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Turkey

Citrus Annual

Citrus Annual 2016

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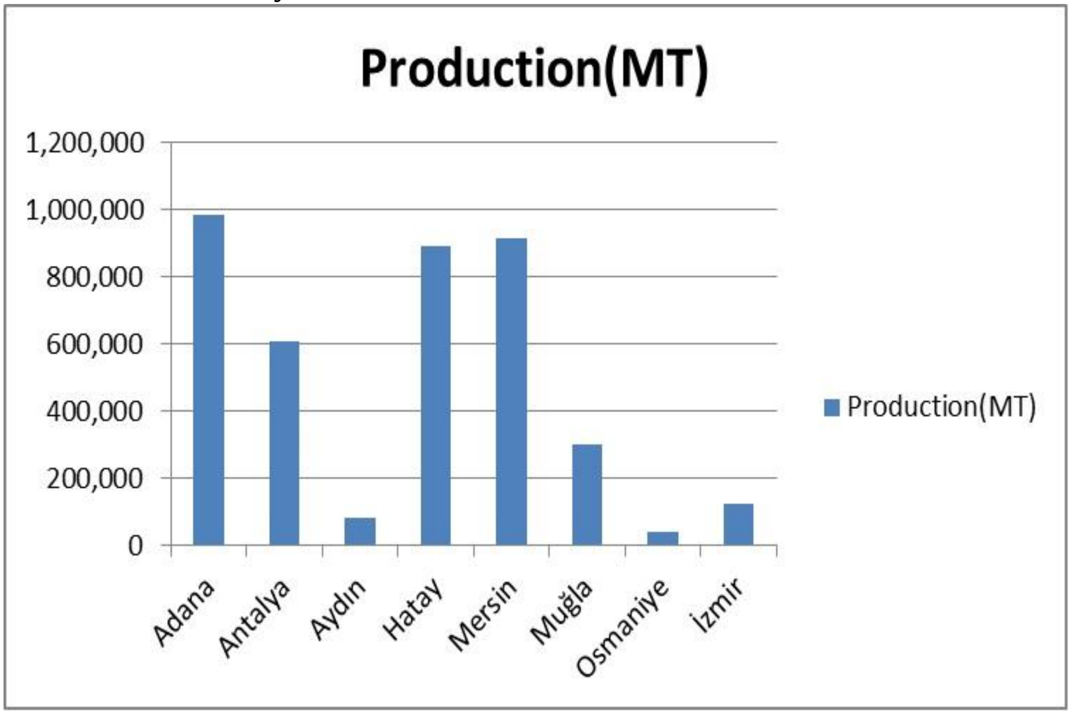
Report Highlights:
In MY 2015/16, yields were favorable in Turkey and the total production of citrus was 3.9 MMT. The sector expects that the yield in MY 2016/17 will follow the same upward trend as last year. Turkey exported 1.5 MMT of citrus worth $830 million in 2015, just barely lower than in 2014. Russia’s ban on most Turkish citrus affected the export trend in 2016, however, Turkish exporters found new markets such as Romania, Ukraine, and Saudi Arabia which largely compensated for the loss. Oranges and mandarins were the products most affected by the Russia ban. Turkish citrus producers complain about the difference between the price received by the farmer and the high price charged at the retail outlet. Producers are not seeing profits, which is leading them to consider getting out of the citrus production business. Prices are so low that some citrus is not even worth picking and farmers occasionally leave the produce to rot on the trees.

Executive Summary:

As in MY 2014/15, overall citrus production was good due to favorable weather conditions. However, this resulted in low prices, which has been difficult for producers. They sell their products at low prices to wholesale markets, and consumer price is very high in contrast. The total production of citrus was 3.9 MMT in MY 2015/16, which is 3 percent higher than MY 2014/15. The sector expects that the yield in MY 2016/17 will also be high.

Figure 1: Citrus Production by Province



Source: TurkSTAT, 2016

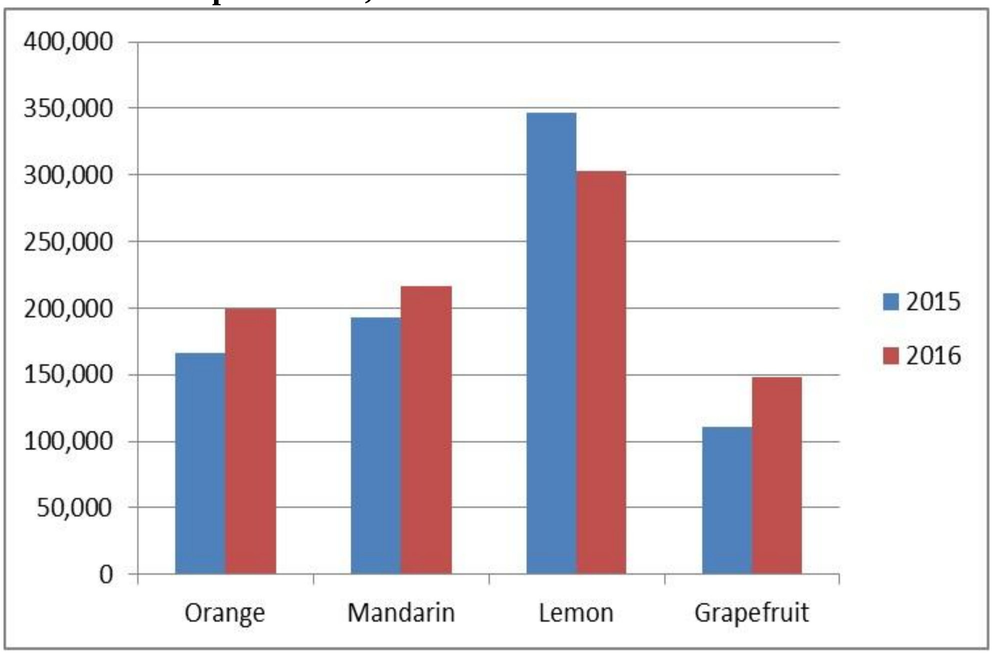
According to the Aegean Agricultural Research Institute, the Aegean citrus yield forecast will be 15 percent higher than the previous year. They expect 512,000 MT in MY 2016/2017. However, they expect a decrease in orange and grapefruit production since producers are converting these orchards into lemon orchards because of low prices for oranges and grapefruit. The situation is the same with Mediterranean producers. They are having trouble selling their products at even 0.5 TRY/kg ($0.15/kg). For this reason, some producers do not harvest the oranges and they leave them to rot on the trees, as harvesting them would cost more than they are worth. Due to a lack of packaging houses and cold storage facilities, it is estimated that 30 percent of the total harvested product in Turkey is not sent to market as fresh and is either used for processed products, or more likely, is wasted.

Turkey exported 1.5 MMT of citrus worth $830 million in MY 2015/16, which is 4 percent lower than 2014. Russia implemented an import ban on many of Turkish fruits and vegetables, including oranges and mandarins, on January 1, 2016 following the late November 2015 Turkish shoot down of a Russian fighter jet along the Turkish-Syrian border. Grapefruit and lemon were not affected by the ban. Total citrus exports to Russia declined 43 percent in volume in 2016 compared to the previous year.

