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Turkey

Tree Nuts

Semi-Annual Report

2000

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Report Highlights:

MY 1999 was another good year for hazelnut production, which compounded Government problems of high stocks. FISKOBIRLIK has already bought about twenty five percent of the crop, but has only been able to pay for about a third of its purchases. Abundant supplies and low world market prices have delayed both export and domestic sales. Some old stock is being crushed for oil. Turkey exported about 250,000 MT during the first four months of MY 1999.

Includes PSD changes: Yes

Includes Trade Matrix: Yes

Semi-Annual Report

Ankara [TU1], TU

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Executive Summary

MY 1999 was another year of high hazelnut production. FAS Ankara is currently estimating production at about 560,000 tons, which reflects industry and trade estimates that the crop will fall between 550,000 MT and 575,000 MT. Once again, the GOT announced a very high price for procurement and, as a result, about 25 percent of the crop was purchased by FISKOBIRLIK. With the Government failing to provide adequate funding for procurement activities, payments fell about four months behind and less than half of the payments have been made to the farmers so far.

Turkey exported about 250,000 MT of hazelnuts during the first four months of MY 1999. This was a higher than the comparable period last year, and reflects the larger supply. Average export prices fell. Most of the exports were to European Union countries.

FISKOBIRLIK is holding large stocks and, with low prices, prefers to wait before exporting or selling stocks in the domestic market. On the other hand, the parastatal has accumulated large debts to farmers and has a tight, insufficient budget. The industry continues to speculate about how long FISKOBIRLIK can continue like this, holding large stocks and debts at the same time. FISKOBIRLIK has been crushing older years' hazelnuts for oil, but this does not go far to ameliorate the current financial problems.

In its 2000 Tariff schedule, the Government of Turkey assessed is a 45.1 percent import duty on the CIF value of all hazelnut imports.

(As of January 29, 2000 US\$1= 552,000 Turkish lira)

Production

MY 1999 (September 1999-August 2000) hazelnut production estimates vary , but are now concentrated between 550,000 MT and 575,000 MT. Our PS&D production estimate was lowered accordingly to 560,000 MT.

The crop quality of MY 1999 is good. Kernel yield also turned out well, about 52 percent, as was estimated earlier in the season.

The GOT announced its hazelnut support price for MY 1999 in early August at TL 1,020,000 per kilogram (in shell, 50 percent shelling rate), which was about USD 2.30 per kg. at the time of the announcement. This price was not increased every month, as was the case in earlier marketing years, but was increased once in December, to TL 1,070,000 now (about USD 1.94 at TL 552,000 to US\$1). To date, FISKOBIRLIK has bought about 142,000 MT of hazelnuts with a value of TL 152 trillion (just over USD 275 million). FISKOBIRLIK was only able to pay farmers one-third of this total (about TL 54 trillion) and delays in payments have already reached four months. According to a recent GOT announcement, FISKOBIRLIK was provided an additional TL 26 trillion. FISKOBIRLIK has been paying each farmer the equivalent value of a maximum of 500 kilograms of hazelnuts with promises that the balance will be paid as soon as possible. Hazelnut prices in local markets (TL 900,000) are about 18 percent lower than the procurement price. Although most of the poor and middle income farmers have already sold their crops, significant quantities will become available when prices improve.

Consumption

The current retail price for shelled roasted hazelnuts in Ankara is around TL 4,200,000 per kilogram (USD 7.60). This price is slightly higher than the price in last August (TL 4,000,000) but significantly lower than the rate of inflation (about 30 percent) over the same period. The industry hopes that promotion activities will increase hazelnut consumption.

Trade

During the first four months of the marketing year, from September - December 1999, Turkey exported about 250,000 MT of hazelnuts. This level is slightly higher than the quantities exported during the same period in 1998 and 1997, -- about 220,000 MT and 240,000 MT respectively. The increase is attributed to the larger supply and lower prices.

