RAPID SOCIAL ASSESSMENT OF HAZELNUT, TEA, SUGAR BEET AND TOBACCO FARMERS IN TURKEY

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CONTENTS

LIST OF TABLES AND FIGURES

PREFACE

Turkey is prepared to launch a new agricultural reform aimed to overcome some of the existing problems typical in the Turkish agriculture. The price system originally designed to assist producers to market their products, has attributed a great burden on the budget, more than the benefits achieved in implementation. The support price system has deviated from the original aim of subsidizing the agricultural products, resulting from the populist policies followed. Today, producers of supported crops cannot compete with the world markets due to high prices of their products. In addition, rich producers benefit from the input subsidies more when compared with the small farmers. Besides, some problems have been faced in the distribution of the subsidies.

The new agricultural reform to be implemented by MARA, will contribute to solve these problems. The proposed agricultural reform envisages a model where the producers are expected to grow the products, which they consider as marketable. The Government will not be responsible either from the determination of price or from the purchase of the products. Basically, this will be a free market system where producers will be the main actors who will decide what to grow, and how to market their products. In the long run, the new system will not only solve the problem of over production of certain crops such as hazelnut, tea, tobacco and sugar beet, but it will increase the competitiveness of the Turkish commodities in the world markets as well.

In order to adapt to this new system, MARA is in the process of taking necessary measures, which will be most suitable to the benefit of the Turkish producers. A new support system, called: ”Direct Income Support“ will be introduced with the initiation of the new agricultural reform. Subsidies will be provided to the producers on the basis of the commodities produced. Thus, the producers who shift from the over produced products to the rarely grown commodities will be supported.

The Government will invest the money obtained thorough savings from the support price system, to the construction of infrastructures such as schools, roads and hospitals. In this sense, the new agricultural reform will serve not only to the Turkish agriculture, but also to the general development of the economy of the country.

This study made before the implementation of the new agricultural reform is aimed to comprehend the attitudes, expectations and views of the producers on this new incidence along with the bottlenecks in production, marketing, labour and distribution chain. High priority is given to cooperation with the producers. We believe that, no matter how we determined we are, the success of this reform depends on our collaboration with the farmers. In the light of their views, experiences and expectations, we will make necessary changes in the implementation program in order to satisfy their needs accordingly. We believe that the new reform will succeed when we come together and work together jointly with the farmers.

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Minister
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EXECUTIVE SUMMARY

The Government of Turkey has developed a strategy to phase out the current mechanisms of agricultural support. The purpose of the social assessment is to identify the groups most vulnerable to the agricultural reforms and make recommendations for mitigating measures. The project is designed to mitigate many of the potential negative effects resulting from the policy reforms. The most vulnerable groups to the reforms are farmers that currently receive input subsidies and support prices for their crops, and employees of ASCUs that will be made redundant as a result of restructuring.

Farmers will be provided with DIS and Farmer Transition assistance. The bulk of this social assessment summarizes discussions with farmers expected to experience the largest drop in support prices (tea, tobacco, sugar beets, and hazelnuts). These discussions addressed four thematic areas: (1) Production and marketing patterns (with an emphasis on identifying differences in these patterns between small and big farmers); (2) land tenure and land ownership structure; (3) perceptions and expectations of the agricultural reform program; and (4) rural to urban migration.

There are two important vulnerable groups not discussed in the body of the social assessment. These are the ASCU employees that will be made redundant and forestland dwellers. To a large degree the social assessment for these groups was conducted under separate projects – the Privatization Support Services project and the Forestry Sector Review. The impact of the reforms and mitigating measures on these groups are discussed separately at the end of this summary.

Description of Fieldwork

This section describes the fieldwork conducted among tea, tobacco, sugar beets and hazelnut farmers. Fieldwork for tea is conducted in Rize, tobacco in Manisa and Adıyaman, sugar beets in Konya, and hazelnut in Ordu and Samsun. Two qualitative information collection techniques were used, focus groups and in-dept interviews. As summarized in Table 1, a total of 12 focus groups and 19 in-depth interviews were completed. It is important to remember that while informative, the results of these interviews are not generalizable. The results of the interviews are presented by crop and then by thematic area.

Table X: Summary of Fieldwork and Information Collection Technique

Province	In Depth Interviews	Focus Groups
Hazelnuts (Samsun and Ordu)	3	4
Tea (Rize)	6	2
Sugar beets (Konya)	4	2
Tobacco (Manisa and Adiyaman)	6	4
Total	19	12

Hazelnuts (Ordu and Samsun)

Small farmers in the upland, hazelnut mono-cropping areas are very weary of the proposed agricultural reforms. Specifically they are concerned that removal of the support price will increase dependence on the private sector for marketing. With little faith in the state to deliver support (e.g. DIS), their perceptions and attitudes toward the new reform are not favorable. Their previous experience with alternative crops such as kiwi, tobacco and bee keeping was not very successful due to the low quality of production and stiff market competition from other regions. Many farmers indicated that they might have to migrate, as other members of their households had already done, in search of better income earning opportunities. Medium size farmers have more or less the same perception and attitude toward the reforms. However, their negative reactions were not as strong as the small farmers were.

Large farmers were very familiar with the problems induced by existing system of support prices and the burden it imposes on the state budget and have a favorable perception and attitude of the reforms. Small businessmen who buy and sell hazelnut for the domestic market and export, and large exporters welcomed the new reform and found the efforts to eradicate the support price system much delayed on the part of the state. However, they pointed out the need for the state to help small farmers make the transition to the new system.

Farmers in the flat lands appear willing to accept the new system and were aware that they were not supposed to being growing hazelnuts in these areas. They indicated that if the state provides both satisfactory direct income as well as technical guidance and market outlets for their alternative crops, they could easily switch to alternative crops. With many potential cropping alternatives, even small farmers did not mention migration at all.

In the short term, lower crop prices may reduce investment in crops such as hazelnut and therefore accelerate labor's exit from agriculture. Large farmers expect to continue hiring temporary labor from highland villages and the Eastern regions of the country to harvest their crops. Small farmers do not expect to maintain their current practice of hiring labor to harvest their crop. The result might well be a short-term decline in migrant worker income.

The issue of tying DIS payments to proof of land ownership raised concerns for many small and medium sized farmers because they do not have land titles in their name. However, this was not considered an insurmountable problem. Most believed that an acceptable system of registration could be undertaken with the help of their village governors (Muhtars) and village council.

Large differences in awareness of the new reform were observed between upland and lowland as well as small and large hazelnut farmers. Small upland farmers in Ordu had little knowledge of the reforms whereas large and lowland farmers were more aware of the reforms. Small and medium farmers in Samsun, which are more developed than Ordu, are more aware of the reforms. Large farmers in both regions are familiar with the reform program and its potential impact on farming patterns and the economy. This signals an urgent need to inform small farmers about the new reform. While politically sensitive, this has to be done immediately for successful implementation of the reforms.

Tea (Rize)

Nearly 90 percent of tea farms are less than 10 da. Tea farmers sell their production to either ÇAYKUR or the private sector. Although tea is the only crop grown in Rize, it is not the only means for livelihood for the farmer. Tea farmers in Rize have many sources of income. They often work in either the public or the private sector or receive retirement pensions. Almost every tea farmer has at least one household member working for ÇAYKUR on either a temporary or a permanent basis. ÇAYKUR salaries are quite high, and the majority of farmers depend on these jobs for the majority of their income. Small farmers (those with 1 ha or less) cannot support themselves on tea production alone. Employing more people than needed and offering lucrative salaries, ÇAYKUR plays an important role in the living standard of tea farmers. Given this arrangement, the farmers did not voice concerns about a potential fall in tea prices.

If tea prices fall dramatically and employment at ÇAYKUR comes to an end, some farmers indicated that they would migrate in search of better employment opportunities. However, since many of them own small businesses such as shops, coffeehouses or transportation services, they were not categorical about migrating.

When discussing the DIS, farmers were not concerned about linking payments to land ownership. They did express a desire for the government to enforce the timing of payments on the part of the private sector if ÇAYKUR is privatized.

Farmers are not averse to alternative crops. They did, however, indicate in the past that they had difficulties marketing alternative crops and that they therefore expect the government to help them if they are expected to make a transition.

Sugar Beets (Konya)

Small sugar beet farmers are much more pessimistic about the reforms than hazelnut or tea farmers. They are bitter about the insensitivity of politicians to their problems and they blame these politicians for the low price of sugar beets. Although they have heard about a reform program, they do not know details about the program or the DIS payments. Their expectations of the DIS are high and suggested that a further drop in sugar beet prices would force them to migrate in search of better employment opportunities.

While medium and large farmers did not like the idea of the reform, they adopted 'wait and see' attitude. Medium farmers indicated that they might migrate, but they were skeptical about their ability to find income earning opportunities elsewhere.

When discussing alternative cropping patterns, they indicated that wheat is only alternative crop they can grow. However, due to low price of wheat this year, they are reluctant to say anything about willingly switching to wheat in the years to come. While not disclosed by the farmers during the interviews, well water is available on almost all of the land on which sugar beet is grown and there many different crops can be produced. If the farmers produce alternative crops they want the government to help them with marketing.

Tobacco (Manisa and Adıyaman)

In Manisa, fertile lands and good climate permit the production of many different crops, often twice a year. Industrial structure is well developed and farmers are relatively well educated. The most serious concern raised by the farmers was related to land registration. However, most indicate that they will be able to work with the village governor (Muhtar) and village council to resolve any problems. This suggests that transition to the DIS system will be relatively straightforward in Manisa.

In Adıyaman, the problems associated with the reform program are expected to be much more severe. A low natural resource endowment, low education, and a neglected industrial sector characterize the region. These problems are compounded by an extremely skewed land distribution. Seventy percent of the farmers are sharecroppers (landless). Feudal relations reminiscent of the Ottoman period still prevail in the region and labor-intensive tobacco production perpetuates the dependency relationship between landowner and sharecropper. Already high rates of migration and large numbers of seasonal workers are indicative of the degree of hardship faced by sharecroppers in Adıyaman.

Sharecroppers indicated that the only solution to a fall in tobacco prices would be achieved through the development of irrigation in order to support alternative labor-intensive crops. Otherwise, the large number of sharecroppers will migrate in search of better employment opportunities. They indicated that even the presence of income support payments would not deter them from migrating. Given the low level of education, a large number of migrants from this region might lead to extensive social and economic problems in the areas they migrate to.

Summary of social assessment

Farmers repeatedly expressed that on of the greatest difficulties they would face in switching to alternative crops is the lack of places to sell these crops. They requested that the government support the establishment of these industries prior to implementing the reform program.

Crops like hazelnut and tobacco can be grown both in flat and mountainous lands. However, many other crops can be grown in flatlands and farmers in these areas expressed a willingness to undertake alternative activities if they are provided with the information and technical assistance required to make the transition.
In certain regions of the country (Central, East and Southeast), switching to alternative crops largely dependent on the availability of water. In these areas farmers expressed a desire to receive support in the form of irrigation in order to facilitate the process of transition.

Many small farmers expressed concern and a lack of awareness of the agricultural reform program. Farmers expressed a desire for more information and encouragement from the Government on production and marketing decisions as well as the details of the reform program.

Replacement of stable support prices by direct income transfers exposes farmers to more volatile prices and the farmers are concerned about this. In areas of rain fed agriculture, where risks are highest, they requested that the government provide them with some form of insurance to offset unfavorable whether conditions.

In order to roll out the DIS system, land registration must be completed as soon as possible. There will be difficulties in areas where ownership records are not available. However, the farmers indicated that these problems might be solved through a system of consultation with their Muhtar and village council. In areas where there are few landowners and a large number of sharecroppers, alternative mechanisms must be found that will allow the sharecroppers to capture some part of the DIS payments.

Lower prices for crops are likely, in the short term, to lead to accelerate migration and lead to shifts in labor supply. The magnitude of these changes will depend on factors such natural resource endowments, marketing opportunities, presence of other income generating activities, land distribution, and the amount of money provided through the DIS. While difficult to generalize given the complexity of the problem certain common themes emerged from the fieldwork. In order of importance, landless tobacco growers in Adıyaman and hazelnut growers in Ordu are most likely to migrate if an alternative, labor intensive crop or other income generating activities are not introduced in (Adıyaman) and hazelnut growing is not stopped in flatlands. Tobacco growers in Manisa, sugar beet growers in Konya and tea growers in Rize are much less likely to migrate since they have fertile land and can grow two crops a year (Manisa), alternative crops (Konya, Rize), and have other income earning opportunities (Rize). Of course, those who are landless or have small lands may also migrate from these regions but the magnitude of migration will be much less than in Adiyaman and Ordu.

Forest Land

The heart of the issue is the following question: Are households engaged in agriculture on forestlands where ownership is contested eligible for DIS and farmer transition payments? The Bank's position on this issue is to respect 'user rights' when land ownership is contested or controversial. Therefore the answer to the question is 'yes households engaged in agriculture on forestlands are eligible for the same payments as other rural households.'

The positive answer raises a second issue, which is how to deliver DIS/ farmer transition payments in a manner that does not encourage deforestation. Under the current project design DIS payments are a function of rural land holdings. The danger is that when the project design is announced to the public, households will try to increase rural land holdings (at the expense of forestlands) in an effort to capture higher DIS/ farmer transition payments. The Bank's position on this issue is that it does not want to encourage deforestation. Therefore the DIS/farmer transition payments should be 'incentive neutral' on contested forestlands.

The Forestry Sector Social Assessment provides some indication of the magnitude of agriculture on forestland. The 1990 agricultural census indicates that there were approximately 3.2 million people (7,363 villages) in forests and 5.1 million people (10,677 villages) near forests. The most important source of income in forest villages is farming. The average land holding is 2.4 da (it is not clear if this is for households in or near forestland or both). There is significant variation in the size of holdings in different parts of the country (2.8 da in Aegean and 2.0 da in Black Sea). There is limited potential for further expansion of agriculture in forestland due to the topography of remaining forestland. Land ownership in forestland is contested and controversial.

The are several specific project design elements that need to be addressed when considering delivery of DIS/ farmer transition payments to households engaged in agriculture on forestland. These are as follows:

(1) Who would deliver the DIS/ farmer transition payment to farmers on forestlands? The simplest solution is to expand the currently proposed infrastructure to include forestland, thus making MARA responsible for delivery.

(2) How do you determine qualifying criteria for households on forestlands? Again the simplest solution is to duplicate the procedure used in the pilot program in agricultural areas where cadastre does not exist. This involves qualification through consultation between MARA, TZOB, and village governor (Muhtar).

(3) How do you discourage deforestation and provide households on forestlands with DIS/farmer transition? This is the toughest question because there is no way to assure that there will not be increased deforestation without creating a whole new project component. The simplest approach would be to provide households in contested areas with a flat payment rather than a payment tied to land area. While households in the forest will not have incentives to bring new forestlands into agriculture, households outside the forest will, unless of course payments are lower than the costs of moving. This may be mitigated by the limited potential for further expansion of agriculture into forestland. Alternatively, if existing records of current forestland households were used as the basis for payments, there would be no incentive for new households to move in. This would require that these records be quickly incorporated into the database for the DIS payments.

(4) What size payments do you provide households on forestlands? Any system that provides for different payments to households on forestlands raises difficulties as to the appropriate treatment of households with both legal and forestland. It may also raise conflicts between households in close proximity to each other receiving different payments.

1. RAPID SOCIAL ASSESSMENT OF HAZELNUT FARMERS IN ORDU AND SAMSUN

1. 1. INTRODUCTION

The rapid social assessment of hazelnut farmers took place in two provinces, Ordu and Samsun between May 24 and May 25, 2000. A team of three researchers conducted the focus group sessions and in-depth interviews in the field. Mr. Julian Lampietti of the World Bank observed and participated in all activities in the field.

The following table summarizes the location, type of respondent interviewed and research technique employed.

LOCATION	RESPONDENT	REARCH TECHNIQUE
ORDU Burhanettin Village	Two small (3-5 tons) and one medium producer (10 tons)	Focus group
ORDU Kayadibi Village	Seven small producers	Focus group
ORDU Center	One businessmen-big producer One exporter-big producer Key informant-guide	In-depth interview In-depth interview
SAMSUN Akçay Village	Five small producer	Focus group
SAMSUN Terme (Town)	One exporter	In-depth interview
SAMSUN Çarşamba (Town)	Two businessmen-one big one small producer	In-depth interview
SAMSUN Dikbıyık Village	Five small producers	Focus group

Ordu and Samsun were selected for two reasons: 1) Ordu has the highest hazelnut production in Turkey. In 1999, the total production was 159104 tons, which makes up 27.4 percent of Turkey's total production. Samsun had 52143 tons and made up 8.99 of the total production.
2) Ordu represents mountainous areas where the hazelnut is the only crop to grow whereas Samsun represents flat areas where many alternative crops may be grown.

