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Syria

Tree Nuts

Annual Report

2004

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Report Highlights:

In spite of the frost in early April 2004 that badly affected pistachio trees, Syrian pistachio production is forecast to increase gradually as pistachio trees mature.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Annual Report
Damascus [SY1]
[SY]

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Executive Summary

Pistachio production is increasing in Syria due to the maturing of planted trees that are still fairly young. The crop suffered from a bad frost in 2004. Prices for pistachios are higher than previous years due to the frost that reduced the crop by 20 percent below the 2003 level. Syria exports green pistachios during the production season and imports shelled pistachios.

Production

Commodity:	Pistachios, Inshell Basis						
	2003		2004		2005		UOM
	Old	New	Old	New	Old	New	
Market Year Begin	08/2003		08/2004		08/2005		(MONTH/YEAR)
Area Planted	60500	60500	61000	60000	0	60000	(HA)
Area Harvested	50500	50500	51000	51000	0	52000	(HA)
Bearing Trees	5600	6000	6500	6500	0	7000	1000 TREES
Non-Bearing Trees	4400	4000	3500	3500	0	3000	1000 TREES
Total Trees	10000	10000	10000	10000	0	10000	(1000 TREES)
Beginning Stocks	6684	6684	8684	8684	0	5684	(MT)
Production	50000	50000	52000	40000	0	60000	(MT)
Imports	4000	4000	4000	5000	0	5000	(MT)
TOTAL SUPPLY	60684	60684	64684	53684	0	70684	(MT)
Exports	12000	12000	14000	8000	0	15000	(MT)
Domestic Consumption	40000	40000	42000	40000	0	43000	(MT)
Ending Stocks	8684	8684	8684	5684	0	12684	(MT)
TOTAL DISTRIBUTION	60684	60684	64684	53684	0	70684	(MT)

Pistachios are grown in Syria under rainfed conditions. There is a total of 10 million trees planted on 60,000 hectares. The 2003 crop of inshell pistachios is estimated at 50,000 tons. In 2004, the number of fruit-bearing trees is estimated at about 6.5 million, and the crop is forecast at 40,000 tons, a 20 percent drop from the previous crop level, due to the bad frost that occurred in early April; however, the crop is expected to return to its normal growth pattern in 2005. No major incidence of pests or diseases was reported in 2003 or 2004. 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 that are usually not suitable 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 fairly young and have not reached the economic fruit-bearing stage. The average yield per tree increases with the age of the planted trees. The Ministry of Agriculture and Agrarian Reform encourages pistachio production by selling seedlings at nominal prices. The farm-gate prices are about 125 SP (USD 2.50) per kilogram of green pistachios, about 30 percent above the price prevailing one year ago.

Consumption

A significant part of the crop is consumed green in Syria. The harvesting season starts in August. Wholesale prices of shelled pistachios that are mainly used for sweets production and for local ice cream have increased by about 20 - 25 percent due to the frost. Prices range from about 500 SP (USD 10.0) to 550 SP (USD 11.0) per kilogram for shelled pistachios of the first grade varieties. Illegally imported Iranian pistachios sell at about 500 SP (USD 10.0) per kilogram. No U.S. pistachios are present in the Syrian market. As a result of the pistachio price increases, prices of Arabic sweets that use pistachios as a major ingredient have increased by about 20 percent.

Trade

Export Trade Matrix

Country:	Syria	Units:	Metric Tons
Commodity:	Pistachios, Inshell Basis		
Time period:	CY		
Exports for	2003		2004
U.S.	0	U.S.	0
Others		Others	
Lebanon	6000	Lebanon	5000
Jordan	2000	Jordan	1000
Total for Others	8000		6000
Others not listed	4000		2000
Grand Total	12000		8000

Import Trade Matrix

Country:	Syria	Units:	Metric Tons
Commodity:	Pistachios, Inshell Basis		
Time period:	CY		
Imports for	2003		2004
U.S.	0	U.S.	0
Others		Others	
Iran	3000	Iran	4000
Turkey	500	Turkey	1000
Afghanistan	500		
Total for others	4000		5000
Others not listed			
Grand Total	4000		5000

Foreign trade statistics indicate an increase in "legal" imports of shelled pistachios from 338 MT in 2001 to 2,004 MT in 2002, of which 1,635 MT came from Iran. Trade data for 2003 are not yet published. In-shell pistachios cannot be officially imported. Pistachios, shelled and in-shell, are being smuggled into Syria via Lebanon from Iran and Turkey. Afghani pistachios are not available in the Syrian market. All roasted non-local, in-shell pistachios sold in Syria are unofficially imported through Lebanon and Turkey or brought by Iranian tourists. An import license is necessary for official imports of pistachios. Customs duties on shelled pistachios are set at 15 percent plus a unified tax of 14 percent, while customs duties in neighboring Lebanon are only 5 percent.

Syrian official exports of green pistachios decreased from 10,264 MT in 2001, to 3,565 MT in 2002, mainly to Lebanon (2,800 MT) and other Arab countries. Lebanese customs trade data (which are more up to date than Syrian foreign trade statistics) have reported exports of 2,372 MT of green pistachios from Syria to Lebanon in 2003. Visiting tourists from Arab countries informally export significant quantities of pistachios out of Syria for about 3-4 months every year during the harvesting season. Syrian exports of shelled pistachios are negligible. With high prices for local production of shelled pistachios (about 550 SP or USD 11/kilogram), Syria cannot compete in the international market with Iran, Turkey, Afghanistan, and the United States.

There are different exchange rates for the Syrian pound (SP). The neighboring country rate is currently pegged at 51.50 SP/USD. Throughout this report, the rate of 50 SP/USD is utilized.

Stocks

According to trade sources, the local supply of pistachios, plus the legal and illegal imports, match domestic consumption. Ending stocks are expected to be sufficient for a few months. Stocks are expected to increase in the future when local production increases and if imported pistachio prices are still below those of the local crop. At the end of the marketing season in July

2004, the prices for locally-produced shelled pistachios were higher than those for Iranian and Turkish 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 does intervene in some areas of pistachio trade such as banning the imports of in-shell pistachios, but prices are determined by supply and demand conditions. Imports of shelled pistachios are subject to 15 percent customs duties as well as 14 percent unified tax.

Marketing

There are no Syrian standards for pistachios. Sizing, shelling, and grading are all done by hand. 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 sweet 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.