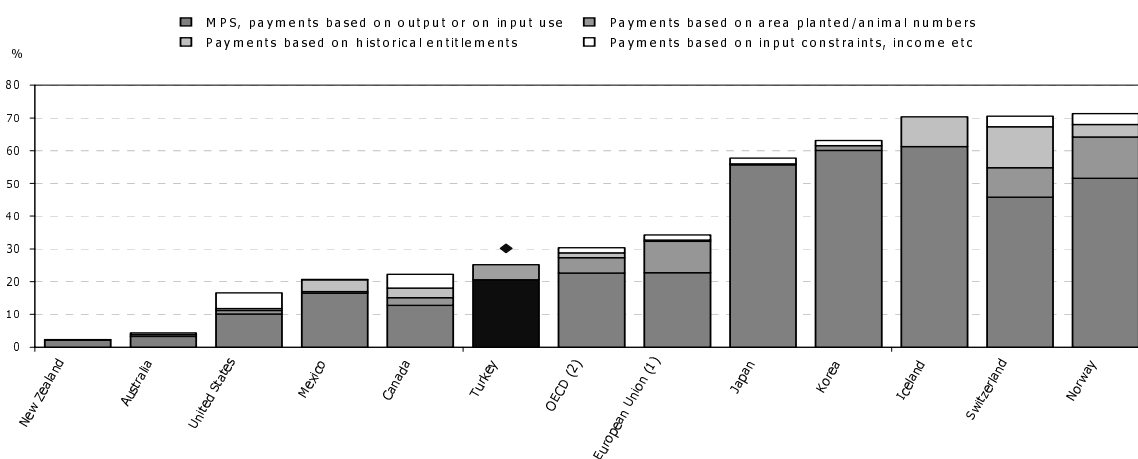


## TURKEY

### Evaluation of policy developments

- Overall, variable progress has been made in policy reform since 1986-88. Support has been characterised by frequent *ad hoc* changes to policy settings in a context of high inflation. While the level of producer support has increased, there has been some improvement in moving away from market price support and input payments to income support payments.
- Nevertheless, the recent increase in payments based on output or on input use are movements back towards more distorting forms of support.
- Reductions in the output- and input-linked support have been offset by increases in *Direct Income Support* payments. Granted with a flat rate per hectare to smaller farms, these payments provide a greater benefit to subsistence farmers than output and input-linked support, which benefit larger farms.
- Efforts to converge agricultural policy with that of the European Union were accelerated. In particular, the introduction of a *Nitrate Directive* and *National Biodiversity Strategy and Action Plan* could help to reduce the pressure of agriculture on the environment.
- Recent changes are broadly in line with an improvement in market orientation. The success of further reforms depend on the extent to which increases in output- and input-linked support will be contained, and whether the training and advisory services will be upgraded to support farmers with advice on appropriate cropping practices, access to new technologies, and better marketing.

**Producer Support Estimate by country, 2002-04**  
(Percent of gross farm receipts)



**Notes:**

1. EU15 for 2002-03; EU25 for 2004.

2. The OECD total does not include the six non-OECD EU member states.

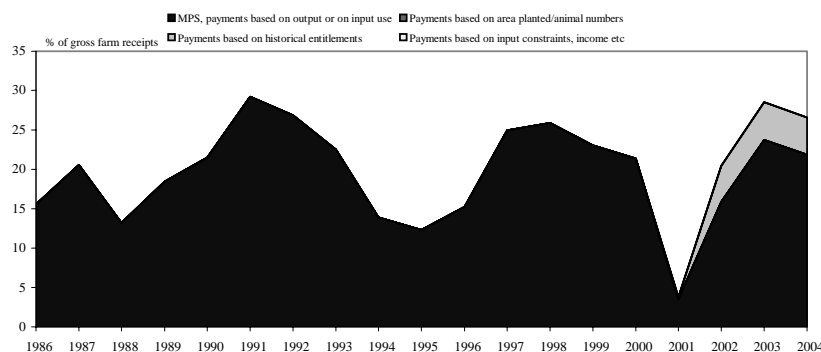
Source: OECD, PSE/CSE database, 2005.

