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Turkey

Tree Nuts

Semi Annual

2004

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Report Highlights:

MY 2003 hazelnut production is expected to be lower than previous estimates due to hot and dry weather conditions during the summer months which resulted in more empty and smaller kernels. In MY 2003, the government of Turkey did not provide any financial support for hazelnut producers. As a result, FISKOBIRLIK procured only 8,000 MT using its own funds. In MY 2003, exports are expected to be lower due to smaller supplies, although the exports are generating more revenue because of higher prices. In 2004, production is expected to rebound as long as favorable weather conditions continue.

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

Hazelnut production is expected to rebound in MY 2004 although it is still expected to be less than the 625 TMT in MY 2002. Weather conditions during the growing season have been good thus far and if they continue, production will be much higher than the previous year.

Hazelnut production in MY 2003 is expected to be lower than previous estimates. Hot and dry weather conditions during the growing season reduced yields and caused more empty and smaller kernels. There is a wide range in production estimates among Turkish hazelnut experts from 425,000 MT to 475,000 MT. The estimate for MY 2002 was also revised slightly downward because of lower yields due to weather conditions during the growing season. PSD tree numbers were revised slightly upward both in MY 2003 and MY 2004. Previously, the GOT had planned to reduce hazelnut area in order to reduce overproduction which has led to lower prices and lower incomes for hazelnut growers. However, the program has not been very effective because growers could not find a good substitute for hazelnuts and the incentives provided by the government were not financially attractive.

Although total production was significantly lower, Turkish hazelnut quality was better in MY 2003 compared to MY 2002. Kernel yield was about 52 percent in MY 2003 compared to about 49 percent in MY 2002. Similarly the quality of MY 2003 crop was also slightly better; standard #1 (13-15 mm) was about 45 percent, standard #2 (11-13 mm) was about 40 percent, standard #3 (9-11 mm) was about 10 percent and the remaining 5 percent was lower quality (shrunken kernels). In MY 2002 these ratios were 35 percent, 50 percent, and 15 percent for standard #1, standard #2, and standard #3 and lower quality, respectively. Due to hot and dry weather during the summer months, aflatoxin was not a problem for the MY 2003 crop either.

The GOT did not provide any financial support for hazelnut procurement in MY 2003. Instead, FISKOBIRLIK announced a procurement price using their own resources. The procurement price was TL 2,500,000 per kilogram before taxes (TL 2.3 million after taxes) and FISKOBIRLIK procured nearly 8,000 MT. In the 1990's, FISKOBIRLIK used to procure at least 100,000 MT. However, in MY 2003 there was no price differentiation for varieties (Giresun, Levant, or Akcakoca) or for the kernel yields. In the previous years, different prices were set by variety and a higher kernel yield would receive a premium. Since the yield in MY 2003 is about 52 percent, this would mean additional TL 50,000 per kilogram payment to growers if the premium system were adopted.

In MY2003 FISKOBIRLIK exported hazelnuts for the first time since 1993 because it financed all of the procurement from its own sources and the prices in the international markets were good. Seventy-eight tons of the MY 2003 crop was exported at a price about USD 3878 per MT in December 2003. FISKOBIRLIK also announced its plans to export the rest of the MY 2003 crop for USD 4000 per MT. FISKOBIRLIK did not export hazelnuts in the past in order to avoid competing with private traders. FISKOBIRLIK procured nearly 46,000 MT in MY 2002 and sold 35,000 MT of this crop to traders for export late in the same marketing year. The remaining 11,000 MT are expected to be sold domestically. FISKOBIRLIK, at this point, has about 111,000 MT (100,000 MT of MY 2001 crop) in stocks. Ten thousand tons of the MY 2001 crop was processed for paste and sold domestically. Part of the remaining quantity may also be processed for paste for sale in Turkey, depending on the quality. The remaining MY 2001 crop will be crushed for oil. FISKOBIRLIK does not have any stocks left from MY 2000 crop or

prior years. Most, if not all, of the stocks FISKOBIRLIK had in warehouses is expected to be utilized by the end of the MY 2003. PSD domestic consumption data includes hazelnuts consumed domestically as snack foods and confectionary products as well quantities crushed for oil.

