



Tobacco trade between Iran and Ottoman with the emphasis on the contracts of the two governments, in the second half of the nineteenth century

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Abstract

In the nineteenth century, the tobacco product, due to the popularity of its usage among Iranian and the Ottomans people, formed an essential component of the two countries economy, so that most merchants from the two countries, especially the Iranian merchants were engaged in this lucrative business. Since the most of Iran's tobacco production was exported to the Ottoman provinces, the trade balance of this valuable commodity has always been positive for Iran. But the Ottoman state granted the monopoly of importing tobacco in favor of Tonbak Company in 1875 and the trade agreements between the Iranian state and that company entered a new stage in the trade relations between the two countries, which in this paper, we will examine the relationship between the Tonbak Company and Iran, Tobacco traders, as well as the analysis of Iran-Ottoman concessions and its implications.

Key words: Iran, Ottoman, Tobacco, Régie, Tonbak Co, Contracts



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Introduction

Tobacco is an American plant that became increasingly popular as a trade item to the rest of the world after the discovery of the American continent by Christopher Columbus. In 1514, the Portuguese, under the command of Alfonso Albuquerque attacked the southern part of Iran and seized the Hormuz Island. The island had being captured for 100 years. At this period, tobacco was imported into Iran by the Portuguese; In the Ottoman. Tobacco was first taken over by Dutch merchant ships in the first half of the sixteenth century and gradually had being cultivated in the seventeenth century in most of Asian countries, including Iran and Ottoman. Despite some initial objections, its usage spread throughout the Islamic world, so it became the only means of recreation for a short time. Despite the fact that Tobacco was cultivated in different Ottoman provinces, due to its high domestic consumption, the produced amount did not meet the consumer's domestic demand. As a result, the Ottoman tobacco market was depended on the import of foreign tobacco, specifically from Iran. Iranian merchants generally began exporting tobacco to the Ottoman Empire from the second half of the 18th century, and no longer in the nineteenth century they controlled Ottoman tobacco trade. The Iranian government was also keen to keep the lucrative business, which always kept its trade balance in the interest of Iran and increased the treasury revenues by the cancellation of Régie privilege in Iran, entered new Tobacco contracts with the ottoman exclusive company of Tobacco importing, which has had lasting effects on tobacco merchants in Iran. What fulfill the purpose of this research is the study of the status of tobacco trade between Iran and the Ottoman, especially after the abolition of the Régie concession in Iran and the formation of tobacco monopoly in the Ottoman Empire and the analysis of the contracts concluded between the states and the formation of tobacco monopoly in the Ottoman Empire and the analysis of the contracts concluded between the states. Accordingly, some questions are being proposed and the present paper is trying to answer them which are as: How did the Ottoman monopoly of tobacco affect the trade of Iranian-Ottoman tobacco and especially the Iranian traders residing in ottoman? And another question is; what were the intentions of each of the Iranian and Ottoman governments in drawing up the tobacco contracts? During the research, it is attempted to cite archival documents from the archives of Iran and Turkey and other valid sources, to answer these key questions. Research Method in this paper is



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descriptive analytical and is pursued through the library research methods and documentary information.

1. Historical background of tobacco consumption in Iran

The tobacco leaf was first taken to Spain from the United States in 1519 and entered Europe in 1560, and the consumption of tobacco in the European countries began in the sixteenth century. At the outset, Europeans tried to prevent tobacco use, as the Pope Urban VIII (1644-1623) and Pope Innocentius XII (1721- 1691) curtailed those who used tobacco, James II, the king of England, who reigned in 1603, forbade the fact that who would bring those crops from the United States to the rest of the world, inside his country. In Germany and France, tobacco was strictly forbidden until 1621, Peter the Great, the Russian Tsar murdered anyone who was to consume tobacco, Sultan Murad Khan IV, the Ottoman sultan, also behaved the same toward the tobacco users (Mahmoud, Mahmoud, 1965/5, p. 1196) In the Shah Abbas era, tobacco was imported into Iran through the Portuguese (Najafi, Musa, Rasoul Jafarian, 1994, p. 22) and it became commonplace in Iran from the same time, in the same way that Iran's tobacco has enjoyed great popularity since the days of the Safavids. Of course, at first Shah Abbas forbade the advent of tobacco and put it to a strict policy and those who bought the tobacco would be burned "(Teymori, Ebrahim, 1949, p. 14) But these actions could not stop and prevent people using tobacco. They would burn smoke cloth and other stuff and "in the days when the court forbade it, they bought tobacco by silver coins, sometimes more expensive" (ibid.) Finally, Shah Abbas ordered the people avoid consuming tobacco, but nothing happened, and it would become more expensive days after days. Its vendors got a lot of benefits (Mahmoud, Mahmoud, 1965/5, p. 1196) following the entry of tobacco into Iran. The issue of using tobacco changed as a new jurisprudential issue and there were a lot of comments about it. The Akhbaris ulama (Clergy) had forbidden the fact that this was not the case at the time of the Islam's Prophet and there was no news about its delusions, so they forbade it, but the school of jurisprudence accepted it as a lawful matter and some of the same **ulama** did not even consider it to be a revocation of fasting¹.

