Abstract

In this research, time-series analysis and periodic decomposition based on monthly prices received by farmers and export prices are used to address the dynamics of price adjustment and causality along the Turkish hazelnut marketing channel. In this paper, the impact of eliminating price subsidies on the Turkish hazelnut sector is investigated by focusing on the short-run dynamics of price adjustment and price transmission along the Turkish hazelnut marketing channel to see whether the new policy brought by an agreement with the World Bank affected the price margins along the supply channel. Considering the fact that in recent years food industries faced notable structural changes and a higher market concentration, an important research question is to what extent the new policy change/shock in the Turkish hazelnut sector was transmitted through the supply chain and impacted prices at farm and export levels. Market concentration and the likely presence of market power can potentially influence the degree and dynamics of price transmission, leading to differential price effects on different stages of the chain. The data, historical hazelnut market prices received by farmers and hazelnut export prices, were gathered from the producer cooperative (Fiskobirlik), the Turkish Statistical Institute (Turkstat), and the Turkish Hazelnut Commodity Exchange Market. The study employs a vector error correction (VEC) model along with directed acyclic graphs and periodic decomposition to investigate the dynamics of price transmission along the Turkish hazelnut supply chain.