TRADE LIMITATIONS OF TURKISH DRIED FRUITS EXPORT AND IMPORT TO CROATIA

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Graduate study in Agroeconomics

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Osijek 2022.

TABLE OF CONTENTS

1. INTRODUCTION

Turkey has been a party to the General Agreement on Tariffs and Trade 1947 (GATT) and a founding member of the World Trade Organization (WTO) since 26 March 1995. In contrast, Croatia has been a member of WTO since 30 November 2000. It's also important to note that as of 1 July 2013, it is a European Union member state. Croatia's overall share in Turkey's total exports in 2020 was 0.2 %; Turkey's exports rank it 69th among other export countries. It is also important to mention that in Turkey's overall dried fruits export, Croatia possessed a 0.15 % share in 2020 (OTC.world). In 2020, Croatia ranked 35 in the Economic Complexity Index (ECI 0.73), and 72 in total exports ($17.7 Billion). That same year Turkey ranked 38 in the Economic Complexity Index (ECI 0.58), and 29 in total exports ($177 Billion). Turkey is one of the world's largest producers of dried fruit and has been exporting to over 150 countries for over a century. Dried fruits such as grapes, apricots, figs, and tomatoes are popular Turkish products, whole hazelnuts and pistachios also have a long tradition in harvesting and trading. Turkish dried fruits, which are generally competitors to EU products, when exported to Croatia are mostly used as materials for further processing into new Croatian products. To continue the competitiveness of those EU products in the market has been increasing in the past few years. Unfortunately, despite the geographical closeness between Turkey and Croatia, the commercial and economic relations have not yet reached their full potential. It is actually well below the mentioned potential.

This thesis aims to examine the change in value and direction of the dried fruits trade between Turkey and Croatia. Moreover, the main goal is to explore the trade limitations in the trade of dried fruits, mainly Turkish export and Croatian import of the aforementioned agricultural product. Along with the mentioned topics, the thesis will provide a general overview of a few segments in the results chapter which will be used to make a discussion in the later chapter. The thesis will provide insight into the export of dried fruits from Turkey to Croatia using the data collected from the Croatian chamber of commerce and UN Comtrade. Considering how Croatian access to the global market is relatively recent (which can be shown in the Croatian membership in the WTO on 30 November 2000) the thesis will provide a brief overview of the Turkish Croatian trade relation since Croatia's inception as a Republic. This topic of the trade specifics in Turkish agricultural products (in the case of this thesis dried fruits) exports to Croatia has unfortunately not been researched enough which can be evident by the small amount of research paper done on it by both members of

the Croatian and Turkish academic personnel. Therefore there is a big enough potential for this thesis to have genuine scientific and economic value. Croatian dried fruit import from Turkey is only a 0.15 % share among all the Turkish dried fruits exports but even that as little as it might seem as important as a research subject considering how dried fruits demand has been increasing all over Europe in the past 20 years.

The hypothesis the author is claiming is that the "trade between Turkey and Croatian in the case of dried fruit is not reaching its full potential because of the non-tariff trade barriers present for Turkish exporters and Croatian importers".

The thesis statement is that the trade limitations which are affecting the Turkish dried fruits trade with Croatia are mostly affected by the nontariff barriers present in Croatia, also the impact of global and domestic changes does not have a sufficient effect on this specific dried fruits trade.

The thesis research questions are:

- Effects of Croatian ascension to the EU on the dried fruits trade?
- What are the biggest limitations for Turkish dried fruit exporters for increasing their dried fruit export to Croatia?
- What are the biggest limitations for Croatian dried fruit importers for increasing their dried fruit import from Turkey?
- How has the global covid 19 pandemic affected the dried fruits trade?
- How have the changes in the Turkish economy affected the dried fruits trade?
- Is the demand for dried fruits in Croatia increasing?
- Effects of Turkish Croatian trade agreements on the dried fruits trade?

2. REVIEW OF LITERATURE

The data which will be used for the analysis of the import volume of dried fruits from Turkey in the period from 2013 to 2021, has been provided by the Croatian chamber of commerce and the UN Comtrade database. There are no studies directly focused on the international dried fruits trade of Turkey and Croatia to be found. However, a few studies are referring to the subject indirectly, which I will list as follows:

According to Karakaş and Karakaş (2012: 85), it is indicated that international trade between Turkey and Croatia increases proportionately though it is less than expected nominally.

Gökgöz, Dizkirici, and Gezikol (2016) conclude that according to the results of the analysis performed, it is found that Turkey's total foreign trade volume and the trading volume between Turkey and Croatia have a statistically significant impact on Turkey's per capita income.

According to Logatcheva, Galen, Janssens, and Splinter (2018), Croatia has an attractive consumer market for fruit and vegetables. Fruit and vegetables are relatively popular in Croatia, where the daily consumption of fruit and vegetables is above the EU average. While experiencing relatively fast economic growth in their country, Croatian consumers increasingly demand value-added products of high quality, including fruit and vegetables.

The literature unfortunately does not provide many studies about the issue but does have some information on the dried fruits trade between Turkey and Croatia relating to goods sold which correspond to the data given in the following chapters.

To understand the concept of the thesis, it is necessary to define the concepts of the agricultural market, agricultural trade, free trade agreements, trade barriers, comparative advantage, and economy of scale:

Kenner and Russel (2022), an **Agricultural market** means a business premise where farm produce is the prime commodity offered for sale to the public.

Kenner and Russel (2022), **Agricultural trade** involves the buying and selling of products that have been produced through the forestry and farming industries. It can give consumers greater access to a variety of agricultural goods, often at more affordable prices. The modern agricultural market is vast, encompassing more than just food importing and food exporting. Other commodities that can be traded include livestock, raw materials, fibers, and stimulants.

Adam Barone (2022), **Free trade agreements** and tariff schedules often dictate which goods and materials are less expensive to import. Free-trade agreements and a reliance on imports from countries with cheaper labor often seem responsible for a large portion of the decline

in manufacturing jobs in the importing nation. Free trade opens the ability to import goods and materials from cheaper production zones and reduces reliance on domestic goods.

Bent Radcliffe (2022), A **trade barrier** is any government law, regulation, policy, or practice that is designed to protect domestic products from foreign competition or artificially stimulate exports of particular domestic products. The most common foreign trade barriers are government-imposed measures and policies that restrict, prevent, or impede the international exchange of goods and services.

- Companies that export are presented with a unique set of challenges. Extra costs are likely to be realized because companies must allocate considerable resources to researching foreign markets and modifying products to meet local demand and regulations.
- Companies that export are typically exposed to a higher degree of financial risk. Payment collection methods, such as open accounts, letters of credit, prepayment, and consignment, are inherently more complex and take longer to process than payments from domestic customers.

Adam Hayes (2020), When used to describe international trade, **comparative advantage** refers to the products that a country can produce more cheaply or easily than other countries. The theory of comparative advantage is attributed to political economist David Ricardo, who wrote the book Principles of Political Economy and Taxation (1817).

Matić (2004), According to significant indicators, we can talk about Turkey being an **economy of scale**. Namely, the contribution to the theory of economy of scale is in the fact that it will be profitable to trade with countries that have similar production resources and which produce with the same level of productivity, but under the condition that one of them has the advantage of economies of scale, because it will produce goods at a lower price value.

3. MATERIALS AND METHODS

The main statistical sample source used for the study is the data from the United Nations Trade Statistics database (UNSD)(2010-2021) and data collected from the Croatian chamber of commerce (2013-2021). Also, this thesis uses data collected from Turkish exporters members of the Aegean Dried Fruits Exporters' Association and features a case study from the international exporting company KÖLLA which has a branch in Gaziemir, Izmir, Turkey.

Moreover, the documents of the Institutions such as United Nations Comtrade, the International trade center (ITC), Statista, Turkish Statistical Institute (TSI), Trading economics, World Integrated Trade Solution (WITS), Access2markets, and the Observatory of Economic Complexity (OEC) are referred to reviewing the literature. Secondary literature from databases and relevant professional and scientific articles which deal with the trade relation of both countries will be used to prepare the thesis. Qualitative analysis of scientific works and relevant publications highlight the key events in Turkish Croatian trade relations since the Croatian independence on 26 June 1991.

