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Dried Fruit

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Report Highlights:

Turkish raisin production is projected to reach 300 TMT in MY 2006 if the weather conditions remain favorable during the growing and drying season. This quantity is significantly larger than it was in MY 2005, but similar to the levels of MY 2004. Turkey's raisin exports are projected to increase in MY 2006 parallel to the supply. Raisin production and exports in MY 2005 were both revised downward. TARIS procured about 41 TMT and exported 26 TMT of raisins so far. Average export prices in MY 2005 are around USD 1,160, which is higher than a year ago (USD 1,150). Currently, raisins are traded at around YTL 1.50 and YTL 1.60 (about USD 1.10 and USD 1.20) per kilogram at the Izmir Commodity Exchange.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
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Executive Summary

Turkish raisin production is projected to be good since the weather conditions have been favorable for growing thus far in MY 2006. Raisin production is projected to be 300 TMT in MY 2006, if the weather conditions continue to be favorable during the remainder of the growing and drying seasons. Projected MY 2006 production level is significantly higher than the estimates for MY 2005, but about the same as those for MY 2004. The raisin growing area is projected to remain stable in MY 2006. It is very early to make an assessment on the quality of the MY 2006 crop since the growing season is continuing and the drying season is far ahead.

MY 2005 raisin production estimates still vary a great deal. PSD production estimates were reduced slightly to 240 TMT due to lower yields. Production estimates in MY 2004 were revised slightly upward due to better than expected yields. Yields are affected by the weather conditions both during the growing and drying seasons as well as by some diseases and pests. Fungal diseases and red spiders can be especially significant in some local areas on affecting the yields. TARIS is expected to announce the MY 2006 raisin procurement price in September 2006.

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 1.51 to YTL 1.60 per kilogram for standard #7 and standard #10 raisins on April 7, 2004. The price for standard #9 was YTL 1.56 (or about USD 1.15) at the same commodity exchange on the same date.

TARIS, a State Economic Enterprises (SEE), which played a more significant role in the past in the raisin market, still plays a major role in Turkey. 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 banks loans.

TARIS procured about 41 TMT of raisins and exported about 26 TMT thus far in MY 2005 (September 2005 - March 2006). TARIS exports are projected to reach 35 TMT for the entire marketing year (MY 2005). Turkey is projected to export a significantly larger quantity of raisins in MY 2006 parallel to a projected increase in production. Raisin export estimates were revised downward in MY 2005, but revised upward in MY 2004 according to industry sources and Aegean Exporters Union data.

Average export prices were higher (around USD 1,160 per MT) during the first seven months (September 1, 2005 – March 31, 2006) in MY 2005 compared (USD 1,050 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 TARIS had about 25 TMT of raisins in stocks in the beginning of MY 2005. Total carryover stocks are projected to increase at the end of MY 2006 due to a projected increase in supply.

In response to the commitment it made to the IMF, the GOT 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, which was the same last year, for raisins of all origins based on CIF value in 2005.

Currently USD 1.00 is around YTL 1.34 compared to YTL 1.35 a year ago.

Production

Turkish raisin production is projected to be good since the weather conditions have been favorable for growing thus far in MY 2006. However, there is a possibility of a frost in growing areas. Raisin production is projected at 300 TMT in MY 2006 if the weather conditions continue to be favorable during the growing and drying seasons. This quantity is significantly higher (about twenty-five percent) than the MY 2005 estimates, but about the same as the MY 2004 estimates. The raisin growing area is projected to remain stable in MY 2006. MY 2005 raisin production estimates still vary a great deal. PSD production estimates were reduced slightly to 240 TMT due to lower yields, according to industry sources.

Grapes are grown throughout Turkey. Seedless grapes—virtually all of which are “*Vitis viniserae* L.,” the same genus and species as Thompson seedless grapes; however, they constitute about one-third 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 20 percent 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 2005 is estimated at about 1.2 MMT. Of this total, it is estimated that about 240 TMT are consumed or exported as fresh. Using an average conversion ratio of about 4 to 1 (this was assumed as 4.5 to 1 earlier, but revised as 4 to 1. According to industry sources, 4 to 1 more accurately represents the conversion rate now since the quality and cleanliness of the product have improved significantly in recent years), MY 2005 raisin production is estimated at 240,000 MT. PSD raisin production for MY 2004 was revised slightly upward to 300,000 MT, according to the industry sources.

Turkey Raisins							
	2004	Revised	2005	Estimate	2006	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		09/2004		09/2005		09/2006	MM/YYYY
Area Planted	85000	85000	0	85000	0	85000	HA
Area Harvested	82000	82000	0	83000	0	85000	HA
Beginning Stocks	23000	23000	54000	47000	0	50000	MT
Production	280000	300000	0	240000	0	300000	MT
Imports	1000	4000	0	4000	0	1000	MT
TOTAL SUPPLY	304000	327000	54000	291000	0	351000	MT
Exports	220000	240000	0	200000	0	250000	MT
Domestic Consumption	30000	40000	0	41000	0	46000	MT
Ending Stocks	54000	47000	0	50000	0	55000	MT
TOTAL DISTRIBUTION	304000	327000	0	291000	0	351000	MT

Seedless grape production expanded significantly in Turkey in the 1990’s due to more intensive cultivation and better irrigation techniques. The Union of Agricultural Sales Cooperatives (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 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 2005 about 30 TMT of Thompson type raisins were produced.

