



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Required Report - public distribution

Date: 10/9/2007

GAIN Report Number: TU7060

Turkey

Tree Nuts

Annual

2007

Approved by:

Ralph Gifford, Agricultural Counselor
U.S. Embassy

Prepared by:

Unal Sarigedik, Agricultural Specialist

Report Highlights:

In MY 2007, Turkish production of both hazelnuts and pistachios was adversely affected by periodicity and abnormally hot and dry weather. Turkish hazelnut production in MY 2007 is currently forecast at 550,000 MT, down almost a third from MY 2006's record crop, and pistachio production is forecast at 40,000 MT, less than half the MY 2006 crop. In contrast, production of both walnuts and almonds in MY 2007 is forecast to increase, to 90,000 MT and 15,400 MT respectively. Turkey exported record quantities of hazelnuts in MY 2007 but revenues were lower than the year before. Hazelnut stocks remain very high, but liquidating these stocks may prove difficult for political and financial reasons.

Includes PSD Changes: No
Includes Trade Matrix: No
Annual Report
Ankara [TU1]
[TU]

Table of Contents

Executive Summary	3
Hazelnuts	4
Production.....	4
PSD Table for Hazelnuts.....	5
Consumption	6
Trade	7
Export Trade Matrix for Hazelnuts	7
Stocks	8
Policy.....	8
Marketing	8
Pistachios	8
Production.....	8
PSD Table for Pistachios	9
Consumption	10
Trade	10
Stocks	10
Policy.....	10
Marketing	10
Walnuts	10
Production.....	10
PSD Table for Walnuts.....	11
Consumption	11
Trade	12
Stocks	12
Policy.....	12
Marketing	12
Almonds	12
Production.....	12
Consumption	12
Trade	12
Stocks	13
PSD Table for Almonds.....	13
Policy.....	13
Marketing	13

Executive Summary

Turkish hazelnut production was somewhat affected by the severe drought conditions that covered much of the country in MY 2007; pistachio production was affected much more. More important, MY 2007 was also an "off" year in the biennial cycle for these two crops following MY 2006's record high production. As a result, MY 2007 hazelnut and pistachio production levels are estimated to be significantly lower than they were in MY 2006. On the other hand, forecast almond production is slightly higher and forecast walnut production significantly higher than in MY 2006. In MY 2007, Turkey is estimated to produce about 550,000 MT of hazelnuts (in shell), 40,000 MT of pistachios (in shell), 90,000 MT of walnuts (in shell), and 15,500 MT of almonds (shelled). Hazelnut and pistachio prices went up slightly as a result of smaller supply.

Although a severe drought affected most of Anatolia, weather conditions were nearly normal this year in the Black Sea Region hazelnut producing areas. As usual, early production estimates vary a great deal. Currently, estimates vary between 500,000 MT and 600,000 MT. FISKOBIRLIK, the national hazelnut cooperative, has not made any announcement of production estimates. The Ministry of Agriculture officially estimates production on the low side at 498,000 MT, private traders estimate on the upper side near 600,000 MT. FAS/Ankara is currently estimating production at 550,000 MT.

Compared to MY 2005's record high revenues of USD 1.9 billion, in MY 2006 Turkey exported larger quantities of hazelnuts (almost 500,000 MT in shell), but earned less revenue (USD 1.3 billion). Turkey is expected to export smaller quantities in MY 2007, as a result of lower supply. Average export prices for whole roasted kernels at the start of MY 2007 were about USD 7,000/MT, compared to USD 5,500/MT during the same period in MY 2006 and USD 12,000 per MT in MY 2005. Export prices in MY 2007 are also expected to stay near these levels or even slightly higher, considering reduced supplies due to lower production.

Once again the Turkish Grain Board (TMO) was ordered by the government to procure hazelnuts for MY 2007. Because of the July 22 general election, the government announced the procurement price earlier than usual. TMO procurement prices for hazelnuts in MY 2007 were about 25 percent higher than they were in MY 2006 due somewhat to lower production but more likely due to the general election. FISKOBIRLIK has not announced and will not announce any procurement price for hazelnuts in MY 2007. Instead, TMO and FISKOBIRLIK have signed a protocol that the later agency would procure hazelnuts at the same prices as announced by TMO and then resell to TMO. TMO (and FISKOBIRLIK) are expected to procure lower quantities in MY 2007 due to lower production.