Methods of synthesis and description will be applied in the interpretation of the obtained results and the formation of conclusions. The results will be statistically processed and will be displayed through graphs and tables. The methods used for making analyses of international dried fruits trade developments are the Trade Intensity Analysis, Export Similarity Index, and Volume index of exports/imports.

In this study, Trade Intensity Analysis Method was used. This method delivers the change of trade share and intensities between exporting and importing countries. The concept of trade intensities is based on the assumption that trade flows depend on the "push" of the exporting country, the "pull" of the importing country, and particular factors regulating bilateral relations (Froment and Zighera, 1964; Theil, 1967; Kommission der Europäischen Gemeinschaften,1969; ECE, 1973; Nagy, 1979; Eraktan, 1988). Thus, the contribution to the future planning of trading countries can be provided by determining stability and continuity. Not only the trade between two countries but also commercial trade change of product groups can be determined by Trade Intensity Analysis (Francescon and Nagy, 1988).

The Trade Similarity Index takes values between 0 and 1. A higher value indicates that the trade pattern of the Member States is more similar to the average of the European Union. A value of 0 means that there is no product overlap between the exports (or imports) of the Member State and the rest of the EU.

The volume index of exports (imports) is calculated by dividing the export (import) value index by the corresponding unit value index and scaling up by 100. It should be emphasized that during the research, attention was focused on the use of the latest available data to process the topic of the thesis as credibly and qualitatively as possible.

4. RESULTS

4.1. GLOBAL DRIED FRUITS PRODUCTION AND TRADE

Currently, there is a trend of Increased demand because of higher organic food consumption in developed countries. The protein, carbohydrates, vitamins, and minerals in dried fruits have a great nutritional value which correlates with the increased consummation of healthy organic products in developed countries which consequently demand dried fruits at an increasing rate. Therefore, in recent years, the imports of these products have increased. In the 10 years (2001-2010), the import value of dried apricots increased by 3.2, dried fig 2.6, and raisins 2.5 fold. (UNSD, 2012).

Today, dried fruit is produced in most regions of the world, and consumption occurs in all cultures and demographic segments. In the United States, Americans consumed an average of 1 kg of dried fruit in 2006. Europe produces around 8 % of the world's production of dried fruit; however, it is the world's largest consumer of dried fruit with a 26 % consumption share recorded in 2017. Prunes and dried grapes are the dried fruits consumed the most in Europe. Raisins accounted for about two-thirds of this. While these fruits were commonly dried in the sun in the past, now only raisins are almost entirely naturally sun-dried. Leadership in the production of raisins has changed hands between the USA and Turkey over the years. In the case of Turkey, the annual exports of dried raisins are 270 000 tons; of apricots at 145, 000 tons; dried figs at 72 000 tons; and nearly 25 % of global dried fruit exports come from Turkey (Trade Ministry of Turkish Republic 2020). It is important to mention that in 2021 Turkey became the world's largest exporter of dried fruit.

Furthermore, the revenue generated from the export of dried fruits was over 1,5 billion dollars in 2021. Displaying a 12 % increase compared to the previous year, dried fruits are exported to 162 countries around the world. However, in 2021 dried fruits are recorded as mostly exported to European Countries. In the same year, the UK imported 115 million dollars worth of dried fruits from Turkey, followed by Germany with 61 million dollars and the Netherlands with 40 million dollars.

The higher demand for vitamin and mineral-rich foods across the world increases the global

dried fruits market, which as mentioned before is expected to grow in the near future.

Table 1 below displays the change in global trade value in 10 years from 2011 to 2021. In it, we can see the gradual increase in the global dried fruits trade value during the past decade, and still increasing.

Table 1 Global Dried fruits trade 2011-2021

Global Dried fruits trade(export/import)	
Year	Value (USD)
2011	$ 2,090,000,000.00
2012	$ 2,290,000,000.00
2013	$ 2,330,000,000.00
2014	$ 2,490,000,000.00
2015	$ 2,540,000,000.00
2016	$ 2,560,000,000.00
2017	$ 2,670,000,000.00
2018	$ 2,600,000,000.00
2019	$ 2,400,000,000.00
2020	$ 2,500,000,000.00
2021	$ 2,650,000,000.00

Author: Mislav Savić, data collected from the UN Comtrade database.

4.2. EUROPEAN DRIED FRUITS PRODUCTION AND TRADE

The EU is in a very good position both geographically and strategically when it comes to the process of global trade. The openness of EU trade arrangements has made it one of the biggest players on the global trading scene and it remains a profitable region to do business with both collectively and with individual countries. Every day, the EU exports hundreds of millions of euros worth of goods and imports hundreds of millions more. It is one of the world's largest exporters of manufactured goods and services, it is also the biggest export market for around 80 countries. Together, EU countries account for 16 % of world imports and exports in 2017 and currently 14 % in 2022. Therefore it is not a surprise that the European Union was the largest market for dried fruits in the world in 2017 with a market share of 40 % which with the increasing demand in Asia and the middle east fell to 29 % in 2019.

Since 2013, the total European imports of edible nuts and dried fruits have grown annually by 9 % in value, reaching € 11.3 billion in 2017. Over the same period, imports have grown annually by 3 % in quantity, reaching 2.9 million tons. More recently the market value of the organic dried fruit industry increased between 2018 and 2020 and is forecast to increase till 2026 as well. The forecast for 2026 shows growth in the market value of over 170 million U.S. dollars from 2020, compared to only about 22 million U.S. dollars of growth in 2019.

Considering the statistic of the market value for dried fruits in Europe from 2018 to 2019, with a forecast for 2020 and 2026 (Published by M. Shahbandeh on Jun 15, 2022) we can expect The European dried fruit market to continually grow into 2026, valued at just over 2.5 billion U.S. dollars for that year. Below the text, we can see table 2 displaying the mentioned growth. Table 2 below displays the 10 years of European dried fruit market growth from 2010 to 2021.

Table 2 European dried fruits trade 2010-2020

European Dried fruits trade			
Year	Export value (USD)	Import value (USD)	Balance (USD)
2010	$ 503,000,000.00	$ 1,090,000,000.00	$ -587,000,000.00
2011	$ 566,000,000.00	$ 1,070,000,000.00	$ -504,000,000.00
2012	$ 582,000,000.00	$ 1,020,000,000.00	$ -438,000,000.00
2013	$ 697,000,000.00	$ 1,210,000,000.00	$ -513,000,000.00
2014	$ 785,000,000.00	$ 1,350,000,000.00	$ -565,000,000.00
2015	$ 714,000,000.00	$ 1,220,000,000.00	$ -506,000,000.00
2016	$ 749,000,000.00	$ 1,190,000,000.00	$ -441,000,000.00
2017	$ 815,000,000.00	$ 1,220,000,000.00	$ -405,000,000.00
2018	$ 803,000,000.00	$ 1,240,000,000.00	$ -437,000,000.00
2019	$ 787,000,000.00	$ 1,200,000,000.00	$ -413,000,000.00
2020	$ 863,000,000.00	$ 1,270,000,000.00	$ -407,000,000.00

Author: Mislav Savić, data collected from the UN Comtrade database.

4.2.1. COVID 19 IMPACT ON EU DRIED FRUIT TRADE

In a recent report published by the European Commission, agri-food trade was analyzed for 2020, a year that brought many challenges, especially in the form of COVID-19. Despite the challenges, the report highlights the success that the European agri-food trade experienced in 2020, where the total value of the agri-food trade reached € 306 billion. Of that total, € 184 billion were exports and € 122 billion were imports. Despite a general downward trend for international trade in Europe in 2020, mostly caused by the pandemic, the EU international trade in agri-food reported slight growth compared to 2019. The value of EU agri-food exports saw a 1.4 % increase and the value for imports rose 0.5 %.

Regarding the nut and dried fruit industry, the category of Tropical fruit, fresh or dried, nuts and spices, continued to have the largest share of EU agri-food imports as it was in 2019, representing 11 % of all agri-food imports into the EU. The category Fruit, fresh or dried, excluding citrus & tropical fruits, represented 5 % of all agri-food imports, making it tied for the second-largest group of imports.

4.2.2. EUROPEAN DRIED FRUITS COMPETITORS

The European dried fruit export trade value in 2020 was a total of 863 million U.S.dollars. The biggest European importer countries of Dried fruits were as follows: Germany (market share 24.5 %), Spain (market share 12.6 %), Italy (market share 12.2 %), France (market share 12.1 %), Netherlands (market share 7.83 %), Poland (market share 5.95 %). Comparatively Croatian share of the European export was 0.17 %.

