

## **Info Note on Tea Sector in Turkey**

The following note was prepared in order to provide further information regarding tea economy after briefing the situation under the title of “operating aids” in the presentation of the agenda item 7 “State Aids in Agriculture” during the bilateral meeting in January 23, 2006.

The format of the several questionnaires were modified and used for the preparation of this information note to provide familiarity and a better reading/understanding.

Tea is produced in the Eastern Black Sea Region of 5 provinces (Rize, Trabzon, Artvin, Giresun and Ordu) (see map in Annex I). The region is mountainous, with sharply rising altitude from just Black Sea shores towards inland, leading to limited potential for alternative agricultural production and income opportunities.

Tea production is dominant activity through the region and over 60 % of production comes from Rize alone and furthermore, 93 % of agricultural income in Rize very much depends upon tea economy.

Turkey has a tariff of 145 % for imports originating from third countries (45 % for 200 tonnes tariff quota for imports originating from EU) while EU has no tariff for tea imports.

**We need further discussions on this issue when this chapter is opened for actual negotiations.**

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### **1. BOTANICAL DESCRIPTION: TEA**

Camellia sinensis L.(O) Kuntze.

### **2. FARMING STRUCTURE**

(all data are as of 2005 otherwise specified)

- **Is tea growing limited to certain areas?**

Tea growing is limited to Eastern Black Sea Region. According to Law No 3092 Tea production areas are determined by Decrees.

- **Area (ha)**

76,630 ha.

- **Average tea area per farm :**

0.7-0.8 hectare

**Number of tea farmers:**

202,000

- **Is there a registration system ?**

There is only one registry system, which covers all tea producers of 202 thousand that were registered in 1993-1994 period by CAYKUR (General Directorate of Tea Enterprises- state owned) and used by all parties in the sector. No new plantations has been registered since 1994.

- **Are the producers organized in producer groups? If yes, what is the precise function of these groups?**

70% of tea farmers are registered to Agricultural Development Cooperatives in the Region, whose function is limited to obtaining fertilizer for the producers on tea growing. Producer groups are not very well organized and the functioning of cooperatives is not sufficient in providing agricultural or marketing services.

- **Are there any subsidies paid to tea farmers? If so, describe the system**

- **Type (Income/price support/structural) of the aid**

Payments are made for tea producers as an income support and structural support.

**Income Support:** Payments are made per kilogram basis for tea producers whose fields are licensed under the **Decree No. 2004/8302** published in 2004.

**Structural Support:** It is paid on per kilogram basis depending on average yield per decares in order to compensate for 70 % loss of income suffered by producers due to tea fields subjected to trimming (pruning) with the objective of increasing the quality of tea and rehabilitating tea fields under the **Decree (No. 2004/7758)** published in 2004.

Apart from the aids described above, tea producers also receive **direct income support** generally available for all farmers.

– **When such aid is granted and how frequently (quarterly, yearly etc)**

Income support and structural support are paid once a year.

– **Who are the beneficiaries?**

Tea farmers who have registered in CAYKUR Registry System can receive these kinds of support.

– **Amount of aid per unit (ha or tonnes)**

**Income Support:** Support payment is € 41.9 per tonnes in 2005.

**Structural Support:** % 70 of income loss from the trimming (pruning) of 1/7 of the licensed tea fields within the boundaries of tea cultivation areas is paid to producers. It is around € 320 per ha.

The tea producers who are registered in National Farmers Registry System (NFRS) (currently 45,629 tea producers are registered in NFRS) also receive Direct Income Support payment apart from the tea-specific payments mentioned above (see the presentation of the agenda item 2 “Financial support: direct payments and other aid schemes” during the bilateral meeting in January 23, 2006 for details).

– **Total budget per aid**

A total amount of € 67.7 million was paid in 2005 from the budgetary items of services related to tea subsidies.

– **Specific eligibility conditions of granting the aid.**

Tea farmers must be registered in CAYKUR’s Database and sell their tea leaves to processors which have Tea Processing certificate in order to receive the aids.

In addition, they are required to comply with the trimming (pruning in rate of 1/7) in order to receive structural support.

### **3. PRODUCTION and MARKETING FIGURES**

(all data are as of 2005 otherwise specified)

- **leaf production (tonnes):**

For 2005 ;

Private : 581 thousand tonnes

CAYKUR : 604 thousand tonnes

Total : 1,185 thousand tonnes

- **yield (kg/ha):**

15,464 kg/ha

- **Black tea production (tonnes) :**

For 2005: 214,800 tonnes/year

CAYKUR: 109,800 tonnes/year

Private: 105,000 tonnes/year

- **Green tea production; (2004 and 2005)**

For 2004; 142 tonnes

For 2005; 200 tonnes

- **Total domestic use (consumption);**

For 2005 ; Black tea consumption ; 216,000 tonnes/year

- **Number of state owned TEA producing undertakings and private owned tea producing undertakings**

State owned: CAYKUR has 46 tea processing plants.

