

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT
POLICY

Required Report - public distribution

Date: 9/9/2016

GAIN Report Number: TR6040

Turkey

Tree Nuts Annual

Turkey Tree Nuts Annual Report

Approved By:

Elizabeth Leonardi, Agricultural Attaché

Prepared By:

Nergiz Ozbag, Sr. Agricultural Specialist

Report Highlights:

Depending on the location of orchards and regions, tree nut production was affected by the poor weather conditions, such as less rainfall compared to normal and previous-year values, which led to drought. Additionally, there were warmer weather conditions than normal during winter which led to early blossoming of trees, as well as there were early and late spring frosts which occurred right after blossoming of trees in March and April 2016.

Post forecasts **pistachio** production at 155,000 metric tons (MT) which is a new record. **Almond** production is forecasted at 15,100 MT and **walnut** production at 63,000 MT in MY 2016.

Hazelnut is the most negatively affected commodity by weather conditions and there is a considerable decrease in hazelnut production in MY 2016. Post forecasts hazelnut production as 460,000 MT in MY 2016, down from 650,000 MT of last year.

Executive Summary:

Depending on the location of the orchards and the regions, tree nut production was partly affected by the bad weather conditions such as less rainfall which led drought, warmer weather conditions than normal period during late autumn and winter time which led early blossoming of walnut trees and early and late spring frosts which occurred right after blossoming of trees in March and April 2016.

Pistachio was the least affected tree nut from the bad weather conditions in MY 2016. One of the reasons of this is the more implementation of good agricultural practices in some pistachio producing provinces - especially in the South East Region in recent years. This resulted in record pistachio production in both MY 2015 and MY 2016. Post forecasts pistachio production at 155,000 metric tons (MT) in MY 2016, up from 130,000 MT last year.

Due to bad weather conditions, walnut and almond production were affected negatively which resulted in similar walnut and almond production as last year.

Walnuts are grown throughout almost all parts of the country. Similarly, depending on the location of orchards and the region, walnut production was also partly affected from the late spring frosts in 2016. Post forecasts a minor increase of about 5 percent in walnut production at 63,000 MT in MY 2016, up from 60,000 MT last year. However, this amount is still far behind the amount needed to meet the walnut needs of Turkey. Post forecasts that walnut imports will also continue due to the insufficient production and high quality walnut demand in the Turkish market.

Almond is grown in most parts of the country. Many almonds were affected from the late spring frosts occurred in March and April 2016 depending on the location of orchards and region in MY 2016. Post forecasts a slight increase of 7 percent to 15,100 MT in almond production in MY 2016. Post forecasts that almond imports will also continue due to demand for high quality almonds in the Turkish market.

Hazelnut is the most negatively affected commodity due to weather conditions especially from frosts. There is a considerable decrease in hazelnut production in MY 2016. Post forecasts hazelnut production as 460,000 MT in MY 2016, down from 650,000 MT of last year.

PISTACHIO

Production

Pistachio production is highly cyclical and yields vary dramatically from year to year and between regions and orchards in Turkey. MY 2014 was supposed to be an “on-year” in the natural production cycle of pistachio, so farmers and traders expected significant increase in the pistachio production as it was an “on year”. Due to the bad weather conditions such as frost and abnormal drought in the main pistachio production areas such as Gaziantep, Sanliurfa and Siirt during the winter and the spring, natural production cycle was broken and resulted in consecutive two “off -years” in 2013 and 2014. Then, MY 2015 became an “on-year” in the production cycle. Pistachio production was 130,000 MT which was the record of recent years, in MY 2015, up from 85,000 MT of previous year. MY 2016 was expected as “off-year” in the normal production cycle. However, it became almost “on-year” and

reached another record of recent years in the production. Recently, producers have been spending lots of efforts to break the natural production cycle “off year/on year” rule. For this reason, they have been implementing more good agricultural practices than ever, especially in some part of South East Anatolia in the past few years. Pistachio orchards are more irrigated against abnormal drought. In November 2015, a special fertilizer which is named as “green gold” was produced specific to pistachio tree needs by the joint efforts of government and private sector and for the first time it was used in the production period of MY 2016. The fertilizer was distributed by the municipalities to over 2000 pistachio producers especially in Gaziantep province, which is the most important location. Gaziantep province’s production is the highest in pistachio among other Provinces in MY 2016. Producers say that fertilizer works well for the needs of pistachio trees.

