

Potential Influence of COVID-19 on Produce Farmers' Access to Markets and Welfare: The Case of Apple Farmers in Turkey

Haluk Gedikoglu

Associate Professor

Department of Economics

Konya Food and Agriculture University

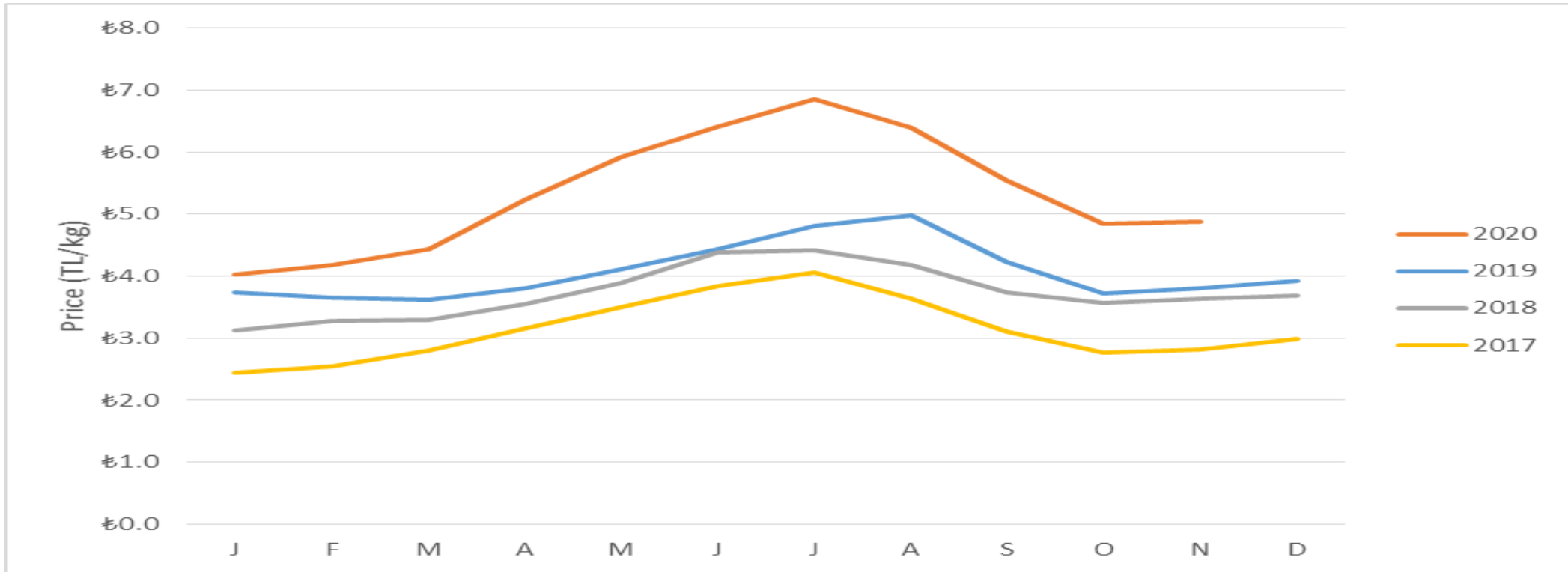
19th May 2021



Introduction

- Turkey is a major apple producing country with 4.3 million tons of production in 2020, which makes Turkey the 4th largest apple producer country in the World (USDA, 2020).
- Historically, around 5 percentage of the apple produced in Turkey has been exported. Hence, majority of the apple produced in Turkey is domestically consumed.
- Although there is major domestic apple supply in Turkey, consumers frequently complain from high prices.
- On the other hand, apple growers complain from low producer prices and some of them remove their apples to grow cash crops.

Influence of COVID-19 on Consumer Prices of Apple



Source: State Statistical Agency of Turkey

Introduction

- Based on the author estimates, consumer prices can be on average 5 times higher than the producer prices.
- Hence, significant amount of the income generated by apple production is received by the intermediaries and not by the apple growers.
- This situation signifies the importance of farmers' access to markets and increase farmers' share of the price paid by the consumers.
- Apple growers rely heavily on skilled hired labor for harvest and access to markets.
- The objective of this study is to analyze the potential influence of COVID-19 on produce farmers' access to markets and economic wellbeing.