After record high production in MY 2006, MY 2007 pistachio production was adversely affected by hot and dry weather during the growing season. MY 2007 also was an "off" year for pistachio production. Guneydogu Birlik (Southeast Association), the national pistachio cooperative, is not expected to procure any pistachios this marketing year because of shorter supply and higher prices.

Both production and consumption of walnuts are increasing. Production is increasing due to good prices for high quality domestic nuts. At the same time, consumption is growing given the availability of inexpensive imports, this including some from California.

Almonds are not considered an important commercial crop in Turkey. The United States has increased its exports and is, by far, the major supplier of almonds (about 85-90 percent) to Turkey, shipping both shelled and inshell almonds.

There is a 43.2 percent duty on the CIF value of all types of inshell and shelled tree nut imports. The duty is 58.5 percent on processed tree nut products. The current exchange rate is about USD 1.00 = YTL 1.20 compared to YTL 1.50 a year ago.

HAZELNUTS

Production

Turkey is the world's leading hazelnut producer, accounting for about 75 percent of the world's supply. Although it has been grown in more than 30 provinces, hazelnut production is primarily concentrated along Turkey's Black Sea coast, extending about 25 kilometers inland. The region is divided into three distinct growing areas: (1) the hilly region from Ordu to Trabzon, centered around Giresun, which in a normal year produces about 55 percent of the crop, (2) the flatter, mixed farming region west of Ordu to Samsun, which produces about 15 percent of the crop, and (3) the area west of Samsun, which produces the remaining 30 percent. Hazelnuts require relatively little effort to cultivate and therefore inputs are low. Harvesting takes place during several weeks in August and September.

Hazelnut production in MY 2007 is estimated significantly lower than it was in MY 2006. There are two reasons: (1) record production in MY 2006 and (2) an "off year" in the production cycle. Estimates of hazelnut production in MY 2007 vary considerably at this point. Provincial Agricultural Directorates estimate the production at about 500,000 MT while traders' estimates are about 600,000 MT. FAS Ankara currently estimates the production at 550,000 MT. Of this total, middle and eastern regions are estimated to produce around 330,000-350,000 MT while western regions are estimated around 200,000-220,000 MT.

Turkey's hazelnut production capacity has increased in recent years and considered it could even reach to 900,000 MT during the next decade if more plantings continue. It takes seven to ten years for hazelnut orchards to produce at full capacity. MY 2006 production estimates were revised to 800,000 MT due to nearly perfect growing conditions in all growing regions.

Turkey produces three types of hazelnuts: Giresun, Levant, and Akcakoca. Giresun hazelnuts (round shape) are reputed to be the highest quality and have the best taste because of their higher oil content. Giresun hazelnuts are used generally in snack foods while Levant hazelnuts are sold as whole kernels or processed. As a rule, Giresun hazelnuts demand a five percent premium over Levant varieties. Akcakoca hazelnuts are processed into paste.

Nut quality is determined by type, oil and moisture content, and the number of broken/shrunken kernels. Kernel size and moisture content are also measures of quality. Standard #1 is 13-15 mm, Standard #2 is 11-13 mm, and Standard #3 is 9-11 mm. Early estimates in MY 2007 are indicating that about 45 percent of the crop is standard #1, about 40 percent is standard #2 and the remaining 15 percent is standard #3 sizes. These standards change slightly in the middle and eastern (45 percent, 45 percent and 10 percent respectively) and western regions (45 percent, 35 percent and 20 percent). Kernel yields, in shell to shelled conversion, are estimated to be much higher in MY 2007 than in MY 2006. The average kernel yield is estimated around 51 – 52 percent in MY 2007 compared to last year's average around 48 percent. These yields are estimated relatively higher in the middle and eastern regions than the western regions. Industry sources state that the situation will be clearer after completion of the harvest.

The Turkish government announced hazelnut procurement prices prior to the harvest this year. This is most unusual and presumably was done to curry favor with producers before the July 22 general election. This announcement usually is made after mid August, but this year the Minister of Agriculture announced hazelnut procurement prices on July 10. Once

again, because of the 2006 financial collapse of FISKOBIRLIK, TMO was delegated to procure hazelnuts this year.

