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Dried Fruit

Annual

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Report Highlights:

Turkey is projected to have another good year (300,000 MT) for raisin production in 2007. MY 2006 raisin production is now estimated at 280,000 MT, which is slightly lower than the earlier estimate because of lower yields that resulted from hot and dry weather in the summer and rains during the late drying season. Turkey's exports are projected to reach 250,000 MT by the end of the marketing year. This quantity is about 25 percent larger than the quantity exported in the previous marketing year. Turkey's exports are expected to continue to increase in MY 2007 due to larger production.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Annual Report
Ankara [TU1]
[TU]

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Executive Summary

Turkish MY 2007 raisin production is projected to be good since the weather conditions have been favorable for growing so far. MY 2007, raisin production is projected to be 300,000 MT if the weather conditions continue to be favorable during the remainder of the growing and drying seasons. The projected MY 2007 production level is slightly higher than the estimates for MY 2006. The raisin growing area is projected to remain stable in MY 2007. It is very early to make an assessment on the quality of the MY 2007 crop since the growing season is in progress and the drying season is far ahead.

Raisin production estimates for MY 2006 are at 280,000 MT, reduced slightly from 300,000 MT due to lower yields. The Union of Agricultural Sales Cooperatives (TARIS), a State Economic Enterprises (SEE), is expected to announce the MY 2007 raisin procurement price in September 2007.

Domestic raisin consumption for confectionary use is projected to reach 30,000 MT. Total consumption, however, varies depending upon total supply and the quality of the crop since raki producers also use raisins for distillation. Raisin prices at the Izmir Commodity exchange were around YTL 1.28 to YTL 1.38 per kilogram for standard #7 and standard #10 raisins on May 22, 2007. The price for standard #9 was YTL 1.33 (or about USD 1.00) at the same commodity exchange on the same date.

Although TARIS played a more significant role in the past, it still is a key player in Turkey's raisin market. In recent years, raisin area and production increased significantly and TARIS procured large quantities to protect its members. TARIS, as one of the more financially stable SEE's, has typically been able to easily obtain bank loans and, thus, was able to procure large quantities. However, the government is no longer supporting TARIS for its procurement.

TARIS procured about 37 TMT of raisins and exported about 26 TMT thus far in MY 2006 (September 2006 – mid May 2007). TARIS exports are projected to reach 36 TMT for the entire marketing year (MY 2006). Turkey is projected to export larger quantities of raisins in MY 2007 parallel to a projected increase in production.

Average export prices were about the same (around USD 1,181 per MT) during the first eight and a half months (September 1, 2005 – May 19, 2006) in MY 2006 compared (USD 1,177 per MT) to the same period a year ago. These prices might be slightly higher or lower depending upon the standard and grade (A, B or C).

Industry sources estimate that total stocks in the beginning of MY 2006 were about 64,000 MT. Total carryover stocks are projected to decrease at the end of MY 2006 due to increased exports.

In response to the commitment it made to the IMF, the government eliminated most input subsidy programs and adopted a direct income support system for farmers. Compared to most other agricultural SEE's, TARIS appears to be in a comparatively good economic position to meet its financial obligations, particularly in the raisin sector, which usually earns a profit.

There has never been any export subsidy for raisins. In order to protect local producers, the Turkish government announced a 54.9 percent import duty, unchanged from the last two years, for raisins of all origins based on CIF value in 2005.

Currently USD 1.00 is around YTL 1.33 compared to YTL 1.34 a year ago.

Production

In MY 2007, Turkish raisin production is projected to be good due to the favorable weather conditions so far in the growing regions. Raisin production is projected at 300,000 MT in MY 2007 if the weather conditions continue to be favorable during the rest of the growing and drying seasons. The production forecast in MY 2007 is slightly higher (about seven percent) than the revised MY 2006 estimates and significantly higher than the MY 2005 estimates (about 20 percent). The raisin growing area is projected to remain stable in MY 2007.

