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Dried Fruit

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Report Highlights:

Both the quantity and quality of the MY2000 Turkish sultana crop are excellent. Raisin production is estimated at 255,000 MT and exports are estimated at a record level of 210,000 MT. Sultana area continued to grow. TARIS has already procured about 70,000 MT of raisins at TL 500,000 per kilogram and estimates total procurement at 75,000 MT.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
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Executive Summary	1
Production	2
Consumption	3
Trade	4
Stocks	4
Policy	5
Production Policy	5
Trade Policy	5
Tables	6
PS&D Table	6
Export Matrix Table for MY 1999	7
Export Matrix for CY 1999	8
Import Matrix Table for MY 1999	9

Executive Summary

MY 2000 is expected to be a very good year for Turkish raisin production. Both the quantity and quality of the Turkish seedless grape crop are excellent. Production is estimated at 255,000 MT, significantly larger than it was last year. Exports are estimated at a record high level of 210,000 MT, due to large crop and carry over stocks.

The area of production is projected to increase slightly in MY 2000 in response to high demand from both the international markets for raisins and the domestic market for fresh seedless grapes. Some cotton growers in the region also switched to raisins to earn higher returns.

TARIS announced a base procurement price for raisins for MY 2000 at TL 500,000 per kilogram for standard #9. TARIS has already purchased 70,000 MT of raisins and buying continues. TARIS is expected to procure around 75,000 MT, an increase from last year's level, due to the larger supply.

There is a 57.3 percent duty on imports.

Production

Production estimates made early in the season by the technical committee that consists of representatives from Manisa Viticulture Research Institute, the Izmir Commodity Exchange, the Aegean Exporters' Union, etc. estimate production for MY2000 (September 2000-August 2001) at around 255,000 MT. The production increase is the result of an increase in the vineyard area and favorable weather during the growing and drying period.

Production estimates for raisins, in MY 2000, vary from 225,000 MT to 255,000 MT. TARIS, the quasi-governmental Agricultural Growers' Cooperative Union for olive oil, cotton, figs and raisins, estimates production on the lower side but, traders place it higher. The quality of Turkish raisins in MY 2000 is also excellent. In normal years, about 80 percent of the crop consists of standard #9 and better (most of which are exported) and the remainder consists of #8 (most of which are consumed domestically). Preliminary indications for this year's crop are: #10 - 40 percent, #9 - 50 percent, and #8 - 10 percent compared to last year's 15 percent, 70 percent, and 15 percent, respectively.

On September 8, 2000, TARIS announced the MY 2000 procurement price as TL 500,000 per kilogram for standard #9 raisins. The announcement did not include any premium this year, instead it was announced that TARIS will not buy any raisins below #8 quality. After deducting taxes and other charges, the net price paid to the growers is estimated at nearly TL 475,000 per kilogram. At the current exchange rate, the procurement price now equates to about USD 0.74 per kilogram (USD 1.00 = TL 680,000), compared to USD 0.88 per kilogram a year ago. The new procurement price represents a 23 percent (21 percent with premium in MY 1999) increase over the MY 1999 procurement price of TL 405,000 (TL 412,500 with the premium) per kilogram. With an inflation averaging around 50 percent from September 1999 to September 2000, the announced procurement price represents a significant decrease in real terms. This is because of the GOT's tight budget policy to reduce the inflation in the country and excess production.

TEKEL, the state liquor monopoly, has just announced the MY 2000 raisin procurement price as TL 380,000 per kilogram. TEKEL just started to procure raisins. It is projected that TEKEL will procure only a small quantity of raisins (around 6,000-7,000 MT) directly from farmers. TEKEL is not expected to buy any raisins from TARIS.

Grapes are grown throughout Turkey. However, seedless grapes--virtually all of which are "Vitis viniserae L.," the same genus and species as Thompson seedless grapes, constitute nearly 30 percent of the total grape crop, and are grown only in the provinces of Izmir, Manisa, and Denizli in Turkey's Aegean Region. In general, around 10 percent of the seedless grape crop is consumed fresh and the remainder is dried. In MY 2000, total seedless grape production is estimated at about 1,275,000 MT, less 125,000 MT for fresh consumption and exports, divided by an average conversion ratio of about 4.5, depending on the sugar content. The seedless grape growing area continues to increase in recent years due to high demand for raisins in the international markets and good prices in the domestic market for fresh consumption. Some shifts from cotton growing areas to seedless sultana grapes took place in recent years as a result of better prices and returns for seedless sultana grapes.