Also, research activities have been widely conducted by the universities located in Southeast and East Anatolia for better production methods and measures for plant protection for pistachio orchards. Producers and researchers predict that better variety selection and good agricultural practices will solve the the problem of “cycling” and it will not be seen in the future.

Pistachio production areas increased by about 25 percent, bearing trees increased by about 30 percent and total tree number increased by about 25 percent in the last five years in Turkey. In previous years, harvest could be done after ten years once tree planted. Due to recent practices and measures, harvest can now be done in five years after planting. Currently, the average pistachio yield is around 4 kilograms (kg)/tree.

As a result of these measures and efforts, despite the early and late spring frosts occurred in March and April 2016 and abnormal drought especially in Southeast Anatolian Region, post forecasts an increase in the pistachio production at 155,000 MT, up from 130,000 MT of previous year.

Although pistachios are grown in more than 50 provinces in Turkey, it is a traditional product of the Southeastern Anatolia Region. The cities Gaziantep, Sanliurfa, Adiyaman, Siirt, Kilis, Kahramanmaras, Mardin and Diyarbakir are the most significant locations for commercial pistachio production and 90 percent of the total production comes from these provinces.

Gaziantep and Sanliurfa pistachio varieties are similar, but Siirt has a distinct pistachio variety. In an "on-year", the Gaziantep region produces 45,000-55,000 MT, the Sanliurfa region produces 40,000-45,000 MT, and Siirt region produces 15,000-20,000 MT. In recent years, these amounts are increased by about 5000 MT for each province.

Most Turkish pistachios are the Gaziantep variety - thinner and smaller than the Iranian variety. Siirt pistachios, which account for about 15 percent of the total production, are somewhere between Gaziantep and Iranian pistachios. The Siirt type yields are not only higher, but fluctuate less than the Gaziantep type. In Turkey, quality is directly related to size: 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 since pistachios are replacing olive trees especially in the rain-fed and irrigated areas. Currently, Gaziantep province has more trees than its

neighboring province Sanliurfa and around 40 percent of total production comes from Gaziantep. In recent years Aegean Region (in provinces such as Manisa, Izmir, Aydin, Denizli) and West Marmara Region (in provinces such as Canakkale, Tekirdag) have also become popular for pistachio production.

Consumption

Most of the Turkey's crop is consumed domestically and consumption varies from year to year according to availability of pistachio on the market. Traditionally, the Turkish people consume 35 percent of total production as a snack food and the rest are used in the production of confectionery, chocolate products, especially in desserts and bakery products.

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). Packaging mitigates food safety and quality concerns related to high humidity in these regions. Currently, 35 percent of total tree nuts are being packaged, while it was 15 percent few years ago. Post forecasts that the packaging of tree nuts, including pistachios, increases consumption. Current per capita consumption is around 1.5 kg/year in Turkey. Since the production is considerably higher than the past few years in MY 2015 and MY 2016, Post forecasts that pistachio prices will decrease and then consumption will increase and reach to 145,000 MT.

Pistachio stocks vary considerably from year to year in line with cyclical production. Moreover, pistachio production, trade and stock amounts have not been registered neither by the Government of Turkey (GOT) or related unions in the sector. This situation creates artificial price fluctuations which result in price increases especially in low production years. These fluctuations have a negative impact on consumption and food industry usages.