Regarding grapefruit and lemon exports to Russia in 2016, there has been a 13-percent decline to 139,725 MT (valued at $89 million), compared with the previous year. According to Turkish exporters, the reason for the citrus export downward trend to Russia is not only related to Russia-Turkey relationship following the downing of a Russian jet by Turkey, but also decreasing Russian purchasing power due to low oil prices and the ruble's currency depreciation.

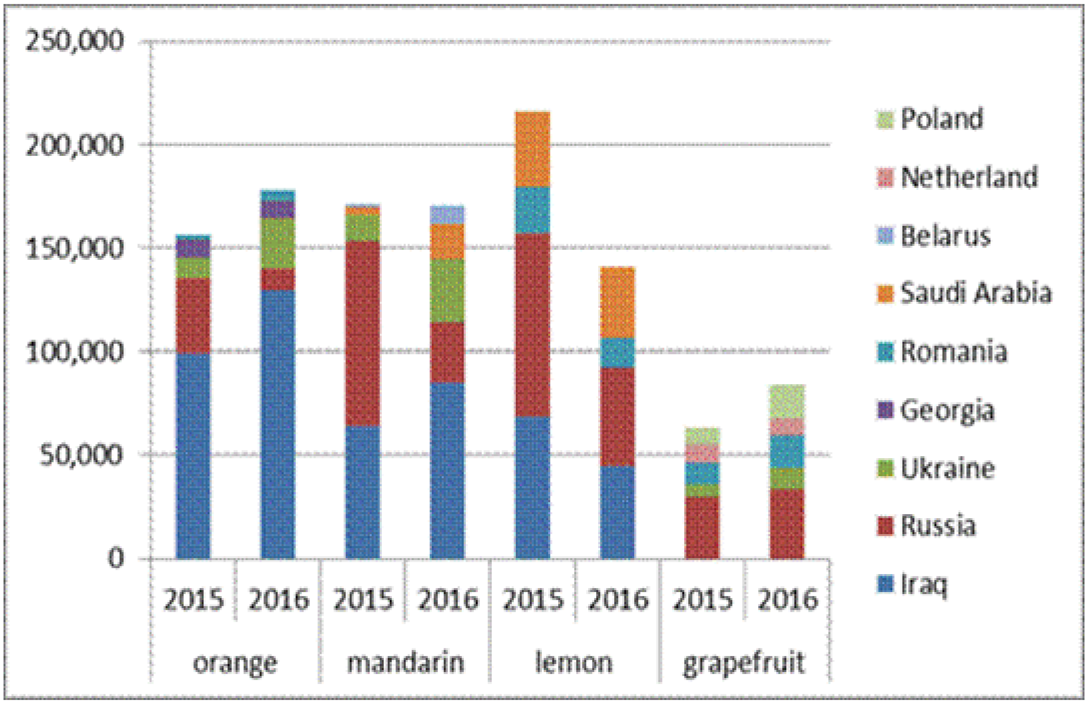
Lemons were the most exported citrus since the beginning of 2016 with $290 million, as they are one of the few fruits exempt from the Russia ban. Mandarins followed with $280 million and orange exports were $168 million.

Figure 2: Turkish Citrus Export in MT, Jan- Nov 2015 and 2016



Source: TurkSTAT, 2016. Data shows the period of January to November, 2015-2016.

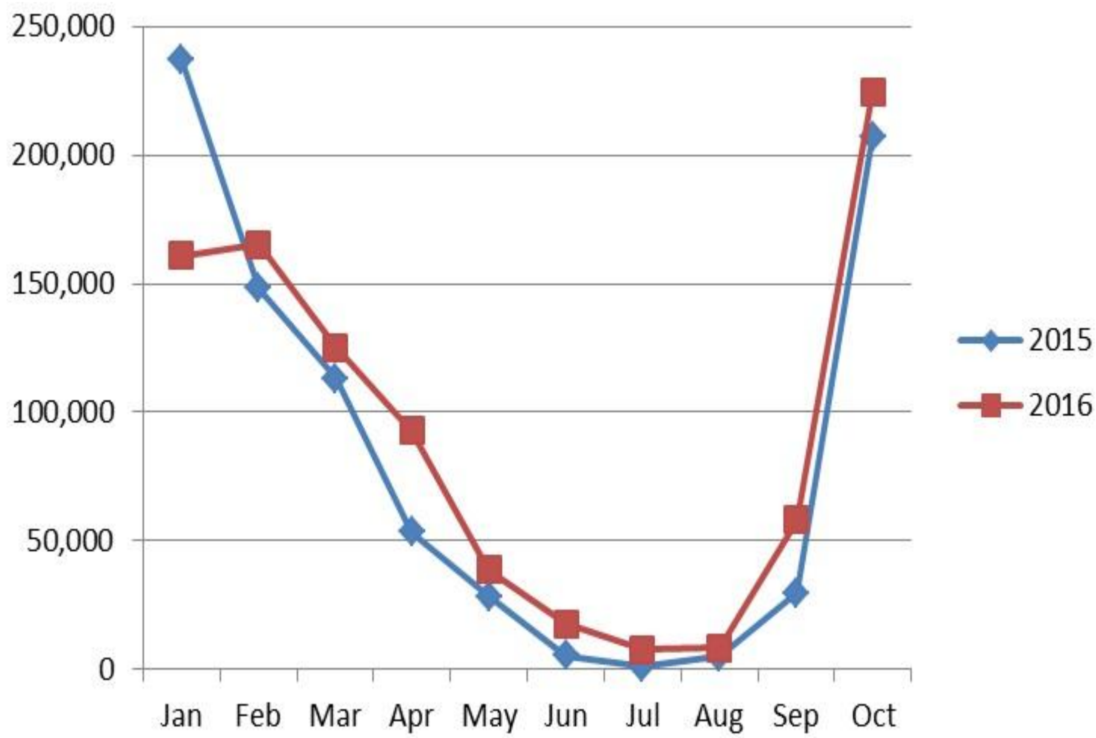
Figure 3: Comparison of Turkish Citrus Export Markets in MT, Jan-Nov 2015 and 2016



Source: Mediterranean Exporters Association, 2016. Data shows the period of January to November, 2015-2016.

The main markets in MY 2015/16 were Iraq, Ukraine, Poland, and Saudi Arabia. Turkey's citrus exports totaled 900,000 MT from January to October 2016, and as shown with the chart below, are not significantly different this year compared to last year. Although exporters have not been happy with Russia's ban on some citrus products from Turkey, statistics show that total citrus export amounts have not been majorly impacted. Oranges and mandarins were the most affected products for Turkish citrus exportation.

Figure 4: Comparison of Turkish Total Citrus Export in MT, 2015 and 2016



Source: Source: Mediterranean Exporters Association, 2016

The Turkish Citrus Promotion Group (http://www.turkishcitrus.com/) has been working to promote foreign and local demand of citrus products. In order to promote and facilitate Turkish citrus exports, the group has established a website (http://www.turkishcitrus.com/s/b/) that brings exporters and importers together. Also, the Aegean Fresh Fruits and Vegetables Exporter's Association has established a database to facilitate finding trade partners for foreign importers: http://aegeanfreshness.com/#findyourtradepartner.

In order to prevent consumer confusion resulting from mislabeling of different citrus in the market, the associations and MinFAL have created a marking tag system that allows citrus products to be labeled at the farm and sent to market with a tracking system. This system has been carried out for a year, and producers have to label their products before selling to markets. Although it was thought that this system would have prevented incorrect labelling of orange varieties in the domestic market, there are still problems regarding mislabeling.

