



RAW TOBACCO



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I. INTRODUCTION

Some Figures

- Turkey is in the seventh rank for tobacco production after China, Brazil, India, USA, EU and Zimbabwe.
- However, Turkey is in the first rank for the oriental tobacco production in the world.
- There is no production quota and recognised area.



Some Figures

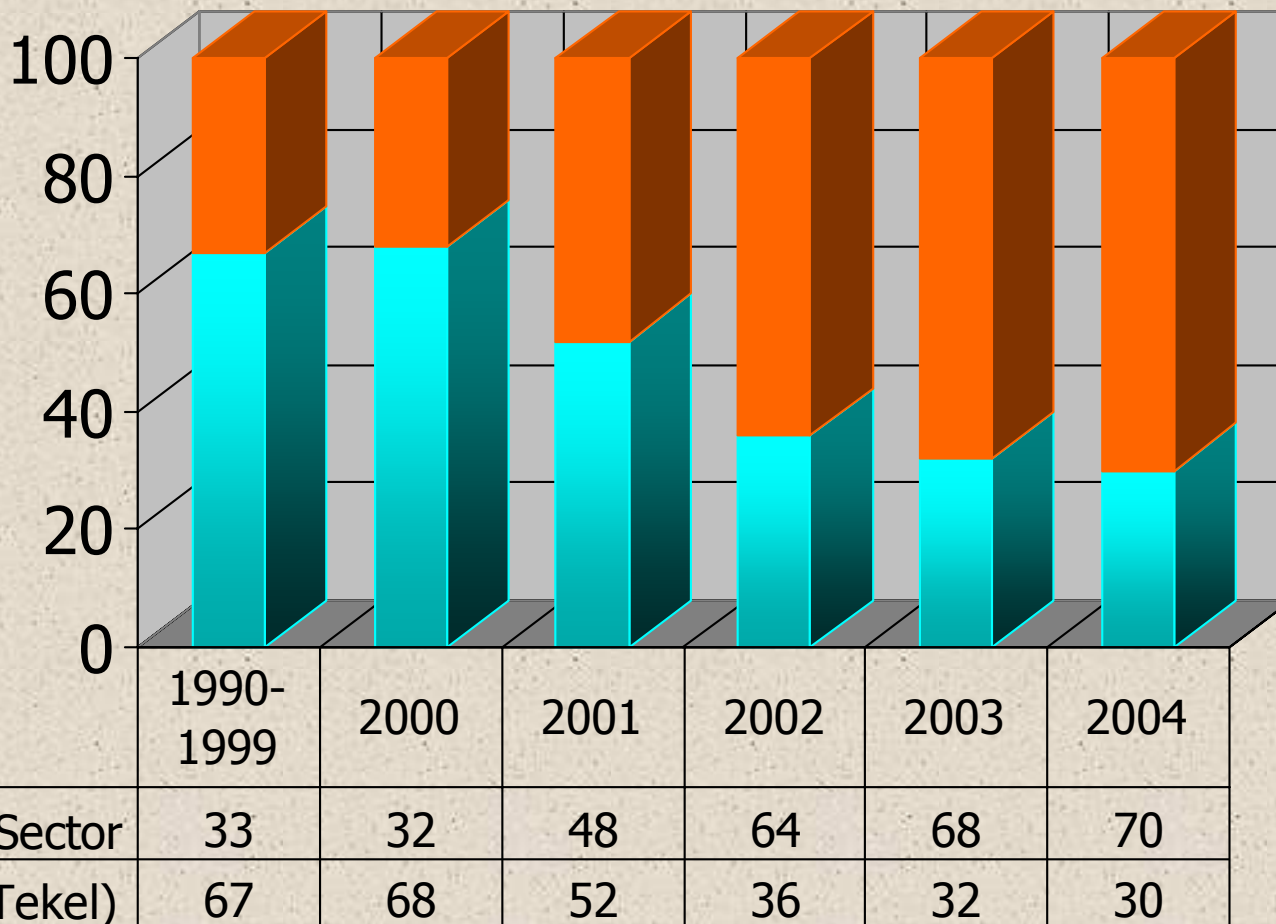
Average of 2002-2004 data,

- 337,000 producers
- 135,000 tons production
- 192,000 hectares

Source : Tobacco, Tobacco Products and Alcoholic Beverages Market
Regulatory Authority (TAPDK)