The reason to select Ordu was to see how the new agricultural reform would affect the producers who produce hazelnut on hilly areas where the hazelnut is the only crop to grow. More specifically, he purpose was to see how they will react to the new reform since the price of the hazelnut is expected to decrease noticeably and what course of action they may take after the implementation of the reform with respect to alternative crop or economic activity and migration. Similarly, Samsun is selected to evaluate the possibility of crop change, alternative crops they may grow and their general perception of the new reform.

Terms of petty, small, medium and big producers used in this report refer those who produce less than a ton, 1-5 tons, 6-15 tons and 16 tons and above, respectively.

Focus group sessions and in-depth interviews were conducted in line with the objectives spelled out in the Terms of Reference. Briefly, they are

1) to characterize hazelnut production and marketing patterns, with an emphasis on identifying differences in these patterns between small (poor) and big (non-poor) farmers,

2) to understand current land tenure and land ownership structure since the proposed direct income support is tied to land ownership,

3) to determine farmer perceptions and expectations of the agricultural reform (influence on their production, marketing decisions, decision to grow alternate crop, etc.) and

4) to assess the potential impact of agricultural reform on rural to urban migration (demand for household labor supply and migrant labor supply).

The report will address each issue in turn for each province separately.

1.2. FIELD WORK IN ORDU

a. Due to the geographic structure, hazelnut is grown on mountains where the altitude reaches 750 meters above the sea level with a slope not less than 12 degrees. The land is classified in the 4th group according to the Turkish Government's Land Use Classification. Hazelnut is the only crop that can grow in this region which is repeatedly expressed by all respondent interviewed. Experiment with tobacco was initiated by the government but stopped a few years later due to the poor quality of the product. Tree fourths of the hazelnut producers tried bee keeping one time or another. Although there are less number of producers who still do bee keeping, most had to stop this business due to lowering prices and tough competition by the producers of other regions who were claimed to use sugar instead of taking the bees to places where flowers available. They knew about the passion fruit and its production in Trabzon and Giresun. However they seem to be reluctant to try it.

Villagers in Burhanettin and Kayadibi most of who produce 3-5 tons of hazelnuts provided the following account for their production and marketing processes. Small producers borrow money from the businessmen for buying inputs such as fertilizer, pesticide for their production as well as paying personal expenses such as education and marriage of children and health care of the family. Since there are no other mechanisms through which they can borrow money for a short term, they resort to businessmen. Businessmen charge high interest rate (above the inflation rate), which varies from 15 to 30 percent depending upon the duration. The money is borrowed for a short period of time such as two to six months with a concentration around two to three months. Last year the banks' interest rate was 6.6-7 percent. For 100.000 TL borrowed, they pay 115.000 for two months and 130.000 TL for three months (and higher amount if the duration is longer) instead of 113.000 and 121.000 TL respectively if they borrowed from a bank. Small producers pay the money back when they harvest their hazelnuts. Usually, they sell 40 percent of their products to businessmen at a lower price than the one announced by the state to pay the money they borrowed and the interest charged onto them. They sell the rest of their production to FISKOBİRLİK {The Union of Hazelnut Sales Cooperative - agricultural state economic enterprise (SEE) which buys hazelnut from the producers} at a higher price. FİSKOBİRLİK works on a membership basis. It has 49 cooperatives working under FİSKOBİRLİK located in different places (from İstanbul to Artvin) along the Blacksea and currently has 210.000 members. Upon presenting the deed or land ownership certificate, each producer becomes a member and gets entitled to sell certain amount (which depends the size of the land and its productivity) of hazelnut to FİSKOBİRLİK. As long as the production does not exceed the specified amount more than 10 percent, FİSKOBİRLİK buys the whole product of the producer. However, FİSKOBİRLİK does not pay to the producers immediately. It usually takes 4 to 6 months before the producers get their money from FİSKOBİRLİK.

Producers who produce 10 tons and above usually sell their products to FİSKOBİRLİK at a higher price set by the government. Since they do not need cash money before the harvest and can afford to wait 4 to 6 months until FİSKOBİRLİK pays, they closely observe the market until they find the best price. FİSKOBİRLİK increases the price 25 million TL/ton each month after announcing the base support price in May. So they sell their products in parts, which is determined by the amount of money they need and take advantage of monthly price increases. In some cases, the price of

hazelnut increases in the free market mainly due to the agreements of exporters with foreign buyers. In such cases, they sell to the businessmen and get paid immediately.

Lower prices in the free market and lack of capital make the small producer dependent on the businessmen. Although FİSKOBİRLİK guarantees to buy their product, which is a source of insurance for the small producer, it does not have any loan mechanism like the businessmen have. Providing money when they need it and without any bureaucracy, businessmen play an important intermediary role, which should not be underestimated in the present system. Businessmen function as a safety valve for the small producers.

As it is clear from the above description, the small producers are stuck between the higher prices but late payments of FİSKOBİRLİK and flexible but expensive loan facilities and lower prices of the businessmen. For the bigger producers, both FİSKOBİRLİK and businessmen seem advantageous.

From a different perspective, the role of the businessmen in Ordu (and Giresun, which has the second highest hazelnut production in Turkey) is not limited to loan facilities they provide to small producers. They are the crucial elements of free market mechanism. Actually they are of two kinds: those who buy hazelnuts to export and those who collect hazelnut for the exporters. The number in the first group does not exceed 10 in the whole country but they are the ones who set the price in the free market. Through their export agreements, they impose the world price onto the producers. While the state sets the base support price artificially and in many cases, under the influence of political pressure, businessmen pulls down the price in order to be competitive in the world market. So they act as agents of the world market.

The following table compares free market hazelnut prices at various stock markets with that of FİSKOBİRLİK for the period between January 1998 and April 2000. In the table, other provinces with high hazelnut production are also included to give an idea about price variances in various stock markets.

Table 1.1. Hazelnut Prices in Various Stock Markets and FİSKOBİRLİK TL/Ton (w/ shells)

Month	Ordu	Giresun	Trabzon	Samsun	FİSKOBİRLİK
Jan. 98	441668	457977		381211	500000
Feb. 8	447528	495915	443216	425000	525000
Mar. 98	474241	509653	450161	451253	560000
Apr. 98	484652	511370	461012	493699	595000
May 98	498233	520899	472874		625000
June 98	504242	541025	472559	497886	645000
July 98	509718	541738	496017		660000
Aug. 98	528595		512589	519445	675000
Sep. 98	518505	541628	516076	492487	690000
Oct. 98	436861	532864	499031	514789	700000
Nov. 98	426800	642542	643378	590000	720000
Dec. 98	593156	633554		581331	750000
Jan. 99	610133	655629	587230		775000
Feb. 99	624238	667954	602042	560000	810000
Mar. 99	639730	703323	622320		840000
Apr. 99	686559	735808	634680	670000	875000
May 99	761577	876146	730412		875000
June 99	777731	907535	765922		875000
July 99			802055		875000
Aug. 99	726805			719871	1020000
Sep. 99	676007	739253	680871	660028	1020000
Oct. 99	6694420	744818	657594	743175	1020000
Nov. 99	694414	745907	661766	685236	1070000
Dec. 99	726353	734537	661923		1070000
Jan. 00	799860	944778	673016		1070000
Feb. 00	913167	1003471	806387	944556	1070000
March 00	960904	1057626	961820	955215	1070000
April 00	997487	1119418	962422	1136355	1070000

Figure 1.1. pictures the same data for easier visual inspection. As it is clear from the figure, FİSKOBİRLİK prices are well above the prices in various stock markets. An interesting point is that FİSKOBİRLİK prices tended to increase even when the free market prices remained the same or decreased.

These markets are spot markets; producers bring their goods to the stock market, sell their goods and get paid immediately. At the present time, Turkey does not have any futures and forwards markets for any good. However, there are preparations in the Ministry of Industry to set up futures and forwards markets primarily for wheat and cotton. Since FİSKOBİRLİK buys most of the hazelnut, none of these spot markets are very active. Markets in Giresun and Ordu seem relatively more active than the others. For the transactions in the spot markets, the state applies an income tax of 2 percent on the total revenue. The stock markets also charge the producers/sellers % 0.2 percent of the total sale. Each transaction in the spot markets has to be approved by FİSKOBİRLİK, which is done for a fee that varies between % 0.5-0.10 of the total sale depending on the stock market.

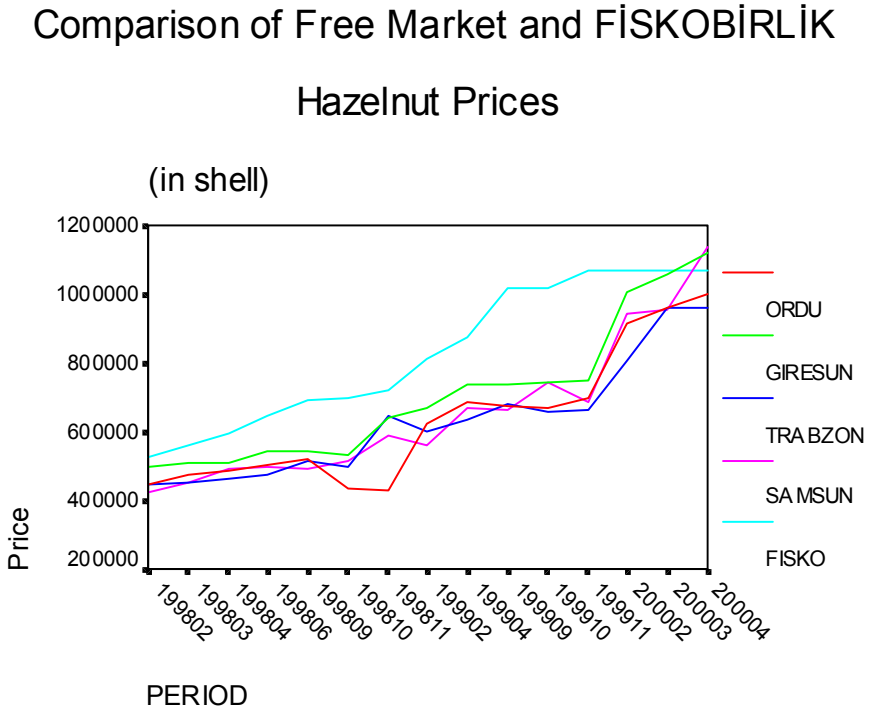

Figure 1.1. Comparison of Free Market and FİSKOBİRLİK

All these point out the existence of two separate marketing mechanisms working side by side in Ordu. One is governed by the state by way of setting the base support price and buying from the medium (5-15 tons) and big producers (more than 15 tons). The other is free market governed by the principles of the market economy. Here the buyers are the businessmen who buy from petty (less than 1 ton) and small producers (1-5 tons). In this setup, the businessmen have to compete not only with the state but also with the international competitors.

b. Land ownership poses a great problem in Ordu since no comprehensive land registration project has been carried out. There is a strong tradition not to divide inherited land among the children right after the death of the parents. Because of this tradition, not all producers have their own deeds, although it is known by everybody in the village who owns which land. They have estimated that 40 percent of the producers do not have independent deeds. However, they did not see this as a serious problem for direct income support and argued that this problem can be overcome with the help of headmen (muhtar) and village council.

c. Most of the small producers living in the villages heard about the agricultural reform program without knowing much of its details. When explained to them, small farmers preferred the present support price system provided by the government. They think that with the abolishment of FİSKOBİRLİK, they will be thrown to the mercy of the businessmen who always take advantage of the small producers. Businessmen give lower prices to their hazelnut and charge higher interest rates. When explained further that the government will provide direct income support when the new reform program introduced, they were skeptical about the government's ability in implementing such a program properly. Despite the rumors about the new reform, they do not expect any changes anytime soon. However, the source of their skepticism was not the direct income support system itself but their long lasting negative experience with and the lack of faith in the state.

Medium producers and businessmen living in the city center were more knowledgeable about the reform. In fact, the big businessmen interviewed in Ordu not only knew the whole project but also defended it. He thought that these efforts would expedite the process of moving into a market

economy, which will lift the burden of subsidy payments in the state budget. He noted that sooner or later, we have to switch to the market economy where the price of the hazelnut will be determined by the forces in the market. He thinks that only after switching to the new system, Turkey can compete in the world market without feeling the burden of excess production on her shoulders. He did not see any serious problems for the small producers. Just the opposite, he thinks that they will be better off in a few years after the application of the new system. He wishes to see that state support small producers during the first couple of years of this application since the price will be lower than what it is now.

When they were informed about the possible drop in hazelnut prices after the application of the direct income support, and asked if they consider migrating from the region, small producers expressed the possibility of moving out. They demanded that government should take precautions to help them to continue with their production since hazelnut is exportable, and bring foreign currency to Turkey. Given the fact that the only crop they can grow in Ordu is hazelnut and they are small producers, they feel that the impact of the new reform may be detrimental for their life chances.

d. Hazelnut growing is not a labor-intensive form of agriculture. The total time required maintaining a field is 3 to 4 months in a year. The only step that requires more labor is harvesting the crop. As the small producers explained in Kayadibi Village, hazelnuts used to be harvested by household members in the old days. Increases in population of the households and limited land which is continuously divided into smaller pieces with every new generation forced some members of the household to migrate which lowered the labor stock of the household. They started compensating this gap by hiring migrant workers from nearby villages. Until recently workers from villages located at higher altitudes where land holdings are the smallest and the harvest time is later than the villages at lower altitudes have worked as pickers. In the last couple of years, migrant workers from the eastern and the southeastern regions have also come to work as hazelnut pickers.

During the month of August, the population of the village tripled. The wage of a migrant worker was 5-6 million TL/day last year. Small producers find this amount quite high, which can be considered as an attractive salary for the migrant workers. Some noted that although they can accomplish picking the crop themselves, they still hire migrant workers to do the job, which increases the cost of production. They noted that if the price of hazelnut goes down after the new reform program they could cut down on hiring outside labor and do the job themselves as they have done in the old days. If the price drops drastically, they themselves could migrate to other places.

1.3.FIELD WORK IN SAMSUN

a. Samsun has the most fertile land where agriculture of many crops is possible. As opposed to land structure in Ordu, Samsun has two plains, Çarşamba and Bafra, which are famous for their agriculturally productive lands. Despite the fact that farmers can grow any crop, there has been a tendency towards hazelnuts in recent years. Reasons for this move to hazelnut growing was explained by the producers as

1. higher price of hazelnut compared to alternative crops,
2. existence of market outlets such as FİSKOBİRLİK and businessmen
3. ease of hazelnut growing, which requires three-month work during a year

As explained by the producers, the state makes the hazelnut growing attractive by setting high support prices so that no other crops can bring them the similar profit. Although the law forbids planting hazelnut trees in flat areas where the planting of other crops is possible, they keep planting hazelnut trees due to the reasons spelled out above. Producers pointed out some agricultural policy-related problems to legitimize the switch to hazelnuts. One was the absence of any crop planning

by the governments. They keep saying ‘we can grow other crops easily but when we tried, the price of that crop went down since there were too much production in that particular year. No one tells us what to grow.’ Among the alternative crops, they mentioned various vegetables such as tomato, beans, eggplants, cucumbers and fruits such as plum, apple, peach and kiwi. As they all remembered, rice was an important crop once in this region. One big producer noted that he tried nine crops so far and hazelnut is still the one that pays the best and requires the least labor. He also mentioned that the state does not provide enough credit and technical information about the production of alternative crops. They agreed on the problem that their region does not have an industrial substructure strong enough to process their production. They said ‘Assume that we produce tomatoes. What are we going to do with all those tomatoes? There is no tomato paste factory in this region.’ They expressed with one voice that they want to see the state supporting them if the state wants them to switch to alternative crops.

The difference between the producers here and Ordu is that they are relatively well off due to the secondary crop they grow. It is also a fact that they are skilled in many crops other than the hazelnut, which is not the case in Ordu. Growing a second crop (and in some cases a third crop) helps them to obtain all the inputs they need which reduces their dependence on the businessmen. So they can sell their hazelnut either to FİSKOBİRLİK or the businessmen. However, they complained about the monopoly of a few exporters in the hazelnut market. They feel that it is the businessmen and the exporters who make the highest profit from the hazelnut.

