near İstanbul. They planned to found a sugar factory in this farm. But state did not tolerate this attempt, because of possible security risks for Istanbul.²³ Sixth, Monsieur Gablac and his associates' had a sugar manufacturing facility in Beirut. But it was plundered. For their losses, the French embassy demanded compensation from the Porte (Sadaret). But in that point, there was an ambiguity that this facility was producing raw sugar or confectionary. 24

Dimitri Efendi's Sugar Beet Factory Attempt

The earliest sugar beet industry attempt in the Ottoman Empire was practiced by Dimitri Efendi. He was one of the traders of İstanbul. He wanted to establish a sugar factory in the outer part of Istanbul's city walls. His request was met in Assembly of Public Works (Nafia Meclisi). After the meeting, Government granted a ten year privilege to Dimitri Efendi on 11 March 1840. According to this privilege document, government gave four facilities to Dimitri Efendi. Firstly, because locally cultivated beets were not suitable to sugar production, Dimitri Efendi could plant sugar beet both in Rumelia and Anatolia. He could cultivate it either in his own fields or in rented lands. Thirdly, if he would pay the tithe of these sugar beets, he could process them in his factory. Finally, government would not grant privilege to any other person in this sector for ten years. Except these facilities, government wanted three demands about taxation. First of all, if cultivated beets would be exported as raw material, Dimitri Efendi must pay custom duty. Secondly he must pay

¹⁹ BOA ŞD 1825/40. 21 Receb 1286, 27 October 1869.

²⁰ BOA ŞD 1173-A/20. 6 Şevval 1289, 7 December 1872.

²¹ BOA ŞD 2405/31. 8 Zilkade 1290, 28 December 1873.

²² BOA Y.PRK.AZJ 12/62. 12 Rebiülevvel 1305, 15 Teşrinisani 1303, 27 November 1887.

²³ BOA A.MKT.MHM 502/68. 22 Receb 1309, 9 Şubat 1307, 21 February 1892.

²⁴ BOA BEO 2384/178790. 20 Cemaziyelevvel 1322, 21 Temmuz 1320, 3 August 1904.

manufacturing tax according to the quality of his product. Best quality 20, medium quality 15 and low quality 10 piasters would be paid for every 45 kilogram sugar. Thirdly if his production would be imported, he must also pay custom tax. ²⁵

Davutoğlu Karabet's Sugar Factory Attempt

Davutoğlu Karabet was the second entrepreneur in sugar factory establishment of the Ottoman Empire. Like Dimitri Efendi, he also wanted to establish factory in İstanbul Yenibahçe. But he also planned to found another one in İzmir. There were no available knowledge about negotiations in between state and Davutoğlu Karabet. Only available document was a privilege contract that it was signed by him and Minister of Public Works (Umur-1 Nafia Naz1r1) on 31 May 1866. This contract consisted of nine articles. First article was written for the main conditions of privilege. Davutoğlu Karabet had own plot in Yenibahçe, he would found İstanbul factory in here. For İzmir factory, he would choose a place that it was free from any handicap. He was granted a privilege of twenty years long. For raw material needs, he could either import them or obtain from local sources. He planned to produce sugar from familiar plants of sugar cane and beet. But he also wanted to use sorghum which was totally unknown plant for Ottoman peasants.²⁶

Sorghum is a large grass, somewhat similar to sugar cane. But it is propagated by seed not by cuttings. It is used for sorghum syrup chiefly in North America. Sorghum was introduced to the USA from China approximately in 1850's. Although it has considerable amount of sucrose, sorghum has been some difficulties for sugar industry. Sorghum juice is unsuitable for refined granule sugar. It contains high percentage of gummy constituents. In addition these, it also includes starch which forms dextrin that all of them make filtration difficult and impede crystallization of sucrose. These two substances often cause sorghum syrup to jelly.²⁷

Second and third articles were organized the health and environmental conditions of production. Ministry of Public Works demanded the usage of copper or copper like healthy material in machines and syrup cauldrons. In addition for the pretty look of sugar and its package, usages of zinc white or Prussian blue like paints were prohibited. Before the invention of lime application for condensation of sugar, animal blood and bones were used for this aim. For example, Rauf Pasha, who will be mentioned later, would plan to use lime 24 years later. But the conditions of 1866 were required to usage of

²⁵ Turan Veldet, *30. Yılında Türkiye Şeker Sanayii*, Türkiye Şeker Fabrikaları A. Ş. Neşriyatı, Ankara 1958, p. 21.

²⁶ BOA A.DVN.MKL 5/12. 16 Muharrem 1283, 31 May 1866.

²⁷ Geoffrey Fairrie, Sugar, Fairrie and Company Limited, Liverpool 1925, p. 188.

some animal materials. The State demanded that only cow or sheep blood must be used for the refinery of sugar syrup. In addition to blood, powder of bones was used to crystallization of sugar. Again only same animals' bones could be used. For the preparation of bones, they must be free from any flesh and fat. After this cleaning, they could be dried in large ovens. In this point, an environmentalist point of look came into play. State wanted that these operations must be made out of the city walls, because of the danger of air pollution. But if Davutoğlu Karabet would build at least 68 meter long factory chimney or find another way to exterminate all harmful gasses, he could operate within city walls.

According to fourth article, Davutoğlu Karabet guaranteed to sell sugar 20 paras lower than market prices to all official institutions like barracks, hospitals and almshouses. In fifth article, state permitted to be founded a steam engine in Karabet's factory. But he could not use steam engine except sugar production. In sixth article, state underlined that Davutoğlu Karabet must accept all the rules and taxes of sugar production and commerce which was either in force or declared later. In contrary to Karabet, following entrepreneurs will obtain many tax exemptions.²⁸

According to seventh article, Davutoğlu Karabet must start to build factories within a year and to produce sugar within two years. Otherwise Karabet's privilege would lose its formal existence. He would also not have permission to sell privilege for third parties. If any sale would happen, privilege became invalid. In eighth article, state granted some conveniences for raw material. Required animal bones from kitchens of official institutions were allocated to his factory. In the final article, conditions of privilege would be supervised by Ministry of Public Works. For expenses of this inspection, Davutoğlu Karabet would have to pay 3000 piasters yearly to the ministry.²⁹

Davutoğlu Karabet could not achieve to found sugar factories. On 29 May 1870, Osman Remzi Efendi gave a petition to Ministry of Public Works to describe this situation. Osman Remzi Efendi aspired to obtain Karabet's privilege with same conditions, except five years long period. ³⁰

Activities of Lighthouses Director Monsieur Michel

Monsieur Michel wanted to obtain sugar production privilege in the Ottoman Empire both from beet and cane for 50 years. His translated petition

²⁸ BOA A.DVN.MKL 5/12. 16 Muharrem 1283, 31 May 1866.

²⁹ BOA A.DVN.MKL 5/12. 16 Muharrem 1283, 31 May 1866.

³⁰ "Şeker mamulatı hakkında Davud oğlı Karabete... virilmiş olan imtiyaz ferman-ı alisinin hükmüni infaza muvaffak olamamış ve müddet-i imtiyazı tamam olalı hayli zaman olduğından hükmi kalmamış olmağla..." BOA ŞD 2858/20. 27 Safer 1287, 29 May 1870.

had been evaluated in Council of Ministers (Meclis-i Vükela). After negotiations, attained result would be presented to Sultan via the Porte. ³¹ After seven months later, Monsieur Michel submitted a new petition to government. In this petition, he declared that he did not want to lose time. He planned to start first experiments in sugar production. First of all, he wanted to found an experimental sugar factory and refinery in between the towns of Darica and Hereke. He chose for the place of these facilities, among the shore and Haydar Pasha railways for transportation simplicity. Because he would commence to cultivate sugar beet; he demanded to consider his request speedily, before the end of plantation time. Monsieur Michel will go to Paris in nearby to order new machines for factories. Before this trip, he also wishes to prepare their places and buildings. ³²

Monsieur Michel demands were considered beneficial to country's economic development. Due to this reason, they were accepted by the state. But Council of State would thoroughly evaluate his sugar production privilege request later. Pre-requisitions of Monsieur Michel were granted, because of four reasons. Firstly initial facilities would be founded for experimentation. Secondly proper time of sugar beet plantation could be missed. Thirdly many difficulties would also happen in factory construction during winter. Factory buildings should be finished before the onset of winter. Finally in order not to delay the coming of newly ordering machines from Europe, the petition and requested license were confirmed. The Porte considered that this enterprise could be a good example to the sugar beet and cane cultivable regions of the Ottoman Empire. Thus peasants would attain a new income source and country's trade would also expand. ³³

³¹ "Memalik-i şahanede kamış ve pancardan şeker imali imtiyazının elli sene müddetle kendüsine itası istidasına dair fenerler sahib-i imtiyazı mösyö Mişel tarafından..." BOA İ.DH 799/64786. 13 Safer 1296, 6 February 1879.

³² "Yakında Parise azimet ideceğim cihetle memalik-i şahane sevahilinde şeker fabrikası ve tasfiye hanesi küşadı hakkında hükümet-i seniyyeden istida eylediğim fermanın sudurına intizaran Darıca ile Hereke beyninde vaki arazinin sahil ile Haydar Paşa timur yolı hattı üzerindeki bir mahallinde li-eclit-tecrübe bir küçük şeker fabrikası ile bir küçük tasfiye hane inşa itmekliğim hususına müsaade-yi celile-yi vekaletpenahilerini istirham ider ve mezkûr arazide pancar zer itdireceğimden vakt-i gaib itmeksizin işe mübaşeret idebilmekliğim içüm işbu istida-yı acizanemin... alınmasını rica eylerim mezkûr fabrikalara vaz olunacak makineleri Avrupaya sipariş ideceğimden bunlar yapılub gelinceye kadar burada yerlerini inşa itdireceğimi arz eylerim..." BOA HR.TO 465/53. 19 September 1879.