PSD Table for Raisins

Turkey Raisins										
	2005	Revised		2006	Estimate		2007	Forecast		UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
MY Begin		09/2005	09/2005		09/2006	09/2006		09/2007	09/2007	MM/YYYY
Area Planted	85000	85000	85000	0	0	85000	0	0	85000	HA
Area Harvested	83000	83000	83000	0	0	84000	0	0	85000	HA
Beginning Stocks	54000	54000	54000	0	45000	62000	0	0	53000	MT
Production	250000	250000	250000	0	0	280000	0	0	300000	MT
Imports	1000	1000	1000	0	0	1000	0	0	1000	MT
Total Supply	305000	305000	305000	0	45000	343000	0	0	354000	MT
Exports	230000	230000	203000	0	0	250000	0	0	270000	MT
Domestic Consumption	30000	30000	40000	0	0	40000	0	0	40000	MT
Ending Stocks	45000	45000	62000	0	0	53000	0	0	44000	MT
Total Distribution	305000	305000	305000	0	0	343000	0	0	354000	MT

Grapes are grown throughout Turkey. Seedless grapes—virtually all of which are “*Vitis viniserae* L.,” the same genus and species as Thompson seedless grapes constitute about 40 percent of the total grape crop and are grown only in Turkey's Aegean Region. Total fresh seedless grape consumption has increased in recent years and it is estimated now that around one third of the seedless grape crop is consumed fresh and/or exported as fresh with the remainder going to raisin production.

Total seedless grape production in MY 2006 was estimated at about 1.5 MMT. Of this total, it was estimated that about 380 TMT were consumed or exported as fresh. Using the conversion rate of 4 to 1, MY 2006 raisin production was estimated at 280,000 MT. PSD raisin production for MY 2006 was revised slightly downward from 300,000 MT to 280,000 MT, according to industry sources, due to reduced yields because of dry and hot weather in the summer months and rains during the late drying season. Of this total, about 25,000 MT were Standard #7, 25,000 MT were Standard #8, 180,000 MT were Standard #9, and 30,000 MT were Standard #10, according to industry sources. In addition to these quantities, there were about 15,000 MT of Thompson type and 5,000 MT of organic raisin production.

Seedless grape production expanded significantly in Turkey in the 1990's due to more intensive cultivation and better irrigation techniques. TARIS has recommended in recent years that producers limit their seedless grape orchard area because the export market was supposedly saturated. Seedless grapes generally are grown on small farms averaging about 1.3 hectares. It is estimated that nearly 65,000 growers produce seedless grapes in Turkey. About half of all raisin producers are members of TARIS. Each year TARIS announces a

procurement price for raisins, which also serves as a support price. TARIS is required to buy raisins from its members but members are free to sell to other buyers and they often do. In general TARIS buys around 15-20 percent of total production.

The industry improved the quality of Turkish raisins through better sanitation methods during the 1990's. Improvements were made through using trellises, small plastic harvest crates, and concrete drying beds. Most of these improvements had been financed by private processors and much of the capital was derived from higher export prices obtained as a result of the EU's minimum import price system, which is no longer in effect.

In general, Turkish raisins are lighter in color and rounder than California raisins. The color difference is due to the fact that a dipping solution is used to speed up the drying process since the drying season is short. However, Turkish producers have started to produce Thompson type raisins by drying them without using this dipping method in recent years. It is estimated that in MY 2006 about 15,000 MT Thompson type raisins were produced.

Production Policy

All Agricultural State Economic Enterprises (SEE's), including TARIS, were given autonomy by the government as a part of the economic reforms legislation, which was adopted in 2000. As a result of this change, the director generals of SEE's, who used to be appointed by the government, are now elected. The Turkish government made a commitment with the IMF to reduce budget deficits, again as part of its economic reform. At the same time, the government eliminated most of the input subsidy programs and adopted a direct income support program for farmers. This policy change decreases the financial burden of the SEE's as well. Compared to most other agricultural SEE's, TARIS appears to be in a comparatively good position to meet its financial needs, particularly the raisin division, which usually earns a profit.

Consumption

Domestic raisin consumption fluctuates depending upon the supply and quality of the raisin crop. Turkey is estimated to consume about 30,000 MT of raisins for confectionary purposes. Low quality raisins are also used for distillation purposes in raki production (raki is a strong Turkish alcoholic drink). The exact quantity of raisins being used for raki production is not known. Industry sources estimate that between 80,000 MT and 100,000 MT of fresh and dried grapes are used to produce raki. The mix between fresh and dried grapes for producing raki changes with the price and availability of lower quality grapes or raisins. Industry sources estimate that privatized raki producers procured about 20,000 MT of raisins with a price around YTL 0.80 per kilogram and YTL 1.00 per kilogram in MY 2006. TARIS has also started to produce raki jointly with a private partner. Thus, TARIS can use low quality raisins from its stocks for its raki production.