PSD Table for Hazelnuts

Turkey Filberts, Inshell Basis										
	USDA Official	Revised Post Estimate	Post Estimate New	2006 USDA Official	Estimate Post Estimate	Post Estimate New	2007 USDA Official	Forecast Post Estimate	Post Estimate New	UOM
Mrkt Year Beg.		09/2005	09/2005		09/2006	09/2006		09/2007	09/2007	MM/ YYYY
Area Planted	0	0	0	0	0	0	0	0	0	HA
Area Harvested	0	0	0	0	0	0	0	0	0	HA
Bearing Trees	300000	320000	300000	310000	330000	310000	0	330000	330000	1000 TREE
Non- Bearing Trees	20000	20000	20000	18000	18000	20000	0	18000	18000	1000 TREE
Total Trees	320000	340000	320000	328000	348000	330000	0	348000	348000	1000 TREE
Beginning Stocks	15000	15000	15000	80000	80000	80000	150000	200000	300000	MT
Production	525000	615000	600000	600000	700000	800000	0	600000	550000	MT
Imports	0	0	0	0	0	0	0	0	0	MT
Total Supply	540000	630000	615000	680000	780000	880000	150000	800000	850000	MT
Exports	400000	480000	480000	450000	500000	500000	0	500000	450000	MT
Domestic Consump.	60000	70000	55000	80000	80000	80000	0	80000	80000	MT
Ending Stocks	80000	80000	80000	150000	200000	300000	0	220000	320000	MT
Total Distribut.	540000	630000	615000	680000	780000	880000	0	800000	850000	MT

The Agriculture Ministry of announced that TMO will pay YTL 5.15 (or about USD 4.00) per kilogram for Giresun type, YTL 5.00 (or about USD 3.90) per kilogram of Levant type, and YTL 4.75 (or about USD 3.70) per kilogram of pointed and other hazelnuts. These are gross prices in shell with 50 percent shelling rate and were good through September. TMO will pay additional YTL 0.05 per kilogram every month starting from October through January. Most of the production is Levant type (about 75 percent in a normal year) and producers receive about YTL 4.55 from the announced price of YTL 5.00 for this type. TMO purchases by appointment to ensure smooth marketing, and pays half of the value at the sale and the other half 15 days after.

As of September 19, 2007, TMO had provided appointments to 41,883 growers who offered 100,024 MT to sell. TMO had bought 34,358 MT, and had paid YTL 77.6 million. The average price paid for its procurements so far is YTL 5.05 per kilogram. Traders are procuring hazelnuts currently at a price around YTL 4.20 per kilogram. Traders claim that this is slightly lower than the TMO price because of fewer deductions. TMO is expected to procure lower quantities in MY 2007 due to lower production. However, TMO officials claim they have no financial problems procuring hazelnuts this year because of lower grain production and procurement. TMO procured about 163,000 MT last year.

Due to its debt (estimated at about YTL 130 million), FISKOBIRLIK, a State Economic Enterprise (SEE), did not announce any procurement price, but is buying some small quantities from producers at the same prices to sell to TMO. FISKOBIRLIK is paying the producers when it receives money from TMO, but slightly lower due to its handling fees. FISKOBIRLIK procured only 800 MT, which was included in TMO's total procurement quantity.

Procurement prices for MY 2006 crops were announced by TMO as YTL 4.00/kg for Giresun type, YTL 3.80/kg for Levant type, and YTL 3.68/kg for pointed and other types. FISKOBIRLIK announced higher prices in MY 2006 as YTL 5.00/kg for all types, but was not able to pay its debt to producers. FISKOBIRLIK had announced even higher prices in MY 2005 as YTL 7.45 (or about USD 5.50)/kg for Giresun type, YTL 7.05 (or about USD 5.20)/kg for Levant type, and YTL 6.90 (or about USD 5.10)/kg for pointed and other types. [Note: all these prices are gross prices for in shell hazelnuts for 50 percent shelling rate.]

