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Report Highlights:

Good weather conditions and an “on-year” for production will push Turkey's pistachio production higher in MY 2022/23. The production of almonds and hazelnuts is likewise forecast higher, while walnut production is expected to remain steady. Even though domestic tree nut production continues to grow, Turkey is projected to import sizeable volumes of almonds and walnuts in MY 2022/23 to meet steady consumer demand. Imports of U.S. tree nuts continue to be disadvantaged by a 10 percent retaliatory duty, which Turkey imposed after the United States levied Section 232 tariffs on Turkish steel and aluminum. However, despite this additional tax and growing competition, the United States is still the top supplier of walnuts and almonds to Turkey.

I. PISTACHIOS

a. PRODUCTION

Turkey's pistachio production in MY 2022/23 is forecast to increase year-over-year to 210,000 metric tons (MT). Production volumes will grow because MY 2022/23 is considered an "on-year" in the production cycle for pistachios. Production will also be buoyed by an increase in the number of bearing trees. According to the Turkish Statistical Institute (TurkStat), there are an estimated 55 million bearing pistachio trees at the beginning of the current marketing year, up nearly 2 percent from last year. There are also about 23 million non-bearing trees, which is about 4 percent higher than a year ago.

MY 2022/23 pistachio production, which is mostly rain-fed, will also benefit from improved rainfall conditions during this past winter and spring. However, additional production and yield gains for this period will be moderated by the lingering effects of last year's drought, which weakened trees and limited nest formation on trees this past spring. In addition, unexpected frost and hail damage in southeast Turkey this past winter is expected to pull yields down slightly in some growing areas.

Pistachio growers continue to replace their older trees, some of which are older than 50 years old, with younger trees in hopes of improving yields and increasing profit margins. With improved farmer training over the last decade, growers now appreciate and understand the importance of planting male trees in their orchards. At the same time, market sources report that in recent years some farmers, who were looking for higher profit margins, stopped planting lentils, barley, and even wheat to start growing pistachio trees. The new trees and orchards being planted will help lift Turkey's overall yields and production levels in the coming years.

Pistachio yields and production levels can vary dramatically between on- and off-years. The average pistachio yield is around 4 kilograms (kg) per tree in on-years and around 2 kg per tree during off-years. Yields in MY 2021/22, an off-year, were below average at 1.6 kg/tree because of the drought.

Pistachio production is fairly widespread throughout Turkey with 56 of 81 provinces growing pistachios, according to the Gaziantep Commodity Exchange ([GCE](#)). However, production is largely concentrated in just two southeastern provinces, Gaziantep and Sanliurfa, which account for 80 percent of total production. The southeastern provinces of Adiyaman, Siirt, Kilis, Kahramanmaras, Mardin, and Diyarbakir account for another 15 percent of total production. The remaining five percent is thinly spread across the Aegean, Mediterranean, and Marmara regions, where production has slowly increased over the last decade.

There are two main types of pistachios grown in Turkey, the Gaziantep (Antep) variety and the Siirt variety. Both of these varieties are unique to Turkey and differ in size and shape compared to the pistachios grown in Iran and the USA. The Antep variety accounts for 85 percent of pistachios grown in Turkey. The Siirt variety makes up the remaining 15 percent of production; the Siirt variety is considered a higher-yielding variety than the Gaziantep variety.

The quality standards for Turkish pistachios are directly related to the size of the nut. 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. Turkey's production of high-quality pistachios is predicted to increase in the future with the increasing number of new trees.

In recent years, to mitigate the natural "off year/on year" production cycle, pistachio growers have started using good agricultural practices, especially in parts of southeastern Turkey. With the support from local universities and other institutions, farmers are gradually realizing that higher yields can be

achieved with “good” soil conditions, better tree care, and irrigation. While the number of irrigated orchards has grown in the last few years due to abnormal drought conditions, only a fraction of total production is irrigated.

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 pistachio yields in Gaziantep and Sanliurfa provinces. The project, which is called “*May you have abundant pistachios,*” trains farmers how to properly care for their trees. The training focuses on improving pruning and trimming techniques, as well as better fertilizer and pesticide application practices. Farmers who have been trained under this program and applied these best practices have seen their yields triple. Meantime, Universities in the major pistachio growing regions in Turkey have developed better production methods and plant protection measures to help farmers improve yields.

