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Report Highlights:

The MY 2001 hazelnut crop is estimated at 600,000 MT. FISKOBIRLIK procured about twenty percent of total production. Turkey exported about 345,000 MT of hazelnuts during the first five months of the current marketing year, a relatively large quantity. Export prices, however, are lower than those in recent years.

FISKOBIRLIK announced that it will be crushing MY 2000 and older year crops for oil.

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

Executive Summary	<u>1</u>
Production	<u>1</u>
Consumption	<u>2</u>
Trade	<u>2</u>
Stocks	<u>2</u>
Policy	<u>3</u>
Production Policy	<u>3</u>
Trade Policy	<u>3</u>
Statistical Tables	<u>4</u>
PSD Table for Hazelnuts	<u>4</u>
Export Trade Matrix for Hazelnuts	<u>5</u>

Executive Summary

FAS Ankara is currently estimating MY 2001 hazelnut production at 600,000 MT. FISKOBIRLIK announced a relatively low procurement price, and as a result, purchased only 124,500 MT of hazelnuts from the farmers at a total cost of about TL 188 trillion (USD 125 million).

Turkey exported about 345,000 MT of hazelnuts during the first five months of MY 2001. This was about 45% more than the comparable period last year, and reflects an increased supply. Average export prices fell. Most of the exports were, as always, 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 in hopes that prices will firm. It announced that MY 2000 and older years' hazelnuts will be crushed for oil.

In the 2002 tariff schedule, the Government of Turkey assessed a 44.1 percent import duty on the CIF value of hazelnut imports from all origins.

(As of January 25, 2002, one USD1.00 = TL 1,350,000. The lira rate went as high as 1.637,000 to the dollar in October, but has settled back down.)

Production

It is still early in the year to accurately forecast MY 2002 production. The weather conditions in hazelnut growing areas have been normal so far, with the exception of heavy snows in January which should favor a good crop. General weather conditions in Turkey are cooler with larger precipitation than normal, which if it continues through the rest of the winter and spring, could also favorably affect hazelnut production.

MY 2001 (September 2001-August 2002) production estimates still vary a lot, but are concentrated around 600,000 MT, which is slightly lower than the early season estimates, and reflects lower yields. The MY 2001 crop quality was not very good with low kernel yield of around 44 percent in the hilly areas and 48 percent in the low flat areas. The kernels were also small, with larger size (13-15 mm) kernels accounting for only twenty percent of total production. In good years, they provide forty percent of the crop. About the half of the remaining 2001 production was small size (9-11 mm) and the other half was medium size (11-13 mm).

FISKOBIRLIK announced its MY2001 hazelnut support price in early August at TL 1,525,000 per kilogram (USD\$1.09) for Giresun Type, TL 1,500,000 (US\$1.07) per kilogram for Levant type and TL 1,400,000 per kilogram (US\$1.00) for sharply pointed type hazelnuts (all in-shell, 50 percent shelling rate). These prices were increased by TL 25,000 per kilogram for the following three months and reached TL 1,600,000 per kilogram, TL 1,575,000 per kilogram and TL 1,475,000 per kilogram, respectively, by November. Through the end of December, FISKOBIRLIK had purchased about 124,500 MT of hazelnuts with a value of about TL 188 trillion (about USD 125 million). FISKOBIRLIK was able to pay the total amount to the farmers and, for the second year in a row, avoided significant payment delays. At TL 1,750,000, market prices for hazelnuts have already exceeded FISKOBIRLIK's procurement price levels. As a result, FISKOBIRLIK is not expected to make additional purchases.

Consumption

The current retail price for shelled roasted hazelnuts in Ankara is around TL 10,000,000 per kilogram (USD 7.41), about the same price as in August, 2001. Retail prices have not increased because of the large supply, despite an inflation rate which was close to twenty percent over the same time period.

Trade

During the first five months of the marketing year, from September 2001 - January 2002, Turkey exported about 345,000 MT of hazelnuts (in-shell). This quantity is significantly larger than the quantities exported during the same period in MY 2000 and MY 1999— about 236,000 MT and 267,000 MT respectively. The increase is attributed to the larger supply and devaluation of the Turkish Lira (TL) against major currencies which favored exports. Projections of total export quantity during the entire marketing year vary. Some industry sources believe that most consumers have already accumulated adequate stocks and that Turkey's total exports will not significantly surpass last year's level. Others believe that exports could reach significantly higher levels of about 470,000 MT. FAS Ankara currently projects total MY2001 exports at 430,000 MT, about five percent higher than the previous year.