In the same year, the biggest European export countries of dried fruits were as follows: Germany (market share 18.1 %), United Kingdom (market share 12.1 %), France (market share 9.47 %), Poland (market share 6.17 %), Russia (market share 5.48 %). Comparatively Croatian share of the European import was 0.56 %.

In 2020 the biggest EU exporter was Germany (trade value at $ 212 million). The biggest EU importer was also Germany (trade value at $ 232 million) which is not a surprise because the country's companies are mainly dealing with the Re-exportation of previously imported goods. The second two biggest European importers were the United Kingdom (trade value of $ 155 million) and France (trade value of $ 121 million).

It is important to mention how the dried fruit exports of Spain increased by 76 % in the period from 2008 to 2012 (ITS, 2013) which showcases how fast certain countries can achieve success in trade. Küçükkiremitçi in his paper REGIONAL AND SECTORAL CONCENTRATION IN TURKEY'S EXPORTS made in 2010 stressed that Turkey's biggest competitors in the vegetable and fruit sectors in 2010 were European countries such as Spain and Netherland which while viewing the data from 2020 turned out to be partly true as Spain and Netherland gradually lost their respected market share and countries like Germany increased their export market share.

4.2.3. EUROPEAN TRADE RELATIONS WITH TURKEY

4.2.3.1. FREE TRADE AGREEMENT BETWEEN TURKEY AND ECSC

It is important to mention how a free trade agreement on coal, iron, and steel products was concluded in 1996 between Turkey and the European Coal and Steel Community (ECSC) which was the predecessor of the European Union. In addition to the Customs Union, in 1998 the Association Council agreed on a free trade agreement for agricultural goods. At the 1999 Council meeting in Helsinki, Turkey received the status of a candidate for the EU. Six years later, in 2005, official accession negotiations between the EU and Turkey began.

4.2.3.2. CUSTOMS UNION

The establishment of a customs union between Turkey and the European Union was not an easy process. After many delays due to political and economic difficulties, and after tough negotiations in the European Association Council, in December 1995 the Decision No. 1/95 of the EC-Turkey Association Council was passed and the Customs Union between the EU and Turkey was finally established. The Customs Union with Turkey is based on the 1963 Ankara Agreement and its Additional Protocol (1970). Since January 1, 1996, almost all industrial and processed agricultural products (except coal, steel, and agricultural products) can be imported duty-free into the EU or Turkey with the A.TR movement certificate. That document certifies that a specific product has cleared the importation procedures in either country and, therefore, is in free circulation in either the EU or Turkey. Since its introduction, the Customs Union has established itself as the backbone for the economic relationship between EU member states and Turkey. During the years of political and institutional alignment between the EU and Turkey – broadly within the time interval from 2002 to 2006 – international trade and investment between Turkey and EU member states increased significantly. Thus, the EU-Turkey Customs Union represents a deep economic integration agreement going far beyond a classical free trade agreement. It obliges Turkey to follow the EU's Common Customs Tariff (CCT) and rules for imports from third countries, to align domestic legislation with the EU acquisition of goods, and to adopt EU rules on commercial and competition policy, and intellectual property rights. As such, the Customs Union has facilitated the integration of the Turkish industrial sector into EU value chains. In a Customs Union, exporters benefit from much-simplified rules of origin; this lowers bureaucratic barriers to trade substantially and enables seamless integration in European production networks. The customs union provides the following:

- Free movement between two parts of the customs union for goods covered wholly produced or released for free circulation after importation from third countries into Turkey or the EC…
- Alignment of Turkey with the Common Customs Tariff of the Community, including preferential arrangements, and harmonization of trade policy measures…
- Harmonization of customs legislation, in particular through decisions of the Customs Cooperation Committee (eg Decision No 1/2001) and mutual assistance in customs matters)
- Harmonization of other laws (intellectual property, competition, taxation)
- Preferential agreement on agriculture…

Over time, the Customs Union between Turkey and the EU has shown significant shortcomings that affected trade. Some of the disadvantages are:

- Limited influence: Turkey is not involved in the determination of common tariffs or common trade policies.
- External asymmetry: The EU's free trade agreement with third countries does not cover Turkey.
- Transport problems: administrative problems with various declarations, insurance, and the like.
- Trade strikes anti-dumping proceedings.
- Visa barriers: Turkish carriers face the challenge of obtaining the necessary visa before entering and crossing the EU.

4.2.3.3. REQUIRED DOCUMENTS BY THE CUSTOMS UNION FOR TURKISH EXPORTERS TO THE EU MARKET

A.TR MOVEMENT CERTIFICATE

ATR or A.TR is an EU acronym, standing for “Admission Temporaire Roulette”. The ATR.1 Certificate is a customs document used in trade between EU members and Turkey, to benefit from cheaper rates of duty. The legal basis for the use of the certificate is the EU-Turkey Customs Union. It is important to remember that not all products are included in the customs union. Products not included in the customs union are steel & coal and some agricultural products. Many of these are instead included in the EU-Turkey FTA (Free trade agreement) which was mentioned in the previous text. It is also worthwhile to note that the ATR.1 certificate is not a certificate of origin, but rather a status certificate. It, therefore, certifies that the product has been put in free circulation either in the EU or in Turkey, which means that the product had gone through the importation procedure in either country.

OFFICIAL MODEL CERTIFICATE REQUIREMENT

The European Commission issued a document numbered 2019/1793/EU which states the following regarding the Implementing Regulation (No 2021/608/EU) of dried figs, pistachios, and some third countries originating and being shipped from Turkey and others containing more than 20 % of these products In the export must contain the Official Model Certificate, the format of which is determined by the EU and is the requirement for the EU. It is also necessary for the products to have a "Sampling and Analysis Result Report".

PRE-NOTIFICATION AND EXPORT APPLICATION

Export by the exporter/manufacturer or his representative can be conducted only if the product passes all the requirements listed in Food Safety Information System (ggbs.tarim.gov.tr.). The Food Safety Information system should be accessed by the exporter before the start of the export application process.

4.3. TURKISH DRIED FRUITS PRODUCTION AND TRADE

Turkey is a country with a big and developed agricultural production, and its competence in this area allowed it to produce a wide range of agricultural products which it consequently exports all over the world. Thus, except for a few tropical products, Turkey can produce practically any agricultural product on a huge scale. Its unique geographical location offers plenty of sunshine, a dry Mediterranean climate, fertile soil, and the right amount of rainfall, which makes it possible to grow a diverse range of plants. Dried fruits such as grapes, apricots, figs, and tomatoes are popular Turkish products, whole hazelnuts and pistachios also have a long tradition in harvesting and trading. Dried fruits are one of Turkey's most important agricultural production areas. The majority of dried fruits produced in Turkey are comprised of Raisins (sultanas), dried apricots, and dried figs. The aforementioned are considered traditional Turkish agricultural export commodities due to their importance in the agricultural export sector. Other dried fruits produced and exported by Turkey include prunes, currants, dried apples, dried pears, dried mulberries, dried peaches, and so on.

The Turkish agricultural economy in 2020 was among the top twenty (rank 19) in the world because it is a country rich in agricultural land and has a significant share of employees in agricultural production, but also food processing.

The main reason why the Turkish agricultural economy is not in the top 10 is that (As of 2018) it's undergoing a currency debt crisis, characterized by the Turkish lira (TRY), high inflation, rising costs of borrowing, and growing defaults. Despite the constant increase in exports, which has relatively low value-added, Turkey has a growing trade deficit fueled by dependence on energy imports. According to the aforementioned data collected in 2020, Turkey was the 2nd largest economy in Europe in terms of the agricultural economy. It boosted its agricultural exports from 8 billion U.S. dollars to 17.7 billion U.S. dollars between 2002 and 2018. Therefore it is not a surprise that Turkey is one of the most important producers and exporters of dried fruit. Overall in 2021 Turkey exported 1,781 types of agricultural products to 190 countries, where it generates a revenue of $ 29.7 billion. When it comes to dried fruit Turkey exports to 150 countries and generated a revenue of

$1.5 billion.