Regarding local citrus consumption, market prices have not decreased as a result of Russian's ban on Turkish citrus products. They have actually even tended to increase since many stakeholders are in the marketing chain. Orange market prices have actually increased despite the fact that Russia has not imported oranges this year, which was a surprise to consumers. Producer associations believe that domestic consumption should be higher when compared with consumption in the biggest citrus producing countries. For this reason, some municipalities in the Mediterranean region have started to carry out a project in primary schools to promote citrus consumption habits.

Harmonized System (HS) Codes:

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

Abbreviations used in this report:

FAS	USDA Foreign Agricultural Service
GTA	Global Trade Atlas
MT	Metric ton (1,000 kg)
MMT	Million Metric Tons
MinFAL	Turkish Ministry of Food, Agriculture and Livestock
MY	Marketing year
PS&D	Production, Supply and Demand
FSVPS	Russian Federal Service for Veterinary and Phytosanitary Surveillance
TRY or TL	Turkish Lira
TurkSTAT	Turkish Statistical Institute
USD	U.S. Dollar

Commodities:
Oranges, Fresh

Production:
In MY 2016/17, orange production is forecast to increase 3 percent from the previous year due to favorable weather conditions. MY 2016/17 Production is estimated at 1.854 million MT. The yield in MY 2015/16 was higher than Post estimated because the weather conditions were good for both blooming and harvest. Eighty-four percent of oranges are produced in Adana and Mersin provinces in the Mediterranean region. While there are not orange crop problems in the regions, producer profit margins have been decreasing because of high input costs and low producer prices. Orange production in the Mediterranean region is threatened by pests, while production in the Aegean is struggling with fungal diseases. These diseases have not harmed production quantity, but they have caused quality problems in oranges.

According to the Aegean Agricultural Research Institute, orange production will be 221,302 MT in MY 2016/17 in the region, which is 10 percent lower than the previous year. The Aegean orange crop is getting smaller as farmers exit the business due to low profits. Recently, orange producers have been starting to change over to strawberry production in Aydin province, and producers in Mugla province (which has 80 percent of total Aegean orange production) are switching to lemon production.

Table 1: Turkish Orange Production in Turkey by Variety and Planted Area in 2015

Orange by	Orange	Production	Average Yield	Number of	Total Number

variety	Orchard (ha)	(MT)	per tree (kg)	Bearing Trees	of Trees
Washington	39,009	1,350,600	132	10,238,698	10,636,268
Navel	1,962	70,638	115	613,670	620,994
Orange (Other)	13,325	395,560	123	3,203,016	3,600,403

Source: MinFAL, 2016

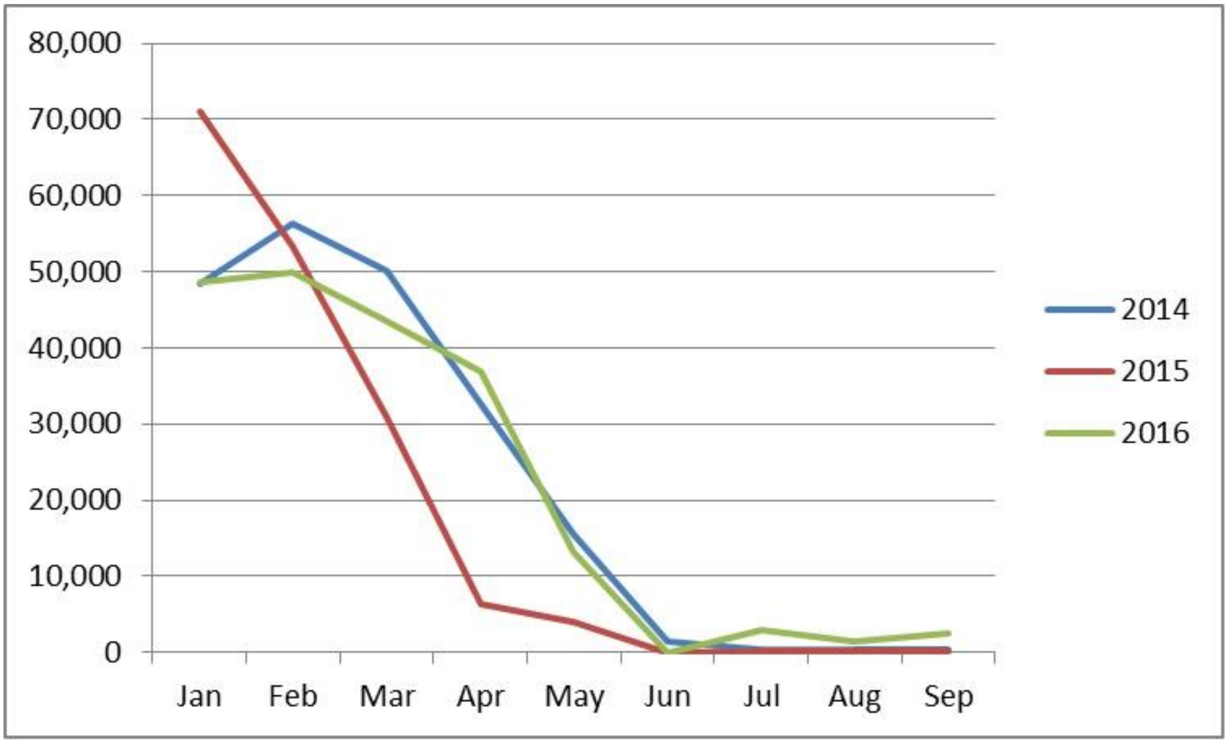
Consumption:

Orange consumption in Turkey was 1.4 MMT in MY 2015/16. Per capita annual consumption is estimated at 18-19 kg for oranges in MY 2016/17. There is a wide margin between farm and final prices. Producers are having a hard time selling their products at even 0.5 TRY/kg ($0.15/kg, with exchange rate 3.4TL to $1 USD as of December 2016). However, orange prices in the market have increased, despite the fact that Russia has not imported oranges this year. With the last announced inflation report though, orange prices in November have now finally started to decrease, reportedly by as much as 32 percent. Post estimates that domestic orange consumption for MY 2016/17 will be slightly higher.

Trade:

Orange exports in MY 2016/2017 are expected to be slightly higher than the previous year if the current situation with Russia remains stable and they allow Turkish orange imports. In MY 2015/16, Turkey exported 361,000 MT of oranges, which is 22 percent higher than the previous marketing year, despite the fact that the Russian market was closed and there were no shipments to Russia after January 1, 2016.

