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Tree Nuts Annual

2013 Tree Nuts Annual

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Report Highlights:
Due to the biennial cycle and bad weather conditions, especially in late spring, Post forecasts pistachio production at 50,000 metric tons (MT) in marketing year (MY) 2013. Almond production is forecasted at 20,000 MT in MY 2013. Walnut production is forecast as 75,000 MT, which is slightly less than the previous marketing year.

Executive Summary:

MY 2012 was an "on-year" in the pistachio production cycle. Production almost tripled compared to the previous year and reached 117,000 MT. However, in MY 2013, Post forecasts that pistachio production returned to 50,000 MT, mostly due to the natural production cycle and bad weather conditions, especially in April and May 2013.

Almond production was not affected much by the weather conditions. Therefore, almond production is expected to increase slightly and reach 20,000 MT in MY 2013. Almond imports decreased to 17,600 MT due to high prices in MY 2012. Post forecasts a slight increase to 20,000 MT in almond imports due to an increase in demand and a hope for lower global prices in the next year.

Walnut production was slightly affected due to bad weather conditions, therefore, Post forecasts the walnut production at 75,000 MT in MY 2013. Walnut imports dropped to 38,401 MT in MY 2012 due to the high prices, however, Post forecasts the increase to 55,000 MT in walnut imports due to an increase in demand.

Commodities:

Pistachios, Inshell Basis

Almonds, Shelled Basis

Walnuts, Inshell Basis

PISTACHIO

Production

Pistachio production is highly cyclical and yields vary quite differently from year to year and between regions and orchards. In MY 2013, due to being an off year in the natural production cycle as well as bad weather conditions especially in April and May 2013, pistachio production is estimated to be significantly lower than MY 2012. MY 2013 production estimates vary a lot at this point. Turkish Statistical Institute (TUIK) estimates 142,929 MT of production, however, trader expectations are far below TUIK's estimate. Traders expect the production of pistachio at 40,000-50,000 MT. Post forecasts the pistachio production at 50,000 MT at the beginning of the MY 2013.

Pistachios are mainly produced in Southeastern Anatolia Region. The cities Gaziantep, Sanliurfa and Siirt are the most significant locations for pistachio production. Gaziantep and Sanliurfa pistachio varieties are similar, but Siirt has a distinct pistachio variety. In an "on-year" the Gaziantep region produces 40,000-45,000 MT, the Sanliurfa region produces 35,000-45,000 MT and Siirt region produces 10,000-15,000 MT.

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 near future since pistachios are replacing olive trees in the rain-fed areas. Currently, Sanliurfa province has more trees than its neighboring province Gaziantep. Producers and researchers predict that, as a result of better variety selection, the problem of "cycling" will not be seen in the future. Currently, the average pistachio yield is around 4 kilograms (kg)/tree.

Consumption

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

Packaging of tree nuts, including pistachios, has doubled over the last 3 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 three years ago. Post forecasts that the packaging of tree nuts, including pistachios, will increase consumption. Per capita consumption is 0.6 kg/year in Turkey.

As a result of low production in MY 2013, domestic consumption of pistachio is predicted to be reduced. There is a great rise in pistachio prices for use in the food industry, especially in Baklava production. Baklava producers tend to use of walnut or hazelnut temporarily instead of using pistachio because of very high prices, such as 70-80 Turkish Lira (TL)/kg. Retail prices in Ankara are 35-45 TL/kg for Antep Pistachio and 40-50 TL/kg for Siirt Pistachio.

Trade

Turkey is a self-sufficient country for pistachios and a minor amount of total production goes to exports. There were few imports in MY 2012 as production was very good. In contrast, there was a slight increase in exports of both shelled and in-shell pistachios in MY 2012 because of strong production. Italy is the primary export market for Turkish pistachios. Other significant markets include Israel, Saudi Arabia, Hong Kong, and North African countries such as Egypt and Libya. Turkish exports benefit from the promotion activities of the Pistachio Promotion Council. There has been evidence that Iranian pistachios enter Turkey illegally and are exported as a Turkish product.