¹. To know about the jurisprudential views of the scholars about smoking in that era, refer to Aqa Bozorg Tehrani: Az-Zaree'a, by the efforts of Ali Naqi Monzavi and Ahmad Monzavi, Tehran University Press, 1998, Vols. 8 & 11. Author in this book has collected a treatise called "Resala Fi Hormato Sharbolatatan" about the Prohibition and Sanctity of tobacco which is written by scholars and Faqihs.



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Despite the opposition of one or two of the Safavid kings and the objection of a few scholars, smoking quickly spread to Iran and during the Qajar period. It became the only means of leisure for the public and even Ulama. Smoking in Iran has been done by tobacco pipe, Iranians have invented hookah. (Issawi, Charles, 1982, p. 380) and by this means Iranian hookahs got famous throughout the world, especially by the Ottoman people who were excessive in hookahs (Mahmoud, Mahmoud, 1965/4, p. 117) gradually, hookahs became part of the nobility furniture and tobacco pipe used as Fumigation device for the people and gradually appointed as the only way of leisure and hobby for the Muslims. (Kasravi, Ahmad, 1999, pp. 16-20)

Etemad-o-Saltane testifies that: "Of the twenty *crores* of the Iranian people certainly are addicted to tobacco. Of these five *crores*, there are people who spend one qiran a day for cigar and tobacco. "(Teymori, Ebrahim, 1949, p. 14) and suggests that a significant population at that time had a craving for tobacco and they did not have fear to bear on spending too much on this. The prevalence of tobacco growing in the whole country of Iran was due to everyone consumption of Tobacco. Etemad-o-Saltane writes about that: "for the first time this Beneficial Plantation was planted and cultivated by Mahmoud Khan Nāşer-al-molk Farman Farma when ruling Guilan in the area, then gradually in most parts of Iran, this cultivation (tobacco) was carried out and there is so much tropical tobacco farming here in Iran that is now one of the most trusted trades in the country."(Etemad-o-Saltane, Mohammad Hassan Khan, 1984, pp. 1&154) Curzon also writes about the huge benefits that this product gained by vendors: "In the farm, according to the value of its type (tobacco) each Man had being purchased 1 Qiran and due to the intervention of brokers in the market to the hands of the buyer, the price would increase 3 to 12 Qiran... (Curzon, George N, 1994 p. 594) At that time (Qajar) three types of tobacco were produced in Iran, the first one, called "Tonbak", was used as a quality exporter and used in hookahs. The latter was the cheapest and was consumed by the villagers, mule owners and low-income people. Third, cigarette tobacco or papyrus used to make cigarettes. The geographical distribution of different types of tobacco is as follows: Tonbak was cultivated in the south of Fars, and partly in the Isfahan area. Particularly, Isfahan Tobacco had a high profile and has been famous for tobacco. (Jamalzadeh, Mohammad Ali, 1956, p. 35) In addition, tobacco has been planted for a long time in Basmenj of Shiraz, Yazd, Kerman, Kashan, Jahrom and Golpayegan,



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Semnan and Shahrood, and Shiraz tobacco was always exported from 1844 through the Persian Gulf to Fakhriya and other Ottoman provinces, especially Baghdad and only 60 Mans (600 Kharvar) of Shiraz tobacco per year was consumed in the city itself, and yearly 20,000 Mans were used in the districts of Shiraz (Nateq, Homa, 1994, p. 77). Tobacco was more exported by sea to Syria and other Turkish ports because the banned tariff had been canceled and two years later he is reporting: "Tobacco is growing and it is becoming important" (Issawi, Charles, 1982, p. 380), in another report, the amount of tobacco production in the Isfahan area is 80,000 bales that each one was 7/5 Shahies which means about 4,000 tons, of which about 60,000 bales were exported by British and Iranian trading companies to Baghdad, Beirut, Aleppo, etc. About 20,000 bales were exported to Tabriz. A certain amount was exported from Kermanshah to Baghdad... tobacco pipe was planted in Kurdistan, Kermanshah, and around the Urmia and Mulek Guran "(Ibid, p. 381) in 1869, the British Consulate in Tabriz reports that: "A lot of tobacco is cultivated in the Azerbaijan province, Urmia Lake, but it's less than the state, the tobacco is generally considered soft "(Ibid,p. 380). The exported tobacco of Iran was obtained from all over the state of Guilan and the main centers were Fuman province, surrounding villages and Kordan neighborhood near the Rasht. The best harvest was from Lahijan. In 1877, the year when tobacco became fashionable in Guilan, they produced 43,000 kilos, in 1878; they harvested more than 100 thousand kilos. This year Rasht people sent their tobacco for the first time to Russia, in 1879 it sold 45.400 francs in the same country and 45.77 francs in Iran itself (Nateq, Homa, 1994, pp. 76-77). Basically, Guilan Tobacco has been divided into three types:

1. Yellow that was mild with high quality.
2. Alqermez the middle, slightly sharper than Yellow.
3. Red, this has been poor in quality than the other tobaccos (Jamalzadeh, Mohammad Ali, 1956, p. 35).

Of the latter type, very tight and with low quality cigarettes were being made. The tobacco product of Iran totaled over 58 Crores; the most important part was exported to the Ottomans. And almost can be said that fourth five of tobacco from Iran were shipped to that country and the important part. But all the tobacco that was being exported from Iran to the Ottoman was hookah



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tobacco which was very pleasant in Ottoman and Egyptian cities and was cultivated in the Shiraz, Hamadan, Esfahan and Kashan. (Ibid, P. 34)

2. Tobacco trade between Iran and the Ottoman Empire

For the first time in the first half of the 18th century, Iranian merchants appear on the Ottoman tobacco trade scene, and by 1750, Iranian merchants exported their tobacco through the Persian Gulf routes to Baghdad. (Pamuk, Şevket, 2005, p. 205) After the end of the Iranian-Russian wars and simultaneously with the increasing of tobacco production in Iran, during the Muhammad Shah Qajar era, many Iranian merchants settled in Ottoman cities, especially Istanbul and Basra; because most of the Iranian tobacco were exported to the Ottomans, and the merchants gradually became the influential factor in the tobacco trade between Iran and the Ottoman from the first quarter of the nineteenth century. For example, in 1237 AH / 1820 AD, the Tabriz- Trabzan Tobacco way has been controlled by them. (Pamuk, Şevket, 1984, p. 248)

It is reported by Consul of France in Baghdad: "Due to the increasing the consumption of tobacco in Turkey, Iranian merchants are based in Basra and they have been making thriving business with this production through the ports of the Red Sea. The same reporter added: "Due to the Turks harassment," tobacco merchants run away every time to Bushehr, Muscat, Kuwait and Bombay and "there they pursue the trade" because in these years the business of Mohammerah (Khorramshahr) competed with Basra and surpassed Basra, so Turks and Arabs repeatedly abducted Iranian merchant caravans, but tobacco trade continued (Nateq, Homa, 1994, p. 78). In this period, we encounter a number of Iranian merchants who slowly begin to settle in different parts of the empire, especially in the cities and towns. Since the beginning of the nineteenth century, they have been inaugurating tobacco stores in the Ottoman Empire. In Istanbul, the number of Iranian businessmen increased from one hundred in 1851 to 400 people in 1892. (BBA, MKT UM 122/20) They used mule keepers to carry their goods to the cities they were living in. (BBA, AM 5/32)

Many Iranian tobacco traders also imported Tobacco from Ottoman provinces and they also sold them in their shops. For example, in a document, Baghdad custom officials demanded the central



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government to have Iranian taxpayers pay taxes, due to a government budget deficit of 50,000 Kесе¹ per year according to estimates in the 1860s. (BBA, MAD.D 12846, No 259 p.1)

It can be concluded that Iranian merchants owning tobacco shops in the Baghdad, like other shops, were paying off taxes, while maintaining their links with the Iranian producers. In fact, at this time, Iranian merchants were the most influential traders between Iran and the Ottoman Empire after 1870 and played a role in negotiating trade agreements between Iranian and Ottoman state.

