

**Required Report:** Required - Public Distribution

**Date:** September 10, 2021

**Report Number:** TU2021-0035

**Report Name:** Tree Nuts Annual

**Country:** Turkey

**Post:** Ankara

**Report Category:** Tree Nuts

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**Report Highlights:**

It is an “off-year” for pistachios in Turkey, and consequently, Post forecasts a low production level for MY 2021/22. However, Turkey has carried over significant stocks from the previous year, so there is no shortage of pistachios in the market. In addition, Turkey relies on imports of almonds and walnuts to meet domestic demand for tree nuts. U.S. walnuts and almonds are still subject to retaliatory tariffs, resulting in a 10 percent higher customs tax than other tree nut-exporting countries. Turkey is the top producer of hazelnuts in the world and the largest exporter. The MY 2021/22 yield for hazelnuts is higher than last year because of good weather conditions.

# **I. PISTACHIOS**

## **a. PRODUCTION**

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

Post estimates Turkey’s pistachio production to be 87,000 MT for MY 2021/22. MY 2021/22 is an off-year and the yields are not expected to be very good. Pistachios are grown mostly without irrigation in Turkey. Therefore, spring rains are important for the orchards. The drought that affected the Southeast part of Turkey during the spring and summer has caused pistachio yields to be extraordinarily low this year. Market sources report that the lack of rain caused the fruits to be smaller and fewer and some branches of the trees have died from the lack of the water. A disease called phytoplasma also affected pistachio trees, which market sources think was due to the drought that caused trees to become weak. In addition, some of the nests for next season’s (MY 2022/23) pistachios that would have normally started to form this summer have died and dropped off the trees because of the drought. Consequently, this year’s production is low (even for an off year) and farmers anticipate that the following MY (2022/23) will also be affected by this drought. The lost branches and nests this season will cause yield decreases in MY 2022/23, even though it should be an on-year.

There are an estimated 54 million bearing trees and about 22 million non-bearing trees in Turkey, according to the Turkish Statistical Institute (TurkStat) as of the beginning of MY 2021/22. Bearing trees increased 4.7 percent compared to the previous marketing year and non-bearing trees increased about 8.2 percent. This increase in the number of bearing trees explains the increase in production compared to earlier off- years. Although MY 2021/22 is a low yield off-year, production is still higher than many of the earlier off-years. Also, younger bearing trees are known to be more productive than older ones. Southeast Turkey is known to have many trees over 50 years old, so increasing the number of younger trees is expected to increase the yield. In addition, farmers are now better trained to understand the importance of male trees as they were seen as almost redundant a generation ago and not widely planted. Market sources indicate that farmers have stopped planting lentils and barley (even wheat in some cases) in order to plant pistachio trees in lands that cannot be irrigated. Many farmers believe they can make more money on pistachios.

Currently, the average pistachio yield is around four kilograms (kg) per tree in on-years and two kg per tree in off-years. MY 2020/21 was especially a good yield on-year with a yield of over four and a half kg per tree. The southeastern part of Turkey 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 80 percent coming from Gaziantep and Sanliurfa provinces. The remaining five percent of the pistachio production is in the Aegean, Mediterranean, and Marmara regions. Around 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 has also increased.

There are two main types of pistachios grown in Turkey, which are both unique to Turkey and different from the 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 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.

In recent years, to mitigate the natural “off year/on year” production cycle, producers and traders have been expanding implementation of good agricultural practices, especially in 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. 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 “off year/on year” production cycle still plays a prominent role in the amount of pistachio production.

Since 2011, The Turkish Foundation for Combating Soil Erosion, Forestation, and Protection of Natural Habitats ([TEMA](#)), with contributions from [private companies](#), has undertaken a project to increase the yield of pistachios in Gaziantep and Sanliurfa provinces. 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 yields and even producing fruit from about 1/3 of newly planted saplings.

## b. CONSUMPTION

MY 2021/22 consumption is forecasted as 130,000 MT. Market sources indicate that there are still stocks in warehouses carried from the last marketing year because of the excellent harvest in the previous year. In addition, according to market sources the retail price of the pistachios has not increased much compared to the previous year. These factors should help make up for the low production this year, and thus consumption should be at normal levels.