Post forecasts 5,000 MT in pistachio imports and only 100 MT in pistachio exports in MY 2013 because of the low production associated with an "off-year". Post has also revised the MY 2012 imports to zero due to the strong production associated with an "on-year" in which Turkish production was greater than double the production in 2011.

Stocks

Pistachio stocks vary considerably from year to year in line with cyclical production. Due to high production in MY 2012, there are around 40,000 MT of stocks at the beginning of MY 2013. Since MY 2013 is an "off year" for pistachios, many in the market believe pistachio prices are unsustainably high - especially baklava producers who point to stocks that have not yet been released on the market.

Policy

The government of Turkey (GOT) stopped giving direct supports to pistachio farmers several years ago, and since 2004, GUNEYDOGUBIRLIK has not announced any procurement prices for pistachios.

There are government supports of 150 TL/decar (da) and 300 TL/da for the establishment of new orchards that are planted with standard seedlings and certified seedlings respectively. There are other supports that apply to tree nut production, such as 50 TL/da for organic agriculture and 25 TL/da for Good Agricultural Practices.

There are no subsidies, taxes or other restrictions on pistachio exports. There is no legal barrier to pistachio imports, but there are almost no imports at any time of the year.

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 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.

ALMOND

Production

Although almonds are grown in most parts of the country, commercial production is concentrated in the Aegean, West Marmara, Southeastern Anatolia and Mediterranean Regions. Most of the almond production is from unstandardized seed, so, the yield and quality do not regularly meet expectations. The average yield is around 17 kg/tree for almonds.

Almond production was not affected much by the weather conditions in MY 2013. TUIK estimates the almond production as 81,606 MT. Post production forecast is far below the TUIK estimation at 20,000 MT in MY 2013.

Almonds were considered a minor crop and were not cultivated commercially in Turkey until recent years. Turkey is, currently, a net importer of almonds. Since the import and the prices rise continuously, 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 are planned to be planted within 5 years. MINFWA's implementation of the Almond Plan focused 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 to almond production significantly.

Also, the GOT encourages the producers to establish new orchards by allocating them free land for 49 years and some interest-free financial support. As a result of these incentives the establishment of almond orchards has become popular in Turkey and the private sector has concentrated on establishing new almond orchards, especially in Izmir, Manisa, Mugla, Denizli, Urfa, and Adiyaman Provinces. It is believed that these incentives will increase the production of almonds in the future.

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. TUKSIAD has established demonstration orchards in Denizli province as well.

Consumption

Almonds are mainly consumed as snack food and limited amounts are used in confectionary and the cosmetics industry in Turkey. Per capita consumption of almond is around 0.9 kg/year. The rise in market prices recently has caused lower consumption of almonds, especially as a snack. Retail prices in Ankara are 40-45 TL/kg for shelled roasted almond and 50TL/kg for the Datca variety.

Packaging of tree nuts, including almonds, has doubled over the last 3 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 three years ago. Post forecasts that the packaging of tree nuts, including almonds, will increase consumption.

Trade

Turkey is a net importer of almonds and the United States is the major almond supplier. Due to the quality, around 96 percent of almonds have been imported from the U.S. However, the rise in import prices recently and the high exchange rate of the USD against the TL has resulted in a 35-40 percent increase in the market price of almonds; also resulting in a decrease in almond imports. Some traders say that they have started to import almonds from Canada as well. Post forecasts the import of almonds as 17,600 MT in MY 2012 and 20,000 MT in MY 2013.

Importers pay 43.2 percent tax on per ton CIF value of the shipment. If the per ton CIF invoice value is at or below $3,000 the tariff will be applied at $3,000 per ton. If the per ton CIF invoice value is greater than $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 $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 (USD/TON*)
0802.11	In shell Almond	3,000

0802.12	Shelled Almond	6,500

*Ton: Gross Weight

Traders import in-shell almonds mainly from the U.S., process them, and export them as shelled to North African and Middle East countries. According to Global Trade Atlas data, Turkey exported 17,967 MT of almonds in MY 2012. Post estimates the real export data for Turkey as 5,100 MT of almonds in MY 2012. The disparity is largely due to claims and evidence of illegal almond and walnut trade over Turkey's eastern border. At the moment it is very difficult to guess the amount of illegal tree nuts entering Turkey. Some claims indicate that illegal commodity is registered in the country as produced domestically. Some of this commodity is exported with labels indicating Turkish origin.