The Turkish dried sector aims to raise its exports from 11 % to 25 % of Turkish agricultural exports by the year 2023 (Istanbul Exporters Association 2010). As established before Turkey is a major player in the dried fruit and vegetable sector, especially in apricot and fig production. (Erdem T. (2020))

4.3.1. TURKISH EXPORT TARGETS (2011-2023)

Turkish production strategy as was mentioned previously is directed to export. The overall export of Turkey in 2011 was 135 billion dollars (TSI, 2013). The current Turkish export target is to reach 500 billion dollars in 2023, which coincides with the Turkish Republic's 100th anniversary. This strategy of reaching the target export value is prepared under the Customs Union between Turkey and EU, WTO, and regional and bilateral trade agreements. Thus, it is targeted that 0.74 % in 2013 the share of Turkey from the world trade will increase to 1.46 % in 2023 (Official Gazette, 2012). Agricultural products and among them dried fruit are contributing a large part to reaching the export target in 2023. Table 3 below displays the Turkish overall dried fruits trade for 10 years from 2010 to 2020.

Table 3 Turkish Dried fruits trade 2010-2020

Turkish Dried fruit trade			
Year	Export value (USD)	Import value (USD)	Balance (USD)
2010	$ 361,000,000.00	$ 6,820,000.00	$ 354,180,000.00
2011	$ 378,000,000.00	$ 14,700,000.00	$ 363,300,000.00
2012	$ 312,000,000.00	$ 10,800,000.00	$ 301,200,000.00
2013	$ 346,000,000.00	$ 15,400,000.00	$ 330,600,000.00
2014	$ 388,000,000.00	$ 19,200,000.00	$ 368,800,000.00
2015	$ 339,000,000.00	$ 18,000,000.00	$ 321,000,000.00
2016	$ 321,000,000.00	$ 15,600,000.00	$ 305,400,000.00
2017	$ 298,000,000.00	$ 17,400,000.00	$ 280,600,000.00
2018	$ 291,000,000.00	$ 19,200,000.00	$ 271,800,000.00
2019	$ 305,000,000.00	$ 18,300,000.00	$ 286,700,000.00
2020	$ 311,000,000.00	$ 17,000,000.00	$ 294,000,000.00

Author: Mislav Savić, data collected from the UN Comtrade database.

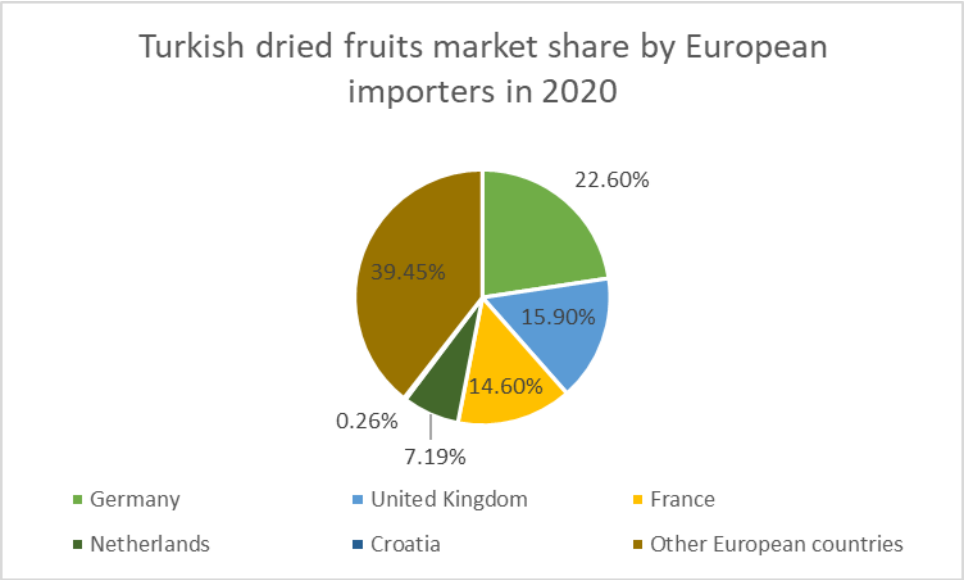
4.3.2. TURKISH DRIED FRUITS EXPORTS TO THE EU

Turkish traditional biggest export market for dried fruits is the European union conversely European Countries. After all, as Turkey's trade with the EU is examined, the share of export value of the products like dried fruits that Turkey has competitive power in is very high. The increase in world trade in the past 30 years has caused other exporting countries to be directed to the world markets and therefore increasing competition as was mentioned in the

competitor's segment. Especially, dried fruit production and exports from European countries affect Turkish exports. The outlook for the import of edible nuts and dried fruit within Europe is positive in the long term and it is expected that imports will continue to increase in the coming years which offers Turkish exporters a good potential in increasing their market share in the following years. With the increase in global trade, making a clear strategy for the increased volume and export concentration is of big importance to the Turkish export sector. Erkan (2011) in his study searched the competitive power of the conventional export products of Turkey. He used Balassa and Vollrath indexes. As was mentioned before in the production segment he showed that Turkey has a competitive advantage in figs, raisins, and dried apricots but competitive power decreased relatively. Türkekul (2009) stressed the importance of the standards directed to health, quality, and food safety to compete with European markets.

Turkish dried fruit export value to Europe was a total of $ 176 million in 2020. The biggest Turkish export markets in Europe were in the following countries: Germany (market share 22.6 %), the United Kingdom (market share 15.9 %), France (market share 14.6 %), and the Netherlands (market share 7.19 %). Comparatively Croatian market share in Turkish Dried fruits in 2020 was only 0.26 %. Table 4 below is a visual representation of the aforementioned market share data.

Table 4 Turkish dried fruits European export market share in 2020



Author: Mislav Savić, data collected from the UN Comtrade database.

4.4. CROATIAN DRIED FRUITS PRODUCTION AND TRADE

The Republic of Croatia owns 1.4 million hectares of agricultural land and 2.2 million hectares of forest. Croatia is self-sufficient in the production of wheat, corn, poultry, eggs, and wine, and has favorable conditions for the production of many other agricultural products. However, imports of agricultural and food products to Croatia are continuously growing. Croatian agriculture contributed only 4 % of the national GDP. In 2018, Croatia imported $ 3.9 billion worth of agricultural goods and in 2020 $ 3.68 billion. Within the Croatian food market, European suppliers dominate, and the market continues to grow, with high-value food items as the largest segment. It is important to mention that the most important Croatian partners in the exchange of agri-food products are the Member States of the European Union and the Member States of CEFTA.

Unfortunately, the author of this paper was unable to find relevant information related to the Croatian production of dried fruit which can serve as an indication that Croatia is not producing the majority of its dry fruit products rather than just reexporting them similarly to what Germany is doing but on a much smaller scale.

Since the accession of the Republic of Croatia to the European Union, all measures and rules of the market organization are regulated directly and indirectly by national regulations. Thus, they are in regular coordination with all the rules related to the production and marketing of products made and accepted by the EU parliament, such as program support for the wine, fruit, and vegetable sectors, horse breeding, beekeeping, improvement programs food availability (School Fruit and Vegetable Schemes, School Milk Program) as well as rules and measures of trade with third countries and competition. In line with the development of market opportunities and decisions of the European Commission on the initiation of certain measures, the Republic of Croatia participates in market intervention measures and emergency measures.

Due to its geographic position and its recent membership in the European Union, Croatia has become an attractive country for investors. Since the country imports twice as much in value as it exports. Imports and exports in Croatia are regulated by specific provisions within the commercial legislation which are going to be mentioned later in this chapter. As imports of agricultural and food products continue to grow, the persistent economic crisis, now exacerbated by COVID-19, has somewhat dampened that growth. In the last few years, flourishing tourism along the Croatian Adriatic coast and rebounding consumer demand in urban areas have fueled demand for consumer foods as evidenced by the growth in the number of supermarkets.

According to statistics for 2018, most exports of Croatia were directed to Slovenia, Germany, and Italy, summing up to around 68.6 % of the total exports. In terms of imports, most of the products, around 78 % come from the EU countries while 3.4 % of the imports in Croatia come from China. Serbia is another significant import partner, with around 2.6 % of the products being imported from Croatia. Furthermore, in 2020 Serbia possessed a market share of 15.4 % in the Croatian dried fruits trade which made it the biggest exporter and consequently a competitor to Turkish dried fruits export. Comparatively, in the same year, the biggest export market for Croatian Dried fruits was Germany with a market share of 28.2 % and valued at 413 thousand U.S. dollars.

