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**Report Highlights:**

It is "off-year" for pistachios in Turkey therefore low amount of pistachio production is expected. Besides the production Turkey will mostly rely on stocks from last year in Market Year 2019/20. Turkey relies on imports for almonds and walnuts to meet the demand. 20 percent retaliatory tariffs on US originated walnuts and almonds have been halved to 10 percent while other origins pay only the basic tariff rate of 15 percent. Turkey is the major producer of hazelnuts in the world, no extraordinary event have been recorded to create a major effect on the yield.

## I. PISTACHIOS

### a. PRODUCTION

Pistachio production is cyclical in Turkey. There are “on-years” during which harvests are significantly higher than during “off-years”. Therefore, yields can vary dramatically from year to year and also between regions and orchards in Turkey.

MY 2019/20 is expected to be an off-year. The rains in the Southeastern Anatolia Region have not been ideal, raining much more than normal levels. Post forecasts Turkey’s pistachio production to fall to 85,000 MT in MY 2019/20, down from 210,000 MT in MY 2018/19. According to the Turkish Meteorological Institute (TMI), rainfall in irrigation year (IY) 2018/19 (October 1<sup>st</sup>, 2018 to June 30<sup>th</sup>, 2019) has been about 70 percent over the normal levels and 125 percent more than the last IY. The high level of rains during the pollination season negatively affected the pollination, resulting in a lower amount of fruit formation. Some fruit also fell from the trees due to too much rain. In addition, the increased rain meant more rotting fruit, insect infestation, and more diseases. There was no reported hail or major frost damage in spring 2019 during the blossoming period of pistachios. Marketing Year (MY) 2018/19 was a better than average on-year with a good harvest after an especially low-yield off-year in MY 2017/18.

In MY 2018/19, the pistachio production area in Turkey is reported as 354,500 hectares, an eight percent increase compared to the MY 2017/18 production area of 328,804 hectares. There are an estimated 49,557,873 bearing trees and 20,529,250 non-bearing trees, according to the Turkish Statistical Institute (TurkStat) as of MY 2019/20. Bearing trees increased 3.75 percent compared to the previous MY and non-bearing trees increased about 5.50 percent. This also hints that there are younger trees being planted which will be productive in the future, increasing total yield. In addition, the number of male trees are being increased for better harvests. Over the last five years, bearing trees increased by about 30 percent, non-bearing trees by 71 percent, and total tree numbers increased by about 40 percent. Previously, trees took ten years to mature and produce a full harvest, but due to better agricultural practices, nuts can be harvested five years after planting. Currently, the average pistachio yield is around 4 kilograms (kg) per tree in on-years and 2 kg per tree in off-years. MY 2018/19 was an especially good harvest with a yield of 5 kg per tree.

The southeastern part of Turkey, which is called the “Southeastern Anatolia Region” is the traditional production area for pistachios. The provinces in this region, Gaziantep; Sanliurfa; Adiyaman; Siirt; Kilis; Kahramanmaras; Mardin; and Diyarbakir, are the most significant locations for commercial pistachio production and represent 95 percent of the total production, with around 40 percent coming from Gaziantep alone. The remaining 5 percent of the pistachio production is in the Aegean, Mediterranean, and Marmara regions. All in all, 56 out of 81 provinces in Turkey produce pistachios, according to the Gaziantep Commodity Exchange ([GCE](#)). During the last decade, production in regions outside of Southeastern Anatolia is an increasing trend.

In recent years, in order to mitigate the natural “off year/on year” production cycle, producers and traders have been expanding implementation of good agricultural practices, especially in some parts of Southeastern Anatolia. Pistachios are mostly grown in dry conditions, as irrigation for pistachios is not common in Turkey. The common perception about pistachio trees is that they can grow naturally in marginal soil and conditions. While this may be correct, yields have proven to be much better with “good” soil conditions, sufficient maintenance, and irrigation. Moreover, more orchards are being irrigated to protect against the abnormal drought conditions in recent years. Research activities have been conducted by the universities located in the Southeastern and Eastern Anatolia Regions to develop better production methods and plant protection measures for pistachio orchards. However, the cycling effect still plays a prominent role in the amount of production currently.

The Turkish Foundation for Combating Soil Erosion, Forestation, and Protection of Natural Habitats ([TEMA](#)) has been doing a project to increase the yield of pistachios in Gaziantep and Sanliurfa provinces since 2011 with contributions from [private companies](#). The “*May you have abundant pistachios*” project trains the pistachio farmers about how to maintain the trees which contributes to a significantly higher yield. Education about pruning and trimming techniques and training about using pesticides and fertilizers improved the orchards of the farmers who were trained, tripling yield and even coaxing fruit from about 1/3 of newly planted saplings.

