APPLICATIONS AND SUGGESTIONS FOR INCREASING THE FOREIGN TRADE PERFORMANCES OF AGRICULTURAL COOPERATIVES: THE CASE OF THRACE

Mustafa Kara, Sinem Yüksel Çendek, Armağan Örki
İstanbul Rumeli University, İstanbul, Turkey

Abstract

Cooperatives are one of the preferred structures for a sustainable economy locally and nationally. Cooperatives that used for economic development are preferred in agriculture as well as in different sectors. In this study, it is focused on increasing foreign trade performances in reference to agricultural cooperatives. Within the scope of the project used in the formation of this article, a survey was applied to farmers in the districts of Edirne, Kırklareli, Tekirdağ and Istanbul (only the districts of Çatalca and Silivri) and their knowledge and opinions about agricultural cooperatives were determined.

In this article, using the data obtained from the survey, the agricultural exports of the region were examined. In the light of examples from abroad, survey data and findings found on the legal plane, practices for increasing export performance have been identified and suggestions have been made.

Agricultural cooperatives are important actors for both local, regional and national development. Protecting, strengthening and encouraging these actors in accordance with the law and taking into account competitive conditions may have different positive results. In this study, suggestions have been prepared considering the objectives such as increasing employment, increasing tax revenues, preventing inflation from rising, preventing possible increases in food prices and decreasing as much as possible.

The article is composed of six parts. Research region, Turkey and the agricultural cooperatives, Turkey's foreign trade in agricultural products, the potential risks and threats are discussed in the part of conceptual framework. The subtitles of the purpose and the problem of the research, research methodology and lastly the findings of the research and their analysis are created in the light of the scientific research projects. In the Conclusion and Suggestions section, a general evaluation is made and suggestions are presented.

Keywords: Agricultural cooperatives, foreign trade performance, Thrace

JEL Codes: Q01, Q13, Q17

1. INTRODUCTION

This paper written within the scope of Scientific Research Project (SRP) addresses export performance of agricultural cooperatives. The farmers in the provinces of Edirne, Kırklareli, Tekirdağ and Istanbul (only districts of Çatalca and Silivri) were surveyed within the scope of the project and thus their knowledge and opinions on agricultural cooperatives were examined. As the said project has a more general objective, this study has been considered as a stage of the project.

In this paper, significance of the agricultural product export of the region has been emphasized by using the data obtained from the said survey. Suggestions have been provided to improve the export performance.

Agricultural cooperatives are significant enterprises for development at local, regional and national levels. Protecting, strengthening and encouraging (for export) these legal entities in line with the laws and considering the conditions of competition may yield significant positive results. These suggestions were created by considering certain goals such as enhancing employment rates, increasing tax incomes, preventing increase of inflation, preventing possible rises in food prices and reducing them as much as possible. In short, the credit cooperatives’ focusing on export of value added products and
achieving this goal will bring contributions to the shareholders of the cooperative, regional economy and national economy. This study aims to contribute in the literature for those making researches on the region and subject matter.

The article mainly consists of six parts. In the Conceptual Framework part, the subheadings of the research region, Turkey and agricultural cooperatives, agricultural products in foreign trade of Turkey and possible risks and threats have been discussed. Other parts bear the titles of Purpose and the Problem of the Research, Research Methodology, Findings of the Research and Their Analysis. And in the last part, Conclusion and Suggestions, a general assessment has been made and suggestions have been provided.

2. CONCEPTUAL FRAMEWORK

In this study authored within the scope of Scientific Research Project, theoretical resources and other data were used more frequently compared to the project making use of the survey method extensively. In this part of the study; the research region, agricultural cooperatives in Turkey, some suggestions from relevant sources about these cooperatives, facts and data in foreign trade, and possible risks and threats have been addressed.

2.1. Research Region

Thrace, especially when referred in internal religions, corresponds to a much larger geographical region. Moreover, its geographical structure changed in different periods throughout the history. Nowadays, the following definition of Encyclopaedia Britannica (2020) may be acceptable for the boundaries of Thrace:

“The portion of Thrace that is now part of Greece is bounded by the Néstos River to the west, the Rhodope (Rodópi) Mountains to the north, and the Maritsa (also called Évros) River to the east. The southern part of Bulgaria and European Turkey, including the Gallipoli Peninsula, constitute the remainder of the geographical region of Thrace. About one-fourth of Thrace lies in Turkey, about one-tenth in Greece, and the remainder in Bulgaria.”

