



# Turkish Journal of Agriculture and Forestry

Turkish Journal  
of  
Agriculture and Forestry

An Analysis of the Impacts of Production Quotas and URA Provisions on  
Turkey's Sugar Sector

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**Abstract:** Sugar beet is an important crop in terms of production value and represents 2.5% of the total value of crop production. Its production has been regulated and supported by the government. To adapt Turkey's sugar policies for potential admission to the EU, a sugar production quota policy was implemented in 1999 in addition to existing policies, mainly including price support and input subsidies. At the same time, the tariff imposed on imported sugar was reduced by 10% in order to comply with Uruguay Round Agreement (URA) provisions. The objective here is to analyze the impacts of these policy changes on Turkey's sugar sector using classic welfare analysis with the supply and demand parameters estimated in this study. The implementation of the production quota policy reduced domestic production by 107,000 tons but did not change domestic consumption. Thus, government spending and the producer surplus declined by 95 million and 9 million U.S. dollars, respectively, while the consumer surplus remained the same. A 10% decrease in tariffs because of URA provisions had no impact on the sugar sector since the border price, including the tariff, is still above the domestic price. To carry out this transition easily, Turkey must lower its production costs by structural enhancement in the sector.

**Key Words:** Turkey's sugar sector, quota, URA provisions

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Turk. J. Agric. For., **28**, (2004), 125-130.

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