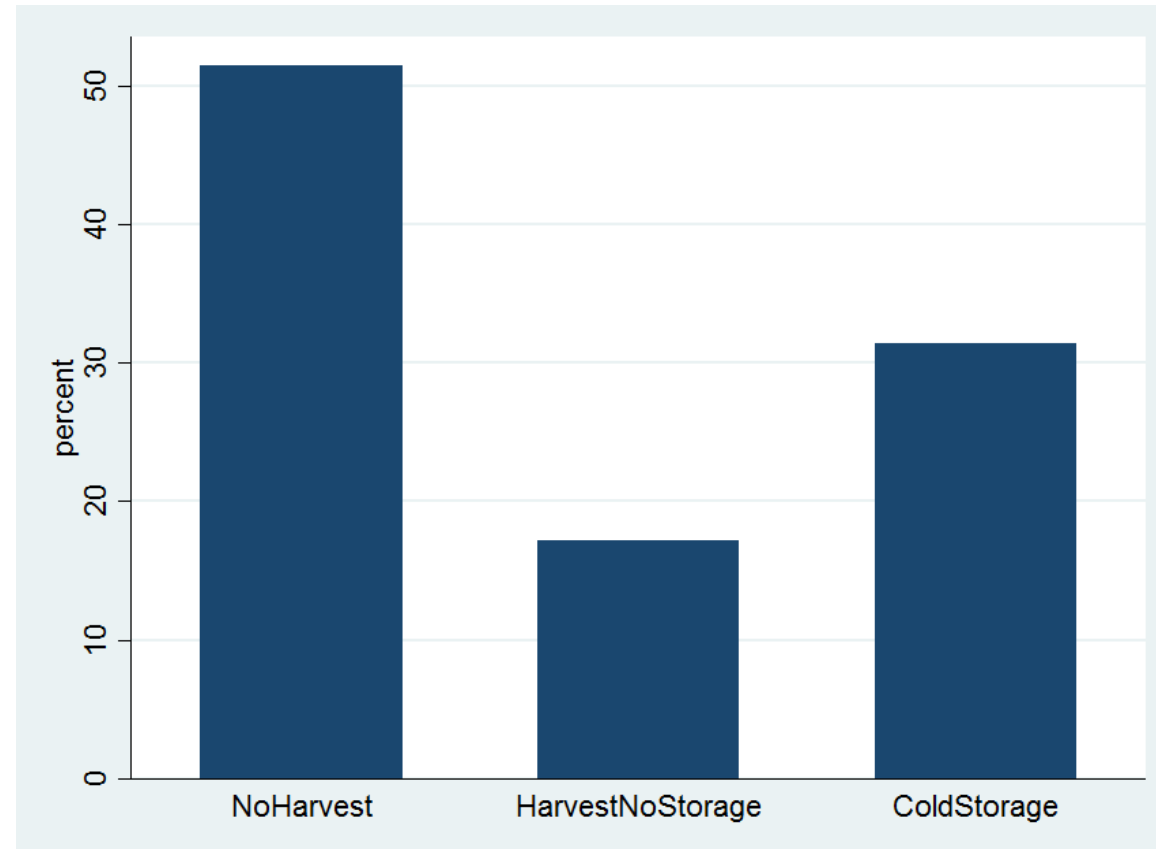
Data

- Data for the current study consists of two surveys conducted in Karaman region of Turkey.
- Karaman is the second largest apple growing region in Turkey, with approximately 600 thousand tons of apple produced in 2020.
- A face-to-face survey was conducted with 39 apple growers in 2017.
- The second survey was conducted through telephone with 250 growers in 2021.