MY 2001 exports continue to be primarily destined to European Union countries at about 204,000 MT. Exports to the other European countries totaled about 18,000 MT. FISKOBIRLIK did not export any hazelnuts in MY 2001, so all exports moved through private trades. The average export price for MY 2001 sales (shelled and processed) through January was about USD 245 per 100 kilograms, compared to USD 322 for the same period last year and USD 346 two years ago. FOB prices of naturel hazelnuts are currently very low at around USD 250 per 100-kilogram. Many industry sources expect export prices will remain around this level throughout the season.

Trade data for MY 2000 (September 2000 - August 2001) is now available but there are large differences between data from the Exporters Union which is based on registrations, and official GOT data which is collected from customs and provided by the State Institute of Statistics. Post believes that the Exporters Union data is the more accurate of the two and used it as the basis for the PSD and Export Trade Matrix in this report. The MY 2000 column of the Export Trade Matrix reflects the full marketing year while the MY 2001 column only reflects data for the first four months (September-December, 2001) of MY 2001.

Stocks

FISKOBIRLIK had about 200,000 MT (in shell basis) carryover stocks at the end of MY 2000 and purchased another about 124,500 MT during the first five months of MY 2001. Having taken a decision not to depress prices further, FISKOBIRLIK plans to crush MY 2000 and older years' crop for oil. Annual crushing capacity of the Ordu Crushing Plant is 100,000 MT (in-shell basis), but the amount actually crushed is unknown because crushing at other private plants is also possible. It is estimated that FISKOBIRLIK currently has about 32,000 MT of MY 2000 crop but, it is not possible to ascertain current stock level of older crops. FISKOBIRLIK just started selling the new crop for exports, which means all of the new crop procured in MY 2001 is also in stock.

Policy

Production Policy

The GOT published a regulation on January 11, 2002 which was aimed at reducing the area of hazelnut orchards and supporting hazelnut farmers who shift to cultivation of alternative crops. The effort is part of a larger IBRD supported Agricultural Reform Implementation Program (ARIP) which establishes a direct income support system for farmers to replace costly price supports and distortionary subsidies which have been a drain on Turkey's Treasury. A \$400-\$600 million IBRD loan will be partially used to help cushion farmers from the potential adverse impacts of the reform and to encourage them to shift from uneconomic to more competitive crops. The GOT is also expanding its program of restructuring Agricultural Sales Cooperative Unions.

Trade Policy

Turkey's 2002 Tariff Schedule imposes a 44.1 percent import duty on the CIF value of in-shell and shelled hazelnuts from all origins.

Statistical Tables

PSD Table for Hazelnuts

PSD Table						
Country	Turkey					
Commodity	Filberts, Inshell Basis				(HA)(1000 TREES)(MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		09/2000		09/2001		09/2002
Area Planted	0	0	0	0	0	0
Area Harvested	0	0	0	0	0	0
Bearing Trees	276000	276000	277000	277000	0	276000
Non-Bearing Trees	16000	16000	15000	15000	0	15000
Total Trees	292000	292000	292000	292000	0	291000
Beginning Stocks	300000	300000	250000	200000	250000	170000
Production	520000	490000	600000	600000	0	600000
Imports	0	0	0	0	0	0
TOTAL SUPPLY	820000	790000	850000	800000	250000	770000
Exports	370000	406343	400000	430000	0	425000
Domestic Consumption	200000	183657	200000	200000	0	200000
Ending Stocks	250000	200000	250000	170000	0	145000
TOTAL DISTRIBUTION	820000	790000	850000	800000	0	770000

Export Trade Matrix for Hazelnuts

Export Trade Matrix			
Country	Turkey		Sep. - Dec.
Commodity	Filberts, Inshell Basis		
Time period	Sep. - Aug.	Units:	Metric Tons
Exports for:	2000	Sep. - Dec.	2001
U.S.	10125	U.S.	8273
Others		Others	
Germany	149281	Germany	109354
Italy	44741	Italy	53346
France	37445	France	24341
Belgium	30117	Belgium	23592
Switzerland	20136	Switzerland	12588
Netherlands	18872	Netherlands	11955
United Kingdom	12664	United Kingdom	8547
Austria	10581	Austria	7722
Poland	7097	Spain	7663
Spain	7586	Greece	5563
Total for Others	338520		264671
Others not Listed	57698		72056
Grand Total	406343		345000