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Tree Nuts Annual

Tree Nuts Annual - 2012

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Report Highlights:

Post expects MY 2012 production to increase for all tree nuts as the weather conditions were favorable and it was an on-year. Hazelnut production, in particular, is bouncing back from MY 2011 and is estimated to increase by 65 percent at 710,000 MT. Post also expects hazelnut and pistachio exports to increase in MY 2012. Almond and walnut imports will be steady at about the same level as MY 2011, 19,000 MT and 50,000 MT respectively.

Executive Summary:

MY 2012 was a great year for tree nuts. Weather conditions were favorable for all tree nuts and for the production of hazelnuts in particular. Hazelnuts had an “on-year”, returning production levels to a long-term average of 710,000 MT in MY 2012 (up from 430,000 MT in MY 2011).

Pistachio production is predicted to increase significantly and reach MY 2010 levels at 125,000 MT in MY 2012. Walnut and almond production is also expected to increase slightly, 85,000 MT and to 17,500 MT respectively. This was mostly due to the cyclical nature of walnut and almond production.

Post expects higher production to increase hazelnut and pistachios exports in MY 2012. Hazelnut exports are estimated to be 500,000 MT in MY 2012, which is a 25 percent increase over the previous year. Pistachio exports are also predicted to increase about 70 percent over MY 2011 and reach 1,200 MT.

Almond and walnut imports will remain steady at MY 2011 levels.

Commodities:

Almonds, Shelled Basis
Filberts, Inshell Basis
Pistachios, Inshell Basis
Walnuts, Inshell Basis

Production:

HAZELNUT

Turkey is the world’s leading hazelnut producer, accounting for about 70 percent of world supply. Although hazelnuts have been grown in more than 48 provinces around Turkey, production is primarily concentrated along Turkey’s Black Sea coast.

Hazelnut yields heavily depend on weather conditions between December and May. A warm December and colder subsequent months shocked and stressed hazelnut trees in MY2011, reducing the yields in major production areas. The result was a substantial production loss of 25 percent to 430,000 MT.

The weather conditions were very favorable in MY 2012. This led to a very good crop and production is estimated at 710,000 MT, up 65 percent from MY 2011. This increase is also due to the seasonality of hazelnuts and the current marketing year is an “on-year”. Although this increase represents a 65 percent increase over the previous year, it brings production back to a long-term trend The production has been recorded to be lower than average in the past three marketing years, mostly due to unfavorable weather conditions. MY 2012 can be regarded a bounce-back year for Turkish hazelnut crop.

The Black Sea region is divided into three distinct growing areas: (1) the hilly region from Ordu to Trabzon, centered around Giresun, which in a normal year produces about 55 percent of the crop, (2) the flatter, mixed farming region west of Ordu to Samsun, which produces about 15 percent of the crop, and (3) the area west of Samsun, which produces the remaining 30 percent. Hazelnuts require relatively little effort to cultivate and inputs are low.

Turkish hazelnuts usually ripen between early and late August depending on the altitude of the orchard and climatic conditions. Hazelnuts are hand-picked from the trees and dried in the sun.

Harvesting takes place during several weeks in August and September. Due to high temperatures in MY 2012, hazelnut harvest at lower altitudes (0-250 m) began at the end of July (one week earlier than normal) , at the first week of august at mid altitudes (250-500 m), and finally began in the second week of August at higher altitudes (above 500 m).

There are two organizations who do official hazelnut production forecast; one is the Ministry of Food, Agriculture and Livestock (MINFAL) and the other is the National Hazelnut Council. MINFAL officers forecast hazelnut production based on field trips and actual counting. The National Hazelnut Council also relies on the field trips of their staff and collection of current market information.

PISTACHIO

Post predicts a very good year for all tree nuts, including pistachios, in MY 2012. MY 2011 was a very bad year for pistachio producers. In addition to being an “off-year”, the weather conditions were not favorable, therefore production dropped to 50,000 MT. However, in MY 2012 it is predicted to increase significantly and reach MY 2010 levels. Pistachio production is estimated to be 125,000 MT in MY 2012.