U.S. exporters should consider Turkey's inward processing regime and re-export opportunities to the Middle East and North Africa when marketing to Turkey.

Policy

Turkey is currently a net importer of almonds. Since the import amount and the prices of almond rise continuously, the GOT has taken action to increase the domestic supply. The "Almond Action 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.

Also, the GOT encourages the producers to establish new orchards by allocating them the land for free for 49 years and some interest-free financial support. There are also government supports of 150/da and 300 TL/da for the establishment of new orchards that are planted with standard seedlings and certified seedlings respectively. There are other supports that apply to tree nut production, such as 50 TL/da for organic agriculture and 25 TL/da for Good Agricultural Practices.

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. TUKSIAD has established demonstration orchards in Denizli province as well.

WALNUT

Production

Walnut production was slightly reduced due to bad weather conditions in MY 2013. Post forecasts walnut production at 75,000 MT in MY 2013, which is far below the TUIK estimate at 212,606 MT.

Walnuts are grown throughout the country. Increased demand and high prices have encouraged walnut cultivation in recent years. Turkey is currently a net importer of walnuts. Around 60 percent of total consumption is supplied through imports. Since the imports and the prices rise continuously, 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. Therefore, Post forecasts that the increased number of trees will not contribute to walnut production significantly either.

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, major producing provinces are Karaman, Kastamonu, Hakkari, Bursa and Tokat. As a result of GOT incentives, the private sector has established new walnut orchards in Tekirdag, Denizli, Bitlis, Kirsehir, Canakkale, Gumushane and Bingol provinces. Chandler is becoming the most popular variety.

As a result of GOT incentives such as allocating free land for 49 years and some interest-free financial support, the private sector has established new walnut orchards in Tekirdag, Denizli, Bitlis, Kirsehir, Canakkale, Gumushane and Bingol provinces. Chandler is becoming the most popular variety. It is believed that these incentives will increase walnut production in the future. But 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.

Consumption

Walnuts are commonly used in desserts. For example, Turkish desserts such as *pestil* and *köme* are made by combining walnuts with mulberries and grapes. Walnuts are also used in 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. Per capita consumption, which was estimated earlier as 2 kg/year, is now estimated to be almost 3 kg/year. Consumption has increased due to perceived health benefits and also packaging as it is valid for pistachios and almonds. The rise in market prices recently may cause decreased consumption of walnuts, especially as a snack. Therefore, Post estimates a slight decrease in walnut consumption in MY 2012 and forecasts an increase in MY 2013 due to market demand and possible favorable prices. Retail prices in Ankara are 45-55 TL/kg for shelled walnuts, 80 TL/kg for first quality local shelled walnuts, and 19-25TL/kg for in-shell walnuts.

Trade

Turkey is a net importer of walnuts and the United States is the major in-shell walnut supplier to the Turkish market. There is strong demand for high quality walnut imports. However, the rise in import prices recently and the high exchange rate of the U.S. dollars (USD) against the Turkish Lira has resulted in a 35-40 percent increase in the market price of walnuts, resulting in a decrease in walnut imports. Chile, Uzbekistan, Ukraine, Iran, Kyrgyzstan, Turkmenistan, Uzbekistan and Moldova are the main walnut suppliers, largely due to price considerations.

Importers pay a 43.2 percent duty on CIF value for walnuts for all countries except Ukraine. The GOT has increased the tax on Ukrainian walnuts to 66.2 percent. Traders say that this increase in tax will not increase the import of walnuts from U.S. as they tend to prefer imports from less expense sources such as Chile, Uzbekistan, Kyrgyzstan, Turkmenistan, Moldova, Bulgaria and Romania.