The important difference between the producers here and in Ordu is their awareness that if the high production of hazelnut continues, the price will go down to the level where it will not be profitable anymore. They are also aware that they themselves are contributing to the excess production by converting to hazelnut growing in flat and fertile areas where practically any crop can grow. They also added that the state is equally responsible for increased hazelnut areas since no preventive measures were taken when people in the mountainous areas converted forests into hazelnut fields.

b. More producers here in Samsun have deeds on their names compared to Ordu. Producers, small and big, think that not having deeds will not create a serious problem if the state decides to provide direct income support to individual farmers. Similar to Ordu, producers here suggested that headmen and village council could help to locate the correct people who actually cultivate the land. When asked what form of help they preferred, they suggested that helps could be in kind, gasoline, fertilizer, etc. but they also welcomed income support.

c. Producers here were better informed about the agricultural reform. They were aware that they were the targeted group, which use flat lands to grow hazelnut. They knew about the efforts of the governments to switch to alternative crops in flat areas where other crops could be grown. They even knew about the pilot study of direct income support program started in four provinces. The producers expressed no objection to switch to an alternative crop as long as the state helped them in crop planning and marketing of the products. A small experiment conducted among small producers indicated that if the price goes under 400.000-500.000 TL/ton (w/ shell), they would willingly switch to an alternative crop. This is the confirmation that it is the policy of FİSKOBİRLİK in setting superficially high support prices that attract them to grow hazelnut. If the price is determined by the market, there is high likelihood that they themselves would switch to other crops without any intervention from outside. Despite their awareness of the seriousness of the state to launch the new reform program, they seem not to expect any changes soon.

d. Since they use flat areas for agriculture, they have the option of growing various crops, which is the factor that contributes to their staying in the region. As they expressed clearly, not growing hazelnut will not have any impact on their chance of migrating to another place. As they indicated, many of their relatives already left the region since the arable land already divided in small pieces which is just enough for the remaining household members.

When asked about the extra labor they need, they indicated that they hire labor from the eastern provinces particularly to harvest the hazelnut. They complained about high daily wages they paid to laborers. They also mentioned the fact that growing hazelnut made them lazy. They could easily collect their hazelnuts themselves with the help of relatives and neighbors. Instead of picking the hazelnut using the household members, they hire workers to do the job, which increases the cost of production.

It became clear that even if the price of hazelnut goes down and producers give up hazelnut growing, they would not migrate from the region since they have other crops to make their livelihood from. Also, mainly due to the indecisiveness on the crop to grow and lack of household labor, one big landowner left some amount of his land uncultivated for a year.

1.4. OVERVIEW AND CONCLUSION

This section combines the findings obtained in the two regions in order to assess the degree of reception of the new agricultural reform by producers of different size. It highlights the possible problem areas and proposed solutions by the producers by placing them in a wider context.

a. *Hazelnut production and marketing patterns, with an emphasis on identifying differences in these patterns between small (poor) and big (non-poor) farmers*

Producers in general differ in respect to production and marketing patterns in the two provinces. Ordu, due to the fact that its landscape is mono-crop, hazelnut is the only crop to grow. This means that producers are hundred percent dependent on hazelnut growing. Samsun is a multi-crop province and producers are in no way dependent solely on hazelnut.

Small producers in Ordu are vulnerable to any policy change and can only continue to produce if they are supported one way or another i.e. by the support prices or by the direct income support. They have been protected until now, by the high support prices. For big producers, the new agricultural reform does not imply any significant change. However, they expect lower revenues for a couple of years following the application of the new reform program.

At present, businessmen provide loans to the small producers with ease and no red tape, particularly in Ordu. Although this makes the small producers dependent on the businessmen to some degree, it helps the small producer to keep producing. The small producers are expecting sizable direct income support to become independent of the businessmen. While such direct income support seem to be crucially important for the small producers in Ordu, small producers in Samsun tend to accept any kind of support as long as the state helps them to market whatever crop they grow.

Small producers in Ordu sell only a portion of their products to FİSKOBİRLİK since some portion goes to the businessmen to pay back their credit and payment of FİSKOBİRLİK are usually delayed 4 to 6 months. The importance of FİSKOBİRLİK to the small producers is its setting high price for hazelnut, which increases the market price in general. The medium and big producers are the ones who take advantage of FİSKOBİRLİK. Exporters in general and businessmen who collect hazelnuts for the exporters are not content with support prices since high prices set by the governments reduces their competitive edge in the world market. The small producers in Samsun are much less dependent on the businessmen since they generate income from the second crop. They enjoy higher prices of FİSKOBİRLİK and sell both to the businessmen and FİSKOBİRLİK depending on the price in the market. However, they did complain about the monopoly of the exporters in the hazelnut market.

Mono-crop small producers in Ordu should be given priority in the new system particularly for the first couple years during which the price of hazelnut could decrease considerably. With the lower

price after the application of the new reform, multi-crop, flat land small producers are likely to switch to an alternate crop.

b. *Current land tenure and land ownership structure*. There is a serious problem with respect to the land ownership status of the producers. This is a general problem for rural Turkey and in no way unique to this region. Despite the earlier efforts of the governments, ownership status of sizeable land is not updated. Due to the prevalent tradition of not dividing the land after the death of fathers, producers still work on lands that are registered on their fathers' or grandfathers' name. The number of producers without deeds was estimated to amount to 40 percent in Ordu and 30 percent in Samsun. Although the land, in most cases, is divided unofficially among brothers and sisters, there is no official document or certificate indicating the share of each child. The situation gets even more complicated by the fact that not all children live on and cultivate the land. Due to the small size of divided land, which is not enough for everyone in the household, some children migrate to other provinces. A remaining few cultivate the land but share the profit with others. This creates a potential problem if the direct income support targets individuals who actually own the land and cultivate it. However, producers did not see this as a problem. For them identification of income support recipients can be accomplished by the help of the headmen and the village council. As they indicated, even without deeds on their name, they became member of FİSKOBİRLİK by way of declaring their lands, which was checked by FİSKOBİRLİK authorities.

c. *Farmers' perceptions and expectations of the agricultural reform*. First of all, awareness of the new reform varied between small and big producers as well as between hazelnut only producers and multi-crop producers. The small producers in Ordu did not know much about the new reform although some heard rumors that government is trying to abolish the price support program. There is a need to introduce the reform to the producers, especially the small producer who will be affected by this application. When the new system was explained, they tended to favor the present price support system over the direct income support system. The reason for their preference was three-fold:
1. the fear that they would become more dependent on the businessmen who always undervalue their products,
2. the fact that they have little confidence in the state for delivering its promises, and
3. the fact that the price of hazelnut would drop considerably.

Small farmers in multi-crop flat lands knew more about the new program compared to the small producers in the villages of Ordu. They were also aware of the fact that they were responsible for the excess hazelnut production in Turkey. They indicated willingness to switch to alternate crops as long as the state guides them in crop planning and finds outlets for marketing their products.

Big producers in both places were well informed about the intention of the present government for abolishing the price support system. Since they knew the problems of hazelnut in general, their attitudes and expectations were in favor and supportive of the new program. For them, the support price system in the Turkish agriculture in general and in hazelnuts in particular is the main source of the problems Turkey is facing in her agriculture today. The governments under the pressure of their constituencies have acted rather slow to do away with the price support system. They feel that the present system should be abolished as soon as possible, which will pave the way for the market economy to take over.

It seems that the small producers of Ordu will resist the most to the planned agricultural reform. The main source of their resistance is not the direct income support itself but the lack of confidence in the governments to implement the program properly. The small producers in Samsun will follow 'wait and see' policy. If the price of hazelnut drops to the level that is no longer profitable, they will take out the hazelnut trees and grow something else. This process can be expedited if the incentives to be provided for those who grow an alternate crop are satisfactory.

d. Potential impact of agricultural reform on rural to urban migration The Blacksea Region has the highest out-migration rate in Turkey. Land structure of the region, the lack of non-agricultural employment and high population increase rate caused many to migrate. Nature of hazelnut growing, which requires 3-4 months of work at most also contributes to high out-migration from the region. August is the month when most of the migrants return to their fields to pick hazelnuts. Harvest has to be done in a shortest time possible. This is the only step of the production process, which requires extra labor force. Harvesting hazelnut causes a considerable migratory movement in the region. Traditionally, people from villages located at higher altitude used to come down to work. In recent years, people from the eastern and the southeastern regions started coming to work in hazelnut picking. Lower price of the hazelnut after the application of the new system will have an impact on these migratory movements. To keep the cost of production low, the small producers in particular will have to pick their hazelnut themselves. If the price drops drastically, some of the small producers in Ordu are likely to migrate to other parts of the country where their relatives have migrated some time ago.

1.5. SUMMARY

The purpose of the fieldwork in Ordu and Samsun was basically to see the hazelnut producers' reaction to the new agricultural reform, which replaces the support price system with the direct income system (DIS) and the possible effects of the new reform on their life changes. Two provinces were selected for their representation of two different groups of producers. Ordu is a mono-crop place where there are only few alternative agricultural activities that can be pursued by the hazelnut producers. They are the most vulnerable group to any change. Samsun is a multi-crop area and contrary to Ordu, has sizable flat lands where almost anything can grow. Having two distinct provinces with respect to crop composition, land structure and size of the production offer a chance to see the effects of the new reform on different producer groups.

Small producers in the mono-crop areas did not welcome the new reform since the price of hazelnut would be lower after the application of the reform and they would become more dependent on the businessmen who seem to be the only outlet to market their production. Since they have little faith in the state to provide them with funds that they need, their attitudes to the new reform were not favorable. Their previous experience with alternative crops and economic activities such as tobacco and bee keeping were not very successful due to the low quality and stiff competition respectively, they could easily migrate to other places where many of their relatives have already migrated. Medium producers were somewhat similar in their attitudes toward the new reform due to the lower hazelnut prices expected after switching to the new system. However, they did not react as negatively as the small producers to the new reform.

Big producers knew the overproduction problem in hazelnut and the burden of the support price system on the state budget. They seemed to be favorable toward the new reform. Businessmen who buy and sell hazelnut both for the domestic market and export, and those who are in hazelnut exporting business welcomed the new reform and found the efforts to eradicate the support price system much delayed on the part of the state. However, they pointed out the need to help small producers by the state during the implementation of the new system.

Producers growing hazelnut in flat lands seem ready to accept the new system and switch to an alternative crop. They cultivate the land where possibly any crop can be grown. They also knew that they were not supposed to grow hazelnut in these lands. Due to multi-crop agriculture in this region, even small producers did not mention migration at all. If attraction of the high support price system in hazelnut is eradicated and the state provides both satisfactory direct income and technical guidance along with market outlets for their alternative crops, they can easily stop hazelnut growing and switch to other alternative crops. This will certainly reduce the amount of excess production in hazelnut.

The new agricultural reform also seems to have implication for the temporary labor stock in the region. With the lower hazelnut prices, especially small producers will not afford to hire outside labor as they do presently. Hiring outside labor will remain the privilege of big producers, which of course, lower the total number of temporary workers from higher altitude villages and eastern regions.
Land ownership seems to create serious problem in the implementation of the new agricultural reform since large portion of the small and middle-size producers do not have certificates or deeds on their own name. However, almost all producers did not consider this as a problem and believe that finding people who actually grow hazelnut in the region can easily be accomplished with the help of muhtars and village councils.

Large differences concerning information about the new reform were observed between the producers of the two provinces and among those who produce different amount of hazelnut. Small producers in the mono-crop areas did not know much about the reform whereas their counterparts in multi-crop areas were relatively more knowledgeable about the reform. Small and middle producers in Samsun, which is a more developed province than Ordu, were relatively more knowledgeable than the producers in Ordu. Big producers in both regions seemed to be quite aware about the reform and its possible effects on various groups and the economy. It seems that there is an urgent need to inform the producers in general about the new reform. Although this is a difficult task due to its serious political implications, it has to be done immediately in order to be successful in implementing the new agricultural reform.

2. RAPID SOCIAL ASSESSMENT OF SUGAR BEET FARMERS IN KONYA

2.1. INTRODUCTION

The rapid social assessment of sugar beet farmers took place in Konya between August 24 and August 27, 2000. A team of three researchers conducted the focus group sessions and in-depth interviews in the field.

Table A1 in Appendix summarizes the location, type of respondent interviewed and research technique employed.

Konya was selected for her highest production of sugar beet in Turkey. In 1998 the total sugar beet production in the country was 22 282 539 tons. Konya alone produced 21.7 percent (4 828 619 tons) of the total production. Konya also house sugar factories owned by Türk Şeker and Pankobirlik and various sugar beet collection places.

The reason to select the province with the highest production was to see how the new agricultural reform would affect the producers who primarily produce sugar beet. More specifically, the purpose was to see how they will react to the new reform since the price of the sugar beet is expected to decrease noticeably and what course of action they may take after the implementation of the reform with respect to alternative crop or economic activity and migration.

Focus group sessions and in-depth interviews were conducted in line with the objectives spelled out in the Terms of Reference. Briefly, they are
1) to characterize sugar beet production and marketing patterns, with an emphasis on identifying differences in these patterns between small (poor) and big (non-poor) farmers,
2) to understand current land tenure and land ownership structure since the proposed direct income support is tied to land ownership,
3) to determine farmer perceptions and expectations of the agricultural reform (influence on their production, marketing decisions, decision to grow alternate crop, etc.) and
4) to assess the potential impact of agricultural reform on rural to urban migration (demand for household labor supply and migrant labor supply).

The report will address each issue in turn.

2.2. FIELD WORK IN KONYA

a. Sugar beet production starts in March and ends in December. Harvest takes place between August 15 and end of December. As different from hazelnut and tea, it is laborious form of agriculture. Fertilizing, hoeing, disinfecting and watering are necessary on a regular basis.

Production is subject to a quota system where the average of the last three years' production determines the quota. Usually producers use one-third of their land for growing sugar beet (planting the same land reduces the quality), which will be changed to one fourth in the coming years. In the present system, the support price announced by the state applies to quota, which has ± 25 percent tolerance. Any amount of production outside of this range is bought at the half of the support price, which serves as a punishment. The quota application has been instilled by Türk Şeker (Turkish Sugar Factories Corporation- state enterprise in charge of sugar production) in order to reduce the sugar beet production but the punishment part does not work. Those who cannot produce enough sugar beet to fill their quotas buy from other producers who overproduce and vice versa. Despite the claim of Türk Şeker administrators for keeping the total sugar beet production under control, there have been considerable fluctuations in total production between 1975 and 1997.

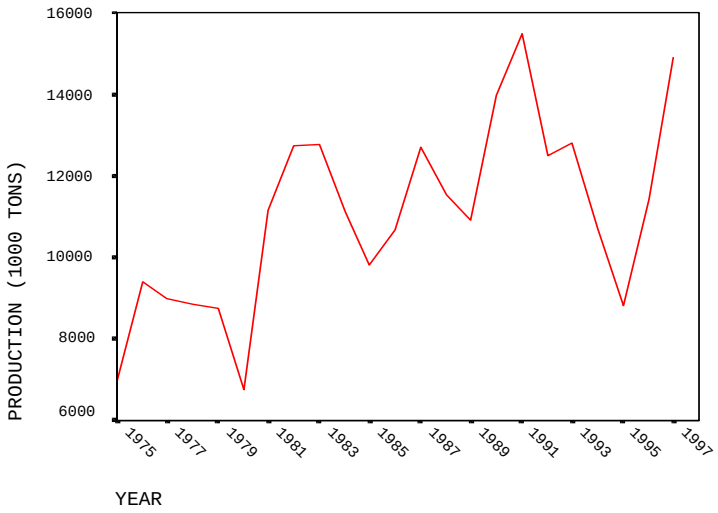

Figure 2.1. Beet Production in Turkey, 1975-1997

Similar fluctuations are also observed in case of harvested beet area and number of farmers. Figure 2.2. indicates that both the land and the number of farmers have changed between 1975 and 1996

Figure 2.2. Harvested Beet Area and Number of Farmers, 1975-1997

It is known that sugar made from beets is expensive than the sugar made from cane. Moreover, the cost of sugar beet is higher in Turkey than other beet-using countries for two reasons: 1) small size of the land. The average size of land in 1950 was 76.9 dekar (920 square meters), which dropped to 62.2 dekar in 1980. The average size in 1991 was 59.1 dekar. 2) The cost of inputs (gasoline, fertilizer, pesticide and labor) is higher in Turkey than elsewhere. Cost of rent of the land (it was 30-35 m TL/dekar last year) should be added to this list since some producers rent land in order to produce sugar beet.

In order to help beet growers, the state provides three financial aids during different phases of production, which are hoeing, watering and harvesting. The financial aids paid to the producers add up 35 percent of the total cost of the production. In addition to direct financial aids, producers receive seeds and fertilizer from the state through Türk Şeker or Pankobirlik on a credit basis the payments of which are done when producers receive their money from Türk Şeker or Pankobirlik. Producers voiced a problem in connection to Pankobirlik, which is said to overcharge their members.

The amount of financial aids and quota is regulated by a contract signed by Türk Şeker (or Pankobirlik) and the producers. Each producer has an agreement with the closest sugar factory to himself. Therefore, each factory has a hinterland to purchase sugar beet from.

