

*Full Length Research Paper*

# Organizing against market exploitation in Turkey: An analysis of wholesale markets, trade exchanges and producer organizations

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**Due to globalization, the actors in the agricultural product markets are changing. In fact, the market share and influence of multinational holdings on price formation is increasing. The strategic struggle involved in sharing the pie can be a source of exploitation of both small and insufficiently organized producers, marketers and the consumer. Efforts to obtain continuity and increase in the market share and unfair competition, as well as speculation and the increase in the concentration rate of some agricultural products on the markets can be considered as sources of exploitation on the market. In order to prevent the aforementioned, trade exchanges and wholesale market that act as exchanges, as well as producer's organizations need to be powerful. This study aims to contribute to the elimination of exploitation factors that negatively affect the producer and consumer in the agricultural products markets by considering the current structure of wholesale markets, trade exchanges and producer organizations. Although in Turkey, the trade volume of agricultural products in trade exchanges and wholesale markets is not very large, they have an important role in price formation and must become more attractive trade centers by improving their substructure. Producer organizations also need to increase their activity in wholesale markets and trade exchanges.**

**Key words:** Wholesale market, trade exchange, exploitation, producer organization.

## INTRODUCTION

The fact that the world trade structure, volume and the actors that determine international trade regulations have been changing since 1980, when there was an increase in globalization, makes countries to continuously improve their internal dynamics. During this process, changes occur in the production and marketing strategies of agricultural products on the market. Through the entry of foreign capital, new products, different marketing strategies, and the competitive advantage of large firms was observed in the market. In fact, according to a study conducted by the Political Research Institute (1996), more than 25% of all global economic activity is carried out by 25 gigantic holdings which are larger than the economy of some countries, as these holdings form international networks of production, consumption and finance, they are the actors who set the rules for entering the market (Ozturkler and Bakirtas, 2009).

In countries with developed agricultural product markets, producer organizations, wholesale markets and

trade exchanges contribute to price formation, and implementation of production standards and regulations. In markets where free competition conditions prevail especially, wholesale markets and trade exchanges, form a wholesale market where the producer and customers come together to form prices. In these markets, many basic services related to standardization, storage price formation and interaction with other markets can be provided. For proper service provision and conditions, wholesale markets and trade exchanges need substructure facilities. Although agricultural products can be stored, they are highly perishable. Therefore, to ensure product safety, these markets need substructure for storage, packaging and residue analysis, and standard products need to be sold for price formation. The extent to which the prices that occur here are reflected in the retail and/or world prices are also important.

In a system where competition in agricultural products markets increases and where foreign capital firms and retailers are more influential, producers need to

complete their horizontal and vertical organization. When the features of the agricultural holdings in Turkey are considered, producers cannot be expected to influence market prices on their own and adjust to demand changes.

In this study, the importance and functions of producer organizations (cooperatives, producer unions), trade exchanges and wholesale markets in agricultural product markets is emphasized as they bring together producers and consumers, discipline the market with respect to issues such as standardization, form prices, and allow competition to prevail. In agricultural product markets in Turkey, several sources of exploitation exist that negatively affect producers and consumers. Moreover, issues such as price formation, guaranteeing product

Therefore, the role of trade exchanges and wholesale markets in price formation, and bringing together producers and customers under free competition conditions needs to be examined. In addition, in Turkey, the large number of small holdings cannot compete on their own in wholesale markets and trade exchanges. Therefore, producer organizations need to be strengthened against exploitation. In the light of this information, the study aims at examining the structure and shortcomings of wholesale markets, trade exchanges and producer organizations in Turkey and their current effects on exploitation of stakeholders in the markets.

## RESEARCH DESIGN

This study is exploratory in nature and based on literature review (Churchill, 1995). Exploratory research often relies on secondary research such as the review of available literature and/or data. Within this framework, this study questions the sources of exploitation in the agricultural products market that negatively affect the producer and consumer and how these sources can be eliminated. Especially, the elimination of practices that lead to unfair competition, monopolistic and oligopolistic market formation, and the injustice done to producers and consumers are focused on.