There are two main types of pistachios grown in Turkey. They are both unique to Turkey and different than Iranian and Californian pistachio varieties. Most Turkish pistachios are the Gaziantep (Antep) variety, which are thinner and smaller than the typical Iranian variety. The Siirt variety accounts for about 15 percent of total production. It is a high yielding variety with less production fluctuation than the Gaziantep variety. The size and shape of the Siirt nuts are in between the Gaziantep and Iranian pistachios. Quality is directly related to size in Turkey: 90 nuts or fewer per 100 grams is considered first quality, 90-100 nuts are second quality, 100-120 nuts are third quality, and more than 120 nuts are fourth quality. With the increasing number of new saplings planted in the Sanliurfa and Siirt regions, the production of high quality pistachios is predicted to increase in the future.

## **b. CONSUMPTION**

Most of Turkey's pistachio crop is consumed domestically and consumption varies from year to year according to availability of pistachios in the market. Traditionally, Turkish people consume 35 percent of total domestic consumption as a snacking nut and the rest are used in the production of confectionery products, especially in traditional desserts and bakery products like baklava. During the last decade or so, the use of pistachios in chocolate making and ice cream has increased as well.

MY 2019/20 is an off-year for pistachio production, meaning an increase in prices is anticipated. This factor, along with the consistent comparative high prices of imported almonds and walnuts, and the devaluation of the Turkish lira accounts for a forecast that the consumption of pistachios in Turkey will drop to 115,000 MT in MY 2019/20.

Pistachio prices currently remain stable as the new harvest of MY 2019/20 starts, despite the coming off-year and the overall food inflation in the country. The price of bulk shelled early harvest pistachios (generally used for baklava and some other traditional desserts) is about 90 to 100 TL/kg (16.40 – 18.23 USD<sup>1</sup>/kg) as of August 07, 2019, a similar price as last year at this time. Current retail prices of in-shell Antep Pistachios in Istanbul are between 75 to 99 TL/kg (~13.67 - 18.04 USD/kg) as of August 07, 2019, depending on the retailer and location.

MY 2018/19 was an especially good-yield on-year, compared previous on-years, and prices dropped due to abundant supplies. The price of pistachios was at a record high level in MY 2017/18 due to shortages. One kilogram (kg) of pistachios rose to 220 TL and baklava makers substituted other nuts for pistachios to protest the price increase. After the good harvest of MY 2018/19, the price per kg dropped to 60-110 TL during 2019 in spite of overall inflation in the Turkish economy (see our [Retail Food Report](#) for more information on economic conditions). Pistachio prices vary also depending on where and how the pistachios are bought (i.e., in bulk or small packages; in convenience stores or specialty markets).

Packaging of tree nuts, including pistachios, has doubled over the last few years throughout the country, especially in the coastal regions (Aegean, Mediterranean and Marmara). Purchasing of pre-packaged nuts from supermarkets is becoming more popular in larger cities as opposed to buying them in bulk from nuts stores. Post observes that this change of consumer behavior is increasing throughout the country, as the

<sup>1</sup> The exchange rate is 5.487 TL/USD as of August 07, 2019. The rate was 3.756 TL/ USD as of January 1, 2018, for comparison.

availability of discount market chains all over Turkey also increases. (Please refer to our [Retail Food Report for more information](#)). Currently, 35 percent of total production is being packaged. The increased amount of nut packaging (versus selling in bulk), will have positive influence on per capita consumption over time. Current per capita consumption is around 1.5 kg/year in Turkey.

### **c. TRADE**

Turkey generally consumes most of its domestic pistachio production and a minor amount of total production is exported. Some is stored to plan for an upcoming off-year if it is an on-year. As MY 2018/19 was an on-year with high production, exports reached a level of 15,000 MT. Important export destinations were Italy, Germany, Saudi Arabia, Iraq, Israel and United Arab Emirates.

MY 2019/20 is expected to be an off-year; hence the yield will decrease considerably. Post forecasts the level of exports at 4,000 MT. The Turkish Ministry of Trade reported in July 2019 that they have reached an agreement with the Chinese government that Turkey will be allowed to export pistachios to China. Post estimates that these exports will not be very high this MY since the supplies will only be enough to meet domestic demand.