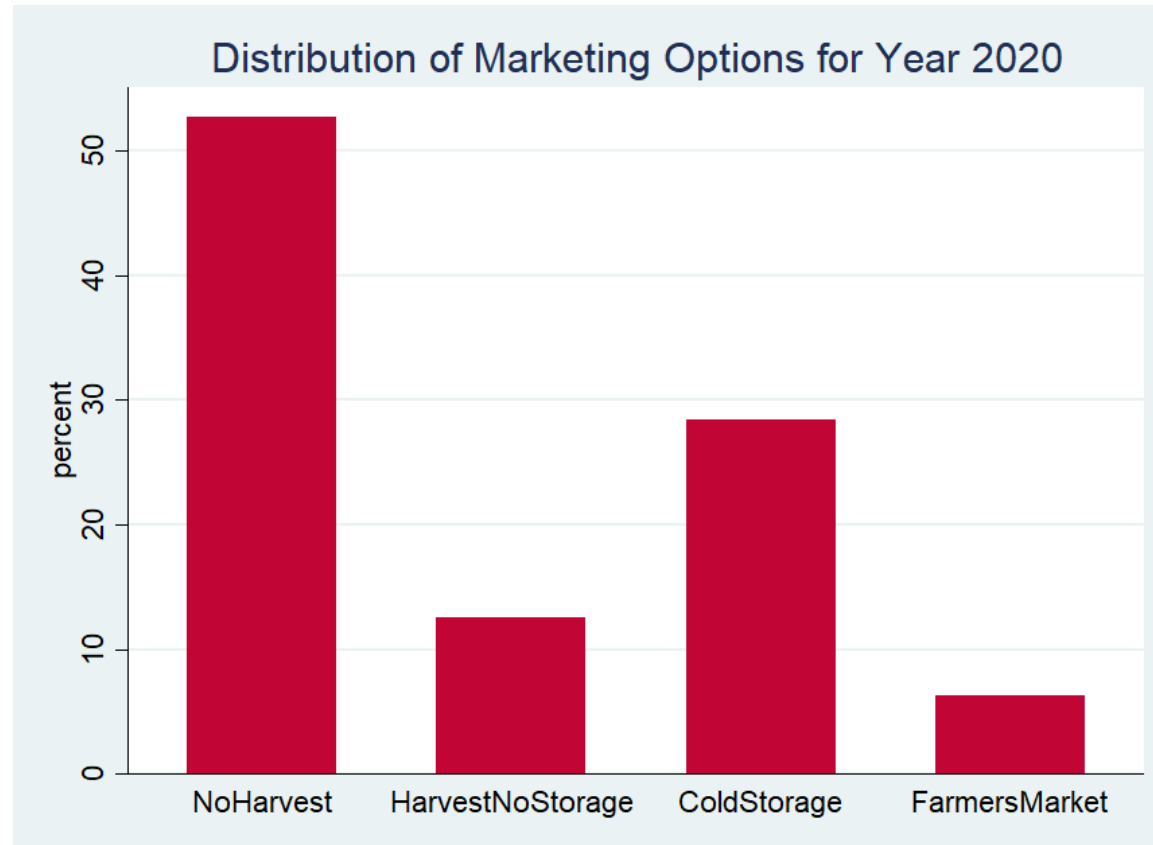
Marketing Options

- **Selling all the apple in the orchard to an intermediary without harvesting it.**
 - This option gives the right to harvest and market the apple to the intermediary.
 - Hence, in this option the farmer does not have to deal with harvesting of the apple, which is labor intensive.
- **Harvesting the apple and selling it at the farm gate to an intermediary.**
 - This option does not involve storing apple in a cold storage unit.
- **Harvesting apple and storing it at a cold storage, then selling it over time.**
 - The farmer can sell the apple throughout the year, when there is higher price.
- **Harvesting apple and selling it at the farmers market.**
 - This eliminates the intermediary and the farmer can receive the price paid by the consumers.

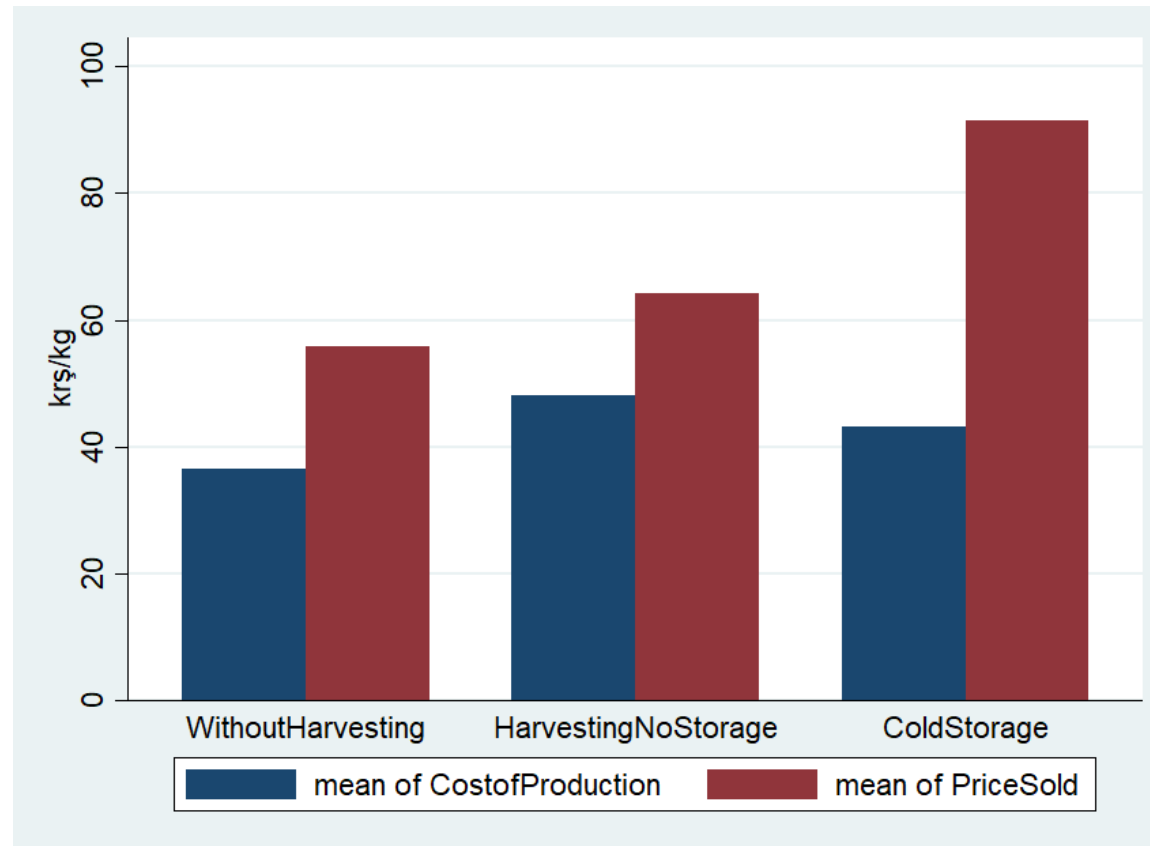
Distribution of Marketing Options for 2016