Because of the high production of pistachio in MY 2015, pistachio prices decreased to about 50 TL/kg or US\$ 16.91/kg, down from 70-80 TL/kg or US\$ 23.68-27.01/kg. Since there is a second high production in MY 2016 as well, pistachio prices will be staying around 50 TL/kg or US\$ 16.91/kg at the beginning of the harvest. Currently retail prices of Antep pistachio is 50-55 TL/kg or US\$16.91-18.61 /kg and Siirt pistachio is still 65-70 TL/kg or US\$ 21.99-23.68 /kg since there is less amount of Siirt pistachio in the market and packaged pistachio is 75-80 TL/kg or US\$25.37-27.07 /kg, (2.95 TL equal to \$1 USD on September 1, 2016). Traders think that there might be a slight decrease in pistachio prices after harvest completed.

Trade

Turkey is self-sufficient in pistachios. Only a minor amount of total production was exported in MY 2015. Since there was a considerable high production and lower prices compared to previous years in MY 2015, pistachio export tended to increase while import tended to decrease. Export destinations were Saudi Arabia, Israel, Jordan and European Countries such as Italy and Germany. Previously important export destinations of Iraq and Syria have been impacted by the turmoil in the region. In MY 2016, pistachio production will reach the highest level of recent years again. Post forecasts that exports will continue to increase as well and reach to 16,000 MT since there is high production. Pistachio Promotion Council is increasing its activities to promote the pistachio export due to high production in MY 2016.

Although there is no legal barrier to pistachio imports, there are always fewer imports than the market requires, especially during the “off year” production periods. Since production in MY 2015 was considerably high compared to previous years, import tended to decrease. Post forecasts that this tendency will continue in MY 2016 as well. Post forecasts pistachio import at 8,000 MT in MY 2016. According to contacts, a considerable amount of Iranian pistachios enter Turkey illegally and are consumed domestically and some are exported as a Turkish product.

Stocks

Pistachio stocks vary considerably from year to year in line with cyclical production. Moreover, pistachio production, trade and stock amounts have not been registered neither by the GOT nor related unions in the sector. The “Gaziantep Pistachio Industry Association” was established in 2014. The principle objective of this association is to establish a system for the registration of pistachio production and stocks. There is no active registration system in place yet.

Since past consecutive two years were “on -year” for pistachios, it is estimated that there will be around 8,500 MT of stocks at the beginning of MY 2016.

Policy

The GOT stopped providing direct supports to pistachio farmers several years ago but supports the pistachio farmers who are registered in the “Farmers Registration System” and offers these farmers the following supports for the year 2016:

(Note: 1 US\$ =2.9555 TL, on September 1st , 2016)

150TL/decar (da) (US\$ 50.75/da) and 350 TL/da (US\$ 118.42 /da) respectively for the establishment of new pistachio orchards that are planted with standard seedlings and certified seedlings
10TL to 100 TL /da (US\$ 3.38 /da to 33.83/da) for organic agriculture;
50 TL/da (US\$ 16.91/da) for Good Agricultural Practices;
350TL/da (US\$118.42/da) for biological control;
110 TL/da (US\$ 37.22/da) biotechnical control;
11 TL/da (US\$ 3.72/da) for fuel and fertilizer;

There are no subsidies, taxes or other restrictions on pistachio exports. There is no legal barrier to pistachio imports, but there are generally minor imports throughout years.

Marketing

The Antep Pistachio Promotion Group was established in January 2006. The Aegean, Southeast Anatolian and Istanbul Exporters Unions each have two members on the Board of Directors. Also, the Ministry of Economy names one member. The goal of the group is to organize and manage research and marketing activities to increase the consumption and exportation of Antep (which means from the region of Gaziantep) pistachios.

GUNEYDOGUBIRLIK, which is located in Gaziantep Province, is the only sales cooperative union for pistachios. This sales cooperative follows domestic and foreign trade issues, provides information, conducts market research, and sponsors promotional events together with Pistachio Promotion Council.