CONSUMPTION

MY 2022/23 consumption is forecast higher year-on-year at 150,000 MT. This forecast is based on the anticipated increase in domestic pistachio production and larger than expected carry-over stocks from the previous year. The MY 2021/22 consumption estimate is trimmed back to 107,000 MT in large part because of high pistachio prices and lower production volumes.

Turkey continues to grapple with record inflation, including soaring food prices. A weakening Turkish Lira is partly to blame for the inflation. See our [Retail Food Report](#) for more information about the current economic conditions in Turkey. In the case of pistachios, national retail prices during the month of August were nearly 85 percent higher in Turkish Lira (TL) than the same time last year. See chart. However, retail prices in terms of U.S. dollars (USD) decreased during this same period.

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
2022	197	18.176	10.84

* Minimum price at an organized retailer

** As of last week of August

Meantime, the price of bulk shelled green pistachios, which are generally used in making baklava and other traditions deserts, ranged from 350-400 TL/kg (~8-10 USD/lbs.) during the month of August¹. Bulk prices have doubled since last year in terms of TL, but remained relatively stable in U.S. dollars.

These high prices will hold pistachio demand in check during MY 2022/23. While the higher prices persist, some consumers and end-users will pull back on consumption. Those middle- and high-income, who are less impacted by inflation, will continue eating pistachios and pistachio-filled desserts. If prices soften following the MY 2022/23 harvest, this could spur additional consumption.

Most of Turkey’s pistachio crop is consumed domestically. Consumption levels vary year-to-year depending on the availability of domestic supplies. About 35 percent of pistachios in Turkey are consumed as snacks and the remaining 65 percent are used in making confectionary products, especially traditional desserts like baklava. In addition, during the last decade, more pistachios are being used in other desserts, such as chocolate and ice cream.

In the last few years, consumers in larger cities increasingly prefer to buy packaged pistachios and other nuts from retail supermarkets instead of buying them from a traditional bulk nut store. This trend is

¹ The exchange rate was 18.176 TL/USD as of August 26, 2022. It was 8.362 TL/USD as of August 26, 2021, and 7.36 TL/USD on August 26, 2020. The rate was 5.957 TL/USD as of January 2, 2019.

expected to continue as more supermarkets spread across the country. (For more information about the latest retail sector trends, please refer to our latest [Retail Food Report](#).) About one-third of total pistachio production is packaged. This percentage is expected to increase in the future as consumers demand greater convenience. The increased availability of packaged pistachios is expected to increase per capita consumption, which is currently about 1.5 kg/year.

b. TRADE

Exports

MY 2022/23 exports are forecast at a record 45,000 metric tons. This forecast assumes steady demand for imported pistachios for processing and/or re-export, higher domestic production volumes, and larger than anticipated carryover stocks that local traders want to sell off to foreign buyers at higher prices. The weakening TL is also expected to make pistachio exports more attractive to foreign buyers.

The MY 2021/22 pistachio export number is revised higher to 39,000 MT to reflect the latest trade data. Most pistachio exports were shelled. The leading export destinations were Italy, Germany, Israel, Jordan and Russia.

Turkey generally consumes most of its domestic pistachio crop, though there is a minor but growing amount that is exported. All pistachio imports come into Turkish free trade zones for processing and re-export.

Imports

MY 2022/23 import volumes are forecast slightly down from the previous year's newly revised estimate to 20,000 MT. This forecasted decline is partly due to a weakened currency that makes imports relatively more expensive. The United States and Iran are leading sources of Turkey's imported pistachios.

The Most Favored Nation (MFN) duty on imported pistachios is 43.2 percent. However, [starting in May 2019](#), imported pistachios from the United States have been subject to an additional 10 percent retaliatory tariff, bringing the total applied tariff rate to 53.2 percent. The retaliatory duty was imposed in response to U.S. Section 232 tariffs on Turkish steel and aluminum. According to market sources and Post observations, imported pistachios are typically not sold on the domestic market because of the high import taxes but are instead brought into free trade zones for processing and re-export.

c. STOCKS

Year-end stocks for MY 2022/23 are forecast higher than the previous year at 65,000 MT. Higher stock levels are based on the projected increase in domestic pistachio production in what is considered an on-year.