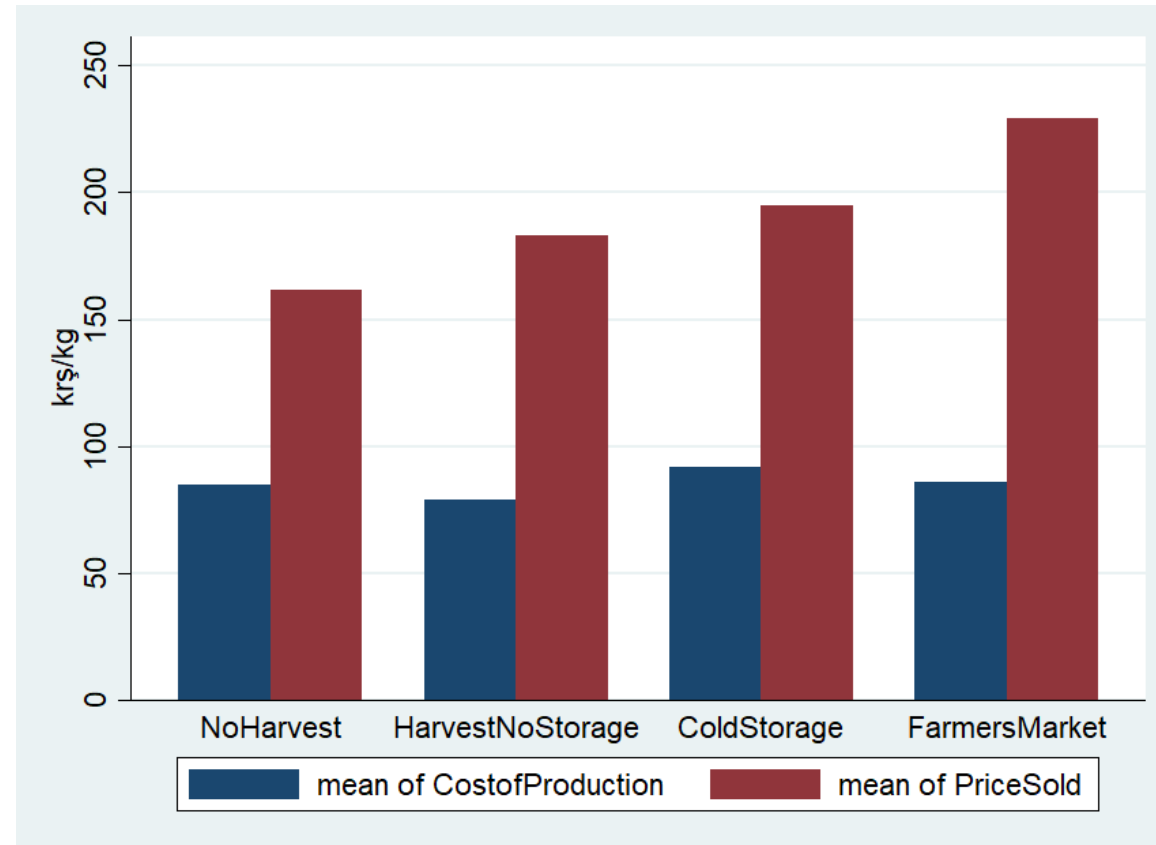
Distribution of Marketing Options for 2020