Retail Prices of Pistachios			
	TL/kg*	TL/USD**	USD/kg
2018	60	6.687	8.97
2019	90	5.728	15.71
2020	105	7.353	14.28
2021	107	8.362	12.80

\* Minimum price at an organized retailer

\*\* As of last week of August.

increased about 70 percent. Consequently, farmers indicate that the cost of producing pistachios increased about 80 percent this year. This will cause some pistachio producers/traders to sell as slow as possible and keep stocks in the hope that prices might go up in following months or the next marketing year.

Pistachio prices currently remain relatively stable as the new harvest of MY 2021/22 starts, despite the off-year harvest and the overall food inflation in Turkey. The price of bulk shelled early harvest pistachios (generally used for baklava and other traditional desserts) is about 160 - 165 TL/kg (~19.13 – 19.73 USD<sup>1</sup>/kg) as of August 2021: this represents a 10 to 15 percent annual increase in prices in terms of TL and about the same amount in U.S. dollars. Pistachio farmers are disappointed in these prices as fertilizer prices have increased about 100 percent and pesticide prices have

<sup>1</sup> The exchange rate is 8.362 TL/USD as of August 26, 2021. It was 7.36 TL/USD on August 26, 2020. The rate was 3.756 TL/USD as of January 1, 2018 and 5.957 TL/USD as of January 2, 2019 for comparison.

Current retail prices of in-shell pistachios for snacking in Istanbul are between 107 to 160 TL/kg (~12.80 – 19.13 USD/kg) as of August 2021, depending on the retailer and location. TL retail prices have remained about the same as last year (see our [Retail Food Report](#) for more information on economic conditions). Pistachio prices vary depending on where and how the pistachios are bought (i.e., in bulk or small packages in convenience stores or specialty markets).

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 is 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.

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 nut stores, as is the traditional sales method in Turkey. Post observes that this change of consumer behavior is increasing throughout the country as the 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 a 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 production is stored to plan for an upcoming off-year if it is an on-year. We see that more pistachios have been exported recently compared to previous years, as the harvest was a record high in MY 2020/21 and the Turkish lira lost a lot of value, making Turkish pistachios relatively cheap in international markets. As MY 2020/21 was a record high yield on-year, Turkey exported a record level of 35,000 MT pistachios, mostly shelled. Important export destinations were Italy, Germany, Israel, Saudi Arabia and Morocco.

Although MY 2021/22 is expected to be an off-year with a lower-than-average yield there will still be some exports. The carried over stocks from the record high yield MY 2020/21 and the weakening of the TL should contribute to additional exports from Turkey. Post forecasts a relatively high level of exports for an off-year at 17,000 MT for MY 2021/22.

Pistachios can normally be imported to Turkey at a 43.2 percent tariff rate. However, the Turkish government implemented a [20 percent additional tariff](#) from the summer 2018 until spring 2019 for U.S.-originated pistachios due to the implementation of additional steel tariffs on Turkish exports to the United States. On May 17 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.

As the trade prices of alternative products such as walnuts and almonds are also tied to the U.S. dollar when importing, Turkey will continue importing some pistachios, especially from Iran as they expect a good off-year this season. Post estimates that the imports for MY 2021/22 will be 15,000 MT.

### **d. STOCKS**

As discussed earlier in the report, MY 2021/22 was a record high harvest year with higher than average yields.

However, pistachios were not consumed as much in Turkey due to the pandemic since restaurants, cafes and patisseries that would serve baklavas and similar traditional pistachio-based desserts were closed for a good amount of time during the winter 2021. This means that record high stocks are being carried over to MY 2021/22. The stock for MY 2020/21 is now estimated at 65,000 MT, in line with market expectations. We also forecast that year-end stocks for MY 2021/22 will be 20,000 MT, exceptionally high for an off-year.

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. 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 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. 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. This licensed warehouse is a good start but not sufficient for Turkey's storage needs or to create market transparency. The licensed warehouse opened and started accepting pistachios for storage in June 2021, after more than a year delay. There is also a laboratory working with the licensed warehouse to assess the quality of the pistachio stocks.

#### **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 2021. Most of the following has not been changed from last year, although the TL has depreciated, so in terms of U.S. dollars the support has decreased compared to previous marketing year. Only fuel and fertilizer and good agricultural practices supports have been increased compared to last marketing year. Note that a decare (da) is equivalent to 0.1 hectares.