Aflatoxin is a major industry concern. The challenge for hazelnuts and other crops is meeting limits set by the European Union, which are only 2 ppm. The Hazelnut Promotion Group (HPG) is financing Aflatoxin research on Turkish hazelnuts. The HPG, with representatives from the Black Sea and the Istanbul Exporters Union and officials from the Foreign Trade Undersecretariat, is responsible for domestic and foreign promotion as well as research and development. Exporters finance HPG activities with funds from sales. Major hazelnut exporters also set up their own laboratories to avoid the Aflatoxin problem. The Turkish government started testing all exports and providing export health certificates in 2001. Due to changes in harvesting, there were no serious problems reported since MY 2003. The Aflatoxin problem is also closely related to the production level and the percent of lower grades.

Hazelnut production is the single most important industry in the Black Sea region. The total number of registered growers is about 600,000. There is no systematic crop-survey system. Most Eastern producers grow hazelnuts on 1 or 2 Ha land and use sales to supplement other income. There are only a few large growers who harvest 10 MT or more annually. On the other hand, most Central and Western farmers have 10 to 15 hectare orchards. Hazelnut yields vary between 700 and 1,500 kilograms per hectare depending upon location and fertility of the land. Yields are lower on hillsides and higher in the valleys. Yields are also dependent on the age of the trees, which tend to be older with a lower yield in the Eastern Black Sea Regions.

Consumption

Hazelnuts are a popular snack food in Turkey and most are consumed as whole nuts; however, Turkey consumes only 10 – 15 percent of its domestic production. Consumption in MY 2007 is projected to be about the same level as it was in MY 2006, unless it is decided to crush stocks from previous years for oil. FISKOBIRLIK had crushed older crops for oil, which was added on to consumption. FISKOBIRLIK has not had any stocks to crush for oil since MY 2004.

Processors and traders purchase most hazelnuts. Although there are approximately 350 processors/traders in Turkey, the five largest account for more than 40 percent of consumption. Vertical integration is negligible. There are approximately 170 hazelnut shellers in Turkey with a total capacity of 1.25 MMT (in shell), while the 20 largest processors have a total capacity of 300,000 MT (in shell). Most hazelnuts are exported or processed for exports.

The current retail price for shelled roasted hazelnuts in Ankara is about YTL 19 (about USD 16) per kilogram, which was about YTL 18 (about USD 12) per kilogram last year and YTL 25.00 (about USD 18.75) per kilogram two years ago. The rate of inflation in the last twelve months is about 10 percent.

Trade

Hazelnuts are one of Turkey's traditional export items. In recent years (MY 2003-MY 2005), Turkey exported smaller quantities but earned more revenues due to record high prices. Turkish hazelnut export revenues, which had been much less than USD 1.0 billion in a normal year, reached about USD 1.5 billion in MY 2004 and USD 1.9 billion in MY 2005. This situation, however, was changed again in MY 2006 and revenues dropt to about USD 1.3 billion.

Official trade data for hazelnuts is not available. According to the data received from the Black Sea Exporters Union, Turkey exported a total of about 500,000 MT of in shell hazelnuts and received about USD 1.26 billion revenues during the MY 2006 (September 2006-August 2007) in MY 2006. Exported quantity in MY 2006 is larger than they were in previous two years, but revenue in MY 2006 was lower then those years. During the first three weeks in MY 2007, Turkey exported 15,818 MT and received revenues of about USD 110 million. These numbers were 16,050 MT and USD 76 million in MY 2006 and 28,341 MT and about USD 269 million in MY 2005, respectively. Average export prices were about USD 6.98 per kilogram during the first three weeks in MY 2007 compared to USD 4.75 per kilogram in MY 2006 and USD 9.49 a kilogram in MY 2005 during the same period.

Export Trade Matrix for Hazelnuts

Turkey Filberts, Inshell Basis			
Time Period	Sep. - Aug.	Units:	Metric Tons
Exports for:	2006		2007
U.S.	9535	U.S.	
Others		Others	
Italy	132586		
Germany	119022		
France	43311		
Belgium	23856		
Switzerland	20102		
Netherlands	18242		
Russia	16059		
Poland	14126		
Austria	14518		
United Kingdom	11783		
Total for			
Others	413605		0
Others not			
Listed	74128		
Grand Total	497268		0

Turkish traders are projecting lower export quantities in MY 2007 due to lower supply and higher prices.

