Marketing of organic agricultural products in Turkey

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1. Production

Turkey is one of the best-suited countries in the world for organic cultivation. This situation is not only due to her ecological and climatological conditions, but also to the nation's use of more traditional agricultural methods.

Although organic farming and in-conversion land constitute a small portion of total agricultural land, organic agriculture, which was mainly practiced in the Aegean region in 1985, has expanded in all regions. The number of farmers in Turkey dealing with organic agriculture is also increasing year by year.

As a result of these developments the variety of organic products is expanding. Although raisins, apricots and dried figs were the pioneer organic agricultural products of Turkey in 1985, today around 90 kinds of agricultural products are organically produced in Turkey.

In the meantime, the increasing trend in world consumption and trade shows is an indication that this expansion will continue in the future.

Organically grown agricultural products in Turkey

Vegetal products:

EDIBLE NUTS: Hazelnuts (various forms), Walnuts, Pistachios, Almonds, Peanuts, Chestnuts

DRIED FRUITS: Raisins, Apricots, Diced Apricot, Wild Apricots, Figs (whole and diced), Prunes, Apples, Strawberries, Pears, Sour Cherries, Cherries

DRIED VEGETABLES: Sun Dried Tomatoes, mixed vegetables, Dried Morels

FRESH FRUITS AND VEGETABLES: Apples, Figs, Strawberries, Plums, Pears, Cherries, Sour Cherries, Persimmons (Sharon Fruit), Blackberries and Various Berries, Watermelon, Lemon, Soft Citrus, Orange, Grapefruits, Peaches, Table Grapes, Potatoes, Green Peas, Carrots, Celery, Peppers, Tomatoes, Spinach, Squash, Cauliflower, Parsley, Leeks, Cucumber, Garlic, Dry Onion, Eggplant

PULSES: Lentils, Chickpeas, Dry Beans

SPICES AND HERBS: Laurel Leaves, Oregano, Thyme, Cumin Seeds, Linden Leaves, Sage, Rosemary, Black cumin, Stinging Nettle, Mint Leaves, Fennel Seeds

CEREALS: Wheat, Rice, Corn, Barley, Oaf

INDUSTRIAL CROPS: Cotton, Poppy Seeds, Anise Seeds, Beet

OIL SEEDS: Sunflower seed, Sesame Seeds

OTHERS: Capers, Pine Kernels, Rose Hip, Olives, Bonito, Hazelnut Powder, Paprika Powder

Processed food:

FROZEN FRUITS AND VEGETABLES: Apricots, Strawberries, Cherries, Sour Cherries, Berries, Plums, Onions, Squash, Tomatoes, Peppers

FRUIT JUICE AND CONCENTRATE: Apricot Puree, Pear Juice Concentrate, Sour Cherry Juice Concentrate, Apple Juice Concentrate, Rose Hip Pulp, Apple Pulp

OTHERS: Olive Oil, Cracked Wheat, Molasses, Tomato Paste, Jams, Wine, Roasted Peppers

Other agricultural products:

Honey, Apricot Kernels, Sour Cherry Kernels, Dried Rose, Rose Oil, Rose Water, Myrtle oil, Myrtle Water, Thyme Oil, Lavender Oil

Source: Questionnaire Results Obtained From Exporter Companies, 2001

2. Legal Framework of Organic Agricultural Production and Trade in Turkey

In order to specify the rules of production, processing and marketing of the vegetal and livestock products which are produced by organic methods, the "Regulation concerning the production of vegetal and livestock products by organic methods" was published in the Official Gazette of the Republic of Turkey dated December 18, 1994. This regulation concerning Turkish organically grown products has been prepared in compliance with the EEC regulation No. 2092/91. A new version of above mentioned regulation will be put in force in coming days to adopt changes in current EU regulations.

According to the related regulation the Ministry of Agriculture and Rural Affairs is the authorised agency for organic cultivation. National and foreign companies have to be registered and have a permit from the Ministry of Agriculture and Rural Affairs to conduct certifying activities in Turkey.

After the national regulations were put into force, the "National Steering Committee of Organic Agriculture" and the "Committee for Organic Agriculture" were established by the Ministry of Agriculture and Rural Affairs.

Since there is no separate Harmonised Commodity Description and Coding System for organic agricultural products, Turkey's export figures are collected from Exporter Unions' statistical data by The Aegean Exporters' Union which is the coordinating organisation for the export of organic products.

3. Marketing

Turkish organic agricultural products are becoming more and more familiar to foreign importers. The destinations of Turkey's organic agricultural products exports reached around 20 countries in 2001. The majority of exports are directed to the European Union Countries, such as Germany, The Netherlands, France, Switzerland and The U.K. Other export markets include Denmark, Italy, Austria, Belgium, Sweden, Norway, Spain, USA, Canada, Japan, Australia and New Zealand.

