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Turkey

Citrus Annual

2013 Turkey Citrus Annual

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Report Highlights:
Production of all citrus varieties, except tangerines, was significantly reduced by unfavorable weather conditions in marketing year (MY) 2012. However, the production of all citrus fruit increased in MY 2013. Neighboring countries are significant markets for Turkish citrus fruit. However, the political turmoil in the region (Syria and in Egypt) reduced trade in MY 2012. Russia, Ukraine and Iraq are still the major export markets for Turkish citrus.

Executive Summary:

Citrus is among Turkey's top agricultural exports. Most varieties of Turkey's citrus have increased slowly but steadily. Orange and tangerine production increased slightly, whereas grapefruit and lemon production increased noticeably. This was mainly due to very good weather conditions during the blooming and growing seasons.

However, in MY 2012 the situation was reversed as major citrus growing regions were hit with frost, heavy rain and strong wind during the blooming season in the spring of 2012. The production of all citrus, except tangerines, declined considerably.

MY 2013 has been a good year for citrus producers because of good weather conditions during the blooming and growing seasons. Citrus exporters expect that MY 2013 will be good for exports as well and they expect a rise in exports of around 20 percent compared to the previous year. Russia, Ukraine and Iraq will continue to be the top export markets for Turkish citrus in MY 2013.

The Turkish Ministry of Food, Agriculture, and Livestock (MinFAL) has signed bilateral agreements on agricultural issues such as quarantine, food safety, etc., with the Chinese authorities to increase cooperation between the two countries. Exporters expect that this agreement will have a positive effect on their citrus exports to China and hope to expand into other Asian countries such as Japan.

The government of Turkey (GOT) has maintained subsidies for citrus producers and exporters.

Commodities:

Grapefruit, Fresh
Lemons, Fresh
Tangerines/Mandarins, Fresh
Oranges, Fresh
Orange, Juice

Production:

The production of all citrus in Turkey has been increasing steadily over the past 20 years, but especially since the year 2000. This is mainly due to the increasing number of citrus orchards, better varieties, and producers' increasing awareness of better agricultural production methods.

Citrus production begins in September and continues until mid-May in Turkey. Ninety five percent of Turkey's production comes from Mediterranean and Aegean Regions. The primary production zone in Mediterranean Region is Cukurova, which produces 70 percent of all citrus (95 percent of total grapefruits, 85 percent of total lemons, 65 percent of total oranges and 75 percent of total tangerines) grown in Turkey. The three provinces that make up Cukurova specialize in:

1. Hatay Province (southern Cukurova) - oranges,
2. Adana Province (central Cukurova)- oranges, tangerines and grapefruit;
3. Mersin Province (western Cukurova) - lemons.

Antalya province, located to the west of Cukurova, produces about 20 percent of all citrus in Turkey. The major crop is orange and about 30 percent of all oranges produced in Turkey are from this region.

Izmir is the leading province in the Aegean Region and about 5 percent of all citrus grown in Turkey is from this province. Tangerines are the major crop of the region and 15 percent of all tangerines produced in Turkey are from Izmir province.

Oranges traditionally account for almost half of the citrus production in Turkey. Tangerines and lemons follow oranges at about 23 percent each. Grapefruit is usually only about 5 percent of overall production.

The main varieties of oranges grown in Turkey are Washington Navel (about 75 percent of the crop) and Valencia (about 20 percent). Enterdonate, which is the primary export variety, comprises about 40 percent of total lemon production. Star Ruby is the main grapefruit variety, at about 50 percent of the total, and Satsuma is the main tangerine variety, at about 60 percent of the total.

In addition to heavy rain during blooming season, it was also very windy in Cukurova region in MY 2012. The orchards were also hit with frost a few times in March 2012. These weather conditions reduced the overall citrus crop significantly in MY 2012.

Due to favorable weather conditions for all citrus crops during the MY 2013 blooming and growing seasons production is forecasted to bounce back to near-normal levels and the quality of citrus will improve in MY 2013.

Grapefruit was the most severely affected citrus crop in MY 2012 from unfavorable weather conditions, especially in Cukurova region. Production was 200,000 MT - down about 15 percent compared to MY 2011. Post forecasts grapefruit production at 235,000 MT in MY 2013, mostly due to the good weather conditions - ; up about 17 percent compared to MY 2012.

Lemon was the second most damaged crop in MY 2012. Production of lemon was 680,000 MT in MY 2012 - down about 9 percent compared to MY 2011. Post forecasts lemon production at 760,000 MT in MY 2013, mostly due to the good weather conditions, - up about 12 percent compared to MY 2012.

In MY 2012, unfavorable weather reduced orange production about 3 percent to 1,600,000 MT. Post forecasts orange production at 1,700,000 MT in MY 2013 due to the good weather conditions, which means a 7 percent increase compared to MY 2012.

