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Report Name: Citrus Semi-annual

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Report Highlights:

On April 7, 2020, lemon exports were restricted to combat an increase in prices as a result of high demand from the domestic market due to the Covid-19 pandemic. Orange, tangerine, and lemon production are forecast to decrease in MY 2019/20, while grapefruit production is estimated at 8 percent higher than the previous season due to favorable weather conditions for grapefruits. While exports for grapefruits and tangerines have been increasing in MY 2019/20, lemon and orange exports have been decreasing due to export restrictions and low yield. Orange juice imports are estimated to reach 3,000 MT in MY 2019/20, higher than MY 2018/19 which was only 452 MT.

Harmonized System (HS) Codes:

Oranges 080510
Tangerines/Mandarins 080520, 080521, 080522, 080529
Lemons 080550
Grapefruits 080540
Orange Juice 200911, 200912, 200919

Abbreviations used in this report:

FAS	USDA Foreign Agricultural Service
TDM	Trade Data Monitoring
MT	Metric ton (1,000 kg)
MMT	Million Metric Tons
MinAF	Turkish Ministry of Agriculture and Forestry
MY	Marketing year
PS&D	Production, Supply and Distribution
TL	Turkish Lira
TurkSTAT	Turkish Statistical Institute
USD	U.S. Dollar

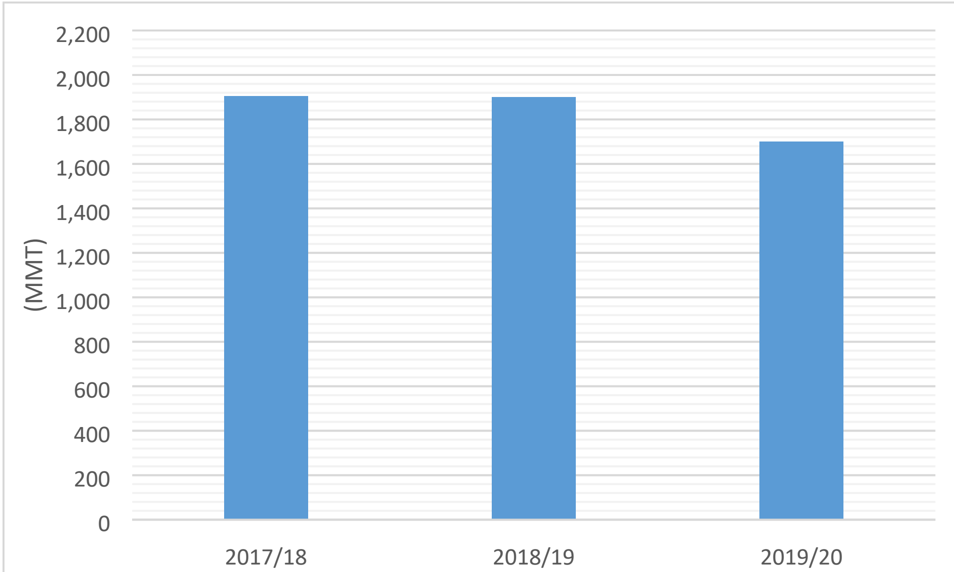
Commodities:

Oranges, Fresh

Production:

In MY 2019/20, orange production is estimated to reach 1.7 million MT, which is 10 percent lower than MY 2018/19, due to hot weather conditions in May 2019 during the blooming period of trees. Hot weather negatively affected tree blooming and orange flowers were scorched. However, crop quality was good according to Turkish producers. On the other hand, there has been a high price increase on input costs such as electricity, fertilizer and chemicals. The other negative factors for production are irrigation problems and harmful flies such as *Planococcus citri* and Mediterranean fruit fly.

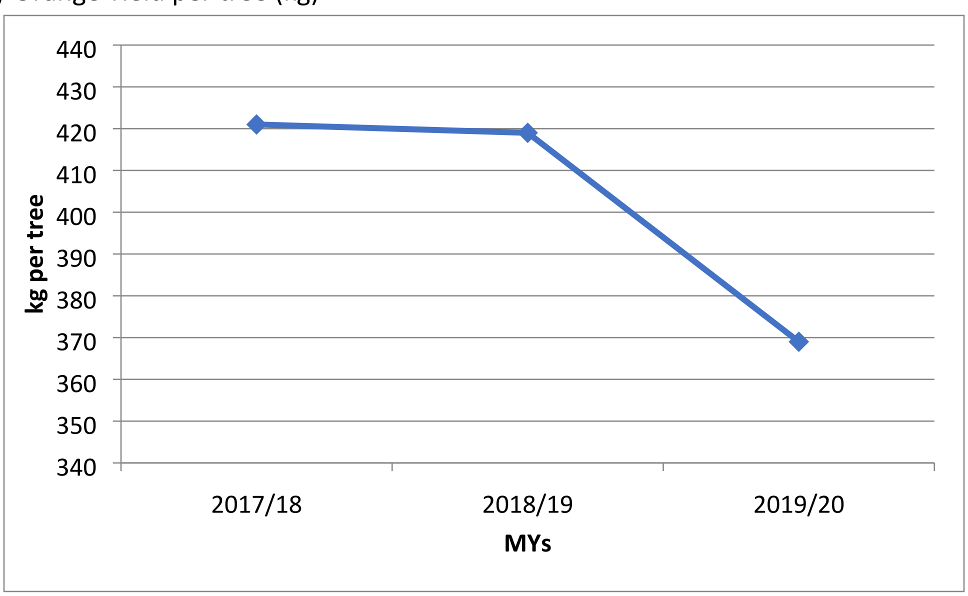
Figure 1. Turkey Orange Production, MY 2017/18-MY 2019/20 Comparison