ALMOND

Production

In November 2015 - July, 2016 period, there was considerably less cumulative rainfall especially in the South East Region (about 20 percent less), Mediterranean Region (about 30 percent less) and Aegean Region (about 10 percent less) compared to normal and previous year's rainfall values in Turkey. The weather was warmer than normal season conditions, especially in November/December 2015 and February 2016. Due to warm weather conditions, almond trees blossomed earlier than normal. This was followed by an early and late spring frosts which occurred in March and April 2016. Because of these bad weather conditions, almond production in especially some part of Aegean, West Marmara, Mediterranean and Southeast Regions were affected negatively (depending on the location of the orchards, provinces) and resulted in about similarly low almond production like last year. Post forecasts a slight increase of about 8 percent to 15,100 MT in almond production in MY 2016.

Although almond is grown in most parts of the country, it has been accepted as marginal tree, considered a minor crop and not cultivated commercially in Turkey for many years. Most of the almond production has been from unstandardized seed which results in inconsistent yields and qualities. The current the average yield for almonds is 11-17 kg/tree.

Turkey is currently a net importer of almonds. Since the import and prices rise continuously in recent years, the GOT has taken action to decrease imports and increase domestic production. As a result, the "Almond Action Plan" was prepared by the Ministry of Forestry and Water Affairs (MINFWA) for the period 2013-2017.

In the scope of this Plan, 8 million almond seedlings were planned to be planted within 5 years. MINFWA's implementation of the Plan focuses on increasing forest area rather than agricultural production. The areas selected for these seedlings have some deficiencies such as high soil PH, shallow soil depth, and increased risk of root disease. Therefore, Post forecasts that the increased number of trees will not contribute significantly to almond production. The Plan itself has not been implemented successfully because of mainly bad weather conditions in the past three years.

The GOT also encourages producers to establish new orchards by allocating free land for 49 years and some interest-free financial support and supports farmers registered in the "Farmers Registration System" for using certified seedling 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 commercial production in the Aegean, West Marmara, Southeastern Anatolia and Mediterranean Regions. This has resulted in establishing new almond orchards, especially in Izmir, Manisa, Mugla, Denizli, Urfa, Canakkale and Adiyaman Provinces. It is believed that these incentives will increase the production of almonds in the future.

Consumption

Almonds are mainly consumed as snack food and limited amounts are used in the confectionary and cosmetics industries in Turkey. Per capita almond consumption was 0.66 kg/year in the period of 2001-2012. The packaging of tree nuts, including almonds, has doubled over the last few years throughout the country especially in the coastal regions (Aegean, Mediterranean and Marmara). Packaging mitigates food safety and quality concerns related to high humidity in these regions. Currently, 35 percent of total tree nuts are being packaged, while it was 15 percent years ago. Post forecasts that the packaging and growing understanding of the health benefits of tree nuts, including almonds, affect the consumption positively. Currently per capita consumption is around 1.1 kg/year. Consumption of almonds, especially as a snack slightly decreased due to price rise in domestic market in MY 2015. Post thinks that there will be slight increase in the almond consumption due to especially perceived health benefits and packaging of tree nuts, including almond and forecasts almond consumption at 32,000 MT in MY 2016.

Almond retail prices are high in Ankara at the beginning of the harvest due to high exchange rate of the US\$ against the TL, (for shelled roasted almond; 58-65 TL/kg or US\$19.62-21.99 /kg and packaged almond:85-100 TL/kg or US\$ 28.76 -33.84 /kg, (Note: 2.9555 TL to \$1US, on 1st September 2016). Traders think that almond prices will slightly decrease after harvest is completed.

Trade

Turkey is a net importer of almonds and the United States is the major almond supplier. Due to the quality, around 97 percent of almonds have been imported from the United States. Iran, Spain, Chile are the other suppliers of almonds.

The rise in import prices and the high exchange rate of the US\$ against the TL resulted in a 20-30 percent increase in the market price of almonds and resulted in around 7 percent decrease in almond imports in MY 2015. Turkey will continue to be a net importer of almonds because of demand for high quality almonds in the Turkish market and insufficient domestic production to meet that demand in MY 2016. Traders think that almond import will slightly increase in MY 2016. Post forecasts that almond imports will increase to 22,300 MT, up from 21,000 MT and exports will increase to 5,300 MT, up from 5,000 MT, in MY 2016.