³³ "...tezyid-i servet ve mamuriyet-i memlekete vesile olacak bu misüllü tesisat-i nafianın vücudundaki fevaid ve muhsenat derkar olduğından mumaileyhimin sair şeker fabrikaları imtiyazı içün dermeyan eylediği şerait Şura-yı Devletde badel-tedkik neticesi başkaca arz ve istizan olunmak üzere şimdilik bir numune olmak ve mevsim-i ziraat ve inşaat güzeran ve Avrupaya sipariş olunacak makinelerin celbini tehir itmemek içün işbu

SUGAR PRODUCTION IN THE OTTOMAN EMPIRE (1840-1908) (OTAM, 39/Babar 2016)

Monsieur Michel gained a license for experimentation, but this was not enough for his further plans. He wanted country wide extent and considerably long period which would be lasted 50 years, sugar production privilege. His privilege request was evaluated in Council of State Public Works Section (Nafia Dairesi) on 3 December 1879. Public Works Section firstly defined the size of Ottoman sugar market. Sugar was a consumer commodity that it was a great local demand. Approximately 122 million piasters paid yearly to Europe for its import bill. Beside this huge demand, lands of the Ottoman Empire were capable of both sugar cane and sugar beet plantation. Although these convenient conditions, there was no sugar factory in the Ottoman Empire. Naturally foundation of this type of industrial facilities would provide so many benefits to Ottoman Economy. ³⁴

Up until this point, Monsieur Michel request was met very nicely. But Public Works Section had some reservations against demanding privilege. In general, granting privilege is accepted as a contradiction to normal operation of economy. Privileges establish some sort of monopoly and they prevent internal competition. As to lack of competition, it harms country's economy. Public Works Section opposed the idea of privilege, but they were aware of the Ottoman Empire's current conditions. Even with granting privilege, supporting Monsieur Michel demands would provide three benefits. First of all, foundation of sugar factories would revive many fields and country's agriculture. Secondly these factories would diminish trade deficit. Thirdly new local factories would decrease the price of sugar. In addition to these benefits, Monsieur Michel was the only available entrepreneur in sugar production. In the near future, any eager person would not be seen who wished to found a sugar factory. Although some damages of privilege, huge capital required factories could not found without it. Expectation of any entrepreneur who would confine only with license, in real, was not a probable event. Public Works Section wanted to be started sugar production in the Ottoman Empire with available means. Privilege bore some sort of monopoly, but Public Works Section thought that it did not cause any real problem. They offered answers to two likely questions. Firstly,

istidanın terviciyle ruhsat-ı matlubenin itasını tezkire kılınması da ve bu fabrika ve tasfiye hane vücuda geldiği halde memalik-i mahrusa-i şahanenin arazisi şeker imaline kabil mahsulat zerine elverişli olan sair mahallerinde dahi bir menba-ı servet ve ticaret açılmasına numune olacağı bedihi bulunmuş olmağla..." BOA İ.MMS 64/3020. 2 Şevval 1296, 19 September 1879.

³⁴ "...Memalik-i şahanenin azam sarfiyatından biri şeker olduğı ve arazimizin pancar ve şeker kamışı ziraaına pek ziyade kabiliyet ve istidadı bulundığı halde bunun imaliçün... fabrikalar yapılamaması hasebiyle her sene yüz yirmi iki milyon guruşı mütecaviz akçe Avrupaya gitmekde olduğına nazaran bu fabrikaların tesis ve inşası hususının müstelzim olacağı muhsenat muhtacı tarif olmayub..." BOA İ.MMS 65/3054. 18 Zilhicce 1296, 21 Teşrinisani 1295, 3 December 1879.

demanding monopoly did not establish state monopoly (yedd-i vahid) ³⁵ over sugar sales. It banned only foundation of new sugar factories by other people. Thus this type of monopoly was practiced just in production. Secondly implementation of privilege was a necessity to support local industry against European competition. Due to commerce agreements with Europe, the Ottoman Empire could not levy heavy custom tax over import sugar. Granting production monopoly was the solely tool for this aim. ³⁶

After the evaluation of Monsieur Michel demands within the perspective of industrial development, Public Works Section asserted two more arguments to support him. Firstly, increasing sugar cane and beet cultivation provided much more tithe (aşar vergisi) to state budget. Secondly, newly founding factories increased employment and many people worked in there. Public Works Section was persuaded for the importance of Monsieur Michel demands. But they objected in three points about the conditions of privilege. First point was directed to validity period of privilege. It was considered too long to accept. Second objection point was the geographical extent of privilege. Extension of privilege to whole country was not accepted. Some sort of limitation must be practiced and privilege must allocate only some provinces. Third objection was oriented the governmental share of factory's profit.

³⁵ Yedd-i Vahid was a kind of state monopoly that it was practiced only in commercial areas. The Ottoman Empire founded trade monopoly over some goods, during the reign of Mahmud II. State banned free trade of these goods to the public. But state was not producer of these goods in Yedd-i Vahid system. System was abolished with sign of 1838 Baltalimani Trade Agreement. Ahmet Kala, *İstanbul Esnaf Tarihi Tahlilleri İstanbul Esnaf Birlikleri ve Nizamlari* 1, İstanbul Büyükşehir Belediyesi Kültür İşleri Daire Başkanlığı Yayınları, İstanbul 1998, p.145-147.

³⁶ "...vakıa o misüllü şeylerin imtiyaz ve inhisar altına alınması maksadı aslı olan rekabet-i dâhiliyenin husuline mani olageldiği mülahazasınca memleket içün bir dereceye kadar mazarr ve usul ve kaide-i cariyeye mugayir ise de velev imtiyaz ile olsun bu fabrikaların inşası birçok arazinin imarıyla beraber harice çıkan mebaliğ-i külliyeden bir kısmının dâhil-i memleketde kalmasını ve şekerin tehvin-i fiyatını mucib olacağından... hususıyla şimdiye kadar memalik-i şahanede şeker fabrikaları tesisi zımnında hiç kimse tarafından rağbet-i izhar olunmadığı gibi kariben dahi bu babda talibler zuhur ideceği ve cesim sermayelere muhtac olan bu fabrikaları bila-imtiyaz küşad eyleyeceği malum olmadığından atide yalnız ruhsatla şeker fabrikaları inşa idilerek rekabet hâsıl ve halk daha ziyade müstefid olur mütalaasına binaen memleketin gayr-i mahdud bir müddetle şeker imali faidesinden mahrum idilmesi tecviz olunamayacağına ve taleb olunan inhisardan arza şeker füruhtı maddesinin yed-i vahide virilmesi hususı olmayub yalnız başkalarının şeker imaline mahsus fabrika inşasına salahiyeti olmaması maddesinden ibaret olduğı ve hasbel-uhud Avrupadan şeker idhalini mene medar olur ağır resim vazı mümkün olamayacağı cihetle sanayi-i dâhiliye mahsulatı ecnebiyenin rekabetine tayanabilmek içün behemal teşvikat ve teshilat-1 fevkalade ve böyle bir muamele-i istisnaiye görmeğe muhtaç olduğı..." BOA İ.MMS 65/3054. 18 Zilhicce 1296, 21 Tesrinisani 1295, 3 December 1879.

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Monsieur Michel offered 20% of the net profit to government. But for the sake of simplicity, Public Works Section demanded this share should be given from gross profit. After the interview with Monsieur Michel, all problematic points were settled. For the privilege period, 37 years were decided after the approval of Sultan. Two years were allocated as construction period. For the area of privilege, İstanbul, Edirne, Thessaloniki, Erzurum, Trabzon, Samsun, Kastamonu, Aydın, Damascus, Baghdad, Adana and Aleppo provinces were determined. Other than these twelve provinces, Monsieur Michel had a priority to any probable entrepreneurs for sugar production. If anyone would want to take a privilege in other than twelve provinces, his offer must be better than Monsieur Michel one's. However the Ottoman Empire excluded Mümtaz Vilayetler, Hejaz, Tripoli, Yemen, Crete and Archipelago provinces from this privilege agreement. For the third point, governmental share would be paid from gross profit; but the ratio was diminished to 8% from 20%. At the end, Monsieur Michel accepted that he must complete sugar factories in at least five provinces within two years. Otherwise privilege lost its formal existence. 37

Main frame of the privilege were settled, but Public Works Section specified some reservations. If these factories would open, sugar import and hereupon it's custom duty would decrease. Naturally these factories production would become free from internal custom duty. This situation would cause to diminish in an income source of the state, but given 8% share would compensate this loss. In addition to this share, if factories could start to import their products, state would acquire an extra income source. Taxation affairs

^{37 &}quot;...pancar ve şeker kamışı aşarından hazine-i celile istifade edeceği gibi birçok nüfusun fabrikalarda istihdamıyla tayişleri temin idilmiş olacağına binaen esas istidanın kabuli muvafik-1 maslahat görünmüşdür şerait-i imtiyaziyeye gelince imtiyazın kâffe-i memalik-i şahaneye şümuli olması ve elli sene müddet itası ve hasılat-ı safiyeden yüzde yirmisinin hükümet-i seniyyeye aid olması maddelerinden ibaret olub bu kadar müddet ise istiksar olunduğından bunun tenkısı ve kâffe-i memalik-i şahanenin taht-ı imtiyaza alınması münasib olamayacağı cihetle inhisarın yalnız bazı vilayata hasrı ve hükümete aid hisse-i temettüanın muameletce mucib-i suhulet olmak üzere hasılat-ı gayr-i safiyeden virilmesi lazım geleceği hakkında Michel Paşa ile birçok mübahasat cereyanından sonra fabrikaların tesisi içün Dersaadet Edirne Selanik Erzurum Trabzon Samsun Kastamoni Aydın Şam Bağdad Atana ve Haleb vilayetlerinin tahsisi ve vilayat-ı mümtaze ile Hicaz ve Trablus ve Yemen ve Cezair-i Bahr-i Sefid ve Girid müstesna olmak üzere vilayat-ı saire içün dahi şerait-i müstaviye ile hak-kı rüchan ita olunması ve müddet-i imtiyaziyenin iki sene tayin olunan inşaat müddeti dâhil olmadığı halde otuz beş yani tarih-i ferman-ı aliden itibaren otuz yedi seneye tenziliyle beraber hasılat-ı gayr-i safiden yalnız yüzde sekizinin hükümet-i seniyyeye aid olması ve ferman-ı ali tarihinden iki seneye kadar tadad olunan vilayatdan la-ekall beşinde şeker fabrikaları inşa olunmaz ise imtiyazın fesh olunması hususlarına paşa-yı mümaileyh muvafakat itmiş ve bundan ziyade tadilatı kabul idemeyeceğini tahriren beyan eylemişdir..." BOA İ.MMS 65/3054. 18 Zilhicce 1296, 21 Tesrinisani 1295, 3 December 1879.