There are three major regions where pistachio grown in Turkey; Gaziantep, Sanliurfa and Siirt. Gaziantep and Sanliurfa pistachio varieties are similar but Siirt has a different variety of pistachios. In a normal year, the Gaziantep region produces 40,000-45,000 MT, the Sanliurfa region produces 35,000-45,000 MT, and the Siirt region produces 10,000-15,000 MT.

With the increasing number of new sapling plantings in the Sanliurfa and Siirt regions, high quality pistachio production is predicted to increase in the near future. Producers and researchers predict that, as a result of better variety selection, the problem of “cycling” will diminish in the future.

Most Turkish pistachios are the Gaziantep type - thinner and smaller than Iranian-type pistachios. Siirt pistachios, 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 grade, 90-100 nuts are second grade, 100-120 nuts are third grade, and more than 120 nuts are fourth grade.

ALMOND

Almonds were considered a minor crop and were not cultivated commercially in Turkey until recently. There are several rural development projects to increase almond production but commercial investment for almond orchards is very limited.

Although some almonds are grown in most parts of the country, commercial production is concentrated in the Aegean, Marmara, and Mediterranean Regions.

MY 2012 is also predicted to be a good year for almonds. The production is expected to increase about 9 percent compared to the previous year and reach 17,500 MT in MY2012. In MY 2011, the production was 16,000 MT despite bad weather conditions.

There is no special organization for almond producers. Establishing almond orchards has become popular in Turkey. Some big companies have begun investing in almond orchards in Turkey. TUKSIAD (Turkey Dried Fruits and Nuts Traders and Businessman Association) is actively promoting almond orchard establishments in Turkey. They established a demonstration orchard in Denizli province. Due to the efforts of the government and private sector, the area of almond orchards increased significantly in Denizli and Mugla provinces.

WALNUT

Post does not expect weather conditions to have a strong influence on MY 2012 walnut production, which is estimated to increase by only 6 percent and reach 85,000 MT. This increase is also due to MY2012 being an “on-year”.

Walnut production has been increasing gradually due to improved varieties and the slowly increasing number of orchards. As demand has risen and prices become favorable, walnut production has been increasing with a growing number of orchards and better varieties.

There are festivals around Turkey to promote walnut production and consumption. These include the Bitlis Province Adilcevaz Walnut Festival, the Kirsehir Province Kaman Walnut Festival, the Tokat Province Niksar Walnut Festival and the Giresun Province Sebinkarahisar Walnut Festival. Walnuts grow throughout the country and increased demand and good prices have encouraged walnut cultivation in recent years. Major producing provinces are Karaman, Kastamonu, Hakkari, Bursa and Tokat. The major problem for walnut producers in Turkey is low yields.

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 developer of new varieties. Commercial production of the improved varieties developed by the institute has begun in Balikesir, Denizli, Bursa and Kahramanmaras provinces.

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.

Almost all walnut trees in Turkey are grown without the use of pesticides and chemical fertilizers. This explains why, in recent years in some areas, organic walnut production has become popular.

Consumption:

HAZELNUT

Domestic consumption of hazelnuts, as well as other tree nuts, depends on prices and supply in a given year. In both MY 2010 and MY2011 the domestic hazelnut consumption was lower than usual and this was mostly due to high exports. Domestic consumption in MY 2011 was 282,000 MT.

PISTACHIO

Pistachios are widely eaten as a snack food and used in the production of confectionary products, especially in deserts and bakery products.

As a result of high production, domestic consumption of pistachios is predicted to increase and be 98,000 MT in MY2012.

WALNUT

Walnut consumption has increased significantly in recent years. Per capita consumption, which was estimated earlier as 1.5 kilograms/year, is now estimated to be almost 2 kilograms. Consumption has increased due to perceived health benefits and the availability of inexpensive imported walnuts.