Despite the high cost of inputs, sugar beet is still the crop, which pays the best. An example will illustrate profitability of sugar beet versus wheat. Assume that a producer has 1000 dekar land. If he grows sugar beet, he would get 5000 tons of sugar beet (1 dekar yields 5 tons of sugar beet). With the last years' support price (24 000 TL/kg) this brings 120 billion TL (184615.3 USD). If he grows wheat instead, he would get (assuming that it gives 10 to 1, and the last year's price was 60 000 TL/kg) 14.4 billion TL (22153.8 USD). If the total cost of growing sugar beet is 40 percent, the money left for the producer is 72 billion TL (110769.2 USD). Similarly, the cost for wheat is 10 percent and the money left for the producer is 12.960 billion TL (19938.4 USD). It is clear that sugar beet is more profitable than the alternative crop, which is wheat as in the example, in this region.

On the marketing side, there are two buyers of sugar beet in Turkey, Türk Şeker and Pankobirlik. Türk Şeker is the biggest buyer in the country and own 28 sugar factories (For details, refer to http://www.turkseker.gov.tr/). The other buyer, Pankobirlik, a cooperative founded by sugar beet producers (For details, refer to http://www.pankobirlik.com.tr/), own three sugar factories (Konya, Kayseri and Amasya) and has 49 percent share in two others.

The biggest complaint of the producers is the late payments of both Türk Şeker and Pankobirlik. Producers deliver sugar beets to buyers at the end of December at the latest but the payments are done in April as specified in their contracts. Since they start production in March, it takes 13 months to get their money. When the payments done, buyers deduct the initial financial aids credited to the producer.

Both Türk Şeker and Pankobirlik apply the same price which is the basic support price announced by the state. Figure 2.3. summarizes the developments of the price between 1975-1997.

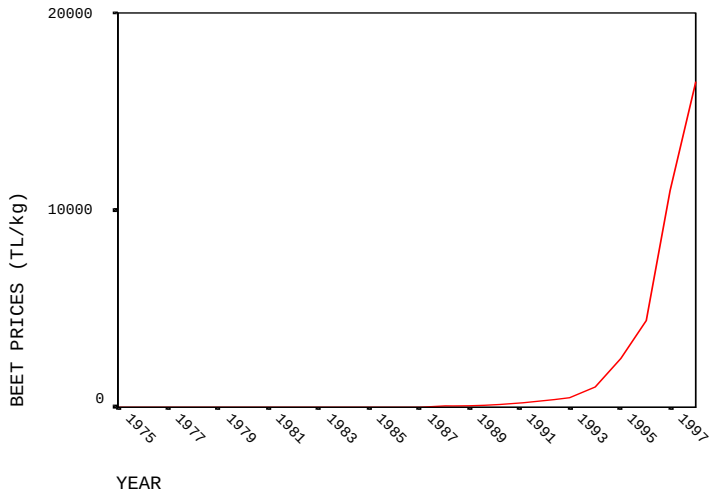

Figure 2.3. Price of Sugar Beet, 1975-1997

As the figure indicates, sugar beet price started increasing especially after 1990. Parallel to the increases in the sugar prices is the total amount paid by the state for the purchase of sugar beet through Türk Şeker and Pankobirlik. Figure 2.4. gives the total beet payments between 1975-1997.

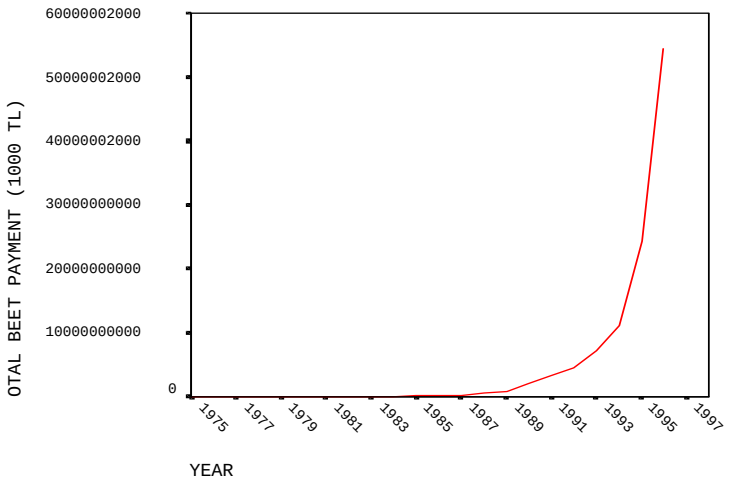

Figure 2.4. Total Beet Payments by the State, 1975-1997 (1000 TL)

Steep slope of the line starting 1989 indicates how much the state had to pay in recent years to the sugar beet growers. In 1996 this amount was 54 502 101 900 000 TL (749 427 321 USD. 1 USD=72725 TL in April of 1996)

b. It is possible to divide the lands into two categories: 1) Lands with deeds, which is in the name of producer or his ancestry, and 2) Lands without deeds which belong to state. Producer turn the state land into sugar beet area and cultivate this land. In both type of land, there are problems with respect to implementation of DIS system. In case of lands with deed, half of them are not registered to the producers' name, and the converted lands have no proper record. More complicating is the fact that renting as opposed to sharecropping is a common practice in this region. This makes finding the real owner or producer even more difficult. Records of Türk Şeker or Pankobirlik would be helpful but alone they cannot solve the problem.

c. All involved parties, producers, Türk Şeker and Pankobirlik administrators are not content with the present system and prevailing applications. They all want the system changed. Producer complaint about the quota system, the support price not being adjusted to inflation and high cost of the inputs. Administrators complain about the high support price, which makes sugar beet growing attractive, increases the cost of sugar and causes excess in supply. According to information given by the sugar factory administrators, cost of beet contributes 70 percent toward the cost of sugar. All these actually increases sugar stocks which was 1 625 540 tons in 1997. Turkey cannot export beet sugar since the cane sugar produced elsewhere is cheaper than the beet sugar. Figure 2.5. highlights the stock problem that is mentioned by the administrators of sugar factories.

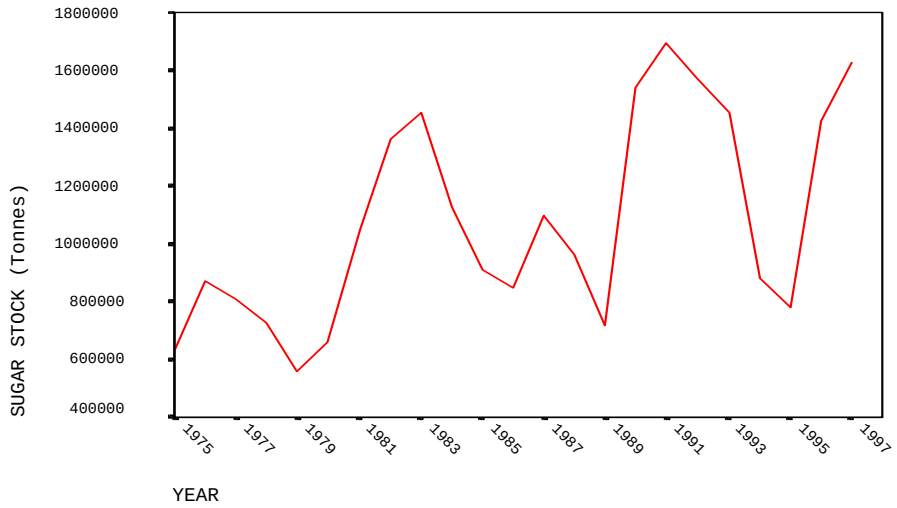

Figure 2.5. Sugar Stocks, 1975-1997

The domestic demand is also decreasing in recent years. As it is clear from Figure 2.6. per capita sugar consumption is experiencing a downward slope since 1994.

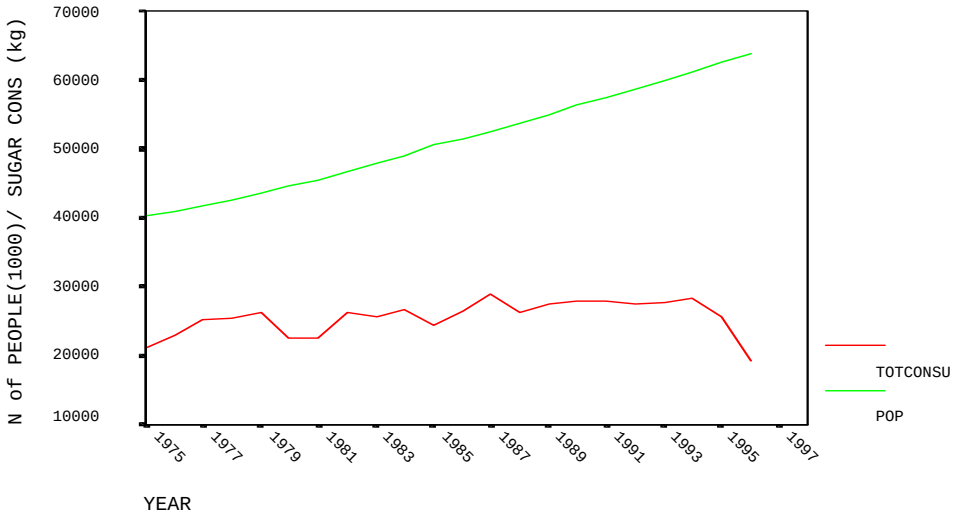

Figure 2.6. Per Capita Sugar Consumption and Population, 1975-1996

Producers knew the governments have been trying to do something about sugar beet production, which is more than the country needs. However, producers expressed extreme doubt about determination of the governments to do something useful for the sugar beet producers. They have no confidence that politicians can solve this problem.

Sugar producers did not know the details of the new agricultural reform and DIS system. When told and asked about the amount of direct income support, they gave figures like 50-100 dollars per dekar. A few even suggested 300 dollars per dekar. Yet, some small and medium producers asked more time to find out the right amount to ask. Small producers became irritated from everything said about the new agricultural reform. They said that sugar beet growing was a lucrative job once but not anymore. They seemed quite hopeless about the future of their business.

As for the alternative crops, many alternative crops are possible which range from various vegetables to watermelons. However, due to their unsuccessful past experience in marketing such alternative crops, they did not even mention them. They gave the example of potatoes of the last

year, which were overproduced. Not only potato producers did not make any money but also no one helped them financially. They expect the state to prepare market outlets first, and then they would grow anything that is marketable.

d. Due to fast mechanization realized in sugar beet growing, the character of production has changed. It used to be laborious and family type agriculture. In the past, needed extra labor has come from Southeastern Turkey. With mechanization, this has decreased considerably as well as the demand for the labor of the family members. Absence of alternative crops, low return of the wheat which is the immediate alternative to sugar beet and difficulties that will result from lowered sugar beet prices would enforce particularly small producers to migrate. Lack of industrial employment in the surrounding cities will more likely force them to move where such jobs are available or they would work in the marginal sectors of the fast growing cities.

2.3. OVERVIEW AND CONCLUSION

a. *Sugar beet production and marketing patterns, with an emphasis on identifying differences in these patterns between small (poor) and big (non-poor) farmers*

Small producers are growing sugar beets either in small lands that they own or in lands that they rent. High prices of rental lands and inputs are their biggest problems. They feel that the help they receive from the state is not enough for them to keep going. The support prices announced by the state in recent years is just 25 percent higher than what it was in the last year. This raise is even under the inflation rate prevailing in the country. Moreover, the state keeps their money from December to April without paying any interest rate but charges them 70 percent interest rate if they make their credit payments late. They feel that state ribs them off at every occasion and bureaucratic activity they have to complete. Every bureaucratic operation necessary to receive the state's help cost them money. Some are members of Pankobirlik, which is a cooperative set up in order to provide cheap input such as fertilizer, pesticide and equipment to the producers. They claimed that Pankobirlik sell all material at a higher price than anybody else. Although they have paid the initial fee to become a member and pay their annual fees on a regular basis, they receive nothing in return from Pankobirlik. They feel that Pankobirlik administrators misuse the funds they collect from the producers and this hurts the small more than it does the big producers.

Small and medium producers blame governments for handling agricultural policy of the county wrong. The governments are guilty for the excess sugar production exists in the country today. They opened up sugar factories in places where sugar beet does not grow. They are the ones who made sugar beet growing very attractive by giving high support prices. They indicated that what has been described to them as a new agricultural reform should have been implemented years ago. They indicated that so far, no one has brought any proposal for an alternative crop and asked the question "How come do they expect us to switch from sugar beet to something else which we do not know anything about growing and marketing in a short time without any preparation?" They feel that this is not a game and the government cannot come and change the system in one day. They even suggested that politicians should clean up their own mess before helping the farmers in this country.

b. *Current land tenure and land ownership structure*.
General problem observed in the Turkish agriculture is valid for sugar beet producers. Half of them do not have deeds on their name for the land that they cultivate. Big producers converted the land belong to the state which is not recorded anywhere. Since renting land is common in this region, it would be very difficult to separate those own the land and those who rent the land to grow sugar beet. This will cause over claimer problem if the DIS system is applied before correcting the land ownership status of the producers.

c. *Farmers' perceptions and expectations of the agricultural reform*.
Small producers in particular seemed discontent with both the present system and the new agricultural reform. They complained about high price of rental land and expensive inputs particularly gasoline. (Diesel price in 1990 was 1600 TL/lt which increased to 44100 TL/lt in 2000 folding 275 times. Increase in the support price in the same period was 240 times. However, as of 1999, the corresponding figures were 162.5 and 192, respectively which shows that favorable increases for the support price was reversed by the increases in diesel price in 2000) They claimed that it is impossible to make money from sugar beet growing anymore. The government charge them 70 percent interest rate on their credits if they are late to pay back while it targets 25 percent inflation rate. Price of gasoline increases everyday and actually is more expensive than anywhere in Europe. They suggested that if the government wants them to compete with countries in EU, it has to provide them with the same opportunities that those countries provide to their farmers.

Big producers did not seem to be as bothered as the small ones in discussions of the new agricultural reform. However, they found 5-10 dollars per dekar as the direct income support little. They indicated that after the implementation of the new reform, if they cannot make the same kind of money they are making now from sugar beet, they could give up agriculture, sell out all machinery and move to a big city.

d. Potential impact of agricultural reform on rural to urban migration
Small producers are likely to migrate if the price of sugar beet gets considerably low. Landless producers in particular and small producers will be vulnerable in the implementation of the new agricultural reform. Although big ones revealed tendency to migrate if they cannot make the same amount of money they used to make, they are likely to stay due to higher investment they made in the machinery and sizeable land that they own. The best they could do would be looking for an alternative crop. No matter how much they complain about the high cost of growing sugar beet and late payments of Türk Şeker and Pankobirlik, sugar beet is obviously the most profitable crop for them. If the price of sugar beet is lowered after the implementation of the new reform program, they may reduce the amount of sugar beet they grow and experiment other crops in the rest of their land.

2.4. SUMMARY

The purpose of the fieldwork in Konya was to see the sugar beet producers' reaction to the new agricultural reform, which replaces the support price system with the direct income system (DIS) and the possible effects of the new reform on their life changes.

Small sugar beet producers seem to be more pessimistic than hazelnut and tea producers investigated so far. They were bitter for the insensitiveness of the politicians in their problems. They blame the politicians for the present status of the sugar production. Although they kept hearing about a new agricultural reform, they did not know much about its details and the DIS system. They are expecting much higher income support than 5-10 dollars per dekar. In response to lowering prices of sugar beet after implementation of the new program, they said they would migrate to places where they can get jobs as workers.

Medium and big producers, although they did not like the idea of the new agricultural reform they adopted wait and see attitude. Medium producers expressed willingness to migrate but they were skeptical about what they would do if they migrate. They were hesitant about saying something concrete about migration.

Wheat is presented as the only alternative to sugar beet in the region. Due to lower price given for wheat this year, they were reluctant to say anything about switching to wheat in the years to come. Although they did not disclose, water is available through wells in most of the sugar beet sown land. Obviously, they can grow many crops if they believe that they can market their production. They want to make sure that they produce something sellable.

Appendix

Table A1. Fieldwork Location, Type of Respondent and Research Technique

LOCATION	RESPONDENT	REARCH TECHNIQUE
KONYA Cihanbeyli (Town)	7 producers (100-700 tons)	Focus group
KONYA Ilgın (Town)	Assist. Mng. of Ilgın Turkish Sugar Factory	In-depth interview
KONYA Ilgın (Town)	Mng. Of Pankobirlik, Ilgın	In-depth interview
KONYA Aksaray (Town)	Two small producers	In-depth interview
KONYA Kocamahmut(Village)	Wives of producers	Focus group
KONYA Kocamahmut(Village)	Two small producers	In-depth interview

3. RAPID SOCIAL ASSESSMENT OF TEA FARMERS IN RİZE

3.1. INTRODUCTION

The rapid social assessment of tea farmers took place in Rize between August 27 and August 30, 2000. A team of three researchers who also worked in hazelnut study conducted the focus group sessions and in-depth interviews in the field.

