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TEAWAY
Promoting Tea as the Engine of Growth for the Black Sea Basin Area

Black Sea CROSS BORDER COOPERATION

Country Analysis of the Available Governmental Programmes - Turkey

TCCI

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INTRODUCTION – Tea Sector in Black Sea Basin Area

Tea production was concentrated in Asia until the end of the nineteenth century, but increasing global demand for tea enabled other countries to grow their own tea. Tea is produced in 45 countries worldwide. Today, one of the main cultivated places is around the Black Sea basin. The tea reached this region by various means. It took much more time for tea to be grown in the Black Sea basin. Mongols and merchants introduced tea on the Silk Road to Russians, Turks, Persians, Kyrgyz, Turkmen and Uzbeks. In the Black Sea basin, tea is produced in Turkey, Bulgaria, Georgia, Armenia and Greece.

1.Turkey

Tea, which has been known in Turkey for 400 years and has been produced especially for the last 70 years, is the drink that is loved and consumed in Turkey. So much so that 96% of the population drinks tea every day. Approximately 245 million cups of tea are consumed per day in Turkey.

Seed cultivation of the tea plant in Turkey and the differences arising from the region's very special climate, topography and soil conditions have led to the emergence of a tea unique to the Eastern Black Sea. Perhaps the most important of the quality features that the region adds to tea is that the climate of the Eastern Black Sea region does not give opportunities for the development of natural tea pests. Due to the eastern Black Sea winters, which are much colder and snowier compared to other tea-grown regions in the tropical zone, there is no need for a chemical fight against diseases and pests, so there is no pesticide residue in Turkish tea. The absence of any other country that snows on the tea plant in the world makes Turkish tea unique.

Turkey's tea exports are 3,565 tons according to 2018 data. When Turkey's tea exports are examined as value, they amounted to 5.185 thousand dollars in 2017 and 13.089 thousand dollars in 2018 and approximately 65% of its exports were to Georgia, Belgium, Germany and the Turkish Republic of Northern Cyprus.

TURKEY'S TEA EXPORTS COUNTRIES (TONS)(GTIP: 0902 TEA, FLAVORED OR NOT)					
EXPORTING	Exports For 2014	Exports For 2015	Exports For 2016	Exports For 2017	Exports For 2018
World	4,631	5,490	6,117	5,185	3,565
Georgia	62	71	437	651	1097
Belgium	2093	2395	2144	2012	694
Germany	220	389	823	983	287
Turkish Republic Of Northern Cyprus				328	266
United States of America	201	136	205	142	213
France	121	53	183	64	208
Netherlands	67	79	81	50	204

Saudi Arabia	46	63	89	124	88
United Kingdom	21	24	42	21	39
Russian Federation	21	17	14	86	16
Free Zones	203	262	200	29	14
Canada	8	8	4	20	12
Azerbaijan	30	21	36	26	9
Greece	1	3	3	3	1
Bulgaria	1	1	2	3	5
Other Countries	1,536	1,968	1,854	643	412

Table: 26 Countries Where Turkey Exports Tea

TURKEY'S EXPORT REVENUES FROM TEA (THOUSAND DOLLARS)(GTIP: 0902 TEA, FLAVORED OR NOT)					
EXPORTING	Exports For 2014	Exports For 2015	Exports For 2016	Exports For 2017	Exports For 2018
World	20,414	23,614	28,585	24,966	13,089
Belgium	8,660	9,617	10,560	9,071	3,169
Germany	1,041	1,927	5,196	6,525	1,600
Cyprus	0	0	0	1,465	1,299
United States of America	667	758	1104	772	1,122
Netherlands	313	365	413	252	933
France	530	240	894	320	882
Saudi Arabia	318	429	603	1,029	600
Georgia	316	331	387	370	426
United Kingdom	153	120	238	115	249
Qatar	9	10	63	117	170
Free Zones	1,231	1,536	1,241	270	108
Austria	1	5	296	21	100
Azerbaijan	347	291	291	222	86
Russian Federation	98	96	67	404	78
Canada	42	46	24	119	68
Bulgaria	14	19	22	40	39

