AGRICULTURAL POLICY REFORM IN TURKEY:
Farm Size Characteristics and Impact

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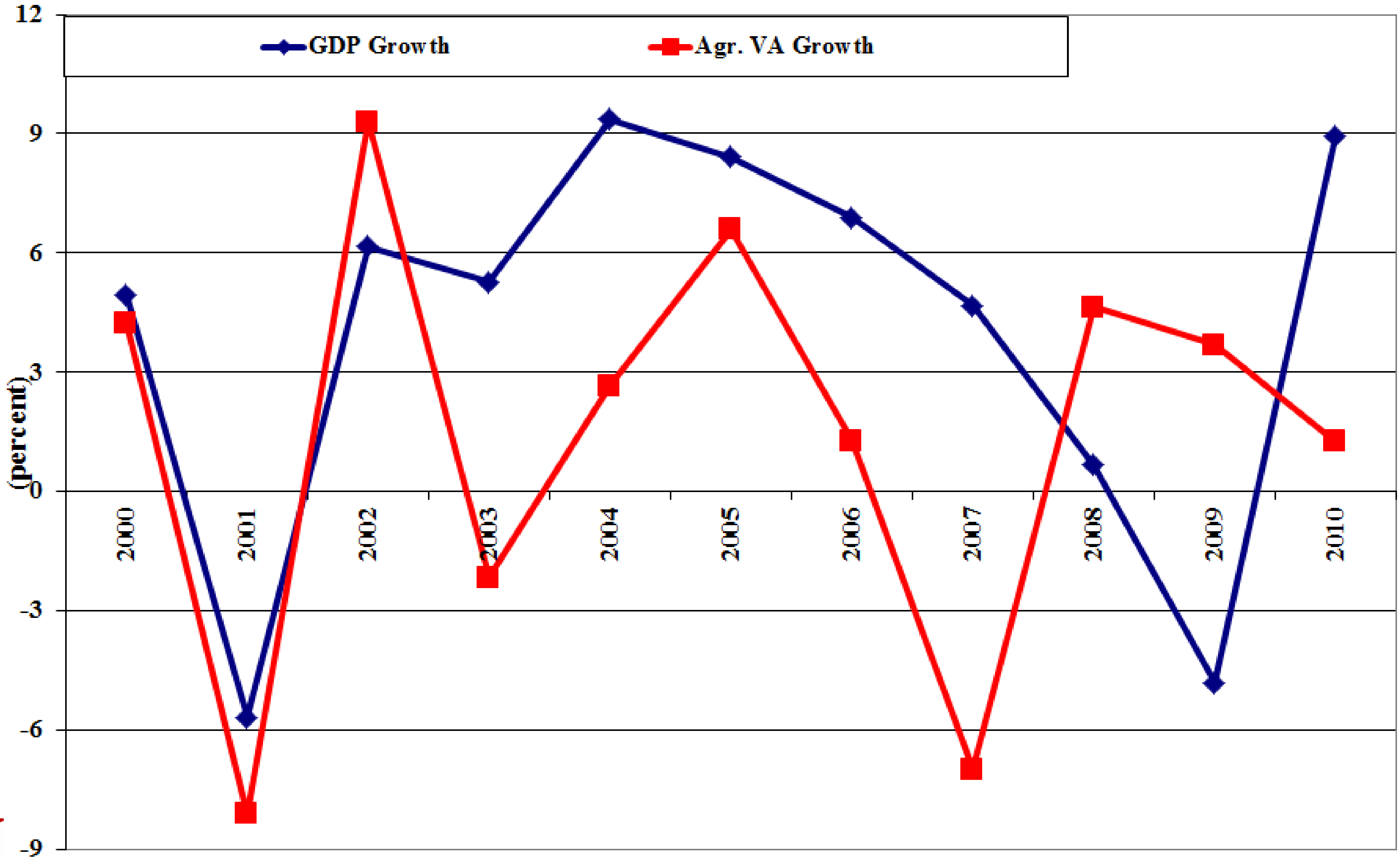
Outline