Year-end stocks for MY 2021/22 are revised higher and in line with market expectations at 30,000 MT. Stock levels were exceptionally high for this off-year in part because of large carryover from the preceding year. Traders reportedly held on to more stocks in hopes of selling at a higher price in the future.

Pistachio stocks vary considerably from year to year in line with the cyclical nature of production. Moreover, stock statistics are not maintained by the Government of Turkey (GoT), nor producer associations. According to tree nut producers, better data on the amount of ending-stocks would help minimize price fluctuations, especially in low production years, and would thereby help stabilize consumption levels from year to year.

The Gaziantep Commodity Exchange (GCE) recently instituted a licensed warehouse system to help minimize price fluctuations in the marketplace. In June 2021, the GCE, with grants received from GoT, built Turkey's first [licensed pistachio warehouse](#) with 10,000 MT capacity. The warehouse, which is located in the major pistachio growing area of Gaziantep, has an electronic trading platform as well as an authorized classification laboratory to evaluate the quality of the pistachio stocks. While this first warehouse is a step in the right direction, additional warehouses are needed to meet existing storage needs and provide greater market transparency on the status of domestic stock levels.

Meantime, scientists from various local universities continue supporting research applications to improve storage conditions for pistachios. Improved storage conditions are important in maintaining quality and in helping minimize food safety concerns, such as aflatoxin.

d. POLICY

The GoT does not provide specific, direct support to pistachio or other tree nut farmers. However, tree nut growers are eligible for general agricultural subsidies that are available to all farmers who are registered in the Farmers Registration System. The subsidies for 2022 are largely unchanged from last year in terms of Turkish Lira (TL), despite higher-priced inputs such as fuel and fertilizer. By comparison, the amount of support actually decreased year-over-year in terms of the U.S. dollar (USD) because of the weakening of the TL. Pistachio growers and other farmers complain that level of support is inadequate to cover the rising cost of inputs.

- 100 TL/da (5.50 USD/da) and 400TL/da (22.01 USD/da) respectively for the establishment of orchards that are planted with standard seedlings and certified seedlings.² Note: a decare (da) is equivalent to 0.1 hectares.
- 10-100 TL/da (0.55 USD/da to 5.50 USD/da) for organic agriculture
- 30 TL/da (1.65 USD/da) for good agricultural practices
- 19 TL/da (1.05 USD/da) for fuel and fertilizer

Some agriculture related non-governmental organizations (NGOs) in the Sanlurfa and Gaziantep provinces are demanding that the GoT, through the Turkish Grains Board (TMO), establish official purchase prices for pistachios like it does for hazelnuts. These groups argue that pistachios are just as strategic as hazelnuts to the wellbeing of the Turkish economy. These groups also are advocating for specific, direct government support for pistachio producers.

This past spring, the [Baklava and Desert Producers Association](#) (BAKTAD) asked the GoT to temporarily remove the import tariffs and other trade barriers that would enable price-competitive, imported pistachios to enter the local market and, thereby, help stabilize the domestic price for pistachios.³ In May 2022, BAKTAD complained that pistachio prices, which had shot up from 240 TL/kg to 440 TL/kg, were unsustainable and hurting business. As a result of rising cost of pistachios and other inputs such as sugar, the association reported that baklava production had dropped by about 30 percent.

At the same time, according to market sources, nut traders were petitioning the government to allow pistachios to be imported duty-free for processing and re-export under the Inward Processing Regime (IPR). The IPR allows companies to bring in certain goods tax free for processing inside the country and

² The exchange rate is 18.176 TL/USD as of August 26, 2022; it was 8.362 TL/USD as of August 26, 2021.