In 2020 Croatia exported $ 246 million worth of goods to Turkey from which $ 8.78 million was the value of all the agricultural products. It is important that Croatia also exported dried fruits valued at $ 1.46 million, the peak in the Croatian dried fruit trade was in 2018 when it reached a value of $ 2.66 million. Since that peak, it has steadily declined. Table 5 below displays the peak of Croatian export of dried fruits as well as the gradual growth of Dried fruit import in 10 years from 2010 till 2020.

Table 5 Croatian Dried fruits trade 2010-2020

Croatian Dried Fruits trade			
Year	Export value (USD)	Import value (USD)	Balance (USD)
2010	$ 463,000.00	$ 4,510,000.00	$ -4,047,000.00
2011	$ 584,000.00	$ 4,380,000.00	$ -3,796,000.00
2012	$ 605,000.00	$ 3,920,000.00	$ -3,315,000.00
2013	$ 498,000.00	$ 4,600,000.00	$ -4,102,000.00
2014	$ 551,000.00	$ 4,850,000.00	$ -4,299,000.00
2015	$ 682,000.00	$ 4,900,000.00	$ -4,218,000.00
2016	$ 1,270,000.00	$ 4,800,000.00	$ -3,530,000.00
2017	$ 1,360,000.00	$ 5,810,000.00	$ -4,450,000.00
2018	$ 2,660,000.00	$ 6,500,000.00	$ -3,840,000.00
2019	$ 1,780,000.00	$ 6,500,000.00	$ -4,720,000.00
2020	$ 1,460,000.00	$ 7,170,000.00	$ -5,710,000.00

Author: Mislav Savić, data collected from the UN Comtrade database.

4.4.1. MARKET SHARE COMPETITORS IN CROATIAN DRIED FRUIT IMPORT

Table 6 below displays the biggest market competitors in Croatian dried fruits import from 2013 till 2020. In the aforementioned table 6, we can see how Serbia maintained the biggest market share till 2017 when Germany overtook it and steadily increased its share while Serbian export stagnated. As can be seen, Turkey steadily increased its share till 2016 from

which point the share was stable at around 6 %. The gradual market share growth of China indicates that there is potential for the competitors to increase their market share as the Croatian import volume is growing on an annual basis.

Table 6 Biggest market competitors in Croatian dried fruit import 2013-2020

	Biggest market competitors in Croatian Dried fruit import (2013-2020)							
	2013	2014	2015	2016	2017	2018	2019	2020
Country name	Market share (%)	Market share (%)	Market share (%)	Market share (%)	Market share (%)	Market share (%)	Market share (%)	Market share (%)
Serbia	33.9	36.7	24.1	24.3	15.8	15.4	15.7	15.4
Germany	12.9	16.1	17.4	16.4	19.2	17.2	22.3	13.5
Chile	1.32	0	11.4	5.18	8.58	13.1	12.3	12.5
China	1.54	1.69	1.26	1.14	1.19	5.76	2.16	8.29
Turkey	4.39	5.59	9.86	9.79	6.61	6.42	6.2	6.4
Thailand	0.11	0.79	1.9	7.07	7.12	5.45	6.9	2.73
Italy	3.14	5.33	3.27	2.5	4.85	3.35	2.53	1.93
Bulgaria	8.53	3.62	4.61	0.43	0.89	1.8	1.47	1.81
Netherlands	2.49	1.13	1.29	3.48	7.14	5.79	4.29	5.7
B&H	8.61	2.66	1.8	3.33	2.12	2.82	1.96	2.46

Author: Mislav Savić, data collected from the UN Comtrade database.

4.4.2. TURKISH CROATIAN TRADE RELATIONS

The first trade agreements between the two countries were signed on 2 July 1994 in Ankara and they were the International Road Transport Agreement and the Maritime Transport Agreement. Following these two agreements in 1996, the Trade & Economic Cooperation Agreement and the Agreement on Reciprocal Incentives and Protection of Investments were signed in Zagreb. After the aforementioned agreements came to the Dual Taxation Agreement on Income in 1997 and the Cooperation and Mutual Assistance in Customs Service Area in 1999. The most important trade agreement between the two countries before Croatian ascension to the European Union was the Free Trade Agreement. The Free Trade Agreement between Turkey and Croatia was signed on 13 March 2002 and It entered into force in July 2003. With the change to the trade agreement, all industries originating from Turkey and Croatia abolished the customs duties applied to their products on the date the agreement went into force. For Croatia as an importer, Product groups determined on three lists of customs duties applied to industrial products originating from Turkey as of 2004, 2005, 2006, and 2007, The importing country has agreed to a gradual reset. The free trade agreement was terminated when Croatia joined the EU on 1 July 2013. Also, it is important to mention the “Economic Cooperation Agreement” dated 18 February 2009 which constitutes the legal basis of Turkish and Croatian bilateral economic relations.

AGREEMENT DATE AND LOCATION:

1. International Road Transport Agreement - 2 July 1994, Ankara
2. Maritime Transport Agreement - 2 July 1994
3. Trade & Economic Cooperation Agreement - 12 February 1996, Zagreb
4. Agreement on Reciprocal Incentives and Protection of Investments - 12 February 1996, Zagreb
5. Cooperation and Mutual Assistance in Customs Service Area - 10 February 1999, Ankara
6. Preventing the Dual Taxation Agreement on Income - 22 September 1997, Zagreb
7. Free Trade Agreement - 13 March 2002, Zagreb
8. Economic Cooperation agreement - 18 February 2009
9. Croatia joining European union - 1 July 2013

4.4.2.1. CROATIA IMPLEMENTING EU CUSTOM DUTY

With Croatia becoming a member of the European Union (EU) as of 1 July 2013, the country has implemented the EU's customs duties and common commercial policy as necessary because the EU is a single customs region. Goods imported after customs clearance in any EU member state can move freely between EU member states without any additional customs procedures. In addition to the customs tax, a Special Consumption Tax (excise duty) is collected for the import of some products (Alcohol and alcoholic beverages, tobacco products, energy products and electricity, coffee and soft drinks, and motor vehicles). As was mentioned in the “Turkish and EU dried fruits trade” the Customs Union with Turkey has been in force since 1995, therefore the trade between Turkey and Croatia was still ongoing.

4.4.3. CROATIAN TRADE BARRIERS AND STANDARDS

4.4.3.1. TRADE BARRIERS

While the Croatian market is relatively free of overt trade barriers, several realities of the market pose challenges for foreign exporters to Croatia. The exporter’s primary concern is the lack of efficiency in the Croatian judicial system. With a multi-year case backlog, the prosecution of IPR infringements and the resolution of commercial disputes is time-consuming and costly. Exporting Companies have complained about discriminatory technical specifications in public procurement tenders. The complaints regard technical requirements that clearly favor one bidder through narrow specifications and thus prevent the participation of other bidders. Companies have also complained that technical scoring

gives an unfair advantage on unimportant features. This is a barrier to all new companies that would like to enter the market. Government responses have been diverse: in some cases, they addressed the issue promptly, while in others there was no reaction at all.

4.4.3.2. STANDARDS FOR TRADE

The Croatian government has harmonized the technical trade standards with European legislation and directives. This was done to create an internal market where goods legally manufactured in one member state can be sold in the market of another member without any additional testing and certification. It is important to mention that the EU is in a continuous process of harmonizing technical regulations, standards, and conformity assessment procedures among the member states. Since the EU consists of independent states, the EU adopts Directives and publishes references to harmonized standards that each member state is required to transpose into its legislation and national standards system. According to the Croatian Standard Institute (HZN), the Croatian companies acting as importers are held directly responsible for product safety and their conformity with the technical trading regulations. Nevertheless, the ultimate responsibility for product compliance lies with the manufacturer. The Croatian Accreditation Agency is the local institution that confirms to companies and individuals and to Croatian private sector laboratories that they meet certain standards required to participate in the conformity assessment process. The basic trade standards in Croatia are comprised of: testing, inspection, and certification of goods and merchandise imported and exported. It is important to mention how only 0.2 % of Croatian standards are of purely Croatian origin; the rest of them are adopted European and/or international standards.