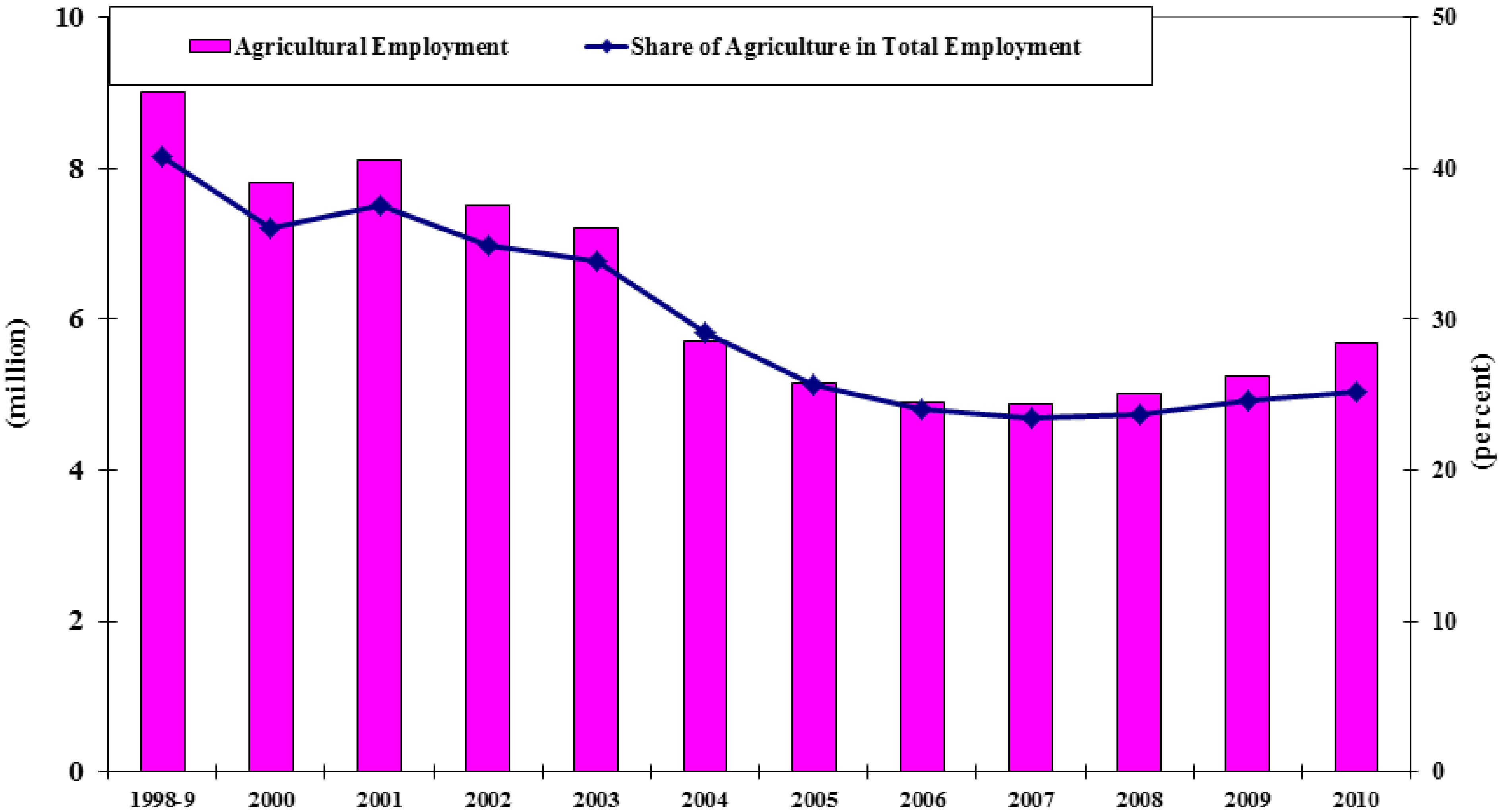
- Overview of the Agricultural Sector
  - Recent Performance
  - Policy Framework
  - General Farm Size Characteristics
- Policy Reform: Major Components
- Farm Size and Impact
- Conclusion

