



TURKISH AGRICULTURAL POLICY



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I. INTRODUCTION



Area and Population

Total Area	: 78 million ha.
• Agricultural Land	
– (excluding pastures and meadows)	: 27 million ha.
• Forest Land	: 21 million ha.
• Total Population (2004)	: 71 million

Source: TURKSTAT



Some Basic Indicators – 1

Sectoral Distribution of GDP (2004)

- Agriculture : 11 %
 - 1923: 43 %
 - 1980: 24 %
- Industry : 20 %
- Services : 69 %

Source: TURKSTAT

Some Basic Indicators - 2

Sectoral Distribution of Employment (2004)

- Agriculture and Forestry : 33 %
 - 1960: % 75
 - 1990: % 48
- Industry : 18 %
- Construction : 5 %
- Services : 44 %

Source: TURKSTAT



Some Basic Indicators - 3

Foreign Trade (2004)

- Total Exports (billion \$) : 63
- Total Imports (billion \$) : 98

- Agricultural Exports (billion \$) : 6
- Agricultural Imports (billion \$) : 3.2

Source:UFT



II. LEGISLATIVE FRAMEWORK

Legislative Instruments;

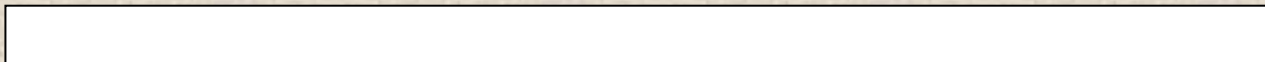
Law, Decree, Regulation, By-law, Communiqué, Circular

- Draft Law on Agriculture is submitted to Parliament
- (e.g. Legislative basis of agricultural supports: Law No: 4733/7.....)



Basic Legislation;

- Turkish Constitution
- Legislation establishing agriculture related institutions
- Commodity specific laws:
Cotton (no.2903), Tobacco (No.4733), Sugar (No.4634), Olive (No.3573), Hazelnuts (No.2844), Tea (No.3092), Rice (No.3039), Silkworms (No.859), Spirits (No.4250)
- Law on soil conservation and land use (No.5403)
- Agricultural insurance law (No. 5363)
- Law on agricultural credit cooperatives (No.1581)
- Law on agricultural sales cooperatives (No.4572)



- Law on producer unions (No.5200)
- Law on chambers of agriculture (No.6964)
- Law on registration, control and certification of seeds (No.308)
- Law on organic farming (No.5262)
- Law on production, consumption and control of foodstuffs (No.5179)
- Feed law (No.1734)
- Law of animal health and surveillance (No.3285)
- Law on animal breeding (No.4631)
- Law on plant protection and agricultural Quarantine (No.6968)



Some Major Policy Documents:

- Five-Year Development Plans;
- Annual Programs
- Government Programs
- 2000; Agricultural Reform Implementation Program (ARIP);
 - ⇒ market orientation
- Agricultural Strategy Paper (2006 – 2010); EU Accession and WTO Reform Process
 - ⇒ further market orientation



III. INSTITUTIONS



Policy Making Bodies:

- 1) Ministry of Agriculture and Rural Affairs (MARA)
- 2) State Planning Organization (SPO)
 - a) High Planning Council
 - b) Money-Credit Coordination Council
- 3) Undersecretariat of Foreign Trade
- 4) Undersecretariat of Treasury
- 5) Committee on Restructuring and Support in Agriculture



- **Implementing Bodies and Related Institutions:**

- 1) MARA and its affiliated bodies
 - a) Turkish Grain Board
 - b) DG Agricultural Enterprises
 - c) Meat and Fish Company
 - d) Tea Company
 - e) Agricultural Credit Cooperatives
 - f) Agricultural Development Cooperatives



Implementing Bodies and Related Institutions:

- 2) Ministry of Industry and Trade and its affiliated bodies
 - a) Agricultural Sales Cooperatives
 - b) Sugar Authority
 - c) Commodity Exchanges
 - d) Fresh Fruit and Vegetables Wholesale Markets
 - e) Turkish Standards Institute
 - f) Turkish Accreditation Authority



