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## Turkey

### Citrus Annual

### 2014 Turkey Citrus Annual

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**Report Highlights:**

The production of all citrus fruit increased in marketing year (MY) 2013. Exports increased in MY 2013 because of the high production and favorable prices. However, MY 2014 production of all citrus varieties, except tangerines, decreased around 20 percent in the Aegean Region and around reduced 10 percent in the Mediterranean Region because of unfavorable weather conditions in. Tangerine production is increased around 10 percent. Neighboring countries such as Russia, Ukraine, Romania and Iraq are still the leading markets for Turkish citrus exports in MY 2014. Tangerines and lemons are leading citrus in exports.

**Executive Summary:**

Citrus is among Turkey's top agricultural exports. Almost one third of total fresh fruit exports are citrus. MY 2013 was a good year for citrus producers because of favorable weather conditions during the blooming and growing seasons.

Exports of citrus crops, except lemon, were increased 30-40 percent in quantity in MY 2013 since Turkey had strong production and resolved a number of market access problems (such as the closure of the Pokrovsky wholesale market in Russia) in the MY 2013. Turkish exporters say that the increase in the value of citrus exports was only 10-15 percent, despite a 30-40 percent increase in quantity in MY 2013.

Turkey's MY 2014 production of all citrus varieties, except tangerines, decreased around 20 percent in the Aegean Region and around 10 percent in the Mediterranean Region due to bad weather conditions such as frost and drought during the blooming and growing seasons. Tangerine production, on the other hand, increased around 10 percent in MY 2014. The tangerine varieties and the areas where they are grown were the least affected by the bad weather conditions in MY 2014.

Currently neighboring countries such as Russia, Ukraine, Romania and Iraq are the most significant markets for Turkish citrus exports.

Citrus exporters think that there will be a 20 percent decrease in the export of orange and grapefruit, and a 5 percent decrease in the export of lemon and tangerine in MY 2014. The decreases are due to the decrease in the value of the Russian ruble in the first quarter of MY 2014, and political turmoil in the Middle East region.

In MY 2013 the Turkish Ministry of Food, Agriculture, and Livestock (MinFAL) signed bilateral agreements on agricultural issues such as quarantine, food safety, etc., with Chinese authorities to increase trade. Moreover, MinFAL signed an agreement with Japan in the beginning of MY 2014 in which Japan has approved market access for Turkish grapefruit and lemon. Official procedures for orange and tangerine are still pending. Exporters and industry contacts expect these agreements to increase their citrus exports to China, Japan and to other Asian countries in the future. However, Post thinks that this expectation is unrealistic due to the long distance and high transportation costs.

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

**Commodities:**

Citrus, Other, Fresh

Grapefruit, Fresh

Lemons, Fresh

Oranges, Fresh

Tangerines/Mandarins, Fresh

**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, planting better varieties, and increasing the implementation of good 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 the Mediterranean Region is Çukurova, which produces 70 percent of all citrus (95 percent of total grapefruits, 97 percent of total lemons, 70 percent of total oranges and 75 percent of total tangerines) grown in Turkey. The three provinces that make up Çukurova specialize in:

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

Antalya province, located to the west of Çukurova, produces about 20 percent of all citrus in Turkey. The major crop is orange and about 25 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. Besides Izmir; Aydın, Muğla and Balıkesir are other main cities located in Aegean Region for citrus production.

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 MY 2013, due to favorable weather conditions for all citrus crops during the blooming and growing seasons, production was strong and the quality of citrus improved.

However, in MY 2014, production of all citrus varieties, except tangerines, decreased by 20 percent in the Aegean Region and 10 percent in the Mediterranean Region due to unfavorable weather conditions such as frost and drought during the blooming and growing seasons. In fact, the Aegean and the Mediterranean Regions were the least affected regions from frost and abnormal drought throughout the country in MY 2014. Tangerine production, on the other hand, increased around 10 percent in MY 2014. The reason of this increase is the tangerine varieties selected and the areas in which tangerine is grown were the least affected from bad weather in the MY 2014.

Producers and traders say that, in the MY 2013, demand for grapefruit was low enough that producers intentionally left some of their products un-harvested, which weakens the trees and reduces future yields. As a result, and combined with the unfavorable weather conditions in MY 2014, Post forecasts

grapefruit production at 205,000 metric tons (MT), which is about 13 percent lower compared to MY 2013.

Mostly due to good weather conditions, lemon production was 760,000 MT in MY 2013. However, lemon is the second most damaged crop in MY 2014 due to unfavorable weather conditions. Post forecasts lemon production at 680,000 MT, which is about 11 percent lower compared to MY 2013.

In MY 2013, favorable weather increased orange production about 6 percent to 1,700,000 MT. However, due to bad weather conditions in MY 2014, Post forecasts orange production at 1,550,000 MT, which is a 9 percent decrease compared to MY 2013.