Importers pay 43.2 percent tax per ton on the cost, insurance and freight (CIF) value of the shipment. If the per ton CIF invoice value is at or below US\$3,000 the tariff will be applied at US\$3,000 per ton. If the per ton CIF invoice value is greater than US\$3,000 the tariff will applied at the actual CIF invoice value. The tariff for shelled almonds is based on a minimum CIF per ton value of US\$ 6,500, or greater. Traders prefer to import in-shell almonds as the reference value is less than half that of shelled almonds.

HS CODE	COMMODITY	REFERENCE VALUE ON CIF (US\$/TON*)
0802.11	In shell Almond	3,000
0802.12	Shelled Almond	6,500

*Ton: Gross Weight

Traders import in-shell and shelled almonds mainly from the United States, process and export them as shelled and packaged to Middle East and North African countries. Previously important export destinations of Iraq and Syria have been impacted by the turmoil in the region. It is claimed that there is illegal almond trade over Turkey's eastern border. According to contacts, Iranian almonds enter Turkey illegally and are registered in the country as produced domestically and then exported with labels indicating Turkish origin. At the moment it is very difficult to guess the amount of illegal almonds entering Turkey.

Policy

Turkey is currently a net importer of almonds. Since the import volumes and prices of almonds have risen continuously past few years, the GOT has taken action to increase domestic production and decrease imports. The "Almond Action Plan" (Plan) was prepared by the Ministry of Forestry and Water Affairs for the period 2013-2017. In the scope of this Plan, 8 million almond seedlings are foreseen to be planted during a 5 year period. The Action Plan has not been implemented successfully because of the bad weather conditions in past few years. Also, the GOT encourages producers to establish new orchards by allocating them the land for free for 49 years and some interest-free financial support.

The GOT supports almond farmers who are registered in the "Farmers Registration System" and offers these farmers the following supports for the year 2016:

(1 US\$ =2.9555 TL, on September 1, 2016)

150TL/decar (da) (US\$ 50.75/da) and 350 TL/da (US\$ 118.42 /da) respectively for the establishment of new almond orchards that are planted with standard seedlings and certified seedlings
10TL to 100 TL /da (US\$ 3.38 /da to 33.83/da) for organic agriculture;
50 TL/da (US\$ 16.91/da) for Good Agricultural Practices;
350TL/da (US\$118.42/da) for biological control;
110 TL/da (US\$ 37.22/da) biotechnical control;
11 TL/da (US\$ 3.72/da) for fuel and fertilizer;

There are no subsidies, taxes or other restrictions on almond exports. There is no legal barrier to almond imports, but high tariffs are the key issue.

Marketing

There is no specific organization to promote Turkish almonds. TUKSIAD (Turkey Dried Fruits and Nuts Traders and Businessman Association) actively promotes the establishment of almond orchards and the consumption of almonds in Turkey, as well as represents importers and sellers of almonds in Turkey.

WALNUT

Production

Depending on the location of the orchards and the regions, walnut production was also partly affected by the inconvenient weather conditions such as less rainfall which led drought, warmer weather conditions than normal period during winter time which led early blossoming of walnut trees and early and late spring frosts which were occurred right after blossoming in March and April 2016. In November 2015 - July, 2016 period, there was considerably less cumulative rainfall especially in the Shout East Region (about 20 percent less), Mediterranean Region (about 30 percent less) and Aegean Region (about 10 percent less) compared to normal and previous year's rainfall values in Turkey. The weather was warmer than normal season conditions especially in November/December 2015 and February 2016. Due to warm weather conditions, walnut trees blossomed earlier than their normal period. This was followed by an early and late spring frosts which occurred in March and April 2016. Due to bad weather conditions, walnut production in especially some part of Aegean, West Marmara, Mediterranean, Central Anatolia and Southeast Regions were affected negatively depending on the location of the orchards, provinces and resulted in about similar walnut production of last year.