## Summary of policy developments

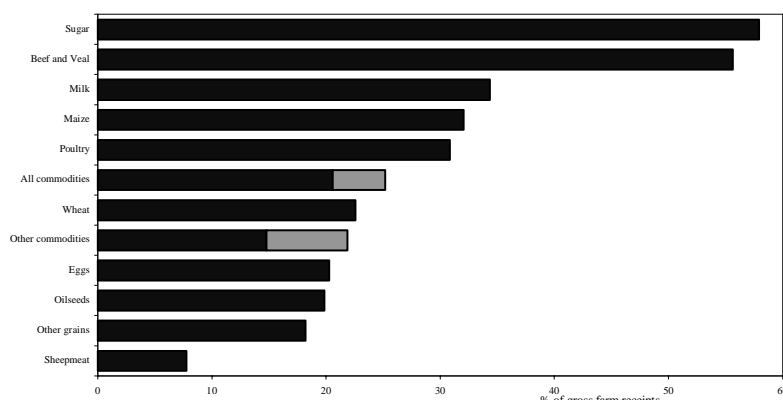
For the first time, sugar beet growers received a payment to compensate for losses associated with production quota. Input subsidies that in 2002 were about three-quarters lower than in 1999, increased by over one-third in the following two years. The financial support to Agricultural Sales Co-operatives (ASC) and their unions (ASCU) was reduced by over three-quarters. Efforts to converge agricultural policy with that of the European Union were accelerated.

- Support to producers (%PSE) increased from 16% in 1986-88 to 25% in 2002-04, but remains below the OECD average. Support is over 55% for sugar and beef, and 30% for milk, maize and poultry.
- The combined share of market price support, output and input payments has fallen from 100% of producer support in 1986-88 to 82% in 2002-04. Producer prices in 2002-04 were 28% higher than world prices, but were only 16% higher in 1986-88.
- The share of input payments has fallen from 30% in 1986-88 to less than 2% in 2002-2004. Reductions in the most distorting forms of support have been offset in terms of farm receipts by the *Direct Income Support* payment, granted at a flat rate per hectare to all farmers, and represents 18% of producer support.
- The cost imposed on consumers, as measured by the %CSE, increased from 16% in 1986-88 to 22% in 2002-04. Consumers paid prices 21% higher than the world prices in 1986-88 and 31% in 2002-04.
- Support for general services provided to agriculture increased from 10% of total support in 1986-88 to 11% in 2002-04. Total support to agriculture increased from 3.9% of GDP in 1986-88 to 4.4% in 2002-04.

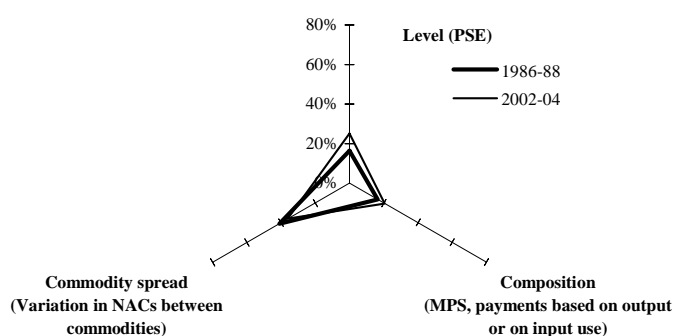
Producer Support Estimate (PSE)  
Level and composition over time...



... by commodity, 2002-04 average



... and reform progress



Agriculture share in employment decreased from 43% in 1993 to 34% in 2003, but remains the most important employment sector. Agriculture's contribution to GDP declined from 20% in 1980 to 12% in 2002. Agriculture supplies 10% of exports, and accounts for 4% of imports. About two-thirds of farm holdings are smaller than 5 ha, while 94% are smaller than 20 ha.