- 100 TL/da (11.96 USD<sup>2</sup>/da) and 400TL/da (47.84 USD/da) respectively for the establishment of orchards that are planted with standard seedlings and certified seedlings
- 50 TL to 100 TL /da (5.98 USD/da to 11.96 USD/da) for organic agriculture;
- 40 TL/da (4.78 USD/da) for Good Agricultural Practices;
- 23 TL/da (2.75 USD/da) for fuel and fertilizer.

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<sup>2</sup> The exchange rate is 8.362 TL/USD as of August 26, 2021.

## **II. ALMONDS**

### **a. PRODUCTION**

Almond production in Turkey is forecast to increase to 18,000 MT in MY 2021/22, up from 16,500 MT in MY 2010/21. An increased number of bearing trees accounts for this increase.

Very similar to last the last marketing year, the almond trees started to bloom in the second half of January this year, instead of the usual mid-February, due to warm weather in Datca Peninsula, the region of the earliest production in Turkey. Although Datca Peninsula is famous for its almonds among Turkish consumers, the amount of almonds harvested from the region is minor in the overall almond production of Turkey. According to market sources, in a good year the Datca Peninsula only produces 1,500 MT. This year's harvest in the region is expected as normal.

Producers from the Adiyaman province, the largest growing area in Turkey for almonds, report that despite challenges such as heavy rains and draught earlier in the season, a good harvest is expected for MY 2021/22. Several other smaller production areas in the Southeastern Anatolia Region, such as Mardin and Batman, will also have regular levels of harvest despite the drought conditions in the Southeast of Turkey.

The rest of the Aegean and Mediterranean regions, such as Antalya, Mersin, Manisa and Mugla, have also had a good year, in line with long term averages. Warm weather came at the right time, contributing to a good harvest. There are also almond orchards in the province of Manisa, where the climate is very suitable for cultivating almond trees. The market for domestically produced almonds is usually strong, and new orchards have been established to meet the demand.

As in previous years, the Adiyaman and Kahta Chambers of Agriculture are asking for higher purchasing prices to be set by the Agricultural Credit Cooperative Union (ACCU) for the 2021/22 harvest. The costs of inputs such as fertilizer and herbicides, and labor costs have increased from last year due to the depreciation of the Turkish lira and inflation. The price offered by the ACCU affects the prices offered by commercial buyers, effectively setting a limit to the price. The two chambers report that these low prices would discourage farmers from continuing to grow almonds or at least enlarging orchards.

Although almonds are grown in most parts of the country, they typically have been considered a minor crop and are not widely cultivated commercially in Turkey. Despite the increase in the number of planted almond trees as a result of special afforestation projects administered by [Ministry of Agriculture and Forestry](#) (MinAF) in years, almond production has not increased significantly, likely because the trees are planted in less-than-ideal conditions and are not carefully tended. In fact, these projects have contributed to increasing forests but not much on increasing almond 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, Adiyaman and Karaman Provinces. In 2020, MinAF published a guide booklet for investment in almond orchards (the study was removed from the website after a year of distribution, likely due to changing costs). The study takes a sample 100 hectares (ha) orchard establishment, presents the financial analysis (net present value analysis), and explains technical details of establishing an almond orchard giving information on

different steps. Commentators say that it will be helpful, although the facts in the rural areas could be a bit different than this desktop study. The guide reports the investment as profitable, a return on investment in seven years. It is believed that these initiatives will increase the production of almonds in the future.

The district of Kahta within Adiyaman Province has been the leader in almond production in Turkey since 2016, according to the [Kahta Union of Hard Shelled Fruit Producers](#). The expectation for the province is to have 100,000 ha of almond orchards by 2023/24, with the goal of producing enough almonds to meet domestic demand in Turkey. [Kahta Chamber of Agriculture](#) reports that as of 2021/22 MY they now have 74,000 ha of almond orchards (not all bearing) in the district. To assist with this goal, the GoT established the [Adiyaman Hard Shelled Fruits Research Institute](#) in 2017 which will work in cooperation with the [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 and opened in the spring of 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. However, reaching enough production to meet Turkey’s almond demand, with 50 percent produced in the Adiyaman/Kahta region by 2023/24, does not seem feasible given the current economic conditions.