Greece	11	18	28	20	10
Other Countries	6,663	7,806	7,158	3,834	2,15

Table: 27 Turkey's Export Revenues From Tea

Turkey is a rich country in genetic diversity due to its geographical structure and the gene center of many plants. Turkey is among the most important countries in the world in the trade of Medicinal, aromatic plants and herbal tea. There are 347 species collected from nature in Turkey, of which 30% are traded in foreign trade. (Faydalıoğlu and colleague 2011). Turkey's exports of Medicinal, Aromatic Plants and herbal tea were 18.605 thousand dollars in 2016 and reached 23.754 thousand dollars with an increase of 27% in 2018. According to 2018 data, the most export countries are Iraq with 6.316 thousand dollars, Islamic Republic of Iran with 3.649 thousand dollars and Syrian Arab Republic with 2.841 thousand dollars respectively.

TURKEY'S EXPORT OF MEDICINAL, AROMATIC PLANTS AND HERBAL TEA (THOUSAND DOLLARS)(GTIP: 2101)			
Importing countries	**Exports For 2016**	**Exports For 2017**	**Exports For 2018**
World	18,605	22,557	23,754
Iraq	4,966	6,049	6,316
Islamic Republic Of Iran	6,966	5,882	3,649
Syrian Arab Republic	374	262	2,841
Germany	583	767	866
United Arab Republic	772	1,044	853
Bulgaria	581	652	763
Belarus	0	925	627
Saudi Arabia	240	929	600
Georgia	445	624	511
Other Countries	3,678	5,423	6,728

Table: 28 Turkey's Exports of Medicinal, Aromatic Plants And Herbal Tea

Imports of Medicinal, Aromatic and herbal tea in Turkey are 120.811 thousand dollars in 2016, 140.726 thousand dollars in 2017 and 122.935 thousand dollars in 2018.

TURKEY'S IMPORTS OF MEDICINAL, AROMATIC PLANTS AND HERBAL TEA (THOUSAND DOLLARS)(GTIP: 2101)			
Exporting Countries	**Imports For 2016**	**Imports For 2017**	**Imports For 2018**
World	120,811	140,726	122,935
India	40,873	47,380	38,792
Switzerland	19,436	24,455	22,427
Ireland	18,091	15,596	16,974
Thailand	10	5	7,102

Germany	6,278	6,932	6,121
Malaysia	4,620	4,991	5,588
Poland	1,031	3,242	4,030
United States of America	1,849	3,594	3,593
Brazil	8,496	9,131	3,477
Spain	3,807	3,436	3,384
Vietnam	1,370	9,091	1,836
United Kingdom	1,529	3,063	1,344
Other Countries	13,421	9,810	8,267

Table: 29 Turkey's Imports of Medicinal, Aromatic Plants And Herbal Tea

2. Governmental Programmes and Incentives

Supported tea, fuel and fertilizer support payments are made within the scope of the Turkish agricultural basins production and support model.

SUPPORTS FOR 2018			
Products	Fuel (TL / Decares)	Fertilizer (TL/Decares)	Total (TL/Decares)
Fresh Tea	10	4	14
Fallow	6	-	6

Table: 42 Supports For Tea

The difference payment support to fresh tea producers, Turkey Agriculture basins production and support model determined in the basins, 2/4/2012 dated and 2012/3067 enacted by the Council of Ministers decision on the determination of tea agricultural areas and these areas of tea agricultural producers who are allowed to produce and determined by the decision on the granting of licenses in the tea fields.

WATERSHED-BASED DIFFERENCE PAYMENT SUPPORTS FOR 2018	
Products	**Unit Price (Penny)**
Fresh Tea	**13**

Table: 43 Supports For Tea (Watershed-Based Difference Payment Supports)

Low interest investment and business credit support is provided to cooperatives(cooperatives) who produce fresh tea leaf.