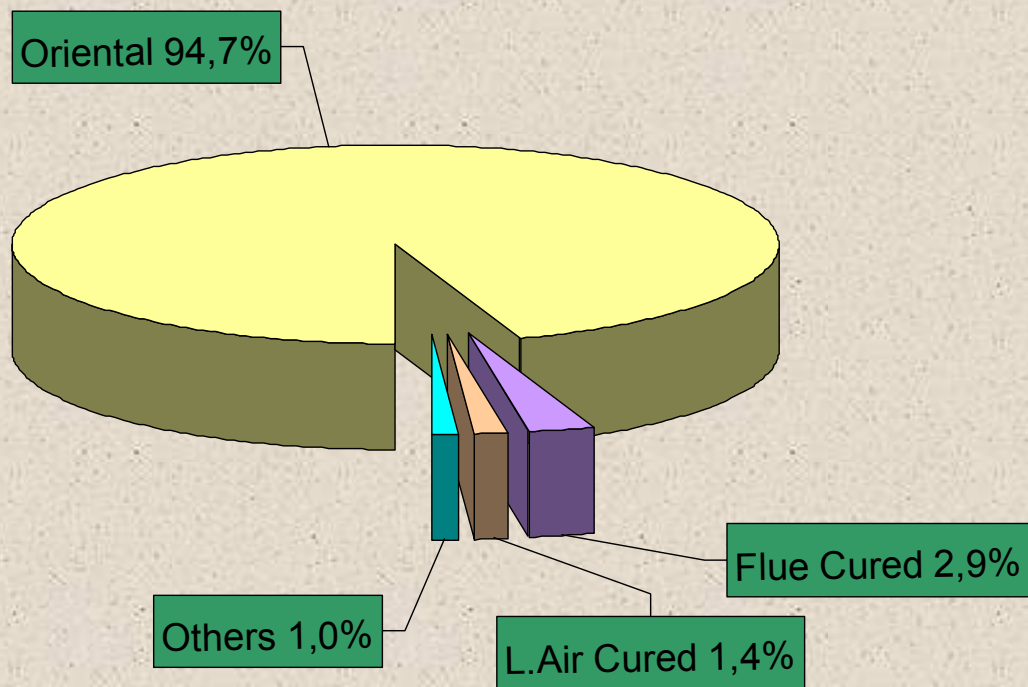


Distribution of Purchasing Tobacco



Source : TAPDK

Distribution of Tobacco Production by Varieties (Average of 2002-2004)



Source : TAPDK



II. LEGAL FRAMEWORK

Tobacco Law No 4733

Objectives

- Reconstruction of TEKEL (State Tobacco Monopoly).
- Establishment of TAPDK
- Regulating tasks and power of the TAPDK and regulating procedures and basis of production, marketing and trade of tobacco and tobacco products.

The most important provisions are

- Elimination of supporting purchase.
- Changing of tobacco marketing systems.
 - Production on Contractual basis or Auction Sale.
- Tekel is prepared for privatization.



- Purchased tobacco should be registered to the tobacco sale center or TAPDK.
- No tobacco was left in producers' hands in the past. With the new law, it is possible today.
- There is no intervening body for auction sales.



By-Law on Tobacco

- Regulation on Raw Tobacco Production, Marketing of the Raw Tobacco, Its Trade and Inspection of the Market.
- Put into force on 4 December 2002 by TAPDK.



III. INSTITUTIONAL SETTING



TAPDK as a Regulatory Authority

- Established by Article 2 of the Law No 4733.
- In operation since 23 July 2002.
- Responsible for enforcing the Law No 4733.
- Ruling, monitoring and inspection of the market.