Growth: GDP and Ag VA, 2000-2010



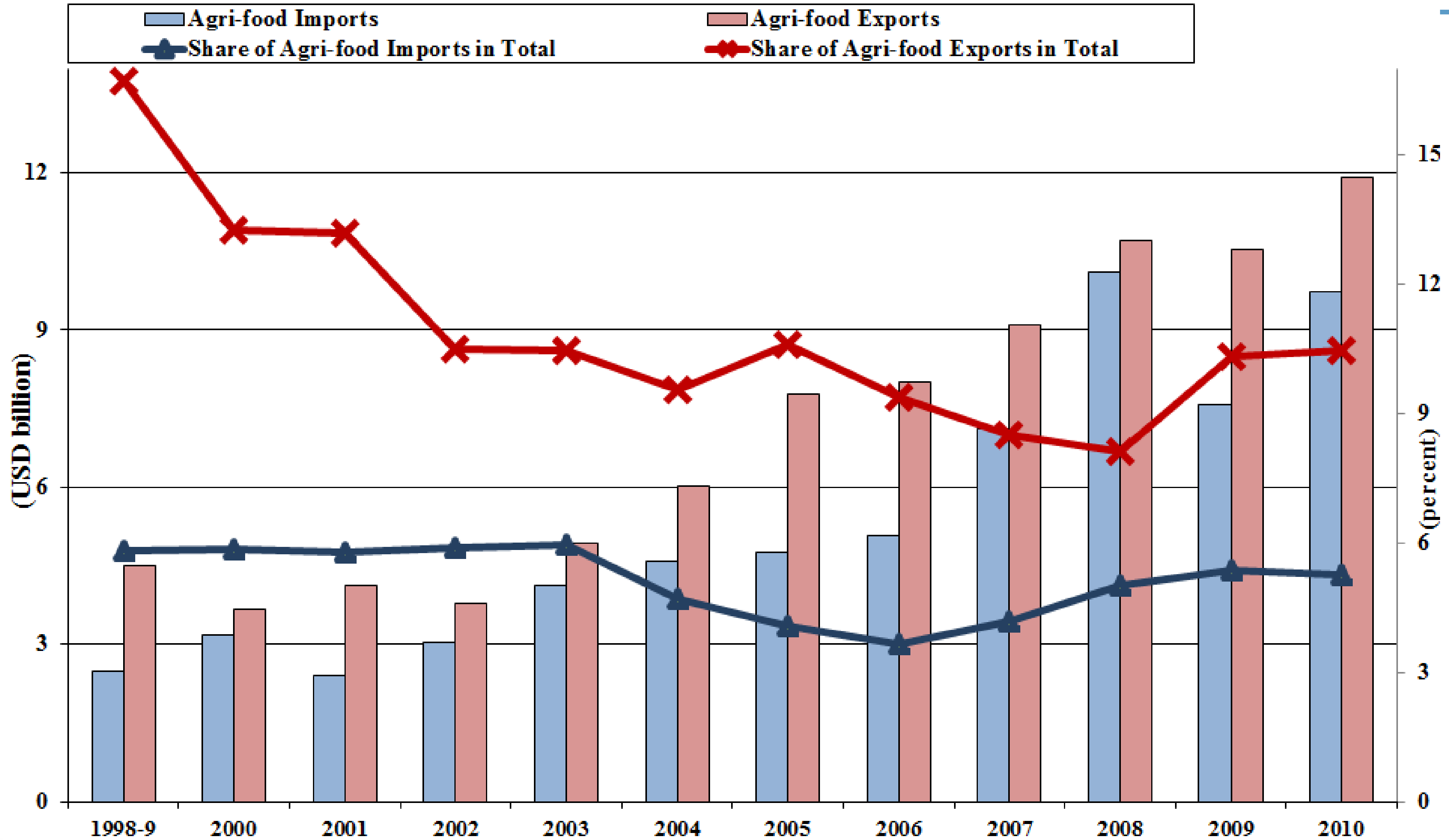
Source: TurkStat, 2011.