Overall, tangerine production was the least affected from weather conditions as most tangerines are grown in the Aegean region, and orchards in the Cukurova region were not affected as much as other citrus crops in MY 2012. Post forecasts there will be a minor increase in tangerine production and will be 880,000 MT in MY 2013.

There are no official statistics about the quantity of citrus used for processed products, such as juice, but industry contacts estimate that about 7 percent of total orange production is used to make orange juice concentrate. Fresh squeezed juice is popular, especially during the summer, which is the heaviest season for tourism. Traditionally the processing of lemons, tangerines and grapefruits has been minimal. However, especially since MY 2008, there has been an increasing interest in lemonade consumption which is a traditional soft drink for Turkish consumers. This has led to a higher volume of lemons being used in processing facilities.

Consumption:
Consumption of citrus, as well as other fruit, has increased steadily in recent years as per capita income has increased. Approximately 60 percent of all citrus fruit is consumed domestically, 7 percent is used for industrial purposes, and 23 percent is exported. Currently, per capita consumption of citrus in Turkey is about 30 kilograms (66 lb) per person annually, nearly all as fresh fruit. The Adana Farmers Union, together with the Cukurova Development Agency, has just begun conducting a survey to determine the consumption of citrus in each city and region of Turkey. The survey will be finalized within a few months.

There is a significant potential for increased citrus consumption in the tourism sector, especially in the southern parts of Turkey. The number of tourists coming to Turkey every year is increasing, and this sector utilizes mainly processed, but also fresh citrus fruits.

Citrus consumed as juice is still quite low compared to some other citrus growing countries, as there are many competing non-citrus juices. Among them orange juice is the least preferred by Turkish consumers.

Prices:

The domestic market is very price sensitive, and fluctuations in the price of citrus fruit affects consumption. According to industry and exporter sources, prices in most of the top export destinations for Turkish citrus were high because of low production, low exchange rates and increased competition in MY 2012. In the first 3 months period of MY 2013, sources say export prices are slightly lower than the previous year due to strong production and higher exchange rates.

Nearly half of Turkey's citrus crop is selected, graded, and packed for upscale domestic and export markets. About a dozen large-scale packing companies, with annual capacity of at least 15,000 MT, dominate the market. The packing business is very risky since packers pay firm prices to growers against uncertain export receipts. There has been a great deal of turnover in the business during the last twenty years. Several packers have maintained their position by relying on production primarily from their own orchards. The remaining half of Turkish citrus production does not undergo any selection or grading and is sold through wholesalers and retailers with only minimal or no packing.

Private packers handle the marketing of all citrus crops. Packers used to begin contracting in August and purchase the crop "on-the tree." Due to uncertainties in the market, packers have begun contracting later and buying as much as they think they will sell. They estimate that about one half of the crop in MY 2013 will be first or second grade destined for the upscale local market and/or export market. The remainder will be sold to regional wholesalers or supermarket chains. The combined losses from harvesting and processing are estimated at about 5 percent and added to domestic consumption. Farm gate prices vary from 0.35 Turkish Lira (TL)/kilogram (kg) to 0.75 TL/kg by quality and location. Currently, retail prices in Ankara are 1.5-2 TL/kg for grapefruit, 1.5-2.5 TL/kg for lemon, 2-2.5 TL/kg for tangerine (Satsuma) and 2 TL for orange (Washington navel).

Trade:

Citrus has traditionally been Turkey's leading fresh fruit export. Neighboring countries have been significant markets for Turkish citrus fruit. However, the political turmoil in the region, such as Syria and also in Egypt, affected the trade number in MY 2012. Traders say that exports to Iraq have decreased by almost 50 percent and the trade with Syria has almost stopped. Exporter contacts say that they are facing serious problems exporting citrus through Syria to other Middle East countries. Turkish exports to Saudi Arabia, Qatar and United Arab Emirates were reduced in MY 2013, largely due to turmoil in Egypt.

Turkey faced some problems in the Russian market as well in MY 2012. In the second half of the MY 2012, Russian authorities closed the Pokrovski whole sale market where approximately 80 percent of citrus from Turkey arrives. The Turkish Government held some meetings with the Russian government to resolve the issue. Exporter contacts said that the Russian government has temporarily dedicated alternative markets for Turkish shipments until the resolution of the problem. This problem resulted in a 7 percent loss in citrus exports to Russia in MY 2012. At the beginning of December 2013, the Turkish Minister of Finance announced that the Russian government will dedicate a permanent alternative area, which is around 200 hectares, to establish a new wholesale market. Turkish private investors are quite interested in this project. It is believed that this project will resolve the problem permanently and increase exports to the Russian market in the future.

In MY 2012, Georgia resolved a political problem with Russia and began looking for new opportunities to access the Russian Market. Post thinks that this competition might affect Turkish citrus exports negatively in the future.