Pistachios can be normally imported to Turkey with a 43.2 percent tariff rate. However, there was a [20 percent additional tariff since summer 2018 until spring 2019 for U.S.-originated pistachios](#). On May 17<sup>th</sup> 2019, the [additional tariffs on nuts were halved](#) (reduced to 10 percent). The total tariff rate on pistachios from the United States to Turkey is now 53.2 percent, compared to 43.2 percent for all other countries.

Due to low off-year production, MY 2019/20 imports are expected to be higher than the previous year, but the depreciation of the Turkish Lira (TL) against foreign currencies will adversely affect the imports; the demand for imports will be lower than what it otherwise would be. Post forecasts Pistachio imports<sup>2</sup> as 12,000 MT in MY 2019/20.

The Gaziantep Commodity Exchange (GCE) has announced that they will conduct a project which establishes a “Pistachio Perfection Center” in Gaziantep with the support of the Turkish government. Scientific studies related to product quality and safety will be carried out in the center, aiming to increase the trade and the image of Turkish pistachios.

### **d. STOCKS**

MY 2017/18 had record low yields compared to the past 10 years; therefore, traders were not able to maintain stocks for the following MY. In MY 2018/19, the yield was at an all-time record high, and the amount of stocks kept was also high. These stocks will be needed to meet the domestic demand in MY 2019/20. Since 2019/20 is an off-year for production, Post estimates low stocks of only 500 MT for this period.

Pistachio stocks vary considerably from year to year in line with cyclical production. Moreover, pistachio production, trade, and stock statistics are not maintained by the Government of Turkey (GoT), nor related associations in the sector. The Gaziantep Pistachio Industry Association was established in 2014 with the goal to establish a system for the maintaining accurate records of pistachio production and stocks, though no active records system is in place yet.

According to tree nut producers, better data would help prevent price fluctuations, especially in low production years, as fluctuations have a negative impact on consumption and food industry usage. For these reasons, the GCE has taken some steps to increase the trade and storage of the commodity under safe conditions after harvest. The GCE received a GoT grant to establish a 10,000 MT capacity licensed warehouse in Gaziantep; the planned opening was originally 2019. The Minister of Agriculture and Forestry

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<sup>2</sup> Note import figures for nuts are calculated by using export data from other countries, and this can include shipments to free trade zones within a country as well.

attended the ground breaking ceremony in March 2019 for the licensed warehouse. Post estimates that it may take over a year to finish the warehouse. Scientists from various universities are supporting improvement of storage conditions, since the cyclical nature of pistachio production in Turkey elevates the importance of stocks. Good storage conditions also minimize food safety concerns such as aflatoxin. The GCE aims to prevent price fluctuations using the licensed warehouse system, so producers, consumers, and traders will all benefit. They also aim for transparency in stock numbers using this warehouse system, to improve the supply-demand pricing mechanism.

#### **e. POLICY**

The GoT does not provide direct supports specifically to pistachio farmers, but supports the pistachio farmers with the general agriculture subsidies if they are registered in the Farmers Registration System. Supports are announced by the GoT in the beginning of each calendar year.

The GoT offered farmers the following support for the year 2019. Note that a decare (da) is equivalent to 0.1 hectares.

- 100TL/da (18.23USD<sup>3</sup>/da) and 400TL/da (72.90USD/da) respectively for the establishment of orchards that are planted with standard seedlings and certified seedlings
- 10TL to 100 TL /da (1.82USD/da to 18.23USD/da) for organic agriculture;
- 50 TL/da (9.11USD/da) for Good Agricultural Practices;
- 14 TL/da (2.55USD/da) for fuel and fertilizer.

## **II. ALMONDS**

#### **a. PRODUCTION**

Almond production in Turkey is forecast to decrease to 14,500 MT in MY 2019/20, down from 16,000 MT in MY 2018/19.

The almond trees started to bear fruit in late February in 2019 in Datca peninsula, the region of earliest production. Rains were heavier than normal levels and more than last IY, affecting the harvest in the region. Although Datca peninsula is famous for its almonds among Turkish consumers, the amount of almonds harvested from the region is a minor amount in the overall almond production of Turkey.

Adiyaman province in the Southeastern Anatolia Region also had an increased seasonal average of rain in the IY 2018/19. Farmers report that the heavy rains affected pollination of the trees and will affect the yield. In addition, temperatures were colder in the spring than normal, which also affected the fruit formation. Several other smaller production areas in the Southeastern Anatolia Region, such as Mardin and Batman, also reported heavier rains than usual in the pollination season of the trees.