Implementing Bodies and Related Institutions:

- 3) Undersecretariat for Foreign Trade
- 4) Undersecretariat for Treasury
- 5) Tobacco, Tobacco Products and Alcoholic Beverages Market Regulatory Authority
- 6) Turkish Statistics Institute

Others:

- NGO's
- Professional Organizations



IV. MAIN INSTRUMENTS



Some Policy Tools and Instruments:

- Market Regulation; SEE's, ASC's
- Agricultural Insurance
- Support Schemes
- Rural Development Activities



- Structural Measures (e.g. Land Consolidation)
- Research and Extension Programs
- Foreign Trade Mechanisms
- Producer Organizations



V. AGRICULTURAL PRODUCTION AND TRADE



Land Use (2004):

- Arable Crops : 18 million ha
Cereals : 76 % (67 % of which is wheat)
- Vegetable : 800 000 ha
- Fruits : 1 560 000 ha
- Vineyards : 520 000 ha
- Olive : 644 000 ha
- Fallow Land : 5 000 000 ha
- Irrigated Land : 4 900 000 ha

Source: TURKSTAT



Agricultural Structure:

- Number of Agricultural Holdings;
2001 : 3 million
- Farms; Family Owned, Small and Fragmented
- Average Farm Size; 6 ha
- Specialized Farms; Aegean, Marmara,
Mediterranean Regions

Source: TURKSTAT



Agronomic Potential:

- soil (chemical & physical properties)
- irrigation
- pasture resources
- different ecological regions



Value of agricultural production:

- Crop Production : 22.5 billion €; (77%)
 - Arable crops : 10.1 billion €
 - Vegetables : 5.4 billion €
 - Fruits : 7.0 billion €
- Animal Products : 6.5 billion €; (23%)

Total: 29 billion €

Source: TURKSTAT, 2004

Productions of some arable crops (2004)(000Ton)



• Wheat	: 21 000
• Barley	: 9 000
• Corn	: 3 000
• Ginned cotton	: 930
• Raw tobacco	: 156
• Sugar beet	: 13 500
• Sunflower	: 900
• Potatoes	: 4 800

Source: TURKSTAT

Production of Some Fruits (2004)(000 ton)



• Apple	: 2 100
• Pear	: 320
• Cherry	: 245
• Apricot	: 320
• Orange	: 1 300
• Mandarin	: 670
• Lemon	: 600
• Olive	: 1 600
• Hazelnut	: 350
• Fig	: 275
• Grape	: 3 500

Source: TURKSTAT



Production of Some Vegetables (2004)(000 ton)

- Tomatoes :9 400
- Green Pepper :1 320
- Aubergine : 900
- Melons-Water melons :5 575
- Dry Onion :2 000

Source: TURKSTAT

Trade Arrangements

a) European Union

- 1) Ankara Agreement; Provisional Protocol (1963); Quota Allocation for Figs, Raisins, Hazelnuts Tobacco
- 2) Additional Protocol (1973)
- 3) ACD (1/80)
- 4) Customs Union (1995); PAP
- 5) ACD (1/98)

- b) Others; Free Trade Agreements: EFTA, Israel, Romania, Bulgaria, Macedonia, Croatia, Bosnia-Herzegovina, Tunisia, Morocco



WTO-AA: Commitments of Turkey

1) Domestic Support;

- *de minimis*
- green box

2) Market Access;

- MFN Tariff Rates

3) Export Competition;

- Export Subsidy; 44 Products



Trade With The EU (25):

Major Imports from EU; Tobacco, Beverages, Fats & Oils, Cereals, Oilseeds

Major Exports to EU; Fruits & Nuts, Prep. of Veg. & Fruits, Vegetables, Tobacco

	2001	2002	2003	2004	2005(*)
Total Exports (million EURO)	2,016	1,915	2,008	2,350	1.585
Total Imports (million EURO)	393	586	631	647	485

(*) Jan.-Oct.

