



Voluntary Report - public distribution

Date: 3/12/1999

GAIN Report #TU9007

## Turkey

## Tobacco

## GOT increases tobacco purchase prices

## 1999

Prepared by:

**Susan R. Schayes, Agricultural Counselor**  
**U.S. Embassy**

Drafted by:

Ibrahim Sirtioglu

---

### Report Highlights:

**The Minister of Trade and Industry, Metin Sahin opened the tobacco purchasing season for the 1998 crop and announced a buying price of TL 1,400,000 per kg for top quality Aegean region tobacco. The GOT has been trying to keep tobacco production under control and had established a production quota of 225,000 tons, but actual production is expected to reach 261,000 tons. Producers, who were expecting higher prices, were very disappointed.**

The Minister of Trade and Industry, Metin Sahin opened the tobacco purchasing season for the 1998 crop and announced a buying price of TL 1,400,000 per kg for top quality Aegean region tobacco. The top price is paid for bales which contains 80 to 100 percent A grade tobacco. There will be a reduction of TL 17,500 per kg for each successive percentage below 80 percent. The new prices are 55 percent higher than the last year, and are considerably lower than the current seventy percent domestic annual inflation.

The GOT has been trying to keep tobacco production under control and had established a production quota of 225,000 tons. While production in the Marmara and Black Sea regions was within target, the quota was exceeded in the Aegean and East and Southeastern regions and actual production is projected at 261,000 tons. Increases in production in the Aegean region were due to yield and weather conditions. In the East and Southeastern regions, farmers expanded acreage in expectation that the Government would raise the quotas prior to elections. The Minister said that TEKEL will initially purchase tobacco which was produced within the quota. He indicated that surpluses will be purchased at a later date, but did not indicate when, or at what price. The GOT has shown no indication of restoring the bonus payments which were lifted last year.

Farmers (counting on election year generosity) were expecting the Government to announce prices of TL 1.6 mil to TL 2.0 mil per kg. for top quality tobacco, and were upset by the government's decision and are claiming that the announced prices are less than the actual costs. Some are saying that the prices were based more on IMF directives than a reasonable cost basis.

The purchasing season for tobacco from other growing regions will be open in the coming weeks. Tobacco grown in Marmara and Black Sea regions is normally priced close to Aegean prices, but Eastern and Southeastern regions tobacco prices will be lower to reflect quality considerations.