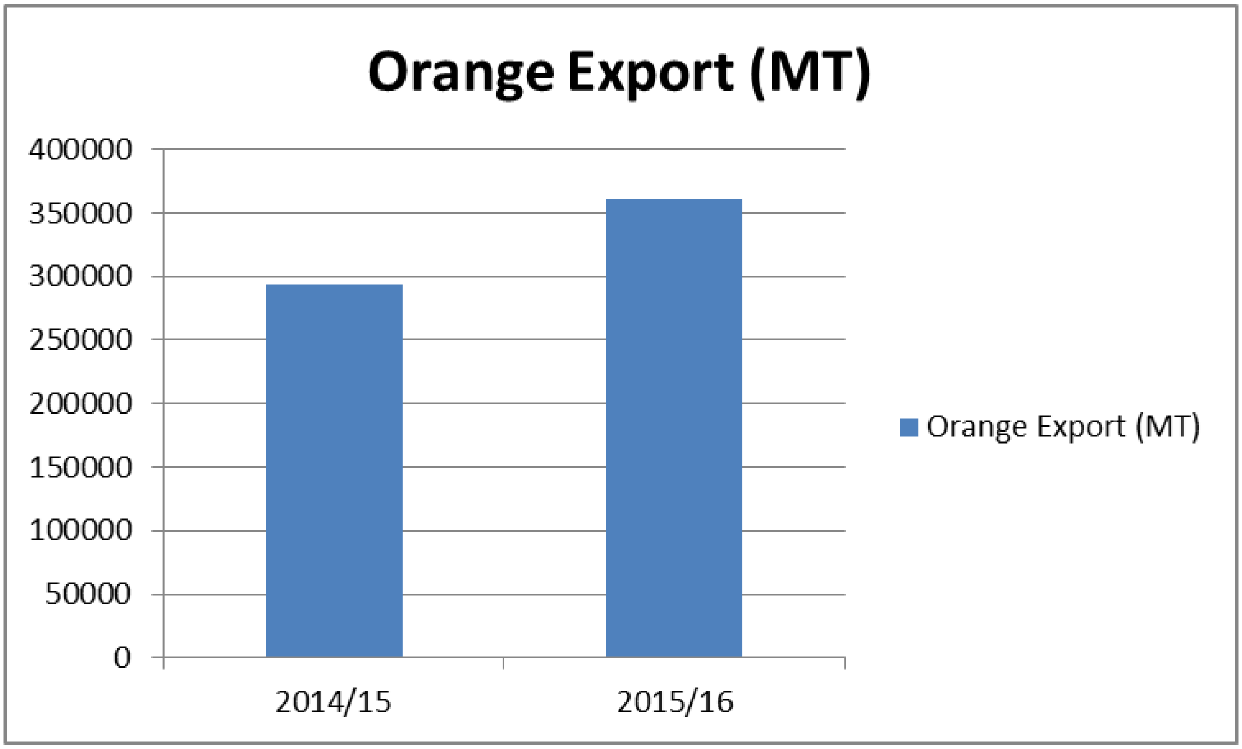
Figure 5: Turkey Orange Exports to All Countries (Jan to Sept, Comparison 2014-15-16)



Source: TurkSTAT, 2016

Most of the oranges were exported to Iraq. As it is shown with the below tables, orange exports did not have good start at the beginning of 2016 as exporters scrambled to find new markets, but they picked up in February and passed 2015 export numbers.

Figure 6: Turkey Orange Export in MY 2014/15-2015/16 in MT



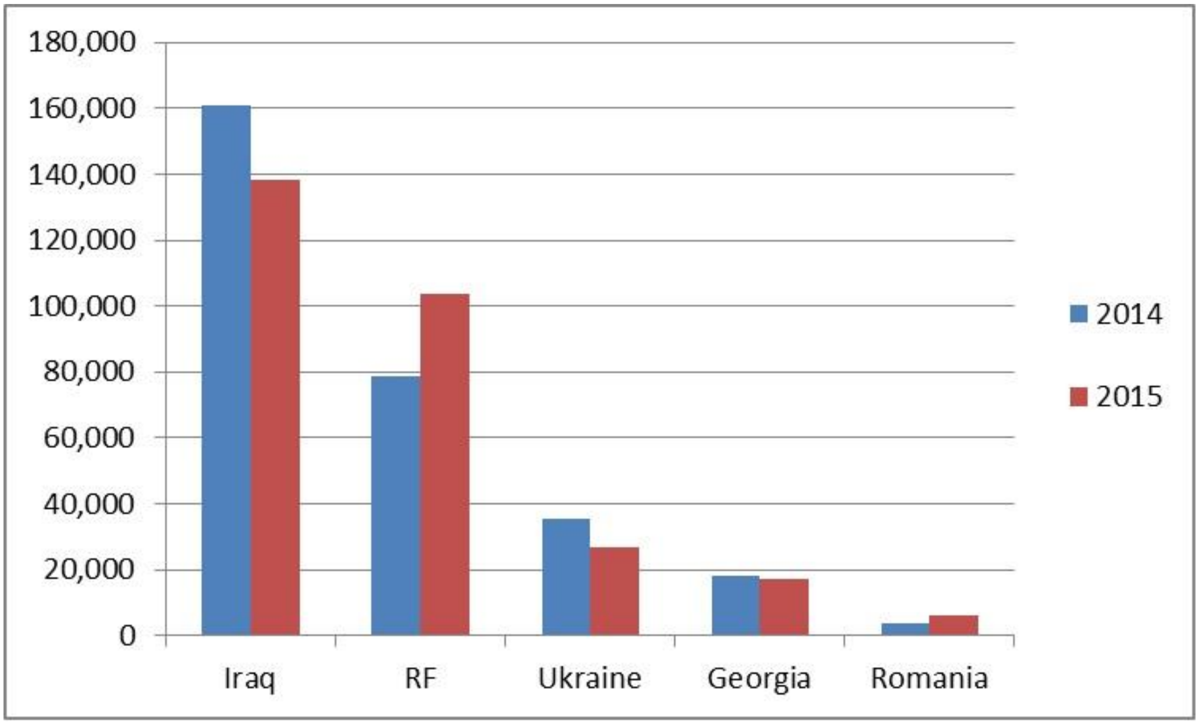
Source: TurkSTAT, 2016

Table 2: Turkish Orange Exports to Top Five Countries, Jan-Oct 2015/2016

Countries	Jan.-Oct. 2015(MT)	Jan.-Oct. 2016(MT)	Change (%)	2016-Share (%)
Iraq	98,982	129,691	31	59
Russia	36,430	10,490	-71	5
Ukraine	9,654	24,002	149	11
Georgia	8,951	8,589	-4	4
Romania	2,658	5,248	97	2

Source: Mediterranean Exporters Association, 2016

Figure 7: Turkish Orange Exports in MT to Key Countries



Source: TurkSTAT, 2016.

Production, Supply and Demand Data Statistics:

Table 3: PSD Oranges, Fresh

Oranges, Fresh	2014/2015		2015/2016		2016/2017	
Market Begin Year	Oct 2014		Oct 2015		Oct 2016	
Turkey	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	51700	51700	54600	54500	0	54550
Area Harvested	50000	50000	53000	53200	0	53300
Bearing Trees	13000	13000	13500	14055	0	13900
Non-Bearing Trees	1000	1000	1000	802	0	900
Total No. Of Trees	14000	14000	14500	14857	0	14800
Production	1650	1650	1700	1800	0	1854
Imports	45	45	40	45	0	45
Total Supply	1695	1695	1740	1845	0	1899
Exports	302	305	360	361	0	371
Fresh Dom. Consumption	1313	1310	1280	1404	0	1438
For Processing	80	80	100	80	0	90
Total Distribution	1695	1695	1740	1845	0	1899
HECTARES, 1000 TREES, 1000 MT						

Commodities:

Tangerines/Mandarins, Fresh

Production:

In MY 2016/17, tangerine/mandarin production is forecast to increase two percent compared to the previous year because of favorable weather conditions. In MY 2015/16, production increased 8 percent to 1,040,200 MT, however, producers noted there were low prices and low local demand. Since producers believe local consumption will not increase, producers have difficulties with surplus production. For this reason, they are willing to utilize surplus production for manufactured products (such as dried sliced mandarin) using drying techniques.