Currently most of the walnut production is from domestic and unstandardized seed, which also results in inconsistent yields and qualities. Due to bad weather conditions, Post forecasts a minor increase in walnut production of 5 percent to 63,000 MT. This amount is still far behind to meet Turkey's demand for walnuts, especially for high quality walnuts.

Although walnuts are grown throughout the country, Turkey is currently a net importer of walnuts. Depending on the year, around 55 percent of total consumption is supplied through imports. Since imports and prices have risen continuously over the past few years, the GOT has taken action to decrease imports and increase domestic production. As a result, the "Walnut Action Plan" was prepared by the Ministry of Forestry and Water Affairs for the period 2012-2016. In the scope of this Plan, 5 million walnut seedlings are planned to be planted during this 5 year period. As with the Almond Plan, MINFWA's implementation of the Walnut Plan focused on increasing forest area rather than agricultural production. The areas selected for these seedlings have the same deficiencies as the land dedicated to almonds, such as high soil PH, shallow soil depth, and increased risk of root disease. Post forecasts that the increased number of trees in the forest area will not significantly contribute to walnut production either. Moreover, the Action Plan has not been implemented successfully because of the bad weather conditions in the past years.

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. However, the importance of propagation by grafting and budding is now understood and as a result, orchards established of standard cultivars are becoming increasingly widespread. Currently, the major problem for walnut producers in Turkey is low yields. The average yield is around 34 kg/tree. There is great need for improved varieties. Yalova Horticulture Research Institute, which is located in Yalova 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 the institute has begun in Balikesir, Denizli, Bursa and Kahramanmaras provinces.

GOT encourages producers to establish new walnut orchards by allocating free land for 49 years and some interest-free financial support and supports farmers who are registered in the "Farmers

Registration System” for using certified seedling in these orchards. These incentives, supports, increased demand and high domestic market prices have encouraged walnut cultivation in recent years and establishment of walnut orchards has become very popular in Turkey. Private sector has concentrated on commercial walnut production in especially Aegean, Marmara, Southeastern Anatolia and Mediterranean regions. New walnut orchards have been established in Izmir, Manisa, Mugla, Denizli, Balikesir, Bursa, Canakkale, Tekirdag, Aydin, Sakarya, Bitlis, Bingol, Urfa and Adiyaman Provinces in recent years. Chandler is becoming the most popular variety. But it is recently seen that some of orchards established by using Chandler variety are not operating well, due to unsuitable soil characterization and climate conditions for Chandler trees. Also, some farmers say that there are problems, especially in the process of certified seedlings, which is a government support program to increase the high quality varieties of walnut orchards in Turkey - there are subsidies to farmers for using certified seedlings. After the walnut seedlings have been planted and start maturing, some farmers are noticing that the variety is different than the type which it had been “certified” to be. This situation leads considerably high losses of investments and as a result, recently some farmers/business operators are starting to leave the walnut orchard business.

Consumption

In Turkey, walnuts are commonly used in desserts. Turkish desserts such as pestil and köme are made by combining walnuts with mulberries and grapes. Walnuts are also used in baklava, ice cream and halva production and in the dried fruit industry as well. The leaves and green shells are used as a pigment in Turkey.

Walnut consumption has increased significantly in recent years due to perceived health benefits and the packaging of tree nuts, including walnuts. The predominance of walnuts in the market are sold in bulk. Turkish consumers are already purchasing walnuts regularly. Most of consumers agree that walnuts are a good ingredient to use with everyday foods. Additionally, walnuts are the second most purchased nut after hazelnuts. Per capita consumption, which was estimated earlier as 2 kg/year, is now estimated to be almost 3 kg/year.

Post thinks that there will be slight increase in the walnut consumption due to especially perceived health benefits and packaging of tree nuts, including walnut and higher production and forecasts walnut consumption at 136,500 MT in MY 2016.