Thrace covering certain portions of Bulgaria, Greece and Turkey is referred as northern, eastern and western Thrace. The Northern Thrace is now a part of Bulgaria, Eastern Thrace is a part of Greece and Western Thrace is a part of Turkey. On the other hand, when the Thrace is mentioned in Turkey, what comes to mind of people first is not the entire region but the Eastern Thrace.

The research was conducted in a certain portion of Thrace region of Turkey. Thrace, when considered in the context of Turkey, indicates the European land of Turkey namely European sides of İstanbul and Çanakkale as well as the provinces of Edirne, Kırklareli and Tekirdağ. The study was carried out in the provinces of Edirne, Kırklareli and Tekirdağ as well as agriculture hotspots of Istanbul which are the districts of Çatalca and Silivri.
The provinces of Edirne, Kırklareli and Tekirdağ constitute 2.43% of surface area of Turkey and 54.76% of the surface area of these provinces is classified as agricultural land (Güngör, 2007, p. 14). Güngör (2007, p. 14) also states that nearly entire agricultural land of the region consists of farm land, 0.29% of the land is used for pomiculture and approximately 3.5% of the land is used for viticulture and olericulture. Largeness of agricultural lands in Thrace, in other words their not being scattered and over-divided represents a better situation compared to other regions of Turkey. That is because 57.39% and nearly 70% of the agricultural land of Turkey and Thrace region respectively has an area of 20-200 decares (one-tenth of a hectare) (İnan, 2012, p. 4). According to the data collected in 2005, 5.5% of all tractors in Turkey are owned by the farmers in Thrace and agricultural land per vehicle is lowered than the average figure in Turkey (Semerci, 2006, p. 65).

2.2. Turkey and Agricultural Cooperatives

The cooperative system is a cooperation model utilized by different cultures for a long time. The cooperative system which is based on moving together, protecting common interests and helping yourself can be successful thanks to shareholders who are aware of the significance of the cooperative system (Everest & Yercan, 2016, pp. 67-68). On the other hand, Rhodes (1983, p. 1090) defines a cooperative as a type of company that is operated by the members for their common interests, managed by salaried professionals and in which the elected managers represent interests of the members. The principles which were determined by the International Co-operative Alliance (2020) and may be used to describe the system are as following: “Voluntary and open membership, democratic member control, member economic participation, autonomy and independence, education, training and information, cooperation among cooperatives, and concern for community.”

Köroğlu (2003, pp. 65-66) considers organization in Turkish agriculture in five classes. He discussed the agricultural cooperatives under the heading of economic organizations and divided them into two. He considered the agricultural development cooperatives to be multi-purpose organizations and seven
different cooperative types including agricultural credit, agricultural sales and agricultural processing to be single-purpose ones.

In Turkey, the cooperatives are governed by the Law on Cooperatives enacted in 1969. Cooperative unions, central unions of cooperatives and Turkish National Union of Cooperatives were established within the framework of the said law.

2.2.1. Suggestions about Agricultural Cooperatives in Turkey

Regarding Turkey, various studies on inclusion of the farming households in the cooperative system and certain suggestions derived from this studies have been covered by the literature. For the family size farms, supporting their cooperation with the producer unions or cooperatives for them to be more effective in the market is one the exemplary suggestions (Şahin, Ertürk & Karadaş, 2016, p. 1657).

On the other hand, branding is a significant process for both the domestic and foreign markets. At this point, geographical indications form a practise improving purchasability and prestige of a product and providing added value (Çakaloğlu & Akpınar, 2016, p. 1891). Fıskobirlik (Hazelnut Sales Cooperatives Union) is one the actual examples of the said phenomenon. The product branding with the name of the cooperatives union founded in 1930s is in demand in the domestic market.

Urban agriculture indicates producing agricultural products in idle areas, roofs and other possible areas and also contributes in the economy (Sağlam, 2016, pp. 486-488). When it is considered with regards to the cooperative system, it may indicate that agricultural products may be grown everywhere. With regards to socioeconomic considerations, it may lead to increase in supply and satisfaction of the demand more easily and cheaper agricultural products for the customers. Certain suggestions have also been put together in terms of contribution of the agricultural cooperatives in employment. Accordingly, a series of suggestions including informative meetings and cooperation with universities were provided (Alkan, 2016, p. 128).