The district of Kahta within Adiyaman is now the leader in almond production in Turkey since 2016, according to the [Kahta Union of Hard Shelled Fruit Producers](#). As of MY 2019/20, Adiyaman province has 7,000 hectares of almond orchards. The government plan is for the province to have 10,000 hectares of almond orchards by 2023/24, with the goal of producing enough almonds to meet domestic demand in Turkey. In this respect, in spring 2017, the GoT established the [Adiyaman Hard Shelled Fruits Research Institute](#) which will work in cooperation with [University of Adiyaman](#). An almond and pistachio processing facility has also been established by the Agricultural Credit Cooperative Union with the support of the GoT

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<sup>3</sup> The exchange rate is 5.487 TL/USD as of August 07, 2019.

and opened in spring 2018. In September 2019 the [‘1<sup>st</sup> Adiyaman Almond Summit’](#) was organized by the Adiyaman Agriculture and Forestry Directorate and Ipekyolu Development Agency, a governmental agency that stimulates regional development. The GoT is encouraging farmers in the region to invest in almond orchards by increasing awareness of the potential benefits in various ways.

Almond trees can be seen scattered throughout the country in Turkey, as a naturally grown plant, or planted in lands which are considered non-arable. Most often almond trees are planted on the border of agricultural lands throughout Anatolia. The traditional location of cultivated orchards for almonds is the Datca Peninsula in the southern part of the Aegean Coast. Datca almonds are well-known and liked by Turkish consumers, but the production is insufficient to meet all the consumption needs of Turkey. Starting in the early 2010s, the city of Adiyaman in the Southeastern Anatolia Region has become the center of almond production in Turkey due to its suitable climate and soil. Adiyaman traditionally produced tobacco, but farmers are realizing the opportunity in the almond market and production is expanding there.

There are also almond orchards in the province of Manisa, where the climate is suitable for cultivating almond trees. The market for domestically-produced almonds is usually strong, and new orchards have been established to meet the demand.

Although almonds are grown in most parts of the country, they typically have been considered a minor crop and not widely cultivated commercially in Turkey. The former Ministry of Forestry and Water Affairs (MinFWA) had been conducting “Special Afforestation Projects” for almost 30 years with the target of afforestation and improvement of non-arable lands and the rural economy by leasing the forest and government-owned lands to members of the local community and the private sector. Almonds have been the most popular trees with around 45 percent of total trees planted in the scope of these projects. Despite the increase in the number of planted almond trees, almond production has not increased significantly in these areas, likely because the trees are planted in less than ideal conditions and are not carefully tended.

Since imports and prices have been rising in recent years, the GoT has taken another action to increase domestic production via increasing the number of almond trees. As a result, the “Almond Action Plan” was prepared by the GoT for 2013-2017. In the scope of this plan, eight million almond seedlings were planned to be planted within five years. However, implementation focused on increasing forested area rather than agricultural production. The GoT also encourages producers to establish new orchards by allocating free land for 49 years, providing some interest-free financial support, and financially supporting farmers registered in the “Farmers Registration System” for using certified seedlings in these orchards.

As a result of these incentives and government support, the establishment of almond orchards has become popular in Turkey and the private sector has concentrated on establishing new almond orchards for commercial production in Izmir, Manisa, Mugla, Denizli, Sanliurfa, Canakkale and Adiyaman Provinces. It is believed that these initiatives will increase the production of almonds in the future.

## **b. CONSUMPTION**

Post forecasts that there will be a decrease in almond consumption to 28,500 MT in MY 2019/20 as a result of an increase in retail prices due to inflation and currency devaluation. Almonds are mainly consumed as a snack food and limited amounts are used in the confectionary and cosmetics industries in Turkey. As with pistachios, the packaging of tree nuts, including almonds, has increased and about 1/3 of tree nuts are sold pre-packaged.

Almond retail prices in Istanbul, Turkey are about 85 – 100 TL/kg (15.49 – 18.23 USD<sup>4</sup>/kg) for both shelled roasted almonds and raw almonds, although prices vary by neighborhood.

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<sup>4</sup> The exchange rate is 5.487 TL/USD as of August 07, 2019.

### c. TRADE

Turkey is a net importer of almonds and the United States continues to be the major supplier of high quality almonds in MY 2019/20. Australia, Spain, Uzbekistan, Kyrgyzstan and Iran are the other suppliers of almonds to Turkey.