Labor in Agriculture, 1998-2010



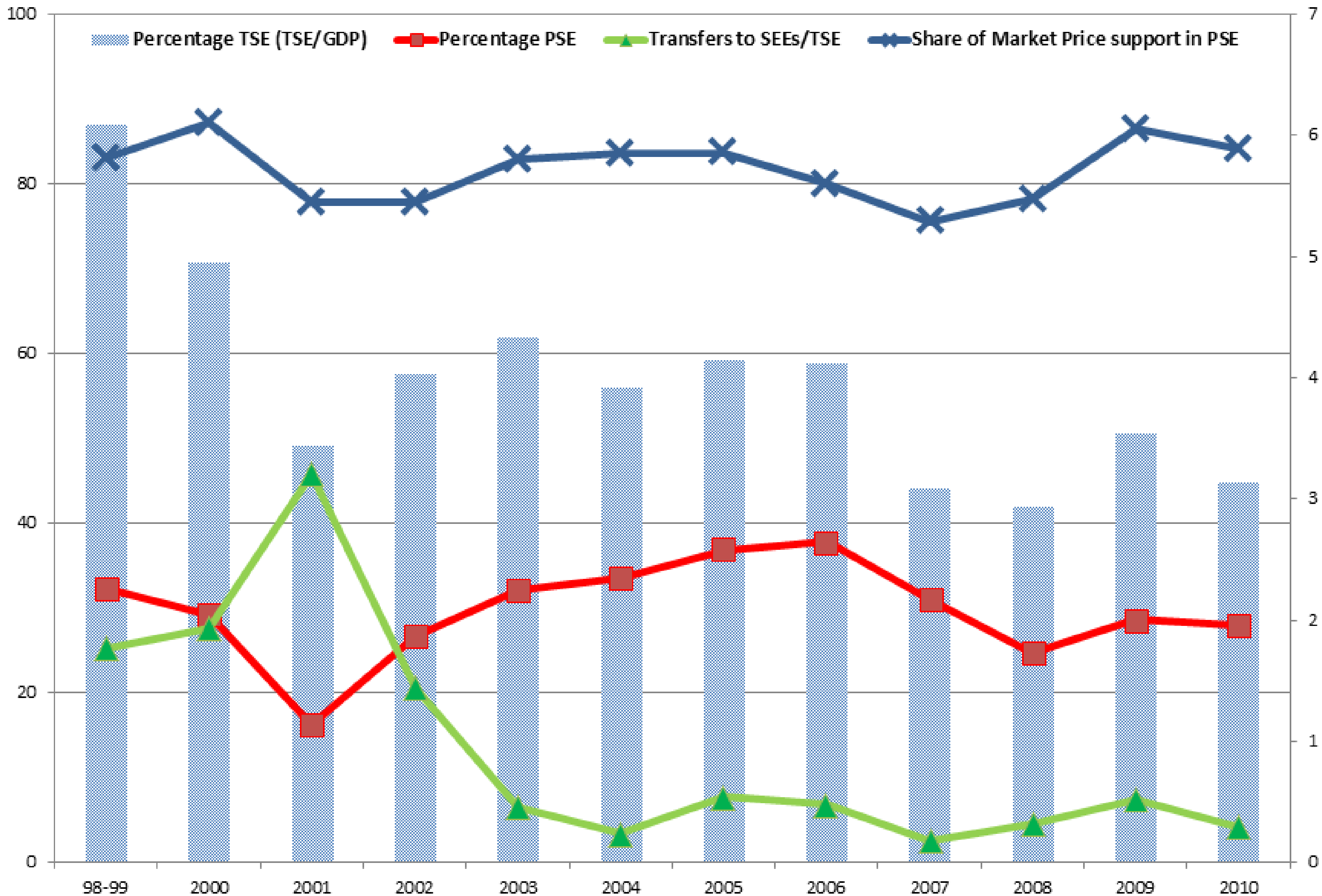
Source: TurkStat, 2011b.

Trade, 1998-2010



Source: TurkStat, 2011c.