Walnuts are commonly used in dessert production. Also, Turks make special products known as *pestil* and *köme* by combining walnuts with mulberries and grapes. Walnuts are also used in ice cream and halva production, and in the dried fruit industry. The leaves and green shells are used as a pigment in Turkey.

Trade:

HAZELNUT

Hazelnut exports in MY 2011 were reduced by lower production levels. In MY2011, hazelnut exports were 400,000 MT, roughly a 6 percent increase from 375,000 MT in MY 2010. As a result of greater production in MY 2012, hazelnut exports are estimated to increase about 25 percent and reach 500,000 MT.

EU countries continued to be the major destination for Turkish hazelnut exports. Italy, Germany and France are still the top three destinations. Hazelnuts are competitive with almonds in EU chocolate manufacturing.

Due to efforts of the Hazelnut Promotion Group and the National Hazelnut Council, Asian and Middle Eastern countries began showing interest in Turkish hazelnuts in MY 2010. The Chinese market is still negligible; however, it is steadily increasing over the years.

PISTACHIO

The EU countries continued to be the major export destinations for Turkish pistachios in MY 2011. Pistachio exports decreased about 30 percent in MY 2011 mostly due to low production level. It is however expected to increase in MY2012. Pistachio exports are predicted to pick up significantly in MY 2012 and reach 1200 MT.

The Pistachio Promotion Council targets Germany, Italy, England, Spain and Russia to increase pistachio sales. Due to limited resources, the Pistachio Promotion Council has not been as active as the Hazelnut Promotion Council.

ALMOND

Turkey is an importer of almonds and the United States is the major almond supplier to Turkish market. Due to the higher quality and better prices, there is high demand to import almonds. Marketing has the potential to increase almond imports further in the future.

In MY 2011, almond imports were 16,000 MT. Almond imports are predicted to increase slightly in MY 2012 and reach 19,000 MT.

US exporters should not only target Turkey but also should target Middle East countries through Turkish marketing channels. Exporters should consider opportunities through inward processing regimes and re-exporting.

Turkey primarily imports in-shell almonds and exports shelled almonds. There are many claims of illegal almond shipments entering through Turkey's eastern border. Almonds, walnuts and pistachios are believed to enter Turkey illegally. At the moment it is very difficult to guess the amount of illegal tree nuts entering Turkey.

WALNUT

The walnut processing industry has grown in recent years. Imports of both in-shell and shelled walnuts and the export of shelled walnuts have increased substantially. However, Turkey remains a net importer of walnuts.

Walnut imports remained stable in MY 2012, compared to the previous years. MY2011 imports increased slightly compared to MY 2010. MY 2012 imports are estimated to be the same as MY 2011 and are expected to be 50,000 MT.

Stocks:

HAZELNUT

The Turkish Grain Board (TMO) continued to utilize stocks in MY 2011 to compensate for reduced production. TMO ceased in-shell hazelnut sales as of July 2, 2012. The remaining stocks, which are predicted to be about 50,000 MT in MY2012, are likely to be used for hazelnut oil production.

PISTACHIO

Pistachio stocks vary considerably from year to year in line with their cyclical production. In MY 2010, stocks were recorded to be 52,000 MT. As a result of low production in MY 2011, the stocks were drawn down to 19,500 MT in MY 2011. Since the MY 2012 yield is expected to be high, the stocks are predicted to go up to 60,000 MT.

Policy:

HAZELNUT

Hazelnut strategies and policies did not change significantly or unexpectedly in MY 2011.

According to the National hazelnut strategy, which was published in the official gazette dated July 15, 2009, licensed hazelnut producers received a 1500 TL/ha (roughly $830/ha) income support in 2010, 2011 and 2012. This support is expected to increase to 1700 TL/ha ($945/ha) in MY 2012. The decision is pending approval from Council of Ministers. (Average Exchange rate: USD 1= 1.81 TL)

PISTACHIO

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

There is, however, a government support of 300 TL/ha ($166/ha) for the establishment of new orchards that are planted with certified seedlings.