Source: TurkSTAT, 2020

Shortly after rising COVID-19 patients/deaths in Turkey, orange farm gate selling prices started to increase in April 2020 since citrus demand from the domestic market increased due to its high Vitamin C content, thought to help boost the immune system. The price increase is helpful for orange producers who were experiencing low farm prices for years, despite high retail market prices. The farm price of oranges has increased to 4 Turkish Lira (TL; $0.57) in April while it was 1 TL ($0.14) before the pandemic.

Figure 2. Turkey Orange Yield per tree (kg)



Source: TurkSTAT, 2020

Consumption:

With the high input costs, producers believe that they are producing oranges at a very small profit. The gap between the production price at orchards and the selling price at supermarkets in cities is still considered very large. Costs for transportation and storage are considerable. The market price of oranges at supermarkets is 400 percent more than the base price at orchards.

Although consumption seemed to be rising during the spring months of MY 2019/20 due to COVID-19, overall consumption in MY 2019/20 is expected to be lower than the previous year due to lower supply and higher prices. Accordingly, Post decreased the consumption estimate to 1,358 MMT in MY 2019/20.

Trade:

In MY 2019/20, orange exports are forecast to decrease to 274,000 MT, 8 percent lower than MY 2018/19 despite good quality. Orange exports in the first six months of MY 2019/20 dropped 17 percent when compared with the same period of MY 2018/19. The biggest decrease of orange exports is for the Iraq market due to the COVID-19 pandemic. Orange exports from Turkey to Iraq for the first six months of MY 2019/20 dropped 50 percent since there have been struggles with vehicle transportation between the two neighboring countries due to the immediate precautions taken during the COVID-19 pandemic.

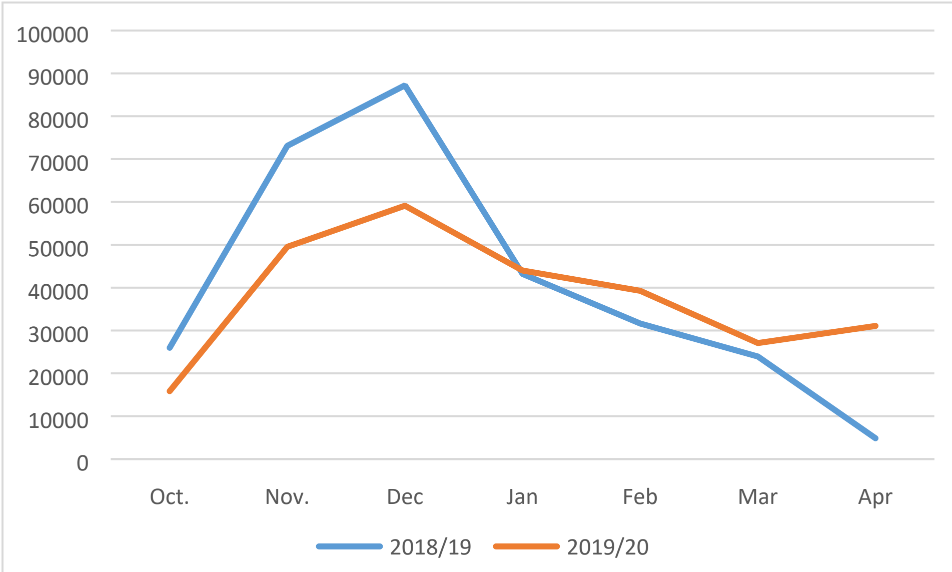
However, orange exports to Russia for the first six months of MY2019/20 have significantly increased up to 30 percent more when compared with the same period of the previous marketing year since Russia closed its borders to China due to the COVID-19 pandemic. China was the biggest exporting country to Russia for fruit and vegetables. Also, Turkish Airlines has worked hard to support cargo shipments during the pandemic period as other commercial flights were canceled, and this has been welcomed by Turkish citrus exporters. Oranges were the third most important citrus product from which Turkey obtained export revenue. The revenue was $109 million for MY 2018/19.

Chart 1. Turkey's Biggest Export Markets for Oranges, MT

	MY 2017/18	MY 2018/19	MY 2019/20
Iraq	196,604	118,113	60,922
Russia	118,878	79,734	102,818
Ukraine	35,999	27,663	33,246
Georgia	15,851	11,061	11,523
Romania	9,632	5,818	7,824

Sources: Trade Data Monitor, LLC

Figure 3. Turkish Orange Exports, Comparison Table for MY 2018/19 and MY 2019/20, monthly



Sources: Trade Data Monitor, LLC

Production, Supply and Distribution Statistics:

Table 1: PSD Oranges, Fresh

Oranges, Fresh	2017/2018		2018/2019		2019/2020	
Market Year Begins	Oct 2017		Oct 2018		Oct 2019	
Turkey	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (HECTARES)	54000	54000	53500	53500	53400	53400
Area Harvested (HECTARES)	52300	52300	51339	51339	52300	50300
Bearing Trees (1000 TREES)	13861	13861	13150	13150	13300	12980
Non-Bearing Trees (1000 TREES)	710	710	680	680	700	865
Total No. Of Trees (1000 TREES)	14571	14571	13830	13830	14000	13845
Production (1000 MT)	1905	1905	1900	1900	1800	1700
Imports (1000 MT)	33	33	41	42	35	42
Total Supply (1000 MT)	1938	1938	1941	1942	1835	1742
Exports (1000 MT)	454	454	298	298	253	274
Fresh Dom. Consumption (1000 MT)	1386	1386	1538	1539	1472	1358
For Processing (1000 MT)	98	98	105	105	110	110

Total Distribution (1000 MT)	1938	1938	1941	1942	1835	1742
(HECTARES) ,(1000 TREES) ,(1000 MT)						

Commodities:

Tangerines/Mandarins, Fresh

Production:

In MY 2019/20, tangerine production is estimated to reach 1.4 million MT, which is lower than the previous season due to freeze conditions and heavy storms during the blooming period of trees. However, producers believe that the quality has been good. With the low yield of tangerines in MY 2019/20, farm gate prices have increased 185 percent and reached 2 TL ($0.3) per kilo.

In late May 2020, excessive hot weather conditions and north winds have affected trees badly and fruits have fallen off from trees especially early mandarin varieties. This condition has caused serious concerns among producers for harvesting of early mandarin varieties such as Eary-N, Okitsu Wase and Miho Wase and they are also concerned about next season's yield.

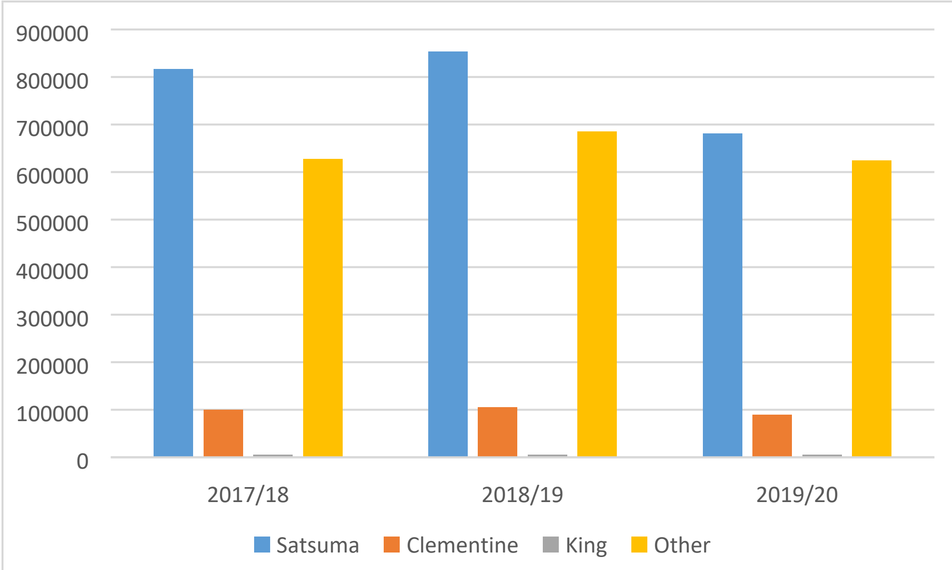
Consumption:

In MY 2019/20, Turkey's domestic consumption of tangerines is estimated at 586,000 MT, which is 39 percent lower than the MY 2018/19 consumption level of 970,000 MT. The decrease is due to the low yield of the season and increasing exports.

Since MY 2020/21's yield is expected to be affected because of May 2020's excessive hot weather conditions, it is expected that tangerines prices will be higher for the next season. The gap between the production price at orchards and the selling price at supermarkets in cities is still considered very large. Transportation is an issue and adds a considerable amount to prices at supermarkets. The supermarket prices are 80 percent more than the base price at orchards.

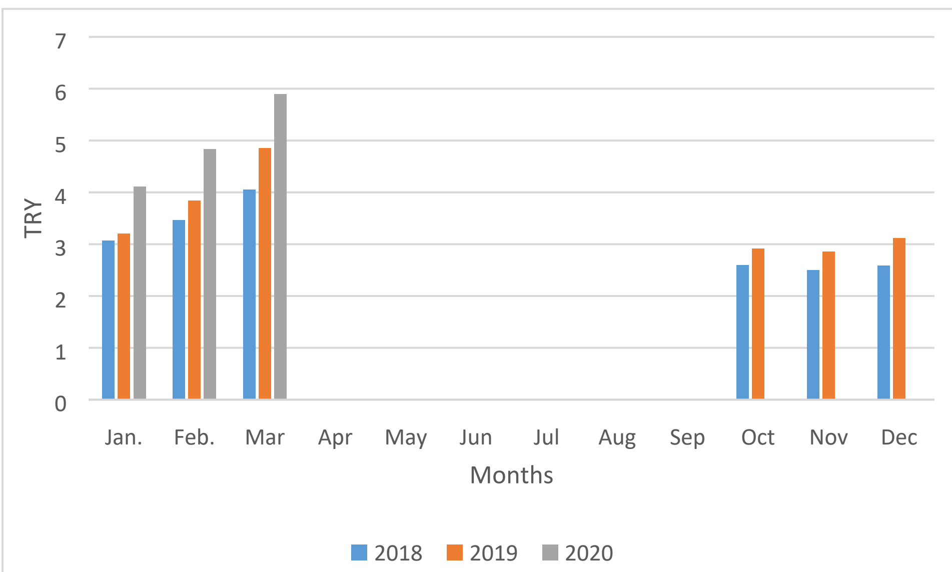
While tangerine production has been declining in MY 2019/20, less production decrease has been observed for `other mandarin varieties` since exporters have been tending towards new mandarin varieties ('other' in the figure 5 below) for export such as Nova, Murkott and Fremont.