Despite the gains in overall production, there was some yield damage in the Adana region due to the freezing weather conditions in January 2016, when temperatures dropped to minus six degrees centigrade. The Adana region produces 85 percent of total Turkish citrus production. The damage was mostly in W.Murcott and Freemont varieties as these are both late season mandarin varieties and are on the trees throughout the winter. According to producers, freezing weather conditions in January and early February 2016 affected not only blooming but also the quality of trees which means yield in MY 2016/17 would also be lower.

Producers would like the government to subsidize some measures during the winter such as running irrigation systems to increase field temperature, funding fans to break ice, and other measures so that freezing conditions do not hurt their yields.

Table 4: Mandarin Production by Variety and Planted Area in 2015

Region	Variety	Mandarin Orchard (ha)	Production (MT)	Average Yield per tree(kg)	Number of Bearing Trees	Total Number of Trees
Western Marmara	Satsuma	0,8755	10,484	42	252	267,885
Aegean	Satsuma	6,587	150,505	64	2,340,738	2,554,363
	Clementine	0,5408	9,794	49	201,634	224,609
	King	13,5	280	42	6,735	6,808
	Other	0,4589	4,859	24	203	214
Mediterranean	Satsuma	15,237	560,710	142	3,944,109	4,638,752
	Clementine	2,275	73,756	119	617,805	650,523
	King	0,166	6,085	123	49,437	54,492
	Other	17,311	335,375	85	3,952,240	5,157,285
Western Black Sea	Satsuma	1.5	14	18	760	825
	Other	0	1	11	90	110
Eastern Black Sea	Satsuma	0,2	4,167	22	192,572	217,973
	Other	1.1	335	13	25	27
	Total	**41,745**	**1,156,365**	**754**	**11,306,600**	**13,773,866**

Source: TurkSTAT, 2016

Consumption:

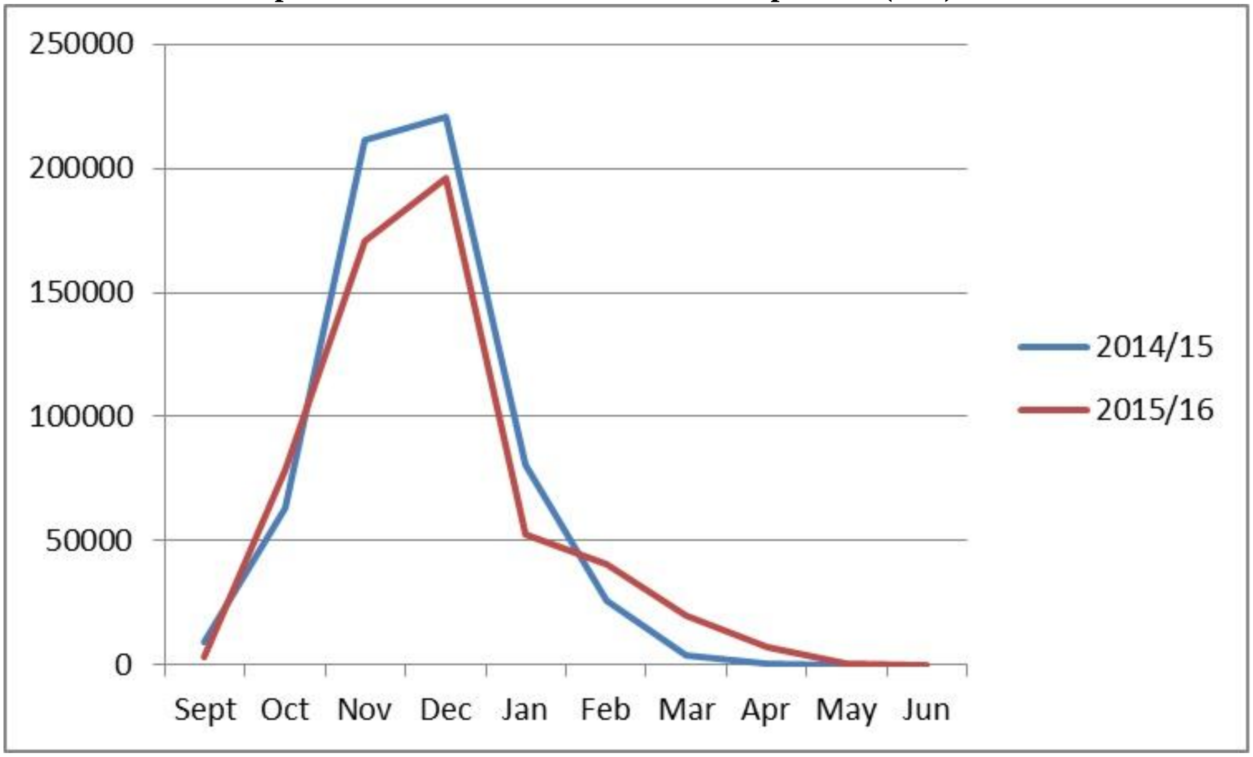
In MY 2016/17, Turkey's domestic consumption of mandarins is forecast at 499,000 MT, while it was 491,000 MT in MY 2015/16. The consumption has not increased despite the closure of the Russian market. Retail prices never dropped enough to significantly boost consumption. However, mandarin prices for farmers are so low that producers are reducing their production costs by reducing input use. Retail market prices do not reflect low farmer prices. Per capita annual consumption of tangerines/mandarins is estimated at 5.5 kg in MY 2016/17.

Trade:

Mandarins are the number one exported citrus product from Turkey. Turkey exported 569,000 MT of mandarins worth $291 million in MY 2015/16, while it was 610,000 MT worth $350 million in MY 2014/15. According to Turkish Statistical Institute (TurkSTAT), Turkey exported 129,000 MT worth $60 million from January to September 2016, while it was 114,000 MT of mandarin worth $62 million in the same period of 2015.

As seen from Figure eight, at the start of 2016, mandarin exports have been going up compared to last year with the opening of new foreign markets. Mandarin exports in MY 2016/2017 are expected to be slightly higher than the previous year due to the opening of new markets like Saudi Arabia, Ukraine, and Belarus. Satsuma variety exports declined 25 percent in MY 2015/16 because of the closure of Russian market. According to Aegean Fresh Fruit and Vegetables Exporters Association, satsuma yield will be 25 percent higher than the previous year and, satsuma exports from the Aegean are expected to go up after the removal of the Russian ban.