Added value is achieving surplus value thanks to the raw material. Herekman (1972, p. 174) states that added value, according to the output approach, is the margin between total output of the sector and payments made for the inputs purchased. He also mentions that it is calculated as total of value adding elements such as workmanship, profit, raw material and materials according to the income approach (Herekman, 1972, pp. 174-175). Added value, in other words, is the figure obtained by subtracting other expenses born for the final form of the product from its sales price (Koç, Şenel & Kaya, 2017, p. 13). As it is seen a product’s having added value is only possible through cooperation with different sectors. It is an instrument to increase the employment rates, indirectly increase the tax income and create more income and foreign currency input when exported.

Retained earnings have been regarded as one the most important capital resources of the cooperatives and it has been stated that a certain portion of these earning should be saved as contingency reserve (Pakdemir, 2020, p. 180). In other words, it has been suggested that increase in incomes through export and added value will also be useful for the financial resources of the cooperatives.

Processing the hazelnut and turning it to hazelnut paste with certain intermediate inputs instead of growing and exporting in shelled and unshelled forms is an example to our suggestions. While one kilogram hazelnut is worth 20 TRY, its paste of 250-350g produced from the same hazelnut and put into sale in a jar is worth the same price. In short, the agricultural products processed and thus having a higher added value will contribute more in the cooperatives as well as regional and national economy. Another suggestion for the cooperatives is regarding their obtaining geographical indications. It has been recommended to inform them on the advantages of obtaining geographical indications and encourage them for it if necessary (Yazıcıoğlu, Sarıkaya & Erol, p. 1781).

Another suggested point is concerning the agricultural products increasing their share in the global foreign trade. In this context, ornamental plants, canola and silage corn have been recommended for the region (Reports in the Project on Development and Competitiveness of Edirne, 2016, p. 23). On the other hand, it has been recommended to reduce the costs and enhance the product quality to improve their export performances, in other words, for them to compete in global markets (Terzi, 2019, p. 183).
2.3. Agricultural Products in Turkey’s Foreign Trade

Turkey is ranked first in production and export of certain agricultural products. Moreover, Turkey exports certain other agricultural products. 4.93% of the export volume of Turkey, exceeding 180,000,000,000 USD, is composed of the following items:

i. Live trees and other plants, bulbs, roots and like, cut flowers,
ii. Edible vegetables and certain roots and tubers,
iii. Edible fruits and nuts, peel of melons or citrus fruits,
iv. Cereals,
v. Oil seeds and oleaginous fruit, industrial plants, straw and fodder,
vi. Preparations of vegetables, fruits or other parts of plants.

These six items include certain products covered by the field of operation of the agricultural products. These products are introduced to domestic and foreign markets in semi-finished and finished versions.

Hazelnut is predominantly exported to the Western European markets which are the most significant chocolate producers of the world (Ministry of Trade, 2019a, p. 15). It can be said by interpreting this data that hazelnut is exported for the producers as raw material of their products.

Strawberry and blackberry are not highly-ranked agricultural products with regards to export volume. On the other hand, it is remarkable that both fruits have been started to be exported recently thanks to the incentives enforced for the province of Batman.

Details on some other products having a significant share in export volume of Turkey are as following:

According to the data derived by TMMOB Chamber of Agricultural Engineers (2019) through sources of FAO, Turkey ranks first globally in dried figs export. As is the case for figs, raisins and dried apricots are also significant for Turkish foreign trade. According to the report issued by the Ministry of Trade (2019b) basing on the data of International Olive Council and Turkish Statistical Institute, Turkey is one of the largest producers and exporters of table olive and olive oil.

In addition to those aforementioned, it has also been found out that Turkey is a significant actor for production of walnut, sugar beet, eggplant, beans, cherry, sour cherry, quince, peach, mustachio, chestnut and melon. Moreover, Turkey is one the leading countries with regards to export of some of the abovementioned products. According to the data of ITC (2020), Turkey was ranked third in 2015 and 2016 and fourth in the following three years in pasta exports. Considering the added value example provided for hazelnut in the previous sub-section, pasta is also a great example. While durum wheat is worth 1800 TRY/ton, sales price of pasta, sold in 500g packs, is 4000 TRY/ton in average.