³ The news article in Turkish: <https://www.dunya.com/ekonomi/baklava-ureticilerinden-cagri-fistik-ithalati-serbest-birakilsin-haberi-659359>

re-export. At present, pistachio imports can only enter duty free inside a tax-free zone. The IPR customs arrangement offers companies greater flexibility to process and re-export from anywhere in the country.

The [Diyarbakir Chamber of Commerce & Industry](#) (DTSO) is conducting a joint project with the Food and Agriculture Organization of United Nations ([FAO](#)) to distribute 2 million pistachio saplings to 5,000 farmers in Diyarbakir.⁴ DTSO has also announced that they will establish a Diyarbakir Pistachio Producers Union. Diyarbakir is seeking to expand its commercial production of pistachios which currently is still very limited.

⁴ The news article in Turkish: <https://www.guneydoguekspres.com/genel/diyarbakir-a-fistik-gibi-proje-h26099.html>

II. ALMONDS

a. PRODUCTION

Almond production for MY 2022/23 is forecast to increase year-over-year to 22,500 MT. This projected increase is attributed to a growing number of bearing trees and good yields resulting from favorable weather in the major production areas.

In line with past practice, the Chambers of Agriculture in Adiyaman and Kahta – the two chambers in the leading almond growing region in Turkey – continue to press Turkey’s Agricultural Credit Cooperative Union (ACCU) to fix a higher purchase price for almonds and to set it earlier in the season. Private traders use the ACCU purchase price as a benchmark in setting contract prices. In early September, the ACCU announced the MY 2022/23 purchase price at 26.91 TL/kg for inshell almonds (lowest quality).

Market sources reported farmers are disappointed with the MY 2022/23 fixed purchase prices since they were considered too low amid the skyrocketing cost of inputs, such as fertilizer, herbicides, and labor. According to TurkStat, inflation measured by Agricultural Products Producers’ Production Index was about 142 percent as of August 2022.

Almond growers continue to plant new trees and break ground on new orchards in response to strong domestic demand for almonds and with support from the GoT’s various support programs. The GoT encourages producers to establish new orchards by allocating free land for 49-years, providing interest-free financing, and delivering general support payments to farmers. In 2020, Turkish [Ministry of Agriculture and Forestry](#) (MinAF) published an investor guide on its website to assist investors looking to plant new almond orchards. (Note: the guide was taken down from MinAF’s website a year after publication.) The guide explains the technical and financial aspects of starting a 100-hectare orchard. A return on investment is expected after seven years.

As a result of the aforementioned government support, programs, and the attractive nature of the investment, the private sector has concentrated in planting new almond orchards in Izmir, Manisa, Mugla, Denizli, Sanliurfa, Canakkale, Adiyaman and Karaman provinces. The investments in new orchards, once fully realized, will increase almond production in the medium term.

The district of Kahta within the Adiyaman province is the leading producer of almonds in Turkey since 2016, according to the [Kahta Union of Almond Producers](#). The Union’s plan is to increase almond orchard acreage to 100,000 ha by 2023/24 in order to produce enough almonds to meet domestic demand. According to the [Kahta Chamber of Agriculture](#), the district will reach its acreage goal in MY 2022/23, though many of the newly-established orchards still have large numbers of non-bearing trees. As for the Union’s production target, it seems unreachable for the time being.

In recent years, the MinAF has instituted special afforestation projects aimed at increasing the number of planted almond trees. While the number of planted trees has increased as a result of these projects, almond production has not significantly increased since the trees were planted in marginal areas and were not carefully tended.

b. CONSUMPTION

Almond consumption for MY 2022/23 is forecast slightly higher year-over-year at 43,500 MT. Growth will be tempered by high prices for almonds, the most expensive tree nut on the market, and a weakening currency. The MY 2021/22 consumption estimate is adjusted upward to 42,500 MT.

At the end of August, the retail prices for roasted and raw almonds (shelled) had doubled in terms of local currency from the same time last year to about 230-320 TL/kg (6-8 USD/lbs.).⁵ While prices in TL increased during this period, they remained stable in USD terms since the dollar appreciated against the TL. Retail prices vary by neighborhood and according to retailer.