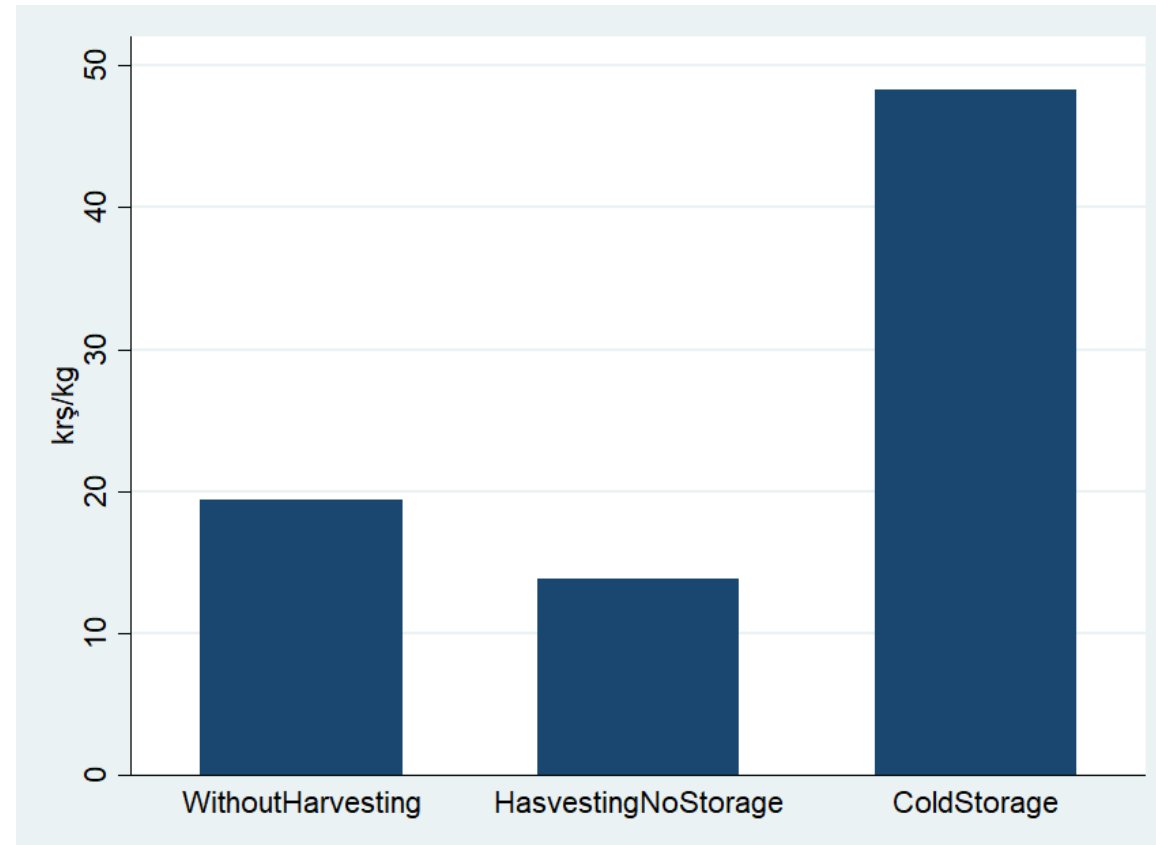
Influence of Marketing Options on Cost of Production and Price for 2016



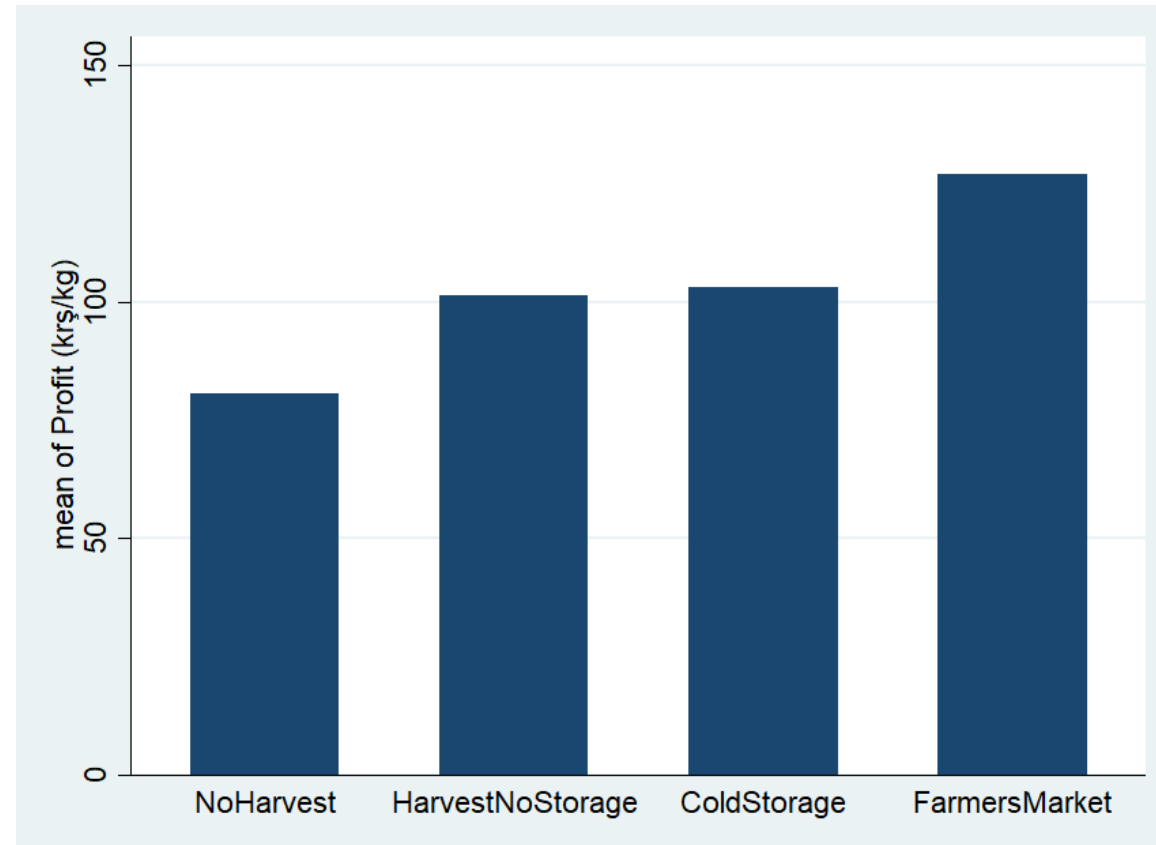
Influence of Marketing Options on Cost of Production and Price for 2020