Production Policy

All agricultural State Economic Enterprises (SEE's), including TARIS, were given autonomy by the GOT 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, which used to be appointed by the GOT, are now elected. The GOT made a commitment with the IMF to reduce budget deficits, again as part of its economic reform. At the same time, the GOT 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 supply and quality of the raisin crop. Turkey is estimated to consume about 30 TMT of raisins for confectionary purposes. Raisins, especially low quality raisins, are also used for distillation purposes in raki production (raki is a strong Turkish alcoholic drink). The TEKEL's liquor production was privatized at the beginning of 2004 and several private companies are now producing raki. As a result, Turkish domestic raisin consumption was increased in MY 2005. The exact quantity of raisins being used for raki production is not known. Industry sources estimate that a total of 80 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 raisins. It is estimated by the industry sources that privatized raki producers procured about 10 TMT of raisins with a price around YTL 0.80 per kilogram. TARIS has also started to produce raki jointly with a private partner. Thus, TARIS can use low quality raisins from its stocks in 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 85 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 GOT 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 40,875 MT of raisins in MY 2005, including 13,124 MT of Thompson type and 30 MT of organic raisins and paid about YTL 57 million (or about USD 42 million). TARIS primarily bought (about one-third) Thompson type raisins, followed by standard #8 (about 10.4 TMT), standard #8.5 (about 9 TMT), and standard #9 (about 8.5 TMT). TARIS bought 70,505 MT of raisins in MY 2004, including

3,622 MT of Thompson type and 60 MT of organic raisins and paid a total of about YTL 83 million (about USD 61 million). TARIS procured about 40,000 MT in MY 2003, 23,000 MT in MY 2002 and 45,000 MT in MY 2001.

TARIS normally announces its procurement price at the beginning of the marketing year; therefore, it is expected that Taris will announce the MY 2006 procurement price in September 2006. TARIS announced the procurement price in MY 2005 as YTL 1.27 per kilogram for standard #9. This is a net price (the price paid to producers after taxes). TARIS also paid YTL 1.27 per kilogram of Thompson type raisins. TARIS paid YTL 1.24 for standard #8, and YTL 1.32 per kilogram of standard #10. TARIS also paid a 20 percent premium for all standards of organic raisins. MY 2005 prices were slightly higher than TARIS paid a year ago (YTL 1.19 for standard #9), but still lower than the prices (YTL 1.40 for standard #9) were paid two years ago. However, TARIS paid lower prices (YTL 1.27) for Thompson type raisins in MY 2005 compared to the price (YTL 1.60) in MY 2004.

The weather conditions were normal during the both growing and drying seasons. As a result, the quality of the MY 2005 crop was normal, but not as good as it was in MY 2004. In MY 2005, about 15 percent was standard #10, about 35 percent was standard #9, about 40 percent was standard #8, and about 15 percent was standard #7. In MY 2004, about 20 percent was standard #10, about 65 percent was standard #9, and 15 percent was standard #8.

The Izmir Commodity Exchange is the main cash market for raisins. On April 17, 2006, spot prices at the Exchange were in between YTL 1.51 and YTL 1.60. The price was around YTL 1.56 (about USD 1.15) per kilogram for standard #9. On the same day, private companies bought a total of 35 MT but TARIS did not sell any. TARIS sold about 6 MT of raisins at the Izmir Commodity Exchange two weeks ago, which decreased the price for standard #9 from YTL 1.65 to YTL 1.56, according to industry sources.

Trade

MY 2006 raisin exports are projected at 250 TMT due to larger supply. The EU is the primary market for Turkish raisin exports.

Raisin export estimates were reduced to 200 TMT in MY 2005 according to industry sources. According to the Aegean Exporters Union data, Turkey exported about 133 TMT of raisins between September 1, 2005 and April 1, 2006 compared to about 160 TMT during the same period a year ago. So far in MY 2005, TARIS has exported about 26 TMT and projects that exports may reach 35 TMT by the end of the marketing year. TARIS has been penetrating more into the international markets in recent years and, as a result, it has increased its exports. In MY 2004, TARIS exported about 30 TMT.

Average export prices were higher (about USD 1,160 per MT) for the period September 1, 2005 and April 1, 2006 compared to the same period a year ago (about USD 1,050 per MT). Export prices currently are around USD 1,140 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 while the Import Trade Matrix represents official data for the corresponding years.

Export Trade Matrix

**Turkey
Raisins**

Time Period	Sep. - Aug.	Units:	Metric Tons
Exports for:	2004	Jan. - Dec.	2005
U.S.	182	U.S.	186
Others		Others	
United Kingdom	59170	United Kingdom	60100
Germany	44822	Germany	41040
Netherlands	32081	Netherlands	27958
Italy	19024	Italy	18017
France	15991	France	14982
Australia	14509	Australia	13006
Belgium	9743	Belgium	8348
Ireland	5631	Ireland	5664
New Zealand	4721	New Zealand	3861
Spain	3548	Spain	3176
Total for Others	209240		196152
Others not Listed	29994		24257
Grand Total	239416		220595

Import Trade Matrix

**Turkey
Raisins**

Time Period	Sep. - Aug.	Units:	Metric Tons
Imports for:	2004	Jan. - Dec.	2005
U.S.		U.S.	
Others		Others	
Uzbekistan	2275	Uzbekistan	2874
Greece	653	Greece	563
Germany	250	Germany	230
Netherlands	113	Netherlands	153
Brazil	100	United Kingdom	141
Poland	84	Afghanistan	102
France	82	Poland	84
United Kingdom	79	Iran	65
Spain	41	Spain	41
Latvia	21	France	39
Total for Others	3698		4292
Others not Listed	99		131
Grand Total	3797		4423

Trade Policy

There has never been any export subsidy for raisins. In order to protect local producers, the GOT announced a 54.9 percent import duty in 2006, which was the same rate as last year for raisins of all origins based on 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 slightly higher at the end of MY 2006 and also projected to increase further at the end of 2006 due to a projected increase in supply.

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.