In recent years seedless grapes' production has increased faster than the increase in seedless grape area. Most of the increases have resulted from more intensive cultivation through better irrigation and the use of trellises, largely because land suitable for cultivation (and drying) is beginning to be in short supply. For the past several years, TARIS has advocated limiting seedless grape area because it believed the export market was saturated. The idea has received little support from the growers, the government, or the processors.

Seedless grapes generally are grown on small farms that produce a variety of other crops as well. As many as 60,000 farmers are believed to produce seedless grapes, with farms averaging about 1.2 hectares in seedless grapes. About 50 percent of all raisin producers are members of TARIS. Each year, TARIS announces a procurement price, which acts as a support price. TARIS is required to purchase raisins from its members, but members are free to sell to other buyers and usually do.

The industry has sought to improve the quality of Turkish raisins through better growing, harvesting and drying techniques designed to improve cleanliness in recent years. Improvements have included the widespread use of trellises, increasing use of small plastic harvest crates (rather than sacks to minimize compaction), and the widespread use of concrete drying beds and/or plastic sheeting. Most of these improvements have 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.

The two major factors determining standards are color and berry count per 100 grams. In general, Turkish raisins are lighter in color and rounder than California raisins. The color difference is due to the fact that lye is used to speed the drying of Turkish sultanas (since the drying season is short and drying space scarce). To encourage quality improvements, in recent years, TARIS set a scale of quality premium for sultana raisins produced from trellised vines and dried on concrete slabs. In MY 2000, however, TARIS did not announce a premium, instead it was announced that, TARIS would not buy any raisins below #8 quality.

Consumption

Domestic consumption fluctuates based on the supply and quality of the crop. This is primarily because of variations in quantity TEKEL, the state liquor monopoly, consumes for distillation. In MY 2000, Turkish domestic consumption is projected at about 30,000 MT, including around 20,000 MT for confectionery purposes and 10,000 MT for TEKEL. TEKEL generally consumes 70,000 MT of fresh or dried grapes (including raisins) and the mix between the two changes with price and availability. The private sector handles the bulk of marketing, both for the domestic market and exports. Although there are numerous firms in the dried fruit processing and export business in Turkey, the top ten firms are estimated to control about 85 percent of the raisin market.

In conjunction with IBRD and IMF-backed reforms to reduce the government's role in agriculture, the role of TARIS in procuring and marketing raisins is decreasing. In general, TARIS has become the buyer of last resort, purchasing a large percentage of lower grades. For example, in MY 1994, TARIS procured around 9,000 MT of raisins because market prices were strong due to good export demand. This was reversed however, in MY 1995 and MY 1996, when TARIS was the largest buyer of raisins with purchases of about 30,000 MT and 40,000 MT respectively. TARIS procured even larger quantities about 65,000 MT in MY 1997, 75,000 MT in MY 1998, and again 65,000 MT in MY 1999. TARIS has procured about 70,000 MT of raisins to date during MY 2000 and is expected to buy

about 75,000 MT this year..

In normal years, TARIS exports about 5,000 MT of raisins annually and sells the remainder on the Izmir spot market. Lately, however, TARIS exported larger quantities as a result of larger procurement. In MY 1999, TARIS exported about 18 percent of its purchases (about 12,000 MT) and sold 30 percent on the market. TARIS, reportedly, had about 34,000 MT in stocks at the beginning of MY 2000, which may also be sold for domestic consumption since TEKEL does not appear to be in the market. TARIS's MY 2000 export volume is expected to be at least as high as last year or even slightly higher, due to substantial quantities of procurement and the large carry over stocks, and the quality is good.

The Izmir Commodity Exchange is the main cash market for raisins. On October 17, spot prices at the Izmir Commodity Exchange were about TL 430,000 per kilogram for standard #8, TL 450,000 per kilogram for standard #9, and TL 470,000 for standard #10, representing increases of about 10 percent for #8 and 9 and 7 percent for #10 raisins. Again, with inflation averaging about 50 percent from September 1999 to September 2000, current prices are significantly lower in real terms.

Trade

MY 2000 raisin exports will increase significantly over the previous year, in line with the larger and better quality crop and are currently projected at a record high level of 210,000 MT. According to Exporters' Union data, traders exported 52,679 MT of raisins from September 1-October 12, 2000, about thirty percent more than the same period last year. Germany, the Netherlands, Italy, and the United Kingdom were the leading destinations. Official GOT trade data is only available for the first nine months (September 1999 - May 2000) of MY 1999, but Aegean Exporters Union data place MY 1999 exports at 189,468 MT.