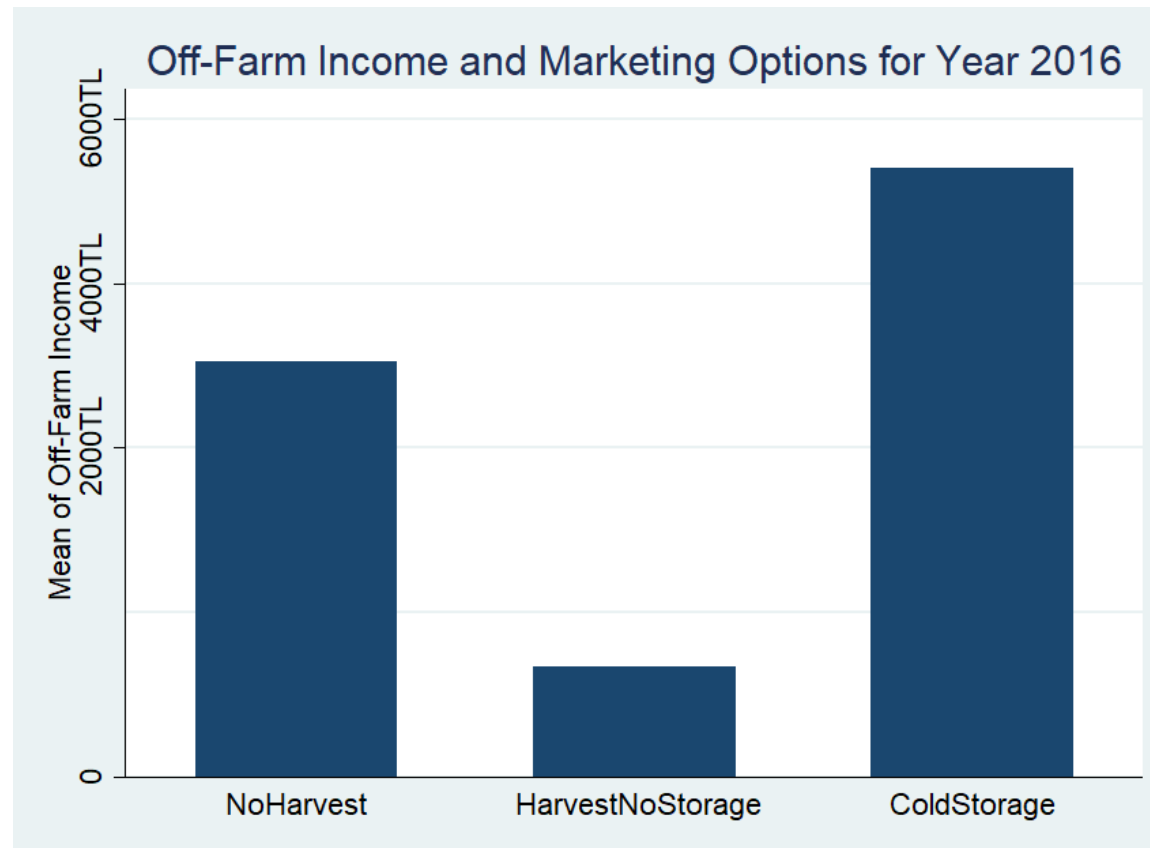
Influence of Marketing Options on Profits for 2016