There are numerous firms in the dried fruit processing and export business in Turkey; however, the top ten firms are estimated to control about 80 percent of the raisin market.

TARIS's role in procuring and marketing raisins has been decreasing in conjunction with IMF backed reforms to reduce the government's role in agriculture. In general, TARIS has been the buyer of last resort, purchasing a large percentage of lower quality raisins. The quantity of raisins TARIS procured has varied from as low as 9,000 MT to as high as 75,000 MT during the last ten years due to unstable production and quality. However, TARIS procured larger quantities in recent years due to larger supply. TARIS procured about 37,000 MT of raisins in MY 2006 compared to about 41,000 MT in MY 2005 and paid about YTL 54 million (or about USD 40 million).

TARIS normally announces its procurement price at the beginning of the marketing year; therefore, it is expected that TARIS will announce the MY 2007 procurement price in

September 2007. TARIS announced the procurement price in MY 2006 as YTL 1.27 per kilogram for standard #9; the same price that was announced in MY 2005. This is a net price (the price paid to producers after taxes). TARIS also paid YTL 1.27 per kilogram of Thompson type raisins.

In MY 2006, the weather conditions were good during the early growing and drying seasons. Hot and dry weather during the summer months and rains during the late drying season, however, slightly affected both the quantity and quality. In MY 2006, about 10 percent of the raisin produced was standard #10, about 65 percent was standard #9, about 10 percent was standard #8, and about 10 percent was standard #7. The remainder five percent was Thompson type and organic raisins. These ratios in MY 2005 were about 15 percent for standard #10, 35 percent for standard #9, 40 percent for standard #8, and 10 percent for standard #7.

The Izmir Commodity Exchange is the main cash market for raisins. On May 22, 2006, spot prices at the Exchange were in between YTL 1.28 and YTL 1.38 in between Standard #7 and Standard #10. The price was around YTL 1.33 (about USD 1.00) per kilogram for standard #9. On the same day, private companies bought a total of 45 MT but TARIS did not sell any. Standard #9 raisins are currently sold around YTL 3.00 per kilogram in the retail markets in Ankara

Trade

MY 2007 raisin exports are projected to reach about 270 TMT due to larger supply, 20,000 MT more than estimated exports in MY 2006. According to the Aegean Exporters Union data, Turkey exported total of about 202,000 MT of raisins during the first eight and a half month period (September 1, 2007 and May 19, 2007) compared to about 151,000 MT during the same period a year ago. TARIS exported about 26,000 MT so far in MY 2006 and total marketing year exports are projected to reach about 36,000 MT.

Average export prices in MY 2006 were about the same (about USD 1,177 per MT) for the period September 1, 2006 and May 19, 2007 compared to the same period a year ago (about USD 1,181 per MT). Export prices currently are around USD 1,160 per MT for standard #9 quality. These prices (all prices are FOB Izmir) might be slightly higher or lower depending upon the grade (A, B or C).

The Export Trade Matrix represents the unofficial data received from the Aegean Exporters Union. Turkey imports only minimal quantities from neighboring countries, most of which is from Greece.

Export Trade Matrix

Turkey Raisins			
Time Period	Sep. - Aug.	Units:	Metric Tons
Exports for:	2005	Sep.1-May 19	2006
U.S.	239	U.S.	151
Others		Others	
United Kingdom	57100	United Kingdom	46718
Germany	39159	Germany	37447
Netherlands	26603	Netherlands	26450
Italy	18756	Italy	17111
France	13619	Australia	16847
Australia	7795	France	12641
Belgium	7134	Belgium	8196
Ireland	5846	Ireland	4755
New Zealand	3454	Canada	4322
Spain	3030	New Zealand	3212
Total for Others	182496		177699
Others not Listed	20079		24148
Grand Total	202814		201998

Trade Policy

There has never been any export subsidy for raisins. In order to protect local producers, the Turkish government announces an import duty, which remained at 54.9 percent in 2007 for all origins based on the CIF value.

Stocks

Official information on raisin stocks is not available. It is estimated that TARIS had about 25 TMT of raisins in stocks in the beginning of MY 2005. Carryover stocks are estimated to be lower at the end of MY 2006 because of larger exports and also projected to decrease further at the end of 2007 due to a projected increase in exports.

Marketing

Mostly the private sector firms, with the exception of TARIS, handle the marketing of raisins. TARIS, which was considered a quasi government entity in the past, has become more independent in recent years, especially in the administration and management of its financial requirements.