Figure 4. Turkish Tangerine Production by Varieties



Source: TurkSTAT, 2020

Figure 5. Turkish Tangerines Prices at the Local Markets, Monthly Comparison by year

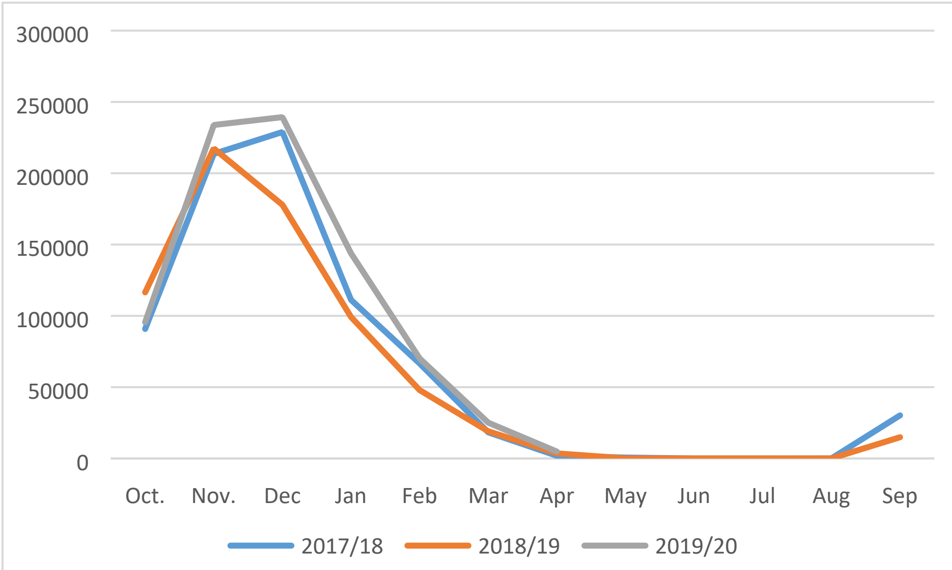


Source: TurkSTAT, 2020 (note these figures are not adjusted for inflation)

Trade:

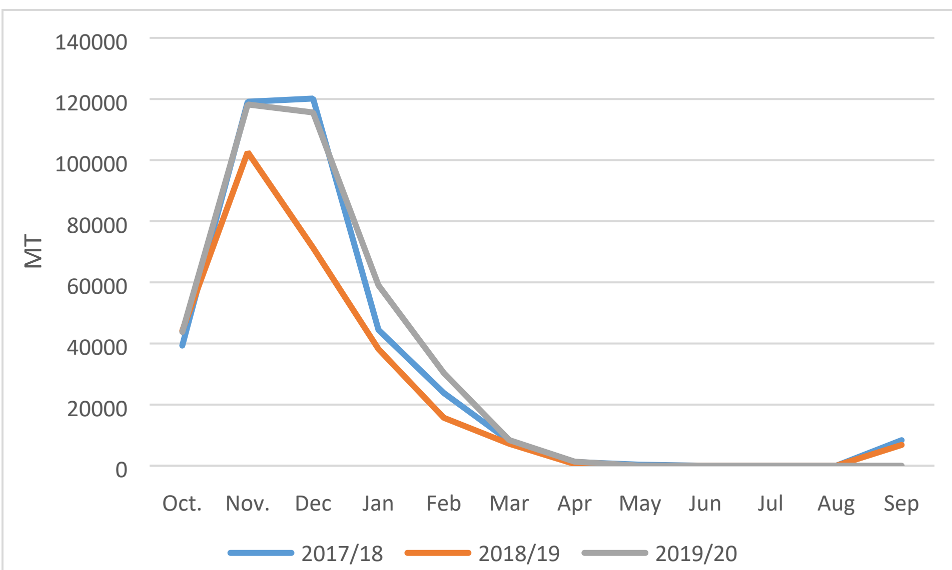
Tangerines are still the top exported product among all citrus exported from Turkey. Turkish tangerine exports started well in MY 2019/20 mostly for exports to Russia and reached 812,595 MT as of April 2020 since Russia has closed its borders to China due to the COVID-19 pandemic. Total tangerine exports are forecast to reach 843,000 MT in MY 2019/20.

Figure 6. Turkey Tangerine Export Comparison in MT for MY 2017/18-MY 2018/19 and MY 2019/20.



