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## **Turkey**

## **Tree Nuts**

## **Tree Nuts Semi Annual Report**

## **1999**

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### **Report Highlights:**

**Turkey had a large crop of hazelnuts in MY 1998. The GOT announced a very high procurement price and FISKOBIRLIK had to procure very large quantities of the crop. However, the GOT underfunded FISKOBIRLIK and now it has both large stocks and a large debt. Total exports and average export prices were lower in the first four months of MY 1998 than they were during the same period a year ago.**

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Includes PSD changes: Yes  
Includes Trade Matrix: Yes  
Semi-Annual Report  
Ankara [TU1], TU

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## Executive Summary

MY 1998 turned out to be an excellent year for hazelnut production. The GOT announced a very high price for procurement and nearly 40 percent of the crop was procured by FISKOBIRLIK. The funds promised, however, were not fully provided by the government for the entire quantity procured. Less than half of the payments due could be made to the farmers so far. Payments are about three months late.

Turkey exported about 220,000 MT of hazelnuts during the first four months of MY 1998. This was a lower quantity compared to the exports made during the same period a year ago, even though production is larger this year. Average export price was also lower in MY 1998 than it was in MY 1997. Most of the exports were to the European Union countries.

FISKOBIRLIK has large stocks in its stores. They do not intend to export or sell in the domestic market now because of low prices. On the other hand, they have large debts to farmers, and with the uncertainty in the government (there was a change in the governing coalition), they were unable to receive the funds that were promised earlier. The industry wonders how long FISKOBIRLIK can continue like this, holding large stocks and debts at the same time.

The new Import Regime has not been published yet. According to the 1998 Import Regime there was a 46 percent import duty for all origins on the CIF value of hazelnut imports.

**Filberts PS&D Table**

PSD Table						
Country:	Turkey					
Commodity:	Filberts, In shell Basis					
		1996		1997		1998
	Old	New	Old	New	Old	New
Market Year Begin		09/1996		09/1997		09/1998
Area Planted	0	0	0	0	0	0
Area Harvested	0	0	0	0	0	0
Bearing Trees	270000	270000	270000	270000	270000	270000
Non-Bearing Trees	15000	15000	16000	16000	16000	16000
Total Trees	285000	285000	286000	286000	286000	286000
Beginning Stocks	60000	60000	105000	105000	130000	125000
Production	480000	440000	475000	475000	600000	625000
Imports	0	1	0	0	0	0
TOTAL SUPPLY	540000	500001	580000	580000	730000	750000
Exports	375000	334637	350000	400000	375000	375000
Domestic Consumption	60000	60364	100000	55000	175000	175000
Ending Stocks	105000	105000	130000	125000	180000	200000
TOTAL DISTRIBUTION	540000	500001	580000	580000	730000	750000

**Filberts Export Trade Table**

Export Trade Matrix			
Country:		Units:	Metric Tons
Commodity:			
Time period:			
Exports for	1996		1997
U.S.	6864	U.S.	4195
Others		Others	
Germany	153321	Germany	172020
Italy	30929	Italy	47115
France	27703	France	37438
Netherlands	16223	Belgium	24657
Switzerland	15936	Switzerland	22009
Belgium	15088	Netherlands	21975
United Kingdom	14724	United Kingdom	17376
Spain	5426	Austria	10400
Austria	5152	Spain	8680
Sweden	3741	Sweden	5832
Total for Others	288243		367502
Others not listed	39530		28303
Grand Total	334637		400000

## Production

MY 1998 (September 1998-August 1999) hazelnut production estimates still vary a lot. Industry sources' recent estimates, however, are concentrated in between 600,000 MT and 650,000 MT. The PS&D production estimate was revised slightly upward to 625,000 MT at this point, accordingly.

The crop quality of MY 1998 is good and the kernel yield, which was estimated lower early in the season, also turned out to be good.

The GOT announced the hazelnut support price for MY 1998 at TL 675,000 per kilogram (in shell, 50 percent shelling rate), which was about USD 2.26 at the time of the announcement on August 19, 1998. This price was increased every month and it is TL 775,000 now (USD 2.38). FISKOBIRLIK procured a total of about 236,000 MT of hazelnuts so far. Total value of this procurement is estimated to be about TL 165 trillion (just over USD 500 million). FISKOBIRLIK was able to pay only less than half of this total (about TL 75 trillion-or USD 225 million) so far and the delays in payments to farmers have already reached three months. The hazelnut prices in the market are about 20 percent lower than the procurement price (about TL 640,000). Most of the poor and middle income farmers already sold their crops but significant quantities of hazelnuts (about 90,000 MT) are estimated to be stored for future sale when the prices improve.

## Consumption

The current retail price for shelled roasted hazelnuts in Ankara is around TL 3,000,000 per kilogram (USD 9.23). This price is about 20 percent higher than the price in last August but slightly lower than the rate of inflation (about 22 percent) over the same period.

## Trade

Turkey exported about 220,000 MT of hazelnuts during the first four months (Sep-Dec) of MY 1998, according to the Black Sea Exporters Union data. This is slightly lower than the quantity exported (about 240,000 MT) during the same period a year ago, but slightly higher than the quantity exported two years ago. The decrease in exports were blamed on the general economic conditions in the world. Industry sources believe that major hazelnut processors in Europe do not have large stocks in their hands and exports should speed up soon.

According to the Black Sea Exporters Union data, Turkish exports were made, as usual, primarily to the European Union countries (about 186,000 MT) in MY 1998. Exports to the other European countries totaled about 16,000 MT. All exports were made by private traders. FISKOBIRLIK did not export any hazelnuts in MY 1998. FISKOBIRLIK officials also claim that they are not going to get into the export market unless hazelnut prices reach USD 500 per 100 kilograms or higher. The average export price for all sales were made so far in MY 1998 was about USD 409 per 100 kilograms, compared to USD 455 for the same period a year ago.

Official trade data for the entire MY 1997 (September 1997 - August 1998) is not yet available at this point. The trade matrix for MY 1997 is provided according to the Black Sea Exporters Union data.

## Stocks

FISKOBIRLIK had about 125,000 MT of hazelnuts as carryover stocks at the beginning of MY 1998. Out of this total, about 65,000 MT were the quantity procured in MY 1997 and the remaining 60,000 MT were older crops. It is not possible to know the exact quantity of the current stocks. Industry sources estimate that FISKOBIRLIK currently holds a total of about 60,000 MT of hazelnuts, all being MY 1997 crop. The

remaining 65,000 MT of MY 1996 or older crops in stocks are assumed to be crushed for oil or distributed to the army and schools. At this point, it is not certain what FISKOBIRLIK will do for the MY 1997 crop in stocks. It is very likely that most of it will be crushed for oil either this year or next year.

**Policy**

The new Import Regime has not yet been published, a 46 percent import duty for all origins on the CIF value of hazelnut imports continues.