were not seen as a problem, but geographical area of privilege was still accepted as too much. Monsieur Michel was subjected to some limitations in the extent of privilege area. But Public Works Section thought that these limitations did not have any real effect in sugar production. Monsieur Michel obtained a privilege that it was covered twelve provinces. In addition to this, he had a priority for other provinces. Although there were some exceptional regions, their ability to be grown sugar cane and beet was not known. Granting privilege in this way would result that whole country could enter the privilege of Monsieur Michel for a long time. ³⁸

After the territorial extent of privilege, Public Works Section criticized the general conditions of Monsieur Michel by comparing with European producers. They thought that Monsieur Michel obtained too many advantages. He would pay 8% to government from his profit. This ratio was equal to current custom duty rate. But in Europe, especially in France, sugar producers experienced much more difficult conditions. In there, land values and worker wages were so high. Every entrepreneur started his work without privilege, because industry was freely practiced. Sugar producers also had to pay 26 francs for every 100 kg sugar as a production tax. In addition, import sugar was exposed heavy custom tax. Sugar was exposed in France such a treatment that similar procedure was practiced to salt 39 in the Ottoman Empire. Whereas both land values and worker wages in the Ottoman Empire were much cheaper than Europe. Over these convenient conditions, Monsieur Michel also obtained a privilege. As a response of production monopoly, Public Works Section found appropriate that he should pay more than 8%. They also thought that Monsieur Michel's work was capable of doing it. But he completely rejected any further changes. In front of this rejection, Public Works Section transferred the

³⁸ "...bu fabrikaların tesisi husule geldiği takdirde şeker idhalatı ve binaenaleyh gümrük rüsumatı tenakıs idecek ve bittabi bu fabrikaların mamulatı dâhili gümrük resminden muaf olacak ise de bunların temettüından devlete virilecek resmin bu noksana tekabül itmesi memul olub ihracat vukuunda dahi alınacak resimden başkaca istifade idileceğine mebni burası cay-ı tereddüd olmayub ancak Michel Paşa on iki vilayatı taht-ı imtiyaza almak arzusunda ve küsurı içün dahi hak-kı rüchan talebinde olduğından ve istisna idilen vilayatın pancar ve şeker kamışı zerine salih olub olmadığı mechul idüğinden ve buna müsaade olundığı halde kâffe-i memalik-i şahanenin müddet-i medide inhisar altına alınmış olması mahzurı varid-i hatır olmuş..." BOA İ.MMS 65/3054. 18 Zilhicce 1296, 21 Teşrinisani 1295, 3 December 1879.

³⁹ Public Works Section mentioned about Rüsum-1 Sitte administration. This administration was founded in 22 November 1879; to transfer salt, silk, alcohol, fishing, tobacco and stamp taxes to creditors of the Ottoman Empire. Taxes were directly collected by creditors instead of state. Salt and tobacco monopolies were ceded to creditors. Naturally creditors applied strict discipline in production and taxation of salt to extract their loans. Mehmet Hakan Sağlam, *Osmanlı Devleti'nde Moratoryum 1875-1881*, *Rüsum-ı Sitte'den Düyún-ı Umumiyye'ye*, Tarih Vakfı Yurt Yayınları, İstanbul 2013, p.54-55.

demand of Monsieur Michel to Ministry of Commerce for preparation of privilege draft. Although some reservations, Public Works Section accepted his request beneficial to country. ⁴⁰

The Porte maintained his former positive opinion about the foundation of sugar factories. But he had some reservations about the operation of Monsieur Michel's privilege in six subjects. Firstly, the Porte repeated the obligation of factory construction for remaining in force of privilege. At least five or six factories must be finished within two years. The Porte thought that 15 or 20 years appropriate for the length of privilege. The Porte also demanded that Monsieur Michel should only have priority in other provinces, after the construction of primary factories. Secondly, the Porte wanted some changes in taxation affairs. In the privilege areas, peasants must pay tithe for their cultivation of beet and sugar cane. When referring tithe, the Porte mentioned turnip instead of beet. This ambiguity probably resulted from no recognition of beet in the country. The Porte ordered to repeal profit sharing. Instead of this, Monsieur Michel would have to pay custom duty of his factories' products if they would transfer by the sea. Fourthly, up until to the end of privilege, factories' product would be exempt from all taxes. In addition all the tools and machines of factories would also be free from custom tax within same period. Final demand of the Porte was about the underlining of the Ottoman Empire's administrative rights. All the probable jurisdictional problems would be settled in Ottoman courts. If import custom duty would be abolished and a new tax would have been put in to effect, privilege contract would change according to new conditions. 41

⁴⁰ "…hasilatdan hükümet-i seniyyeye virilecek olan yüzde sekiz elyevm istifa oluna gelen gümrük resmi derecesinde olub hâlbuki Avrupada ve ezcümle Fransada arazi kıymeti ve amele ücreti pek fahiş olmasından kat-ı nazar serbest-i sanayi hasebiyle herkes bila-imtiyaz fabrika küşad itmekde iken beher yüz kilogram şeker içün resm-i imaliye olarak hükümete yirmi altı frank virilmekde ve haricden getürilen şeker içün dahi ağır resim vazıyla tuz hakkında olunan muameleye karib bir muamele icra olunmakda olduğından ve memalik-i şahanede gerek arazinin gerek amele ücretinin ehveniyeti memalik-i saireye mikyas olamayub birde imtiyaz virileceğinden bu inhisara mukabil yüzde sekizden ziyade bir şey virilmesinin kaideten lüzumı ve işin buna tahmili derkar bulunmuş olmağla tafsilat-ı maruzaya Michel Paşanın daha ziyade tadilat icrasına muvafakat idemeyeceğini katiyen beyan eylemesine nazaran esas ve teferruat maslahat-ı karin-i kabul-i ali olduğı halde şerait-i meşruha dairesinde iktiza iden mukavele layihasının tanzimi hususının Ticaret Nezaretine havale buyurılması…" BOA İ.MMS 65/3054. 18 Zilhicce 1296, 21 Teşrinisani 1295, 3 December 1879.

⁴¹ "...işbu istenilen imtiyazın itası esasen makbul ise de şerait-i esasiyenin bazı cihetleri muhtac-ı tadil görünmesiyle olbabda cereyan iden müzakeratın neticesinde evvela vilayet-i mahruseden nihayet beş altı vilayetde ve iki sene zarfında fabrikalar inşa idilmediği halde imtiyaz münfesih olmak ve müddet-i imtiyaz on beş nihayet yirmi seneye tenzil idilmek saniyen ber-vechi meşruh beş altı vilayetde ve iki sene müddetde

Ministry of Commerce evaluated the presented conditions. In general, they were accepted as negotiable demands. But validity period became an objection point. Monsieur Michel mentioned that he could not organize administrative structure, if his period was shortened to 15 to 20 years. Any insistence for this curtailment enforced him to finish his attempts of privilege obtaining.⁴²

During the privilege negotiations, Monsieur Michel prepared a contract draft on 25 July 1881. This draft contained ten articles. First two articles contained same conditions with the Porte. Twelve provinces and 37 years were offered for the validity of privilege. In third and fourth articles, Monsieur Michel tried to narrow his construction responsibilities. Whereas the Porte demanded two years and at least five factories to be constructed, in order to maintain privilege; he offered one factory building in these provinces within three years. In addition all twelve provinces were remained under the control of Monsieur Michel's privilege, up to ten years. If he could not finish a factory within this period in any of these provinces, this part of privilege would be excluded from main contract. Fifth article was written for underlining of experimentation. For the first three years, no one could attain sugar production privilege. Only after gaining enough experience in this sector by him, government could grant privileges for the remaining part of the Ottoman Empire. But Monsieur Michel had priority over probable new entrepreneurs, if he accepted same conditions which were proposed by them. ⁴³

Sixth and seventh articles were written about taxation. Factory construction and machinery were exempt from any duty. In that point, Monsieur Michel made clear that he planned to refine raw sugar instead of production. Because in his draft, he claimed that farmers would pay tithe and

⁴³ BOA ŞD 1187/9. 13 Temmuz 1296, 25 July 1881.

fabrikalar tesis ider ise andan başka mahaller içün şerait-i müstaviye ile hak-kı rüchanı bulunmak salisen taht-ı imtiyaza virilecek mahallerde husule getürilecek şalgam ve şeker kamışının öşri ita olunub fakat hasılat-ı gayr-i safiden teklif idilen yüzde sekizin ahzından sarf-ı nazarla fabrikalar imalatından bahren vuku bulacak nakliyatdan lazım gelen gümrük resmi alınmak rabian fabrikalar müddet-i imtiyaziyenin hitamına değin virgüden ve fabrikalar edevatı dahi müddet-i muayyenesi zarfında gümrük resminden muaf tutulmak hamisen fabrikalarca bir gûne müşkilat ve münazaat vukuunda mahkeme-i Osmaniyece hal ve fasl idilmek sadisen ihracat resm-i gümrüği lağv idilür ve buna mukabil devletce bir resim tahsis olunur ise tediye olunmak üzere tadilat ve tashihat icrasıyla bir mukavelename tanzimi zımnında..." BOA ŞD 1187/9. 14 Muharrem 1297, 16 Kânunuevvel 1295, 28 December 1879.

