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Report Highlights:

In MY 2008, Turkish raisin production recovered from MY 2007 levels and is estimated to have reached the exceptionally high level of 310,000 MT. MY 2009 raisin production is projected at 280,000 MT which is the normal yield.

Executive Summary:

In MY 2008, Turkish raisin production recovered from MY 2007 levels and is estimated to have reached the exceptionally high level of 310,000 MT.

MY 2009 raisin production is projected at 280,000 MT which is the normal yield. The raisin growing area is projected to remain stable in MY 2009 at 85,000 HA. 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.

Turkey is estimated to consume about 30,000 MT of raisins for confectionary purposes. Low quality raisins are also used for distillation purposes in raki production (raki is a strong Turkish alcoholic drink). In MY 2008, due to abundant fresh grape crop raki industry's demand of raisins have dropped to normal levels of 10,000MT.

TARIS announced the procurement price in MY 2008 as 1.3 YTL/kg. Currently the price in Izmir Commodity Exchange is around 1.9 YTL /kg.

Industry sources expect 30-35 % increase in final exports compared with the last year. Post estimates MY 2008 exports at 260,000 MT and MY 2009 exports around 250,000 MT.

In 2009, import duty for raisins has stayed stable at 54.9 percent for all origins based on the CIF value.

Currently USD 1.00 is around YTL 1.47 compared to YTL 1.20 a year ago.

Production:

Due to the drought in MY 2007 raisin production plummeted to 240,000 MT. However in MY 2008, due to favorable precipitation and weather conditions, Turkish raisin production recovered and is estimated to have reached the exceptionally high level of 310,000 MT. Favorable weather also positively effected the crop quality. Industry sources estimate about 70 percent of crop to be standard #9 quality. MY 2009 raisin production is projected to return to normal, 280,000 MT. The raisin growing area is projected to remain stable in MY 2009.

Grapes are grown throughout Turkey. Seedless grapes—virtually all of which are "Vitis viniserae L.," the same genus and species as Thompson seedless grapes constitute about 40 percent 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 one third of the seedless grape crop is consumed fresh and/or exported as fresh with the remainder going to raisin production.

Seedless grape production expanded significantly in Turkey in the 1990's due to more intensive cultivation and better irrigation techniques. 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 process 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. This type of raisin is usually exported to European countries as an alternative to Californian products. European demand is based on price of Turkish Thompson type compared with its American counterparts. Industry sources noted that the high price of Turkish raisins in MY 2007 negatively effected the demand and some of the stock was sold to the domestic market. Due to direct competition from California producers, Turkish producers approach Thompson variety with caution and current production numbers is unlikely to increase in the near future. It is estimated that in MY 2008 about 20,000 MT of Thompson type raisins were produced.

Consumption:

Domestic raisin consumption fluctuates depending upon the supply and quality of the raisin crop. Turkey is estimated to consume about 30,000 MT of raisins for confectionary purposes. Low quality raisins are also used for distillation purposes in raki production (raki is a strong Turkish alcoholic drink). The exact quantity of raisins being used for raki production is not known.

Up until 2004 Turkish alcoholic beverages market was regulated by Turkish Government via TEKEL organization (literally translated monopoly). Changes in early 2004 and privatization of the alcoholic beverages industry has allowed entrepreneurs to enter the market with new brands. As a result raki (a traditional Turkish grape spirit aromatized with aniseeds) production has increased dramatically. In 2003 the approximately 31 million liters were produced where as in 2007 production increased to approximately 43 million liters and in 2008 production further increased to 44.5 million liters. Industry sources estimate that between 100,000 MT and 140,000 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 grapes or raisins. Also recent changes in the taste preferences for Turkish consumers affect the mix. Traditionally supply of dried grapes with seeds and low grade raisins have been more predominantly used in raki production. In the last couple of years, raki made from fresh grapes has gained popularity and it has become the preferred raki variety. In MY 2007, because raki producers were not able to obtain enough dried and fresh grapes due to the drought, they procured about MT 40,000 of raisins. This was significantly higher than their normal purchase amount of 10,000 MT. In MY 2008, due to abundant fresh grape crop raki industry's demand of raisins have dropped to normal levels of 10,000 MT.

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 unstable production and quality.

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

TARIS normally announces its procurement price at the beginning of the marketing year; therefore, it is expected that TARIS will announce the MY 2009 procurement price in September 2009.