Due to the mentioned issues in MY 2012, citrus exporters are looking for new markets such as China and Japan for their products. An agreement related to agricultural and food safety issues was signed between the Turkish Ministry of Food, Agriculture, and Livestock and Chinese authorities. Exporters and industry contacts expect that this agreement will increase their citrus exports to China and hope to expand into other Asian countries in the future. However, Post thinks that this expectation is not realistic due to the long distance and high transportation costs.

Turkey's citrus exports were reduced around 20 percent in MY 2012 compared to the year before – largely due to the issues mentioned and low production/yield in MY 2012. Orange and grapefruit exports were the most negatively affected. Russia, Ukraine and Iraq continued to be the top three export destinations for orange, lemon and mandarins.

Grapefruit exports decreased about 25 percent in MY 2012 compared to the previous year. Russia, Ukraine and Germany were among the top export destinations for grapefruits in MY 2012. In addition to these, Poland, Romania and Bulgaria continue to be among significant export destinations.

Orange exports decreased about 32 percent in MY 2012 compared to the previous year. Iraq, Russia and Ukraine were the top three importers of Turkish oranges.

MY 2012 was not a good year for tangerine exporters as exports decreased about 14 percent compared to the previous year. Iraq, Russia and Ukraine were the top three importers of tangerine as well.

Lemon exports also decreased about 13 percent in MY 2012 compared to the previous year. Russia, Saudi Arabia, Ukraine, Iraq and Romania were the top destinations for lemons.

However, exporter contacts expect that exports of all citrus crops will increase at least 20-25 percent in MY 2013 since Turkey had strong production and many of the problematic issues were resolved, or partially resolved, in the last quarter of MY 2012. Export figures of The Mediterranean Exporters' Union for the 3 month period from September 20 to November 30 2013 show that there is a minimum 30 percent increase in the export of all citrus crops compared to same period of the previous year.

Stocks:

Since little citrus is processed, stocks of fresh citrus generally are not significant. Wholesalers, however, often prolong the season by storing citrus, primarily lemons, in cold storage or in caves (particularly in Central Anatolia). Stocks of citrus products are limited and comprised largely of orange juice concentrates.

Policy:

Production Policy

The Turkish government supports the establishment of new citrus orchards that are planted with standard seedlings and certified seedlings respectively with payments of 100 TL/decar (da) and 230 TL/da. There is an additional 250 TL/da support for farmers who change their variety of citrus through grafting with certified seedlings in citrus orchards. There are other supports that apply to citrus production, such as 50 TL/da for organic agriculture, 25 TL/da for Good Agricultural Practices, and 30 TL/da for biological pest controls that combat citrus diseases.

The Mediterranean Exporters' Union, Adana Farmers' Union and Adana Citrus Producers Union play significant roles in keeping statistical information, communicating producers' problems to government officials, and conducting research.

One of the problems producers are facing is the lack of varieties. The Ministry of Food, Agriculture and Livestock's Agricultural Research Institutes, along with Cukurova University, conduct research on improved varieties and better horticultural practices. These researchers help identify better varieties for export and improved agricultural practices, therefore increasing export potential. Individual large-scale growers also experiment with new varieties and have been responsible for the introduction of some new varieties.

Trade Policy

The Turkish government makes support payments to exporters and the rates vary each year. The Ministry of Finance is providing a subsidy to citrus exporters of 200 TL/MT in 2013. There is also a minimum price requirement for this specific subsidy. The government makes payments to a special account, which the exporter can only use to make tax and social security payments as well as utilities such as telecommunications, electricity, and natural gas.

In order to protect domestic producers, the government kept the customs duty rates at 2007 levels for orange juice and citrus imports, which are 54 percent.

Marketing:

The marketing of fresh citrus and orange juice in the domestic and international markets is handled mostly by the private sector, however government-sponsored Exporters' Unions play an important role in market promotion activities - mostly in the form of market research and information about production methods and volume. The Citrus Promotion Group was established in 2007. Mediterranean Fresh Fruit and Vegetable Exporters' Union has 6 members. Antalya, Aegean, Uludag, Istanbul and Eastern Black Sea Fresh Fruit and Vegetable Exporters' Unions each have one member on the Board of Directors. The group makes plans for high quality production, sets out marketing channels and advertises to promote and increase the consumption and export of citrus products both in Turkey and overseas.

Citrus consumed domestically is transported in open trucks with minimal packing. However, the citrus packed for export is transported in refrigerated trucks.

There are three channels for citrus distribution. First, it can go from producer to wholesaler, who then sells either directly to consumers in local wet markets or sells to a broker. The broker then sells to a retailer who eventually sells to consumers. Second, the producer sells directly to the broker who then sells to the retailer. Third, the producer sells to a wholesale market, which plays a significant role in the sale of citrus. Citrus producers or exporters do not have a nationwide organization focused solely on the marketing of citrus.