Figure 8: Mandarin Exports MY 2014/15-MY 2015/16 Comparison (MT)



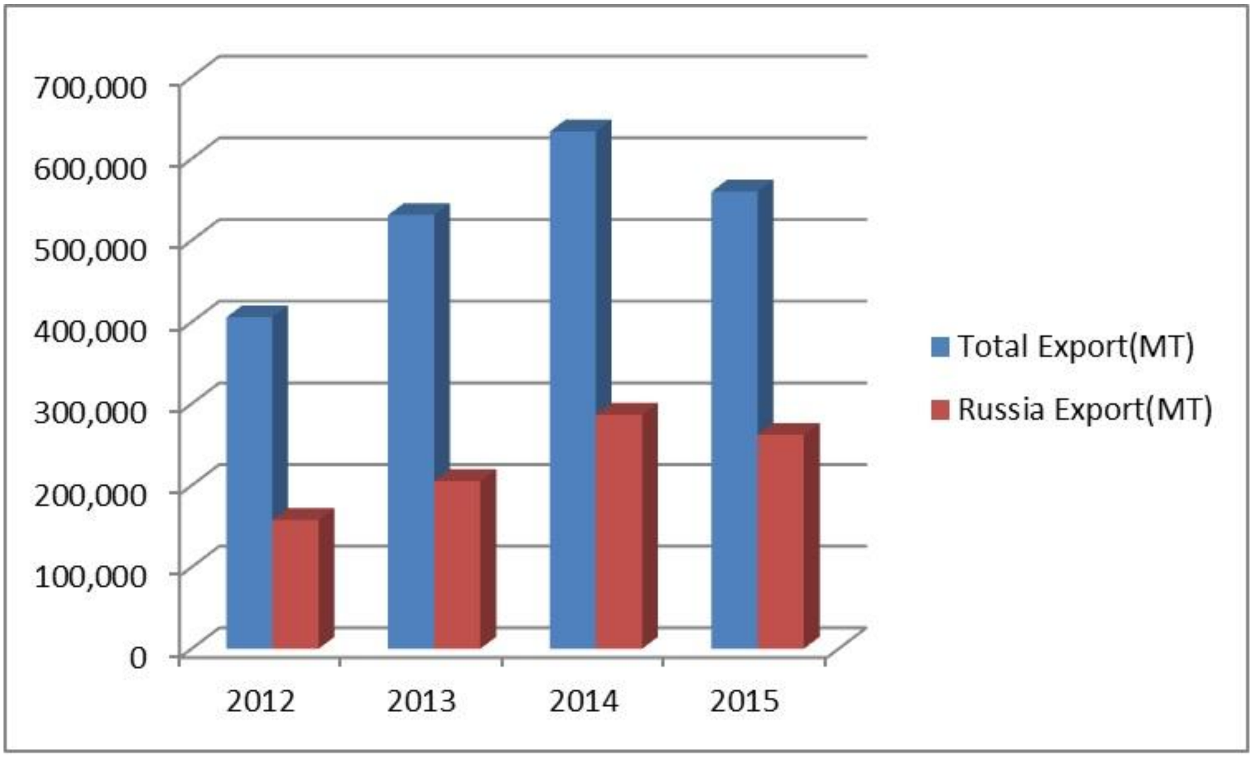
Source: Mediterranean Exporters Association, 2016

Table 5: Tangerine/Mandarin Exports to Top Five Countries

	Jan.-Oct. 2015(MT)		Jan.-Oct. 2016(MT)		Change (%)		2016-Share (%)	
Country	Quantity (MT)	Value ($)	Quantity (MT)	Value ($)	Quantity	Value	Quantity	Value
Iraq	64,071	32,084,866	84,573	37,925,755	32	18	40	37
Ukraine	12,544	7,163,212	30,490	15,515,004	143	117	14	15
Russia	89,262	47,905,802	29,520	14,971,399	-67	-69	14	15
Saudi Arabia	3,980	2,278,906	16,986	8,652,423	327	280	8	9
Belarus	1,185	663,458	8,821	4,719,621	644	611	4	5

Source: Mediterranean Exporters Association, 2016

Figure 9: Turkish Mandarin Export Versus Export to Russia (MT)



Source: TurkSTAT, 2016.

Production, Supply and Demand Data Statistics:

Table 6: PSD Tangerines/Mandarins

Tangerines/Mandarins, Fresh	2014/2015		2015/2016		2016/2017	
Market Begin Year	Oct 2014		Oct 2015		Oct 2016	
Turkey	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	31300	31,300	47795	41745	0	41740
Area Harvested	27450	27,450	37795	37795	0	39450
Bearing Trees	9150	9,150	9600	11306	0	10900
Non-Bearing Trees	1250	1,250	2250	2250	0	2500
Total No. Of Trees	10400	10,400	11850	13556	0	13400
Production	960	960	1040	1040	0	1060
Imports	19	19	22	22	0	20
Total Supply	979	979	1062	1062	0	1080
Exports	610	610	570	570	0	580
Fresh Dom. Consumption	368	368	491	491	0	499
For Processing	1	1	1	1	0	1
Total Distribution	979	976	1062	1062	0	1080
HECTARES, 1000 TREES, 1000 MT						

Commodities:

Lemons, Fresh

Production:
According to lemon producers, production in MY 2016/17 will be 4 percent lower than the previous season as freezing weather conditions affected lemon production. In 2015/16, the winter season was generally mild, however, there was up to 7 percent yield damage in the Adana region due to the freezing weather conditions in January 2016, when temperatures dropped to minus six degrees centigrade. According to producers, freezing weather conditions in January and early February 2016 affected not only blooming but also the quality of trees which means yield in MY 2016/17 would also be lower. Lemon producers are concerned that freezing weather conditions will return in January and February 2017. Also, Citrus thrips pest affected lemon production last year, especially in Mersin, causing up to 60 percent loss in yields. Lamas, Enterdonat and Meyer lemon varieties are the most produced varieties in Turkey.

Table 7: Lemon Production by Region and Planted Area in 2015

Region	Lemon Orchard (ha)	Production (MT)	Average Yield per tree(kg)	Number of Bearing Trees	Total Number of Trees
Western Marmara	0	70	35	2,000	2,000
Aegean	2,689	56,271	75	746,133	811,748
Mediterranean	25,875	693,805	111	6,256,971	7,628,741
Western Black Sea	0		0	22	32
Eastern Black Sea	5	404	16	25,117	31,746
TOTAL	**28,570**	**750,550**	**237**	**7,030,243**	**8,444,267**