The current retail price for shelled roasted hazelnuts in Ankara is about TL 12,000,000 (or about USD 8.90) per kilogram. This price was about TL 10,000,000 (or was about USD 7.14) per kilogram last September.

Turkey is expected to export larger quantities of hazelnuts in MY 2004 parallel to the higher expected production.

According to the most recent data received from the Black Sea Exporters Union, Turkey exported 255,843 MT (shelled basis) of shelled or processed hazelnuts in MY 2002 (September 2002 - August 2003). Exports for the corresponding period in MY 2001 were 253,468 MT and 203,171 MT in MY 2000. The total value of exports were USD 584 million in MY 2002 compared to USD 630 million during the same period in MY 2001 and USD 679 million in MY 2000.

Exports in MY 2003 are lower due to lower supplies, although they are generating more revenue compared to MY 2002 due to higher prices. A total of 114,528 MT (shelled basis) of hazelnuts were exported from September 1, 2003 through January 9, 2004. Exports for the corresponding period were 153,727 MT in MY 2002 and 155,087 MT in MY 2001. The total value of exports were USD 414 million in MY 2003 compared to USD 346 million during the same period in MY 2002 and USD 381 million in MY 2001. The average price for MY 2003 exports was USD 3,612 per MT compared to USD 2,248 per MT in MY 2002 and USD 2,456 per MT in MY 2001, for the same period. Current export prices for whole roasted hazelnuts are around USD 4,000 per MT.

The first column of the Export Trade Matrix represents unofficial data received from the Black Sea Exporters Union for the entire MY 2002 (September 2002 - August 2003) while the second column of the same matrix represents data for the first four months in MY 2003 (September - December 2003). The import Trade Matrix represents data received from the State Institute of Statistics for MY 2002.

In 2004, the import duty was reduced from 43.6 percent to 43.2 percent for shelled or in shell hazelnuts and from 60.1 percent to 58.5 percent for processed hazelnut products.

PSD Table for Hazelnuts

PSD Table						
Country	Turkey					
Commodity	Filberts, Inshell Basis			(HA)(1000 TREES)(MT)		
	2002	Revised	2003	Estimate	2004	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		09/2002		09/2003		09/2004
Area Planted	0	0	0	0	0	0
Area Harvested	0	0	0	0	0	0
Bearing Trees	285000	285000	283000	285000	0	285000
Non-Bearing Trees	12000	12000	11000	12000	0	12000
Total Trees	297000	297000	294000	297000	0	297000
Beginning Stocks	235000	235000	200000	160000	170000	40000
Production	625000	610000	625000	450000	0	600000
Imports	0	5600	0	5000	0	2000
TOTAL SUPPLY	860000	850600	825000	615000	170000	642000
Exports	480000	511700	480000	400000	0	500000
Domestic Consumption	180000	178900	175000	175000	0	100000
Ending Stocks	200000	160000	170000	40000	0	42000
TOTAL DISTRIBUTION	860000	850600	825000	615000	0	642000

Export Trade Matrix for Hazelnuts

Export Trade Matrix			
Country	Turkey		
Commodity	Filberts, Inshell Basis		
Time period	Sept. - Aug.	Units:	Metric Tons
Exports for:	2002	Sept. - Dec. 2003	2003
U.S.	15149	U.S.	6317
Others		Others	
Germany	169713	Germany	70494
Italy	66634	Italy	43515
France	45568	France	19263
Belgium	29905	Belgium	15023
Netherlands	29754	Netherlands	9534
Switzerland	19758	Switzerland	6325
Austria	14940	Spain	5555
United Kingdom	13614	Australia	5344
Spain	13388	United Kingdom	4703
Poland	9640	Greece	4051
Total for Others	412914		183807
Others not Listed	83623		30242
Grand Total	511686		220366

Import Trade Matrix for Hazelnuts

Import Trade Matrix			
Country	Turkey		
Commodity	Filberts, Inshell Basis		
Time period	Sept.. - Aug.	Units:	Metric Tons
Imports for:	2002		2003
U.S.	447	U.S.	
Others		Others	
Germany	1990		
France	945		
United Kingdom	643		
Austria	269		
Norway	126		
Finland	120		
Poland	120		
Netherlands	105		
Italy	98		
Switzerland	83		
Total for Others	4499		0
Others not Listed	627		
Grand Total	5573		0