Iranian merchants paid a 4 percent customs duty in accordance with the Kurdan Convention, which was signed between Iran and the Ottoman Empire in 1159 / AH / 1794 and according to Clause 6 of the second contract, Erzurum was proclaimed in 1263, the tobacco was exported to Baghdad. Other merchants carried their tobacco shipment from Baghdad to Aleppo and Damascus with domestic tariffs or the domestic customs system. The Ottoman Central Government revised the import tariff three times before 1813, which in its third revision set the rate at 3%, while the domestic tariff reached 100% between 1791 and 1813. (Pamuk, Şevket, 2005, pp. 242 – 250) In short, the Ottoman government encouraged the import of tobacco with the fixed tariffs and low customs duties granted to Iranian merchants; this tariff remained unchanged until 1850, right up until the Ottoman government decided that a tariff of 5% Customs will be received from foreign tobacco. (Ibid: 252)

This increase was; however, cost-effective in contrast to domestic tariffs for foreign merchants, but at least it was a percent increase in tariffs for Iranian tobacco merchants. (Pamuk, Şevket, 1984, p.20) In addition to these different tobacco tariffs pursued, which changed from one region to another, despite all the regulations and treaties.

Production and distribution of tobacco increased in the market after the 1860s, especially following the import of Iranian tobacco to the eastern provinces of the Ottoman Empire. For example, in 1860 in the Baghdad area, the distribution of tobacco had reached a level where local farmers could not sell their products because of the harsh fall in prices. (BBA, MDA, d, 1284, 6 No: 259, P: 1) as the tariff rate was lower than the current price of tobacco, for example, the ratio

¹ .The kese in Ottoman Turkish was one of the Ottoman currency units,40,000 Aqche was equal to one kese.



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of Iranian smoke tobacco in Baghdad was 4%, this situation remained unchanged, and the Ottoman government in the 1860s banned the import of all tobacco leafs at an early stage, and the general government monopolized the sale and imposed an additional tax on the transit (official review) for farmers bringing their produce to the market. Foreigners were allowed to import tobacco products such as cigarettes and cigar, but they were obliged to pay a special import tax at a rate of 75% of the value of the goods to transit taxes (Shaw, Stanford, Ezel Kural Shaw, 1991, Vol. 2, p. 187)

In November 1865, the Act was renewed with a brief change under the title of the Ottoman Declaration; the announcement made it difficult to export Iranian tobacco to the Ottoman Empire, and imposed a 75 percent tax on manufactured tobaccos in Iran and banned the use of raw tobacco from Iran (BBA, AMKTMHM 478/2) Iranian merchants had to weigh their tobacco and pay customs duties to border customs or ports¹. (The Center for Documentation and Diplomacy History of the Ministry of Foreign Affair, Carton 11, Case3) The Ottoman government, despite a 75 percent tariff in the 1865 announcement to support native tobacco workers, refused to ban the entry of tobacco that increased government revenue, as native tobacco workers were not able to meet domestic market demand. (BBA, AVN 161/70, AMKTNZD 250/23) This act of the Ottoman government caused Iranian government lodge an objection, from the letters of Mirza Hosein Khan Moshir o -Dowleh Sepahsalar, from 1856 to 1871 when he was Iran's ambassador to Istanbul; a clash between the two governments has been seen. In his report to the Iranian Foreign Ministry on 18 December, it is being written unpleasantly: "The official announcement ... that some of the conditions in the common (promoting) tobacco that is being imported to the Ottoman countries ... came to study and considerate, in the seventh paragraph, the declaration explicitly states that the tobacco that will be taken from Iran in the territories of Ottoman countries, at the expense of the written percentage, seventy-five Qurush customs duties will be taken, a contract which is written about the declaration, all rights reserved for the Iranian Tobacco would be given to the Ottoman, while

¹. In addition to the French text, this statement exists in the following reference: Reglement relatif au made de repection du droit de rouhsatie sur les tabacs, Istanbul, 11 dec 1865



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this is totally against the provisions of the treaty which was signed in the year 1847 between the two countries and without such a negotiation and communication between governments, this is the case for the tobacco industry in Iran.”¹ "(Selection of Political Documents of Iran and the Ottomans 1271 AH 1313 AH, 1991/3 .p. 319)

Mirza Hussein Khan did not accept the regulations and came into frequent contacts with Russian and British ambassadors and Ottoman officials and finally, with the British intercession or the Ottomans regression, the Ali Pasha “foreign affairs supervisor” reinstated the Statute and Iranian government and Mirza Hussein Khan won. Since then, the regulations have been exclusively subject to smoke tobacco and snuff which was produced from the sixteenth century in the Ottoman Empire (Nateq, Homa, 1994, p. 81)