Overall, tangerine production, on the other hand, increased around 10 percent in MY 2014. The reason of this increase is because the tangerine varieties selected and the areas in which tangerine is grown (Aegean and Çukurova Regions) were the least affected from bad weather conditions in MY 2014. Post forecasts an increase of 10 percent in tangerine production to 960,000 MT in MY 2014.

There are no official statistics about the quantity of citrus used for processed products, such as juice, but industry contacts estimate that about 8 percent of total orange production is used to make orange juice concentrate. The market share of citrus juice in the fruit juice sector is about 7 percent. 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:**

Turkey's steady growth in per capita income has contributed to the increase in citrus consumption, as well as other fruit. Approximately 60 percent of all citrus fruit is consumed domestically, 7 percent is used for industrial purposes, and 23 percent is exported. Currently, annual per capita consumption of citrus in Turkey is about 30 kilograms (66 lb), nearly all as fresh fruit.

There is a significant potential for increased citrus consumption in the tourism sector, especially in the southern Mediterranean region. The number of tourists coming to Turkey is increasing every year, 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. Orange is the still the least preferred juice by Turkish consumers.

### **Prices:**

The domestic market is very price sensitive and fluctuations in the price of citrus fruit affects consumption. Export prices were slightly lower in MY 2013 than the previous year due to strong production and higher exchange rates. In the beginning of the first quarter of MY 2014, exports to Russia have been lower than expected due to the decrease in the value of the Russian ruble. The turmoil in the Middle East has been another reason for a decrease in exports in MY 2014. Turkish consumers tend to consume fresh citrus products in cold weather. As the weather is not as cold as in the past

winters, consumption in MY 2014 has been lower than in MY 2013, resulting in lower and fluctuating prices.

Farm prices are lower than producers' expectations. Currently, farm gate prices vary from 0.25 Turkish Lira (TL)/kilogram (kg) to 0.75-1 TL/kg by quality and location (approximately \$0.11/kg to \$0.32-\$0.43/kg at \$1=1.32 TL on December 15, 2014). Retail prices in Ankara are 1.5-2 TL/kg (\$0.64-\$0.86/kg) for grapefruit, 1.4 - 2.5 TL/kg (\$0.60-\$1.07/kg) for lemon, 1.9 - 2.5 TL/kg (\$0.82-\$1.07/kg), for tangerine (Satsuma), and 1.7-2.25 TL/kg (\$0.73-\$0.97/kg) for orange (Washington navel).

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, each 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.

All Turkish citrus crops are handled and marketed by private packers. 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 half of the crop in MY 2014 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 are added to domestic consumption.

### **Trade:**

Citrus has traditionally been Turkey's leading fresh fruit export. Exports of citrus crops, except lemon, were increased 30-40 percent in quantity in MY 2013 since Turkey had strong production and resolved a number of market access problems (such as the closure of the Pokrovsky wholesale market in Russia) in the MY 2013. Tangerine exports were increased about 30 percent and lemon exports were increased about 15 percent in MY 2013. Orange and grapefruit exports were increased around 40 percent.

Turkish exporters say that the increase in the value of citrus exports was only 10-15 percent, despite a 30-40 percent increase in quantity in MY 2013. Russia, Ukraine, Romania, Iraq, Saudi Arabia were the major export markets of Turkish citrus in MY 2013.

In MY 2014, citrus production, except tangerine, decreased on the whole. Currently, neighboring countries such as Russia, Ukraine, Romania and Iraq are the most significant markets for Turkish citrus exports. Exporters say that there will be a 20 percent decrease in the export of orange and grapefruit, and a 5 percent decrease in the export of lemon and tangerine. Reasons of these reductions are the decrease in the value of the Russian ruble and the turmoil in the Middle East. Trade with Syria has almost stopped. Custom gates in the cities of Hatay, Gaziantep, Şanlıurfa and Kilis (which are located in the south-east border of the country) are frequently closed. 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 will be harmed. The turmoil is affecting shipping costs due to safety concerns. Citrus traders and exporters think that there will be a significant decrease in the

export of orange and grapefruit in MY 2014 unless these problems are resolved soon. Currently, exporter unions and traders are seeking solutions to these export issues.

In the beginning of August 2014, Russia temporarily restricted (i.e. banned) for a period of one year the import into Russia of specific agricultural products including fruits originating from United States, European Union, Canada, Australia, and Norway. Following this ban, Turkish citrus producers, traders and exporters expected that there would be a 30 percent increase in the export of citrus products to Russia in MY 2014. Because of these expectations, domestic market prices of citrus increased.

However, due to the decrease in the value of the Russian ruble in the first quarter of the MY 2014, Russian demand for citrus has been decline. Therefore, exporters currently expect only a 10 percent increase in the export of citrus to Russia in MY 2014.

Because of these problems, producers are often having difficulties to sell their products with quite low prices even in the domestic market. Turkish consumers tend to consume fresh citrus products in cold weather. As the weather is not as cold as in the past winters, consumption in MY 2014 has been lower than in MY 2013, resulting in lower and fluctuating prices. Some citrus producers say that they may leave their products un-harvested to save costs.