The European Union has always been the major market for Turkish hazelnuts. Shipping by trucks on a CIF basis has become more popular in recent years with most sales made to traders. About seventy percent of Turkey's hazelnut exports are raw kernels and the remaining are processed, including roasted, sliced, chopped, paste, meal, and flour. Very

few hazelnuts are exported as finished consumer confectionary items. The trend, however, is to move from raw kernel exports to processed and finished products for added value. In addition to a shift in the export product mix, Turkey is also hoping to expand its market presence in the Far East, Former Soviet Union, and the United States. Industry representatives in Turkey closely monitor other markets, including the U.S. hazelnut and almond industries.

The Export Trade Matrix for hazelnuts represents unofficial data received from the Black Sea Exporters Union.

Stocks

Turkey carried about 300,000 MT of stocks in to MY 2007. Of this total, 162,000 MT were in TMO stocks from last year, 86,000 MT at FISKOBIRLIK stocks (about 44,000 MT were from MY 2006 and about 42,000 MT from earlier years), and the remaining part (about 52,000 MT) was estimated to be in traders and producers stocks. This level is much higher than the previous several years. Carry over stocks in to MY 2006 were about 80,000 MT. It is not clear at this point what FISKOBIRLIK or TMO will do with their enormous stocks. It is possible that earlier years' stocks may be crushed for oil. Carryover stocks at the end of MY 2006 are estimated to be slightly larger than last year's. TMO dares not release too many stocks for fear of driving down the market price and angering producers, but at the same time prices are unlikely to rise as long as the trade knows the stocks exist.

Policy

Turkish Grain Board (TMO) was assigned by the government for the first time to procure hazelnuts in MY 2006. This was the result of conflict in between the government and FISKOBIRLIK. TMO procured about 163,000 MT of hazelnuts and FISKOBIRLIK procured additional about 44,000 MT in MY 2006. TMO was reassigned to procure hazelnuts in MY 2007. TMO procured about 63,000 MT so far and expected to procure a total of 100,000 MT. FISKOBIRLIK is also procuring, but much smaller quantities, and selling to TMO due to its debts a total of YTL 130 million.

Marketing

Turkey concentrates its market promotion efforts mainly in the Far East, especially in Japan and China, and in the United States while planning to start similar promotional efforts in India and Russia. Turkey is making additional efforts to shift its export product mix to processed products as well. Most exporters are represented by the Turkish Exporters' Union operating under the Foreign Trade Undersecretariat. Members of the exporters' union are mostly private traders and provide operating capital. There are two hazelnut exporter unions; the largest one is the Black Sea Exporters Union, which is located in Giresun, and the other one is in Istanbul.

PISTACHIOS

Production

Due to being in an off year and drought, pistachio production is estimated to be significantly lower in MY 2007 not only because it is a cyclical off year but also because of excessive hot and dry weather. MY 2007 production estimates vary a lot at this point. Ministry of Agriculture officials estimate the crop around 45,000–50,000 MT while traders estimate it around 30,000–35,000 MT. FAS Ankara Office is currently estimating the pistachio production at 40,000 MT at the beginning of the marketing year.

In addition to the reduction in production, the extreme heat caused higher percentages of empty fruits and early maturity. About 60 percent of pistachios were harvested early because of early maturity and also because Ramadan began in mid-September, since farmers

did not want to harvest during the Ramadan. In general, some pistachios are harvested early while they were still green to be consumed in making pastry, especially to make baklava, the classic Turkish dessert.