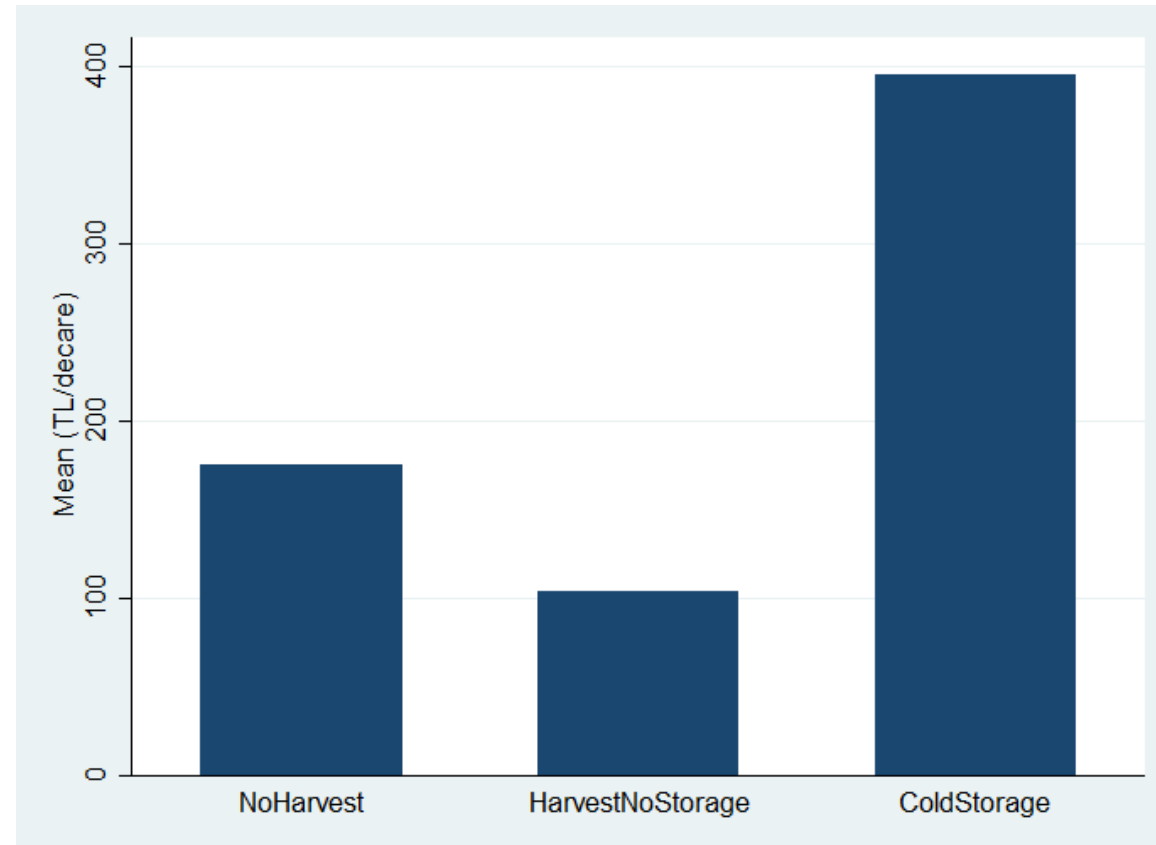
Influence of Marketing Options on Profits for 2020