MinFAL signed bilateral agreements on agricultural issues such as quarantine, food safety, etc., with Chinese authorities to increase cooperation between the two countries in MY 2013. Moreover, MinFAL signed an agreement with Japan in the beginning of MY 2014 in which Japan has approved market access for Turkish grapefruit and lemon. Official procedures for orange and tangerine are still pending. 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.

### **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 are comprised largely of orange juice concentrates.

### **Policy:**

#### **Production Policy**

The Turkish government supports the farmers who are registered in the “Farmers Registration System” and offers these farmers the following supports for the year 2014:

- 100 TL/decar (da) (\$43.10/da) and 230 TL/da (\$99.14/da) respectively for the establishment of new citrus orchards that are planted with standard seedlings and certified seedlings;
- 250 TL/da (\$107.76/da) for changing the variety of citrus through grafting with certified seedlings;
- 50 TL/da (\$21.55/da) for organic agriculture;
- 25 TL/da (10.76/da) for Good Agricultural Practices;
- 350TL/da (\$150.86/da) for biological control;
- 110 TL/da (\$47.41/da) biotechnical control;
- 2.5 TL/da (\$1.07/da) for soil analysis;

- 4.6 TL/da (\$1.98/da) for fuel;
- 6 TL/da (\$2.58) for fertilizer;
- 375/year (\$161.63/year) for the farmers who are registered in the “Farm Account Database”.

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 MinFAL Agricultural Research Institutes, along with Çukurova 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 provides a subsidy to citrus exporters of 150 TL/MT (\$64.65/MT) in 2014. 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 pay taxes and social security payments, as well as utilities such as telecommunications, electricity, and natural gas.

In order to protect domestic producers, the government maintained the customs duty rates at 2007 levels for citrus and orange juice imports, which are 54 and 58.5 percent respectively.

### **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. The Mediterranean Fresh Fruit and Vegetable Exporters’ Union has 6 members. Antalya, Aegean, Uludağ, Istanbul and the 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:

Oranges, Fresh Turkey	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Oct 2012		Market Year Begin: Oct 2013		Market Year Begin: Oct 2014	
	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	1,600	1,600	1,700	1,700		1,550
Imports	29	29	30	30		28
Total Supply	1,629	1,629	1,730	1,730		1,578
Exports	244	244	310	343		275
Fresh Dom. Consumption	1,290	1,290	1,320	1,287		1,223
For Processing	95	95	100	100		80
Total Distribution	1,629	1,629	1,730	1,730		1,578

HECTARES, 1000 TREES, 1000 MT

Lemons/Limes, Fresh Turkey	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Oct 2012		Market Year Begin: Oct 2013		Market Year Begin: Oct 2014	
	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	680	680	760	760		680
Imports	2	2	2	2		2
Total Supply	682	682	762	762		682
Exports	369	369	440	416		390
Fresh Dom. Consumption	258	258	262	286		237
For Processing	55	55	60	60		55
Total Distribution	682	682	762	762		682

HECTARES, 1000 TREES, 1000 MT

Tangerines/Mandarins, Fresh Turkey	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Oct 2012		Market Year Begin: Oct 2013		Market Year Begin: Oct 2014	
	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	876	876	880	880		960
Imports	10	10	17	16		15
Total Supply	886	886	897	896		975
Exports	407	406	525	549		520
Fresh Dom. Consumption	478	479	371	346		454
For Processing	1	1	1	1		1
Total Distribution	886	886	897	896		975
HECTARES, 1000 TREES, 1000 MT						

Grapefruit, Fresh Turkey	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Oct 2012		Market Year Begin: Oct 2013		Market Year Begin: Oct 2014	
	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	200	200	235	235		205
Imports	4	4	5	4		3
Total Supply	204	204	240	239		208
Exports	132	132	170	182		140
Fresh Dom. Consumption	72	72	70	57		68
For Processing	0	0	0	0		0
Total Distribution	204	204	240	239		208
HECTARES, 1000 TREES, 1000 MT						

Orange Juice Turkey	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Oct 2012		Market Year Begin: Oct 2013		Market Year Begin: Oct 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Deliv. To Processors	95,000	95,000	100,000	100,000		
Beginning Stocks	100	100	100	100		150

<b>Production</b>	8,300	8,300	8,800	8,800		8,000
<b>Imports</b>	6,850	6,850	7,000	7,000		7,600
<b>Total Supply</b>	15,250	15,250	15,900	15,900		15,750
<b>Exports</b>	2,600	2,600	2,650	2,650		2,600
<b>Domestic Consumption</b>	12,550	12,550	13,100	13,100		13,050
<b>Ending Stocks</b>	100	100	150	150		100
<b>Total Distribution</b>	15,250	15,250	15,900	15,900		15,750
MT						