3. Régie privilege in Ottoman

The Ottoman government, like Iran, could not stand against the oppressors of the westerns, independence declaration in Christian Provinces, and contention with religious minorities, in particular Armenians, who, along with the Greeks and Bulgarians, had industrial production, including tobacco and caused the politic and economic crisis. The Europeans sat in ambush for monopoly (tobacco), and the Ottoman tobacco kept monopoly for government until 1874. In 1875, the Ottoman Bank, which itself was a Semi-European, was in the partnership with two other banks², the Ottoman held the Régie, also it is mentionable about the Ottoman bank that was established in London in 1850, but because its stock was not more than 500 thousand Lira, inevitably accepted to work with the French bankers in 1856. In 1865, the total stock reached hundred million Lire. The bank placed its center in Istanbul so that it could handle the wealth, production and income of Ottomans, like its partner, the Imperial Bank of Persia. The Ottoman bankruptcy, following the defeat of Russia in the wars of 1875-1876, paved the way for this exploitation. This means that the Ottoman government has inevitably solicited and become the debtor of the Europeans. The same thing exerted the Ottoman Bank an opportunity to take over the income of the country under the control of the United Kingdom and France by establishing

¹ .Refers to the paragraph 6 of the Erzurum II Treaty 1846, that had established customs regulations between the governments five percent.

² .Bleichoden Bank/Credit Anstald



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the Office of public loans. Thus, the Ottoman industry and agriculture, including the railways, the road and the tobacco Régie, got dependent on the West. Now with the purchase and sale of Ottoman tobacco, then the tobacco Cultivators should be allowed to grow, from an affiliate of the Ottoman bank. The Ottoman Régie faced challenge with the petty farmers and retailers and tried to promote only tobacco exports; also, the purchase and sale of tobacco were taken under the control of the Régie, however, it was argued that, if the tobacco remained in the warehouse for more than two years and was not sold, farmers would be entitled to request the sale of stores. Since the Ottoman government faced a financial crisis in 1875, the General lean Office even took away the control of tax on tobacco from the government. In this year of crisis (1875) the Ottoman government signed a new treaty for thirty years which would have to pay 40% of tobacco revenue to the lean office administration, 30% to the Régie, the Ottoman Bank, of what remained, 30% would be reached to the government, obviously, the new Statute influenced Iran's tobacco exports to the Ottoman Empire (Nateq, Homa, 1994, pp. 82-83)

Mirza Aqa Khan Kermani, in the Akhtar newspaper, 9 Rajab, 1308/20 January 1891, compared the Ottoman Régie with the Iranian Régie and he supported the Ottoman Statute and wrote: “The Ottoman government receives 700,000 Ottoman Lira annually from Tobacco Régie. One fifth was the benefit of the government... but the Tobacco going abroad is also free from the monopoly, that is, not only the farmers can export out and but also traders, even the government, considering the welfare of the farmer, does not receive customs from the product that goes abroad, so the farmer would be given carte blanche and would have propensity for planting and growing that product. (Akhtar Newspaper 8 Jamadi al-Thani, 1308, 12 January 1890)

Of course, the Akhtar authors considered the 1865 covenant, not the Régie 1875s and in other words, they were not aware of the content of the Régie with Ottoman government in the 1875s and the 750,000 Turkish liras that in the imagination of Akhtar, Should be given to the Ottoman Empire and the amount would be deposited with the Office of public loans, which the description is given, and it is possible that the Ottoman Empire Régie was like the Iran Régie. And the largest stock was in the hands of foreigners, which was like a multinational corporation. Ottoman Régie was named after the Ottoman Tobacco Company from 1883 onwards. In the cities, the Régie interrupted the traditional relationship between tobacco planters and shopkeeper and



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caused agricultural and economic crisis and replaced the employer itself (Nateq, Homa, 1994, p. 85). This was the benefit of the Ottoman Régie.

4. Contract of 1292 AH / 1875 Iran and Ottoman

In the same year of 1292 /1875, when the contract between the Régie and the Ottoman government was signed, with the signing of Ottoman Foreign Minister, Muhammad Rashid Efendi and Mirza Mohsen Khan Moin al-Mulk, who was the Iran's Minister Resident in that country. It is clear from the content of this treaty, that the Ottomans were involved in limiting the trade of Iranian tobacco companies and increasing customs duties. First, the import of Iranian salt and tobacco products were prohibited to the Ottoman countries, although some Ottoman provinces were tobacco exporters, but the people of that country were more accustomed to the Iranian tobacco; the cigarettes were still not favorite (Ibid, p.83)