Table A1 in the Appendix summarizes the location, type of respondent interviewed and research technique employed.

Rize was selected as the site for the fieldwork primarily for her highest tea production in the country. In 1999, the total tea production in Turkey was 152.838 tons and Rize alone produced 72 percent of the total production. Although Rize presently is a province where most people grow tea only, it used to be place where variety of fruits was grown such as tangerine (seedless), orange, lemon, medlar, pomegranate, persimmon, fig, olive and banana as well as crops such as corn, wheat, rice, and hemp. Absence of alternative crops today provided ideal situation to investigate the possible effects of the new agricultural reform.

Focus group sessions and in-depth interviews were conducted in line with the objectives spelled out in the Terms of Reference. Briefly, they are
1) to characterize tea production and marketing patterns, with an emphasis on identifying differences in these patterns between small (poor) and big (non-poor) farmers,
2) to understand current land tenure and land ownership structure since the proposed direct income support is tied to land ownership,
3) to determine farmer perceptions and expectations of the agricultural reform (influence on their production, marketing decisions, decision to grow alternate crop, etc.) and
4) to assess the potential impact of agricultural reform on rural to urban migration (demand for household labor supply and migrant labor supply).

The report will address each issue in turn.

3.2. FIELD WORK IN RİZE

a. Tea production is subject to permission of ÇAYKUR, which is a state enterprise in charge of supervision, and purchasing of tea on behalf of the state. Each producer has a certain quota, which is certified by ÇAYKUR. This permitted amount is bought by ÇAYKUR and any excess production can be sold to the private tea factories. However, producers have the option to sell their whole production to the private sector tea factories. Since 1984, the state opened tea business to the private sector, which, appears to have been semi-privatized where state and the private tea factories work simultaneously to produce tea for the market.

Small size of the tea gardens is the most important factor effecting the quality and cost of tea production. Distribution of tea gardens by size and number of producers is given in Table A2 in the Appendix. As it is clear 79.6 percent of the producers own 56.6 percent of the total tea gardens, which is less than 5 dönüm (dönüm is 1000 square meter and used interchangeably with dekar which is 920 square meter). Gardens under 10 dönüm are cultivated by 97 percent of the producers and make up 89.5 percent of the total tea gardens. Small size of the tea gardens is a result of high population growth rate in the region, which has the highest out-migration rate in the country.
The other factor affecting the quality of tea is the way that tealeaves are picked in Rize. Ten years ago, tealeaves were picked by hand. Nowadays they are cut by scissor-like cutters, which not only harms the tea tree but also make the selection of proper leaves to pick difficult. Tealeaves are picked in three different times- that is called period (May, July and September). Using cutters at each period makes the situation even worse.

Quality and quantity of tea is also affected by the age of tea trees. Normally tea trees are productive 100 years. However, if no precaution is taken, production gradually decreases after 50 years. Life of tea trees in Rize is approaching 60 years and the leaves are cut by scissor. The result is low quality tea leaves, 5.5 kg of which produces 1 kg dry tea whereas 4 kg of tea leaves produces 1 kg tea elsewhere. In order to increase the quality of tealeaves and reduce the tea production, the state has started enforcing producers to prune one-fifth of their garden each year. However, the state compensates the amount lost due to pruning.

Other factor relating to quality of tealeaves is fertilizer. Although it helps to increase the quality, it is said to have altered the composition of the soil. They have been using this fertilizer for the last ten years. They reported that even the appearance of the soil has changed. When coupled with unique character of tea trees, which is long lasting (100 years), this has important implication for alternative crops. That is, no alternative crops can be grown in 8-10 years after tea trees are taken out.

Despite various measures in the recent years such as pruning and low support price tea growing is on an increasing trend. Table A3 provides ÇAYKUR statistics about the amount of tealeaves purchased, dry tea produced, and amount sold domestically and exported.

On the marketing side, the price of tealeaves is determined by the state. Panel A of Table A4 in the Appendix presents price of tealeaves in TL and USD since 1973. The support price announced by the state is also observed by the private sector. Due to excess supply in production, ÇAYKUR does not strictly enforce producers to sell their products to ÇAYKUR itself. Therefore, two markets are available for the producers to sell their tealeaves.

ÇAYKUR has 46 tea factories (23 of them are located in Rize) while the private sector has 230, half of which are not working. Inoperative private sector tea factories have been setup to get cheap credit from the government and the money reinvested in other areas. No one knows exactly how many of these factories are operational right now. ÇAYKUR buys 70 percent of tealeaves while the private sector factories purchase the remaining 30 percent.

Although the base price of tealeaves is the same for the state and private tea factories, the way the payments are made differs considerably. Producers complained about late payments in both markets, which is more serious in the private sector. Although private sector pay little higher price than ÇAYKUR its payments usually take longer than that of ÇAYKUR. Some producers who sold their tea to private sector indicated that they have not received money for the last year's (1999) production, which is due on September 2000. Considering the fact that first period of tealeaves is in May and the last period in September, this is along time to get their money. ÇAYKUR pays the tea picked at first round starting from September at the earliest and the payments continue up to May of the next year for the second and third period teas. Despite the problems in payments, none of the producers interviewed complained about not being able to sell their tea either to ÇAYKUR or the private tea factories. Being able to sell their product is a big relief for the producers since tealeaves have to be processed immediately after picking. Any delay that is more than a few days make the tea leaves completely useless. Producer pay utmost attention to keep the leaves damp until they sell their products to tea factories by watering and ventilating them frequently. Tea factories have the same problem. They have to process tealeaves they buy immediately. Requirement of immediate processing also explains the large number of tea factories, capacity of which is just enough to process tealeaves grown in the region.

What is surprising is the producers' naïve attitude toward the world tea prices. They knew that price of the Turkish tea was higher than the world tea price.

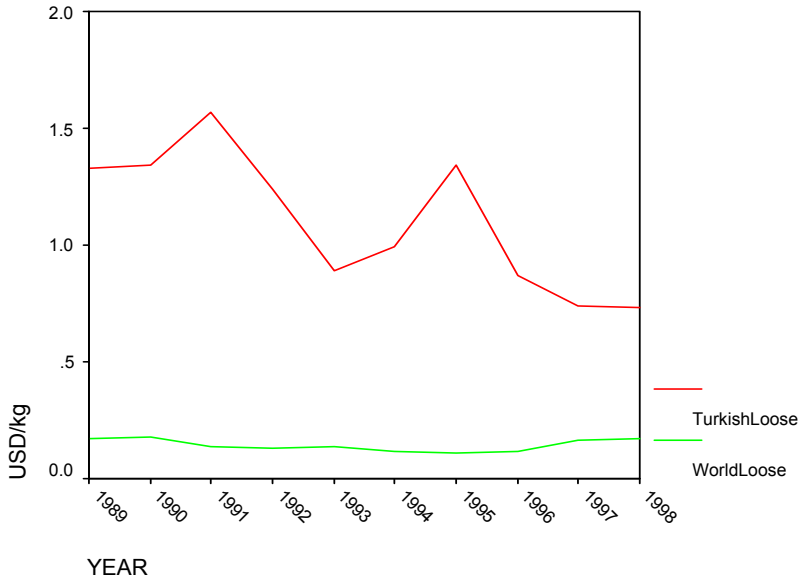

Figure 3.1. Turkish and World Tea Prices, 1989-1998.
(Source: http://www.geocities.com/turkcay/duncayborsa.htm)

Figure3.1. indicates that Turkish tea prices are much higher than the world (Jakarta tea stock market prices) tea prices. (Please refer to Table A5 that presents 1999 prices in Mombasa (Kenya) Tea Stock Market, Average Prices in Various Tea Stock Market in the World- 1988-1997 and Prices in Mombasa Tea Stock Market in August 2000) and the governments were responsible for pushing the price higher for political reasons. They expressed that they cannot compete with other tea producing countries where tea gardens are much larger, land is more fertile and labor is cheap. When asked about low level of exports and sizable stock of tea, they blame the state for not handling the marketing of tea properly.

b.Land ownership: This seems to be serious problem for the implementation of the new agricultural reform program since the producers interviewed estimated that 50 percent of all producers in the region do not have deeds on their own names. ÇAYKUR keeps record of all producers and their production. However, the amount of land owned has never been checked by ÇAYKUR and depends solely on the producers' declaration. It is known that in order to get high quota from ÇAYKUR, some producer declared larger areas than they actually had. Problems due to misdeclarations stand as an important bottleneck for identifying true size of tea gardens owned by the producers. Villagers themselves know the gardens well along with their owners or cultivators. Although land appears to be recorded under their fathers' or grandfathers' name, it is actually divided properly among sons, which is known by the people in the village. Villagers and administrators suggested that ÇAYKUR records could be a starting point to identify the tea gardens and their owners. Nevertheless, ÇAYKUR records must be verified in the field in order to use them in DIS system.

c. Despite their knowledge of the state's planning of an agricultural reform to privatize tea business, most of the producers were unaware of the DIS system. When told about the new agricultural reform and the DIS, their reaction was negative. They said "the state is trying to finish us up" Some said that privatization is needed but this should be done delicately. They think that the new system works for the benefit of wealthy producers who have power to survive in the market. They argued that the state is not supporting them in the present system. There is no real support in the present system where they grow tea without getting anything from the state and the only thing the state does is to buy the tea for domestic use. Data presented in Table A6 (in Appendix) bring evidence why they might think this way. In the last 28 years (since 1973) the producers were better off in only seven years (1974, 1981, 1982, 1989, 1995, 1996 and 1999) which is clear when increases in tea prices compared to increases in general price level. That is, increases observed in

tea leave support price exceeded the consumer price index value in only seven years. They think that they cannot be like and compete with the producers of other tea growing countries most of which are poorer than Turkey. They claim that state should stop importing tea from other countries and certainly stop illegal tea trafficking. They expect that if state is serious to implement this new reform, it should first pass a law to regulate time of the private sector payments to producers. They do not want to be left to the mercy of producers concerning the time of payments and claim that it is the duty of the state to support tea producers by making sure that they are paid. Their biggest fear is not to find enough buyers when the state stops purchasing their tea.

No one expressed any possibility of switching to alternative crop in case the support system is eradicated due to the quality of soil and lack of market for other alternative crops. ÇAYKUR, in fact, is experimenting kiwi growing in the region and providing free saplings to tea producers to try along with technical assistance. Most producers seem unwilling to try kiwi due to the difficulties in marketing. Previous stories of unsuccessful marketing of kiwi seem to have intimidated them. It is also a fact that kiwi growing is more laborious than tea and they seem to escape from laborious work. When told about a successful story about kiwi sold to Lebanon by the producers in Ardeşen, they responded by saying "it is not guaranteed that it happens every year".

Their unwillingness to try other crops which require more labor and yet rather comfortable life styles was rather curious and needed to be probed little further. Probing the matter in the focus groups made it clear that almost all have other sources of income. Some were retirees with pensions. Some were still working for the government and the private sector. Most importantly many of them were working for ÇAYKUR either on a permanent or temporary basis. They indicated that at least one person from each tea growing household work for ÇAYKUR. A temporary worker who is employed for four months gets 400 million TL a month[11] (615.4 USD) plus one-month extra salary, which makes 2 billion TL (400 m X 5= 2 billion- 3077 USD). A worker in the private sector makes 160 million on the average. A tea grower producing 10-ton tea leaves from 10 dönüm gets 1.625 billion TL. Assuming 625 million is spent for fertilizer, picking and other expenses, the producer ends up with 1 billion TL for the whole year of work. This producer's monthly income comes to 83.3 million TL (128.1 USD) whereas a temporary worker's monthly income comes to 166.6 million TL (256.3 USD). If the temporary worker makes this production, his average monthly income adds up to 249.9 million TL (384.5 USD). So it is not so much the tea growing but the tea economy that they make money from. This point expressed clearly by the wife of a producer, "I will continue picking tea leaves even if the price lowers to the half. This is the only way my husband gets job at ÇAYKUR. Our livelihood depends on this money rather than the money we get from tea".

When probing their expectation about the amount of direct income support, they were unable to give an estimate. However, income support such as 5 or 10 dollars are considered as 'nothing'. They were more interested with the question of who will buy their tea if ÇAYKUR is privatized after the new agricultural reform and at what price. Since they do not receive any money at the present system in the form of subsidy or loan from the state, the direct income support did not mean much to them.

d.Tea growing is not a labor-intensive form of agriculture. Fertilizer use is limited and picking tealeaves require three-month of work. Considering the time between periods, it takes at most 6 months of the producers. The only labor intensive part of production process is picking tea leaves. At times when tealeaves were picked by hand, need for labor was higher. With the use of cutters, demand for labor decreased. Hiring labor was never pronounced by the small and medium producers. Lack of extra labor is a result of small size of tea gardens. It was mentioned that only the big producers hire extra labor and those who are hired make 10 million a day which was much higher than what the hazelnut producers paid for the extra labor (5-7 million) Instead, they mentioned sharecroppers. Those producers who do not want to cultivate their land find

[1] For comparison, an associate professor at a public university makes 455 million TL a month (674 USD)

sharecropper to do job for themselves. As they reported, finding a sharecropper, which was an easy job some years ago, has become difficult nowadays due to low return. Suppose the 10-dönüm land in the example above is given to sharecropper. Since the land brings 1 billion TL after expenses, sharecropper gets 500 million TL, which is little over the one-month salary of the temporary worker at ÇAYKUR. Laborers are those without any land so they work for others. This is why there is no migrant worker in Rize.

As for the possibility of migrating from the region, males differ in their views with regard to migrating from the region than their wives. In case of implementation of the new agricultural reform, which is likely to lower the price of tealeaves, males indicated that they would go elsewhere (they named İstanbul, İzmir, Mersin, Bursa, Antalya and Adapazari) and get any kind of job. However, their wives seemed determined to stay in the region and continue to pick tealeaves even if the price of the tealeaves gets really low. For them, growing tea is the most secure way for their husbands to find job at ÇAYKUR or in tea sector. Attitudes of the wives may be due to lack of information about the possible developments after the implementation of the new agricultural reform. Obviously, they assume that ÇAYKUR would stay the same after the new reform and keep hiring more people than needed under political pressures. Very few men mentioned switching to alternative crop if the price of tealeaves gets really low. They strongly believe that tea is the only crop they can grow in Rize. That is why migration is the first thing that crosses their mind if dramatic changes occur after the new reform. They also mentioned that if other employment opportunities were available in Rize, they would stop tea growing and become workers.

3.3. OVERVIEW AND CONCLUSION

This section combines the findings obtained in the fieldwork in order to assess the degree of reception of the new agricultural reform by producers of different size. It highlights the possible problem areas and proposed solutions by the producers by placing them in a wider context.

a. *Tea production and marketing patterns, with an emphasis on identifying differences in these patterns between small (poor) and big (non-poor) farmers*

Most of the producers are small but they are not necessarily poor. Many of them have alternative source of income. They have jobs in the public or private sector or retirees with pensions. Since tea growing does not take too much time and laborious part (picking) is done by women, men have time to do other things. While freeing men to do other things, tea-growing keeps the other family members occupied at least six months. This may have important implication for the new agricultural reform in a way that target producers become family members not males only.

Due to the high population growth and division of land at each generation, majority of producers cultivate small tea gardens, which affects both the quality and quantity of tealeaves, which, in turn, determine their income. More than half produce 5 tons of tea leaves from 5 acres which brings about (based on the support price of 2000 which is 162.500 TL/kg) 812.5 million TL (1250 USD). The bigger producer who produces 25 tons makes 4.06 billion TL (6250 USD). Assuming that 30 percent goes to pay expenses, a big producer makes 4375 USD a year.

There are two outlets to sell their production: a state enterprise ÇAYKUR and private tea companies. Prices do not fluctuate between ÇAYKUR and the private tea companies. However, the way payments are made differ considerably. ÇAYKUR pays all producers until May of the next year just before the new crop whereas payments of the private tea factories continue up to September of the next year.

b. *Current land tenure and land ownership structure*.
About 50 percent of the producers do not have deeds on their names. Land that they cultivate is recorded on their fathers' or grandfathers' name. However, although it is unofficial, the land is divided among sons and the villagers know share of each producer. ÇAYKUR also keeps record of

their declared land and production. Since no verification is done by ÇAYKUR about the size of land, their records may be misleading in DIS implementation.

c. *Farmers' perceptions and expectations of the agricultural reform*.

