

Turkey: depressed prices sparking farmers protests

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12 March 2007

Turkish hazelnut estimates for 2006-2007 show a significant excess supply, putting huge downward pressure on prices of the key agricultural and export commodity and threatening the livelihoods of hundreds of thousands of farmers. This will be the second blow to Turkish farmers after excess supply last year led to hazelnut prices plummeting to around 2.5 YTL per kilo from the previous year's level of 7 YTL.

In 2006, Turkey's total hazelnut production was 650,000 tonnes, and this year it is expected to reach 750,000 tonnes. While exports amount to 400,000-450,000, domestic consumption stands at 60,000 tonnes, thanks to extensive national promotion. Nevertheless, excess production in 2007 is expected to top 200,000 tonnes.

As part of an ongoing IMF-backed austerity programme launched in 2003, the Turkish government has phased out subsidies to agricultural unions and cooperatives—including Fiskobirlik (the Agricultural Sales Cooperative for Hazelnut), the production union of 70 hazelnut cooperatives covering more than 230,000 growers. These organisations face increasing financial difficulties and are unable to cope with the huge price fluctuations of the world markets. The government, as well as the World Bank and the IMF, cynically calls this deliberate policy of liquidation “giving financial independence and administrative autonomy to agricultural unions and cooperatives”!

In accordance with the Agricultural Reform Implementation Project, supported by the World Bank in conjunction with the IMF-backed austerity programme and European Union (EU) reforms, the government has also phased out the system of price support and input subsidies and replaced it with a system of direct income payment.

The progressive and rapid liberalisation of the

agriculture sector has meant that Turkish producers have been subjected to the caprices of the volatile world market. The system works like a kind of suction pump, taking from producers and pumping into the pockets of exporters—i.e., major holders of capital.

Turkey is the biggest producer and exporter of hazelnuts in the world, with 70 percent of the output. Exports of the nut constitute one fourth of all agricultural exports for the country. The vast majority of production is exported to EU countries—primarily Germany, Italy, France and Belgium. Hazelnut production is concentrated along the Black Sea coast, and the number of growers is estimated to be as many as 400,000. The total number of people employed in hazelnut production is 2 million, while indirect employment in nut-related economic activities is around 8 million.

Following the dramatic collapse of hazelnut prices last year, Turkish farmers held a 100,000-strong demonstration in the northeastern Black Sea city of Ordu on July 30, 2006, to protest against the policies of the ruling Justice and Development Party (AKP) and its prime minister, Recep Tayyip Erdogan. Demonstrators from nearly 40 provinces gathered in Ordu and blocked the Ordu-Samsun highway for almost nine hours. Street clashes followed the protest.

Under the pressure of angry and massive protests, the AKP government was forced to take some measures to calm the situation. Although Erdogan initially declared that “the farmers should go and knock on Fiskobirlik's door,” on August 8, 2006—just eight days after the major demonstration—his government decided to entrust the purchasing of stocks to the Soil Products Office (TMO). This decision was in breach of the IMF programme and the WB project; however, both turned a blind eye to this violation as the situation was

extremely explosive. The government borrowed some US\$400 million from foreign banks to finance this purchase. Nevertheless, this was a stopgap solution that will offer no protection for farmers in the future.

Another year of depressed world prices for hazelnuts could trigger even bigger unrest among hard-hit Turkish producers. Last year's protests and street clashes make a bigger explosion all the more likely this year, as once obedient and conservative farmers have come to realise their power through last year's protests.

A second wave of hazelnut producers' protests could easily spark a broad mobilisation of farmers, with far-reaching and potentially much more serious consequences for Turkish capitalism and the political system as a whole.

If a new wave of protest and social unrest forces the government to breach the conditions of the IMF economic programme and the WB project, these organisations could end their tolerance for Turkey. In addition, the Turkish government is in a hurry to meet the 2007 EU deadline envisaging massive structural changes (also in line with the IMF programme and the WB project) in order to receive structural funds from the EU.

According to a World Bank report by March 2004, "Currently the government's move to reduce support purchases has the aim of reducing the comparative profitability of hazelnut, inducing farmers to switch to other crops, thereby reducing the oversupply in the market, and forcing inelastic world market demand to be the source of increased hazelnut sales revenue to farmers, rather than that of government subsidies through support purchases" (*Turkey: A Review of the Impact of the Reform of Agricultural Sector Subsidisation*).

This attempt at social engineering hasn't worked as planned, and producers are still very reluctant to shift away from hazelnut production. Under the WB project, the government is striving to reduce hazelnut cultivation by 100,000 hectares; however, so far, fewer than 1,000 hectares have been shifted to other crops.

This is not because farmers are unaware of the link between production levels and market prices. On the contrary, they are very conscious of this. However, due to the rapid and wholesale liberalisation of Turkish agriculture, farmers see little hope of making a living by switching to other crops.

In Turkey, roughly 30 percent of total workforce are employed in the agricultural sector. Most of the sector is based on small farms. According to estimates, the total number of agricultural enterprises or units is more than 3 million, many of which are characterised by high hidden unemployment, low labour productivity and low competitiveness.

For the vast majority of people working for these agricultural enterprises or units, it is a question of subsistence farming—i.e., a vital economic lifeline. In many poor parts of the country, those agricultural enterprises or units provide income security as well as the basis for the very modest living standards of millions of people.

These family enterprises are technically backward. Efficiency is poor, and they have serious problems in regard to the production supply-chain and logistics, which play a decisive role in the age of globalisation. As a result of backwardness, annual growth rates vary considerably due to meteorological and other external factors.

There is no doubt that Turkish agriculture badly needs modernisation. But the experience so far shows that "modernisation" on a capitalist basis—i.e., tailored to the needs of transnational corporations—only results in social devastation and poverty.



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