Currently walnut retail prices are still high and similar to last year’s prices in Ankara at the beginning of the harvest due to high exchange rate of the US\$ against the TL, for shelled walnut 60-70 TL/kg or US\$20.30-23.68 /kg and for in shell walnut; 20-35 TL/kg or US\$ 6.76-11.84 /kg and packaged walnut: around 100 TL/kg or US\$ 33.84 /kg, (Note: 2.9555 TL to \$1 USD on 1st September 2016). Traders think that walnut prices will slightly decrease after the harvest is completed.

Trade

Turkey is a net importer for walnuts and the United States is the major in-shell walnut supplier to the Turkish market. After the United States, the main walnut suppliers are Chile, Ukraine, Uzbekistan, Iran and Kyrgyzstan, largely due to price considerations. There is strong demand for high quality walnut

imports. Despite the rise in import prices, there was an increase in walnut imports due to insufficient production in MY 2015.

Post forecasts an increase in the production of walnut of to 63,000 MT in MY 2016 up from 60,000 MT last year; however, this amount is still far behind to meet the Turkish market’s high-quality walnut demand. Traders agree that Turkey will continue to be a net importer of walnuts. Due to high prices and high exchange rate of the US\$ against the TL, traders tend to prefer imports from less expensive sources such as Chile, Uzbekistan, Kyrgyzstan, Turkmenistan, Bulgaria and Romania. Post forecasts walnut import at 84,500 MT in MY 2016.

Importers had been paying a 43.2 percent duty on CIF value for walnuts for all countries except Ukraine. The tax on Ukrainian walnuts was 66.2 percent. Then, GOT decreased it to 58.4 percent in April 2014; to 50.8 percent in April 2015 and to 43,2 percent in November 2015. Post forecasts that walnut import from Ukraine will be increased after the tax decrease. Also, according to a GOT decision, importers do not pay any tax for the walnut coming from Bosnia Herzegovina.

Importers pay 43.2 percent tax on per ton CIF value of the shipment. If the per ton CIF invoice value for in-shell walnuts is at or below US\$1,800 the tariff will be applied to US\$1,800 per ton. If the per ton CIF invoice value is greater than US\$1,800 the tariff will applied to the actual CIF invoice value per ton. The tariff for shelled walnuts is based on a minimum CIF per ton value of US\$5,400, or greater. Traders prefer to import in-shell walnuts as the reference value as it is significantly less than that of shelled walnuts.

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. There are many claims of illegal walnut shipments entering across Turkey’s eastern border. At the moment it is very difficult to guess the amount of illegal tree nuts entering Turkey.

HS CODE	COMMODITY	REFERENCE VALUE ON CIF (US\$/TON*)
0802.31	In-shell Walnut	1,800
0802.32	Shelled Walnut	5,400

*Ton: Gross Weight

There are almost no in-shell walnut exports, but shelled walnuts are exported to Iraq, Iran, and Tunisia. Iraq and Syria as export markets have been impacted by the turmoil in the region.

Policy

Turkey is currently a net importer for walnuts. Since imports and prices have risen continuously in recent years, the GOT has taken action to increase domestic production. As a result, the “Walnut Action Plan” was prepared by the Ministry of Forestry and Water Affairs for the period 2012-2016. In the scope of this Plan, 5 million walnut seedlings are foreseen to be planted during a 5-year period. The Action Plan has not been implemented successfully because of the bad weather conditions in past few years.

The GOT supports walnut farmers who are registered in the “Farmers Registration System” and offers these farmers the following supports for the year 2016:

(1 US\$ =2.9555 TL, on September 1, 2016)

150TL/decar (da) (US\$ 50.75/da) and 350 TL/da (US\$ 118.42 /da) respectively for the establishment of new walnut orchards that are planted with standard seedlings and certified seedlings

10TL to 100 TL /da (US\$ 3.38 /da to 33.83/da) for organic agriculture;

50 TL/da (US\$ 16.91/da) for Good Agricultural Practices;

350TL/da (US\$118.42/da) for biological control;

110 TL/da (US\$ 37.22/da) biotechnical control;

11 TL/da (US\$ 3.72/da) for fuel and fertilizer;

Marketing

There is no specific organization to promote Turkish walnut. TUKSIAD (Turkey Dried Fruits and Nuts Traders and Businessman Association) actively promotes the establishment of walnut orchards and the consumption of walnut in Turkey.