PSD Table for Pistachios

Turkey Pistachios, Inshell Basis										
	USDA Official	Revised Post Estimate	Post Estimate New	2006 USDA Official	Estimate Post Estimate	Post Estimate New	2007 USDA Official	Forecast Post Estimate	Post Estimate New	UOM
Market Year Begin		10/2005	10/2005		10/2006	10/2006		10/2007	10/2007	MM/ YYYY
Area Planted	0	0	0	0	0	0	0	0	0	HA
Area Harvested	0	0	0	0	0	0	0	0	0	HA
Bearing Trees	27000	27000	27000	27500	27500	27500	0	0	28000	1000 TREE
Non- Bearing Trees	16000	16000	16000	16000	16000	16000	0	0	15000	1000 TREE
Total Trees	43000	43000	43000	43500	43500	43500	0	0	43000	1000 TREE
Beginning Stocks	25000	25000	25000	18000	18000	18000	63000	63000	58000	MT
Production	40000	40000	40000	100000	100000	100000	0	0	40000	MT
Imports	0	0	0	0	0	0	0	0	0	MT
Total Supply	65000	65000	65000	118000	118000	118000	63000	63000	98000	MT
Exports	4000	4000	4000	5000	5000	5700	0	0	5000	MT
Domestic Consump.	43000	43000	43000	50000	50000	54300	0	0	55000	MT
Ending Stocks	18000	18000	18000	63000	63000	58000	0	0	38000	MT
Total Distribut.	65000	65000	65000	118000	118000	118000	0	0	98000	MT

GUNEYDOGUBIRLIK, the sales cooperative that procures pistachios along with other crops such as red lentils and red peppers, procured a total of 2,300 MT of pistachios in MY 2006 and paid an average price of YTL 5.80 per kilogram for dried soft red skin pistachios. GUNEYDOGUBIRLIK procured pistachios from the commodity exchanges at on going prices. Since it could not arrange financing until late in the season, GUNEYDOGUBIRLIK was unable to enter the market until December and thus was unable to regulate the market. GUNEYDOGUBIRLIK is not expected to procure any pistachios in MY 2007 since supply is lower and prices are expected to be sufficient since they are already around YTL 6.00 per kilogram of dried soft red skins.

Pistachio production is highly cyclical and yields vary a great deal between regions and orchards. Pistachios are mainly produced in the Southeastern Anatolia Region and the number of plantations continues to increase in this area, as pistachios are replacing olive trees in the rain-fed areas. For instance, Sanliurfa province now has about twice as many trees as its neighboring province of Gaziantep, the traditional growing area. Turkish Gaziantep pistachios are thinner and smaller than Iranian pistachios. Siirt pistachios, about

15 percent of the total production, are similar to Iranian pistachios and their shapes are somewhere in between Gaziantep and Iranian pistachios. Furthermore the Siirt type yields are not only higher but fluctuate less compared to Gaziantep type. On the other hand, the percentage of damaged fruits due to hot weather is high. In Turkey, size is directly related to quality: 90 nuts or less per 100 grams is considered first quality, 90-100 nuts are second quality, 100-120 nuts are third quality, and more than 120 nuts are fourth quality.

Consumption

Pistachios are widely used as a snack food and in producing confectionary products, especially in desserts and bakery products. Most of the crop is consumed domestically and consumption varies considerably from year to year according to availability. Currently, the retail price for first qualities roasted in shell pistachios, both Gaziantep and Siirt, are about YTL 20 (or about USD 16.50) per kilogram in Ankara. Normally Siirt pistachios are about 15 percent cheaper than Gaziantep pistachios in the market, however, Siirt pistachio prices caught up with Gaziantep pistachios this year because of a shortage in Siirt pistachio production. This was because the Siirt pistachios were more affected by the hot weather than Gaziantep pistachios during the growing season.

Trade

Turkey exports only a small proportion of its production. Primary destinations are the European Union countries and the United States. Detailed official trade data is not available for pistachios. According to the Southeastern Anatolia Exporters Union data, Turkey exported 5,697 MT in MY 2006. It is estimated that Turkey will export smaller quantities in MY 2007 due to lower supply. In MY 2006, the average export price of in shell pistachios was USD 11,281 per MT compared to 11,570 in MY 2005.

Stocks

Pistachio stocks vary considerably from year to year depending on supply. There were large carry over stocks going into MY 2007 due to record high production in MY 2006. Turkey is forecast to carry smaller stocks into MY 2008 due to estimated lower production in MY 2007.

Policy

The government stopped direct support to pistachio farmers several years ago. In recent years the sales cooperative GUNEYDOGUBIRLIK was announcing procurement prices only when there was large crop and financing available. GUNEYDOGUBIRLIK procured only about 2,300 MT in MY 2006 and about 800 MT of pistachios in MY 2005 directly from the commodity exchanges. GUNEYDOGUBIRLIK is not expected to procure any pistachios in MY 2007.