4.4.3.3. IMPORT REGULATION AND DOCUMENTATION

A Croatian importer is responsible for providing the required import documentation, which consists of common trade, transport, and customs documents, as well as certificates required for quality control and licenses where appropriate. The Single Administrative Document (SAD) that is used by the European Union and most other countries is the key customs document in Croatia as well.

The single administrative document (SAD) is a form for available translations of the preceding used for customs declarations in the EU, Switzerland, Norway, Iceland, Turkey, the Republic of North Macedonia, and Serbia. It is composed of a set of eight copies each with a different function. Using one single document reduces the administrative burden and

increases the standardization and harmonization of data collected on trade.

The **EORI number** is the Economic Operator Registration and Identification code that needs to be assigned to trading companies in Croatia with import and export activities within the EU territory. The EORI number is unique for any trading company with activities in Croatia, it is formed of the country's prefix, the VAT number, and other digits. This kind of code is used by the customs authorities for better control of the import and export activities of Croatian companies, mentioning that the EORI number is completely different from the VAT code assigned for trading companies in Croatia. The VAT certificate of the trading company, a document issued by the Croatian Trade Register that shows the company is registered for business, plus the power of attorney are among the necessary documents for EORI applications in Croatia.

4.4.4. CROATIAN IMPORT OF TURKISH DRIED FRUITS

In 2020 overall Turkey exported $ 417 million worth of goods to Croatia from which $ 28.6 million was the value of all the agricultural products. Turkey's Exports of vegetable, fruit, and nut food preparations to Croatia were $ 16.1 million in 2020, according to the United Nations COMTRADE database on international trade. Furthermore, dried fruits had a market share of 0.19 % in the agricultural import market and a value of $ 2.85 million. The aforementioned data can be seen in table 7 below which displays it in a period from 2013 till 2021, in which we can see a gradual increase in value. It is important to note how the peak of imports was during 2019 and then afterward the trade declined which is the result of trade transport difficulties inflicted by the COVID-19 pandemic.

Table 7 Turkish dried fruits exported to Croatia 2013-2021

Turkish dried fruits export to Croatia 2013-2021			
Year	Item	Value in USD	Amount in tons
2013	Dried fruits	$ 1,795,045.00	685.95
2014	Dried fruits	$ 1,962,342.00	625.81
2015	Dried fruits	$ 1,630,330.00	461.51
2016	Dried fruits	$ 2,457,751.00	754.26
2017	Dried fruits	$ 2,284,765.00	780.95
2018	Dried fruits	$ 2,900,104.00	1030.41
2019	Dried fruits	$ 2,119,711.00	698.60
2020	Dried fruits	$ 2,853,977.00	922.23
2021	Dried fruits	$ 2,460,731.00	672.71

Author: Mislav Savić, data collected from Croatian chamber of commerce.

4.4.5. INDIVIDUAL TURKISH DRIED FRUITS IMPORTED TO CROATIA

In this part of the paper, the changes in the individual dried fruits produced in the period from 2013 to 2021 shall be displayed and explained in a detailed and thorough manner. Also, it is important to note that in the following text a case study of a Turkish exporter's relation to a Croatian importer shall be presented and analyzed.

4.4.5.1. DRIED FIGS IMPORT

Table 8 below displays the dried figs imported from turkey to Croatia in which we can observe a slow but gradual increase in the number of imported figs. Interestingly during 2020 and 2021 when the global COVID-19 pandemic was affecting all trade negatively it did not affect this particular one, at least not directly.

Table 8 Dried figs import 2013-2021

DRIED FIGS IMPORT		
Year	Amount in tons	Value (USD)
2013	353.585	$ 1,032,821.00
2014	346.813	$ 1,255,463.00
2015	253.630	$ 944,060.00
2016	347.003	$ 1,325,276.00
2017	330.477	$ 1,301,861.00
2018	298.622	$ 1,344,397.00
2019	250.992	$ 1,037,471.00
2020	492.251	$ 1,839,758.00
2021	464.416	$ 1,783,564.00

Author: Mislav Savić, data collected from Croatian chamber of commerce.

4.4.5.1.1. EXPORTER COMPANY EXAMPLE

In the Croatian dried figs import the "Kolla" fruit company does its trade, exporting dried figs to a Croatian importer which uses the same dried product for further processing or manufacture and then exporting it to another market. The company was founded in 1921 by Jean-Jacques Kölla and Jon Scharplaz. It is an international export company with branches in England, France, Spain, Switzerland, Germany, Italy, and most importantly for this paper Turkey. The specific branch of the company in which data is being presented is located in Izmir. In the trade with the Croatian company, Kolla is exporting Turkish-made dried figs which makes it a good case study for this thesis. As can be seen in table 9 below the company started exporting to Croatia in 2020.

Table 9 Kolla dried figs export to Croatia 2020-2022

KÖLLA export to Croatian Importer		
Year	Amount in tons	Value (USD)
2020	20	$ 83,196.25
2021	60	$ 249,159.35
2022	40	$ 161,025.00

Author: Mislav Savić, data collected from the "Kolla" fruit company database.

In the following text, the author will mention specifics of the aforementioned trade of "Kolla" company which were collected during an interview session on 25.05.2022.

- The company started working from its Izmir branch in 2018 and two years later in 2020 started exporting dried figs to the Croatian importer.
- On the question of which parameters affect the company's export to Croatia the answer was rigorous quality regulation and burdensome paperwork.
- The company does not plan on increasing its export volume to Croatia due to the aforementioned parameters.
- Even though it is not in the scope of this paper the company also exports nuts to Croatia in a much bigger volume than dried figs.
- When describing their relationship with the Croatian trade regulation and supervision the company was content to mention there is a need for improvement.
- The effects of the Turkish economy and currency Crysis in the 2020-2021 period on the export of dried fruits was an Increase in demand for exported goods accompanied by an increase in the production cost of exported goods.
- The global COVID-19 affected the trade with increased incompatibility among staff due to infections and an increase in Sanitary inspection parameters for exported goods.

4.4.5.2. RAISINS IMPORT

Table 10 below displays the raisins imported from turkey to Croatia in which we can observe a gradual decrease in the number of imported raisins with a peak raisin import year being 2016.

Table 10 Raisins import 2013-2021

RAISINS IMPORT		
Year	Amount in tons	Value (USD)
2013	108.314	$ 227,778.00
2014	67.935	$ 153,718.00
2015	48.272	$ 134,510.00
2016	178.070	$ 409,900.00
2017	5.989	$ 14,301.00
2018	107.328	$ 289,183.00
2019	36.386	$ 99,145.00
2020	8.986	$ 25,284.00
2021	0.442	$ 976.00

Author: Mislav Savić, data collected from Croatian chamber of commerce.

4.4.5.3. RAISINS (SULTANA) IMPORT

Table 11 below displays the Sultana variant of raisins imported from turkey to Croatia in which we can observe a gradual decrease in the amount of imported Sultana raisins with a peak import year being 2017.

Table 11 Raisins (Sultana variant) import 2013-2021

RAISINS (Sultana) IMPORT		
Year	Amount in tons	Value (USD)
2013	123.625	$ 240,951.00
2014	115.34	$ 182,400.00
2015	90	$ 136,666.00
2016	111	$ 159,382.00
2017	299.1779	$ 440,810.00
2018	506.208	$ 851,410.00
2019	269.968	$ 580,593.00
2020	225.35	$ 424,979.00
2021	52.027	$ 94,508.00

Author: Mislav Savić, data collected from Croatian chamber of commerce.

4.4.5.4. DRY APRICOTS IMPORT

Table 12 below displays the dry apricots imported from turkey to Croatia in which we can observe a slow but gradual increase in the number of imported apricots. The interesting fact in this data sheet is the value difference between the years 2016 and 2018 in which a higher volume of imported apricots was valued lower than a lower volume in 2016.

Table 12 Dried apricots import 2013-2021

DRIED APRICOTS		
Year	Amount in tons	Value (USD)
2013	99.908	$ 291,727.00
2014	74.65654	$ 329,521.00
2015	65.85548	$ 367,771.00
2016	114.31398	$ 522,208.00
2017	141.26621	$ 511,512.00
2018	116.1031	$ 400,402.00
2019	138.72816	$ 386,533.00
2020	153.8921	$ 473,186.00
2021	113.77941	$ 487,482.00

Author: Mislav Savić, data collected from Croatian chamber of commerce.