Source: Trade Data Monitor, LLC (Note: MY 2019/20 data includes October-April only)

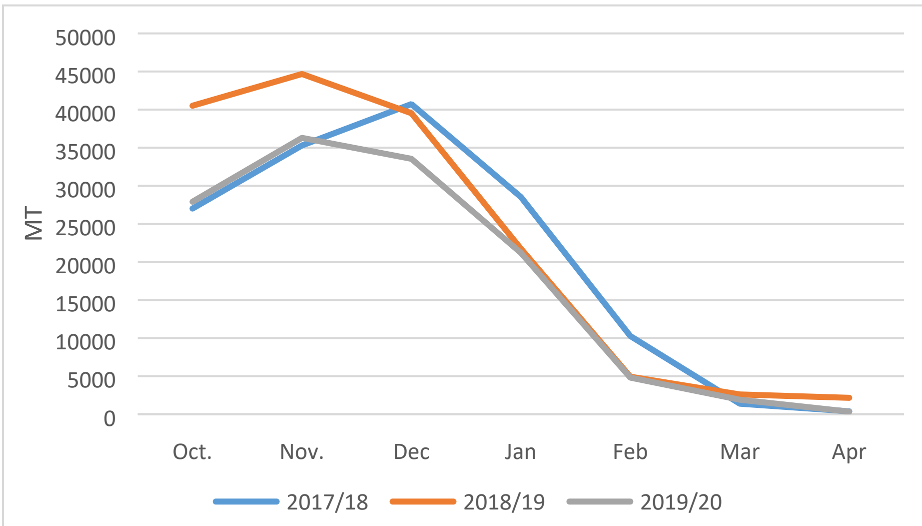
Figure 7. Turkey Tangerine Export Comparison in MT to Russia for MY 2017/18-MY 2018/19 and MY 2019/20.



Source: Trade Data Monitor, LLC (Note: MY 2019/20 data includes October-April gap)

Tangerine exports to Iraq have dramatically decreased because of disputes between Iraqi and Turkish requirements, and struggles with vehicle transportation between the two neighboring countries due to the immediate precautions taken during the COVID-19 pandemic. According to Turkish exporters, Iraq requires tangerines green and with leaves, but Turkish officials at borders who are checking if products comply with Turkish export requirements have not been allowing that kind of tangerine to be exported.

Figure 8. Turkey Tangerine Export Comparison in MT to Iraq for MY 2017/18-MY 2018/19 and MY 2019/20 by months October-April.



Source: Trade Data Monitor, LLC

Tangerine exports in MY 2018/19 were 696,434 MT which is *lower* than Post’s estimate and 8 percent lower than MY 2017/18 due to Mediterranean fruit fly in exports and other pest problems which affected quality. The main export markets for Turkish tangerines are Russia, Iraq and Ukraine. According to Turkish citrus exporters, Turkish tangerines are preferred by those countries since tangerines are mostly seedless and thin-skinned. While Turkey exported tangerines valued at $281 million in MY 2018/19, it has already reached at $398 million as of April 2020. Exporters believe that export value could reach $420 million at the end of MY 2019/20 which would be the highest export value among recent years despite low yield expectations.

Table 2: Production, Supply and Distribution Statistics: Tangerines/Mandarins

Tangerines/Mandarins, Fresh	2017/2018		2018/2019		2019/2020	
Market Year Begins	Sep 2017		Sep 2018		Sep 2019	
Turkey	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (HECTARES)	41750	41750	45760	45760	48000	48000
Area Harvested (HECTARES)	40000	40000	43000	43000	46000	46000
Bearing Trees (1000 TREES)	11300	11300	13000	13000	14000	14000
Non-Bearing Trees (1000 TREES)	2700	2700	3000	3000	3726	3726
Total No. Of Trees (1000 TREES)	14000	14000	16000	16000	17726	17726
Production (1000 MT)	1550	1550	1650	1650	1500	1400
Imports (1000 MT)	26	26	32	32	30	30
Total Supply (1000 MT)	1576	1576	1682	1682	1530	1430
Exports (1000 MT)	739	739	711	711	710	843
Fresh Dom. Consumption (1000 MT)	836	836	970	970	819	586
For Processing (1000 MT)	1	1	1	1	1	1
Total Distribution (1000 MT)	1576	1576	1682	1682	1530	1430
(HECTARES) ,(1000 TREES) ,(1000 MT)						

Commodities:

Lemons, Fresh

Production:

MY 2019/20 lemon production has only reached 950,000 MT, which is 13 percent lower than the MY 2018/19 season (1.1 million MT) since weather conditions such as storms and heavy rains at the end of the previous season caused early blooming of trees. The yield lost is mostly seen for the Interdonat variety (up to 40 percent) which is the most exported variety.

With decreasing lemon yield in MY 2019/20 farm gate prices have increased. Although producers are pleased with the increase, supermarket prices in cities have also been higher. Supermarket prices are high due to costs such as packaging, transport and labor during the marketing process.
Lemon exports have been restricted on April 7, 2020 to combat an increase in prices as a result of high demand in the domestic market during the COVID-19 pandemic. The restrictions will be in place until August 2020.