General perception of the producers about the new agricultural reform, which they did not know much about, was negative. The idea of not having ÇAYKUR in its present status seemed to be a bad news to them. They feel that the new reform will privatize ÇAYKUR for the first thing. This is important for them for three reasons: 1) the price of tealeaves will drop considerably. 2) They will loose their biggest buyer which does the payments better than the private tea factories and 3) they may loose their permanent or temporary jobs or in case they do not loose their jobs, their salaries will be reduced at least more than half. Given the fact that they make more money from the tea industry than growing tea, any change that will affect tea industry is considered as potential danger for their well-being.

The idea of switching crop was not found appealing. Tea growing is inherited from their forefathers and is the only form of agriculture about which they feel confident. Tea growing is also not so laborious, which permits doing different things on the side. That is why most of them involve in various income generating activities along with tea growing. Absence of land to grow other crops, already changed character of the soil and difficulties in marketing alternative crops are given as reasons not to try alternative crops. They were even reluctant to try kiwi which has been found appropriate for Rize. They mentioned the storage problem in connection with kiwi, which is correct but they did not seem to be looking for any solution to overcome this problem. In fact, ÇAYKUR is planning to set up a cold storage for kiwi producers.

As for the amount of direct income support, they were unable to give any figure. But they were quick not to accept 5-10 dollars per dönüm as an income support. They asked for more but did not specify the amount.

d. Potential impact of agricultural reform on rural to urban migration

Although males indicated that they would migrate if the price of tea leaves goes down, females had the opposite view. Since most of the producer in Rize have other sources of income, it is unlikely that they would migrate. For this to happen they also have to loose their other incomes. Tea is not the only occupation tying them to Rize. Those who had difficulty in living have already left. Obviously, stayers have enough income to live on which explains why they stay. However, if they decide to move, this would be easier since they have relatives all over Turkey.

3.4. SUMMARY

The purpose of the fieldwork in Rize was basically to see the tea producers' reaction to the new agricultural reform, which replaces the support price system with the direct income system (DIS) and the possible effects of the new reform on their life chances. Rize was selected for her highest tea production and its having a single crop to grow. As it is, Rize provides unique opportunity to assess the possible impacts of the new agricultural reform on tea producers and the tea industry.

Rize is no exception to the general problem of the Turkish agriculture, which is divided and small size of the cultivated land. Nearly 90 percent of producers have land smaller than 10 dönüm. This increases not only the number producers but also cost of tealeaves. On the average, 1 dönüm yields 1 ton of tea leaves and with the support prices of 2000 (162500 TL/kg or 0.25 USD/kg) this translates into 1.6 million TL (250 USD) income. 10 dönüm brings 2500 USD without deducting expenses. Assuming that every producer in 0.1-5 dönüm interval produce 5 tons, it is clear that 79.6 percent of the producer makes 1250 USD a year and by the same logic, 17.4 percent make 2500 USD.

Producers sell their production either to ÇAYKUR or the private tea factories. The support price applies to both and with some exception the private sector follows the officially declared price in their purchases of tealeaves. However, ÇAYKUR make payments in a shorter time than the private sector.

Although tea is the only crop grown in Rize, it is not the only means for livelihood for the producer. Producers in Rize usually have other sources of income. They work in the public or the private sector or receive retirement pension. Employment in ÇAYKUR is very common and one person from each tea-producing household is said to work for ÇAYKUR on a temporary or permanent basis. Salaries in ÇAYKUR is quite high which not only makes these jobs attractive and competitive that invites political intervention but creates inequalities between those who produce tea and those who work in the tea industry. Producers make more money working for the industry than growing tealeaves. It is obvious that small producers (those produce under 10 tons) cannot live on the money they gain from tea production. Employing more people than needed and offering lucrative salaries, ÇAYKUR plays an important role for the life standard of producers. With this practice, ÇAYKUR also pleases the politicians who see no harm placing all the expense of this costly operation on the budget of the state. Given this setup, no one seemed to be concerned either with the world tea prices which is much lower than the domestic price and staggering stocks (particularly after 1995), or competition in the world tea market.

If tea price gets drastically low and producers who work for ÇAYKUR loose their jobs or have their salaries cut in half, some of the producers may migrate from the region. Since some have their own small businesses such as small shop, coffeehouse or transportation company which is difficult to give up or move, the inclination to migration does not seem to be strong.

Tea producer found 5-10 dollars direct income support per dönüm quite low but did not specify any figure that pleases them. They demand that the state should do something to regulate the payments of the private sector after ÇAYKUR is privatized.

Switching to alternative crop did not seem to be on their agenda. Difficulties in marketing alternative crops are given repeatedly as the reason for not thinking of alternative crops. They expect that state should prepare marketing outlets for the alternative crops first, and then they would grow them.

Appendix

Table A1 Location, type of respondent interviewed and research technique employed.

LOCATION	RESPONDENT	REARCH TECHNIQUE
RİZE Center	Agricultural engineer working In ÇAYKUR	In-dept interview
RİZE Center	Agricultural engineer at Atatürk Tea Development Research Center	In-dept interview
RİZE Center	Assistant Gen. Man. of ÇAYKUR	In-depth interview
RİZE Center	Gen. Man. of ÇAYKUR	In-dept interview
RİZE Çayeli (Town)	Man. of Sabuncular Tea Factory (ÇAYKUR)	In-depth interview
RİZE Kirazdağı (Village)	5 small producer 6 medium producer 4 big producer	Focus group
RİZE Kirazdağı (Village)	Wifes of the producers	Focus group
RİZE Pazar (Pazar)	Asst. Gen. Man. of Lipton Tea Factory	In-dept interview

Table A2: Distribution of Tea Gardens by the Number of Producers and Size, 1999

Size interval of gardens (Dekar)	No. of producers	Percent of producers	Total Size of gardens (Dekar)	Percent in total gardens
0.001-5	162329	79.6	433343	56.5
6-10	35512	17.4	252910	33.0
11-15	4986	2.4	62181	8.1
16-20	875	0.4	14926	1.9
21-25	132	0.1	2948	0.4
26-30	33	0.05	909	0.1
31 and above	8	0.05	272	0.01
TOTAL	203875	100.00	767489	100.00

Source: ÇAYKUR

Table A3 Tea Purchased, Produced and Sold by ÇAYKUR

			SOLD DRY TEA		
Year	Purchased Tea leaves (Ton)	Produced Dry tea (Ton)	Domestic	Export	Total
1985	602.474	132.978	108.936	807	109.743
1986	669.770	140.261	112.452	488	112.940
1987	566.609	119.745	111.737	-	111.737
1988	581.339	121.486	90.570	189	90.759
1989	520.511	108.407	102.371	25.083	127.454
1990	472.211	95.948	87.728	28.183	115.911
1991	507.103	103.749	85.657	1.848	87.505
1992	620.000	123.961	76.975	8.768	85.743
1993	525.744	106.527	83.333	34.489	117.822
1994	566.467	116.547	82.871	4.251	87.122
1995	421.180	95.000	94.082	1.318	95.400
1996	526.690	100.376	93.178	4.747	97.925
1997	542.321	100.537	103.827	15.622	119.449
1998	718.000	130.426	105.372	16.968	122.340
1999	840.000	152.838	101.236	4.006	105.242

Source: ÇAYKUR, http://www.ÇAYKUR.gov.tr/istatistik.htm

Table A4 Price of Tea Leaves, 1973-2000, Increases in Price and Consumer Index

A. Price of Tea Leaves

YEARS	1. ROUND TL/KG	2. ROUND TL/KG	3. ROUND TL/KG	1.ROUND USD/KG	2.ROUND USD/KG	3,ROUND USD/KG
1973	4,50	-	-	0,32	-	-
1974	6,25	-	-	0,46	-	
1975	7,50	-	-	0,54	-	-
1976	8,50	-	-	0,53	-	-
1977	10,00	-	-	0,57	-	-
1978	12,00	-	-	0,62	-	-
1979	14,50	-	-	0,55	-	-
1980	25,00	-	-	0,34	-	-
1981	41,00	-	-	0,40	-	-
1982	55,00	-	-	0,36	-	-
1983	72,50	-	-	0,34	-	-
1984	101	-	-	0,30	-	-
1985	140	-	-	0,27	-	-
1986	177	-	-	0,26	-	-
1987	220	-	-	0,27	-	-
1988	325	-	-	0,25	-	-
1989	550	570	600	0,26	0,27	0,29
1990	850	900	975	0,33	0,35	0,38
1991	1.360	1.435	1.510	0,34	0,35	0,37
1992	2.250	2.350	2.500	0,33	0,34	0,37
1993	3.400	3.550	3.780	0,34	0,35	0,37
1994	6.000	6.100	6.300	0,19	0,19	0,20
1995	12.000	12.500	12.500	0,28	0,29	0,29
1996	25.000	25.000	25.000	0,33	0,33	0,33
1997	50.000	52.500	55.000	0,36	0,38	0,40
1998	82.000	90.000	90.000	0,33	0,36	0,36
1999	118.000	130.000	130.000	0,29	0,32	0,32
2000	162,500	162,500	162,500	0,26	0,26	0,26

P.S. Exchange rate of dollar in May, which is when the support price is announced, is used in calculations.

Table A5 World Tea Prices

A. Prices in Mombasa (Kenya) Tea Stock Market, 1999

Birdemet.net	BEST				MEDIUM				LOW			
DATE	**BP1**	**PF1**	**PD**	**D1**	**BP1**	**PF1**	**PD**	**D1**	**BP1**	**PF1**	**PD**	**D1**
December E	255	232	231	238	140	179	196	196	97	114	110	95
December B	242	225	236	236	156	158	196	200	110	107	92	98
November E	242	220	240	238	160	160	194	186	115	109	95	82
November B	238	208	237	242	155	157	178	174	94	98	90	95
October E	239	220	236	242	145	160	175	180	94	98	90	95
October B	265	275	265	255	155	203	195	196	122	112	105	100
September E	265	270	256	258	150	203	190	185	130	114	113	100
July E	222	201	215	230	158	132	180	180	100	81	150	130

Lowest prices in the stock market at the beginning(B)and end (E) of each month are given.
Mombasa Stock Market is chosen for its wider coverage of participating countries.

B. Average Prices in Various Tea Stock Markets in The World

(Indian Rupees / Kg)

Stock market	**1988**	**1989**	**1990**	**1991**	**1992**	**1993**	**1994**	**1995**	**1996**	**1997**
Calcutta[3]	28.46	39.56	49.07	48.22	43.86	54.95	49.55	55.52	58.76	79.88
Guwahati[3]	24.65	36.59	43.10	40.90	40.01	50.07	43.46	43.46	49.61	50.11
Siliguri[3]	23.25	36.39	41.37	37.79	37.25	47.82	38.18	47.72	47.73	65.47
Cochin[3]	21.03	34.36	40.15	35.68	34.98	43.66	34.41	42.22.	44.70	61.81
Coimbatore[3]	21.64	33.00	39.28	34.37	32.29	43.62	31.12	42.07	41.29	60.31
Coonoor[3]	18.05	32.34	35.97	28.46	30.63	40.72	27.79	40.33	38.41	57.13
Chittagong[4]	46.80	48.99	49.97	45.13	45.62	49.16	42.30	46.97	46.34	71.92
Colombo[5]	42.92	55.47	71.62	58.73	62.24	69.28	65.37	72.22	104.04	119.36
Jakarta[6]	147.83	169.42	178.08	135.93	129.60	134.39	117.30	106.35	114.41	164.64
Mombasa[1]	24.10	31.12	31.92	39.14	53.88	155.00	157.00	129.00	142.00	200.00
Limbe[2]	212.37	267.89	261.35	244.14	296.39	100.08	82.47	76.68	78.96	124.79
London[7]	100.8	126.0	115.4	104.7	113.3	123.8	119.2	103.6	113.5	135.1

1) In Mombasa stock market, operations are based **Shs/ kg until 1992,** after which **$/kg.**
2) In Limbe stock market, **Shs/** kg is used in operations until 1992 after which **Tamb/kg** is used.
3) In Calcutta, Guwahati, Siliguri, Cochin, Caimbatore ve Coonoor stock markets**, Indian Rupees/ kg** is used..
4) In Chittagong stock market, **Taka/ kg** is used.
5) In Colombo stock market, **Rs/ kg** is used.
6) In Jakarta stock market, **$/ kg** is used.
7) In London stock market, **Pence/ kg** is used in operations. London stock market is closed in 1998.

C. Prices in Mombasa Tea Stock Market, 28th August 2000

US Dollars. Last sale's figures in brackets

	BP1	PF1	PD	D1
BEST	292-300	250-260	270-277	262-281
	(287-299)	(260-290)	(258-266)	(249-289)
GOOD	276-286	241-249	252-269	256-261
	(276-291)	(252-255)	(246-257)	(243-248)
GOOD MEDIUM	254-274	220-240	236-250	238-255
	(264-272)	(229-250)	(232-245)	(235-241)
MEDIUM	190-249	190-219	218-235	229-236
QUALITY	(198-244)	(201-228)	(214-231)	(215-233)
LOWER	156-230	180-212	209-221	207-225
MEDIUM	(176-229)	(183-220)	(202-219)	(200-220)
PLAINER	135-210	152-203	172-224	195-219
	(138-221)	(142-200)	(166-218)	(197-215)

Abbreviation: B: Broken, P: Pekoe, F: Fanning, D: Dust

Sources:
1) www.wilsonsmithett.co.uk
2) FAO
3) ITC

Table A6 Increase in Tea Leave Price and Consumer Index

YEARS	CONSUMER %	1.PERIOD %	2.PERIOD %	3.PERIOD %	DIFFERENCE %
1973	15,96	12,50	-	-	-3,46
1974	18,63	38,89	-	-	20,26
1975	19,77	20,00	-	-	0,23
1976	16,39	13,33	-	-	-3,06
1977	27,95	17,65	-	-	-10,30
1978	47,21	20,00	-	-	-27,21
1979	56,81	20,83	-	-	-35,98
1980	115,60	72,41	-	-	-43,19
1981	33,91	63,20	-	-	29,29
1982	21,91	34,15	-	-	12,24
1983	31,39	31,82	-	-	0,43
1984	48,40	39,31	-	-	-9,09
1985	44,95	38,61	-	-	-6,34
1986	34,62	26,43	-	-	-8,19
1987	38,85	24,29	-	-	-14,56
1988	73,70	47,73	-	-	-25,97
1989	63,27	69,23	75,38	84,62	5,96
1990	60,30	54,55	57,89	62,50	-5,75
1991	66,00	60,00	59,44	54,87	-6,00
1992	70,10	65,44	63,76	65,56	-4,66
1993	66,10	51,11	51,06	51,20	-14,99
1994	125,50	76,47	71,83	66,67	-49,03
1995	78,90	100,00	104,92	98,41	21,10
1996	80,40	108,33	100,00	100,00	27,93
1997	99,10	100,00	110,00	120,00	0,90
1998	69,70	64,00	71,43	63,64	-5,70
1999	64,90	43,90	44,44	44,44	21,00
2000		37.70	25.00	25.00	

P.S. %difference is based on the price of the first period tealeaves.

4. RAPID SOCIAL ASSESSMENT OF TOBACCO FARMERS IN MANİSA AND ADIYAMAN

4.1. INTRODUCTION

The rapid social assessment of tobacco farmers took place in Manisa between 17-20 August 2000 and in Adıyaman between September 13 and September 15, 2000. A team of three researchers who also worked in hazelnut study conducted the focus group sessions and in-depth interviews in Manisa and the author of the report conducted the fieldwork in Adıyaman.

Table A1 and Table A2 in the Appendix summarize the location, type of respondent interviewed and research technique employed in Manisa and Adıyaman fieldworks, respectively.

Manisa was selected as the site for the fieldwork primarily for her highest tobacco production in the country. In 1999, the total tobacco production in Turkey was 152.838 tons and Manisa alone produced 72 percent of the total production. Manisa is also a province where multiple-crop agriculture is possible. Adıyaman is the province with third highest (after Manisa and Denizli) tobacco production in the country. It produced 10.1 percent of the tobacco grown in Turkey. It also represents provinces where land distribution is considerably unequal, out-migration is high and only dry agriculture is possible. With these characteristics, Manisa and Adıyaman provide an opportunity to assess the effects of the new agricultural reform in two different settings.

Focus group sessions and in-depth interviews were conducted in line with the objectives spelled out in the Terms of Reference. Briefly, they are
1) to characterize tobacco production and marketing patterns, with an emphasis on identifying differences in these patterns between small (poor) and big (non-poor) farmers,
2) to understand current land tenure and land ownership structure since the proposed direct income support is tied to land ownership,
3) to determine farmer perceptions and expectations of the agricultural reform (influence on their production, marketing decisions, decision to grow alternate crop, etc.) and
4) to assess the potential impact of agricultural reform on rural to urban migration (demand for household labor supply and migrant labor supply).