⁴² "...Michel Paşa celb ile tebliğ-i keyfiyet olundukda şerait-i esasiyeden ekserisi hakkında muvafakat idebilmesi melhuz ise de müddet-i imtiyaziyenin on beş ve nihayet yirmi seneye tenzili halinde teşkil-i idareye muvaffak olamayacağından müddet-i imtiyaziye istidası vechiyle otuz yedi sene olarak ihsanı buyurılmaz ise imtiyazı mezkûradan sarf-ı nazar itmesi lazım geleceğini bil-beyan..." BOA ŞD 1187/9. 5 Rebiülahir 1297, 4 Mart 1296, 16 March 1880.

then he demanded tax simplicity in his industrial production. For import duty, he wanted to pay only 1%. In addition, every sale within the Ottoman Empire which was transferred either in land or via sea must be free from any tax. If he planned to obtain raw material from local sources, he would specify some requests for tithe. Subsequent entrepreneurs, except Yusuf Bey, would not neglect this detail.

In eighth article, Monsieur Michel requested a regular demand source from state. If there were no price and quality differences; sugar needs of military, hospitals and other governmental offices should be met from local production. In ninth and last article, there were references to administrative rights of the Ottoman Empire which was also mentioned by the Porte. Any probable jurisdictional problem was litigated in Ottoman courts. In addition, if privilege owner would found a company, it became an Ottoman corporation. The company could not be transferred to third party without the consent of Ottoman government. ⁴⁴

In front of Monsieur Michel's determined attitude, the Porte did not urge him about the length of privilege period. Privilege request was sent to Council of State Reorganization Section (Tanzimat Dairesi), in order to be discussed the remaining topics. ⁴⁵ Monsieur Michel's attempt did not go further from this point. He could not succeed to produce sugar. But his starting point was an interesting location. He started experimentation in between the towns of Darica and Hereke. They were very close to İstanbul. This situation could be explained by transportation facilities both railway and sea carriage. Additionally İstanbul was an important sugar consumer point. But in that location, there was not an enough sugar beet production to successfully operate a factory. Even in republican era, this region was not an important beet cultivation area. At the end, they wanted to import cheap raw sugar from West Indies, with excuse of lack of sufficient raw material. Monsieur Michel venture resembled commercial activity rather than production business. ⁴⁶

Rauf Pasha's Sugar Production Activities in Edirne and İstanbul

Rauf Pasha wanted to establish a sugar factory in Edirne Uzunköprü. In this region, he had two farms that in the name of Salarli and Çatalkırı. For the raw material needs, Rauf Pasha would cultivate sugar beets in his both farms. But he decided to found the factory in Salarli farm. For the decreasing of management costs of the factory, he wanted four facilities from state. His demands were conveyed by Ministry of Commerce and Public Works (Ticaret ve Nafia Nezareti) to the discussion of Council of State Reorganization Section

⁴⁴ Same document.

⁴⁵ BOA ŞD 1187/9. 7 Şevval 1297, 31 Ağustos 1296, 12 September 1880.

⁴⁶ T. Veldet, 30. Yılında Türkiye Şeker, p.33.

on 7 October 1891. His first demand was tithe exemption in the cultivation of sugar beets for ten years. Secondly, newly constructing factory should be exempt from all taxes. Thirdly, all the necessary technical equipment for factory foundation and sugar beet seeds should be imported free from custom tax. Rauf Pasha's last demand was acceptance of newly establishing factory as sugar provider of army and navy. To confirm this demand, he offered five per cent discount in sugar price. Officially recognition provided a prestigious position to the factory. Except prestige, retaining an official position of sugar provider of army and navy provided a regular source of demand to the factory. ⁴⁷

Members of Reorganization Section began to consider Rauf Pasha's demands. In general factory foundation was accepted beneficial for country. As to details, majority of the members approved the exemption of tithe in sugar beet cultivation. For the second request, factory was not received full tax exemption. Cancellation of property tax was not found suitable for factory, because of contradiction to implementing practice of other entrepreneurs. For the third request, except fuel all of the demands were accepted. For the final request, state showed an objection. All the state needs had been bought with auction. After auction, an obligation of additional five per cent discount did not find appropriate by Reorganization Section. This request was withdrawn from the talks. In this meeting Rauf Pasha accepted all offers, but he insisted that factory's coal needs must be immune from custom tax. He declared that 100 tons of coal met his need. This amount approved, but Reorganization Section finally wanted to apply a control mechanism. Necessary technical equipment of factory foundation and beet seeds records must be controlled by the Porte. At the end of the meeting in Reorganization Section, a joint resolution was reached between the members and Rauf Pasha. 48

⁴⁷ "Edirne vilayetinde vaki Cisr-i Ergene kazası dâhilinde mutasarrıf olduğı Salarlı ve Çatalkırı çiftliklerinde şeker imali içün ziraa olunacak pancar on sene müddet öşürden muaf olmak şartı ve şerait-i saire ile mezbur Salarlı çiftliğinde bir şeker fabrikası tesis ve inşası içün ruhsat itası hakkında... Rauf Paşa hazretleri tarafından vuku bulan istida üzerine Ticaret ve Nafia Nezareti...ba-tezkire takdim olunub Şura-yı Devlete havale buyurılan müzekkire melfufatıyla beraber Tanzimat Dairesinde kıraat olundı...inşa olunacak fabrikanın virgüden istisnası ve inşaat-ı ibtidaiyesi içün celb olunacak makine ve alât ve edevat ile ziraa olunacak pancar tohumunın bila resm-i gümrük imrarına müsaade itası...ve müşarünileyh canibinden askeriye ve bahriye içün alınacak şekerin yüzde beş tenziliyle itasına muvafakat" BOA A.DVNSMKLT.d.6, p.78.

⁴⁸ "...fabrikanın tesis ve inşası memleketce menafi-i kesireyi müstelzim olacağı cihetle esasen şayan-ı kabul olub... mezkûr fabrikanın ihdas ve işledilmesini teminen müddet-i mezkûra zarfında ziraa olunacak pancarın öşürden afvı... ve fabrikanın birinci defa tesisi içün haricden celb olunacak mahrukatdan maada alât ve edevatın ve fabrika mamulatının gümrük resminden muafiyeti dahi nizamına ve mukteza-yı maslahata muvafık olarak ancak fabrikanın emlak virgüsünden istisnası emsaline mugayir olmagla mezkur fabrikanın emlak virgüsüyle mükellef tutulması ve fakat bilumum levazım-ı

One week later topic was brought to Council of Ministers. The Council accepted all details, because they considered that foundation of this type of industrial facilities was beneficial to country. The following day, foundation of Rauf Pasha's factory received Sultan's consent. ⁴⁹ On 16 November 1891, Ministry of Interior (Dahiliye Nezareti) informed the Edirne governorship about Rauf Pasha's attempt of factory foundation. ⁵⁰

In order to enlarge his initial rights, Rauf Pasha gave a new petition to Ministry of Commerce and Public Works. In this petition first demand was extension of the period from ten to twenty years. Later Rauf Pasha wanted an extra assurance to his venture. If sugar beet production of his farm devastated, he had to provide sugar beet from outside to continue sugar production. In this case, situation was firstly researched by state. Later all raw material needs would be brought to factory without paying custom tax. Council of State Reorganization Section considered new demands of Rauf Pasha on 21 May 1892. Both of demands were accepted. First factory's period extended from ten to twenty years. As to second demand Reorganization Section wanted a guarantee. Prior to any type of probable disasters, sufficient amount of beet must be planted in Rauf Pasha's farms. After that if any problem had experienced, state officials investigated the situation. Later he had right to tax exemption for his factory's raw material needs. ⁵¹

On 1 June 1892, Rauf Pasha's confirmed demands were presented to council of ministers. Here all the former reconciliation was totally accepted.

⁴⁹ BOA A.DVNSMKLT.d.6, p.79.

emiriye münakasa tarikiyle iştira olundığı cihetle bedel-i münakasadan yüzde beş noksanıyla şeker itasına müşarünileyhin mecburiyeti münasib olamayacağından bu şartın tard idilmesi lazımeden görülerek... cümlesine muvafakati hâsıl olub fakat fabrikanın işledilmesi içün haricden celb olunacak senevi nihayet yüz tonalito maden kömürinin dahi resm-i gümrükden istisnasını taleb idüb... fabrikanın birinci defa tesisi içün celb olunacak alât ve edevat ile pancar tohumını alel-usul defteri Bab-ı Alice tasdik olundıktan sonra bila resm-i gümrük imrar olunmak..." BOA İ.MMS 126/5396. 3 Rebiülevvel 1309, 25 Eylül 1307, 7 October 1891.

⁵⁰ BOA DH.MKT 1890/52. 14 Rebiülahir 1309, 4 Teşrinisani 1307, 16 November 1891.

⁵¹ "...Rauf Paşa hazretlerinin ...bir şeker fabrikası tesis ve küşadı içün ba-irade-i seniyye mukaddema irae olunan müsadaatın bazı mertebe-i tevsii olunmasına dair müşarünileyh tarafından ahiren nezarete virilen istidanamede salifüzzikr on sene müddetin yirmi seneye temdidi ve müddet esnasında pancar mezruatının hasardide olduğı devletce bit-tahkik anlaşıldığı takdirde memalik-i mütecavireden celbine mecburiyet hâsıl olacak ham mevad-1 esasiyenin resm-i gümrükden muafiyeti... ruhsat müddeti olan on senenin yirmi seneye iblağı ve fabrikanın istihlakına kafı mikdarda pancar ziraa olunub da afât-1 semaviye ve araziyeden tolayı hasar-dide olduğı hükümetce bit-tahkik tebeyyün eylediği halde fabrika içün memalik-i mütecavireden celb olunacak ham mevad-1 asliyenin bila-resim idhali..." BOA A.DVNSMKLT.d.6, p.148.