Organic Agricultural Products are mainly sold through the following channels in Turkey:

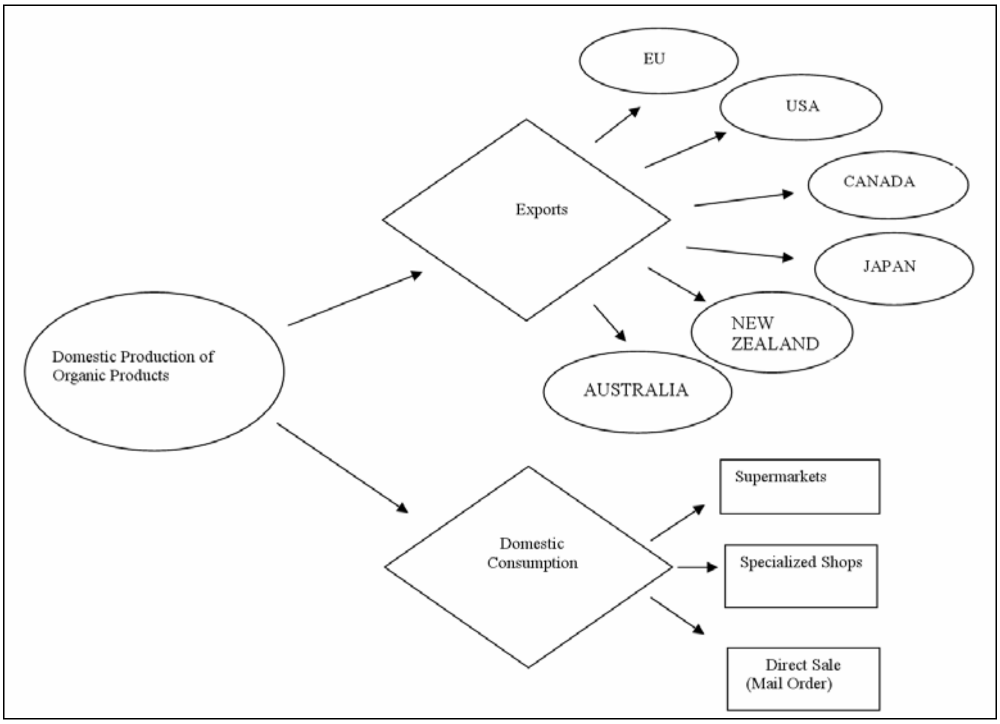
- Specialized Shops
- Supermarkets

- Direct Sale
  - Mail Order

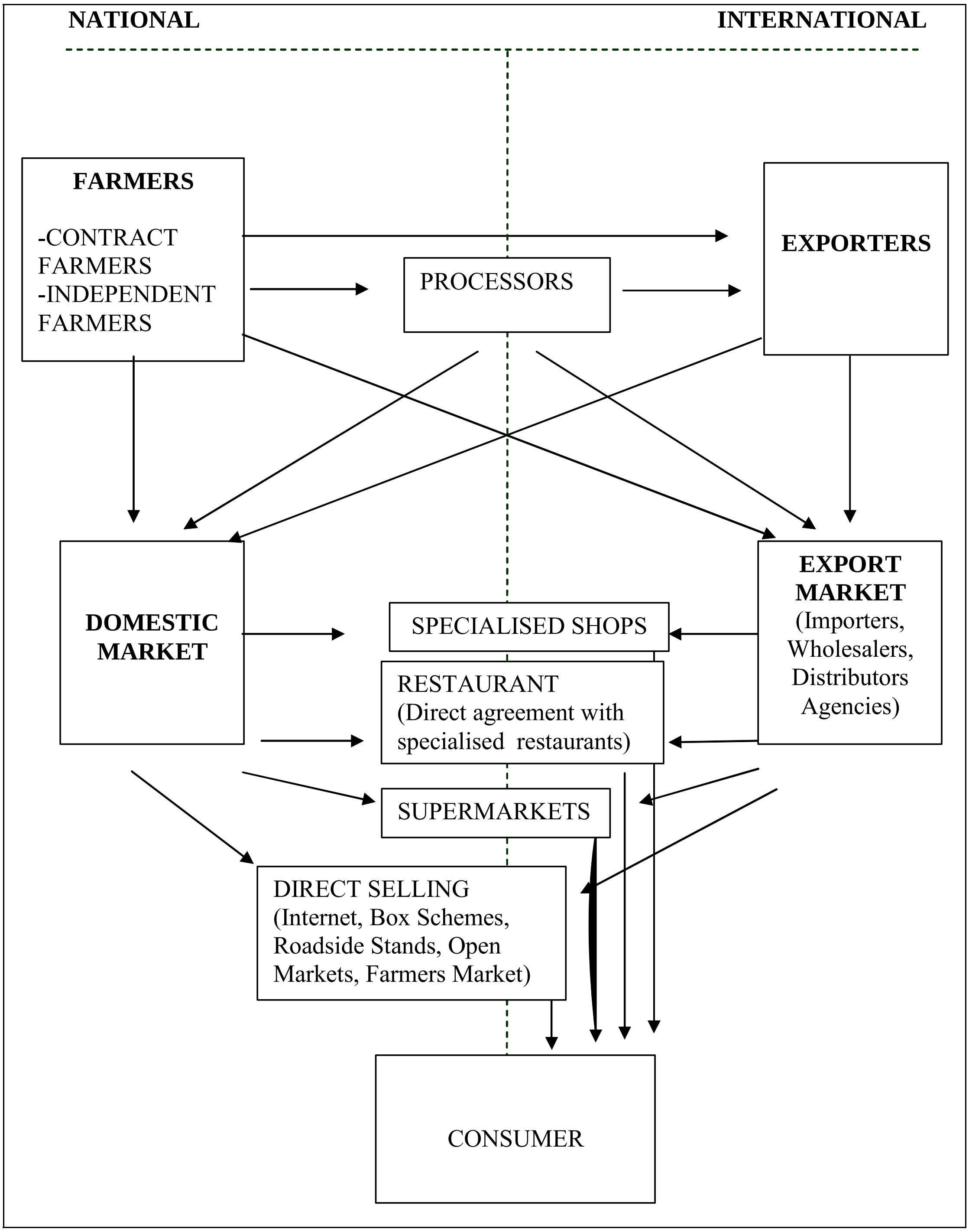
Exports of major organic agricultural products of turkey
(Q: Quantity: Tons, V: Value: 1000 $)