TARIS announced the procurement price in MY 2008 as 1.3 YTL/kg. Later in December 2008, it increased its procurement prices to 1.52 YTL/kg for standard # 8, 1.65 YTL/kg for standard # 9, and 1.90 YTL/kg for standard # 10. Compared with last year, high supplies have decreased the market prices. In April 2009, the prices for Izmir Commodity Exchange were around 2.0 YTL/kg, whereas in April 2008, low supply and high demand pushed the prices to a maximum of 3.22 YTL/kg. Currently the price in Izmir Commodity Exchange is around 1.9 YTL /kg.

In MY 2008, the weather conditions were good during the early growing and drying seasons. MY 2008 crop was about 70 percent standard #9 and 25 percent standard #10, #8, and #7. About 5% of the production is Thomson type and organic raisins.

Trade:

MY 2007 raisin exports dropped to 196,554 MT due to tight supplies and high prices. Although the export volume decreased dramatically in MY 2007 one exporter commented that the revenues of exporters increased due to the high prices.

MY 2008 exports through May have been 30 percent higher than MY 2007. Industry sources expect 30-35 % increase in final exports compared with the last year. Post estimates MY2008 exports at 260,000 MT and MY 2009 exports around 250.000 MT. MY 2007 average export prices was 1.685 USD/kg. Export prices decreased with increasing supply in MY 2008. In MY 2008 the average export price for raisins

was 1.535 USD/kg. These prices (all prices are FOB Izmir) might be slightly higher or lower depending upon the grade (A, B or C).

Turkey imports only minimal quantities from neighboring countries, most of which is from Greece.

Stocks:

Official information on raisin stocks is not available. In MY 2007 the stocks had decreased dramatically due to decrease in production and increased domestic demand. Compared to MY 2007 the ending stocks have increased by 11,000 MT in MY 2008 to 30,000 MT. Due to decreased production, post expects MY 2009 stocks to slightly decrease to 21,000 MT.

Policy:

Production Policy

All Agricultural State Economic Enterprises (SEE's), including TARIS, were given autonomy by the government 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, who used to be appointed by the government, are now elected. The Turkish government made a commitment with the IMF to reduce budget deficits, again as part of its economic reform. At the same time, the government 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.

Trade Policy

There has never been any export subsidy for raisins. In order to protect local producers, the Turkish government announces an import duty, which remained at 54.9 percent in 2009 for all origins based on the CIF value.

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.

Production, Supply and Demand Data Statistics:

Raisins Turkey	2007		2008		2009	
	2007/2008		2008/2009		2009/2010	
	Market Year Begin: Sep 2007		Market Year Begin: Sep 2008		Market Year Begin: Sep 2009	
	USDA Official Data	Old Post	USDA Official Data	Old Post	USDA Official Data	Jan

			Data			Data		Data	
Area Planted	85,000	85,000		85,000	85,000			85,000	(HA)
Area Harvested	85,000	85,000		85,000	85,000			85,000	(HA)
Beginning Stocks	43,000	43,000	43,000	4,000	19,000	0		30,000	0 (MT)
Production	220,000	240,000		280,000	310,000			280,000	(MT)
Imports	1,000	1,000		1,000	1,000			1,000	(MT)
Total Supply	264,000	284,000	43,000	285,000	330,000	0		311,000	0 (MT)
Exports	215,000	195,000		210,000	260,000			250,000	(MT)
Domestic Consumption	45,000	70,000		45,000	40,000			40,000	(MT)
Ending Stocks	4,000	19,000		30,000	30,000			21,000	(MT)
Total Distribution	264,000	284,000	0	285,000	330,000	0		311,000	0 (MT)

Author Defined:

Turkey Raisins			
Units:	Metric Tons	Units:	Metric Tons
Exports for:	2007	Exports for:	2008
	Sep 2007 - Aug 2008		Sep 2008 - May 2008
USA	151	USA	160
Others		Others	
United Kingdom	53,291	United Kingdom	43,207
Germany	30,163	Germany	34,668
Holland	28,918	Holland	24,994
Italy	17,340	Italy	14,298
Australia	14,156	France	12,249
France	11,907	Australia	13,455
Belgium	7,117	Belgium	7,899
Total for Others	162,892	Total for Others	150,770
Others not Listed	33,511	Others not Listed	63860
Grand Total	196,554	Grand Total	214,790