The report will address each issue in turn for each province separately.

4.2. FIELD WORK IN MANİSA

a. Tobacco growing is labor-intensive form of agriculture. Usually whole family works in the production and harvesting of the crop. This is important in the sense that it creates employment for each member in the family.

TEKEL, a state enterprise, is responsible for controlling both the production and marketing of tobacco. To control production, a quota system is employed where a producer can produce minimum of 150 kg and maximum of 1000 kg tobacco each year. However, in reality the maximum amount allowed is exceeded through the use of quotas of the other family members, which pushes the maximum to 5000 kg.

Since the production is controlled by a quota system, the total amount produced depends on the number of quotas given away. Figure 1 in Appendix pictures the distribution of number of producers, tobacco grown lands in hectares and total production in tons between 1976 and 1995. Despite fluctuations between years, there is a gradual increase in the number of producers. However, a similar increasing trend for area and the total production is changed to decreasing trend particularly following the start of quota application in 1993.

Distribution of quotas is done justly in Manisa. The amount of quota is determined by averaging the production of three years (1991, 1992 and 1993). So, even the landless producers who rent someone's land to grow tobacco entitled to have quotas. However some producers with fairly large lands did not receive quota since they were growing some other crop in one of the three years, which were taken as a base for the calculation of quotas. New quotas are given only when a son marries or returns from military service, which is 150 kg.

On the average a producer get 90 kg tobacco from a dekar (Dekar which is 920 square meters is preferred to dönüm which is 1000 square meters in Manisa) which is determined by the weather conditions since the Turkish tobacco does not require watering and fertilizing. Small size of tobacco lands increases not only the number of producers but also the cost of the tobacco grown.

On the marketing side, TEKEL is the main buyer but not the only one. It is supposed to buy all the tobacco grown by the producers. Private sector also buys tobacco from producers although at much lesser quantities. In 1998, TEKEL bought 62 percent of the tobacco and the rest (38 %) was bought by the private sector There are 11 big private companies buying tobacco in the Aegean region. They usually buy the good quality tobacco for export purposes. The transactions between the producers and the private sector are also controlled by TEKEL.

To reinforce the quota system TEKEL buys on the basis of quota with 25 % tolerance. However, productions beyond this tolerance limits are punished by lowering the price by 25 percent. In reality this system works different in that producers buy quota from other producers to make up underproduction or sell their excess production to those who produce less than their quotas. In every case the state is the looser.

Although the private sector follow the support price announced by the government, payments to the producers are in general much quicker than that of TEKEL. Payments of TEKEL sometimes take as much as 18 months in this region. Late payments of TEKEL have important implications for the producers. They usually use credit, which is due on the harvest time. If they do not receive their money when they deliver their production to TEKEL, they pay interest rate until the time TEKEL actually pays them. The interest rate they have to pay is 50 percent, which is twice as much than the increase in the support price, which was 25 percent in the last year.

Tobacco bought by TEKEL is more than the domestic need and more than Turkey can export. More importantly its price is much higher than the world price. So the overproduction is stored which is a costly operation and in some cases is burned.

b. Manisa also suffers from the general problem of the Turkish agriculture, which is lack of titles for the owners. However, more producers than other provinces seemed to have deeds in Manisa. The reason for not having titles is their wish not to divide the lands anymore which have already been divided in small pieces. Lack of titles gets further complicated by the fact that some of the tobacco growers rent the land they cultivate. (The rental for a dekar was 30-35 million TL for the last year.)

Lack of registration seems to be the biggest bottleneck for the implementation of DIS system. There is also problem of converting state lands into tobacco areas, which is equally serious since even the ownership of the land is questionable.

Villagers and TEKEL administrators alike argued that the production records kept by TEKEL could be used to identify real producers. Although this helps to certain extent, it cannot be a final solution since some of the producers do not have lands and grow tobacco on rented lands only. They have records of production and quotas but not the amount of land. Still some landowners do not have production records and quotas since they did not grow tobacco during the period the quotas were issued.

c. Tobacco producers in Manisa have heard about the new agricultural reform. However, they knew little about DIS. When told about the new reform, they got very interested in the amount of the direct income support. They found 5 dollars per dekar very little and asked for 30 dollars per dekar. They were noticeably more alert and educated than the producers in the Central, Southeastern and Blacksea region and they seem quite flexible about alternative crops. They thought that through the new reform they would do away with late payments of TEKEL, lower support prices vis-à-vis the inflation rate and high interest rates on their credits. Since most producers (small or big) in this region have two crops, they indicated no objection at all to the idea of switching to other alternative crops. However they complaint about lack of various industries to process their production even though this region is highly industrialized compared to others. Marketing the alternative production is presented as the most important factor in deciding to grow alternative crop.

They mentioned the need that their cooperatives should be united under a bigger and stronger institution to handle marketing problems in the new system. They even talked about setting up tobacco stock market but indicated that the state should provide legal structure and know-how to proceed in this direction.

Very small producers with limited land asked for industrial employment opportunities in the region since growing tobacco is more costly for them due to additional expense of rental land.

TEKEL administrators, however, preferred staying in control of tobacco growing and marketing even after the implementation of the new agricultural reform. They are worried about the possibility that direct income support will not reach the actual producers.

d. Aegean region where Manisa is located is the region with highest in-migration and lowest out-migration in Turkey. Fertile lands where any crop can grow, possibility of two-crops and developed industrial infrastructure make the region attractive for the migrants to move in and residents to stay. Tobacco producers in Manisa did not exhibit any tendency to migrate even when the price of tobacco gets low after the implementation of the new agricultural reform. Only producers in the mountainous areas where water is scarce may have difficulty particularly in choosing alternative crops, which are limited such as thyme, olive and grape. It is mentioned that there are other alternative income generating activities such as animal husbandry and carpet making that they can take up if they give up tobacco growing due to low tobacco prices.

4.3.FIELD WORK IN ADIYAMAN

a. Problems of the tobacco producers in Adıyaman are different than that of Manisa with respect to the land structure and climate, which is mountainous and dry, availability of alternative crops, which is very limited due to the lack of water, land ownership which is quite unequal, and migratory movements which is high and in the form of village to the city of Adıyaman. Adıyaman is also one of the least economically developed provinces in the country (With 1250 dollars per capita income, Adıyaman ranks 63rd among 80 provinces.). The province lost most of her fertile agricultural base land due to the construction of Atatürk Dam. In fact, one district and 112 villages covered by the lake. Despite all the sacrifices Adıyaman went through for the construction of Atatürk Dam, it is the province that received almost nothing from it. All these factors combined produce a rather gloomy picture for Adıyaman.

The most striking factor in the production of tobacco is the composition of producers in terms of land ownership. 30 percent of the producers have lands whereas 70 percent work as sharecroppers. Sharecropping is wide spread and has economic and social implication for the life of people in general. Economically, sharecroppers get half of what they produce plus all their basic needs (such as 2000 kg wheat, tea, sugar) from their landlord. This is a different form of sharecropping unique to this region. With the additional substance help, sharecropper becomes dependent on the

landlord, which can be described as the continuation of feudal structure from the Ottoman period. This structure will create serious problems in the DIS implementation. The landlord is not entitled to DIS for any land larger than 200 dekar so he will divide some of the land among his sharecroppers and collect DIS himself. A landlord in Kahta, a district in Adıyaman, reported having 10000 people working for him. Switching from tobacco to wheat, which is the only alternative crop at the moment does solve the problem in excess tobacco production but has potential to create other social and economic problems.

Since tobacco growing is a labor intensive form of agriculture, practically every member works on the field. In this sense, sharecropping creates employment everyone in the family and keeps them tied to the land. Sociologically this is crucially important for Adıyaman that has never been involved in terrorist activities, which were spread in the region. In fact, Adıyaman is the only province that preserved her integrity in the midst of terrorist activities. Any attempt to cut the ties of these people from their land carries the potential danger of pushing them into terrorism. The other danger is to pave the way for their migration. Since they are landless and not eligible to receive the direct income support, the only option that they have is to migrate somewhere else for their livelihood. This means crowding cities all over Turkey. Due to lack of employment in cities there is a possibility that they involve illegal activities in order to continue their life. This should be monitored closely by the project.

As for the particular problems in production, the most serious one is the mishandling of quotas in the region. Quotas were given to people who had neither land nor were tobacco producers. Policemen, nurse, barber were given as examples of people who obtained quotas when they were issued. Now they make money by selling their quotas to those who have lands and grow tobacco or anyone who have excess production.

Figure 2 in the Appendix presents a graph for Southeast region, which is similar to that of Aegean region given in Figure 1. It is interesting to note that the number of tobacco producers, tobacco land and the total tobacco production remained more or less the same between 1980 and 1985. Starting 1985 a sharp increasing trend is observed for all three variables until the end of period (1991-1993), which served as the base period for the calculation of quotas. After 1993 production and land had a decreasing trend while the number of producers continued to increase. The base period is interesting in that production per producer were the highest ever (1023, 1221 and 1142 kg for 1991, 1992 and 1993 respectively) which came down to 453 kg in 1995. The increase observed in the number of producers and decrease in the production per producer can be explained by the increases in the support price announced by the state, which attracted more producers and lowered the amount per producers. Table A3 in the Appendix give the average purchase price for the unprocessed leaves. As it is clear, the price is more than doubled in 1991, 1994 and 1996 and percent increases between years vary from the lowest 24 percent to a highest of 136 percent.

As different from tobacco producers in Manisa, producers here did not complain about the late payments of TEKEL, which has been buying all tobacco grown in the east region since 1989 (Private sector buys only 3 percent of tobacco grown in this region due to its low quality). The only complain was TEKEL's assessment of their production as low quality, which reduces the price considerably. This complaint was checked with TEKEL authorities who indicated that 50 percent of the producers received 1.180.000 TL/kg and above. Of these only 8-9 percent got the highest price. (1.550.000 TL/kg). 35 percent of the producers received less than 1.000.000 TL per kg. Those who received the lowest price (484.000-800.000 TL/kg) were 15 percent.

They suggested that tobacco growing should be banned in the neighboring provinces where water is available such as Malatya and Diyarbakır. They added that if they can get water from Atatürk Dam they themselves switch to other crops easily. Cotton is named as one of the alternative crops that they can easily grow if water is made available to them otherwise they can switch to wheat, payments for which are done upon delivery.

Availability of water seemed to be the most important problem in deciding what to grow. In Adıyaman there are only 112 locations where irrigation is available and all of these irrigated lands belong to big producers. If water is available, producers of all size can grow cotton, hazelnut, potato, orange and apricot among the others. They know the importance of irrigation and provided the following example. In irrigated lands the yield of wheat is 25 to 1 whereas in dry areas it only gives 5 to 1.

b. Land ownership is problematic in a sense that only 25 percent of the producers are estimated to have tittles on their names. This is in line with what has been observed in other places visited. What is different here is unjust application done in the issuing of quotas. People without land and non-producers are granted quotas. When this question is raised in a meeting with TEKEL administrator, he responded by saying that these unjust quotas make up only 10 percent of all quotas granted. Since they have never investigated the problem, it is difficult to judge if there is only ten percent error in the distribution of quotas. In terms of DIS implementation, using TEKEL's records alone carry the danger of introducing certain injustices in DIS payments. These records must be verified and corrected before employing them in the DIS implementation. Provincial authorities of the Ministry of Agriculture and Forest also keep records of production to deliver supports on seed, fertilizer and pesticide, which can also be used to verify the records of TEKEL.

Adıyaman is one of the four provinces selected for the pilot study. Eight villages in the center and two villages in Kahta are in the pilot study. There was no land registration for all villages. Land registration of the eight villages in the center was completed in a short time. When probed how much time needed for registration, the answer was a month on the average. Given the problems with TEKEL's records, land registration should be done in order to prevent injustices in DIS payments.

c. Given the unequal land distribution in the region, differences in the perception of the new agricultural reform are observed between big producers and landless small producers. Big producers seemed concerned about keeping the present economic and social order intact in Adıyaman. They made clear that tobacco is the only crop that feeds many landless sharecroppers who work on their lands. If tobacco growing is reduced due to low prices, they cannot keep these people in their villages since no other alternative crop is as laborious as tobacco. Big producers expect that unemployed villagers start creating problems for themselves first. It was obvious that they did not want to loose their stock of cheap labor, which has been at their disposal for decades.

Small producers' perception is different. They think that given the conditions in Adıyaman, tobacco growing (in the form of sharecropping) is the only thing they can handle. If tobacco is not grown in this region or the amount is reduced, they will have nothing to do. They think that the state knows their living conditions and will do something not to take tobacco growing away from them. They indicated that without tobacco they die of hunger.

Small producers expect that they will receive DIS since they have been producing tobacco with quotas as sharecroppers but the amount (5 dollars per dönüm) should be much higher if the government really wants to help them. A study done by the officials of the Ministry of Agriculture and Forestry in Adıyaman, the support price, which is equal to what has been provided to the tobacco growers presently, should be 30 dollars per dönüm.

d. In Hacıali, a village 6 km away from Adıyaman, there was not a single producer without dept to either Ziraat Bank or Ziraat Chamber. Their debts were much higher (varied from 9.5 billion TL to .5 billion TL) for small producers and were getting higher every year due to interest rates. Out of 10 producers in the focus group, one (imam, religious leader of the village) had high school diploma and the rest had primary school education. The bigger producer (with 100 dönüms, 1 dönüm yields 150 kg tobacco) produced 15 tons and the smaller 1-1.5 tons. (Actually small producer should be defined as one who produces 1 ton and less.) Assuming the average price is 850.000 TL/kg to be on the safer side, the bigger producer gets 12.75 billion and half of this

amount goes to sharecroppers. So he gets 6.375 billion TL (9808 USD). The smaller one, assuming that he harvests his own field, gets 850 million TL (1308 USD). This translates into income of 109 USD a month for a family of five or six. By the same token, the bigger producer in this village makes 817 USD a month. Since the landlords pay all the costs until harvest and provide additional benefits to their sharecroppers, they actually make less than the figure above. The above comparison is based on gross figures (not net) and intents to show gross income difference between big and small producers.

Remembering the fact that most producers are without land and small, and they make on the average 71 million TL a month, one becomes curious about how they continue their life. This is where the landlords come in. They provide sharecroppers with the basic needs such as wheat, tea, sugar and margarine. Loosing sharecropping status also means loosing these benefits.

In addition to sharecropping, small producers work as seasonal workers in the neighboring provinces, which is very common in Adıyaman. The number of seasonal workers this year is estimated 10.000 by an official in the Chamber of Agriculture. In Kulafhöyük (village) members of 170 landless households are reported to go to Adana for picking cotton whereas members of 30 households with lands never go outside for temporary employment. This year, sharecroppers made 2.5 million TL a day (3.8 USD) as seasonal workers. (Some reported getting 1.5 million TL [2.3 USD] a day). In the last two years, they went to Malatya (for apricot), Adana (for cotton), Niğde (for grapes), Giresun (for hazelnut) and Diyarbakır (for cotton and tobacco).

All these information point out that the landless sharecroppers, who constitute 70 percent of all tobacco growers in Adıyaman, are vulnerable to any decrease in tobacco production. Since they do not have lands, it is not clear what they are going to do even if they receive direct income support. If the landowners switch to wheat for example, they may not need the extra labor, which makes keeping the sharecroppers a burden for them. This means sharecroppers loose the benefits that they receive from the landowners. In this situation they will be forced to migrate to other places particularly provinces that they know from their work as seasonal workers.

In fact, out migration of young people is not alien to Adıyaman. In Arslanoğlu village there used to be 50 households ten years ago. Today there are only 15 households. In Taspinar village, 40 household lived 10 years ago, which reached to 60 in 1995's but decreased to 35 today. Similar developments are observed in Payamlı which had 25-30 households ten years ago. The number reached to 40-45 and decreased back to 25-30 today. Considering the high population growth rate, which is above the national average, the fluctuations in the household numbers indicate high out migration from the villages. Most out migration occur from village to Adıyaman and the rest from village to other provinces particularly to Malatya, Adana and Mersin. If the direct income support part of the planned agricultural reform is not synchronized with farmer transition part and if the irrigation system is not accomplished soon, some of the landless producers (35000 in number which is 70 percent of 51000 tobacco producers) may consider migrating to other places.