## PROBABLE SOURCES OF EXPLOITATION IN AGRICULTURAL PRODUCT MARKETS

Several stakeholders exist in the agricultural product market. These stakeholders ranging from producers to consumers have different statuses and properties. The interests and the priorities of the stakeholders may change according to institutional or social benefit. Therefore, speculations and unfair profit may be observed as market conditions change. Some of these are:

1. Making speculation based on arrangements as to the time and amount of agricultural products to be supplied to the market (consumer exploitation),
2. Intermediaries` exploiting the producer during price formation in the case of the absence or ineffectiveness of producer organizations (producer exploitation),
3. The voices of producers and consumers are not heard in policymaking
4. Agricultural products without organic certification being sold to the consumer as organic products (unfair competition and profit)

(consumer exploitation).

5. Selling of non standard products as if it is of quality product (consumer exploitation),
6. Producing and offering unregistered products (exploitation on an economic scale),
7. Ignoring food safety through unregistered production (consumer exploitation) (legal exploitation),
8. Using deceptive and misinforming advertisement while creating demand (consumer exploitation),
9. Increased concentrations of global firms in local markets.

The existence of laws related to agricultural products, food production and marketing, and stakeholders knowing and abiding by these laws, affect the development of the markets. Although there are many laws and regulations in Turkey that direct and regulate production and marketing systems, unregistered production and marketing as instruments of exploitation are still a basic issue in the sector. Thus, one of the issues to be discussed is the ethical problem among others. In fact, manufacturing ethics is an adaptation instrument for holdings that requires them to follow the law in their economic activities (Yuksel, 2009).

## INSTRUMENTS TO REDUCE EXPLOITATION IN AGRICULTURAL PRODUCT MARKETS

Wholesale markets, trade exchanges and producer organization have an important function in protecting agricultural products markets against sources of exploitation. In fact, wholesale markets and trade exchanges create the necessary environment for healthy price formation by bringing together the demand and supply sides, whereas, cooperatives aim at protecting the benefits of producer or consumer organizations. An evaluation of these bodies is made within the framework as explained.

### Wholesale markets

In Turkey, wholesale markets involve in fresh fruit and vegetable trade. However, in the world, wholesale markets are observed to engage in trade of a variety of products such as water products, meat, dairy products, poultry and flowers, and plants. Several laws related to wholesale markets have been implemented, however, the last is the Law 5957 on the "Regulation of the trade of fresh fruit and vegetables and other commodities with sufficient demand and supply features" that was acknowledged in 2010. In Turkey, wholesale markets have always been the subject of speculation. With the new law, the number of products to be traded in wholesale markets has increased, measures are taken to develop the substructure, and taxes leading to unregistered economy and the necessity to enter more than one wholesale market are prevented.

Attempts to construct databases in order to ensure traceability in wholesale markets, are worth to note. Development of substructure is necessary to allow the information flow to stakeholders and ensure food security. Moreover, if the substructure of wholesale markets is improved, this could attract more producers to trade their products. An increased trade volume in wholesale markets will affect the concentration of large/multinational firms and retailers in these markets. Thus, due to the competitive power of these firms, competition will increase and areas of exploitation, oligopolistic and monopolistic market formation may be prevented.

In 2009, there were a total of 191 wholesale markets, only 16% of which had computers, 9% of which had a cool house, 5% of which had a price list, and 35% of which had other types (manual) of price mechanisms. The importance of storage cannot be ignored when price volatility and the fact that fresh fruit and vegetables are perishable are considered. In addition, price announcement

**Table 1.** Size criteria for wholesale markets.

Group	Features		
	Area size (Hectares)	Number of workplaces	City population
Large	Above 20	Above 150	Above 500.000
Medium	10 - 20	100 - 149	50.000 - 500.000
Small	Below 10	20 - 99	Below 50.000
Other (*)		Below 19	

(\*): the group excluded from the regulation. Source: Albayrak, 2009.

**Table 2.** Distribution of wholesale markets with respect to the number of workplaces criterion.

Group	Number of workplaces	Share (%)
Large	7	4.27
Medium	5	3.05
Small	99	60.36
Other	53	32.32
Total	164	100.00

Source: Albayrak, 2009.

boards have important functions in informing traders about the formed prices as far as possible and ensuring transparency and traceability on the market. Therefore, it is necessary to improve the substructure of wholesale markets. Municipalities are responsible for spending up to 10% of the wholesale markets income on improvement of the market. Yet, the extent to which municipalities have fulfilled this responsibility is not known.