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

HS CODE	COMMODITY	REFERENCE VALUE ON CIF (USD/TON*)
0802.31	In-shell Walnut	1.800
0802.32	Shelled Walnut	5.400

*Ton: Gross Weight

Turkey's processing industry has grown in recent years. Imports of both in-shell and shelled walnuts, and exports of shelled walnuts have increased substantially. However, Turkey remains a net importer of walnuts. Due to a slight decrease in the MY 2013 walnut production and a decrease in MY 2012imports, the need for walnuts in MY 2013 will increase. Therefore, Post forecasts the import of walnut at 55,000 MT in MY 2013.

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

Policy

Turkey is, currently, net importer for walnut. Since the import and the prices rise continuously, government has taken the action to increase domestic supply. 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 seedling are foreseen to be planted during 5 years period.

Also, government encourages the producers to establish new orchards by allocating them the forest area for free for 49 years and some financial support without demanding of interest. There are also government supports of 150/da and 300 TL/da for the establishment of new orchards that are planted with standard seedlings and certified seedlings respectively. There are other supports that apply to tree nut production, such as 50 TL/da for organic agriculture and 25 TL/da for Good Agricultural Practices.

Production, Supply and Demand Data Statistics:

Pistachios, Inshell Basis Turkey	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Aug 2011		Market Year Begin: Aug 2012		Market Year Begin: Aug 2013	
	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	29,000	29,000	29,000	29,000		29,000
Non-Bearing Trees	14,000	14,000	14,000	14,000		14,000
Total Trees	43,000	43,000	43,000	43,000		43,000
Beginning Stocks	52,195	52,195	19,520	19,520		39,378
Production	50,000	50,000	125,000	117,000		50,000
Imports	4,275	4,275	5,000	0		5,000
Total Supply	106,470	106,470	149,520	136,520		94,378
Exports	700	700	4,000	5,142		100
Domestic Consumption	86,250	86,250	95,520	92,000		85,000
Ending Stocks	19,520	19,520	50,000	39,378		9,278
Total Distribution	106,470	106,470	149,520	136,520		94,378

HA, 1000 TREES, MT

Almonds, Shelled Basis * Turkey	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Aug 2011		Market Year Begin: Aug 2012		Market Year Begin: Aug 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0		0
Area Harvested	0	0	0	0		0
Bearing Trees	0	3,800	0	3,850		3,900
Non-Bearing Trees	0	1,300	0	1,200		1,300
Total Trees	0	5,100	0	5,050		5,200
Beginning Stocks	300	300	300	300		300
Production	16,000	16,000	15,000	17,500		20,000
Imports	27,300	27,300	35,000	17,600		20,000
Total Supply	43,600	43,600	50,300	35,400		40,300
Exports	7,400	7,400	6,000	5,100		8,000
Domestic Consumption	35,900	35,900	44,000	30,000		32,000
Ending Stocks	300	300	300	300		300
Total Distribution	43,600	43,600	50,300	35,400		40,300

HA, 1000 TREES, MT

*PSD estimates are based on shelled almond with a conversion factor of 1:3

Walnuts, Inshell Basis Turkey *	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Sep 2011		Market Year Begin: Sep 2012		Market Year Begin: Sep 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0		
Area Harvested	0	0	0	0		
Bearing Trees	5,000	5,000	5,000	5,000		5,100
Non-Bearing Trees	2,700	2,700	2,700	2,700		2,800
Total Trees	7,700	7,700	7,700	7,700		7,900
Beginning Stocks	3,000	3,000	5,000	5,000		5,202
Production	80,000	80,000	85,000	85,000		75,000
Imports	51,500	51,500	50,000	38,401		55,000
Total Supply	134,500	134,500	140,000	128,401		135,202
Exports	12,200	12,200	7,000	10,199		7,500
Domestic Consumption	117,300	117,300	128,000	113,000		123,000
Ending Stocks	5,000	5,000	5,000	5,202		4,702
Total Distribution	134,500	134,500	140,000	128,401		135,202

HA, 1000 TREES, MT

*PSD estimates are based on in shell walnut with a conversion factor of 1:2.5