4.4. OVERVIEW AND CONCLUSION

This section combines the findings obtained in the two regions in order to assess the degree of reception of the new agricultural reform by producers of different size. It highlights the possible problem areas and proposed solutions by the producers by placing them in a wider context.

a. *Tobacco production and marketing patterns, with an emphasis on identifying differences in these patterns between small (poor) and big (non-poor) farmers*

In Manisa, due to more equal land distribution, the number of landless producers is much less than the number of landless producers in Adıyaman. This means that tobacco is grown mostly by sharecroppers in Adıyaman, which translates into more landless producers who solely depend on

tobacco. Any change in the amount of tobacco grown will have a direct effect on this vulnerable group of producers.

There is no difference in the way that tobacco is grown in both regions. However Manisa grows more tobacco than Adıyaman despite the fact that productivity is much less in Manisa than Adıyaman (90 kg/dekar vs 150 kg/dönüm).

Producers in Manisa have two crops that they grow whereas Adıyaman has only single crop, which can be tobacco or wheat alternatively.

Tobacco grown in Manisa is bought by both TEKEL and the private sector. However, TEKEL seems to be the biggest buyer in Adıyaman where only small portion of tobacco is purchased by the private sector. Since the private sector buys tobacco to export, tobacco grown in Manisa has a higher chance of being exported whereas tobacco grown in Adıyaman is used domestically in the cigarette factories.

There are serious complains about the biggest buyer, TEKEL in Manisa whereas producers seem content with TEKEL with respect to payments. Late payments, and high interest rates are the particular complaints of the producers in Manisa. Producers in Adıyaman mentioned the problem of issuing quotas, which they believe were granted to some who did not deserve it.

b. *Current land tenure and land ownership structure*. There is a serious problem in both provinces concerning land ownership. At least one third of the producers do not have titles registered on their names. The problem is aggravated in Adıyaman by the fact some big producers converted state land into agricultural fields which is also valid for Manisa at a lesser degree. Finding DIS recipients will be difficult in both provinces since there was no land registration and the records of TEKEL carry certain errors. These records can be checked against the records of the Ministry of Agriculture and Forestry kept locally to regulate the supports in the present system and matched. Still, land registration seems the best solution to the problem.

c. *Farmers' perceptions and expectations of the agricultural reform*. Producers particularly the small ones in both provinces did not know much about the new agricultural reform and DIS. Small and medium producers welcomed the reform in Manisa with the expectation that they will receive 30 USD per dekar. In fact, they stated that if they are given this amount they do not want to see state's involvement in any part of the production process. The perceptions of the small producers in Adıyaman were quite different and negative. Even if they receive the DIS, they do not know what to do with such a small amount since most of them have no lands. The idea of detaching from the big landowners and fringe benefits that they provide was shocking for them. They like to believe that the state knows their living conditions and appreciates their non-involvement in terrorist activities. They also gave their most fertile lands to Atatürk Dam, which is serious sacrifice on their part. Now it is the turn of the state to do something about Adıyaman, which is to leave the tobacco growing as it is and to increase the amount of direct income support for all producers with quotas. They expressed their willingness to work in the cultivation of other crops if the irrigation projects are completed. They made it clear that if water is made available to the region, which in fact, increases the number of alternative crops, many tobacco producers easily shift to other crops. This automatically solves the problem of excess production of low quality tobacco in the region.

d.Potential impact of agricultural reform on rural to urban migration

Manisa is in a position to attract people from outside due to the fertile lands, opportunity of growing two crops in a year and developed industrial structure. Since the producers here are relatively more educated and responsive, lowered tobacco prices can only cause to expedite the process of shifting from tobacco to alternative crops.

Producers, small ones in particular, are likely to migrate if the big landowners switch to any less laborious crop, which does not require the labor of the sharecroppers. There is already considerable out migration from villages to the city of Adıyaman and other provinces. Although any change, which makes the labor of sharecroppers unneeded, is likely to increase tendency to migrate, introduction of other labor-intensive crops and/or completion of the irrigation system will reverse this trend considerably.

4.5. SUMMARY

Manisa seems to be a province where the new agricultural reform will work smoothly. Fertile lands and good climate which permits both growing two crops in a year and switching to other alternative crops, developed industrial structure and more importantly, relatively better educated producers will make the transition to a new support system easier. The only serious problem that stands in the way is the lack of land registration, which is instrumental for finding the right recipients of direct income support. Given all these, out migration from Manisa seems unlikely.

Adıyaman presents a case, which is rather problematic: natural endowments are poor, industrial development is neglected; land distribution is extremely skewed where 70 percent of the producers are landless and tobacco producers are less educated. Feudal relations reminiscent of the Ottoman period still prevail in the region. Labor intensive tobacco growing has served as a means for the continuation of these dependency relationships. Considerable out migration and high number of seasonal workers are the indicators of the degree of hardship experienced by the people in Adıyaman. If the present reform is implemented before the irrigation projects are completed which makes alternative labor-intensive crop growing possible (direct income support of 5 dollars per dönüm does not help much since most small producers -sharecroppers- do not have lands), it is strongly likely that most of landless sharecroppers will migrate to other provinces that they know from their experience as seasonal workers. The amount of the direct income support should be determined carefully for these people so that it will be convincing enough for them to stay. Otherwise, it is likely that they will collect the support money and still migrate to other places. Given the high number of potential migrants, their move to the city of Adıyaman and other provinces is likely to cause a lot of social and economic problems. There seems to be two alternatives: 1) pay them higher direct income support which may help to keep them in their places. This prevents potential problems that migrants cause in urban places or 2) pay them 5 dollars per dönüm which is not convincing enough to keep them in their villages and force them to migrate which will be the source of various problems. It sounds logical to pay little more and evade potential problems of migrants, solutions of which will be more costly than the higher DIS payments amount.

The issue of the support money making them stronger in their relations with the big landowners and changing the traditional feudal-like structure in the region is an interesting point but hard to foresee from now.

Appendix

Table A1 Manisa: Location, type of respondent interviewed and research technique employed.

LOCATION	RESPONDENT	REARCH TECHNIQUE
MANİSA Gölmarmara(town)	8 small (about 1 ton), 1 medium (about 3 tons), 1 tobacco expert, president of a cooperative	Focus group
MANİSA Akhisar (town)	President of a cooperative, Mng. of a cooperative, an ex-producer and a producer	Focus group
MANİSA Saruhanlı (town)	Mng. of a cooperative, medium (4 tons) producer	In-depth interview
MANİSA Center	Asst. Mng. of TEKEL	In-dept interview

Table A2 Adıyaman: Location, type of respondent interviewed and research technique employed.

LOCATION	RESPONDENT	REARCH TECHNIQUE
ADIYAMAN Center	Gen. Mng. of TEKEL	In-depth interview
ADIYAMAN Center	Big producer and Asst. President of Chamber of Agriculture	In-depth interview
ADIYAMAN Center	Ministry of Agriculture authorities in Adıyaman	In-depth interview
ADIYAMAN Hacıali(village)	10 producers	Focus group
ADIYAMAN Center	Authorities of Chamber of agriculture, two big producers	Focus group
ADIYAMAN Center	An official in charge of Supports, two big producers	In-depth interview

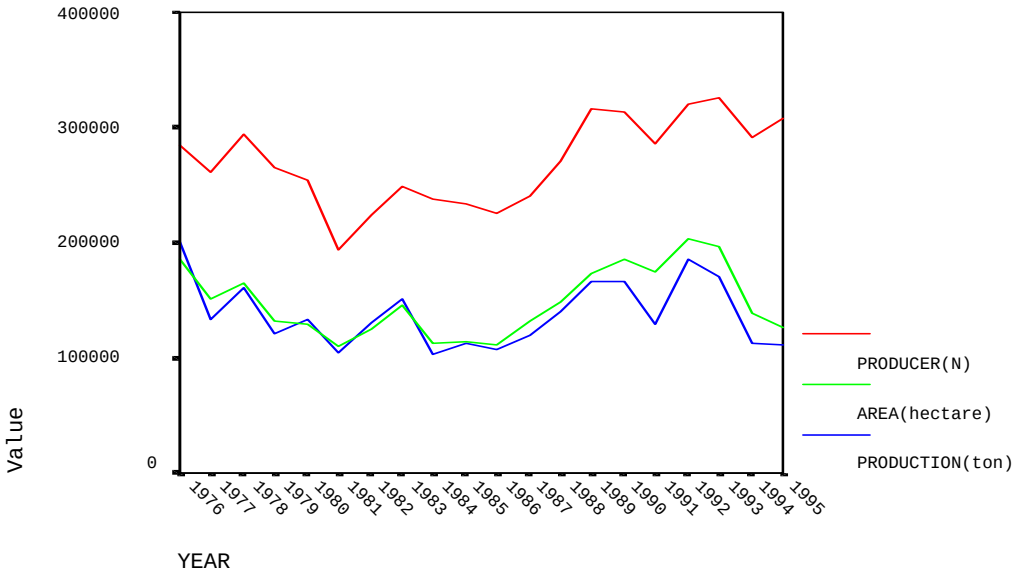

Figure 1. Eagean Region: Number of producer, Area Sown and Total Tobacco Production, 1976-1995

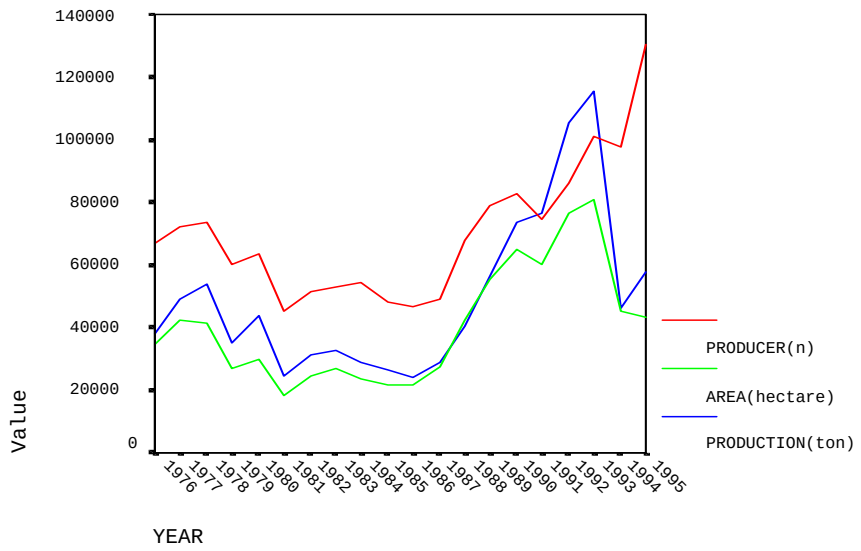

Figure 2. Southeast Region: Number of producer, Area Sown and Total Tobacco Production, 1976-1995

Table A3. Average Price for Unprocessed Tobacco Leaves

Years	Average Price (TL/kg)	Change %
1989	8079	
1990	11071	37
1991	26192	136
1992	33221	27
1993	52755	59
1994	115303	119
1995	210930	83
1996	440752	108
1997	729197	65
1998	1129234	55
1999	1400000	24

5. FURTHER ASSESSMENT OF LANDLESS SHARECROPPERS (CANANS) IN ADIYAMAN

The purpose of visit to Adıyaman between 20-23 November 2000 was to investigate the following two issues:

A. Why did not some sharecroppers register for the DIS in the villages where the pilot study is underway?

B. How is targeting of support payments to sharecroppers improved?

Canan is the word, which refers, in general, to landless sharecroppers in Adiyaman. However, some small landowners could be called canan if they also work for someone else.

In order to find the answers of these questions, authorities of MARA and TZOB, and producers in two villages (Büklüm and Paşamezrası) were interviewed. Three focus group sessions and two in-depth interviews were conducted. Two of the focus groups were held in two villages one of which (Büklüm) had non-registered sharecroppers. In the second village (Paşamezrası), the ways to improve registering sharecroppers were discussed. In the third focus group session, both problems were discussed with MARA and TZOB authorities. In-depth interviews were conducted with MARA and TZOB authorities separately in their own places.

A. To answer the first question, there seem two reasons:

1. The main reason for not registering the landless sharecroppers (canans) was the difficulty in defining them as such and obtaining documents to prove that
   a) they are producers,
   b) they do not own lands but they sharecrop and
   c) they live in village.

   Luckily, the villages included in the pilot study happened to have less number of canans compared to other villages where the number is much higher.
2. The second reason for not registering the canans was unclear written instructions to MARA authorities, which misled them to register only producers with land titles.

MARA authorities were helpless to certain degree since canans had only TEKEL's quotas showing that they are producers, which were not acceptable by MARA people due to serious injustices done in issuing quotas years ago. Canans did not have rental contracts for the land they worked on which could have been instrumental to prove their sharecropper status. Village headmen could have been resorted but some are notorious to give wrong information due to pressures exercised on them by their constituencies. Census records could have been used to judge if they lived in the villages they claimed to have lived in but this leaves out the question of their being sharecroppers. In fact, there was no document at all even to show that they were landless and they worked as sharecroppers. So in the absence of documents to indicate canans' status as being producers and being sharecroppers, MARA authorities registered only producers with titles or equivalent documents.

Also in the written instructions sent to MARA authorities, there are certain phrases, which have the connotations that only producers with lands are eligible for the DIS payment.

Prior to understanding that this problem stemmed from lack of documents to identify canans and unclear instructions given to MARA people, the possibility that the big landowners demanded not registering canans is probed for the reason that registering them for the same land would reduce the DIS payment of the big landowners. It was observed that this was not the case. If the MARA people instructed producers as everyone could apply for the payments, all landless sharecroppers could have been applied for it.

The possibility that there might be rejection of the project for some ethnic or region specific problem unknown to us was investigated. Again this was not the case. If they were given chance to apply today, all would apply.

B. The prerequisite for targeting landless sharecroppers is to know who they are. In the absence of rental contracts and cadastral work, it is almost impossible to identify landless sharecroppers properly. A new project (Project for Allocation of Pastures) started by the Provincial Agriculture Directorate (PAD) seems to have potential to solve this problem. This project collects information in each village about status of villagers on the household basis concerning production and land ownership. Information is collected by the officers working in the Provincial Agriculture Directorate (PAD) with the help of village headmen. Presence of the Directorate people ensures reliability of collected information. The form developed to collect information (Form 7-b) produce just the information needed to identify landless sharecroppers living in each village. The form includes the name of the family, the name of the producer, crop type as fodder, vegetable or cereal grains and size of cultivated land (owned) for each type of crop, and source of livelihood as agriculture or animal husbandry. Two of the entries, size of cultivated land and main source of livelihood, are enough to identify each household head as landowner producer or landless sharecropper.

Information is already collected for 2 districts (Samsat and Çelikhan). Upon our explanation of the importance of this list for DIS payments, the authorities in PAD agreed to expedite the project and complete the remaining 6 districts (Besni, Gölbaşı, Gerger, Kahta, Sincik and Center) by the end of this year

Information gathered for a different project also increases the reliability of the information since there is no money attached to Pasture Project.

During the focus group sessions, the issue of rental contracts was also probed. Almost all landowners were unwilling to sign a rental contract with landless sharecroppers. One said he could only do this for sharecroppers living in his own village. They did not explain why they are unwilling to do this. They just responded by saying that it is not a tradition in Adiyaman to sign a contract with canans. It was clear that it is not yet socially acceptable to big landowners to sign a contract with landless sharecroppers as equals. However, when the problem of double dipping was explained to the landowners, one suggested that 10 percent of DIS payments be deducted from each landowner and be given to landless sharecroppers. Such an application will lessen the burden of double dipping on the part of the state. This proposal was also well received in the two villages visited. Only one small producer objected to the proposal by saying that the small land he has is hardly enough for himself. It is unjust to deduct 10 percent from small producers. He suggested that tobacco-growing landowners with less than 50 donums be exempted from the deduction. He had a point there but setting such a limit for each crop in different parts of the country is quite difficult since the meaning of small producer varies from crop to crop and region to region. After explaining the difficulties involved in his proposal, he seemed convinced to some degree.

The idea of deducting certain percent from each landowner's DIS payment seemed very appealing to us although it does not solve the problem of double dipping. Still, it is our belief that the issue deserves further consideration. Willingness of the landowners was the factor that convinced us for the applicability of the idea. This attitude goes to show that landowners have a genuine concern for the landless sharecroppers in Adiyaman and they are keen in keeping the status quo even if this would cost them some money. Preserving social harmony in Adıyaman by this way is quite important for the whole country since there might be serious consequences of not taking care of the landless sharecroppers.

It was also observed that PAD people were working hard for the success of the project and they have gained considerable experience during the application of the pilot study. These people can be used in neighboring regions in the implementation of DIS application. Their motivation can be

increased further by 1) providing them with some equipment such as computers which they need badly and 2) paying them some small money to show that their hard work is recognized by higher authorities. In fact, the same goes for TZOB people who started updating their records, which require checking each land title of the producers in collaboration with Land Registration Office. Some equipment help such as a computer and a printer will certainly increase their motivation to do better.