According to the data in 2012, milling products, sugar, flour and bakery products formed nearly half of the export volume of Edirne and it was stated that unprocessed agricultural products were the major component in this export volume for the said province (Reports in the Project on Development and Competitiveness of Edirne, 2016, pp. 24-25). Sage was allocated to nearly 70 farmers in Tekirdağ in 2017 within the scope of the project on perfumery and medicinal plants and paint plants (Tekirdağ Provincial Directorate of Agriculture and Forestry, 2020, p. 45). Examining foreign trade of the agricultural products in Kırklareli, it was found out that the province exported goods to more than 50 countries and nursery trees, cabbage as well as processed products such as flour and animal feed were exported (Kırklareli Provincial Directorate of Agriculture and Forestry, 2019).

2.4. Possible Risks and Threats

It was identified in a study conducted in Thrace that iron and copper content of some examined samples exceeded the legal limits and lead content was also significantly high (Üstbaş, Taşan &
Geçgel, 2009, p. 60). Actions such as improper fertilization, improper irrigation as well as global warming have been deemed risky and threatening for not only the area where the said study was performed but for the entire region.

Ergene River, one of the most significant streams of the region, flows through various industrial areas. The basin of the river covers Tekirdağ, Edirne and Kırklareli. Waste water discharged by industrial plants is a major concern for the agricultural activities in the basin. It has been argued in studies carried out since 1990’s that the water quality of the river is not appropriate for agriculture. It was also stated that not only the industrial plants therein but also improper agricultural practices and domestic use affected the water quality (Kocaman, Koldere Akin & Oğuzhan, p.93). Domestic immigrants moving to the region due to industrialization were also emphasized and it was suggested that increase in migration to the region led to environmental pollution (Kubaş, 2017, p. 113).

Another point that forms a risk for agriculture in Thrace as is entire Turkey is division of agricultural land through inheritance. As indicated in the part “2.1. Research Region” of the article, agricultural lands are less divided in the region compared to the other parts of Turkey. Moreover, the Turkish Law of Soil Protection and Land Use (Act No: 5403) was enacted in 2005 and has been revised later many times since then to reduce the risk of division through inheritance.

3. THE PURPOSE AND THE PROBLEM OF THE RESEARCH

The main purpose of the Scientific Research Project is to enhance awareness of the farmers and shareholders of the agricultural cooperatives. In addition, it is aimed by this article to demonstrate that agricultural cooperatives can take a part in foreign trade and value added products may contribute in the cooperatives, their members and national economy.

The problem of the research is caused by the fact that the products produced by the agricultural cooperatives are not deemed equivalent of other industrial products. Whereas, many agricultural cooperatives having expertise in raw materials or intermediate inputs can gain competence for creation of the finished product. They can introduce these value added products to both domestic and foreign markets. For instance, contribution of an agricultural cooperative supplying corn to the market in its budget, shareholders and national economy is not quite the same as contribution of an agricultural cooperative processing the corn and putting corn flour and corn oil in the market in the said areas.

4. RESEARCH METHODOLOGY

The population determined within the scope of the study is composed of Thracian farmers and the sample was calculated to be formed of 215 persons for a confidence level and error margin of 0.05 and 5% respectively. Certain details on the participants have been provided below.

<table>
<thead>
<tr>
<th>Table 1. Sample Size</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>F</strong> Parameters</td>
</tr>
<tr>
<td><strong>p</strong> Acceptance rate of the case under consideration</td>
</tr>
<tr>
<td><strong>q</strong> Rejection rate of the case under consideration</td>
</tr>
<tr>
<td><strong>d</strong> Accepted sampling error</td>
</tr>
<tr>
<td><strong>t</strong> T value according to the level of significance</td>
</tr>
<tr>
<td><strong>N</strong> Research population</td>
</tr>
<tr>
<td><strong>n</strong> Sample</td>
</tr>
</tbody>
</table>

8.4% of the survey participants are females while the remaining (91.6%) participants are males.
Graph 1. Distribution of Survey Participants by Gender

27%, 48.8% and 24.2% of the participants are age of 18-44, 45-59 and 60 and above respectively.