## **b. CONSUMPTION**

Post forecasts that there will be an increase in almond consumption to 40,000 MT in MY 2021/22 because of increased vaccinations for COVID-19 in Turkey and the opening of hotels, cafes, and bars. Although TL has not gained back value since last year, it has been more stable that benefits consumers. 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 100 – 165 TL/kg (11.96 – 19.73 USD<sup>3</sup>/kg) for both shelled roasted almonds and raw almonds. Prices vary by neighborhood and according to retailer. Prices increased in terms of the Turkish lira but decreased in U.S. dollar terms due to the depreciation of the lira against the U.S. dollar.

## **TRADE**

Imports of almonds are expected to be around 31,000 MT for MY 2021/22, the same number as in MY 2020/21 because of stable consumption.

Turkey is a net importer of almonds. The United States was the major supplier of high-quality almonds in MY 2020/21 and is expected to be the major supplier for MY 2021/22 as well. Australia, Spain, Uzbekistan, and Iran are other suppliers of almonds to Turkey.

After January 1, 2018, import tariffs on almonds imported from all countries [decreased to 15 percent](#). However, there have been an additional [20 percent 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 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 and is 15 percent for almonds from all other origins. There is

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<sup>3</sup> The exchange rate is 8.362 TL/USD as of August 26, 2021.

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 with domestic production in MY 2021/22.

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).

As of May 2020, a new regulation is in effect for suppliers of almonds to Turkey, along with suppliers of many other items such as, but not limited to, walnuts and cashews. All suppliers of almonds, i.e. exporters, to Turkey should register themselves in an online system entering company information and filing verified documents via Turkish buyers. You may consult to our report on the [New Regulation Requires Registration for Exporters of Tree Nuts and Other Products to Turkey](#) if you need to register your company in the new system. This regulation is intended to be a surveillance system to discourage the illegal flow of these nuts into the country.

### c. 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 almond farmers the following supports for the year 2021:

- 100 TL/da (11.96 USD<sup>4</sup>/da) and 400TL/da (47.84 USD/da) respectively for the establishment of orchards that are planted with standard seedlings and certified seedlings
- 50 TL to 100 TL /da (5.98 USD/da to 11.96 USD/da) for organic agriculture;
- 40 TL/da (4.78 USD/da) for Good Agricultural Practices;
- 23 TL/da (2.75 USD/da) for fuel and fertilizer.

## III. WALNUTS

### a. PRODUCTION

In MY 2021/22, Post expects production of walnuts to reach 68,000 MT. Drought conditions affected Turkey during spring and summer 2021. The lack of spring rains will affect the yields of the walnut

<sup>4</sup> The exchange rate is 8.362 TL/USD as of August 26, 2021.

trees throughout Turkey, especially the ones that have not been irrigated. There was also some hail and frost damage in the inner Anatolian region that will have small effect on the total production. Since many newly (in the last decade or so) established commercial orchards are being irrigated, drought will not affect those orchards as much. Weather conditions were normal for pollination.

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 the production of walnuts. Commercial orchards have been 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 of tree to plant due to consumer preference. However, some issues remain in terms of the suitability of varieties to local conditions and the reliability of certified seedlings.

Although MinAF tried to increase production of walnuts with special afforestation projects in the last decade, this did not help much since these were not commercial walnut farms. 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. As a result, production of walnuts in Turkey did not increase significantly because of these various projects.

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. The 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 Kahramanmaras provinces.

As of 2021 the [Turkish Walnut Producers’ Association](#) has been established and their first general assembly has been gathered in summer of 2021. The association has 30 members who are all large size (in Turkish scale of orchards) commercial walnut producers (as opposed to traditional farmers with some trees planted here and there). Members have 35,000 da of orchards altogether and 900,000 trees as of 2021. They use modern agriculture techniques and use more mechanization than traditional producers in Turkey. The association have declared that they aim to reach an amount of 20,000 MT harvest in two to three years.

## **b. CONSUMPTION**

The walnut consumption estimate for Turkey is 150,000 MT for MY 2021/22, a slight increase from last year.

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.

Walnuts are the second most-purchased nut in Turkey after hazelnuts. Walnut consumption has increased significantly in recent years due to consumers understanding the health benefits of the nut and the 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.