Although producers and cooperatives are expected to dominate the wholesale market, intermediaries are observed to do this. This is due to the insufficient activities and organization of the producers. According to the type project criteria in Regulation No. 22776 on the Establishment Principles of Wholesale Markets" published in the Official Gazette of October 3, 1996, the present wholesale markets are classified into three (large, medium and small) with respect to the area they occupy, the number of workplaces and the population of the location (Table 1). Wholesale markets that occupy more than 20 ha, include more than 150 workplaces and are in the city with a population of 500.000 or more, are classified as large wholesale markets. The present wholesale markets were classified according to the criteria expressed in the Regulation, and it was found that another class that does not meet the criteria emerges when the number of workplaces was considered. According to the classification of all the fresh fruit and vegetables wholesale markets, 60.6% were small, only 4.3% were large, and 3.0% were medium size markets (Table 2).

According to the population criterion, of 113 wholesale markets in Turkey that are member of the World Union of Wholesale Markets, 10% were classified as medium size and 90% as large wholesale markets in 2001.

Although private persons and legal entities are allowed to establish wholesale markets, the private sector has abstained from this, probably due to the high cost of establishing a wholesale market complex, inexperience in this field, and fear of competition with the municipality. In recent years, privatization of wholesale markets has been observed. For example, Kayseri wholesale market and some wholesale markets in Istanbul were privatized. Among these are the Istanbul Metropolitan Municipality

Bayrampasa Central and Kadikoy/Içerenkoy Branch wholesale markets, Mega Center (with the permission the Ministry of Industry and Trade), and Sultanbeyli Private wholesale market (Ozsu, 2005). According to the Ministry of Industry and Trade records, the wholesale markets of Burdur, Isparta and Denizli have achieved autonomous status. There are noticeable substructure activities in wholesale markets that municipalities put out to tender.

#### Trade volume of fruit and vegetables in wholesale markets in Turkey

The trade volume of fresh fruit and vegetables in wholesale markets in Turkey is low. In 1998 - 2000 periods, the share of fruit and vegetables traded in wholesale markets on average was 12.5%. This low number reduces the activity of wholesale markets and results in economic loss. An analysis of the trade volumes of fruit and vegetables in wholesale markets reveals the following most commonly traded products (Table 3):

1. Medlars (67%) and quinces (30%) among the soft stoned fruits,
2. Plums (40%) and peaches (31%) among the stone fruits,
3. Lemons (36.5%) and grapefruits (34%) among the citrus fruits,
4. Almonds (4%) and chestnuts (3%) among the nuts,
5. Bananas (100%), pomegranates (45%) and strawberries (30.3%) among the grapelike fruits.

Approximately 62% of Turkey's fruit production consists of grapes, apples and oranges. However, their trade volumes in wholesale markets are very small. To illustrate this, the trade ratio is 5% for grapes, 11% for apples and 29% for oranges. Only 22% of all fruit produced is traded in wholesale markets.

In Table 4, the trade ratios of vegetables in wholesale markets are presented. Of the vegetables on the market, the following are mostly traded in wholesale markets:

1. Leaf vegetables like parsley (100%), purslane (95%) and spinach (85%).
2. Legume vegetables like broad beans (31%), beans (25%) and green peas (24%).
3. Fruitlike vegetables like courgettes (55%), eggplant (28%), paprika (27%) and cucumbers (26%).
4. Onionlike, tuber and root vegetables like carrots (48%) and dried garlic (31%).
5. Other vegetables like cauliflower (98%).

The products that form the largest share in vegetable production in Turkey have very low trade ratios in wholesale markets. In fact, only 16% of the tomato (holding the largest share of 33 - 41% in total vegetable production), 17% of the watermelon, 26% of the cucumber, 12% of the dry onion, 13% of the melon and 18% of the pepper harvest was traded in wholesale markets. The available

