



USDA Foreign Agricultural Service

# GAIN Report

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## Syria

## Tree Nuts

## Annual Report

## 2008

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**Report Highlights:**

Pistachio production is increasing in Syria. The 2008 crop is estimated at 60,000 tons. The 2008 crop suffered from drought. Imports of inshell pistachios were permitted in June 2008. Syrian pistachio production is forecast to continue gradually increasing as pistachio trees mature. However, drought, abnormal weather conditions, and the biennial bearing pattern of pistachio trees may affect crop size.

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Includes PSD Changes: Yes  
Includes Trade Matrix: Yes  
Annual Report  
Cairo [EG1]  
[SY]

## Executive Summary

Pistachio production is increasing in Syria due to the maturing of planted trees that are still fairly young. Drought was the main problem for pistachio orchards, which are mainly grown under rainfed conditions. Above average temperatures that prevailed in late June 2008 may have a negative impact on the crop size, but the exact effect is not yet evident. Prices for locally produced green pistachios went up at the beginning of the 2008 harvest season but are forecast to go back to normal as the peak production season is in, around the middle of September. Prices for shelled pistachios are increasing mainly due to inflation. Arabic sweets prices have increased due to the increase in prices of ingredients, mainly flour, butter, ghee, and pistachios. Syria exports green pistachios during the production season and imports shelled pistachios. In June 2008, imports of inshell pistachios were permitted for the first time in many years.

## Production

Pistachios, Inshell Basis Syria	2006			2007			2008		
	2006/2007			2007/2008			2008/2009		
	Market Year Begin: Aug 2006			Market Year Begin: Aug 2007			Market Year Begin: Aug 2008		
	Annual Data		New Post	Annual Data Displayed		New Post	Annual Data Displayed		Jan
	Official	Post	Data	Official	Post	Data	Official	Post	Data
Area Planted	57000	57000	57000	57000	0	57000			57000
Area Harvested	53000	53000	53000	54000	0	53000			54000
Bearing Trees	6500	6500	6500	70000	0	6500			7000
Non-Bearing Trees	3100	3100	3500	2600	0	3500			3000
Total Trees	9600	9600	10000	72600	0	10000			10000
Beginning Stocks	1784	1784	1784	6784	6784	3784			3784
Production	65000	65000	52000	70000	0	60000			70000
Imports	5000	5000	5000	5000	0	5000			7000
Total Supply	71784	71784	58784	81784	6784	68784			80784
Exports	20000	20000	20000	20000	0	20000			25000
Domestic Consumption	45000	45000	35000	47000	0	45000			52000
Ending Stocks	6784	6784	3784	14784	0	3784			3784
Total Distribution	71784	71784	58784	81784	0	68784			80784

Pistachios are grown in Syria under rainfed conditions. According to the Pistachio Office, there is a total of 10 million trees planted on 57,000 hectares. In 2008, the number of fruit-bearing trees is estimated at about 6.5 million, and the crop is forecast at 60,000 tons. No major incidence of pests or diseases was reported in 2008. Drought slightly affected the 2008 crop size. Pesticides are rarely used in pistachio orchards. The use of commercial fertilizer is not common and growth regulators are not used. Organic matter is generally used at planting time.

Pistachios are grown in areas unsuitable for most other crops and are, in many places, co-planted with figs, olives, and grape vines. The majority of the trees in Syria are still young and have not reached the economic fruit-bearing stage. The average yield per tree increases with the age of the tree. The Ministry of Agriculture and Agrarian Reform encourages pistachio production by selling seedlings at nominal prices. Olive tree planting competes with pistachios in newly reclaimed areas. With the increase in demand for olives and olive oil, farmers prefer to plant newly reclaimed land to olives instead of pistachios because olives are more profitable to grow. Accordingly, planted areas are not increasing, as was the case

for many years. The 2007 crop is estimated by the Pistachio Office at 52,000 MT of inshell pistachios. During the production season in 2007, farm-gate prices were about 70 SP (USD 1.52) per kilogram of green pistachios. Prices in 2008 are higher but are forecast to go down to the 2007 crop level as the peak harvest season approaches around the middle of September.