Current export prices for standard #9 bulk reportedly are between USD 800 and 900 per MT and for standard # 10 bulk between USD 800 per MT and USD 1,000 per MT, depending upon the grade (as A, B, and C) and specifications required (FOB Izmir). These prices are significantly lower than last year, which were between USD 1,000 and USD 1,100 for standard #9 and USD 1,000 and USD 1,400 for standard #10.

The first column of the MY 1999 export matrix reflects unofficial data from the Aegean Exporters' Union for the entire marketing year (September 1999 - August 2000). The second column of the same matrix reflects the official data from the State Institute of Statistics for the first nine months of MY 1999 (September 99 - May 2000). Similarly, the second column of the MY 1999 import matrix provides official data for September 1999 -May 2000. Export data was also provided for CY 1999.

Stocks

There is no official data available for raisin stocks. MY 1999 ending stocks were reported to be very high and TARIS's MY 1999 raisin carry over stocks were estimated at about 34,000 MT at the beginning of the new season. TEKEL had a negligible quantity of raisins in stocks.

Policy

Production Policy

As part of policy reforms enacted in 1994, the government no longer sets a procurement price for a number of crops, including grapes. The GOT also passed a law last June to give autonomy to all agricultural SEE's, including TARIS. As a result of the change, the general directors of SEE's will be elected. On the other hand, SEE's will be operating on their own financial assets. Government support will be minimized and eliminated over time. During the transitional period, however, it is not entirely clear all SEE's will be required to find their own financing sources or will continue to resort to government if funds run low. TARIS appears to be in a comparatively good position (compared to other SEEs) meet source funds, particularly the raisin division, which is turns a profit.

Raisin producers, similar to other farmers, are provided loans with low interest rates by the state-owned Agricultural Bank at about half of the commercial rate.

Trade Policy

There is no direct export subsidy for raisins. To protect the domestic industry, the government levies a 57.3 percent (reduced from last year's 57.9 percent) import duty for raisins of all origins based on CIF value.

Tables

PS&D Table

PSD Table						
Country	Turkey					
Commodity	Raisins				(HA)(MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		09/1998		09/1999		09/2000
Area Planted	75	75	74	74	0	76
Area Harvested	75	75	74	74	0	76
Beginning Stocks	28593	28593	65024	63477	38024	37009
Production	250000	250000	190000	190000	0	255000
Imports	3131	3131	3000	3000	0	1000
TOTAL SUPPLY	281724	281724	258024	256477	38024	293009
Exports	186700	188247	190000	189468	0	210000
Domestic Consumption	30000	30000	30000	30000	0	30000
Ending Stocks	65024	63477	38024	37009	0	53009
TOTAL DISTRIBUTION	281724	281724	258024	256477	0	293009

Export Matrix Table for MY 1999

Export Trade Matrix			
Country	Turkey		
Commodity	Raisins		
Time period	Sep. - Aug.	Units:	Metric Tons
Exports for:	1999	Sep. - May	2000
U.S.	58	U.S.	315
Others		Others	
United Kingdom	43443	United Kingdom	31370
Germany	29426	Germany	25524
Netherlands	26278	Netherlands	20770
Italy	19092	Italy	16003
Belgium	11958	Belgium	9410
France	10182	France	8040
Australia	8837	Australia	6335
Brazil	6110	Brazil	5291
Ireland	5643	Spain	4957
Spain	5610	Ireland	4483
Total for Others	166579		132183
Others not Listed	22831		18015
Grand Total	189468		150513

Export Matrix for CY 1999

Export Trade Matrix			
Country	Turkey		
Commodity	Raisins		
Time period	Jan. - Dec.	Units:	Metric Tons
Exports for:	1999		
U.S.	526		
Others			
United Kingdom	40729		
Germany	31072		
Netherlands	27602		
Italy	19215		
Belgium	11479		
France	10596		
Australia	7218		
Brazil	6653		
Spain	6091		
Ireland	5451		
Total for Others	166106		
Others not Listed	22309		
Grand Total	188941		

Import Matrix Table for MY 1999

Import Trade Matrix			
Country	Turkey		
Commodity	Raisins		
Time period	Sep. - Aug.	Units:	Metric Tons
Imports for:	1999	Sep. - May	2000
U.S.		U.S.	165
Others		Others	
		Greece	370
		France	113
		United Kingdom	95
		Italy	93
		Germany	76
		Netherlands	51
		Romania	38
		Ireland	29
		Switzerland	20
		Singapore	20
Total for Others	0		905
Others not Listed			313
Grand Total	0		1383