After two days, Rauf Pasha's demands of time extension and tax exemption were confirmed by the Sultan. ⁵² Four days later subject steered to Ministry of Interior, Ministry of Commerce and Public Works and Customs Administration (Rüsumat Emaneti). ⁵³ When it came to date of 22 June 1892, Ministry of Interior informed the Edirne governorship about the changes of Rauf Pasha's attempt of factory foundation. ⁵⁴

Although Rauf Pasha had taken a license (ruhsat) to found a sugar factory, he could not achieve this target because of European competition. Approximately seven years later, he renewed his efforts. He founded a company to organize his works. His demands were considered in Yıldız Palace Head Clerical Office (Yıldız Sarayı Baş Kitabet Dairesi) and found appropriate; because of a probable increase in beet cultivation and foundation of a new factory were seen beneficial to country. In addition, this venture had formerly taken Sultan's approval. ⁵⁵ For the beginning of negotiations, subject directed to Ministry of Commerce and Public Works on 23 February 1899. ⁵⁶

Rauf Pasha gave a petition to Ministry of Commerce and Public Works on 3 April 1899. In his petition, he mentioned the process of his venture. First of all, he imported sugar beet seeds from Europe. These seeds were planted in Salarlı and Çatalkırı farms for experiment. In these farms, successful crops were harvested. In order to check the quality of cultivated sugar beets, some examples were sent to analysis both European and Ottoman laboratories. After tests, satisfactory results were taken. This situation showed that harvested beets as successful as European examples, because of fertile fields of farms. After this point, Rauf Pasha repeated former details of factory foundation. Then he began to mention his new activities. His first action was the foundation of a company to conduct the works of factory. He chose his business partners from Belgium. Before the commencement of factory foundation, Rauf Pasha wanted to underline subvention needs by giving an example from Europe. In European countries, governments granted ten to twelve francs prim to every 100 kilograms locally produced sugar. For the healthy operation of newly establishing factory, it must be supported by the state. Otherwise European competition prepared the end of the factory. But Rauf Pasha's demand was quite a bit different from European example. He did not want direct payment;

⁵² BOA İ.MMS 131/5613. 8 Zilkade 1309, 22 Mayıs 1308, 3 June 1892.

⁵³ BOA BEO 15/1122. 26 Mayıs 1308, 7 June 1892.

⁵⁴ BOA DH.MKT 1965/46. 27 Zilkade 1309, 10 Haziran 1308, 22 June 1892.

⁵⁵ "...pancar zeriyle şeker fabrikası tesisi içün teşkil iden Osmanlı şirketi tarafından taleb olunan imtiyazın itası... istida idilmiş ve pancar ziraatının teksiriyle böyle bir fabrikanın tesisindeki menafi ve fevaid meydanda olub bu babda vaktiyle de müsaade-i seniyye-i mülukane şayan buyurılmış olduğından..." BOA İ.HUS 73/29. 10 Şevval 1316, 9 Şubat 1314, 21 February 1899.

⁵⁶ BOA BEO 1270/95223. 12 Şevval 1316, 11 Şubat 1314, 23 February 1899.

instead of this, he requested demand support from government. For the needs of Hazine-i Hassa, military offices and pious foundations directorates (Evkaf-1 Hümayun müdürlükleri); his production must be preferred to purchase over foreign goods. He also demanded official recognition of this preference. ⁵⁷

Every factory's success is dependent to decrease running costs and obtain some additional sources of income. Rauf Pasha was also aware of this reality. He took firstly attention to reduce costs for fuel and transportation necessities of factory. He demanded lignite mining privilege; but up until the completion of this, he requested tax exemption in coal importation. This exemption requisition also existed in his former meetings, but demanding quantity was considerably increased. In seven years earlier, he accepted 100 tons coal as a yearly fuel need. But he had increased this amount 40 times higher to 4000 tons coal. With his new partners, he wanted enlarge his production capacity. In this petition he declared his production target as 4000 ton white sugar as a yearly basis. For diminishing cost, his second demand was about transportation. Rauf Pasha wanted to establish a railway connection from Ergene train station via his factory to nearby lignite mine. ⁵⁸

Maintaining cheap production was an important point for the achievement of any factory, but successful competition with Europe might require additional sources of income. He wanted to obtain new income sources to his factory other than beet sugar production. Firstly, Rauf Pasha wanted to gain a permission to found supplementary factory. After sugar production, there were remained some residues from beets. From these beet residues, he planned to produce spirit. He also planned to found a sugar refinery in İstanbul. In

⁵⁷ "...Salarlı ve Çatalkırı çiftliklerinde mukaddema Avrupadan şeker pancarı tohumı celb ile li-eclit-tecrübe zer olunub ve hâsıl olan pancarın Avrupada ve burada hin-i tahlilde çiftlikan-ı mezkûra arazisinin kuvve-yi inbaniyesi hasebiyle Avrupa mahsulüne faik olduğı tebeyyün ve tahkik iderek ol-vakit bazı müsaadatın ihsanı... tebaa-i Osmaniye ve Belçika muteberanından mürekkeb bir Osmanlı anonim şirketi teşkil olunarak işe mübaşeret kılınmak üzere ise de arz ve beyan-ı hacet olduğı vechiyle Avrupa memalikinde şeker ihracında revac virmek maksadıyla hükümetler tarafından beher yüz kilogram şeker içün on on iki frank raddesinde prim namıyla şeker fabrikalarına muavenetde bulunduklarından...burada şeker imaline mübaşeretde Avrupalıların rekabet-i cesimiyle fabrikanın tatili içün idecekleri teşebbüse meydan virilmemek içün...fabrika mamulatı şekerin ecnebi şekerler yerine tercihen Hazine-i Hassa-i Şahane ve devair-i askeriye ve evkaf-ı hümayun müdürlükleri içün mubayaasının taht-ı karara alınması..." BOA ŞD 1213/29. 22 Mart 1315, 3 April 1899.

⁵⁸ "...ayruca ihsanı istirham olunan linyit madenin imtiyazının itasına değin fabrika-i mezkûra senevi lüzumı olacak dört bin tonalito maden ve kok kömürinin idhalinde resm-i gümrükden muafiyeti Ergene şimendüfer istasyonundan çiftliğe ve oradan imtiyaza binaen ihsanı... istirham olunan linyit madenine kadar bir timur yolunun temdidine müsaade ve mezuniyet ihsanı..." BOA ŞD 1213/29. 22 Mart 1315, 3 April 1899.

Paşabahçe district of Bosphorus, he decided to refine raw sugar from two sources. He claimed that in his beet sugar production, there were remained some raw sugar. Primarily he processed this material, but only later he imported raw sugar from outside. For his third factory, he demanded duty free machine importation and five year long custom tax exemption. He wanted to import annually 5000 ton raw sugar and 2000 ton coal. ⁵⁹

Factory's company had already started its operations and demanded some mining privileges from Ministry of Forestry, Mining and Agriculture (Orman ve Maden ve Ziraat Nezareti) via prime ministry. Rauf Pasha claimed that to cope with European competition, it was necessary to control these nearby sources of lime, stone and coal mines. ⁶⁰

Minister of Commerce and Public Works evaluated the petition of Rauf Pasha on 30 April 1899. The minister confirmed the foundation of new facilities. But he rejected tax demands, due to these topics must be considered by the Porte. ⁶¹ At the end, demands about taxation were considered by Customs Administration. An expansion in tax exemption of coal did not accepted, because no local factory had this privilege. Rauf Pasha should find enough his first annual allocation of 100 ton coal. As to duty exemption request of raw sugar, Customs Administration also denied this demand. The administration found that it was important to support local industry, but sugar refining was so simple manufacturing activity. It did not deserve governmental help. ⁶²

⁵⁹ "...pancardan şeker imalinden sonra kalacak posadan ispirto imaliçün muktezi fabrikanın inşasına müsaade buyurılması fabrika-i mezkûra da imali mukarrer olan kırk bin çuval yani dört bin tonalito mikdarı beyaz şekerden sonra bir mikdarda ham şeker zuhur ideceğinden bunun tasfiyesi ve memalik-i saireden de celb ile tasfiye idilerek memalik-i şahanede satılmak üzere Boğaziçinde Paşabağçesinde inşası münasib olan arazinin rafini yani kelle şeker imaline mahsus bir tasfiye fabrikasının tesis ve inşasına müsaade buyurılması ve işbu tasfiye fabrikasının tesisat-ı ibtidaiyesiçün celb olunacak alât ve edevatın gümrükden bila resim imrarıyla beraber haricden celb olunacak senevi beş bin tonalito mikdarı ham şekerin ve ihrak olunacak iki bin tonalito mikdarı maden ve kok kömürinin yalnız beş sene kadar bir müddet içün resm-i gümrükden muafiyet ihsanına..." BOA ŞD 1213/29. 22 Mart 1315, 3 April 1899.

⁶⁰ "...çiftliklerinde şeker pancarı yetişdirilmek üzere bir Osmanlı anonim şirketi teşkil ve işe mübaşeret olundığından bahisle Avrupalıların rekabetine mahal kalmamak içün mezkûr çiftlikler civarında bulunan bazı maden imtiyazının ve şeker imaline muktezi kireç ocağına... taş ocaklarının bir yahud ikisinin itası hakkında..." BOA BEO 1296/97130. 5 Zilhicce 1316, 3 Nisan 1315, 15 April 1899.