- Independent in fulfilling its duties. No organ, authority or person may influence the final decision of the Authority.
- TAPDK consists of :
 - Executive Board
 - Presidency
 - Service Units



IV. MARKETING OF TOBACCO



Marketing of Producers' Tobacco

- Based on contractual or auction sale system.
- Sample Contract is published in official journal every year by TAPDK and all companies use it.
- Opening price of the auction is determined by TAPDK.



Distribution of Production According to Contracts (%)

	2002	2003	2004
With Contract	91	98	98
W/o Contract	9	2	2
Total	100	100	100



Elements of Production Contract

- Parties
- Production area, quantity and variety
- Responsibilities of the parties
- Quality standarts
- Price
- Delivery time and place
- Payment time and its procedure

All related details are included in the contract.



V. TOBACCO TRADE



Tobacco Trade

- It is obligatory to acquire the Tobacco Trade Authorization Certificate from TAPDK to be able to engage in tobacco trade and export.
- It is obligatory to acquire first processing permission from TAPDK.



Import/Export Arrangements

- Import licenses are only required under the tariff quotas resulting from bilateral agreements.
- Imported tobacco are subject to the SPS controls by the MARA.



Preferential Trade

EU Countries

- Turkey has ad valorem duty exemption for exports of raw tobacco.

Third Countries

- Under Turkey and Bosnia and Herzegovina FTA, reciprocally subject to a concession of 0% duty on unlimited basis.



Candidate Countries

- Under Turkey-Romania FTA, Turkey has preferential export possibility for raw tobacco within tariff quota (100 tonnes, 18,8 % duty).
- Under Turkey-Bulgaria FTA, Bulgaria has preferential import possibility for raw tobacco within tariff quota (100 tonnes, 15 % duty).



Import Duties

CN Code	Product Description	MFN %	Bound Rate (%)
2401	Raw tobacco	25	45



Export Refunds

CN Code	Final Outlay Commitment Level US\$	Final Quantity Commitment Level (t)	Current Situation	
			Refund Amount	Eligible Quantity
2401	6,200,706.20	49,763.00	-	-



VI. HARMONIZATION AND DIFFERENCES WITH EU LEGISLATION



Main Differences with the EU

- There is no special subsidy for tobacco producers.
- Production for auction sales.
- Producers' organizations are not satisfactory.
- Institutional structures such as paying agencies.



EU	Issue	Turkey	Harmonisation
2075/92/EEC 2848/98/EC	Inspection Measures.	Law No 4733, By-Law on Tobacco.	Harmonized.
2848/98/EC	Certifying First Processors.	Law No 4733, By-Law on Tobacco.	Harmonized.
85/93/EEC	Control Agencies.	Law No 4733, By-Law on Tobacco.	TAPDK. Harmonized.



EU	Issue	Turkey	Harmonisation
2848/98 (EC)	<p>Cultivation Contracts</p> <ul style="list-style-type: none">•Can be signed by farmer or representative association.•Can be signed for more than a harvest year.•Concluded by 30th April.•Registered by 15th May.	<p>Law No 4733</p> <p>By-Law on Tobacco.</p>	<ul style="list-style-type: none">•Only farmer can sign.•For only a year.•Concluded before planting to field.•Registered by 15th July. <p>Rest is harmonized.</p>



EU	Issue	Turkey	Harmonisation
2848/98 /EC	Producers' Organizations on Raw Tobacco.	Neither their action nor members are not enough.	Needs effort.
2848/98/EC	Data Base.	By-Law on Tobacco.	Needs effort.



EU	Issue	Turkey	Harmonisation
2077/92/EEC 86/93 /EEC	Interbranch Organizations.	No legislation.	-----
1782/2003/EC 1973/2004/EC 796/2004/EC	Tobacco Production Aid.	There is not special aid for tobacco production.	-----



VII. CONCLUSION

Conclusion

With the inception of the production on contract basis in Turkey, the major difference between Turkish and the EU tobacco sector has been eliminated.

When the period of 2006 – 2010 is considered as a transition period for the COM in Raw Tobacco, It is expected that:

- Alignment with the EU rules can be achieved according to improvements,
- Difficulties could be seen on organizational issue of producers and auction sales.



THANK YOU FOR
YOUR ATTENTION