There is no subsidy, tax or other restrictions on pistachio exports. In 2007, importers pay a 43.2 percent duty on the CIF value for pistachios and 58.5 percent duty on processed pistachios; neither tariff has changed in recent years.

Marketing

GUNEYDOGUBIRLIK, which is located in Gaziantep Province, is the only sales cooperative union for pistachios. This sales cooperative follows domestic and foreign trade issues, provides information, conducts market research, and sponsors promotional events. Most of the domestic trade and exports, however, are made by private traders.

WALNUTS

Production

Walnut production has been increasing gradually due to more orchards and better varieties. MY 2006 tree numbers were revised according to unpublished data from the Turkish

Statistics Corporation (TUIK), formerly known as the State Institute of Statistics (SIS). The lack of a systematic crop survey makes it difficult to accurately estimate the crop. MY 2007 walnut production is estimated significantly higher at this point compared to the revised estimate of MY 2006 crop. MY 2006 production was revised downward according to the unpublished TUIK data. PSD production data is in shell basis at a conversion factor of 1:2.5.

Walnuts grow throughout the country. Increased demand and good prices have encouraged walnut cultivation in recent years. Yalova Horticulture Research Institute, which is located in Yalova in the Marmara Region, is the leading walnut research facility in Turkey. Several private companies have begun commercial production of improved varieties, which have been developed by this Research Institute.

PSD Table for Walnuts

Turkey Walnuts, Inshell Basis										
	2005	Revised		2006	Estimate		2007	Forecast		UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		09/2005	09/2005		09/2006	09/2006		09/2007	09/2007	MM/ YYYY
Area Planted	0	0	0	0	0	0	0	0	0	HA
Area Harvested	0	0	0	0	0	0	0	0	0	HA
Bearing Trees	4535	4200	4535	4600	4300	4595	0	0	4700	1000 TREE
Non-Bearing Trees	2245	2200	2245	2200	2200	2353	0	0	2400	1000 TREE
Total Trees	6780	6400	6780	6800	6500	6948	0	0	7100	1000 TREE
Beginning Stocks	9000	20000	9000	18000	18000	18000	14500	18000	14400	MT
Production	75000	73000	75000	75000	75000	65000	0	0	90000	MT
Imports	23000	15000	23000	22000	15000	30000	0	0	18000	MT
Total Supply	107000	108000	107000	115000	108000	113000	14500	18000	122400	MT
Exports	500	500	500	500	500	600	0	0	1000	MT
Domestic Consump.	88500	89500	88500	100000	89500	98000	0	0	105000	MT
Ending Stocks	18000	18000	18000	14500	18000	14400	0	0	16400	MT
Total Distribut.	107000	108000	107000	115000	108000	113000	0	0	122400	MT

Consumption

Walnut consumption has increased significantly in recent years. Per capita consumption, which was estimated earlier as 1.0 kilogram, is now estimated about 1.5 kilograms, because of the health reasons and availability of inexpensive imported walnuts. The low exchange rate of the USD against the Turkish Lira has also contributed to larger imports. It is estimated that about half of the domestic production is used for home consumption and the remainder is marketed commercially. Walnuts are consumed both as nuts and also used in confectionary production. Retail prices of shelled walnuts vary a lot because of big quality differences. A kilogram of top quality domestically grown shelled walnut is sold at YTL 35 (or about USD 29) per kilogram compared to YTL 30 (or about USD 20) per kilogram a year ago.

Lower quality walnuts may be bought as low as YTL 15.00 (or about USD 12.50) per kilogram in retail stores in Ankara.

Trade

Walnut trade is conducted primarily with neighboring countries. Imports are made primarily from neighboring and Central Asian countries and exports are primarily to Middle Eastern and European countries. According to TUIK data, Turkey imported a total of about 31,000 MT and exported about 660 MT of walnuts in CY 2006. Official import data by origin is not available, but U.S. export data shows record exports of U.S. walnuts to Turkey in MY 2006 at 2,979 MT, all inshell. MY 2007 U.S. exports were 5 percent lower at 2,776 MT.

Stocks

Walnut stock data are not available. Stocks will vary a great deal due to supply and demand.