Policy Scene, 1998-2010 (percent)



Source: OECD, 2011.

Land Size, 1991, 2001, 2006

Farm size (ha)	1991[a]		2001[b]		2006[c]	
	Holdings	Area	Holdings	Area	Holdings	Area
No Land	2.5		1.8		0.4	
< 0.5	6.2	0.3	5.8	0.3	2.8	0.1
0.5 - 0.9	9.2	1.1	9.4	1.1	6.3	0.5
1 - 1.9	18.5	4.3	17.6	4.0	15.3	2.6
2 - 4.9	**31.3**	**16.5**	**30.9**	**16.0**	**32.7**	**12.9**
5 - 9.9	17.5	19.9	18.2	20.7	21.4	18.1
10 - 19.9	**9.4**	**21.0**	**10.6**	**23.8**	**12.7**	**21.0**
20 - 49.9	4.3	19.8	5.0	22.8	6.6	23.6
50 - 99.9	0.6	6.4	0.6	6.3	1.3	9.9
100 - 249.9	0.3	5.9	0.1	3.0	0.4	7.4
250 - 499.9	0.05	2.8	0.01	0.4	0.1	1.8
500 +	0.01	2.0	0.00	1.5	0.0	2.0
Number of farms and area (1,000, 1,000 ha)	**4,068**	**23,451**	**3,076**	**18,433**	**3,022**	**18,433**
Average size (ha)		5.8		6.0		6.1

Source: TurkStat, 2011c.

Land Size, 2002 and 2004

	2002		2004	
	Holdings	Cult. Area	Holdings	Cult. Area
0-2 Ha	16.9	1.6	19.3	1.9
2-5 Ha	25.7	7.2	27.4	8.3
5-10 Ha	24.1	14.3	22.4	14.6
10-20 Ha	18.4	21.6	17.1	21.9
20-50 Ha	11.0	27.1	10.5	28.3
50+ Ha	3.8	28.3	3.2	25.0

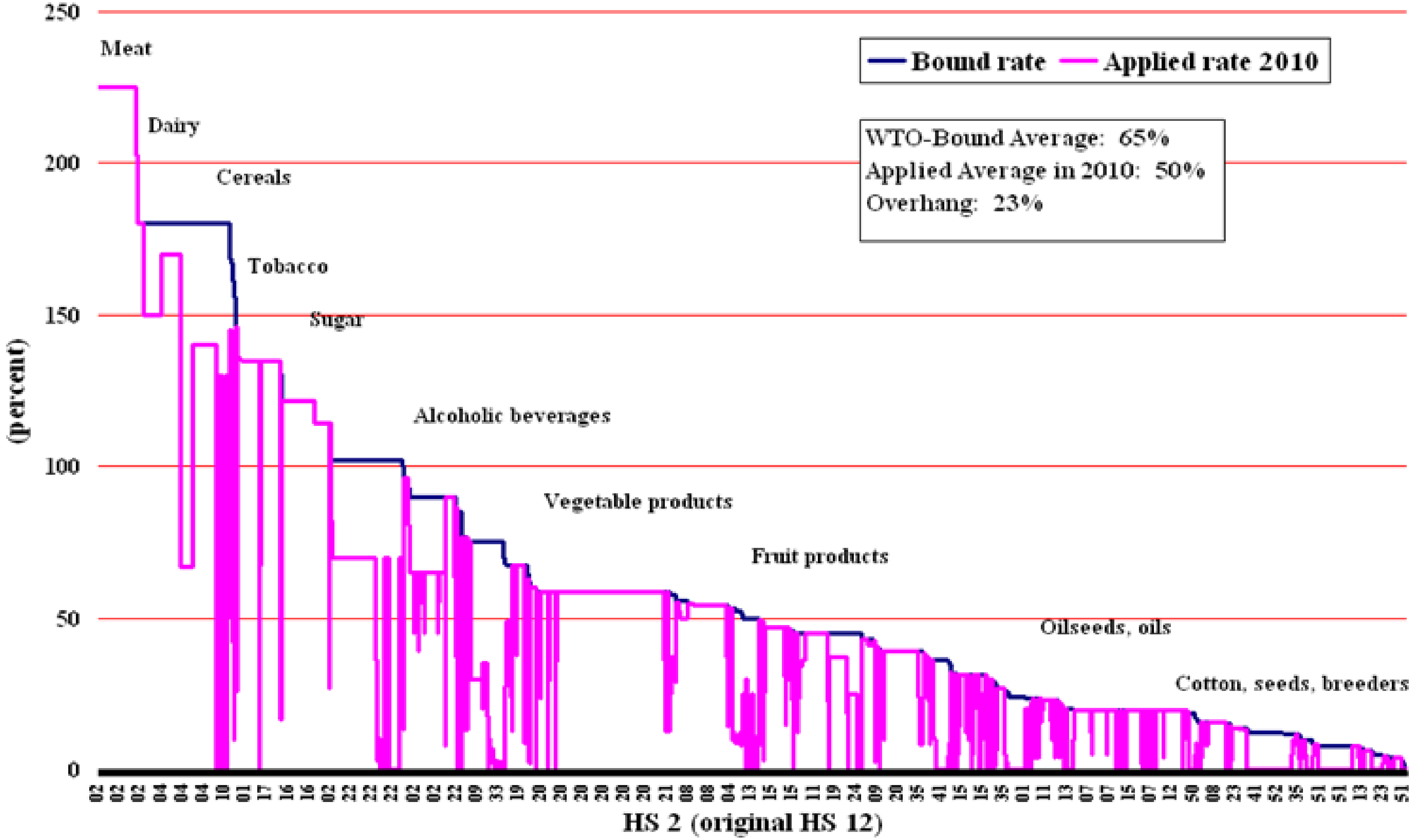
Land Use, 2002 and 2004 (percent)