**Table 3.** Trade volume of selected fruits in wholesale markets.

Product group and name		Total marketed volume (000 ton) (1)	Trade volume in wholesale markets (000 ton) (2)	Share % (2/1) x 100
Soft stoned fruits	Pear	261.0	37.0	14.0
	Quince	70.0	21.0	30.0
	Apple	1.866.0	210.0	11.0
	Medlar	3.0	2.0	67.0
Stone fruits	Plum	110.0	44.0	40.0
	Apricot	350.0	30.0	9.0
	Cherry	160.0	18.0	11.0
	Cornelian cherry	5.0	1.0	20.0
	Peach	372.0	116.0	31.0
	Sour cherry	74.0	4.0	5.0
	Olive	1.404.0	23	1.6
Citrus fruits and nuts	Lemon	444.0	162.0	36.5
	Orange	986.0	288.0	29.0
	Tangerine	534.0	154.0	29.0
	Grapefruit	126.0	43.0	34.0
	Walnut	75.0	1.0	1.3
	Almond	35.0	1.4	4.0
	Chestnut	37.0	1.0	3.0
Grapelike fruits	Strawberry	122.0	37.0	30.3
	Fig	179.0	6.0	3.0
	Banana	61.0	61.0	100.0
	Pomegranate	44.0	20.0	45.0
	Grapes	2.786.0	141.0	5.0

Source: Albayrak, 2009.

data on vegetables implies that approximately 30% of total vegetable production is traded in wholesale markets.

Thus, although variation exists among products, low trade volumes are observed in wholesale markets. An increase of trade in wholesale markets would reduce exploitation sources in price formation since greater involvement of demand and supply would occur. The wide representation of all stakeholders in trade in the wholesale markets will reflect onto producer and consumer prices as well. In fact, increased trade by producer organizations will affect the prices producers receive for their products. In fact, in Turkey, producer organizations are weak in the markets, which results in high marketing margins. Particularly, intermediaries and big retailers are more influential in price formation. For some fruits and vegetables, the price differences vary as follows: Producer-wholesale market 36 - 91%, producer-market 82 - 268%, producer-supermarket 204 - 456% (UTCA, 2008).

### Trade exchanges

Trade exchanges in Turkey are trade points where many buyers and sellers come together to sell agricultural products within the quotation of that exchange at prices that are shaped by supply and demand producers, to register sales, and to announce the prices that are formed to the public (Albayrak et al., 2010; MARA, 2000).

Trade exchanges operate under Law 5174 which was implemented on the 18.05.2004. In Turkey, there are 112 trade exchanges, which register cotton, wheat, grapes, olive oil, eggs and livestock among other agricultural products.

In Turkey, most trade exchanges operate only like registration offices (Albayrak et al., 2010; Erbay, 2007). Hence, only 20 - 57% of the total production is traded in trade exchanges (UTCA, 2003), which indicates that a large portion of agricultural product trade is unregistered. This is mainly due to bureaucracy, and the fact that producers find the prices at trade exchanges too low and avoid transportation costs. Another important factor is tax evasion by both producers and traders.

The products apart from those that are traded in halls in trade exchanges are generally traded by dealers. Dealers employ different methods in trade, such as buying cash, buying according to the given production input or credit, or buying by payment in advance (Tasdan, 2005). However, in practice, other forms of payment may take place.

In terms of superiority in competition, the establishment of specialized trade exchanges is of importance for products such as hazelnuts, dried figs, and dried grapes. When trade exchanges are specialized in certain products, it contributes to the formation of reference prices in the national and international markets, and on the other, helps to eliminate differences in procedures and practices followed in marketing channels.

**Table 4.** Trade Volume of selected vegetables in wholesale markets.

Product group and name		Amount of marketed product (000 ton) (1)	Trade volume in wholesale markets (000 ton) (2)	Share% (2/1) x 100
Leaf vegetables	Cabbage	509.0	82.0	16.0
	Artichoke	19.0	0.4	2.0
	Celery	16.0	6.0	38.0
	Lettuce	194.0	64.0	33.0
	Leaf lettuce	105.0	47.0	45.0
	Spinach	167.0	142.0	85.0
	Leek	249.0	44.0	18.0
	Purslane	2.1	2.0	95.0
	Cress	-	0.08	6.4
	Mint	-	1.5	30.0
	Parsley	-	40.0	100.0
	Dill	-	1.1	65.0
	Legume vegetables	Beans	358.0	89.0
Broad beans		39.0	12.0	31.0
Green peas		42.0	10.0	24.0
Brown beans		34.0	6.0	18.0
Fruitlike vegetables	Okra	24.0	4.0	17.0
	Pumpkin	45.0	6.0	13.0
	Melon	1,453.0	186.0	12.8
	Watermelon	3,351.0	576.0	17.0
	Courgette (thin)	212.0	11.0	5.0
	Courgette (stuffable)	-	144.0	55.4
	Cucumber	1,488.0	384.0	26.0
	Eggplant	794.0	219.0	28.0
	Tomato	7,195.0	1,172.0	16.0
	Paprika	323.0	86.0	27.0
Pepper	905.0	166.0	18.0	
Onionlike, root and tuber vegetables	Garlic (dry)	62.0	19.0	31.0
	Onions (dry)	1,764.0	217.0	12.0
	Onions (fresh)	172.0	14.0	8.0
	Radish	134.0	37.0	28.0
	Jerusalem artichoke	0.24	0.06	13.3
	Carrot	199.0	95.0	48.0
Other vegetables	Cauliflower	83.0	81.0	98.0
	Potato	3,735.0	362.0	9.7