The fact was that the pursuit of Régie establishment, Ottomans, in order to prevent damage, put a seventy-five customs for Iranian tobacco traders. In this way, "the Iranian merchants handed over the tobaccos completely to the customs office, being weighed there, capacities being weighed, after understanding its net weight, if the tobacco should be sold there, at one hundred and seventy-five customs duties should be paid, and the permission would be received whenever they wish to ship it to another place, have been gone to the customs office and delegate to a credible merchant and put an invoice, which have been in a certain period and suitable distance for the shipping, tobacco being brought there at the Customs Office at noon, the receipt of tobaccos shipment being signed and the tobaccos would be demanded, unless seventy five percent of customs would be paid." (Documentation Center and Diplomatic History of the Ministry of Foreign Affairs of Iran: of Salt and Tobacco Agreement between Iran Embassy and Ottoman representative, dated 21 Dhu'l-Qi'dah, 1292. AH. Carton 12, file 2) Tobacco that was sent to other Ottoman provinces (Serbia, Saudi Arabia, Egypt and Baghdad and Iraq) included the following: if the tariff won't be imposed "conclusion of the price in the Frequent cash price. (Ibid)

After a year since the contract was signed in 1293 AH / 1876 AD Haj Mohammad Bakir Aqa, Haj Rasoul Aqa and Karbala'i Aqa Baba who were respected and influential merchants in the Ottoman Empire started negotiations between the two Iranian and Ottoman governments and



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demanded ottoman government to set various prices for different tobacco varieties in Iran. It is clear that some of the tobacco merchant expectations were taken into the consideration between the two governments. In another case, a group of Iranian merchants reacted against the Ottoman government for raising tariffs in 1292 AH / 1875; Iranian merchants argued that the government should abolish these rights, because the large amount of tariffs will lead to losses and injustice. (BBA, AMKT MHM, 481/4) However, the Ottoman government replied that: "Baiye was a tax is a different tax from the customs tariff, which is only, should be paid by shopkeepers and retailers. »(Ibid) and in response to the protest of Iranian merchants and shopkeepers, the Ottoman Ministry of Finance closed Iranian merchants' shops that were resisting taxes. (Khan Malek Sassani, Ahmad, 1966, p. 203)

About the position of merchants and the government, two conclusions can be arrived: First, tobacco merchants not only imported goods from Iran, but also sold them in their shops in the Ottoman Empire; second, Iranian merchants in the possession of import networks, distribution and sales have been caused Iranian involving in the tobacco business being empowered politically and socially.

It can be inferred that the Ottoman government, by adopting such arrangements, not only sought to strengthen local tobacco farmers by prohibiting tobacco imports, but also to provide liquidity for the current expenses of the country through increased tobacco tariffs. The Iranian embassy objected to the implementation of the above-mentioned agreement, as different customs tariffs were imposed on the prices of various types of tobacco such as Isfahani, Kashani and Shirazi and it is implied that the difference in the quality of various types of tobacco could have led to an increase in taxes for poor people, but the Ottoman government completely denied the claims by the Iranian embassy (BBA, İHR 270/16235) The main purpose of the Ottoman government in such a debate was to equalize customs tariffs on Egyptian tobacco at the same rate of 75% as was practiced to some extent about Iranians, and the Egyptian government also decided to take a Qurush in any bag from the Ottoman exports to Egypt. (BBA, YARES 38 // 11)

5. The concession of Régie between Iranian and the Ottoman in 4th Rabi' al-awwal 1310 AH/ 26th September 1892 and its appendix to the date of 29th Shawwāl 1312 AH/25th April 1894.



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In Rajab 1307 AH / March 1890, on the third visit of Nasir al-Din Shah to Europe, the privilege of Iran's tobacco monopoly was sold to Major Gerald Talbot and according to that, all tobacco producers and owners of tobacco were obliged to sell all their tobacco to the Régie company. But the concession was being canceled by the Ulama, the merchants and the people protests, according to the issuance of the fatwa declaring the consumption of tobacco by Mirza Shirazi in 25th Jumada al-Thani 1309 AH/ 26th January 1892. (Azhand, Ya'qub, 1997, p. 7)

On Rajab the 6th, 1308 AH/ 15th February 1891, Talbot handed over the export license of Iran's tobacco through the Ottoman Bank to a multinational company called Societe de Tobac or Tobacco Company, in spite of the multinational nature of the company, the British played a major role in the company. The company was registered on 3th April, 1981 with a capital around five million francs in ten thousand shares and a price of each share was five hundred francs. Tobacco Company, with the assistance of the Bank and the Othman Régie, established branches in Istanbul and participated with the Ottoman Bank whose shareholders were French, German and English. The management of Tonbak Company in Iran was entrusted to Gomeberg. The plan was to buy Iranian tobacco and export to Ottoman Empire, and pledged importing Ottomans three million and 600 thousand tons annually (Nateq, Homa, 1373, pp. 79-89)