⁶¹ BOA ŞD 1213/29. 19 Zilhicce 1316, 18 Nisan 1315, 30 April 1899.

⁶² "...dâhili fabrikalarda sarf idilen kömürler alelumum resm-i gümrüğe tabi olub bunlardan hiçbirine şimdiye kadar muafiyet virilmediğinden emsali olmadığına... sanayii ve menafi-i dâhiliyenin tevsii ve terakkisini temin içün bu gibi dâhili fabrikalar hakkında

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After taking the opinion of Customs Administration, Ministry of Commerce and Public Works informed Rauf Pasha on 19 October 1899. Foundation of a sugar refinery became main problem according to Customs Administration. Ottoman government supported Rauf Pasha's attempt, because of not only establishment of a new industry, but also cultivation of a new product. Importation of raw sugar supported other countries farmers such as from Hungary, Bulgaria and Romania. Only if Ottoman peasants started sugar beet agriculture, factory could obtain its need from local sources. But in his petition, Rauf Pasha argued that his demands must be considered within the perspective of trade balance. In Europe, especially Austria became specialist in sugar production. Austria granted prims to her producers and tried to simplified exportation. Because of this support, Austrian producers' sales to the Ottoman Empire reached yearly 2-2.5 million liras. For achieving import substitution in sugar, every possible permissions and exemptions must be granted. Thus many factories and companies began to operate in this field. At the end, Rauf Pasha repeated his requests to be allocated and he claimed that they were beneficial to country. 63

The last reachable knowledge about Rauf Pasha's sugar factory attempt was dated on 24 March 1901. In this document, Council of State Reorganization Section ordered to arrange a new license which was regulated old and new permissions on 7 February 1901. But after the objection of Customs Administration, there was no available knowledge about which demands were accepted or rejected. During the preparation of new license document, Rauf Pasha informed Ministry of Commerce and Public Works about his company. The company was not officially founded yet. He requested to obtain a permission regarding this topic. Newly preparing document should

müsaadat-1 mümkine... Avrupa'dan getürilecek ham şekerlerin basit bir suretde tasfiyesiyle kelle şeker haline ifrağ idilmesinden ibaret olarak bundan ne sanatca ne de memleketce bir faide ve menfaat husuli tasvire imkân olmadığından..." BOA ŞD 1213/29. 20 Safer 1317, 19 Haziran 1315, 1 July 1899.

⁶³ "...ziraatın hasar-dide olduğı hükümetce tebeyyün eylediği halde memalik-i mütecavireden yani Macaristan Bulgaristan ve Romanyadan... pancar ziraatına mübaşeret olunur ise vilayat-ı şahaneden celb olunacağı derkardır... memalik-i mahrusa-i şahanede böyle şeker ve rafine fabrikalarının inşa ve tesisine ve pancar zerine henüz mübaşeret olunmamış Avrupalılar ve hususıyla Avusturyalılar bundan bil-istifade bu gibi tesisatlarına muavenet ve ihracatlarını teshil ile ve prim namıyla muafiyetler virmekde ve memalik-i şahaneden senevi iki iki buçuk milyona karib liralarımızı memleketlerine yağdırmakdadırlar...her dürlü müsaadat ve muafiyet itasıyla ve bu yolda birçok şirketler teşkiliyle fabrikalarını inşa ve tesisi esbabının istihsaliyle memalik-i ecnebiyeye olan ihtiyacdan beri olmak...menafi-i memlekete müstelzim olacak müstedayat-ı acizaneme..." BOA ŞD 1213/29. 20 Şaban 1317, 11 Kânunuevvel 1315, 23 December 1899.

also contain this allowance. Due to this demand, the ministry placed it to first article of draft. Then the prepared document was sent to Council of State. ⁶⁴

Sugar Production Activities of Ahmet Refik Pasha in Syria

Ahmet Refik Pasha wanted to found a sugar factory in Duma district of Syria. In Şeba named farm, Ahmet Refik Pasha would establish this factory with same conditions of Rauf Pasha. He would plan to use steam engine and spare 15.000-20.000 Ottoman gold as a budget with French partner. His demand was discussed at Council of State Reorganization Section on 3 July 1894. The Section found positive this petition, because they would like to see foundation of this type factories in the Ottoman Empire. Only fuel request was rejected. Rauf Pasha could import annually 100 tons coal free from custom tax. But Reorganization Section totally opposed to widen this exemption to other entrepreneurs. This opposition was also accepted by Ahmet Refik Pasha. After this acceptance, a license document was written with the example of Rauf Pasha's one, by excluding fuel article. Reorganization Section appreciated Ahmet Refik Pasha, because he did not want to obtain a privilege. He just requested some facilities to operate his venture, instead of production monopoly. In addition to this attitude, importance of supporting local industry caused to allocate sufficient assistance to his enterprise. Reorganization Section transferred the subject Council of Ministers for further approval. 65

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⁶⁴ "...eski ve yeni müsaadat-ı cami olmak üzere yeniden bir ruhsatname tanzim ve irsali luzumını mütezammın 25 Kânunusani 1316 tarihli... tezkire-i aliyye-i riyasetpenahileri üzerine... müşarünileyden alınan izahatdan müsteban olduğı üzere bu teşebbüsatdan dolayı henüz şirket teşkil idilmiş olmayub maksadı virilecek ruhsatnamenin şirket teşkiline dahi müsaadeyi şamil olmasından ibaret bulunmış ve binaenaleyh layiha-i mezkûranın birinci maddesi o maksadı temin idecek suretde yazılmış olmağla..." BOA ŞD 1213/29. 4 Zilhicce 1318, 11 Mart 1317, 24 March 1901.

⁶⁵ "...Rauf Paşa hazretlerine ita buyurılan ruhsatnamede muharrer şeraite tabi olmak ve buharla işledilmek üzere on beş binden yirmi bin Osmanlı altunına kadar akçe sarfıyla Suriye vilayeti dâhilinde Duma kazasında vaki Şeba nam çiftlikte bir şeker fabrikası tesis ve inşası içün ruhsat itası Şam-ı Şerif mutebaranından Şemizade saadetlü Ahmed Refik Paşa hazretleriyle Fransız... taraflarından istida olunmuş ve Memalik-i Mahrusa-i Şahanede bu misillü fabrikaların ihdası fevaid-i azimeye müstelzim olacağı derkar bulunmuş olmasıyla istida-yı vakıanın tervici münasib olub ancak müşarünileyh Rauf Paşanın inşa ideceği fabrika içün senevi celb olunacak yüz tonalito maden kömürinin gümrük resminden muafviyeti maddesi saire emsal olmamakla meşrut bulunduğına ve buna dair olan fikranın ihracına talibi müşar ve mumaileyhima taraflarından dahi muvafakat idildiği ledel-muhabere Suriye vilayetinden işar olunduğına binaen bundan maada ahkam-ı müşarünileyh Rauf Paşanın haiz olduğı ruhsatname münderecatına muvafık olarak kaleme alınan... ruhsatname mucibince icra-yı icabı istizan kılınmışdır... mezkûr fabrikanın inşası içün imtiyaz istenilmeyüb yalnız ber-vechi muharrer bazı müsaadat iraesi taleb olunmasına ve sanayi-i dâhiliyenin tervicine mucib olan bu misillü

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Council of Ministers confirmed this demand on 8 January 1895. The Porte presented topic to Sultan at same day. At last, Sultan approved this license for factory foundation on 15 January 1895. ⁶⁶ This license consisted of four articles that all of them regulated taxation. In first article, sugar beet harvest of Şeba farm was immune to tithe for twenty years. But in this farm, enough amount of beet must be planted for raw material needs of factory. Although this was done; if harvest destroyed due to a disaster of any kind, factory could provide its raw material needs free from taxation. But this need must be controlled by state. According to second article, all machines and tools requirements of newly establishing factory and beet seeds would be imported without taxation. But the Porte would control this importation by checking factory's registers. In third article, factory's production and importation would be exempt from custom tax. According to final article, factory would only be subjected to property tax.

The Porte informed Ministry of Commerce and Public Works and Customs Administration about Ahmet Refik Pasha's venture on 24 January 1895. The Porte sent to each of them an approved copy of Pasha's license. ⁶⁸ There was not any knowledge about success or failure of this enterprise, after this point.

Beet Sugar Factory Attempt of Yusuf Bey in Afyonkarabisar

Yusuf Bey wanted to open a sugar factory in Afyonkarahisar. He demanded 30 years long privilege in his petition. The Porte confirmed the petition in principle, because of two reasons. Firstly important amount of beet was cultivated in Afyonkarahisar. If this factory was established, beet cultivation would be considerably increased. Secondly factory would also make enormous contribution to the expansion of sugar trade. ⁶⁹ The Porte transferred demand of Yusuf Bey to Ministry of Commerce and Public Works, for preparation of draft of privilege contract. ⁷⁰

tesisat hakkında teshilat-1 münasibe iraesi lazımeden bulunmasına binaen..." BOA A.DVNSMKLT.d.7, p.244, 29 Zilhicce 1311, 21 Haziran 1310, 3 July 1894.

⁶⁶ BOA İ.İMT 1/16. 18 Receb 1312, 3 Kânunusani 1310, 15 January 1895.

⁶⁷ BOA A.DVNSMKLT.d.7, p.244, 29 Zilhicce 1311, 21 Haziran 1310, 3 July 1894.
⁶⁸ BOA 558/41791. 27 Receb 1312, 12 Kânunusani 1310, 24 January 1895.

⁶⁹ "...Karahisar-1 Sahib sancağının münasib mahallinde bir şeker fabrikası inşası zımnında otuz sene müddetle imtiyaz itası Yusuf Bey tarafından istida olunmuş olduğına ve liva-yı mezkûrda pek çok pancar yetişmekde olduğı cihetle böyle bir fabrikanın küşadı mahsulat-1 mebhuse ile şeker ticaretinin tevsi ve terakkisine mucib olacağına binaen..." BOA İ.TNF 6/52. 20 Şaban 1315, 1 Kânunusani 1313, 13 January 1898.