MY 1999 exports continue to be primarily destined to European Union countries at about 170,000 MT. Exports to the other European countries totaled about 13,000 MT. All exports were made by private traders. FISKOBIRLIK did not export any hazelnuts in MY 1999. The average export price for MT 1999 sales (shelled and processed) through December was about USD 373 per 100 kilograms, compared to USD 409 for the same period last year.

Trade data for the MY 1998 (September 1998 - August 1999) is now available but there are there are large differences between the Exporters Union data which is based on registrations, and Official GOT data collected from Customs and published by the State Institute of Statistics. While it may not be 100% correct, we believe the Union data is more accurate and have used it as the basis for the PSD in this report. The trade matrix for MY 1998 reflects the entire marketing year while MY 1999 data contains only September-December, 1999.

Stocks

FISKOBIRLIK had about 275,000 MT (in shell basis) carryover stocks at the beginning of MY 1999 and purchased another 142,000 MT in the first months of MY 1999. At this point, it is not certain what FISKOBIRLIK will do with its MY 1999 stocks. Having taken a decision not to sell stocks at current low prices, FISKOBIRLIK is crushing some hazelnuts from past harvests for oil. Annual crushing capacity is 100,000 MT (in shell basis), but the amount actually crushed this year is unknown. It is also not possible to ascertain current stock level.

Policy

Turkey's 2000 import schedule imposes a 45.1 percent import duty on the CIF value of hazelnuts of all origins.

Tables

PS&D Table for Hazelnuts

PSD Table						
Country	Turkey					
Commodity	Filberts, Inshell Basis				(HA)(1000 TREES)(MT)	
	Revised	1997	Preliminary	1998	Forecast	1999
	Old	New	Old	New	Old	New
Market Year Begin		09/1997		09/1998		09/1999
Area Planted	0	0	0	0	0	0
Area Harvested	0	0	0	0	0	0
Bearing Trees	272000	272000	274000	274000	275000	275000
Non-Bearing Trees	18000	18000	17500	17500	17000	17000
Total Trees	290000	290000	291500	291500	292000	292000
Beginning Stocks	105000	105000	100000	100000	275000	275000
Production	475000	475000	650000	625000	600000	560000
Imports	0	0	0	2254	0	0
TOTAL SUPPLY	580000	580000	750000	727254	875000	835000
Exports	422888	422888	375000	347477	400000	400000
Domestic Consumption	57112	57112	100000	104777	200000	200000
Ending Stocks	100000	100000	275000	275000	275000	235000
TOTAL DISTRIBUTION	580000	580000	750000	727254	875000	835000

Export Matrix for Hazelnuts

Export Trade Matrix			
Country	Turkey		
Commodity	Filberts, Inshell Basis		
Time period	Sep-Aug	Units:	Metric Tons
Exports for:	1998		1999
U.S.	5721	U.S.	6650
Others		Others	
Germany	133854	Germany	92270
France	33091	Italy	32807
Italy	32761	France	30992
Belgium	22587	Belgium	15920
Netherlands	19800	Netherlands	10964
Switzerland	18376	United Kingdom	8571
United Kingdom	14041	Switzerland	9516
Spain	8127	Austria	4982
Austria	7594	Spain	4728
Greece	5100	Greece	4228
Total for Others	295331		214978
Others not Listed	46425		29469
Grand Total	347477		251097

Import Matrix for Hazelnuts

Import Trade Matrix			
Country	Turkey		
Commodity	Filberts, Inshell Basis		
Time period	Sep.-Aug.	Units:	Metric Tons
Imports for:	1998		1999
U.S.		U.S.	
Others		Others	
Germany	930		
United Kingdom	242		
France	177		
Italy	103		
Egypt	57		
Israel	57		
Finland	40		
Lithuania	39		
Russia	34		
Kuwait	27		
Total for Others	1706		0
Others not Listed	548		
Grand Total	2254		0