4.4.5.5. REST OF THE DRIED FRUITS IMPORT PRODUCTS

The rest of the dried fruits imported to Croatia are specifically organized in this text and the following tables 13 and 14 due to an inconsistency in annual export which was not present in the previous import data. The last dried fruits products which are going to be presented here are the following (for the last three the author of this paper made the abbreviation of MIX1, and MIX2, MIX3 to easily showcase the data in the accompanying tables 13 and 14):

- Other raisins (except raisins and sultanas var.)
- Dried plums
- Dried apples
- MIX1, Fruit, dried, edible (except nuts, bananas, dates, figs, pineapple, avocado, guava, mango, mangosteen, papaya, tamarind, cashew apple, lychee, jackfruit, sapodilla plum, passion fruit, carambola and pitaya, citrus fruits, grapes, apricots, plums, apples, pears, and peaches, unmixed)
- MIX2, A mixture of edible and dried fruits, nuts, bananas, dates, pineapples, avocados, guavas, mangoes, mangosteens, papayas, citrus fruits, and grapes, with plums and figs.
- MIX3, A blend of exclusively dried coconuts, cashews, Brazil nuts, areca (betel) nuts, kola nuts, and macadamia nuts.

Table 13 Rest of the dried fruits imported from 2013-2021 are displayed in amount (ton)

	Other raisins	Dried plums	Dried apples	MIX1	MIX2	MIX3
Year	Amount (ton)	Amount (ton)	Amount (ton)	Amount (ton)	Amount (ton)	Amount (ton)
2013	0.5	0.01		0.007		
2014	20.5			0.231	0.339	
2015					3.756	
2016				1.264	2.611	
2017	3.045	0.01		0.697	0.288	
2018	0.008				2.144	
2019					1.262	1.263
2020			41.75			
2021			42	0.0218	0.02	

Author: Mislav Savić, data collected from Croatian chamber of commerce.

Table 14 Rest of the dried fruits imported from 2013-2021 are displayed in value (USD)

	Other raisins	Dried plums	Dried apples	MIX1	MIX2	MIX3
Year	Value (USD)	Value (USD)	Value (USD)	Value (USD)	Value (USD)	Value (USD)
2013	$ 1,768.00	$ 58.00		$ 187.00		
2014	$34,115.00			$3,320.00	$ 3,805.00	
2015					$47,323.00	
2016				$7,647.00	$33,338.00	
2017	$ 4,436.00	$ 61.00		$8,022.00	$ 3,762.00	
2018	$ 16.00				$14,696.00	
2019					$ 9,100.00	$6,869.00
2020			$90,770.00			
2021			$93,945.00	$ 173.00	$ 83.00	

Author: Mislav Savić, data collected from Croatian chamber of commerce.

5. DISCUSSION

To refocus the reader on the hypothesis it will be repeated in the following text. Trade between Turkey and Croatia in Dried fruits has not reached its full potential because of non-tariff trade barriers present for the Turkish exporters and Croatian importers of dried fruits.

In chapter 3.1. Global Dried fruits production and trade we can read about the trend of increased organic food consumption under which dried fruits belong. The text correlates to the data acquired from the UN Comtrade database which indicates an increase in the import value of dried fruits. In table 1 we can observe directly the increase in value of the global dried fruits trade in 10 years, from $ 2.09 Billion in 2011 to $ 2.65 Billion in 2021. As suggested by M. Shahbandeh on Jun 15, 2022, the global market value is forecasted to continue growing well into 2026.

It is also important to mention the global scale of Turkish dried fruits export which is evident in the fact Turkey is capable of producing nearly 25 % of all the dried fruits produced globally in 2020. Furthermore, the data indicates Turkey is operating in this field as an economy of scale and possesses a comparative advantage compared to its European rivals in the production and export of dried fruits.

In chapter 3.2. European Dried fruits production and trade we can observe how European countries are one of the biggest importers and consumers of dried fruits which is evident with a market share of 40 % they possessed in 2017. Also, the decrease of the same market share to 29 % in 2019 showcases the increased consumption and production of dried fruits in Asia. One Asian country, in particular, is steadily increasing its dried fruits export value which can be observed in table 6 regarding the Croatian import market, the mentioned country is, of course, China. China managed to get from a market percentage of 1.54 % in 2013 to 8.29 % in 2020. In table 2 of the European dried fruits trade in 10 years starting from 2010 till 2020 we can directly observe the disparity between the import value and the export value which presents the European market as a mostly consumer one although it is important to notice how gradually the pace of European exports is increasing and therefore lowering the disparity. The reason for this lies in the increased European dried fruit production and re-export activities.

In chapter 3.2.2. European market share of dried fruits export and imports were compared between the biggest importers and exporters and Croatian import and export. The previous data indicated the relatively small scale of Croatian trade in this field standing at 0.17 % in

European export and 0.56 % in imports additionally proving Croatian dependence on imports.

In chapter 3.3. Turkish Dried fruits production and trade we can read about the effect of the Turkish currency debt crisis (characterized by high inflation and rising costs of borrowing) on the country's agricultural economy and indirectly on the dried fruits trade. In the case study done with the international export company Kolla, it was suggested that the aforementioned effect was manifested in Increased demand for exported dried fruits which was nullified by an increase in the production costs of the exported goods. It is important to mention that even with the mentioned economic crisis Turkey still ranks as the 2nd largest economy in Europe in terms of an agricultural economy. As was written by Erdem T. in 2020 in his work "Competitiveness of dried sector: A case study of world and Turkey" Turkey planned on increasing its export share in the dried fruits sector to 25 % which while observed in table 3 Turkish dried fruits trade 2010 till 2020 indicates that it's a goal which it is not going to be able to achieve. Table 3 indicates a steady decrease in export value with a gradual increase in import value.

In chapter 3.3.2. Turkish dried fruits are exported to the EU we can observe Germany as an important trade partner to turkey as it is the biggest European importer with a market share of 22.6 %.

Finally in chapter 3.4. Croatian Dried fruits production and trade we can observe (as previously mentioned in this chapter) how in the field of agricultural goods Croatia is a net importer rather than an exporter and therefore it is not a surprise the fact that the country imports most of its dried fruits needs. Table 5 showcases the Croatian Dried fruits trade in 10 years from 2010 to 2020 in which we can observe how the country gradually increased its dried fruits export value till the year 2018 when it reached $ 2.66 Million. Since 2018 export value gradually decreased while import value increased, it is interesting to compare 2019 and 2018 both in export and import value.

The biggest market competitors for the Croatian dried fruits import as table 6 shows were Serbia and Germany which is indicating the country's strong trade ties with the aforementioned countries. Turkey was growing its market share till 2016 from which point on it remained at a 6 % share. The gradual growth of China's market share suggests that there is a potential for Turkey to increase its market share with either better quality or cheaper prices.

In chapter 3.4.3. Croatian trade barriers and standards and 3.4.5.1.1. For exporter company example it is suggested that Croatian trade barriers are mostly on a non-tariff basis. As mentioned previously in the interview with the exporter official the biggest limitations in increased dried fruits trade were rigorous quality regulation and burdensome paperwork which can be attributed to the Croatian ascension to the EU as only 0.2 % of Croatian standards are of Croatian origin. In table 9 we can observe "Kolla" company's dried fruits export to Croatia in 3 years starting from 2020 till 2022, in it we can see a significant increase in the amount exported in 2021 then followed by a decrease in 2022. As of now the limitations of exporting to Croatia are too big for the company to continue and therefore it is planning to decrease its export volume. While this is happening it is indicated in table 6 that exporters from other countries are increasing their export to Croatia.

In table 8 we can see the biggest volume of individual dried fruits imported into Croatia belongs to dried figs which increased from a volume of 353.585 tons in 2013 to 464.416 in 2021. Based on the data collected from Croatian the same trade is projected to increase in imports. Other annual imports of dried fruits are raisins and dry apricots. As can be seen in Tables 10 and 11 the import of raisins gradually decreases while the import of dry apricots is gradually increasing which can be observed in table 12.

In chapter 3.4.5.5. rest of the dried fruits imports products especially in table 13 we can observe how among the products only dried apples and only recently in 2020 and 2021 had a substantial import amount and value at 41.75 tons in 2020 and 42 tons in 2021. The previously mentioned import data suggests that there is an increase in the dried apple trade.