Production, Supply and Demand Data Statistics:

Grapefruit, Fresh Turkey	**2011/2012**		**2012/2013**		**2013/2014**	
	Market Year Begin: Oct 2011		**Market Year Begin: Oct 2012**		**Market Year Begin: Oct 2013**	
	USDA Official	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Area Planted	5,200	5,200	5,200	5,200		5,200
Area Harvested	4,850	4,850	4,850	4,850		4,850
Bearing Trees	1,040	1,040	1,040	1,040		1,040
Non-Bearing Trees	65	65	65	65		65
Total No. Of Trees	1,105	1,105	1,105	1,105		1,105

Production	230	230	200	200		235
Imports	4	4	4	4		4
Total Supply	234	234	204	204		239
Exports	177	177	132	132		167
Fresh Dom. Consumption	57	57	72	72		72
For Processing	0	0	0	0		0
Total Distribution	234	234	204	204		239
HECTARES, 1000 TREES, 1000 MT						

Lemons/Limes, Fresh Turkey	**2011/2012**		**2012/2013**		**2013/2014**	
	Market Year Begin: Oct 2011		**Market Year Begin: Oct 2012**		**Market Year Begin: Oct 2013**	
	USDA Official	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Area Planted	25,200	25,200	25,200	25,200		25,200
Area Harvested	22,900	22,900	22,900	22,900		22,900
Bearing Trees	6,265	6,265	6,265	6,265		6,265
Non-Bearing Trees	590	590	590	590		590
Total No. Of Trees	6,855	6,855	6,855	6,855		6,855
Production	750	750	680	680		760
Imports	3	3	3	2		2
Total Supply	753	753	683	682		762
Exports	429	429	350	369		440
Fresh Dom. Consumption	259	259	278	258		262
For Processing	65	65	55	55		60
Total Distribution	753	753	683	682		762
HECTARES, 1000 TREES, 1000 MT						

Tangerines/Mandarins, Fresh Turkey	**2011/2012**		**2012/2013**		**2013/2014**	
	Market Year Begin: Oct 2011		**Market Year Begin: Oct 2012**		**Market Year Begin: Oct 2013**	
	USDA Official	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Area Planted	31,300	31,300	31,300	31,300		31,300
Area Harvested	27,450	27,450	27,450	27,450		27,450
Bearing Trees	9,150	9,150	9,150	9,150		9,150
Non-Bearing Trees	1,250	1,250	1,250	1,250		1,250
Total No. Of Trees	10,400	10,400	10,400	10,400		10,400

Production	875	875	880	876		880
Imports	10	10	8	10		10
Total Supply	885	885	888	886		890
Exports	474	474	410	406		479
Fresh Dom. Consumption	410	410	477	479		410
For Processing	1	1	1	1		1
Total Distribution	885	885	888	886		890
HECTARES, 1000 TREES, 1000 MT						

Oranges, Fresh Turkey	**2011/2012**		**2012/2013**		**2013/2014**	
	Market Year Begin: Oct 2011		**Market Year Begin: Oct 2012**		**Market Year Begin: Oct 2013**	
	USDA Official	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Area Planted	51,700	51,700	51,700	51,700		51,700
Area Harvested	50,000	50,000	50,000	50,000		50,000
Bearing Trees	13,000	13,000	13,000	13,000		13,000
Non-Bearing Trees	1,000	1,000	1,000	1,000		1,000
Total No. Of Trees	14,000	14,000	14,000	14,000		14,000
Production	1,650	1,650	1,600	1,600		1,700
Imports	31	31	40	29		30
Total Supply	1,681	1,681	1,640	1,629		1,730
Exports	357	357	250	243		310
Fresh Dom. Consumption	1,224	1,224	1,295	1,291		1,320
For Processing	100	100	95	95		100
Total Distribution	1,681	1,681	1,640	1,629		1,730
HECTARES, 1000 TREES, 1000 MT						

Orange Juice Turkey	**2011/2012**		**2012/2013**		**2013/2014**	
	Market Year Begin: Oct 2011		**Market Year Begin: Oct 2012**		**Market Year Begin: Oct 2013**	
	USDA Official	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Deliv. To Processors	100,000	100,000	100,000	95,000		0
Beginning Stocks	200	200	100	100		100

Production	8,800	8,800	8,300	8,300		8,600
Imports	7,000	7,000	7,000	7,000		7,000
Total Supply	16,000	16,000	15,400	15,400		15,700
Exports	2,600	2,600	2,400	4,680		4,700
Domestic Consumption	13,300	13,300	12,800	10,620		10,900
Ending Stocks	100	100	200	100		100
Total Distribution	16,000	16,000	15,400	15,400		15,700
MT						