LOW INTEREST INVESTMENT AND BUSINESS LOAN APPLICATIONS FOR 2018

PRODUCTION ISSUES OF AGRICULTURAL COOPERATIVES	DISCOUNT RATE (%)		Credit Upper Limit (TL)
	Investment Period	Operating Period / Credits	
Fresh Tea Leaf Production	-	50	5.000.000

Table: 44 Tea Supports (Low Interest Investment And Business Loan Applications)

Council of Ministers Decision No. 2011/2526 on compensation for the loss of income suffered by producers due to pruning tea leaves for the purpose of supplying quality tea leaves was published in the Official Gazette No. 28156 dated 28.12.2011 and entered into force. The effective date of the decree is 01.01.2012 and is valid for 10 (ten) years.

PRUNING COMPENSATION (2010-2018)				
YEARS	TOTAL AREA (Thousand Decars)	AREA TO BE PRUNED(thousand Decars)	PRUNED AREA (Thousand Decars)	COMPENSATION AMOUNT (Thousand TL))
2008	758	108	102	52.851
2009	758	108	102	56.540
2010	758	108	100	61.680
2011	758	108	99	68.001
2012	759	76	72	79.292
2013	759	76	72	82.595
2014	759	76	72	104.706
2015	762	76	71	118.638
2016	829	83	77	144.533
2017	834	83	77	163.543
2018	781	78	71	166.349

Table: 45 Pruning Compensation

Deductible direct payments under programs that limit or reduce production under internal supports. Supports such as pruning compensation in tea are included in this category.

The investment incentive certificate is a document issued by the state to support investments in order to eliminate interregional imbalances, create employment and provide international competitiveness by using high value added, advanced and appropriate technologies by directing savings to investment. Investors who will invest in tea processing in the tea sector can benefit from state aid by obtaining investment incentive certificate. As the holder of the

investment incentive certificate, the ability to compete in both national and international markets will be increased.

In the scope of investment incentive, the following supports are used:

SUPPORT ELEMENTS PROVIDED IN REGIONAL INCENTIVE APPLICATIONS								
Supporting Elements			REGIONS					
			1	2	3	4	5	6
VAT exception			✓	✓	✓	✓	✓	✓
Customs Duty Exemption			✓	✓	✓	✓	✓	✓
Tax Relief	Contribution To Investment Ratio * (%)	OSB and EB out of	-	-	-	-	-	50
		OSB and EB inside	-	-	-	-	-	55
Insurance Premium Employer Share Support	OSB and EB Out of		-	-	-	-	-	10
	OSB and EB İnside		-	-	-	-	-	12
Investment Place Allocation			-	-	-	-	-	✓
Interest Support	Internal Loan		-	-	-	-	-	7
	Foreign Exchange / Foreign Currency Indexed Loan		-	-	-	-	-	2
Insurance Premium Worker Share Support			-	-	-	-	-	10
Income Tax Withholding Support			-	-	-	-	-	10

Table: 46 Supports Provided In Regional Incentive Applications

IPARD is the Rural Development component of the instrument for pre-accession assistance, created by the European Union (EU) to support candidate and potential candidate countries. It aims to support adaptation preparations and policy development for the implementation and management of the Common Agricultural Policy, Rural Development Policy and related policies of the European Union. For this purpose, grant support is provided by the agricultural

and Rural Development Support Agency to real persons, farmers or their household members who are active in agricultural area who invest in the diversification of tea production, processing and packaging of tea products. 55% -65% of the total investment amount of the factory to be established within the scope of construction, machinery and equipment and consultancy is given to the investor as grant support. In addition the VAT to be paid for construction and machinery equipment has been exempted under the investment. Agricultural and Rural Development Support Agency supports investments in 42 provinces in Turkey. Support in Trabzon, Giresun and Ordu provinces in the eastern Black Sea region is implemented as 55%. The total eligible expenditure is EUR 500,000, of which EUR 275,000 is given as a grant.

Support of Rural Development Investments Programme; improving the income level in rural areas, agricultural production and Agro-Based Industry to ensure the integration of support for small and medium enterprises, agricultural marketing infrastructure development, food security, strengthening rural alternative sources of income in the creation of rural economic infrastructure, strengthening the dissemination of new technologies for use by manufacturers of agricultural activities, increasing the efficiency of rural development work ongoing, 50% grant support is provided under investments involving new technology to contribute to the building of local development capacity in the rural community.