Currently walnut retail prices have been stable since last year in terms of TL prices. The U.S. dollar prices have dropped slightly due to TL losing value in the past year. Shelled walnuts are priced from 85 to 185 TL/kg (10.17 - 22.12 USD<sup>5</sup>/kg). The prices of shelled walnuts, in the cheapest outlets are similar to those of the last year but more luxury/premium outlets' prices are higher in terms of TL and USD compared to last year. The inflation in the country has affected price levels more in more premium outlets, since consumers with more purchasing power shop there and the outlets can afford to increase prices without losing customers. Nevertheless, because of the availability of cheaper outlets, consumption levels have not dropped. In-shell walnuts are from 35 to 50 TL/kg (4.20 – 5.98 USD/kg) varying by production and retail outlet, the TL prices are as same as last year and again the USD prices have fallen due to value loss of the TL.

### c. TRADE

94,000 MT of imports is projected for MY 2021/22. It is an off-year for pistachios, therefore more walnuts might be used in traditional deserts etc. In addition, due to popular availability of COVID-19 vaccine in Turkey people will be going to cafes, bars, hotels and restaurants a bit more compared to last year. There will be increased demand for imported walnuts even though production increases are also expected.

The United States continues to be the major in-shell walnut supplier in MY 2021/22. After the United States, Chile, Ukraine, China, Uzbekistan, and Moldova are the other significant 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 the demand for high-quality product by Turkish consumers. Depending on the year, around 30 to 50 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.

On December 31, 2020, GoT published a Presidential Decision Decree (PDD) that raised the import tariff for in-shell and shelled walnuts to 15 percent for all origins, except for countries that have a free trade agreement (FTA) with Turkey. The government abolished the Housing Development Fund Fee (HDFE) of 320 USD/MT that were being paid for importing walnuts to Turkey.

The following oversight (or reference) price system was re-introduced in the PDD.

HS CODE	COMMODITY	OVERSIGHT VALUE ON CIF (USD/MT*)
080231	In-Shell Walnut	3,500 USD
080232	Shelled Walnut	6,500 USD

\*Gross weight in metric tons.

<sup>5</sup> The exchange rate is 8.362 TL/USD as of August 26, 2021.

An oversight price is a minimum price that the GoT will use for tax purposes. For example, even if a Turkish trader has purchased a metric ton of in-shell walnuts for 2,500 USD, which is below the oversight price, the tariff will be calculated using 3,500 USD. However, if the actual price is more than 3,500 USD then the GoT will use the real invoice price in calculating taxes.

In addition to the 15 percent tariff rate for all origins as explained above, there is also a 10 percent additional tax on U.S. originated tree nuts as a countermeasure for U.S. increasing tariffs on Turkish steel and aluminum. You can read about these additional taxes on some U.S. originated products in our [previous reports](#). As a result of the recent tax change and the continuing retaliatory tariffs, the customs duty rate on U.S. originated walnuts is 25 percent (15 + 10), as it was before August 2020.

Since May 2020, all exporters of walnuts to Turkey must register in an online system with certain required company information and additionally file verification documents via Turkish buyers. This is intended to be a surveillance system to discourage the illegal trade of walnuts. You may consult our report on the [New Regulation Requires Registration for Exporters of Tree Nuts and Other Products to Turkey](#) if you need to register your company to the system for exporting to Turkey.

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 import tariffs if they export a value-added 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. They are mostly the same as last marketing year in terms of TL (and decreased in terms of USD since TL lost value in a year).

GoT offered farmers the following supports for the year 2021:

- 100 TL/da (11.96 USD<sup>6</sup>/da) and 400TL/da (47.84 USD/da) respectively for the establishment of orchards that are planted with standard seedlings and certified seedlings
- 20 TL to 40 TL /da (2.39 USD/da to 4.78 USD/da) for organic agriculture;
- 40 TL/da (4.78 USD/da) for Good Agricultural Practices;
- 23 TL/da (2.75 USD/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. Hazelnuts are generally grown in the Black Sea region of Turkey.

Post forecasts hazelnut production will be 625,000 MT for MY 2021/22 in Turkey because of better yields that the previous marketing year.

The Black Sea region has not been affected by the drought in Turkey. Rains in the spring were at good levels, and fewer rainy days meant more sunshine during the summer while the hazelnuts were forming

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<sup>6</sup> The exchange rate is 8.362 TL/USD as of August 26, 2021.

and growing. This meant early harvest in some lower-altitude orchards. There have not been any major frost or hail problems in the Black Sea region this year to affect pollination, and there were no pest issues. Therefore, we forecast a good crop in MY 2021/22.