		Share of Crop Types in Total area				
		Cereal	Industrial	Other Field Crop	Fruits and Nuts	Vegetable
2002	**0-2 Ha**	26.0	10.9	3.6	46.4	13.1
	2-5 Ha	44.2	11.5	5.0	32.6	6.7
	5-10 Ha	52.4	13.3	8.8	20.9	4.7
	10-20 Ha	60.2	11.6	13.4	10.9	4.0
	20-50 Ha	66.9	10.4	14.4	4.8	3.4
	50+ Ha	66.3	14.6	17.4	0.8	0.8
	Total	62.6	12.6	14.2	7.7	2.9
2004	**0-2 Ha**	32.6	8.6	3.6	42.5	12.7
	2-5 Ha	49.0	9.4	4.7	30.4	6.6
	5-10 Ha	55.9	10.9	8.0	20.6	4.6
	10-20 Ha	65.5	10.8	9.9	10.9	3.0
	20-50 Ha	71.3	10.5	11.2	4.4	2.6
	50+ Ha	75.6	10.0	11.2	1.5	1.7
	Total	67.3	10.4	10.0	9.2	3.0

Components of Ag policy Reform

- Reduce protection and price distortionary interventions, and privatization of SEEs.
- Introduce Direct Income Support (DIS).
- Farmer transition or alternative crop
- Restructuring of ASCUs
- Public information campaign, monitoring and evaluation

Protection in Agriculture – No change!



Average Revenue and Income (2004TL/ha)

	Field Crops		Fruits and Vegetables		All Crops		Average Ag. Income	
	2002	**2004**	**2002**	**2004**	**2002**	**2004**	**2002**	**2004**
0-2 Ha	1,183	1,600	2,263	4,647	1,671	2,910	1,971	3,731
2-5 Ha	876	1,268	1,818	3,026	1,136	1,754	896	1,894
5-10 Ha	778	1,147	1,867	2,717	939	1,402	630	1,341
10-20 Ha	704	1,023	1,465	3,595	771	1,217	418	934
20-50 Ha	628	969	3,087	2,586	775	1,038	306	575
50+ Ha	611	999	1,601	3,074	623	1,081	159	350

Sources of Income (percent)