Graph 2. Age Range of the Survey Participants

5. THE FINDINGS OF THE RESEARCH AND THEIR ANALYSIS

Likert scale (five level) questions were used in the study. Three of these questions are as following:

i. I want to grow a plant never grown in my farm up until today.

ii. I find cooperative activities in Turkey satisfying.

iii. I believe in branding tendency of the cooperatives in Turkey.

It has been found out examining the answers to the first question that 40.90% of the participants preferred the option of “Agree” and the rate of those approving this suggestion reached to 52.1% including those preferring the option of “Strongly agree”. We believe that the farmers are open to try new products whether in traditional and smart agricultural practises. We also believe that certain products that can increase the added value (through processing), be exported and used in industry may be tried by the farmers and agricultural cooperatives in the region. More than half of the participants’ giving a chance to the idea of growing a plant newer grown by them before under favourable conditions indicates that the cooperatives and their shareholders are hopeful about their future economically. Moreover, it is interpreted as a positive sign both for the local and national economy.
Graph 3. Answers for 1st Question

It has been found out examining the answers to the second question that 17.7% of the participants preferred the option of ‘‘Disagree’’ and the rate of those giving unfavourable replies reached to 26.1% including those preferring the option of ‘‘Strongly disagree’’. In another words, a quarter of the participants do not find activities of the cooperatives in Turkey satisfactory. Furthermore, it should be noted that 18.6% of the participants preferred the option of ‘‘Neither agree nor disagree’’ for this question. However, even though 55.4% of the participants find activities of the cooperatives satisfactory to a certain degree, it is understood that approximately 45% of the participants should be encouraged to believe in the cooperative system and cooperatives in their region if possible and a certain amount of effort should be put for this purpose.

Graph 4. Answers for 2nd Question

It has been found out examining the answers to the third question that 47.4% of the participants preferred the option of ‘‘Agree’’ but 16.7% of them were undecided and selected the option of ‘‘Neither agree nor disagree’’. Moreover, 15.8% of the participants did not partially or fully believe in branding tendencies of the cooperatives as understood from their replies. 67.4% of the participants believe in the possibility of the cooperatives’ creating their own brands demonstrate their belief in potential of the cooperatives albeit it seems to be contradictory considering the replies given to the previous question.
We will try to summarize the findings regarding these three questions. A significant portion of the farmers are open to the idea of growing a plant newer grown by them before. Furthermore, existence of farmers who do not find activities of the cooperatives satisfactory cannot be denied. However, the rate of those believing in existence of tendency of branding is more than 50%. In other words, the problem, to the farmers, is inadequacy of the cooperatives. In fact, it is expected that the cooperatives can be made more functional and thus they can bring added value to the products of the farmers and contribute in their shareholders economically.

The cooperatives and cooperative unions that may be established in line with the foresaid expectations are significant for the farmers who are open to new products and hopeful about branding as can be understood from their replies. It is inevitably much easier for a cooperative, completing its branding process, to export its products.

We will try to summarize the findings regarding these three questions. A significant portion of the farmers are open to the idea of growing a plant newer grown by them before. Furthermore, existence of farmers who do not find activities of the cooperatives satisfactory cannot be denied. However, the rate of those believing in existence of tendency of branding is more than 50%. In other words, the problem, to the farmers, is inadequacy of the cooperatives. In fact, it is expected that the cooperatives can be made more functional and thus they can bring added value to the products of the farmers and contribute in their shareholders economically.

The cooperatives and cooperative unions that may be established in line with the foresaid expectations are significant for the farmers who are open to new products and hopeful about branding as can be understood from their replies. It is inevitably much easier for a cooperative, completing its branding process, to export its products.
REFERENCES


ITC, Product: 1902 Pasta, whether or not cooked or stuffed with meat or other substances or otherwise prepared, such as spaghetti, macaroni, noodles, lasagne, gnocchi, ravioli, cannelloni; couscous, whether or not prepared, viewed 15 June 2020, <https://www.trademap.org/Country_SelProduct_TS.aspx>.


Üstbaş, Y - Taşan, M & Gecgel, Ü 2009, ‘Determination of copper, iron, cadmium and lead contents of the oils from sunflower seeds (Helianthus annus L.) grown Trakya Region, Turkey’, *Journal of Tekirdag Agricultural Faculty*, vol. 6, no. 1, pp. 55-63.