### Consumption

A significant part of the pistachio crop is consumed green in Syria. The harvesting season begins in August. Wholesale prices of pistachios that are mainly used for the production of sweets and local ice cream range from approximately 675 SP (USD 14.67) to 800 SP (USD 17.39) per kilogram for shelled pistachios of the first grade varieties that are green in color and that are used mainly for the production of ice cream. No U.S. pistachios are currently present in the Syrian market. Prices of Arabic sweets that are made from pistachios have increased due to the increase in the cost of the ingredients and due to the high inflation the country is suffering from.

### Trade

<b>Export Trade Matrix Syria Pistachios, Inshell Basis</b>			
<b>Time period:</b>	<b>CY</b>	<b>Units</b>	<b>Metric Tons</b>
Exports for	2007		2008
U.S.	0	U.S.	0
Others		Others	
Lebanon	6000	Lebanon	6000
Jordan	5000	Jordan	5000
<b>Total for Others</b>	11000		11000
<b>Others not Listed</b>	9000		9000
<b>Grand Total</b>	20000		20000

<b>Import Trade Matrix Syria Pistachios, Inshell Basis</b>			
<b>Time period:</b>	<b>CY</b>	<b>Units</b>	<b>Metric Tons</b>
<b>Imports for</b>	<b>2007</b>		<b>2008</b>
U.S.	0	U.S.	0
Others		Others	
Iran	4000	Iran	4000
Turkey	1000	Turkey	500
		Afghanistan	500
<b>Total for Others</b>	5000		5000
<b>Others not Listed</b>			
<b>Grand Total</b>	5000		5000

Foreign trade statistics indicate an increase in "legal" imports of shelled pistachios from 1,938 MT in 2005 to 3,264 MT in 2006, of which 94 percent came from Iran. Trade data for 2007 are not yet published. In-shell pistachios can now be officially imported. Pistachios, shelled and in-shell, are being smuggled into Syria via Lebanon from Iran and Turkey. Afghani pistachios are available in the Syrian market. All roasted non-local, in-shell pistachios sold in Syria were unofficially imported through Lebanon and Turkey or brought by Iranian tourists. An import license is necessary for all imports of pistachios. According to the new customs tariff implemented in late 2006, customs duties on shelled pistachios are set at 10 percent if they are imported in packages over 25 kilograms in weight and 30 percent if they are imported in packages less than 25 kilograms in weight.

Syrian official exports of green pistachios increased from 130 MT inshell and 109 MT shelled pistachios in 2005 to 1065 MT of inshell pistachios in 2006. Primary markets were Lebanon and other Arab countries. Official trade data for 2007 and 2008 are not yet published. Visiting tourists from Arab countries informally export large quantities of pistachios out of Syria during 3-4 months after the beginning of the harvest season every year. With high wholesale prices for local production of shelled pistachios (about 725 SP or USD 15.76/kilogram), Syria cannot compete in the international market with Iran, Turkey, Afghanistan, and the United States. The change in the exchange rate of the Syrian pound from 50 SP/USD to 46 SP/USD makes Syrian pistachios even less competitive.

### **Stocks**

According to trade sources, the local supply of pistachios, plus imports (legal and illegal), usually match domestic consumption plus exports. Ending stocks are usually expected to be sufficient for a few months. Stocks are expected to rise in the future when local production increases and since inshell pistachios will be imported officially. At the end of the marketing season in July 2008, the prices for locally-produced shelled pistachios were higher than those from Iran and Turkey, but lower than the Afghani pistachios. All stocks are held generally by the traders, not the producers.

### **Policy**

The government continues to encourage pistachio production by selling seedlings at nominal prices. The government intervention in some areas of pistachio trade, such as banning the imports of in-shell pistachios, no longer exists. However, prices are determined by supply and demand conditions.

### **Marketing**

There are no Syrian standards for pistachios. Sizing, shelling, and grading are done by hand. Two private sector shelling facilities were recently established but can process only a small part of the crop. Private sector storage facilities are adequate. The entire pistachio trade is in the hands of the private sector.

Trade sources state that Iranian and Turkish pistachios are more suitable than American pistachios for the local Arabic sweets industry. American pistachios reportedly turn brownish in color during baking as a result of the way they are preserved. The local market preference is for a whole nut, greenish or yellowish in color, that retains its color during high-temperature baking for Arabic sweets.