Source: Albayrak, 2009.

Specialized trade exchanges are marketing systems that aim at specializing in certain products (Yildirim, 2005). These exchanges operate in two ways: They physically buy and sell products, and they engage in licensed stocking or trade options/contracts issued by the Futures Exchange (FE) to buy and sell crop standing. From this perspective, specialized trade exchanges may work in cooperation with licensed stockers and futures exchanges to help develop the agricultural products markets. The futures exchange in

Turkey was established in Izmir in 2002 and started operating in 2005. Wheat and cotton options are also traded in the FE. Future prices have an important function for producers and users, as they allow producers to estimate the probable future price of a product and decide on which crops is to be planted, accordingly. Users can hedge against risks of price increase and reduce their purchasing costs by the profit they gain from selling futures/contracts (MARA, 2009). The high profits obtained in the FE indicate that these

**Table 5.** Agricultural cooperatives in Turkey (from 30.09.2009 onwards).

Relevant law	Unit cooperatives			Union	Central union
	Type	Number	Number of stakeholders		
Law no. 1163, and 3476	Agricultural development	7.618	795.857	82	4
Law no.1163 and 3476	Irrigation	2.459	286.605	13	1
Law no.1163 and 3476	Water products	531	28.476	14	1
Law no. 1163 and 3476	Sugar beet planters	31	1,651.783	1	-
Law no.1581 and 3223 and Decree Law No.553	Agricultural Credit	1.851	1,321.877	16	1
Law no. 4572	Agricultural Sales and Unions	332	670.493	17	-
	Total	12.822	4,755.091	143	7

Source: TEDGEM, 2010.

exchanges may become more influential in agricultural products markets in the future. Yet, the small number of agricultural product range in the FE, limits this development.

### Producer organizations

As in developed countries, in Turkey, the aim is to make producer organizations more effective in producing and marketing their products in agricultural product markets. However, development in agriculture and economy, and agricultural policies direct producers' awareness of and demand for producer organizations. Particularly, the attitude of decision makers to cooperatives, and the limited number of members and financial sources, weakens the activity of these producer organizations. In the following section, the structure of producer organizations and their reflection onto the market is explained.

### Cooperatives

In Turkey, the role of cooperatives in agricultural products market runs parallel to producer organization and cooperative formation. The weak economic structure of cooperatives, their members' contribution to the cooperatives, and their inadequate substructure reduces their market share and competitive power. Thus, intermediaries and multinational retailers are more effective in the market.

In Turkey, there are three laws that regulate approximately 5 million stakeholders (Table 5). There are 12.822 unit cooperatives, 143 super unions and 7 central unions (Inan et al., 2010). In addition to cooperatives for agricultural development, irrigation, water products, sugar beet, and credit, there are agricultural trade cooperatives.

In Turkey, all cooperatives exhibit differences in terms of their financial resources, activity in the market, number of members and yield. However, compared to countries where cooperatives are very developed and active in the market, the market share of cooperatives in Turkey is insufficient. Still, their contributions to local producers through their purchases are important. Some examples are illustrated further explained.