By cancelling the Régie concession in Iran, the Iranian government did not recognize the Tonbak Company and demanded to dismantle this company according to the subsidiary law of the original. On the 4th of April, 1892, 6th of Ramadan 1309 AH/ 4th April 1892, the company resumed its commercial operations in Ottoman Empire. (Raeisnia, Rahim, 1995, 385-486) and forbade Iranians from buying and selling the tobacco in the Ottoman Empire and forced them to pay customs (The Center for Documentation and Diplomacy History of the Ministry of Foreign Affairs OF Iran, Carton 11, Case 41, Document 2, 1308)

The Iranian government requested the Ottoman government to stop supporting the Tonbak Company. Even the government threatened to forbade tobacco export from Iran, In case of Tonbak Company support. The Ottoman government, of course, knew that the Iranian government would be more harmful, since Iran's highest export earnings were from tobacco export.



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The Ottoman government, supporting Tonbak Co., enacted the monopoly and closed the Iranian shops those were against the tobacco company in Istanbul and proposed the imported tobaccos to the Ottoman Empire after April 4, 1892 as the smuggling goods.

In fact after the cancellation of the Régie concession inside Iran and the activities of the Tonbak Company in Ottoman, the greatest damage was belonged to the Iran's tobacco traders in Istanbul. In Istanbul, about 500 merchants were trading tobacco; most of them lost their jobs. A group of these merchants, such as Mirza Habib Salmasi, Abdul Hussein Esfahani and Haj Mohammad Kozehkanani, acted as mediator between the Iranian Tonbak Company and the Iranian Tobacco traders and the other groups opposed any partnership with Tonbak Company and even left tobacco trade (Nateq, Homa, 1994, pp. 217-219) Instead of protecting Iranian tobacco traders in Istanbul Iran government finally signed a 25-year contract with Tonbak Co. on the 4th Rabi' al-awwal 1310 AH / 26th October, 1892, to compensate for the cancellation of the contract. (Feridoon, Adamiat, 1981, p. 322)

The conditions for this privilege were favorable to the Iranian government. According to the contract, all the companies' purchases in Iran should be gained by Iranian Muslim citizen and in the event of price equality; the company must prioritize Iranian merchants; the Iranian government pledged not to receive more than five percent of the customs tariff of tobacco from the company's lawyers who are exporting from Iran, during this period. Since the start of the twenty-five year period, the company will pay for this monopoly, according to the following details, to the Iranian government:

The first 3 years, annually 13500 English Lira, totally 40,500 English Lira.
The sixth year, annually 15000 English Lira, totally 90000 English Lira.
The sixteenth year, annually 20000 English Lira, totally 320000English Lira.



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Total 450500 English Lira

The date of the first installment was 6th Ramadan 1310 AH / 4th April 1389 and the money was paid every year in two installments from Istanbul or from London for every six months to six months to the company or to anyone whom the government of Iran handed over to. Half of the installment will be paid in the 4th of April each year, and the other half on the 4th October in the same year will be paid. (Selection of political documents of Iran and Ottoman 1271 AH 1313 AH, A 1991/3, 355-360)

The stimulant of the Iran government to enter into this contract was to compensate the debt of Régie by earnings entities of the company, moreover, to pacify the protesting the merchants and tobacco sellers, assumed the responsibility of the tobacco sale to local residents and traders, not the western authorities. The new contract, if had being applied, would have been in the interest of merchants because it did not matter to large tobacco merchants that they would sell their property to any government or institution out of the territory of Iran. It was important that they take the control of the sale out of the Régie market that was still in the business in Isfahan and to re-establish this long-term business into their advantage (Nateq, Homa, 1994, pp. 248-249)

Tonbak Company, unlike its commitment to buy all high quality, medium and poor tobacco, only bought high quality and exported goods which caused conflicts among traders, tobacco workers and Tonbak Company. Finally, the contention took place on 8th February 1894, two years after the cancellation of the Reggae, some Iranian merchants established the tobacco company of Iran, entitled "The General Business Association for the Promotion and Advancement of Food and Agriculture of Tobacco in Iran "with the capital of two million of qirans in Isfahan. But the choice of Isfahan as the company's center was due to that the Isfahan exportable tobacco was exported to Istanbul, and the other reason was that the regional delegates were purchasing in the city. Above all, they hoped that Aqa Najafi support, to protest against the government or the Régie (Ibid, p. 268)

The aforementioned association bought all Isfahan tobacco for sale at the same time for the Company. They also ordered farmers not to grow tobacco; compelling the Tonbak Company obtains its required Tobacco through the Tobacco Company of Iran (Ibid, P. 267)