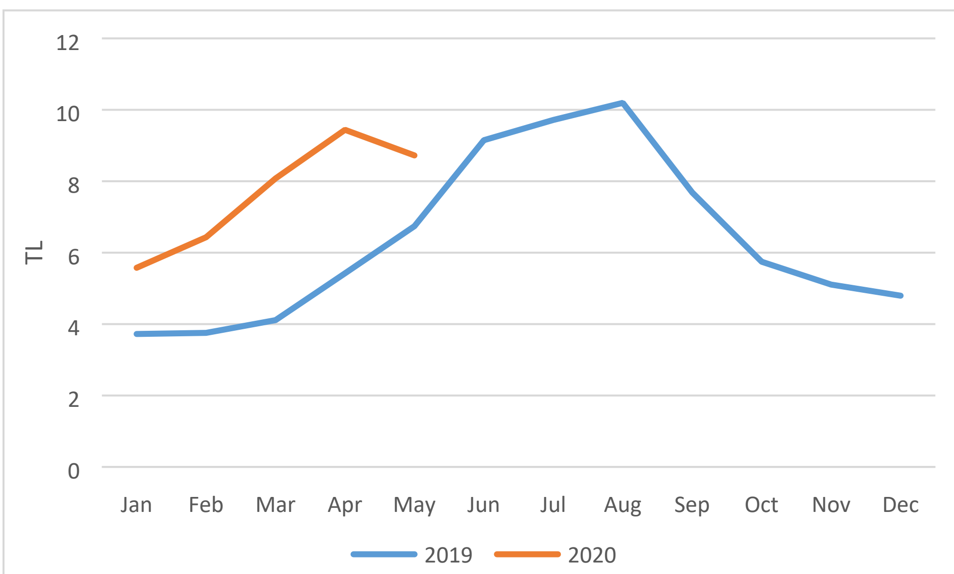
Immediately after the restriction went into effect in early April, wholesale lemon prices started to decrease sharply. Lemon producers are deeply concerned about this trend and demanded MinAF support production with input supports. Separately, Istanbul Municipality has launched a new project to support lemon producers in the Mediterranean region, buying lemons directly from producers to donate to citizens of the municipality who need food support.

The main problems reported by lemon producers in Turkey are diseases and pests, input costs such as fertilizers and chemicals, labor costs such as costs for trees trimming, crop quality and marketing.

Consumption:

Despite high market prices, lemon consumption in MY 2019/20 is forecast to increase to 532,000 MT, higher than MY 2018/19 (which was 476,000 MT) since the COVID -19 pandemic has increased lemon demand due to its high Vitamin C content. According to the Turkish Statistical Institute, lemon consumption per capita was 6.5 kg in MY 2018/19. Market prices have been decreasing after April 2020 as a result of the Ministry`s decision to restrict lemon exports until August 2020. The MinAF's concern was high demand of domestic consumers due to COVID-19 combined with the low yield expectation in MY 2019/20.

Figure 9. Turkish Lemon Prices at the Local Markets, Monthly Comparison by year



Source: TurkSTAT, 2020

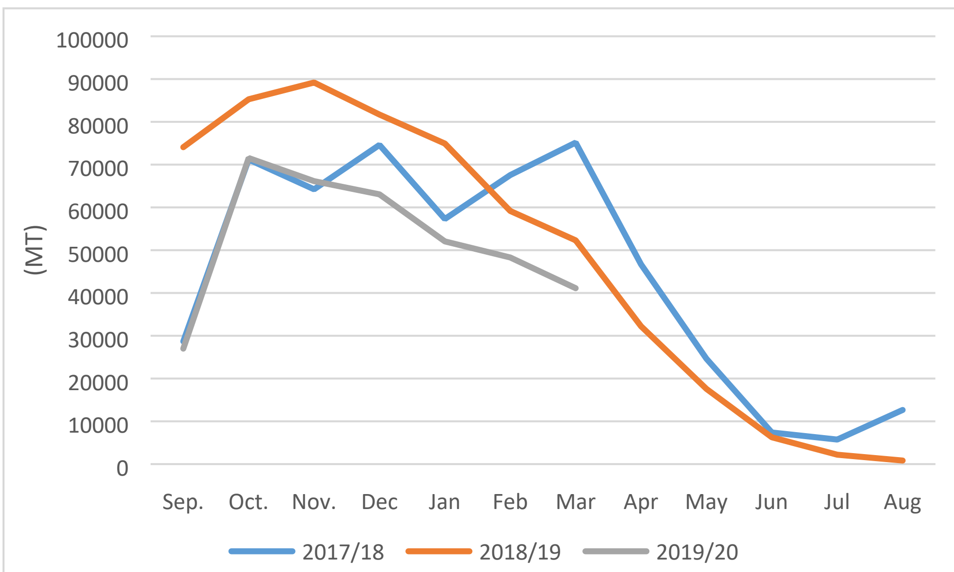
However, lemon producers expressed concern that even with lower prices and increased demand, consumption may not actually increase because of restaurants, and cafes being closed, and higher losses could be experienced due to lack of adequate storage for late lemon varieties harvested in January and February, which could not be exported due to the export restriction.

Trade:

Turkey's exports of lemons did not start well in the MY 2019/20 season due to low yield. By the end of MY 2019/20, lemon exports are expected to have decreased 35 percent year on year to 370,000 MT as a result of low yield and the export restriction applied as of April 2020 due to the COVID-19 pandemic. On April 7 2020, lemon exports were restricted to combat an increase in prices as a result of high demand from the domestic market due to the COVID-19 pandemic. The restrictions will be in place until August 2020. With this restriction, lemon exports have been subjected to MinAF pre-permission. MinAF evaluates lemon exports according to supply/demand/price equilibrium within the domestic market.

Russia and Iraq are still the main export markets for Turkey. Saudi Arabia is the third largest export market. However, exports have decreased 10 percent for the Russian market, 31 percent for the Iraq market and 40 percent for the Saudi market in MY 2019/20.