There are no subsidies, taxes or other restrictions on pistachio exports but pistachio imports to Turkey are not allowed at any time of the year. There has been evidence that Iranian pistachios enter Turkey and are exported as Turkish labeled product.

Production, Supply and Demand Data Statistics:

Filberts, Inshell Basis Turkey	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Jul 2010		Market Year Begin: Jul 2011		Market Year Begin: Jul 2012	
	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	340,000	0	340,000		340,000
Non-Bearing Trees	0	17,000	0	17,000		17,000

Total Trees	0	357,000	0	357,000		357,000
Beginning Stocks	425,000	425,000	350,000	350,000		100,000
Production	570,000	570,000	400,000	430,000		710,000
Imports	2,400	2,400	2,500	2,000		1,000
Total Supply	997,400	997,400	752,500	782,000		811,000
Exports	375,000	375,000	350,000	400,000		500,000
Domestic Consumption	272,400	272,400	250,000	282,000		261,000
Ending Stocks	350,000	350,000	152,500	100,000		50,000
Total Distribution	997,400	997,400	752,500	782,000		811,000
HA, 1000 TREES, MT						

Pistachios, Inshell Basis Turkey	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Aug 2010		Market Year Begin: Aug 2011		Market Year Begin: Aug 2012	
	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
Bearing Trees	0	29,000	0	29,000		29,000
Non-Bearing Trees	0	14,000	0	14,000		14,000
Total Trees	0	43,000	0	43,000		43,000
Beginning Stocks	23,170	23,170	52,195	52,195		19,520
Production	110,000	110,000	50,000	50,000		125,000
Imports	25	25	25	25		0
Total Supply	133,195	133,195	102,220	102,220		144,520
Exports	1,000	1,000	700	700		1,200
Domestic Consumption	80,000	80,000	77,000	82,000		93,320
Ending Stocks	52,195	52,195	24,520	19,520		50,000
Total Distribution	133,195	133,195	102,220	102,220		144,520
HA, 1000 TREES, MT						

Almonds, Shelled Basis Turkey	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Aug 2010		Market Year Begin: Aug 2011		Market Year Begin: Aug 2012	
	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	3,500	0	3,600		3,600
Non-Bearing Trees	0	900	0	900		900
Total Trees	0	4,400	0	4,500		4,500
Beginning Stocks	2,300	2,300	300	300		300

Production	14,000	14,000	16,000	16,000		17,500
Imports	16,400	16,400	18,000	18,000		19,000
Total Supply	32,700	32,700	34,300	34,300		36,800
Exports	5,400	5,400	6,000	6,000		6,000
Domestic Consumption	27,000	27,000	28,000	28,000		30,300
Ending Stocks	300	300	300	300		500
Total Distribution	32,700	32,700	34,300	34,300		36,800
HA, 1000 TREES, MT						

Walnuts, Inshell Basis Turkey	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Aug 2010		Market Year Begin: Aug 2011		Market Year Begin: Aug 2012	
	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	5,000	0	5,000		5,000
Non-Bearing Trees	0	2,700	0	2,700		2,700
Total Trees	0	7,700	0	7,700		7,700
Beginning Stocks	5,046	5,046	3,046	3,046		5,046
Production	85,000	85,000	80,000	80,000		85,000
Imports	49,000	49,000	50,000	50,000		50,000
Total Supply	139,046	139,046	133,046	133,046		140,046
Exports	7,000	7,000	8,000	8,000		7,000
Domestic Consumption	129,000	129,000	120,000	120,000		128,046
Ending Stocks	3,046	3,046	5,046	5,046		5,000
Total Distribution	139,046	139,046	133,046	133,046		140,046
HA, 1000 TREES, MT						