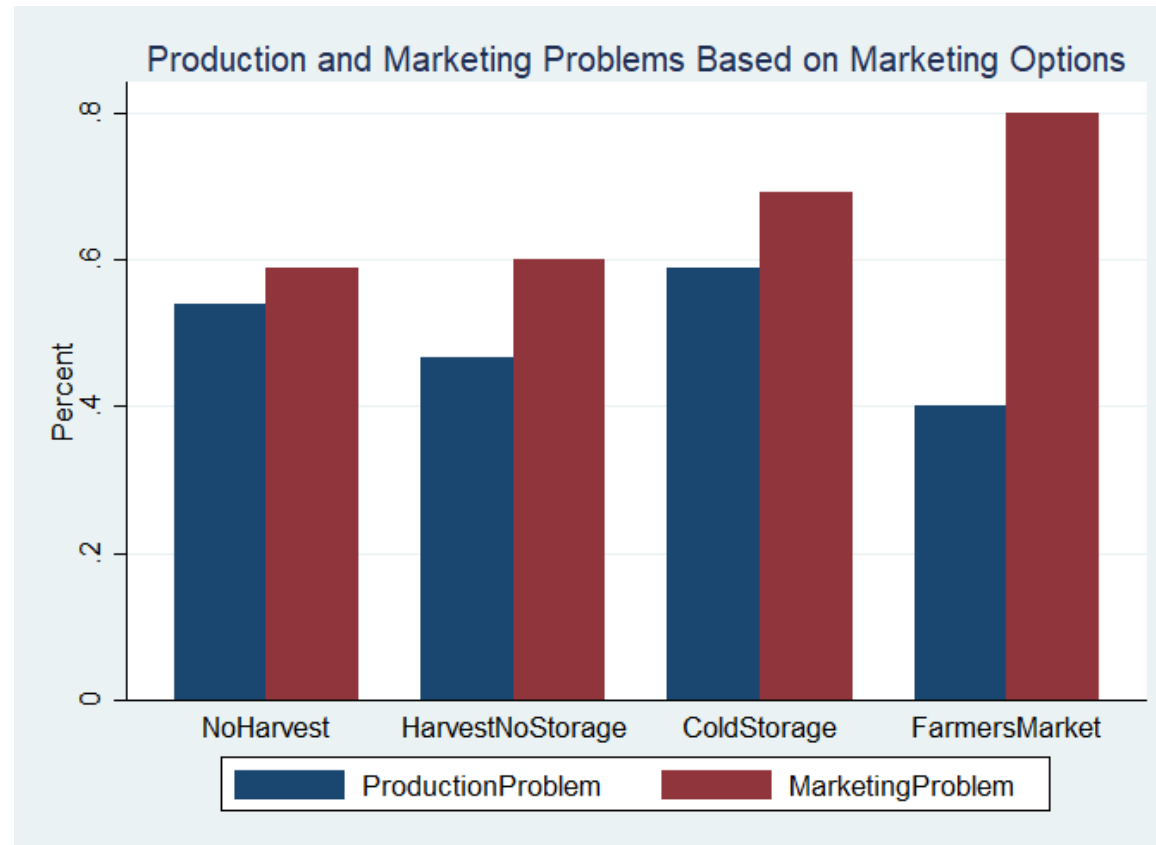
Influence of Off-Farm Income



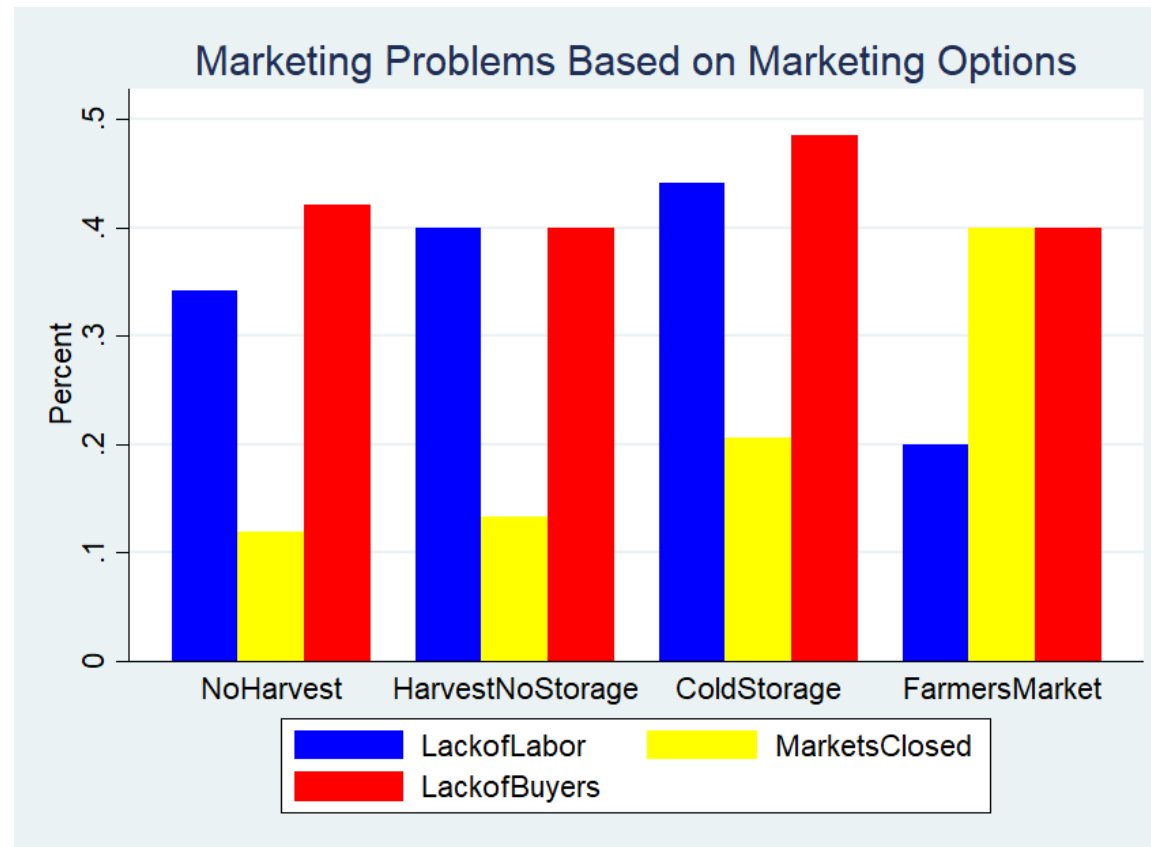
Labor Cost for 2016



Problems Faced by the Farmers During COVID-19



Problems Faced by the Farmers During COVID-19



Conclusion

- In 2016 selling the apple from a cold storage unit was almost 250 percentage more profitable than selling without harvesting option.
- However, in 2020 it is only 22 percentage more profitable. Hence, with COVID-19 we see much lower relative profitability for selling apple from a cold storage unit option.
- If this continues, we might see more farmers quit using the cold storage units.
- This could lead to less apple available for wholesalers in big cities throughout the year and we could see drastic price increases for the consumers in big cities.

Conclusion

- Although overall production numbers in Turkey for apple is not forecast to decrease, the distribution of wealth has been influenced by the COVID-19 pandemic in the supply chain.
- Based on preliminary analysis, farmers' wellbeing has been negatively influenced from the pandemic.
- Similar results could be expected for other labor intensive sectors.
- Support is needed to provide access of farmers to the market. This could be done through producer organizations and extension services.



Thank you!