Since January 1<sup>st</sup>, 2018 import tariffs on almonds [decreased to 15 percent](#). However, there were [20 percent additional tariffs on U.S.-originated tree nuts since August 2018](#) as retaliation to the U.S. Government increasing the tariffs on Turkish steel and aluminum. On May 17<sup>th</sup> 2019, the [additional tariffs on nuts were halved](#) (reduced to 10 percent).

In total, the final import tax on almonds from the United States is now 25 percent of the cost, insurance and freight (CIF) value of the shipment as of September 2019, and is 15 percent for almonds from all other origins. There is still a demand for high quality almonds in the Turkish market and according to the sector, domestic production will not be able to meet this demand in MY 2019/20. However, due to an expected decrease in consumption as a result of increased prices and lower domestic production compared to last year, Post forecasts that imports will decrease to 20,500 MT in MY 2019/20.

Turkish customs also has a minimum reference (oversight) price for nuts. If the CIF invoice value of the in-shell almond is at or below 4,400 USD the tariff will be applied at 4,400 USD per ton. If the per ton CIF invoice value is greater than 4,400 USD, the tariff will be applied at the actual CIF invoice value. The tariff for shelled almonds is based on a minimum CIF per ton value of 6,900 USD or greater.

HS CODE	COMMODITY	OVERSIGHT VALUE ON CIF (USD/MT*)
080211	In Shell Almond	4,400 USD
080212	Shelled Almond	6,900 USD

\*Ton: Gross Weight

If almonds are imported in the scope of the Inward Processing Regime (IPR), importers do not pay tax if the almonds will be exported after being processed, such as being shelled or packaged. Turkey's main almond export destinations are Middle Eastern and North African countries (such as Iraq, Saudi Arabia, Libya, Tunisia, and Algeria).

### d. POLICY

As with other tree nuts, the GoT supports almond farmers who are registered in the "Farmers Registration System". Supports are announced by the GoT in the middle of each calendar year. These supports are available to all farmers regardless of what they are planting.

GoT offered farmers the following supports for the year 2019:

- 100TL/da (18.23USD<sup>5</sup>/da) and 400TL/da (72.90USD/da) respectively for the establishment of orchards that are planted with standard seedlings and certified seedlings
- 10TL to 100 TL /da (1.82USD/da to 18.23USD/da) for organic agriculture;
- 50 TL/da (9.11USD/da) for Good Agricultural Practices;
- 14 TL/da (2.55USD/da) for fuel and fertilizer.

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<sup>5</sup> The exchange rate is 5.487 TL/USD as of August 07, 2019.

### **III. WALNUTS**

#### **a. PRODUCTION**

In MY 2018/19, Post expects production of walnuts to reach 65,000 MT. In the Marmara region of Turkey, where some of the best commercial walnut orchards are located, there was a bit more rain in IY 2018/19 than the normal average of the last decade, but a bit less rainfall was observed compared to last IY. Throughout the whole country, the rainfall in Irrigation Year 2018/19 was more than the 10 year average and higher than last year. There was no reported major frost in the spring affecting walnuts.

Walnut trees, like almonds, are scattered throughout the country. They grow in almost every province of the country, but commercial plantations of walnuts are relatively new to Turkey. The GoT has implemented programs to encourage increasing production of walnuts. There are good commercial orchards which were established in the last 10 – 15 years in the Thrace region, in the Sakarya and Kocaeli provinces (in the Marmara Region) and in the Adiyaman province in the Southeastern Region of the country. However, these are insufficient to meet the demand for high quality walnuts among Turkish consumers. The GoT encourages producers to establish new walnut orchards by allocating free land for a term of 49 years and some interest-free financial support programs. The government also supports farmers who are registered in the “Farmers Registration System” for using certified seedling in these orchards. New orchards are being established in many provinces by the private sector due to these government incentives and high market prices. These new orchards are in the Aegean, Marmara, Southeastern Anatolia and Mediterranean regions. Chandler is becoming the most popular variety, due to consumer preference. However, some issues remain in terms of the suitability of varieties to local conditions and the reliability of certified seedlings. An agricultural cooperative in Aegean Region announced in Fall 2019 that they completed the first harvest of a variety they developed themselves locally. They named this new local variety ‘Potemia Erdin’.

Walnut has been the second most popular tree planted under MINFWA’s Special Afforestation Projects, accounting for around 30 percent of the total planting initiative. However, in regions such as Central and Eastern Anatolia, many trees were planted in soils or locations which were not ideal for walnut production. Irrigation is mostly not available in these lands and delivering the water to the plots is costly, especially on slopes.