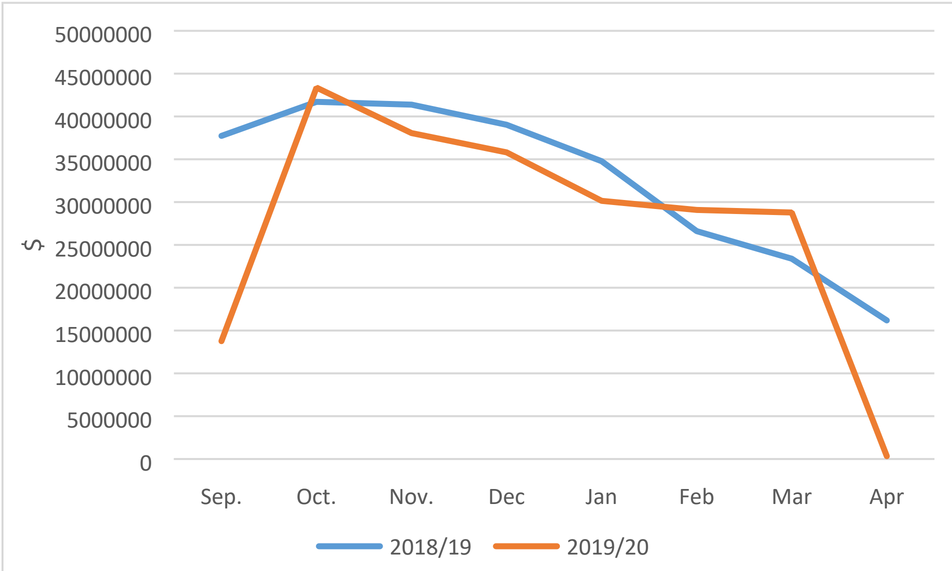
Figure 10. Turkey Lemon Export Comparison in MT for MY 2017/18-MY 2018/19 and MY 2019/20.



Source: Trade Data Monitor, LLC (Note: MY 2019/20 data includes September-April gap)

In MY 2019/20, while Turkish lemon exports have been decreasing in quantity, it is seen that the export value was increasing in February and March until the export restriction was put in place in April 2020.

Figure 11. Turkey Lemon Export USD Value Comparison for MY 2018/19 and MY 2019/20.



Source: Trade Data Monitor, LLC

In MY 2018/19, Turkey exported 576,000 MT of lemons valued at $272 million. Turkey exports more than half of its total lemon production. For this reason, prices in the domestic market are impacted by any positive or negative changes with exports. Due to a surplus of lemons in storage due to the export restriction, exporters requested MinAF to re-open lemon exports. Otherwise, exporters believe that the losses of producers should be compensated. Since most of the demand comes from the Russian market, Turkish exporters have concerns about losing the Russian market because of the export restriction.

Turkey imported a very low quantity of lemons mostly from Cyprus and Brazil. Turkey imports lemon from North Cyprus depending on the level of production there.

Table 3: Production, Supply and Distribution Statistics: PSD Lemons/Lime, Fresh

Lemons/Limes, Fresh	2017/2018		2018/2019		2019/2020	
Market Year Begins	Sep 2017		Sep 2018		Sep 2019	
Turkey	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (HECTARES)	31000	31000	32500	32500	33000	33000
Area Harvested (HECTARES)	27500	27500	30000	30000	32000	32000
Bearing Trees (1000 TREES)	7600	7600	8200	8200	8700	8700
Non-Bearing Trees (1000 TREES)	1000	1000	1500	1500	2500	2500
Total No. Of Trees (1000 TREES)	8600	8600	9700	9700	11200	11200
Production (1000 MT)	1000	1000	1100	1100	1000	950

Imports (1000 MT)	3	3	2	2	2	2
Total Supply (1000 MT)	1003	1003	1102	1102	1002	952
Exports (1000 MT)	536	536	576	576	546	370
Fresh Dom. Consumption (1000 MT)	417	417	476	476	406	532
For Processing (1000 MT)	50	50	50	50	50	50
Total Distribution (1000 MT)	1003	1003	1102	1102	1002	952
(HECTARES) ,(1000 TREES) ,(1000 MT)						

Commodities:

Grapefruit, Fresh

Production:

Grapefruit production is very low in Turkey. Grapefruit production requires hot weather conditions and it can only be produced in the Mediterranean region of Turkey. In MY 2019/20, production is estimated at 270,000 MT, 8 percent higher than the previous season due to favorable weather conditions for grapefruits. In MY 2018/19, production was 250,000 MT, which is 3 percent lower than MY 2017/18's production level of 260,000 MT. Since domestic demand is very small, production is not expanding significantly. According to grapefruit producers, production costs are very high and the farm gate selling price does not compensate for their production expenses.