6. CONCLUSION

The author has argued throughout this paper that the trade limitations which are affecting the Turkish dried fruits trade with Croatia are mostly affected by the nontariff barriers present in Croatia. The author also demonstrated that the impact of global and domestic changes does not have a sufficient effect on this specific dried fruits trade.

Even with increasing demand in both European and Croatian for dried fruits, exporters are facing limitations in their actions of increasing their export volume and value. The trade limitations experienced by the exporters of dried fruits are in the sphere of heavy regulation and high levels of bureaucracy, which are indicated as being the side-effects of the Croatian ascension to the EU and being a part of the customs union. The previous statement is demonstrated in the fact that only 0.2 % of all the standards of trade are of actual Croatian origin, most of which are adopted European and international standards. Turkish dried fruit export has an interest in reaching higher export goals for all products including dried fruits therefore lobbying and better trade connections with Croatia are required. As mentioned previously Croatian dried fruit market is annually increasing its dried import whether due to higher consumption, reexport, or manufacturing. Croatia is part of the European Union and as such, all trade is conducted through the customs union to which turkey and Turkish export are fully integrated even though turkey is still in the negotiations part of its EU accession.

Turkish export companies have maintained a steady market share in the Croatian dried fruits import market however without additional increases in export volume and value the market share will stagnate and give potential to other exporter countries to increase their respected market share. The previous statement is demonstrated in the steady growth of the Chinese dried fruits exported to Croatia.

This study showcased how the global COVID-19 pandemic indirectly influenced Turkish Croatian dried fruits trade as it did all global trade in the years 2020 and 2021. Certain dried fruit products such as dried figs (at least as shown in the data) displayed no response to the pandemic and continued growing in Croatian imports.

The effect of the Turkish currency debt crisis on the country's agricultural economy and indirectly on the dried fruits trade was as presented in the interview with an official from "Kolla" company manifested in Increased demand for Turkish dried fruits which is nullified by an increase in the production costs necessary to produce those dried fruits.

Considering how the paper analyzed the perspective of the Turkish exporters, there is also potential to study and analyze the perspective of the Croatian importer in a future examination of the dried fruits trade between Turkey and Croatia. As well as Croatian dried fruits production and imported dried fruits that have undergone further processing or manufacture. The author of the paper while searching for Information on both of the previously mentioned activities found the sources to be scarce to non-existing which demonstrates the need for additional research to be done on both.

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8. SUMMARY

Today, dried fruits are produced in most regions of the world, and consumption occurs in all cultures and demographic segments. Currently, there is a trend of Increased demand because of higher organic food consumption in developed countries. Turkey is one of the world's largest producers of dried fruit and has been exporting to over 150 countries for over a century. Dried fruits such as grapes, apricots, figs, and tomatoes are popular Turkish products that are generally competitors to EU products. Turkish traditional biggest export market for dried fruits is the European union conversely European Countries. Due to its geographic position and its recent membership in the European Union, Croatia has become an attractive country for investors. Since the country imports twice as much in value as it exports. Croatia has an attractive consumer market for dried fruit and vegetables. Croatian consumers increasingly demand value-added products of high quality, including dried fruits and vegetables. Despite the geographical closeness and customs union between Turkey and Croatia, the commercial and economic relations have not yet reached their full potential. It is actually well below the mentioned potential. The limiting factors for the lack of increase in Turkish export of dried fruits to Croatia are indicated as being a result of rigorous quality regulation and burdensome paperwork.

Key words: Dried fruits, Consumption, import, export.

9. SAŽETAK

Danas se sušeno voće proizvodi u većini regija u svijetu, a konzumira se u svim kulturama I demografskim segmentima. Trenutno postoji trend povećane potražnje zbog veće potrošnje organske hrane u razvijenim zemljama. Turska je jedan od najvećih proizvođača suhog voća u svijetu I više od jednog stoljeća izvozi u preko 150 zemalja. Sušeno voće kao što su grožđe, marelice, smokve I rajčice popularni su turski proizvodi koji su općenito konkurenti proizvodima iz EU-a. Tradicionalno najveće tursko izvozno tržište za sušeno voće je Europska unija I obrnuto europske zemlje. Zbog svog geografskog položaja I nedavnog članstva u Europskoj uniji, Hrvatska je postala atraktivna zemlja za ulagače. Također bitno je spomenuti da zemlja uvozi dvostruko više vrijednosti nego što izvozi. Hrvatska ima atraktivno potrošačko tržište za sušeno voće I povrće. Hrvatski potrošači sve više traže proizvode s dodanom vrijednošću visoke kvalitete, uključujući sušeno voće I povrće. Unatoč zemljopisnoj blizini I carinskoj uniji između Turske I Hrvatske, trgovinski I gospodarski odnosi još nisu dosegnuli svoj puni potencijal. To je zapravo daleko ispod spomenutog potencijala. Ograničavajući čimbenici izostanka porasta turskog izvoza suhog voća u Hrvatsku navedeni su kao rezultat visoke regulacije kvalitete sušenog voća I preopterećenosti izvoznih I uvoznih poduzeća papirologijom.

Ključne riječi: Sušeno voće, potrošnja, izvoz, uvoz.

10. LIST OF TABLES

BASIC DOCUMENTATION CARD

Josip Juraj Strossmayer University of Osijek **Graduate thesis**
Faculty of Agricultural Biotechnology Sciences Osijek
University Graduate Studies, Agroeconomics

TRADE LIMITATIONS OF TURKISH DRIED FRUITS EXPORT AND IMPORT TO CROATIA

Mislav Savić

Summary: Today, dried fruits are produced in most regions of the world, and consumption occurs in all cultures and demographic segments. Currently, there is a trend of Increased demand because of higher organic food consumption in developed countries. Turkey is one of the world's largest producers of dried fruit and has been exporting to over 150 countries for over a century. Dried fruits such as grapes, apricots, figs, and tomatoes are popular Turkish products that are generally competitors to EU products. Turkish traditional biggest export market for dried fruits is the European union conversely European Countries. Due to its geographic position and its recent membership in the European Union, Croatia has become an attractive country for investors. Since the country imports twice as much in value as it exports. Croatia has an attractive consumer market for dried fruit and vegetables. Croatian consumers increasingly demand value-added products of high quality, including dried fruits and vegetables. Despite the geographical closeness and customs union between Turkey and Croatia, the commercial and economic relations have not yet reached their full potential. It is actually well below the mentioned potential. The limiting factors for the lack of increase in Turkish export of dried fruits to Croatia are indicated as being a result of rigorous quality regulation and burdensome paperwork.

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Trgovinska ograničenja izvoza i uvoza Turskog sušenog voća u Hrvatsku

Mislav Savić

Sažetak: Danas se sušeno voće proizvodi u većini regija u svijetu, a konzumira se u svim kulturama I demografskim segmentima. Trenutno postoji trend povećane potražnje zbog veće potrošnje organske hrane u razvijenim zemljama. Turska je jedan od najvećih proizvođača suhog voća u svijetu I više od jednog stoljeća izvozi u preko 150 zemalja. Sušeno voće kao što su grožđe, marelice, smokve I rajčice popularni su turski proizvodi koji su općenito konkurenti proizvodima iz EU-a. Tradicionalno najveće tursko izvozno tržište za sušeno voće je Europska unija I obrnuto europske zemlje. Zbog svog geografskog položaja I nedavnog članstva u Europskoj uniji, Hrvatska je postala atraktivna zemlja za ulagače. Također bitno je spomenuti da zemlja uvozi dvostruko više vrijednosti nego što izvozi. Hrvatska ima atraktivno potrošačko tržište za sušeno voće I povrće. Hrvatski potrošači sve više traže proizvode s dodanom vrijednošću visoke kvalitete, uključujući sušeno voće I povrće. Unatoč zemljopisnoj blizini I carinskoj uniji između Turske I Hrvatske, trgovinski I gospodarski odnosi još nisu dosegnuli svoj puni potencijal. To je zapravo daleko ispod spomenutog potencijala. Ograničavajući čimbenici izostanka porasta turskog izvoza suhog voća u Hrvatsku navedeni su kao rezultat visoke regulacije kvalitete sušenog voća I preopterećenosti izvoznih I uvoznih poduzeća papirologijom.

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