HAZELNUT

Turkey accounts for 75 percent of world production of hazelnuts and 70-75 percent of world exports. In 2015, despite the spring frost occurred in late April 2015, weather conditions were better than the previous year. Continuous rainfall during the spring and early summer throughout most of the country led to an increase in production of tree nuts, especially pistachios and hazelnuts. Hazelnut, like pistachio, was the least affected tree nut from the frost that occurred in late April 2015. However, due to inconvenient weather conditions, such as warmer weather than normal during winter time (which led early blossoming of trees), and early and late spring frosts which occurred right after blossoming in March and April, hazelnut became the commodity most negatively affected in MY 2016. Post forecasts hazelnut production as 460,000 MT in MY 2016, down from 650,000 MT of last year.

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, and inland. 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 4,000,000 people directly or indirectly employed by hazelnut production in Turkey, on an area of 600,000-650,000 hectares. The Black Sea region is divided into three distinct growing areas: (1) The hilly region from Ordu to Trabzon, centered around Giresun, 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. 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 650,000 MT of hazelnuts under normal climate conditions.

Production, Supply and Demand Data Statistics:

Pistachios, Inshell Basis Market Begin Year Turkey	2014/2015		2015/2016		2016/2017	
	Sep 2014		Sep 2015		Sep 2016	
	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	33300	0	40600	0	41400
Non-Bearing Trees	0	11150	0	11600	0	11900
Total Trees	0	44450	0	52200	0	53300
Beginning Stocks	9320	9320	5000	5000	0	8500
Production	85000	85000	130000	130000	0	155000
Imports	17450	17450	10000	10000	0	8000
Total Supply	111770	111770	145000	145000	0	171500
Exports	2700	2700	8500	8500	0	16000
Domestic Consumption	104070	104070	128000	128000	0	145000
Ending Stocks	5000	5000	8500	8500	0	10500
Total Distribution	111770	111770	145000	145000	0	171500

(HA) ,(1000 TREES) ,(MT)

Almonds, Shelled Basis Market Begin Year Turkey	2014/2015		2015/2016		2016/2017	
	Aug 2014		Aug 2015		Aug 2016	
	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	5600	0	5850	0	5950
Non-Bearing Trees	0	3800	0	4300	0	4550
Total Trees	0	9400	0	10150	0	10500
Beginning Stocks	500	500	500	500	0	500
Production	13000	13000	14000	14000	0	15100
Imports	22600	22600	21000	21000	0	22300
Total Supply	36100	36100	35500	35500	0	37900
Exports	4800	4800	5000	5000	0	5300
Domestic Consumption	30800	30800	30000	30000	0	32000
Ending Stocks	500	500	500	500	0	600
Total Distribution	36100	36100	35500	35500	0	37900
(HA) ,(1000 TREES) ,(MT)						

Walnuts, Inshell Basis	2014/2015	2015/2016	2016/2017
---------------------------	-----------	-----------	-----------

Market Begin Year	Sep 2014		Sep 2015		Sep 2016	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Turkey						
Area Planted	0	0	0	0	0	0
Area Harvested	0	0	0	0	0	0
Bearing Trees	0	7000	0	7550	0	7600
Non-Bearing Trees	0	5350	0	5550	0	5590
Total Trees	0	12350	0	13100	0	13190
Beginning Stocks	5000	5000	4000	4000	0	5500
Production	40000	40000	60000	60000	0	63000
Imports	68000	68000	85000	85000	0	84500
Total Supply	113000	113000	149000	149000	0	153000
Exports	8000	8000	8500	8500	0	9700
Domestic Consumption	101000	101000	135000	135000	0	136500
Ending Stocks	4000	4000	5500	5500	0	6800
Total Distribution	113000	113000	149000	149000	0	153000
(HA) ,(1000 TREES) ,(MT)						