Source: TurkSTAT, 2016

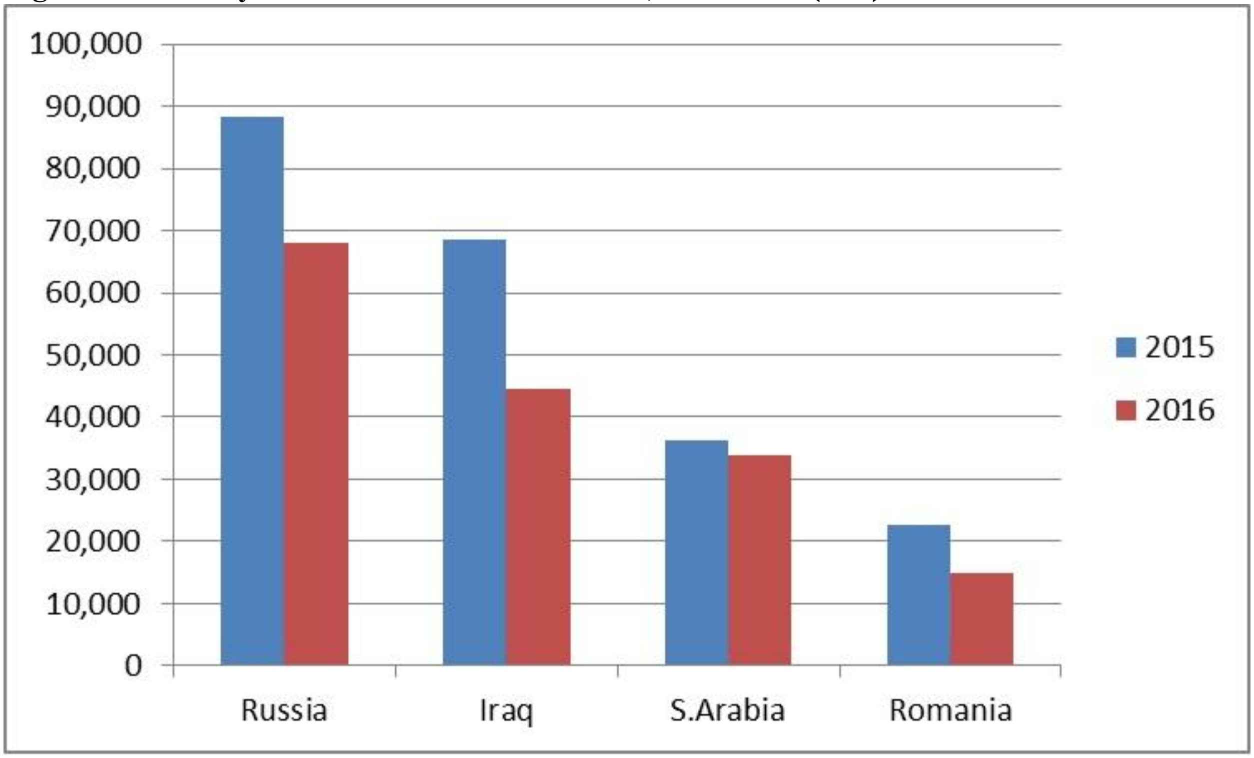
Consumption:
In MY 2016/17, post forecasts domestic lemon consumption will be up compared with MY 2015/16 due to the return of Russian tourists to Turkey, which will increase lemon consumption in resort areas. In MY 2015/16, lemon domestic use decreased to 212,000 MT because of low demand from the tourism sector. Turkey's tourism was significantly affected by the events in Turkey and neighboring countries in the past year. Annual per capita consumption in Turkey is estimated at 3.3 kg in MY 2016/17.

The price of lemons is expected to increase in MY 2016/17 due to the low yields and decline in production.

Trade:
In MY 2016/2017, exports are expected to be the same as MY 2015/2016 if the current situation with Russia remains stable. Turkey exported 420,000 MT of lemons in MY 2015/16 worth $290 million. Lemons account for 31 percent of Turkey's total citrus exports. Two-thirds of the total lemon production in 2015 went to export.
Turkey exported 302,000 MT worth $221 million of lemons from January to October 2016, which is 12 percent lower than the same period of the previous year.

Russia remained the biggest export market for Turkish lemons in MY 2015/16. Lemons were not on the Russian banned agricultural list after Turkey's dispute with Russia over the downed jet. In January-October 2016, Turkey has sent 68,000 MT worth $53 million, which is 23 percent lower than the previous year. Turkey's market share in Russia for lemons is over 25 percent. Although lemons were not in the Russian banned list, lemon exports are down in 2016 because of low demand from Russian importers.

Figure 10: Turkey's Main Markets for Lemons, 2015-2016 (MT)



Source: Mediterranean Exporters Association, 2016 (Data shows only January-October of 2015 and 2016)

Production, Supply and Demand Data Statistics:

Table 8: PSD Lemons/Limes

Lemons/Limes, Fresh	2014/2015		2015/2016		2016/2017	
Market Begin Year	Oct 2014		Oct 2015		Oct 2016	
Turkey	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	25200	25200	27000	27000	0	28500
Area Harvested	22900	22900	24000	24000	0	25000
Bearing Trees	6265	6265	6613	6613	0	7000
Non-Bearing Trees	590	590	1000	1000	0	1000
Total No. Of Trees	6855	6855	7613	7613	0	8000
Production	725	725	670	670	0	638
Imports	2	2	2	2	0	2
Total Supply	727	727	672	672	0	640
Exports	433	433	420	420	0	425
Fresh Dom. Consumption	237	237	212	212	0	215
For Processing	57	57	40	40	0	0
Total Distribution	727	727	672	672	0	640
HECTARES, 1000 TREES, 1000 MT						

Commodities:

Grapefruit, Fresh

Production:

Grapefruit production has a 7-percent share of total citrus production in Turkey. In MY 2016/2017, production is forecast to increase slightly, by roughly one percent. The production of MY 2015/2016 was 250,000 MT.

Table 9: Grapefruit Production by Regions and Planted Area in 2014-2015

Year	**Regions**	**Orchards (ha)**	**Production (MT)**	**Average Yield per tree(kg)**	**Number of Bearing Trees**	**Total Number of Trees**
2014	Aegean	202	4,213	80	52,781	59,347
	Mediterranean	6,185	225,332	179	1.260,451	1,481,445
	Eastern Black Sea	0	10	22	450	555
	TOTAL	**6,387**	**229,545**	**581**	**1,313,682**	**1,541,347**
2015	Aegean	0,175	4,076	88	46,26	52,955
	Mediterranean	6,172	245,939	177	1,388,023	1,478,546
	Eastern Black Sea	0	10	22	450	555
	TOTAL	**6,347**	**250,025**	**287**	**1,388,520**	**1,479,154**

Source: TurkSTAT, 2016

Due to a lack of demand, grapefruit production has been declining in recent years as producers convert grapefruit planted areas to orange or lemon orchards. Domestic use of grapefruit was 62,000 MT during MY 2015/16 and annual consumption per capita was 0.6 kg during the same period. Post estimates that consumption will be lower in MY 2016/17 as a result of low consumer demand.