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This matter raised the objection of Georges Zougheib, the director of the Tonbak Company, which was known as the Islambul Tobacco Association in Iran. By declaring the cancellation of contract, he asked the Iran government to compensate for damages and threatened the Iran government to refrain merchants from giving their production to the Company, so the Tonbak Company will avoid clearing the Iran government's debt. Nasser al-Din Shah, despite allowing the right to establish the tobacco company in Iran, himself, interdicted the company activity (Teimuri, Ibrahim, 1982, pp. 242-225)

As far as Nasir al-Din Shah even denied the establishment of company in Iran that: "Who is the Iranian company in Isfahan? Who gave this name...? Who have made such a mistake ... their father must be burned that have prevented the transportation of Islambul tobacco ... "(Ibid. 224) According to the contract of Tonbak Company with the Ottoman government and the obligation to carry tobacco to that country, the company could not cancel its contract and its threats were also for obtaining new privileges (The Center for Documentation and Diplomacy History of the Ministry of Foreign Affairs of Iran, Carton 32, file 8, Document 52 - 62)

The terms of the 1310 Agreement, which was in Iran's favor, was changed to the detriment of Iran by concluding its annex to the 29th Shawwāl 1312. On this date, Grant Jean, the representative of the Ottoman tobacco company, signed an attached contract with the Iran government, and the Iran government was obliged to grant tobacco to the tobacco community in the event of a monopoly on tobacco production in Iran. The association was also required to pay six thousands Lira of Ottoman to the Iran government at the beginning of each year, and for each kilogram of tobacco to be exported, ten pounds of gold will receive as customs duties and pay for each bag four Qirans as domestic tax (Ibid).

Despite the agreement about the supplement and the government's support from the Tonbak Company or the Islambul Association of Tobacco, the company had considered it to be unable to handle the problem and have the desired effect. The contract with the Iranian government did not work without the cooperation of tobacco traders, so two months before the death of Nasir al-Din Shah; they wanted Iranian merchants to be engaged in the purchase of tobacco in Iran and sale in Istanbul. (Nateq, Homa, 1994, p. 278) This process continued until the Constitutional Revolution, and the Ottoman tobacco company asked about the support of Iran government



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against the policy of national liberals who wanted to eliminate European's power or authority from Iran, but Isfahan merchants with cooperation of Aqa Najafi protested against the Company. In short, the company tried to take itself under the official protection of the French government and it turned out that the multinational company was registered in the name of an Ottoman company to prevent possible protests. The company pursued its business until the first world war, and only in the year 1913, 1,200,000 kg of tobacco was exported from Iran to Ottoman by the company and the company paid the Iranian government its annual installments of 25 years (Ibid, pp. 282-287), but after the First World War, the company's privilege was canceled and new arrangements were made.

Conclusion

By examining the trends in the Iran-Ottoman trade relations in the field of tobacco, we conclude that exports of this product were on the ascending order before the arrival of the British and European banks and companies involving in the tobacco trade of Iran and had monopoly on the tobacco imports in the Ottoman Empire. In addition to affecting the relations between Iran and the Ottomans, it reduced the flow of Iranian tobacco exports to the Ottoman Empire which shows the colonial role of the Tonbak multinational corporation in this regard. In fact, what the Tonbak Company did was to cope with the British and French European government' demands from the Ottoman state. With the establishment of the Office of public loans, a large portion of the revenues from distributing and selling tobacco throughout the Ottoman Empire was transferred to the Ottoman administration by the European governments, and what remained for the Ottomans was a very small sum. Following the cancellation of the Talbot contract, the Iranian government was only seeking a compensation for the cancellation of the contracts of 1310 AH/1892 and it's attached of 1312 AH/1894, while paying the least attention to the interests of Iranian merchants who had been trading for a number of consecutive years. The same ignorance of the Iranian governments and the Ottomans to the interests of the merchants and the colonial aspect of the Tonbak Company has led to the bankruptcy of a number of merchants, and even some of them have abandoned the trade. The devastating impact of trade agreements between Iran and the Ottoman Empire and the dominance of Tonbak Company on the distribution and sale of this product in the Ottoman Empire was most evident on Iranian tobacco merchants living



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in the Ottoman Empire, especially the Istanbul dealers, so that they could not survive the heavy taxes of the Tonbak Company and the Ottoman government, which were seeking to increase their profits in various ways. It was that in the early twentieth century, tobacco trade between Iran and the Ottomans was practically dwindling, and it departed from its golden ranks.

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