In order to increase domestic production, a “Walnut Action Plan” was prepared by the GoT for the 5 year period of 2012-2016. In the scope of this plan, five million walnut seedlings were to be planted. As with the Almond Plan, the implementation of the Walnut Plan focused on increasing forest area rather than agricultural production and has not been fully implemented, with only around 3 million total walnut trees planted. Despite the increased land area planted due to the above mentioned afforestation projects, walnut production has not increased significantly.

Until 1970, walnuts had been propagated only by seeds and therefore, until the last decade, it was very difficult to find established orchards of standard cultivars in Turkey. However, the importance of propagation by grafting and budding is now understood and as a result, orchards of standard cultivars are becoming increasingly widespread. Currently, the major problem for walnut producers in Turkey is low yields. There is also great need for improved varieties. Yalova Horticulture Research Institute, which is located in the Marmara Region, is Turkey’s leading walnut research facility and the developer of new varieties. Commercial production of the improved varieties developed by this institute has begun in Balikesir, Denizli, Bursa, and Kahramanmaraş provinces.

#### **b. CONSUMPTION**

The walnut consumption estimate for Turkey is 140,000 MT for MY 2019/20, up from 130,000 MT in MY2018/19. Since it is an off-year for pistachio production, the usage of walnuts in the production of traditional desserts such as baklavas is expected to be more widespread. Furthermore, the decrease of last year’s retaliatory tariffs on walnuts from the U.S. is expected to have a positive impact on imports.

In Turkey, walnuts are commonly used in desserts, just like pistachios. Turkish desserts such as pestil and köme are made by combining walnuts with mulberries and grapes. Walnuts are also used in baklava, ice cream, halva production, cookies/cakes, breads/bakery, pastries, and in the dried fruit industry as well. The leaves and green shells are used as a pigment in Turkey. Walnut wood has been used for the furniture industry for many years.

Walnut consumption has increased significantly in recent years due to consumers understanding the health benefits of the nut and increased availability of packaged tree nuts, including walnuts. Most walnuts in the market are sold in bulk, in-shell. Turkish consumers purchase walnuts regularly and use them as an ingredient in everyday foods. Walnuts are the second most-purchased nut in Turkey, after hazelnuts.

Currently, walnut retail prices are above last year’s prices during the same time period in Istanbul (in terms of TL prices), due to the exchange rate of the U.S. dollar against the TL. Shelled walnuts are priced from 78 to 100 TL/kg (14.21 - 18.23 USD<sup>6</sup>/kg) and in-shell walnuts are from 25 to 35 TL/kg (4.56 - 6.38 USD/kg) varying by production and retail outlet.

**c. TRADE**

Post forecasts 85,000 MT of walnut imports in MY 2019/20. The halving of the retaliatory tariffs on U.S. walnuts and the fact that it is an off-year for pistachio production will positively affect the consumption of walnuts, and imports will increase, too. The United States continues to be the major in-shell walnut supplier in MY 2018/19. After the United States, Chile, Uzbekistan, Ukraine, China, and Moldova were the other walnut suppliers, largely due to price and seasonality considerations. Due to retaliatory taxes on U.S.-originated walnuts, traders have purchased imports as much as possible from other sources. Traders agree that Turkey will continue to be an importer of walnuts due to high quality product demand by Turkish consumers. Depending on the year, around 45-55 percent of total walnut consumption is supplied through domestic production, Due to the strong demand for high quality walnuts in the Turkish market, the remaining amount is imported to meet the demand.

As with almonds, the import tariffs changed for walnuts in 2018. As of January 1<sup>st</sup>, 2018 the import tariff of 43.20 percent has decreased to 15 percent on the CIF value of the shipment. However, in retaliation for the tariffs put on Turkish steel and aluminum by the United States, the GoT put first a 10 percent extra tariff on all tree nuts imported from the U.S.,and added a second 10 percent additional tariff. Later, on May 17<sup>th</sup> 2019, the additional tariffs on nuts were halved (reduced to 10 percent). The final total import tax on walnuts from the United States is 25 percent with the addition of the retaliatory tariff, compared to 15 percent for nuts from all other origins.