During the period 2000 - 2008, agricultural trade cooperatives underwent a restructuring process, which was financed by the Agricultural Reform Application Project and the Treasury. During this period, improvements appeared in pricing-purchasing practices, the selling of losing businesses, and personnel structure. The products that Agricultural Sales Cooperatives and Unions (ASU)

bought in 1997 - 2007 from members and non-members and their share in the total production are presented in Table 6. Despite variations over the years, there is a decrease in the level of purchases by the Agricultural Sales Cooperatives and Unions. When the 2007 trade volumes of ASU were analyzed, 100% of all cotton, 97% of all mohair, 22% of all sunflower seed, 14.9% of all sultanas, and 4.9% of all dried figs were traded by cooperatives (Inan et al., 2010). These values are lower for livestock.

The purchase volume of Agricultural Sales Cooperatives and Unions vary according to financial resources and yield. Insoluble financial insufficiencies, purchase prices, complications in the payment to stakeholders, and changes in agricultural policies result in fluctuations in purchases. For example, while Fiskobirlik buys hazelnuts, in the period 2006 – 2009, the Turkish Grain Board that involves in pulses intervention purchases bought hazelnuts and consequently reduced the share of the cooperative. Abandonment of this practice will result in an increase in the purchases of hazelnuts by Fiskobirlik.

Another type of cooperative in Turkey is referred to as agricultural credit cooperatives. The share of agricultural credit cooperatives in total credits used in 2007 is approximately 12% (MIT, 2009). The share of sugar beet producers cooperatives-Pankobirlik- in sugar production is 42% and that of water products cooperatives is about 5%.

Changes in input prices affect the cost and market price of products, and producers approach cooperatives or dealers depending on changing prices. When the dealer offers a higher price than the cooperative, the cooperative's member directly approaches the dealer, which reduces the purchases and market share of the cooperatives, and increases their costs. Stakeholders' sense of loyalty to their cooperative may play an important role here.

### Producer unions

After the implementation of Law No. 5200 on "Agricultural Producers Unions" on the 06.07.2004, the number of members of the established 568 producer unions reached 34.265 (Table 7). Of these unions, 48% concern livestock breeding, 23% fruit, 12% vegetables and decorative plants, 10% field crops, 4% water products and 4% organic production.

Through central unions, the vertical integration of agricultural producer unions for milk, eggs, fruit, vegetables and ornamental plants, field crops, honey and fat seeds is achieved. However, despite the large number of cooperatives and proximity to central unions, unions cannot fulfill their marketing functions. Moreover, the

**Table 6.** Share of purchases by Agricultural Sales Cooperatives and Unions in total production (1997 - 2007) (%).

Production year	Cotton seed	Sunflower for oil	Hazelnut	Sultana	Dried figs	Olive oil	Olive	Soybean	Rose flower	Cocoon	Mohair
1997	13.5	44.0	13.3	27.5	7.5	11.7	9.8	39.6	61.2	95.0	59.3
1998	24.1	51.5	41.2	30.1	7.7	15.0	7.6	41.7	48.4	100.0	46.8
1999	19.1	43.2	26.9	27.1	21.6	14.4	17.6	41.8	20.3	97.8	46.3
2000	15.7	53.0	19.5	29.8	11.4	17.1	19.6	43.2	19.6	91.8	21.5
2001	18.6	37.0	20.5	19.8	5.3	18.9	23.0	38.0	8.8	100.0	73.3
2002	18.1	48.4	8.1	10.4	6.6	16.1	21.7	55.1	28.6	99.0	81.3
2003	14.9	53.4	1.7	18.4	11.3	16.3	17.3	20.9	33.5	98.2	76.5
2004	16.9	58.5	4.3	28.2	11.5	6.8	6.5	17.6	33.2	100.0	100.0
2005	10.9	60.6	9.5	13.4	9.6	14.4	12.7	28.0	43.8	100.0	90.5
2006	10.4	48.3	6.7	12.8	9.8	7.5	5.0	32.5	35.7	100.0	94.0
2007	9.2	22.1	0.9	14.9	4.9	3.2	6.8	22.1	41.1	100.0	97.0

Source: MIT, 2010.

**Table 7.** Agricultural producer unions in Turkey (2009).

Producer unions product groups	Number of producer unions	Number of members
Livestock producers union	272	16432
Fruit producers union	131	7168
Vegetables and ornamental plants and flowers producers union	68	5906
Field crops producers union	55	3291
Water products producers union	20	604
Organic products producers union	22	403
Total	568	34.265

Source: TEDGEM, 2010.

insufficiency of financial sources decreases their power significantly.

