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Turkey

Raisin Annual

Turkey Annual Raisin Report

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Report Highlights: Turkish sultana raisin production is expected to decrease substantially in MY2015/16 to 196,109 MT which is even less than the production in MY 2013/14 due to unfavorable weather conditions, especially the late spring frost damage in April 23 and 24. Sultana raisin exports are forecast to decrease to 170,000 MT in MY 2015/16.

Executive Summary:

Turkish Raisin Production Forecast Commission has members from Izmir Commodity Exchange, Izmir Chamber of Commerce, Manisa Commodity Exchange, Alasehir Commodity Exchange, Aegean Exporters Union and the Ministry of Food, Agriculture, and Livestock (MinFAL) Grape Research Center. This Commission visits certain vineyards in late July to forecast the production of the upcoming marketing year. This year however there is a great ambiguity as to the production outcome due to the frost damage on April 24, 2015. The frost hit some vineyards and not others such as the ones in higher locations and those where the farmers took precautions on their terms to prevent frost damage. Therefore the Commission will expand the number of vineyards to be visited this year and even though they only release one forecast, they will release two forecasts this year for the first time: one in August 7 and another in early September as an update to the first one.

As for the first forecast, the sultana raisin production in the Aegean region which accounts for virtually all production, is expected to be 196,109 MT from a planted area of 1,000,000 decares (250,000 acres).

After a good season in MY 2014/15 that resulted in a record high production level of 328,167 MT, the freeze and hail suffered this year is expected to result in a 60 percent decrease in production in MY 2015/16. The European Union is the top export destination for Turkish raisins receiving an average of 55 percent of all Turkish raisin exports. Among European countries, the UK is the leading export destination with 28 percent. UK is followed by Germany, Holland, Italy and Australia. This trend is expected to continue similarly in the upcoming years.

Commodities:

Raisins

Production:

Turkey is the world's second largest raisin producer after the United States and the leading exporter, accounting to 25 percent of the world's total raisin production and 40-45 percent of total raisin exports. Grapes are grown throughout Turkey, and there are over 1,200 different grape varieties in Turkey. Nearly two-thirds of these grapes have seeds, and one-third are seedless. This report focuses specifically on sultana raisins, which are a dried seedless grape variety indigenous to the Izmir region of Turkey and grown mostly in Manisa and Izmir cities.

Turkey produces approximately 4.2 MMT of grapes annually. Table grapes make up approximately 30 percent of the production, drying grapes make up 35 percent, grapes for traditional products such as *pekmez* (molasses) make up 25 percent, and grapes used for alcoholic beverage production make up approximately 10 percent of this total.

Harvest season starts around August 15, so the marketing years in this report refer to the period between September 1^{st} of the first year until August 30^{th} of the next year.

Seedless grape production expanded significantly in Turkey in the 1990s due to more intensive cultivation and adaption of better irrigation techniques. Seedless grapes constitute about 40 percent of Turkey's total grape crop and are grown only in the Aegean (western) part of Turkey. While the Aegean region produces seedless grapes, the Marmara, Central Anatolia and Southeast Anatolia regions produce table and wine grapes.

The Sultana Raisins Association, which was established in 1934, formed the basis of “TARIS Raisins Agricultural Sales Cooperatives Union”. Generally, TARIS purchases around 15-20 percent of total production. The cooperatives of the union are spread across the Aegean Region, located in the western part of Turkey. The vineyards of TARIS members have always set a good example in the region regarding the yield and the quality of the product.

The size of an average farm land is less than 3 hectares in Turkey. Therefore, as like other commodities, seedless grapes are generally grown on small farms averaging about 1.3 hectares. It is estimated that nearly 65,000 growers produce seedless grapes in Turkey, and 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.

The below table shows the breakdown of sultana production in the Aegean Region according to the local towns in MY 2014/15 and the yield expectations of the Raisin Production Forecast Commission for MY 2015/16.