Products	1998		1999		2000	
	Q	V	Q	V	Q	V
Raisins	2 839	3 855	3 289	4 150	4 028	4 610
Dried Apricots	953	2 724	1 045	3 033	1 050	2 344
Dried Figs	1 469	3 580	1 580	3 556	1733	3 308
Hazelnuts	742	3 948	879	4 036	1 039	4 009
Pine Kernels	19	401	36	696	52	787
Lentils	335	359	616	575	897	788
Chickpeas	590	535	934	818	679	598
Apple Juice	-	-	555	761	290	388
Other Fruit Juice	-	-	15	52	236	363
Cotton	75	161	169	356	175	299
Pepper	29	54	131	166	145	217
Prunes	20	20	116	175	213	253
Poppy Seeds	213	376	137	172	165	208
Olive Oil	21	50	381	872	15	48
TOTAL(Including Others)	8 029	17 849	11 679	23 562	12 047	20 837

Source: Aegean Exporters' Union



Turkish-produced Organic Agricultural Products: WHERE DO THEY GO?



DISTRIBUTION CHANNELS IN TURKEY

Supply chain management, or in other words, building relationships within the chain is vital to organic industry, because it is crucial to ensure the integrity of all inputs, transport and handling, processing and final product.

Supply chains, or other types of networks, assist in information sharing and problem solving, and can be both vertical and horizontal.

4. Government Policies and Marketing Trends in the EU and USA

4.1. Government Policies

AUSTRIA

The Austrian Government had already started to encourage the conversion to organic agriculture in 1992. In 1995 an agro-environmental programme under EC Regulation 2078/92 was undergone. The programme was slightly adjusted in the year 2000 and extended for 5 years. The payments per ha increased.

BELGIUM

Direct support for organic farmers has been granted since 1994 by the Belgium Government. Other state support activities include co-financing of two research centres for organic agriculture. These centres concentrate on field experiments of organic agriculture.

DENMARK

Althought most Danish farmers have been reluctant to enter organic farming, a significant switch has taken place over the last decade. This is partly a result of market pressure and partly due to Government policy. The government started to grant subsidies to organic farmers and various organic projects in 1998.

In order to promote organic farming, the government has intoduced a number of subsidies. Under one scheme (50 percent finaced by EC), starting in 2001, farmers may apply for the following subsidies:

➢ A conversion subsdy (DKr 450 per ha per year)

➢ A 'general' subsidy (DKr 600 per ha per year)

(A 'special regional' subsidy (DKr 500 per ha per year)

(A 'special conversion subsidy for organic plant production (in year 1 and 2: DKr 2000 per year; in year3: DKr 1200 per ha; in year 4 and 5: DKr 500 per ha/per year)

GERMANY

Due to the federal structure of Germany there are many different approaches taken to support organic farming. In every Land (Federal State), a different range of programmes is offered to help organic farmers, and the requirements for participation may differ. The support provided to that practicing organic farming covers production, certification and marketing.