## RESULTS AND DISCUSSION

Protecting all stakeholders especially the producer and the consumer against speculation, unfair competition and exploitation in the agricultural product markets in Turkey is of importance. Hence, it is necessary to enforce the laws that regulate the marketing activities of the relevant institutions and competition policies in the market. The dominance of unregistered production and marketing of agricultural products allows for unfair competition. In fact, the export share of fresh fruit and vegetables is about 5%, and approximately 70 - 80% of marketed product is not dealt with in the wholesale markets, which indicates the unregistered trade in this sector. The trade volume in trade exchanges is about 27% düzeyindedir. As in Turkey, the majority of holdings are small or medium size, accounting records are not widespread, which makes it difficult to precisely evaluate the unrecorded economy. Thus, this social and economic problem needs to be combated holistically.

The substructure of agricultural product wholesale markets and trade exchanges, which bring together the producer and the consumer, needs to be modernized. In an era of global competition having modern wholesale markets, which represent all stakeholders, future options exchanges and exchanges that allow for futures trading, needs to be established in order for markets to form prices efficiently.

However, the wholesale market infrastructure problems in Turkey can also be seen in many other countries. Indeed, Kenya is involved in the wholesale marketing of horticultural crops in markets and the storage infrastructure has threshold Work (Nzomoi et al., 2007).

To conclude, in Turkey there is an urgent need to develop the substructure of wholesale markets and trade exchanges to allow them to adequately fulfill their functions in the agricultural product market. Modernization of these organs will increase their trade volume and reduce the effects of sources of exploitation in the markets. Furthermore, increased activity of producer organizations will contribute to competition.

The fact that in Turkey, producers' demand and awareness of the importance of organizing is not high, it reduces producers' competitive power in the market. The

most important problems of producer organizations are financial limitations, weak sense of loyalty of members, inadequate training of cooperative and producer unions' members by higher central units in order to enhance adaptation to market changes. Moreover, the attitude of cooperatives and some past experiences with cooperatives may make producers to avoid these or other producer organizations. Therefore, supports extended by producer organizations may function as an instrument to develop producers' organizations. However, as the number of producers who are members of cooperatives or unions is low for certain crops and regions, as is the case in Erzurum, the degree to which producers benefit from these agricultural supports may be low (Isik et al., 2009). In oregano production, membership to a cooperative was found to be an important factor as information source (Koksal et al., 2010).

As producers are weakly organized, the prices producers receive and their income decreases, a situation which is observed in many countries. In fact, markets in South Africa are generally, poorly organised, and often inaccessible to small-scale farmers and also market information that farmers need to negotiate good prices for their produce are lacking (Senyolo et al., 2009). In another study, it was found that in India, banana producers received higher net prices through the cooperative channel than when they sold their product through the producer-retailer-consumer marketing channel. Moreover, the decrease in the number of intermediaries reduces the share of intermediaries (Sarode, 2009). Producer organizations also play an important role in protecting producers against exploitation by some cartels or intermediaries and in obtaining good prices. For example, in Kenya a similar situation was observed for Ireland potato producers (Muthoni and Nyamongo, 2009).

In addition, cooperative companies as economic, social and production units are effective in the enhancement of production, implementation of national agricultural plans, level of participation rate of farmers, increment of annual income, and reduction of seasonal unemployment of rice growers as in Guilan state-Iran (Motamed, 2010). These organizations also contribute to the education-publication of producers who are members of cooperatives and production units. In fact, Motamed et al. (2010) found that tea cooperative and unit members' need for education was less than those of non member producers. In a study conducted in Kenya, it was stressed that organizations play an important role in reducing vegetable producers' input and transportation costs, and in the organization of production and sales (Otieno et al., 2009). Cooperatives are expected to have similar functions.

The capacity of farmers to store groundnuts enables them to participate in pricing decisions resulting in better market integration and the derivation of better benefits from groundnuts production than from cowpea monopoly of stockpiles by intermediaries in the marketing of agricultural produce, with no significant participation by producers which results in collusive pricing by

intermediaries to the disadvantage of producers and consumers (Bediako et al., 2009).

Conclusively, wholesale markets and trade exchanges are important in reducing unrecorded economy, pricing in the market and regulating certain services. By organizing themselves around these markets, producers need to represent themselves and gain competitive power.

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