Almonds are mainly consumed as a snack food and limited amounts are used in the confectionary and cosmetics industries. As with pistachios, the packaging of tree nuts, including almonds, has increased in recent years. Currently, about one-third of almonds and other tree nuts are sold pre-packaged.

c. TRADE

Imports

Almond imports for MY 2022/23 are forecast unchanged from the previous year at 40,000 MT. With demand expected to outstrip domestic almond supplies, Turkey is expected to remain a net importer of almonds in MY 2022/23, with the United States as its top supplier. Other countries supplying almonds to Turkey, include Spain, Australia, Chile, Uzbekistan, and Iran. The MY 2021/2022 import estimate is revised upward based on the latest trade statistics.

There are several taxes on imported almonds, including the MFN import duty, a minimum reference price, and additional financial responsibility tax. No import taxes are levied for almonds imported under the Inward Processing Regime (IPR) for processing (e.g., shelling, packaging) and re-export.

The MFN import duty on imported almonds is 4 percent. However, imports of U.S. almonds face [an additional 10 percent retaliatory duty](#), which was imposed in response to U.S. Section 232 tariffs on Turkish steel and aluminum. The combined import tariff on U.S. almonds is 14 percent of the cost, insurance and freight (CIF) value of the shipment. The MFN import tariff is zero for almonds from countries with which Turkey has a free trade agreement (FTA), such as Chile.

Turkish customs also has a minimum reference (oversight) price for imported almonds. If the CIF invoice value of the inshell almond is at or below 4,400 USD, the MFN duty 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. The purpose of the minimum reference price is to discourage importers from under-invoicing the price of the shipment.

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

For all origins except FTA countries, there is an additional financial responsibility tax (AFRT) charged on imported almonds. The AFRT for shelled almonds is 818 USD/MT and 452 USD/MT for inshell almonds.

Starting in May 2020, a new regulation came into effect that requires foreign suppliers of almonds, walnuts, cashews and other agricultural items to register in an online system. Suppliers are asked to upload company information and other customer-verified documents into the online system. The

⁵ The exchange rate is 18.176 TL/USD as of August 26, 2022.

purpose of the registration requirement is to discourage unofficial imports. For more information, please see our [report on this registration requirement](#).

Exports

MY 2022/23 almond exports are forecast at 19,000 MT, which is a bit higher than the previous years' newly revised estimate. The leading export destinations are neighboring countries, such as Azerbaijan, Russia, Iraq, Libya, and Egypt.

d. POLICY

The government alongside universities and producer associations are working to improve production capacity. In 2017, the GoT established the [Adiyaman Hard Shelled Fruits Research Institute](#) which partners with the [University of Adiyaman](#) to conduct research into new varieties and provide training to growers. At the same time, the GoT is encouraging farmers in the Adiyaman province to invest in almond orchards by increasing awareness of the potential benefits of growing almonds. The GoT has also supported the Agricultural Credit Cooperative Union in establishing an almond and pistachio processing facility in Kahta, which opened in spring 2018.

In 2021, the Adiyaman Agriculture and Forestry Directorate, the [Adiyaman Hard Shelled Fruits Research Institute](#), and the Governorship of Adiyaman co-organized a gathering for almond producers and beekeepers to discuss areas of cooperation. The group met a second time in 2022 to sign a protocol under which almond producers will pay beekeepers 70 TL per hive to help pollinate their trees. This arrangement is expected to help boost future yields.

The Adiyaman Almond Summit is held annually since it was first organized in September 2019. The Adiyaman Agriculture and Forestry Directorate and the Ipekyolu Development Agency are the summit co-organizers. Summit participants discuss solutions to issues related to almond production, processing, pricing, and trade.

As mentioned in the pistachio policy section, the GoT does not provide specific, direct support to tree nut growers. However, tree nut farmers who are registered in the "Farmers Registration System" are eligible for general support that is available to all farmers. Please refer to pistachio policy section for more details on the types and amounts of general support payments.

III. WALNUTS

a. PRODUCTION

For MY 2022/23, walnut production is forecast at 67,000 MT, nearly unchanged from the previous year. Favorable weather conditions helped keep year-to-year production levels stable. Precipitation during the winter and spring was better than the previous year. However, there was some minor hail and frost damage to orchards in the Anatolian region, located in the southeastern part of the country, that will affect production.