MinAF has not announced their official production estimates, although they have done two studies. Market sources report that these studies indicated about 650,000 MT in production. However, other sources have indicated to us that the MinAF studies have unrealistically high yield estimates.

The president of Turkey himself declared the official Turkish Grains Board (TMO) purchasing prices for hazelnuts in a late August speech. Giresun quality hazelnuts will be purchased at 27.00 TL/kg and Levant quality will be purchased at 26.50 TL/kg. The Minister of Agriculture and Forestry announced that TMO will purchase all the hazelnuts brought to them, given that the quality standards are met, and pay farmers within 20 days.

Turkish hazelnuts usually ripen between early and late August, depending on the altitude of the orchard and weather 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. 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 region, the growing region starts at 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 725,000 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 of the crop. Hazelnuts require relatively little effort to cultivate and input requirements are low. However, with better maintenance, the yield efficiency of Turkish hazelnut orchards could 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.

Both the GoT and private companies purchase hazelnuts from producers. About one third of the exports are bought by Italian-owned [Ferrero 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, TMO purchases and stocks hazelnuts on behalf of the GoT. In addition, the Union of Hazelnut Agriculture Sales Cooperatives (FISKOBIRLIK) in some years 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 Year Begins Turkey	2019/2020		2020/2021		2021/2022	
	Sep 2019		Sep 2020		Sep 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (HA)	0	0	0	0	0	0
Area Harvested (HA)	0	0	0	0	0	0
Bearing Trees (1000 TREES)	0	49558	0	52061	0	54548
Non-Bearing Trees (1000 TREES)	0	20530	0	20984	0	22722
Total Trees (1000 TREES)	0	70088	0	73045	0	77270
Beginning Stocks (MT)	22500	22500	500	500	0	65000
Production (MT)	85000	85000	250000	250000	0	87000
Imports (MT)	19700	12000	23000	19000	0	15000
Total Supply (MT)	127200	119500	273500	269500	0	167000
Exports (MT)	4700	4000	24000	35000	0	17000
Domestic Consumption (MT)	122000	115000	211000	169500	0	130000
Ending Stocks (MT)	500	500	38500	65000	0	20000
Total Distribution (MT)	127200	119500	273500	269500	0	167000

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

Almonds, Shelled Basis Market Year Begins Turkey	2019/2020		2020/2021		2021/2022	
	Aug 2019		Aug 2020		Aug 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (HA)	0	0	0	0	0	0
Area Harvested (HA)	0	0	0	0	0	0
Bearing Trees (1000 TREES)	0	8490	0	9522	0	10380
Non-Bearing Trees (1000 TREES)	0	5401	0	6333	0	7093
Total Trees (1000 TREES)	0	13891	0	15855	0	17473
Beginning Stocks (MT)	400	400	300	500	0	500
Production (MT)	15000	15000	15000	16500	0	18000
Imports (MT)	25800	20500	30000	31000	0	31000
Total Supply (MT)	41200	35900	45300	48000	0	49500
Exports (MT)	7100	8000	7000	8000	0	9000
Domestic Consumption (MT)	33800	27500	38000	39500	0	40000
Ending Stocks (MT)	300	500	300	500	0	500
Total Distribution (MT)	41200	36000	45300	48000	0	49500

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

Walnuts, Inshell Basis Market Year Begins Turkey	2019/2020		2020/2021		2021/2022	
	Sep 2019		Sep 2020		Sep 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (HA)	0	0	0	0	0	0
Area Harvested (HA)	0	0	0	0	0	0
Bearing Trees (1000 TREES)	0	9875	0	11250	0	12400
Non-Bearing Trees (1000 TREES)	0	8897	0	10000	0	11500
Total Trees (1000 TREES)	0	18772	0	21250	0	23900
Beginning Stocks (MT)	1800	1800	1000	2800	0	1300
Production (MT)	65000	65000	67000	67000	0	68000
Imports (MT)	87000	85000	90000	89500	0	94000
Total Supply (MT)	153800	151800	158000	159300	0	163300
Exports (MT)	7700	8000	8000	10000	0	12000
Domestic Consumption (MT)	145100	141000	149000	148000	0	150000
Ending Stocks (MT)	1000	2800	1000	1300	0	1300
Total Distribution (MT)	153800	151800	158000	159300	0	163300

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

**Attachments:**

No Attachments

**Attachments:**

No Attachments