⁷⁰ BOA BEO 1075/80561. 7 Ramazan 1315, 17 Kânunusani 1313, 29 January 1898.

Minister of Commerce and Public Works replied the Porte's order on 22 February 1898. He found important this factory foundation attempt, because of its support to expansion of local industry. Prepared contract draft was served in this response. ⁷¹ This draft was discussed at Council of State Reorganization Section on 31 March 1898. The Section found appropriate the prepared draft, for the fulfillment of all requirements. ⁷²

In this point a change was happened in the transition of privilege meetings. In the former practice; after the consent of Reorganization Section, privilege request was directed to Council of Ministers. But according to 15 January 1897 dated decree, if a taken decision in Reorganization Section was accepted to need more evaluation, it was double checked in Civil Service Section (Mülkiye Dairesi). ⁷³ This office controlled the demand of Yusuf Bey on 4 June 1898 and they also approved the privilege request like Reorganization Section. ⁷⁴

Council of Ministers negotiated the subject on 11 December 1898. Because of their positive opinions, privilege gained formal existence with approval of Sultan on 5 January 1899. ⁷⁵ Yusuf Bey obtained privilege, but state wanted an extra condition. During the period of privilege, its owner must pay yearly 30 Ottoman gold to Darülaceze ⁷⁶ foundation. ⁷⁷

Privilege contract was signed in between Minister of Commerce and Public Works Zihni Pasha and Yusuf Bey. This contract was consisted of twelve articles. In first article, geographical position of privilege was described. Yusuf Bey's factory would establish in Afyonkarahisar district of Hüdavendigar

⁷¹ "...imtiyaz itası Yusuf Bey tarafından istida olunmasına ve bu ise sanayi-i dâhiliyenin tenevvü ve teksiri maksad-ı mühimmesine muvafık görünmesine mebni..." BOA ŞD 1211/20. 30 Ramazan 1315, 10 Şubat 1313, 22 February 1898.

⁷² "...olbabda tanzim olunan mukavelename layihası münderecatı dahi bit-tedkik maslahatı ehemmiyetiyle münasib ve icabı hale muvafık bulunduğından..." BOA İ.TNF 8/3. 8 Zilkade 1315, 19 Mart 1314, 31 March 1898.

⁷³ Mehmet Canatar, Yaşar Baş, "Şura-yı Devlet Teşkilatı ve Tarihi Gelişimi", *OTAM*, No:9, Ankara 1998, p. 132-133.

⁷⁴ BOA I.TNF 8/3. 14 Muharrem 1316, 23 Mayıs 1314, 4 June 1898.

⁷⁵ BOA A.DVNSMKLT.d.10, p.109-110.

⁷⁶ Darülaceze was a pious foundation that it was founded to help orphans and disabled men and women in İstanbul. This foundation started its operation on 2 February 1896 with purpose of helping every needed people, without any racial and religious discrimination. Hidayet Yavuz Nuhoğlu, "Darülaceze", *DİA*, V: 8, İstanbul 1993, p.512-513.

⁷⁷ "Karahisar-1 Sahib sancağının münasib bir mahallinde bir şeker fabrikası tesisi ile işledilmesi içün müddet-i imtiyaziye zarfında sahib-i imtiyaz tarafından Darülacezeye her sene otuzar Osmanlı altunı ita olunmak şartı..." BOA BEO 1258/94333. 6 Ramazan 1316, 6 Kânunusani 1314, 18 January 1899.

province. Second article specified the period of privilege. Yusuf Bey's privilege gained its formal existence with approval of Sultan on 27 January 1898. From this date it would last for 30 years. According to third article, Yusuf Bey must found an Ottoman joint stock company within 18 months. In fourth article, state held responsible Yusuf Bey about start of construction and production. Yusuf Bey must begin factory construction in one year and production in two years. According to fifth article, state promised that no one would attain sugar production privilege within borders of Afyonkarahisar district up to the end of this privilege.⁷⁸

In sixth article, taxation was organized. All necessary machines and tools for the establishment of factory could be obtained free from custom tax, regardless of their sources. In addition state also granted this exemption in abroad sales. But all transactions of privilege were obliged to stamp law. According to seventh article, factory land could be obtained only with the consent of its owner. So, state did not allocate free plot for Yusuf Bey. In eighth article, there was a verdict that it obliged to complete privilege requirements within specified time. If privilege owner could not start factory construction or could not establish a company, privilege would lose its formal existence. According to ninth article, factory and its outbuildings were subject to taxation. Although there was not a sign, this taxation should be property tax.⁷⁹

According to tenth article, explanation of this privilege was a duty of Council of State. In addition, all probable jurisdictional problems would be settled in relevant Ottoman courts. This article was written against capitulations. In eleventh article, post-privilege period was arranged. After the end of privilege time, this factory would be operated like other factories without privilege. But if state wanted to reallocate a privilege for this factory, privilege owner would have a priority to obtain it with same conditions of probable entrepreneurs. In the final twelfth article, there was an obligation to help Darülaceze. Privilege owner must pay 30 Ottoman gold yearly for this foundation. ⁸⁰

Yusuf Bey could not fulfill requirements of his privilege. In order not to be abolished his privilege, he declared an excuse and demanded some ease. Firstly, Yusuf Bey requested five year time extension for factory construction and company establishment. Secondly, he demanded an exemption of support obligation to Darülaceze. If this was not possible, he wanted to reduce 30 liras to ten liras. ⁸¹ Minister of Commerce and Public Works evaluated the demands

⁷⁸ BOA A.DVN.MKL 40/23. 27 Sevval 1316, 25 Subat 1314, 9 March 1899.

⁷⁹ BOA A.DVN.MKL 40/23. 27 Şevval 1316, 25 Şubat 1314, 9 March 1899.

⁸⁰ BOA A.DVN.MKL 40/23. 27 Şevval 1316, 25 Şubat 1314, 9 March 1899.

⁸¹ "...şirket teşkili ve fabrika inşası müddetlerinin beş sene temdidi ve Darülacezeye itası mukarrer olan otuz liranın afvı ve yahud on liraya tenzili hakkında..." BOA BEO 1591/119321. 11 Şaban 1318, 21 Teşrinisani 1316, 4 December 1900.

of Yusuf Bey on 14 April 1901. But ministry did not want to tolerate Yusuf Bey's further requests. Lack of any activity to start sugar factory building showed that Yusuf Bey was not an industrial entrepreneur. Former privilege owners practiced some sort of efforts. Monsieur Michel founded a factory in the level of experimentation. Rauf Pasha cultivated some sugar beets and sent them to analyze for their sugar content. Whereas Yusuf Bey resembled that he was waiting for customer to sell his privilege rights. Minister of Commerce and Public Works ended the venture of Yusuf Bey in that point. ⁸²

Sugar Production Attempts in Adana

Adana has warm climate and fertile lands. Other than many plants, sugar cane could be also cultivated successfully in here. Sugar cane cultivation learnt from Egypt and its production was rapidly increased in Adana. Adana County Council (Adana Vilayet Meclisi) requested an expert from Ministry of Interior, in order to teach sugar production from sugar cane to Adana people. But the ministry did not find appropriate this demand. Required expert should be hired by local sources. ⁸³ Although its production did not reach an economically important level, sugar cane production lasted up to republican era in Adana. In 1930's Turkey, approximately 1000 hectares area used for sugar cane cultivation in Çukurova region. ⁸⁴

This suitable environment took attention of two enterprises. Firstly, Şakir Pasha and Abdülkadir Efendi named two associates wanted to found a sugar factory in Adana. They planned to cultivate sugar cane and beet in a field of 10.000 decares, for their raw material needs. For the production of this area, they requested ten years tithe exemption. They demanded a license for building of a sugar factory. In this point, a quite different interference was happened. Evaluation and inspection of factories was the responsibility of Ministry of Commerce and Public Works. Among all sugar factory ventures this was only example that Minister of Forestry, Mining and Agriculture showed special interest to this enterprise. He accepted sugar production as an important part of agricultural industry. Due to this reason, partners deserved every source of easiness. Moreover they did not request privilege. They just demanded tithe exemption within a restricted area. If requested license would be given, this

⁸² "...eğerçe müddet-i muayyene-i imtiyaziye zarfında teşebbüsat-ı lazımeye ibtidar ile bazı muameleyi ikmal olunamadığı halde temdid-i müddet olunması mesbuk-ı bila misal ise de müstedi teşebbüsat-ı cedideye delalet idecek bir eser ibraz itmemiş olmasına ve böyle imtiyaz alanların müşteri buluncaya değin her bar-ı tervici müstediyatla iştigale lüzum ve mecburiyet görilemeyub..." BOA ŞD 3006/55. 24 Zilhicce 1318, 1 Nisan 1317, 14 April 1901.

⁸³ BOA DH.MKT 1313/47. 27 Şevval 1287, 7 Kanunusani 1286, 19 January 1871.