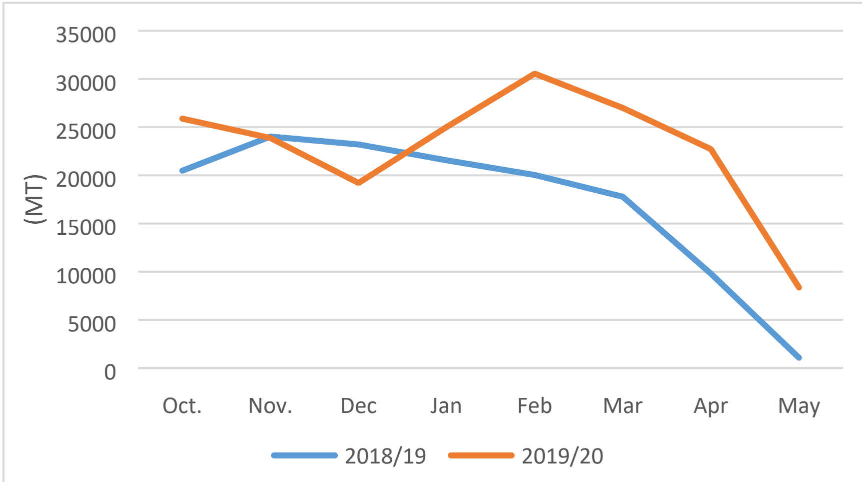
Consumption:

Turkey's grapefruit consumption is estimated at 86,000 MT in MY 2019/20. Grapefruit consumption is very low in Turkey and most grapefruits are being exported. At the beginning of the season, grapefruits are mostly consumed as fresh grapefruit juice while the fruit itself is consumed mostly after February when fruits became more sweet. Also, information that has circulated in the media regarding the relationship between certain medicine accumulation in the human body related with consumption of grapefruit has negatively affected consumption.

Trade:

Grapefruit exports are estimated at 185,000 MT in MY 2019/20 while it was 138,000 MT in MY 2018/19. Turkey exports grapefruits mostly to Russia, Poland and Ukraine. The increase in MY 2019/20 is due to Russia's higher demand from Turkey after Russia closed its borders to China due to the COVID-19 pandemic. Turkey's grapefruit exports have increased 50 percent in January-April 2020 when compared with the same period of the previous season.

Figure 12. Turkey's Grapefruit Exports, MY 2018/19/20 Comparison by Month



Source: Mediterranean Exporters Association, 2020

Table 4: Production, Supply and Distribution Statistics: PSD Grapefruit

Grapefruit, Fresh	2017/2018		2018/2019		2019/2020	
Market Year Begins	Oct 2017		Oct 2018		Oct 2019	
Turkey	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (HECTARES)	6200	6200	6250	6250	6350	6350
Area Harvested (HECTARES)	5300	5300	5500	5500	5650	5650
Bearing Trees (1000 TREES)	1390	1390	1200	1200	1250	1250
Non-Bearing Trees (1000 TREES)	100	100	60	60	61	61
Total No. Of Trees (1000 TREES)	1490	1490	1260	1260	1311	1311
Production (1000 MT)	260	260	250	250	300	270
Imports (1000 MT)	1	1	1	1	2	2
Total Supply (1000 MT)	261	261	251	251	302	272
Exports (1000 MT)	189	189	138	138	170	185
Fresh Dom. Consumption (1000 MT)	71	71	112	112	131	86
For Processing (1000 MT)	1	1	1	1	1	1
Total Distribution (1000 MT)	261	261	251	251	302	272
(HECTARES) ,(1000 TREES) ,(1000 MT)						

Commodities:

Orange Juice

Production:

In MY 2019/20, orange juice production is forecast at 9,500 MT, which is the same as MY 2018/19 based on the quantity of fresh oranges delivered for processing. The amount of oranges sent to processing is estimated at 110,000 MT which is slightly higher than the previous year, however it also reflects oranges sent to processing for other juices such as mixed fruit juices. Turkish consumers mostly prefer peach, apricot, cherry juices and mixed juices. Orange and apple juices are generally preferred as hundred percent fruit juice. Per capita consumption of fruit juice in Turkey is estimated at 7-8 liters in MY 2019/20. In MY 2019/20, orange juice consumption is forecast to increase due to population increase and more people seeking vitamin C sources due to COVID-19.

In Turkey, the fruit juice sector faces challenges due to economic dynamics, increasing input costs and an extra tax for consumption (%10) which has affected marketing. Also, according to fruit juice producers, press and media news regarding excessive sugar content in fruit juices have negatively affected perceptions about juice. The new trends in the fruit juice sector are juices without sugar and additives.

Export:

Orange juice exports are forecast at 5,000 MT for MY 2019/20 which is 2 percent lower than MY 2018/19. In 2018/19, Turkey exported 5,149 MT of orange juice mainly to China, Iraq and Italy.

Import:

Orange juice imports are estimated to reach 3,000 MT in MY 2019/20, higher than MY 2018/19 which were only 452 MT. Imports are mainly from Cyprus and Brazil, especially frozen orange juice.

Table 5: Production, Supply and Distribution Statistics: PSD Orange Juice

Orange Juice	2017/2018	2018/2019	2019/2020

Market Year Begins	Oct 2017		Oct 2018		Oct 2019	
Turkey	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Deliv. To Processors (MT)	98000	98000	105000	105000	110000	110000
Beginning Stocks (MT)	150	150	150	150	150	150
Production (MT)	9000	9000	9500	9500	10000	9500
Imports (MT)	3412	3412	592	452	600	3000
Total Supply (MT)	12562	12562	10242	10102	10750	12650
Exports (MT)	6658	6658	5075	5149	5500	5000
Domestic Consumption (MT)	5754	5754	5017	4803	5100	7500
Ending Stocks (MT)	150	150	150	150	150	150
Total Distribution (MT)	12562	12562	10242	10102	10750	12650
(MT)						

Attachments:

No Attachments