Like almonds, walnuts also have a minimum reference (oversight) pricing system at Turkish Customs. If the per ton CIF invoice value for in-shell walnuts is at or below \$3,500, the tariff will be applied to \$3,500 per ton. If the per ton CIF invoice value is greater than \$3,500 the tariff will be applied to the actual CIF invoice value per ton. The tariff for shelled walnuts is based on a minimum CIF per ton value of \$6,500 or greater. Traders prefer to import in-shell walnuts, though they import some shelled as well.

HS CODE	COMMODITY	OVERSIGHT VALUE ON CIF
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<sup>6</sup> The exchange rate is 5.487 TL/USD as of August 07, 2019.

		(USD/MT*)
080231	In Shell Walnut	3,500 USD
080232	Shelled Walnut	6,500 USD

\*Ton: Gross Weight

Turkey’s processing industry has grown in recent years. Imports of both in-shell and shelled walnuts, and exports of shelled walnuts have increased substantially.

Importers can utilize the Inward Processing Regime (IPR) for walnuts that are imported to be further processed and exported to third countries. With the IPR, importers do not pay the import tariffs if they export the end product. U.S. walnuts imported under IPR tend to be processed and exported to Middle Eastern and African countries (Egypt, Saudi Arabia, Tunisia, and Libya).

#### **d. POLICY**

The GOT supports walnut farmers who are registered in the “Farmers Registration System”. Supports are announced by GOT in the middle of each calendar year.

GoT offered farmers the following supports for the year 2019:

- 100TL/da (18.23USD<sup>7</sup>/da) and 400TL/da (72.90USD/da) respectively for the establishment of orchards that are planted with standard seedlings and certified seedlings
- 10TL to 100 TL /da (1.82USD/da to 18.23USD/da) for organic agriculture;
- 50 TL/da (9.11USD/da) for Good Agricultural Practices;
- 14 TL/da (2.55USD/da) for fuel and fertilizer.

#### **IV. HAZELNUTS**

Turkey is the largest producer and exporter of hazelnuts in the world, accounting for about 70 percent of world production and around 75 percent of world exports.

Post forecasts hazelnut production will be 600,000 MT for MY 2019/20 in Turkey, the same as the previous marketing year. In the Black Sea Region of Turkey, where hazelnuts are grown, in Irrigation Year 2019/20 there was slightly above a normal level of rain, very similar to the previous year. In July 2019, there was major flooding in Duzce province close to shore of Black Sea. Some hazelnuts orchards were affected; however, major impact on the total harvest amount is not expected. There has not been any major frost or hail problems in the Black Sea region this year.

The Minister of Agriculture and Forestry opened the annual hazelnut harvest with a “Harvest Festival” in Ordu, a major hazel nut production province, on August 5, 2019. The ministry estimated the production of Turkey to be over 700,000 MT, according to the Minister. The Ministers of Agriculture from Georgia and Azerbaijan, two hazelnut producer countries in the region, also participated in the harvest festival. The three ministers signed a document called the “Hazelnut Strategic Cooperation Declaration” where they agreed to cooperate in the area of hazelnut production, improving quality of hazelnuts, and efficiency of orchards.

The president of Turkey himself declared the official Turkish Grains Board (TGB) purchasing prices for hazelnuts in a July speech. Giresun quality hazelnuts will be purchased at 17.00 TL/kg and Levant quality will be purchased at 16.50 TL/kg. The Minister of Agriculture and Forestry announced that TGB will

<sup>7</sup> The exchange rate is 5.487 TL/USD as of August 07, 2019.

purchase all the hazelnuts brought to them, given that the quality standards are met, and pay farmers within 20 days.

Although hazelnuts are grown in more than 48 provinces around Turkey, production is primarily concentrated along Turkey's Black Sea coast. Hazelnut orchards are typically located within 30 km of the coast. In the western Black Sea area, the growing region starts from Zonguldak (east of Istanbul) and extends east along the entire Black Sea and the mountains until close to the Georgian border. There are approximately 500,000 producers and 4,000,000 people directly or indirectly employed by hazelnut production in Turkey, on an area of around 700,000 hectares.

The Black Sea region is divided into three distinct growing areas: (1) The hilly region from Ordu to Trabzon, centered around Giresun, and east of Trabzon, including Rize, which in a normal year produces about 55 percent of the crop, (2) The flatter, mixed farming region west of Ordu to Samsun, which produces about 15 percent of the crop, and (3) The area west of Samsun, which produces the remaining 30 percent. Hazelnuts require relatively little effort to cultivate and inputs are low. However, with better maintenance, the yield efficiency of Turkish hazelnut orchards can easily be improved. Due to socio-economic reasons, Turkish hazelnut orchards are not well maintained, and the trees are aged, with some orchards dating back 70 years. Turkish hazelnuts usually ripen between early and late August, depending on the altitude of the orchard and climatic conditions. Hazelnuts are hand-picked from the trees and dried in the sun. Harvesting takes place during several weeks in August and September. Turkey produces around 600,000 MT of hazelnuts under normal weather conditions.

