

Syria Tree Nuts Report 2005

Executive Summary

Pistachio production is increasing in Syria due to the maturing of planted trees that are still fairly young. The crop suffered from a severe frost in 2004. Prices for pistachios are higher than previous years due to the frost that reduced the crop by over 50 percent. Pistachio prices increased by about 30 percent leading to an increase of 40 percent in the price of Arabic sweets. Local consumption and exports of Arabic sweets were negatively affected by the price increases. Syria exports green pistachios during the production season and imports shelled pistachios.

Production

Commodity:	Pistachios, Inshell Basis						UOM
	2004		2005		2006		
	Old	New	Old	New	Old	New	
Market Year Begin		08/2004		08/2005		08/2006	(MONTH/YEAR)
Area Planted	61000	60000	60000	60000	0	59000	(HA)
Area Harvested	51000	51000	52000	52000	0	53000	(HA)
Bearing Trees	6500	6500	7000	7000	0	7500	1000 TREES
Non-Bearing Trees	3500	3500	3000	3000	0	2500	1000 TREES
Total Trees	10000	10000	10000	10000	0	10000	(1000 TREES)
Beginning Stocks	8684	8684	6184	2184	0	9184	(MT)
Production	52000	21000	60000	60000	0	65000	(MT)
Imports	4000	15000	5000	5000	0	5000	(MT)
TOTAL SUPPLY	64684	44684	71184	67184	0	79184	(MT)
Exports	14000	5000	15000	15000	0	20000	(MT)
Domestic Consumption	44500	37500	43000	43000	0	45000	(MT)
Ending Stocks	6184	2184	13184	9184	0	14184	(MT)
TOTAL DISTRIBUTION	64684	44684	71184	67184	0	79184	(MT)

Pistachios are grown in Syria under rainfed conditions. There is a total of 10 million trees planted on 60,000 hectares. Due to the frost in April 2004, the 2004 crop of inshell pistachios is estimated at 21,000 tons. The effect of the frost is not yet evident on the 2005 crop. In 2005, the number of fruit-bearing trees is estimated at about 7 million, and the crop is forecast at 60,000 tons. No major incidence of pests or diseases was reported in 2005. Pesticides are rarely used in pistachio orchards; the use of commercial fertilizer is not common, and growth regulators are not used. Organic matter is generally used at planting time.

Pistachios are grown in areas that are usually not suitable for most other crops and are, in many places, co-planted with figs, olives, and grape vines. The majority of the trees in Syria are still fairly young and have not reached the economic fruit-bearing stage. The average yield per tree

increases with the age of the tree. The Ministry of Agriculture and Agrarian Reform encourages pistachio production by selling seedlings at nominal prices. Olive tree planting competes with pistachios in newly reclaimed areas. Farmers are even replacing very young pistachio trees with olive trees, which are more profitable to grow. Accordingly, planted areas may slightly drop. During the production season in 2004, farm-gate prices were about 125 - 150 SP (USD 2.50 - 3.00) per kilogram of green pistachios, about 30 percent above the prevailing price one year ago.

Consumption

A significant part of the pistachio crop is consumed green in Syria. The harvesting season begins in August. Wholesale prices of shelled pistachios that are mainly used for the production of sweets and local ice cream have increased by about 20 - 30 percent due to the frost. Prices range from approximately 600 SP (USD 12) to 650 SP (USD 13) per kilogram for shelled pistachios of the first grade varieties. Illegally imported Iranian pistachios sell for 600 SP (USD 12.0) per kilogram. No U.S. pistachios are present in the Syrian market. As a result of the pistachio price increases, prices of Arabic sweets that use pistachios as a major ingredient have increased by about 40 percent.

Trade

Export Trade Matrix			
Country:	Syria	Units:	Metric Tons
Commodity:	Pistachios, Inshell Basis		
Time period:	CY		
Exports for	2004		2005
U.S.	0	U.S.	0
Others		Others	
Lebanon	2000	Lebanon	5000
Jordan	2000	Jordan	3000
Total for Others	4000		8000
Others not listed	1000		7000
Grand Total	5000		15000
Import Trade Matrix			
Country:	Syria	Units:	Metric Tons
Commodity:	Pistachios, Inshell Basis		
Time period:	CY		
Imports for	2004		2005
U.S.	0	U.S.	0
Others		Others	
Iran	10000	Iran	4000
Turkey	3000	Turkey	1000

Afghanistan	1000		
Total for others	14000		5000
Others not listed	1000		
Grand Total	15000		5000

Foreign trade statistics indicate an increase in "legal" imports of shelled pistachios from 2,004 MT in 2002 to 2,058 MT in 2003, of which 91 percent came from Iran. Trade data for 2004 are not yet published. In-shell pistachios cannot be officially imported. Heavy inspection at the Syrian-Lebanese borders during the last month has affected the supply of Iranian pistachios. Pistachios, shelled and in-shell, are being smuggled into Syria via Lebanon from Iran and Turkey. Afghani pistachios are not currently available in the Syrian market. All roasted non-local, in-shell pistachios sold in Syria are unofficially imported through Lebanon and Turkey or brought by Iranian tourists. Syria does not import any pistachios from the United States. An import license is necessary for all imports of pistachios. Customs duties on shelled pistachios are set at 15 percent plus a unified tax of 14 percent, while customs duties in neighboring Lebanon are only 5 percent. The customs tariff is expected to change in 2005 when the unified tax is expected to be incorporated into the tariff.

Syrian official exports of green pistachios decreased from 3,565 MT in 2002, to 2,865 MT in 2003. Primary markets were Lebanon (2,326 MT) and other Arab countries. Visiting tourists from Arab countries informally export significant quantities of pistachios out of Syria during 3-4 months after the harvest season every year. Syrian exports of shelled pistachios are negligible (52 MT in 2003). With high prices for local production of shelled pistachios (about 650 SP or USD 13/kilogram), Syria cannot compete in the international market with Iran, Turkey, Afghanistan, and the United States.

Stocks

According to trade sources, the local supply of pistachios, plus imports (legal and illegal), usually match domestic consumption. Ending stocks are usually expected to be sufficient for a few months. The current ending stock level is low due to the frost in 2004 and an anticipated recovery in 2005. Stocks are expected to rise in the future when local production increases and if the price of imported pistachios remains below the local crop price. At the end of the marketing season in July 2005, the prices for locally-produced shelled pistachios were higher than those for Iranian and Turkish pistachios. All stocks are held generally by the traders, not the producers.

Policy

The government continues to encourage pistachio production by selling seedlings at nominal prices. There is government intervention in some areas of pistachio trade, such as banning the imports of in-shell pistachios; but prices are determined by supply and demand conditions.

Marketing

There are no Syrian standards for pistachios. Sizing, shelling, and grading are all done by hand. Private sector storage facilities are adequate. The entire pistachio trade is in the hands of the private sector.

Trade sources state that Iranian and Turkish pistachios are more suitable than American pistachios for the local Arabic sweet industry. American pistachios reportedly turn brownish in color during baking as a result of the way they are preserved. The local market preference is for

a whole nut, greenish or yellowish in color, that retains its color during high-temperature baking for Arabic sweets.