**Table 2.12. Turkey: Estimates of support to agriculture**

(TRL billion)	1986-88	2002-04	2002	2003	2004p
<b>Total value of production (at farm gate)</b>	<b>18 179</b>	<b>50 760 974</b>	<b>39 241 204</b>	<b>53 830 890</b>	<b>59 210 829</b>
<i>of which share of MPS commodities (%)</i>	<i>57</i>	<i>63</i>	<i>62</i>	<i>63</i>	<i>63</i>
<b>Total value of consumption (at farm gate)</b>	<b>14 795</b>	<b>45 286 648</b>	<b>34 273 304</b>	<b>49 332 677</b>	<b>52 253 964</b>
<b>Producer Support Estimate (PSE)</b>	<b>3 026</b>	<b>13 837 147</b>	<b>8 490 753</b>	<b>16 297 285</b>	<b>16 723 404</b>
Market Price Support (MPS)	2 114	10 720 988	6 168 678	13 004 522	12 989 765
<i>of which MPS commodities</i>	<i>1 212</i>	<i>6 723 083</i>	<i>3 819 163</i>	<i>8 168 694</i>	<i>8 181 391</i>
Payments based on output	12	373 938	255 994	352 751	513 068
Payments based on area planted/animal numbers	0	0	0	0	0
Payments based on historical entitlements	0	2 525 605	1 876 570	2 740 246	2 960 000
Payments based on input use	900	216 616	189 511	199 766	260 572
Payments based on input constraints	0	0	0	0	0
Payments based on overall farming income	0	0	0	0	0
Miscellaneous payments	0	0	0	0	0
<b>Percentage PSE</b>	<b>16</b>	<b>25</b>	<b>20</b>	<b>29</b>	<b>27</b>
<b>Producer NPC</b>	<b>1.17</b>	<b>1.28</b>	<b>1.20</b>	<b>1.36</b>	<b>1.30</b>
<b>Producer NAC</b>	<b>1.20</b>	<b>1.34</b>	<b>1.26</b>	<b>1.40</b>	<b>1.36</b>
<b>General Services Support Estimate (GSSE)</b>	<b>326</b>	<b>1 679 489</b>	<b>3 066 507</b>	<b>1 357 195</b>	<b>614 766</b>
Research and development	54	47 375	49 762	53 667	38 696
Agricultural schools	3	13 297	7 225	9 315	23 350
Inspection services	55	114 413	103 819	107 323	132 097
Infrastructure	7	4 352	3 230	5 955	3 870
Marketing and promotion	114	1 482 242	2 886 936	1 160 006	399 785
Public stockholding	0	0	0	0	0
Miscellaneous	93	17 811	15 536	20 929	16 968
<b>GSSE as a share of TSE (%)</b>	<b>9.7</b>	<b>10.8</b>	<b>26.5</b>	<b>7.7</b>	<b>3.5</b>
<b>Consumer Support Estimate (CSE)</b>	<b>-2 298</b>	<b>-10 174 795</b>	<b>-5 962 933</b>	<b>-12 955 995</b>	<b>-11 605 456</b>
Transfers to producers from consumers	-2 394	-10 939 282	-6 054 921	-13 799 116	-12 963 808
Other transfers from consumers	-35	140 332	-56 907	24 363	453 540
Transfers to consumers from taxpayers	0	0	0	0	0
Excess feed cost	132	624 156	148 896	818 759	904 812
<b>Percentage CSE</b>	<b>-16</b>	<b>-22</b>	<b>-17</b>	<b>-26</b>	<b>-22</b>
<b>Consumer NPC</b>	<b>1.21</b>	<b>1.31</b>	<b>1.22</b>	<b>1.39</b>	<b>1.31</b>
<b>Consumer NAC</b>	<b>1.20</b>	<b>1.28</b>	<b>1.21</b>	<b>1.36</b>	<b>1.29</b>
<b>Total Support Estimate (TSE)</b>	<b>3 352</b>	<b>15 516 637</b>	<b>11 557 261</b>	<b>17 654 479</b>	<b>17 338 171</b>
Transfers from consumers	2 430	10 798 950	6 111 828	13 774 753	12 510 269
Transfers from taxpayers	958	4 577 355	5 502 340	3 855 363	4 374 362
Budget revenues	-35	140 332	-56 907	24 363	453 540
<b>Percentage TSE (expressed as share of GDP)</b>	<b>3.94</b>	<b>4.40</b>	<b>4.16</b>	<b>4.91</b>	<b>4.12</b>
<b>GDP deflator 1986-88 = 100</b>	<b>100</b>	<b>240 008</b>	<b>203 972</b>	<b>249 888</b>	<b>266 165</b>

Notes: p: provisional. NPC: Nominal Protection Coefficient. NAC: Nominal Assistance Coefficient.

Market price support is net of producer levies and excess feed costs.

MPS commodities for Turkey are: wheat, maize, other grains, oilseeds, sugar, potatoes, tomatoes, grape, apple, cotton, tobacco, milk, beef and veal, sheepmeat, poultry and eggs.

Source: OECD, PSE/CSE database 2005.