Policy

Walnuts are not considered an important commercial crop and receive no government support. There are no producer associations or marketing cooperatives for walnuts in Turkey.

Marketing

Walnuts are not considered an important commercial crop and receive no government support. There are no producer associations or marketing cooperatives for walnuts in Turkey.

There is no subsidy, tax or other restriction on walnut exports. In 2006, importers pay a 43.2 percent duty on the CIF value for walnuts and 58.5 percent duty on processed walnuts, both of which have not been changed in recent years.

Almonds

Production

Almonds were considered a minor crop and were not cultivated as a commercial crop in Turkey until recently. However, the situation has changed in recent years due to higher prices. As a result, local varieties have been improved through selection. The production forecast for MY 2007 is slightly higher than a year before due primarily to crop periodicity. Even though almonds are grown in most parts of the country, commercial production is concentrated in the Aegean, Marmara, and Mediterranean Regions. PSD production estimates are based on shelled basis at a conversion factor of 1:3.

Consumption

Almonds are generally consumed whole as a snack food and only limited amounts are used in confectionary products. The retail price of shelled roasted sweet almonds in Ankara is about YTL 35 (or about USD 29)/kg for the Datca variety and YTL 30 (or about USD 25)/kg for imported U.S. varieties. These prices were about YTL 40.00 (or about USD 27/kg of the local Datca variety and YTL 35.00 (or about USD 23.50) /kg of imported U.S. quality almonds a year ago.

Trade

Nearly 90 percent of Turkey's almond imports come from the United States. The few exports go to the EU and Middle Eastern countries. According to TUIK data, Turkey imported a total of 1,540 MT and exported 630 MT of almonds in CY 2006. These quantities are far smaller than in official U.S. export data, which reports CY 2006 U.S. exports to Turkey as 3,445 MT of inshell and 1,370 MT of shelled almonds. On a marketing year basis, MY 2007 U.S. exports were a record 3,069 MT of inshell and 1,497 MT of shelled almonds. One possible explanation is that U.S. almonds are entering the of the Mersin Free Trade Zone (FTZ), and from there shipped to other destinations. The Mersin FTZ serves as a port of entry for many products destined for northern Iraq.

Stocks

Data on almond stocks are not available. Stocks vary a great deal due to supply and demand.

PSD Table for Almonds

Turkey Almonds, Shelled Basis										
	2005	Revised		2006	Estimate		2007	Forecast		UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		09/2005	09/2005		09/2006	09/2006		09/2007	09/2007	MM/ YYYY
Area Planted	0	0	0	0	0	0	0	0	0	HA
Area Harvested	0	0	0	0	0	0	0	0	0	HA
Bearing Trees	3400	3450	3400	3400	3400	3300	0	0	3300	1000 TREE
Non-Bearing Trees	550	500	550	500	500	600	0	0	600	1000 TREE
Total Trees	3950	3950	3950	3900	3900	3900	0	0	3900	1000 TREE
Beginning Stocks	1500	1500	1500	2000	1500	2000	2000	1500	2300	MT
Production	15000	13700	15000	14000	13700	14400	0	0	15500	MT
Imports	1500	2000	1500	1500	2000	1500	0	0	1200	MT
Total Supply	18000	17200	18000	17500	17200	17900	2000	1500	19000	MT
Exports	600	500	600	500	500	600	0	0	700	MT
Domestic Consump.	15400	15200	15400	15000	15200	15000	0	0	16000	MT
Ending Stocks	2000	1500	2000	2000	1500	2300	0	0	2300	MT
Total Distribut.	18000	17200	18000	17500	17200	17900	0	0	19000	MT

Policy

Almonds do not receive government support since they are not considered an important commercial crop. There are no producer associations or marketing cooperatives.

There is no subsidy, tax or other restrictions on almond exports. In 2007, importers pay a 43.2 percent duty on the CIF value for almonds and 58.5 percent duty on processed almonds, both of which have not been changed in recent years.

Marketing

Almonds are not considered an important commercial crop and receive no government support. There are no producer associations or marketing cooperatives for almonds in Turkey.

There is no subsidy, tax or other restrictions on almond exports. In 2006, importers pay a 43.2 percent duty on the CIF value for almonds and 58.5 percent duty on processed almonds; neither tariff has changed in recent years.