MY 2014/15 **MY 2015/16**

Towns	Area Planted	Yield (Kg/Da)	Production (MT)	Area Planted (decares)	Yield (Kg/Da)	Production (MT)
MENEMEN	30,450	352	10.718	30.450	308	9.388
KEMALPAŞA	28,750	200	5,750	28,750	120	3,450
TORBALI	7,900	300	2,370	7,900	278	2,196
MANİSA	85,638	355	30,401	87,000	199	17,302
SARUHANLI	85,585	465	39,797	89,963	159	14,304
TURGUTLU	76,800	385	29,568	77,500	206	15,979
AHMETLİ	50,000	418	20,900	50,000	323	16,137
GÖLMARMARA	23,200	544	12,621	23,200	341	7,915
AKHİSAR	18,000	500	9,000	18,500	189	3,497
SALİHLİ	108,215	490	50,374	113,350	353	38,065
ALAŞEHİR	182,500	520	61,685	182,500	402	44,019
SARIGÖL	81,523	688	28,044	87,588	311	14,983
BULDAN	31,700	640	8,115	31,700	588	3,728
ÇAL	123,000	174	14,981	123,350	26	2,245
BEKİLLİ	9,940	174	1,211	9,940	26	181
DENIZLI (Others)	40,358	326	2,631	38,717	234	2,721
TOTAL	**983.559**	--	**328.167**	**1.000.408**	--	**196.109**

Consumption:

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 variable production levels and quality.

TARIS and the Izmir Commodity Exchange are the two price determinants in the market. The former announces the advance procurement prices in the beginning of the season and the latter is the main cash market for raisins.

Despite's Turkey's leading role in the production of raisins, domestic consumption is comparatively low, and most of the production (generally around 80 percent) is exported. Human consumption is around 20-25,000 MT and the industry consumption (for cakes, biscuits and snacks) is about the same amount which account to a total of 45,000 – 50,000 MT. The reason for low domestic consumption is that grapes are mostly consumed as fresh in the season and there are so many grape alternatives grown throughout the country. Raisins are only consumed when there are no fresh grapes around. As for the industry, raisins are used in some cakes and biscuits but their consumption is limited. They are also used as chocolate covered snacks. In 2015, in order to increase domestic consumption the government started a campaign to distribute raisins to school kids, similar to the milk campaign in place for the past couple of years. This campaign was triggered by the increased production in MY 2014/15 and the target was to consume 60,000 MT. The distribution started in the primary schools in Manisa in February 2015 but then it was halted when the schools closed in early June. Such an initiative is not expected to occur in MY 2015/16 due to much lower production figures.

The alcoholic beverages sector (lead by *raki* - a strong anise based Turkish alcoholic drink, and followed by wine and brandy) generally uses fresh grapes but also uses low quality raisins when there is excess supply. An average of 20,000 MT of raisins go into the raki industry in high-yield seasons.

In the last ten years, the alcoholic beverage industry has been under the pressure of the conservative government actions such as restricting sales and marketing activities, heavy taxation, etc. which eventually reflected in a decrease of consumption. The Raki industry usually demands 350,000 MT of grapes, and the brandy and wine industries demand about 80,000 MT of grapes annually, and the wine grape production barely meets this demand.

Trade:

EU countries continue to be the top export destinations for Turkish raisins, and are predicted to be so in MY 2015/16 as well. The European Union accounts for 84 percent of Turkey's raisin exports, and it's relatively a flat market. In MY 2014/15 (between September 1, 2014 – July 18, 2015) Turkey exported 236,200 MT of sultana raisins at an average price of USD 1,790/MT. This amount is expected to meet the Post expectation of 245,000MT as of the end of August 2015. The United Kingdom, Germany and the Netherlands continue to be the top three importers of Turkish raisins. Due to the expected decrease in production in MY 2015/16, post expects a 70 percent decrease in the amount of exports to 170,000 MT and an increase in prices. Currently raisins are traded at 5.50 TL/kg at the Izmir Commodity

Exchange (1 US$ = 2.78 TL as of the date of this report August 2014). Daily current prices of raisins can be followed at the Izmir Commodity Exchange website:
https://itb.org.tr/en/SultanasRaisinsOnlineTransactions.
As for the increase in prices it is not expected to skyrocket because there are alternative suppliers of raisins in the world such as Iran and the US. However, they are not the preferred replacement for Turkish raisins.

Production, Supply and Demand Data Statistics:

Raisins	**2013/2014**		**2014/2015**		**2015/2016**	
Market Begin Year	**Aug 2013**		**Aug 2014**		**Aug 2015**	
Turkey	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Area Planted	0	96700	0	98300	0	100000
Area Harvested	0	80000	0	98000	0	99000
Beginning Stocks	21167	21167	20702	20264	0	28202
Production	242635	242635	310000	320000	0	196109
Imports	1900	1462	1000	2500	0	3000
Total Supply	265702	265264	331702	342764	0	227311
Exports	185000	185000	235000	245000	0	170000
Domestic Consumption	60000	60000	70000	70000	0	50000
Ending Stocks	20702	20264	26702	28202	0	7311
Total Distribution	265702	265264	331702	343202	0	227311
(HA) ,(MT)						