⁸⁴ İhsan Abidin Akıncı, Şeker Yetirmeden Bitirmeye Kadar Türkiye-Dış Memleketler, Akşam Matbaası, İstanbul 1934, p.12-13.

would provide two benefits. In the region sugar cane could be easily cultivated. Presence of a factory would revive sugar production from sugar cane. This revival would also provide an important source of income for state budget. The license should be granted to themselves. ⁸⁵ The Porte transferred this positive opinion of Minister of Forestry, Mining and Agriculture to Ministry of Commerce and Public Works on 12 December 1897. ⁸⁶ Directorates of Commerce and Public Works and Industry evaluated this demand and decided that it should be supported. They thought that sugar was important consumer merchandise. For the sake of locally produce sugar, associates' request stayed so little. Twenty days later, the minister also approved this venture. ⁸⁷

Council of State Reorganization Section discussed license demand of Şakir Pasha and Abdülkadir Efendi on 14 April 1898. In this meeting, associates' request was evaluated from taxation perspective. Reorganization Section thought that granting tithe exemption to associates would not cause any loss in income of state budget. As contrary to European examples, ten years tithe exemption would be so little advantage to them. In foreign countries much more were allocated to producers. In order to increase sugar production, German and Russian governments made cash payments to producers. In this point, members of Reorganization Section mentioned about prim system. Similar examples had been given in Rauf Pasha's meetings. After affirmative opinion, Reorganization Section transferred subject to the Porte. ⁸⁸ The Porte

⁸⁵ "Atanada on bin dönüm arazide yetişdirecekleri şeker kamışıyla pancardan on sene müddetle öşür alınmamak şartıyla şeker imal olunmak üzere bir fabrika inşasına ruhsat itası... Şakir Paşa hazretleriyle Bağdadi... Abdülkadir Efendi hazretleri tarafından istida olundığı beyanıyla... sanayi-i ziraiyenin aksam-ı mühimmesinden olan şeker imali sanatının memalik-i şahanede temin-i terakkisi zımnında... teshilat iraesi lazımeden olub müşarünileyhüma ise imtiyaz talebinde bulunmayarak yalnız mahdud-ül mikdar arazide yetişdirecekleri şeker kamışıyla pancarın on sene müddetle öşürden muaf tutulması gibi bir müsaade-yi cüziye ile bir şeker fabrikası inşasına ruhsat itası istidasında olduklarına... ruhsat verilmesi oralarda kemal-i suhulet ve muvaffakiyetle yetişen şeker kamışından şeker istihsali usulünün tamimine mucib ve bu da hazine-i devlet içün mühim bir menba-ı varidat husuli..." BOA ŞD 1211/17. 11 Receb 1315, 24 Teşrinisani 1313, 6 December 1897.

⁸⁶ BOA BEO 1052/78827. 17 Receb 1315, 30 Teşrinisani 1313, 12 December 1897.

⁸⁷ "...vesait-i ticaretin en mühimlerinden sayılan şeker imali sanatının memalik-i şahanede dahi ihdasından hâsıl olacak fevaid ve menafia nisbeten istenilen muafiyete diriğ olacak şeylerden görilmemiş idüğinden..." BOA ŞD 1211/17. 27 Şaban 1315, 9 Kânunusani 1313, 20 January 1898.

⁸⁸ "...bu babda istenilen muafiyet varidat-ı hazineden bir şey terki dimek olmayub inşa olunacak fabrika içün husule getürilecek şeker kamışıyla pancardan on sene müddet öşür alınmamasından ibaret olduğı ve memalik-i ecnebiyede bu misillü şeker fabrikalarının tesisi ile şeker imali yolunda pek çok fedakârlıklar ihtiyar idilmekde olub hatta Almanya ve Rusya hükümetleri şeker imalatını tezyid ve teksir idecek fabrikalar

also joint this decision and presented license demand to Sultan on 30 April 1898. Sultan approved it four days later. ⁸⁹ As a last point for this venture, the Porte informed Ministry of Commerce and Public Works and Finance about the approval of license of associates. ⁹⁰

Second sugar production venture in the region was practiced by Ahmet Pashazade Musa Kazım and Muzaffer Pashazade Fuat Zafer named two associates. They gave a petition to government for establishment of a sugar factory in Adana. They would plan to cultivate sugar cane and beet in Çukurova region. They requested three demands that firstly tithe exemption of their cultivation for ten years. Secondly they would not want to pay any tax for factory, either production or property tax. Thirdly they also demanded custom tax exemption for technology transfer. They requested to be transferred their petition to Council of State. ⁹¹ The Porte requested the opinion of Ministry of Commerce and Public Works about associates' venture on 25 May 1898. ⁹²

The minister reported his opinion on 30 June 1898. Attempt of associates were jointly evaluated by directorates of Commerce and Public Works and Industry. After evaluation, two out of three demands were accepted by the ministry. Tithe exemption was approved, because of similar practices. Custom tax free technology transfer was also accepted. But a checking mechanism was adopted. Their imports of machines and tools would be registered in a book by associates. After controlling this book, state would permit them not to pay custom tax. Contrary to first two demands, tax exemption of factory did not approved. The minister did not find appropriate this demand. ⁹³

eshabina mükâfat-i nakdiye dahi ita ide geldiklerine binaen..." BOA A.DVNSMKLT.d.10, p. 11. 22 Zilkade 1315, 2 Nisan 1314, 14 April 1898. ⁸⁹ BOA İ.TNF 7/18. 13 Zilhicce1315, 22 Nisan 1314, 4 May 1898.

⁹⁰ BOA BEO 1120/83982. 29 Nisan 1314, 11 May 1898.

⁹¹ "Atana vilayeti dâhilinde Çukurova nam arazi-i haliyede şeker kamışı veya pancar yetişdirerek bir şeker fabrikası ihdas ideceğimizden zira ideceğimiz şeker kamışı ve pancarın emsali misillü on sene müddetle aşardan ve fabrikanın virgüden muafiyetiyle fabrika içün Avrupadan celb ideceğimiz makine ve alâtın gümrük resminden afvı zımnında işbu istidamızın Şura-yı Devlete havale buyurılması babında..." BOA ŞD 1212/22. 25 Zilhicce 1315, 5 Mayıs 1314, 17 May 1898.

⁹² BOA BEO 1129/84675. 4 Muharrem 1316, 13 Mayıs 1314, 25 May 1898.

⁹³ "...bu defaki istidaları Ticaret ve Nafıa ve Sanayi müdiriyetlerince tedkik itdirilerek... mumaileyhumanın yapacakları fabrikada şeker imal olunmak üzere ekecekleri şeker kamışı ile pancarın emsali vechiyle on sene öşürden ve fabrikanın ilk defa tesisine mahsus olmak üzere getürilecek alât ve edevatın taraflarından virilecek defteri üzerine usul ve emsali vechiyle muamele-i lazımesi ifa olunmak üzere gümrük resminden istisnasına müsaade buyurılması münasib olub ancak fabrikanın virgüden afvı muvafık-ı hal ve maslahat olamayacağının cevaben arz ve işarı..." BOA ŞD 1212/22. 11 Safer 1316, 18 Haziran 1314, 30 June 1898.

SUGAR PRODUCTION IN THE OTTOMAN EMPIRE (1840-1908) (OTAM, 39/Babar 2016)

Approximately two years later, a new development was happened. This was also last reachable knowledge about this enterprise. Customs Administration requested approved register for controlling import of machine park of factory. From this demand could be understood that Musa Kazım and Fuat Zafer Beys purchased some machines and tools for their factory. The Porte demanded these registers from Ministry of Commerce and Public Works. But they learnt that these registers were not present. They demanded to be obtained this book by minister, in order to bring it to Customs Administration. ⁹⁴

Conclusion

Sugar was important consumer goods with a great market in the Ottoman Empire, during 19th century. Historically strong American competition diminished Ottoman sugar production in a large extent. Throughout long years, sugar could be obtained only by importation for Ottoman consumers. Except American competition, natural conditions also limited Ottoman sugar production. Sugar cane cultivation requires very special conditions, tropic climate and enormous rainfall. But invention of sugar extraction from beet provided a new plant for sugar production. Contrary to sugar cane, sugar beet could be easily cultivated in a most part of the Ottoman Empire. With this new plant, many entrepreneurs were eager to enter sugar production sector.

The Ottoman Empire supported these new entrepreneurs, because of three reasons. Reduction in trade deficit, development of local industry and revival of agriculture were main motives of the Ottoman Empire. Firstly, sugar was an import goods and its bill reached nearly 7-8% of state budget. Secondly state found important to establishment of new factories. Other than decrease in trade deficit, new factories would also reduce sugar price. Revival of agriculture was third motive of the Ottoman Empire, because sugar industry had very close relations with agriculture. Raw materials could not be waited too much to operate. They must be obtained from nearby sources. Thus, newly establishing factories would also improve agriculture.

As to entrepreneurs, considerably large market attracted them. They demanded some tax exemptions. In the beginning the Ottoman Empire behaved reluctant to grant these exemptions. But from 1880's, state endowed them in technology transfer, raw material and production. Entrepreneurs were mostly aware from foreign examples; some had already foreign origin, to present them for their advantages. Granting prim was important way of

⁹⁴ "...alât ve edevat hakkında gümrükce iktiza iden muamele ifa olunmak üzere musaddak defterinin irsali lüzumı rüsumat emanet-i celilesinden 15 Muharrem 1318 tarihli... istenilen defterin mevcud olmadığı ifade-i vakıadan anlaşılmış olmağla mezkûr defterin bir suret-i musaddakasının emanet-i müşarünileyhaya gönderilmek üzere irsaline..." BOA BEO 1488/111559. 18 Muharrem1318, 4 Mayıs 1316, 17 Mayıs 1900.

subvention for European governments. They also demanded some subventions by showing this. However the Ottoman Empire did not mostly prefer this practice. The Empire confined only with production monopoly of privilege. Again after 1880's, entrepreneurs began to consider raw material needs, in their investment plans.

Finally, most entrepreneurs remained on paper. Some of them did not also have an intention for production. Ministry of Commerce and Public Works ended privilege of Yusuf Bey, because he did not show any effort in the way of production. But all of them did not think similarly. Monsieur Michel founded a small factory for experimentation. Rauf Pasha started to cultivate sugar beets in his farms. In order to learn their sugar content, he sent them to analyze to European and Ottoman laboratories. But in general, entrepreneurs of sugar production were not successful; because the Ottoman Empire lasted to allocate a large sum of money to pay sugar imports bill.

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