Walnut trees grow in almost every province of the country, but commercial walnut orchards are still a relatively new phenomenon in Turkey. The GoT has instituted various programs to increase commercial production, allocating free land for 49-years, providing interest-free financing, and delivering general support payments to farmers. This support has spurred farmers and others in the private sector over the last couple of decades to open new orchards throughout the country, including the Aegean, Marmara, southeastern Anatolia, and Mediterranean regions. However, even with these new orchards, the domestic production of walnuts is still inadequate to meet the growing demand of Turkish consumers.

Over the last 20 years, MinAF has undertaken special afforestation projects in an attempt to boost commercial walnut production. However, this initiative did not yield the expected results since many of the trees were planted in marginal soils or unsuitable locations. Irrigation to these afforested lands is generally unavailable or too costly. In contrast, the newer commercial orchards are more successful since they use up-to-date techniques, and many have access to irrigation.

Up until the last 10-15 years, there was not a standard walnut variety being grown in Turkey. However, as growers have come to appreciate that certain propagation techniques result in higher yields, the use of standard varieties has now become more widespread. Chandler is the most popular walnut tree variety. However, there is still a need for introducing higher-yielding varieties that are suitable for local growing conditions. Turkey's leading walnut research establishment, the Yalova Horticulture Research Institute, is developing new varieties for commercial production in different parts of the country.

The [Turkish Walnut Producers' Association](#) was established in 2021 and held its first general assembly in the summer of 2021. The association has about 30 members, who are all large-size commercial growers by Turkish standards. As of 2022, association members collectively own 35,000-40,000 da of orchard land that is covered with 1,000,000 trees. The members employ modern agriculture techniques on their mechanized commercial operations. The association aims to produce 20,000 MT, which is equivalent to about one-third of Turkey's current production volumes, within the next two to three years. The association plans to hold Turkey's first "[International Walnut Conference](#)" in September 2022.

b. CONSUMPTION

The MY 2022/23 consumption forecast for walnuts is unchanged from the previous year at 140,000 MT. Consumption is expected to hold steady amid rising inflation and a weakening currency.⁶ In addition, walnut consumption will be moderated by an increased supply of domestic pistachios resulting from an on-year of production.

As of August, shelled walnuts were priced from 215-320 TL/kg (~5-8 USD/lbs.). In contrast for the same month from a year ago, shelled walnuts were selling at 85 to 185 TL/kg (~4-10 USD/lbs.).⁷ In

⁶ TurkStat declared 80.21 percent consumer price index (CPI) inflation and 143.75 percent domestic producer price index (PPI) inflation as of August 2022.

⁷ The exchange rate is 18.176 TL/USD as of August 26, 2022, and it was 8.362 TL/USD as of August 26, 2021.

terms of local currency, shelled walnut prices during this period doubled. The price for inshell walnuts in August was between 40-85 TL/kg (~1-2 USD/lbs.) compared to 35-50 TL/kg (~2-3 USD/lbs) from the same time last year.

These high prices will hold walnut demand in check during MY 2022/23. While the higher prices persist, some consumers and end-users will pull back on consumption. Those middle- and high-income, who are less impacted by inflation, will continue eating walnuts.

Walnuts are the second most-purchased nut by Turkish consumers after hazelnuts. Walnut consumption has increased significantly in recent years as consumers have come to realize the health benefits from consuming walnuts. The increased of packaged walnuts has also spurred increased consumption. However, most walnuts are still sold in bulk, inshell. Turkish consumers purchase use walnuts to use as an ingredient in everyday foods and eat them as snacks.

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.

c. TRADE

Imports

Walnut imports for MY 2022/23 are forecast to increase slightly year-over year to 98,000 MT. The import estimate for MY 2021/22 is revised upward to 95,000 MT based on the latest trade statistics.

Traders agree that Turkey will continue to be a net importer of walnuts since the domestic production is insufficient and there is demand for high-quality product by Turkish consumers. Depending on the year, around 40 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.