		0-2 Ha	2-5 Ha	5-10 Ha	10-20 Ha	20-50 Ha	50+ Ha	All
2002	Agricultural	42.1	54.7	65.7	69.0	69.7	73.2	63.1
	Subsidies	3.2	5.2	6.9	10.3	10.5	10.4	7.9
	Wage	45.4	31.1	18.6	14.4	11.6	8.9	20.9
	Transfers	1.3	1.8	1.9	1.0	2.2	2.0	1.7
	Other	8.0	7.3	6.9	5.4	6.0	5.5	6.5
	Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2004	Agricultural	48.0	62.6	72.7	75.7	73.4	70.0	68.4
	Subsidies	2.5	5.4	7.5	9.2	12.7	13.2	8.3
	Wage	41.8	24.7	14.2	11.4	7.8	8.2	17.1
	Transfers	2.0	2.9	0.8	0.7	0.8	2.6	1.5
	Other	5.7	4.5	4.8	3.1	5.3	6.0	4.7
	Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Kaynak: Wright, 2011.

DIS Application Rates

		0-2 Ha	2-5 Ha	5-10 Ha	10-20 Ha	20-50 Ha	50+ Ha
2001	Applied, Received	37.6	60.1	69.3	73.9	75.7	81.6
	Applied, Not Received	3.6	2.0	3.0	3.3	3.9	1.8
	Not Applied	58.8	38.0	27.7	22.9	20.4	16.7
2002	Applied, Received	30.7	52.1	59.6	63.2	64.6	75.4
	Applied, Not Received	16.9	17.1	18.5	17.1	20.1	10.5
	Not Applied	52.4	30.8	21.9	19.8	15.3	14.0
2004	Applied, Received	49.9	84.3	86.7	70.7	84.5	81.2
	Applied, Not Received	2.7	3.1	2.5	2.2	3.1	2.8
	Not Applied	47.3	12.6	10.8	27.1	12.4	16.0

Kaynak: OECD-FAO, 2011.

Alternative Crop - Hazelnut

	Share of group in total hazelnut land		Share of hazelnut in group's total land		Share of Hazelnut Sales in Agricultural Income	
	2002	2004	2002	2004	2002	2004
0-2 Ha	12.7	16.5	23.8	24.0	86.0	74.1
2-5 Ha	33.5	45.6	13.8	15.1	74.2	57.7
5-10 Ha	30.4	29.3	6.3	5.5	84.9	45.7
10-20 Ha	13.8	8.6	1.9	1.1	81.2	40.3
20-50 Ha	9.5	0.0	1.0	0.0	68.6	N.A.
50+ Ha	0.1	0.0	0.0	0.0	75.0	N.A.
Total	100.0	100.0	2.9	2.8	79.9	56.7

Alternative Crop - Tobacco

	Share of tobacco in group's total land		Share of group in total tobacco land		Share of tobacco Sales in Agricultural Income	
	2002	2004	2002	2004	2002	2004
0-2 Ha	7.1	7.9	5.4	5.2	64.8	65.5
2-5 Ha	28.2	27.9	4.7	4.2	82.7	68.7
5-10 Ha	33.3	39.3	2.8	3.4	78.4	54.9
10-20 Ha	27.1	23.1	1.5	1.3	62.2	50.5
20-50 Ha	1.6	1.7	0.1	0.1	55.3	36.8
50+ Ha	2.6	0.1	0.1	0.0	15.7	0.0
All	100.0	100.0	1.2	1.3	80.8	58.1

Credits Use, Coop membership…

	Credit Use		ASCU Membership		Ext. Service Use	
	2002	2004	2002	2004	2002	2004
0-2 Ha	24.1	10.6	15.1	10.6	4.5	2.6
2-5 Ha	32.0	12.0	16.7	14.2	3.4	2.2
5-10 Ha	38.7	19.7	18.3	14.9	4.0	2.7
10-20 Ha	42.3	18.4	16.9	14.5	5.0	1.6
20-50 Ha	46.2	21.5	16.5	13.6	7.8	5.4
50+ Ha	53.5	30.9	11.4	10.3	14.0	8.2
Total	36.6	16.2	16.6	13.5	4.9	2.8