The Municipality of Ordu is starting a pilot project to take care of the hazelnut orchards around the city. The municipality, or a company established by the municipality, will build teams of workers to do maintenance and harvest the orchards. All teams will have an agriculture engineer, technicians, and workers. Orchard owners who cannot do the maintenance of the orchards themselves because of aging or migration to large cities will have an option to hire these teams to take care of their orchards and harvest them for reasonable prices. Since the teams will work on many orchards, costs will be shared. It is expected that this service will increase the efficiency of the hazelnut orchards which are generally neglected.

Both the GoT and private companies purchase hazelnuts from producers. About one third of the exports are bought by Italian-owned [Ferraro Hazelnut Company](#) which also owns the brand [Nutella](#). The company purchased the largest Turkish trader and its Italian competitor in 2015 and became the largest hazelnut trader in Turkey. Approximately half of all exports are carried out by international companies. Most years, the TGB purchases and stocks hazelnuts on behalf of the GoT. In addition, the Union of Hazelnut Agriculture Sales Cooperatives (FISKOBIRLIK) also purchases and stocks nuts to keep prices stable. Note that USDA does not maintain a Production, Supply and Distribution table for hazelnuts.

## V. PRODUCTION, SUPPLY and DISTRIBUTION STATISTICS:

Pistachios, Inshell Basis Market Begin Year Turkey	2017/2018		2018/2019		2019/2020	
	Sep 2017		Sep 2018		Sep 2019	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0	0	0
Area Harvested	0	0	0	0	0	0
Bearing Trees	0	42500	0	47700	0	49558
Non-Bearing Trees	0	17100	0	19400	0	20530
Total Trees	0	59600	0	67100	0	70088
Beginning Stocks	10000	10000	500	500	0	22500
Production	80000	80000	240000	210000	0	85000
Imports	16400	16000	5000	5000	0	12000
Total Supply	106400	106000	245500	215500	0	119500
Exports	3100	3000	25000	17000	0	4000
Domestic Consumption	102800	102500	205500	176000	0	115000
Ending Stocks	500	500	15000	22500	0	500
Total Distribution	106400	106000	245500	215500	0	119500
(HA) ,(1000 TREES) ,(MT)						

Almonds, Shelled Basis Market Begin Year Turkey	2017/2018		2018/2019		2019/2020	
	Aug 2017		Aug 2018		Aug 2019	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0	0	0
Area Harvested	0	0	0	0	0	0
Bearing Trees	0	6660	0	6810	0	8490
Non-Bearing Trees	0	4960	0	5100	0	5401
Total Trees	0	11620	0	11910	0	13891
Beginning Stocks	500	500	400	500	0	500
Production	15000	15000	16000	16000	0	14500
Imports	27000	26000	22000	22000	0	20500
Total Supply	42500	41500	38400	38500	0	35500
Exports	8300	8000	8000	8000	0	6500
Domestic Consumption	33800	33000	30000	30000	0	28500
Ending Stocks	400	500	400	500	0	500
Total Distribution	42500	41500	38400	38500	0	35500
(HA) ,(1000 TREES) ,(MT)						

Walnuts, Inshell Basis Market Begin Year Turkey	2017/2018		2018/2019		2019/2020	
	Sep 2017		Sep 2018		Sep 2019	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0	0	0
Area Harvested	0	0	0	0	0	0
Bearing Trees	0	8150	0	8766	0	9875
Non-Bearing Trees	0	6800	0	7894	0	8897
Total Trees	0	14950	0	16660	0	18772
Beginning Stocks	6800	6800	3800	3800	0	1800
Production	58000	58000	63000	63000	0	65000
Imports	77200	80000	78000	75000	0	85000
Total Supply	142000	144800	144800	141800	0	151800
Exports	6500	6500	8000	10000	0	9000
Domestic Consumption	131700	134500	135000	130000	0	140000
Ending Stocks	3800	3800	1800	1800	0	2800
Total Distribution	142000	144800	144800	141800	0	151800
(HA) ,(1000 TREES) ,(MT)						

**Attachments:**

No Attachments