The United States remains the top supplier followed by China, Chile, Ukraine, and Kyrgyzstan. U.S. walnuts are facing increasing competition from China and other markets due to price and seasonality considerations. Further, U.S. walnuts are disadvantaged by Turkey's retaliatory tariff, which encourages Turkish traders to buy more from the competition.

There are several taxes on imported walnuts, including the MFN import duty, a minimum reference price, and additional financial responsibility tax. No import taxes are levied for walnuts that are imported under the Inward Processing Regime (IPR) for processing (e.g., shelling, packaging) and re-export.

The MFN import tariff for inshell and shelled walnuts is 4 percent. The MFN import tariff is zero for walnuts from countries with which Turkey has a free trade agreement (FTA), such as Chile. However, in the case of the United States, there is an additional 10 percent retaliatory duty on U.S. walnuts and other tree nuts. This retaliatory duty was imposed in response to U.S. Section 232 tariffs on Turkish steel and aluminum. With this retaliatory duty the applied tariff rate on U.S. walnuts is 14 percent. For more information about retaliatory duties, please refer to our [previous reports](#).

Turkish customs also has a minimum reference (oversight) price for imported walnuts. For example, even if a Turkish trader has purchased a metric ton of inshell walnuts for 3,300 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 for calculating taxes. The following oversight (or reference) prices are also in effect:

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

*Gross weight in metric tons.

Furthermore, for all origins except FTA countries, walnut imports are subject to an additional financial responsibility tax, 307 USD/MT for inshell walnuts and 573 USD/MT for shelled walnuts.

Starting in May 2020, a new regulation came into effect that requires foreign suppliers of almonds, walnuts, cashews and other agricultural items to register in an online system. Suppliers are asked to upload company information and other customer-verified documents into the online system. The purpose of the registration requirement is to discourage unofficial imports of these products. For more information, please see our [report on this registration requirement](#).

Exports

Walnut exports for 22/23 are forecast at 25,000 MT, which is slightly higher than the previous year's newly revised estimate. The export estimate for MY21/22 is revised higher to 23,000 metric tons based on the latest trade statistics.

Imports of both inshell and shelled walnuts, and exports of shelled walnuts have increased substantially in recent years. 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 re-exported to Middle Eastern and African countries.

d. POLICY

See pistachio section for explanation of the general support payments that tree nut growers are eligible to receive as long as they are registered in the Farmers Registration System.

IV. HAZELNUTS

Note: USDA does not maintain a Production, Supply and Distribution for 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. Production in MY 2022/23 is forecast higher year-over-year at 680,000 MT. By comparison, MinAF is predicting production will reach 760,000 MT during this period, but market sources believe this number is too high.

The forecasted increase in production in MY 2022/23 is largely based on improved yields resulting from favorable weather conditions. Continued farmer training on how to trim, manage, and tend trees will also contribute to higher yields. According to the Ordu Agriculture & Forestry Directorate, properly trained farmers can see their yields double.

Most years, the Turkish Grain Board (TMO) purchases and stores hazelnuts on behalf of the Turkish government. In July of this year, the President of Turkey announced the official purchase price that TMO will pay for hazelnuts. The purchase price for Giresun quality hazelnuts is 53 TL/kg, almost double from last year. The purchase price for the Levant quality hazelnuts is 52 TL/kg, nearly double from a year ago. Growers book appointments online to sell their hazelnuts to TMO. TMO pays the grower 21-days after receiving the hazelnuts in its warehouse. Growers are reportedly having a hard time booking appointments via the online system, with the earliest appointments available in November. This delay in arranging appointments is causing some producers to sell their hazelnuts to private traders who pay less. Meantime, in addition to TMO, the Union of Hazelnut Agriculture Sales Cooperatives (FISKOBIRLIK) sometimes purchases and stores hazelnuts to help keep domestic prices stable.