Source: UFT



Major Export and Import Products

Major Export Products (million US \$)

Product	2000	2002	2004
Hazelnuts (unshelled)	367	375	737
Tobacco	357	277	395
Other nuts	169	177	371
Raisins	197	157	231
Apricot (dried)	110	119	198
Wheat flour	65	48	197
Tomatoes	92	78	134
Cherry	24	52	118

Source: UFT



Major Export and Import Products (million US \$)

Product	2000	2002	2004
Cotton	677	493	836
Sheep and lamb hides with wools	177	376	317
Soya beans	83	140	222
Wheat (others)	125	148	216
Palm oil	75	103	182
Corn (others)	141	131	179
Tobacco	282	149	160
Sunflower	103	42	157
Other food extracts	67	89	153
Soya bean oil, meal...	116	79	143

Source: UFT



VI. POLICY CHANGE



Traditional Policy ;

Objectives;

- a) self-sufficiency**
- b) import substitution**
- c) rural development**
- d) nutritional level**
- e) raw material supply for industry**



Traditional Policy ;

- Instruments;**
- a) market stabilization-intervention (1932 – 2001)**
 - b) input supply**
 - c) credit supply**



Agricultural Reform Program - 2000

- 1-Abolition of administered prices
- 2-Abolition of input and credit subsidies
- 3-Restructuring of agricultural SEE's and agricultural sales cooperatives
- 4-Introduction of DIS Scheme
- 5-Restructuring of agricultural production

Basic Objective: Market Orientation



2006-2010 Agricultural Strategy Paper: Objectives and Priorities (in line with the EU Accession and WTO-AA):

1. Sustainable development, product quality
2. Food security and safety
3. Competitiveness of agricultural holdings
4. Agricultural markets and marketing
5. Rural development
6. Producers' organizations



Support Schemes in the Strategy:

- 1) Direct Income Support
- 2) Deficiency payments
- 3) Livestock supports
- 4) Rural development supports
- 5) Alternative crop support
- 6) Crop insurance premium supports
- 7) Environmentally based agricultural land protection support (ÇATAK)
- 8) Other supports



Common Elements in CAP Reforms and Policy Change in Turkish Agriculture:

a) Basic reasons;

External: WTO Reform Process

Internal : Efficiency, Taxpayer and Consumer Concerns

b) Overall Sectoral Change;

Market Orientation,
Higher Competitiveness

c) New Objectives; food safety, environment, rural development

d) Procedural; Registration and Control Mechanisms



VII. AGRICULTURAL BUDGET



AGRICULTURAL PAYMENTS UNDER THE BUDGET

- Agricultural payments covered under National Fiscal Budget are;
 - Payments for General Services
 - Operating Expenses
 - Investments (related with annual investment program) and
 - Agricultural Support Payments

- Agricultural payments, which are explained in detail in the presentation for State Aids, are dispersed between the budgets of three different institutions:
 - Ministry of Agriculture and Rural Affairs (MARA)
 - Ministry of Environment and Forestry (MEF)
 - Undersecretariat of Treasury (Treasury)

- Main agricultural supports are placed under MARA and Treasury budgets



MAIN AGRICULTURAL SUPPORTS (TRANSFER BUDGET)

	(000 €)	
Budget Appropriation	2005	2006
Various Supports (incl. DIS)	1.433.363	1.114.222
Crop Based Payments (Premia)	495.358	439.530
Tea Support (Premia & Pruning)	67.685	83.987
Livestock & Animal Husbandry Supports	206.649	307.951
Agricultural Insurance	0	111.982
Agricultural Reform Implementation Project	17.071	41.993
Rural Development & ÇATAK Aids	0	139.978
Subsidized Credit Scheme for Farmers (*)	40.132	67.189
TOTAL	2.260.258	2.306.831
* under Treasury Budget		

OTHER AGRICULTURAL SUBSIDIES

Figures related with agricultural subsidies for

- Forestry Sector Aids
- Transfers to Agricultural State Economic Enterprises
- Subsidized Credit Scheme for Agricultural Sales Cooperatives
- Start-up Aids for Producer Organizations
- Export Refunds

are excluded as:

- The subsidy portion of subsidized credits can not be calculated before they are paid back,
- Some of these subsidies also include non-cash transactions which are not budgeted

Further explanation is provided under other presentations



Thank you for your attention