Source of Credits

		Ag. Bank	ACCs	Private	Other Coop.	Other Pub.	Other Banks
2002	0-2 Ha	47.2	44.9	1.6	1.6	0.8	3.9
	2-5 Ha	30.2	60.5	3.1	0.8	3.1	2.3
	5-10 Ha	35.3	54.0	2.6	3.2	1.6	3.2
	10-20 Ha	29.4	60.3	1.1	3.1	1.1	5.0
	20-50 Ha	35.4	52.2	3.9	2.8	1.1	4.5
	50+ Ha	42.7	49.3	2.7	1.3	1.3	2.7
	All	34.7	55.3	2.5	2.3	1.7	3.6
2004	0-2 Ha	38.8	43.3	7.5	7.5	0.0	3.0
	2-5 Ha	41.0	41.0	7.6	1.9	1.9	6.7
	5-10 Ha	34.7	46.5	9.0	5.6	1.4	2.8
	10-20 Ha	25.8	45.4	14.4	7.2	3.1	4.1
	20-50 Ha	29.2	43.1	15.3	4.2	2.8	5.6
	50+ Ha	34.2	50.0	7.9	0.0	0.0	7.9
	All	34.0	44.6	10.3	4.8	1.7	4.6

Marketing Channels

	2002				2004			
	Private	Public	Coop.	Other	Private	Public	Coop.	Other
0-2 Ha	77.39	14.19	3.91	4.52	79.75	13.72	4.88	1.65
2-5 Ha	81.48	11.75	3.20	3.57	80.89	10.66	7.10	1.36
5-10 Ha	81.76	14.27	3.37	0.60	79.01	12.59	7.15	1.25
10-20 Ha	73.55	15.56	5.89	5.00	75.70	13.92	8.83	1.55
20-50 Ha	70.68	18.08	7.24	4.00	78.63	10.16	10.30	0.91
50+ Ha	87.80	8.58	1.50	2.12	66.02	23.00	3.85	7.12
All	78.43	14.04	4.37	3.16	77.10	13.30	7.65	1.95

Household Perception of Reform

		0-2 Ha	2-5 Ha	5-10 Ha	10-20 Ha	20-50 Ha	50+ Ha
2002	Positive	55.7	70.1	72.8	75.8	73.7	64.9
	Negative	38.6	22.9	22.2	19.6	22.8	30.9
	Do not know	5.7	7.0	5.0	4.7	3.5	4.1
2004	Positive	64.7	60.4	59.0	63.8	52.2	50.5
	Negative	30.0	35.0	35.9	33.3	45.3	46.4
	Do not know	5.3	4.6	5.0	2.9	2.5	3.1

Level of Information about Reform

	2002			2004		
	A lot	Little	None	A lot	Little	None
0-2 Ha	8.3	31.9	59.8	0.2	12.9	87.0
2-5 Ha	6.5	30.3	63.2	1.9	7.6	81.2
5-10 Ha	5.5	35.3	59.2	3.8	9.2	75.9
10-20 Ha	4.2	36.7	59.2	0.6	5.7	86.2
20-50 Ha	6.6	36.6	56.8	7.2	11.3	71.1
50+ Ha	10.5	29.8	59.6	0.7	7.4	83.4
All	6.3	33.6	60.1	1.3	6.5	83.3

Mean Efficiencies (percent)

(hectare)	2002	2004
0-2	49.2	45.4
2-5	54.4	49.6
5-10	57.7	53.2
10-20	57.9	55.7
20-50	60.1	56.5
50+	61.1	57.3
All	**55.8**	**51.6**

Conclusion

- Macroeconomic stability is also important for agriculture
- Reform eliminated non-budgeted expenditure, transparency achieved
- DIS never liked by the policy makers and some NGOs, but entered in the tool box.
- Small holding agriculture was not and will not be high on the priority list, but they make themselves viable or quit farming.
- Higher world prices may be an opportunity to pave the way for small sizes by targeted support.