The largest single buyer of Turkish hazelnuts is [Italy's Ferraro Hazelnut Company](#), the owner of the [Nutella](#) brand. Ferraro is the biggest hazelnut trader in Turkey, buying about one-third of Turkey's annual hazelnut export volumes. Ferraro's announced purchase price is slightly lower than the TMO rate at 48 TL/kg. Given this purchase price difference, middlemen buy from growers at 43-45 TL/kg and then turn around and sell at a profit to Ferraro. Approximately half of Turkey's hazelnut exports are handled by international companies, such as Ferraro.

According to a farmers' union in Ordu, which is one of the main hazelnut growing areas in the country, the average cost to produce a kilogram of hazelnuts is 50TL which is below the purchase price paid by the government and private buyers. Consequently, many farmers will reportedly be unable to make a profit and may even lose money. In line with this claim, an opposition party leader criticized the GoT for supporting Ferraro at the expense of local producers, noting that this would change under new leadership. Given its economic importance, hazelnut policy issues tend to attract significant political attention.

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 on the Black Sea coast) 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 million people directly or indirectly employed by hazelnut production in Turkey on an area of around 725,000 hectares.

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. Turkish hazelnuts usually mature 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.

V. PRODUCTION, SUPPLY AND DISTRIBUTION STATISTICS:

Pistachios, Inshell Basis Market Year Begins	2020/2021		2021/2022		2022/2023	
	Sep 2020		Sep 2021		Sep 2022	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Turkey						
Bearing Trees (1000 TREES)	0	52061	0	54548	0	55400
Non-Bearing Trees (1000 TREES)	0	20984	0	22722	0	23700
Total Trees (1000 TREES)	0	73045	0	77270	0	79100
Beginning Stocks (MT)	500	500	68100	65000	0	30000
Production (MT)	250000	250000	87000	87000	0	210000
Imports (MT)	20400	19000	20000	24000	0	20000
Total Supply (MT)	270900	269500	175100	176000	0	260000
Exports (MT)	32800	35000	25000	39000	0	45000
Domestic Consumption (MT)	170000	169500	135000	107000	0	150000
Ending Stocks (MT)	68100	65000	15100	30000	0	65000
Total Distribution (MT)	270900	269500	175100	176000	0	260000

(1000 TREES) ,(MT)

Almonds, Shelled Basis Market Year Begins	2020/2021		2021/2022		2022/2023	
	Aug 2020		Aug 2021		Aug 2022	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Turkey						
Bearing Trees (1000 TREES)	0	9522	0	10380	0	12400
Non-Bearing Trees (1000 TREES)	0	6333	0	7093	0	6700
Total Trees (1000 TREES)	0	15855	0	17473	0	19100
Beginning Stocks (MT)	300	300	300	500	0	500
Production (MT)	16500	16500	18000	20000	0	22500
Imports (MT)	32600	31000	30000	40000	0	40000
Total Supply (MT)	49400	47800	48300	60500	0	63000
Exports (MT)	17000	8000	17000	17500	0	19000
Domestic Consumption (MT)	32100	39500	30800	42500	0	43500
Ending Stocks (MT)	300	500	500	500	0	500
Total Distribution (MT)	49400	48000	48300	60500	0	63000

(1000 TREES) ,(MT)

Walnuts, Inshell Basis Market Year Begins	2020/2021		2021/2022		2022/2023	
	Sep 2020		Sep 2021		Sep 2022	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Turkey						
Bearing Trees (1000 TREES)	0	11250	0	12400	0	13800
Non-Bearing Trees (1000 TREES)	0	10000	0	11500	0	12700
Total Trees (1000 TREES)	0	21250	0	23900	0	26500
Beginning Stocks (MT)	2800	2800	1300	1300	0	1300
Production (MT)	67000	67000	68000	68000	0	67000
Imports (MT)	89500	89500	94000	95000	0	98000
Total Supply (MT)	159300	159300	163300	164300	0	166300
Exports (MT)	10000	10000	12000	23000	0	25000
Domestic Consumption (MT)	148000	148000	150000	140000	0	140000
Ending Stocks (MT)	1300	1300	1300	1300	0	1300
Total Distribution (MT)	159300	159300	163300	164300	0	166300

(1000 TREES) ,(MT)

Source for PSDs: USDA forecasts, Post forecasts, TurkStat for tree numbers.

Attachments:

No Attachments