Since the year 2000, support has been granted under the Rural Development Regulation of Agenda 2000 (Council Regulation [(EC)] No: 1257/1999). Besides direct support to farmers, marketing initiatives are also supported. Subsidies are granted for producer-based marketing organizations, for processing and for development of marketing concepts.

ITALY

Organic subsidies were the direct-income support for the marginal regions and areas. They helped boost the supply of organic products sold on the market.

The Italian government has recently established a tax on pesticide. The revenues incurred from such a tax should partly be devoted to promote the market (specifically domestic demand) of organic products. However, no form of organic market support is currently implemented.

THE NETHERLANDS

In order to stimulate farmers to convert away from intensive agricultural production in the Netherlands and to increase consumer awareness of organic products, The Dutch Government has given financial support over the past years to motivate farmers to convert to organic production. The so-called “Plan of Action 1997-2000”, with a total support of f.166 million, has been followed-up by a policy plan called “An Organic Market to Win”. The new policy, announced in September 2000 for the period 2001-2004 (budget f.277 million), aims at enhancing the organic agricultural production and consumption, in order to reach 10 percent of total production and consumption in 2010.

The policy aims at:

(Professionalization of a demand-oriented organic chain;

(Maximal transparency and exchange of information among all actors in the organic market chain (producers, traders, retailers, etc.);

(Development and dissemination of knowledge;

(Stimulation of primary production in order to attain better response to demand;

(Fiscal arrangements;

(Lower VAT on organic products.

The Dutch organic market gained momentum in the late 1990s. Due to support provided by Government policy, the number of farms being certified organic has sharply increased, with growth rates up to 30 percent per year.

UNITED KINGDOM

The provision of support for organic food production in the United Kingdom is founded on the EC’s agri-environmental regulation (Regulation 2078/92). The United Kingdom has given highest priority and funding to targeted areas designated as environmentally sensitive. Payments are UK≤450 for unimproved land for a period of over five years. Consequently, although an ‘Organic Aid’ scheme has been in operation since 1994, the resources devoted to it are limited.

The United Kingdom Government’s instrument of support is currently the Organic Farming Scheme, which was introduced in 1999. The United Kingdom support mechanism is an area-based payment scheme, open to any farmer who registers for organic conversion, submits and has approved an organic conversion plan and complies with an inspection system governed by The UK Register of Organic Standards (UKROFS).

USA

There is no United States Government programme to encourge farmers to switch to organic production. But some individual states are providing assistance to those in the conversion process to organic production.

4.2. Marketing Trends

The market for organic products, both in Europe and globally, is set to grow rapidy. In addition to an increasingly strong consumer awerness of health and environmental issues, major retail groups are developing more aggressive marketing and promotional strategies for organic products. In addition to this, innovations in new product development are taking place in the manufacturing sector as well as in packaging innovations.

Organic supermarkets. Many surveys support the introduction of small supermarkets which only sell fully organic products;

Enviromentally-friendly packaging. The purpose of such packages are to provide consumers with organic products which are packed in an enviromentally-friendly manner;

Convenience organic foods. Convenience foods have been among the fastest growing items in conventional markets, and over the last years more and more organic convenience products, such as fresh pre-packed salads are to be found;

Sales through the Internet, often combined with box schemes, are growing in importance.

Organic food sales through puplic canteens and catering. The food service sector and other sectors are becoming more and more involved in organics.

5. Current Situation in Turkey

There is no direct support policy or specific funding for production and trade of organic agriculture. The Ministry of Agriculture and Rural Affairs and the under Secretariat of Foreign Trade are conducting some activities to increase the production and trade of organic agricultural products.

6. Conclusion and Suggestions

Nowadays, as a result of continuously expanding awareness towards a healthy life and environmental issues, more and more people tend to consume “HEALTHY FOODS” and “ORGANIC FOODS”. With increasingly supportive government policies, the demand for organic food can therefore be expected to grow continuously. Over the last decade, parallel to these global changes in consumption preferences and the demand of importer countries, organic food farming in Turkey has developed very rapidly.

Distribution channels in Turkey and Export markets have to be searched in detail.

Building a successful supply chain management is an important issue for the future of organic agriculture in Turkey.

Turkey has to develop and improve upon policies regarding organic agriculture production and trade in accordance with the European Union.

Policies that are implemented in Germany, The Netherlands and other EU Countries are successful models for Turkey to evolve in organic agriculture production and trade. Support will be given to organic farming in Turkey and will cover production, certification and marketing.

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