There are more than 200 private plants.

- **Number of Tea packing plants:**

Number of state owned tea packing plants; 3 (CAYKUR)

Number of private owned tea packing plants; 30 (estimated)

- **Does some form of state monopoly exist on tea in your country? Please describe**

By the law no. 3092 dated 1984, state monopoly on tea was abolished. Currently publicly owned production is about 51 percent of total leaf production.

- **Is there public intervention on the market?**

No there is not. But, tea payments described above are available for tea producers.

#### 4. TRADE WITH THIRD COUNTRIES

- **Are there quality requirements for products imported from third countries? If so, which ones?**

The importation procedure of foodstuffs and articles and materials which are in contact with foodstuffs is executed by MARA according to the following regulations regarding implementation:

- The provisions of the “Communiqué (Number: 2005/5) on Standardization for Foreign Trade (DTS)” published in Official Gazette dated 31 December 2004 Number 25687 about foodstuffs and other agricultural products and fishery products.
- “Communiqué (Number:31) on Approval of Control Certificate for the Importation Procedure and Inspection Procedure during Importation of Foodstuffs and Packaging Materials which are in Contact with Foodstuffs” published in Official Gazette dated 1 September 2003 Number 25216.

The Control Certificate is compulsory for the products listed in annex VI-A of “Communiqué on Standardization for Foreign Trade” and is not required for the products listed in Annex VI-B of the same Communiqué.

Tea products are listed in the Annex VI-B of the “Communiqué on Standardization for Foreign Trade”. For these products, Control Certificate is required during the importation stage.

- **Is there an aid system for exports (export subsidies, direct aids for traders, assurance on credits etc.)?**

There is no aid system in exports of tea.

- **Are there import agreements with third countries (WTO and others with reduction rate applied before normal duties for certain quota)?**

MFN Rate is 145%

Tea originating in the EU is subject to a max 45% customs duty within tariff quota of 200 tonnes

Imports of tea originating in Bosnia Herzegovina is subject to zero duty within unlimited quota.

- **Is there any national program aiming at the promotion of tea in third countries? If yes please detail its scope, targets, beneficiaries, budget etc.**

There is not.

- **What are your WTO commitments on tea?**

Bound rate: 168.3%

Tea can not benefit from export refund as it is not included in the WTO commitment schedule of Turkey.

## 5. QUALITY STANDARDS

- **What are the current quality standards for black tea?**

Turkish Food Codex regulation Black Tea Communique no. 96-10 (compulsory) and TS 4600 ISO 3720 (voluntary)

- **What are the tea categories in your country?**

There are 7 categories described by CAYKUR as such

1st grade; Orange Fannings (OF)

2nd grade; Broken Orange Fannings (BOP)

3rd grade; Orange Pekoe (OP)

4th grade; Fannings

5th grade; Broken Orange Pekoe 2 (BOP2)

6th grade; Broken Pekoe (BP)

7th grade; Dust tea (D)

## 6. EU LEGISLATION ON TEA

**No aid mechanism applicable for tea but there are exceptions for outermost regions.**

- Council Regulation (EC) No1453/2001
- Commission Regulation (EC) No 43/2003

**Tariff and statistical nomenclature on the Common Customs Tariff .**

- **Council Regulation (EEC) No 2658/87** of 23 July 1987 on the tariff and statistical nomenclature and on the Common Customs Tariff

### **Chapter 9** Coffee, Tea , Mate and Spices

CN code	Description	Conventional rate of duty (%)	Supplementary unit
<b>0902</b>	<b>Tea, whether or not flavoured:</b>		
<b>0902 10 00</b>	– Green tea (not fermented) in immediate packings of a content not exceeding 3 kg	3.2	—
<b>0902 20 00</b>	– Other green tea (not fermented)	Free	—
<b>0902 30 00</b>	– Black tea (fermented) and partly fermented tea, in immediate packings of content not exceeding 3 kg	Free	—
<b>0902 40 00</b>	– Other black tea (fermented) and other partly fermented tea .	Free	—

## MAP OF TURKEY

Note: The provinces with tea plantations (Ordu, Giresun, Trabzon, Rize, Artvin) are indicated in white colour.