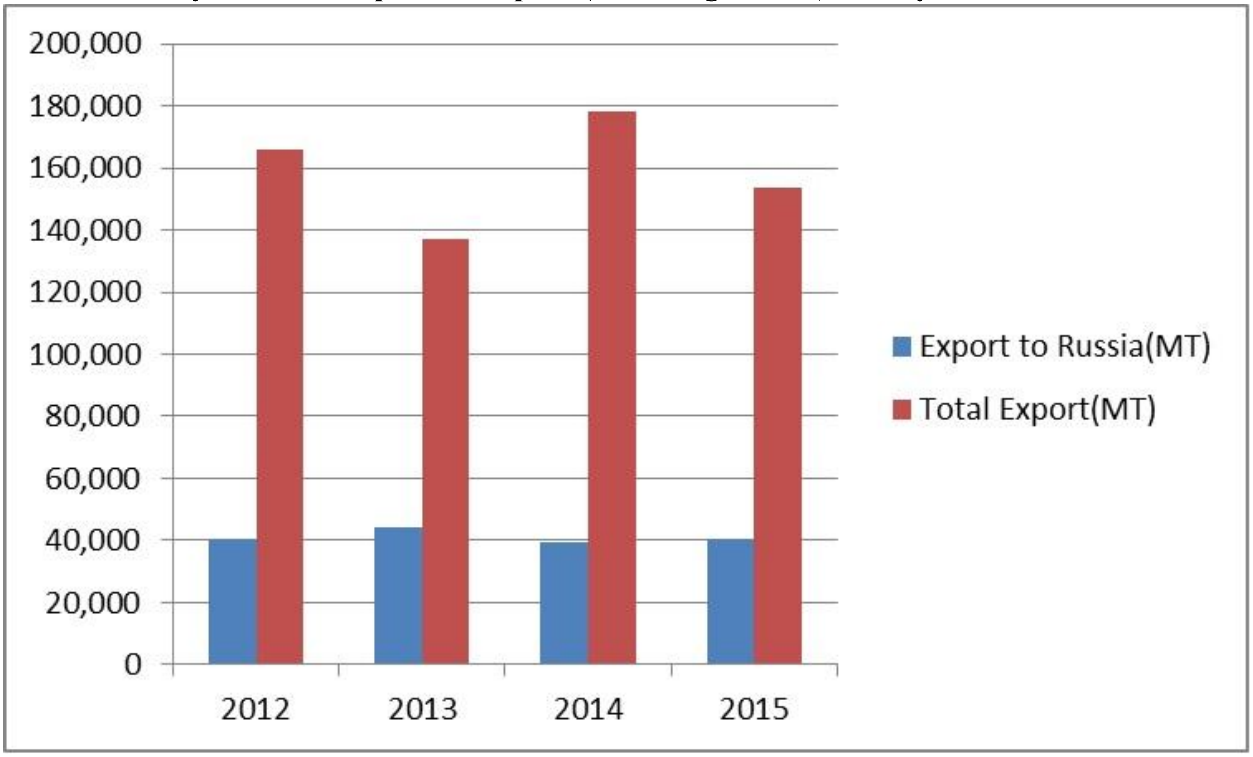
Trade:
As with lemons, Russia also did not put any import restrictions on grapefruit imports from Turkey and has been Turkey's main grapefruit export market. In MY 2016/2017, exports are expected to slightly increase if the current situation with Russia remains stable. In MY 2015/2016, 190,000 MT of grapefruit with a value of $86.6 million was exported – this is 80 percent of total production. Of that, 44,000 MT went to Russia, which was 23 percent of the total grapefruit exports. In MY 2014/2015, in total 153,000 MT with a value of $74 million of grapefruit was exported and 26 percent of that was shipped to Russia (40,500 MT with a value of $21 million). Grapefruit exports to Russia during the first half of 2016 increased compared with the same period in the previous year. Total grapefruit exports to Poland, Romania, Ukraine and the Netherlands also increased compared with the previous year. The most commonly exported grapefruit varieties are Star Ruby, Ruby Red, Marsh Seedless and Rio Red.

Table 10: Grapefruit Exports to Top Five Countries, Jan-Oct 2015/2016

	Jan.-Oct. 2015(MT)		**Jan.-Oct. 2016(MT)**		**Change (%)**		**2016-Share (%)**	
Country	**Quantity (MT)**	**Value ($)**	**Quantity (MT)**	**Value ($)**	**Quantity (kg)**	**Value ($)**	**Quantity (kg)**	**Value($)**
Russia	29,537	15,510,594	33,543	16,153,068	14	4	22	23
Romania	10,375	4,435,632	15,089	6,107,930	45	38	10	9
Netherland	8,544	4,425,722	8,599	4,162,112	1	-6	6	6
Poland	8,718	3,872,355	16,187	6,682,087	86	73	11	10
Ukraine	6,383	3,310,314	10,638	5,225,116	67	58	7	8

Source: Mediterranean Exporters Association, 2015

Figure 11: Turkey's Total Grapefruit Export (including Russia) vs only Russia, 2012- 2015



Source: TurkSTAT, 2016.

Table 11: PSD Grapefruit

Grapefruit, Fresh	2014/2015		2015/2016		2016/2017	
Market Begin Year	Oct 2014		Oct 2015		Oct 2016	
Turkey	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	6400	6400	6300	6300	0	6347
Area Harvested	5000	5000	5300	5300	0	0
Bearing Trees	1040	1040	1300	1300	0	0
Non-Bearing Trees	65	65	200	200	0	0
Total No. Of Trees	1105	1105	1500	1500	0	0
Production	238	238	200	250	0	253
Imports	3	3	2	2	0	2
Total Supply	241	241	202	252	0	255
Exports	145	145	170	190	0	200
Fresh Dom. Consumption	96	96	32	62	0	55
For Processing	0	0	0	0	0	0
Total Distribution	241	241	202	252	0	255
HECTARES, 1000 TREES, 1000 MT						

Commodities:
Orange Juice

Production:
The citrus processing sector in Turkey is facing rigid competition from the fresh citrus market for sourcing raw materials. There are 130 processing establishments with high technology, but they have trouble finding available varieties of oranges for processing. Local varieties are the most suitable oranges for juice sector; however production areas of these varieties have been decreasing year by year. The sector says that they are processing 1 million MT of fruit annually, and their goal is to increase production by using more of their current capacity.

Consumption:
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 compared with the most preferred fruit juices of peach, cherry and apricot juice in nectar form. Juice/nectar consumption per capita is 9 liters annually in 2015. Nectars are highly consumed but there is a growing trend to prefer 100 percent fruit juices.

Trade:
Orange juice exports are forecast at 8,000 MT for MY 2016/17, 6 percent higher than MY 2015/16. Thirty percent of total fruit juice production was exported in 2015. Exports have been growing because of using new technologies, which juice producers say in Turkey are more advanced than processing establishments in the EU. Turkey has increased orange juice exports by finding new markets, including to the United States. According to the Ministry of Economy, with the decline in Brazilian and Netherlands orange juice exports, Turkish exporters found opportunities to export orange juice to new markets. Turkey's total orange juice exports are mainly to Iraq, Syria and some eastern Asian countries and imports are mainly from Germany, Spain, and Brazil.

In MY 2015/16, Turkey's orange juice exports grew to 7,500 MT worth $7.5 million. Three times more orange juice was exported in in 2015 than in the previous year, mainly to Iraq and Syria. The sector has sufficient processing capacity. Post estimates that imports of orange juice will remain the same.

Table 12: PSD Orange Juice

Orange Juice	2014/2015		2015/2016		2016/2017	
Market Begin Year	Oct 2014		Oct 2015		Oct 2016	
Turkey	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Deliv. To Processors	80000	80000	100000	80000	0	90000
Beginning Stocks	150	150	100	100	0	150
Production	8000	8000	8500	8500	0	8550
Imports	7600	6493	7600	3616	0	3700
Total Supply	15750	14643	16200	12216	0	12400
Exports	2600	6968	3000	7500	0	8000
Domestic Consumption	13050	7575	13050	4566	0	4250
Ending Stocks	100	100	150	150	0	150
Total Distribution	15750	14643	16200	12216	0	12400
MT						

Policy:

The Turkish government supports citrus farmers who are registered in the "Farmers Registration System". Additionally, the Minister of Economy announced that citrus exporters will be subsidized by a 'Government Price Stabilization Fund' and it will be 50 percent higher than the previous year. However producer associations believe that the government should not be supporting the standard price, but the support calculation should be based on the final destination of export.

Turkey will start to implement a new subsidy program for agricultural products in 2017, the National Agriculture Project, which has an anticipated annual budget of nearly US$4 billion. According to announcements thus far, the country of Turkey will be divided into agricultural basins based on climate and soil to subsidize 19 strategic crops with a specific set of crops for each basin. No citrus crops are on the list of subsidized strategic crops. For detailed information, please see GAIN report TR6053. Citrus producers are upset with this announcement and the exclusion of citrus from the new program. For example, in the Mediterranean region, citrus is one of the most important products for the region and producers believe it should be subsidized.

Russian Sanctions Assessment on Turkish Citrus Exports

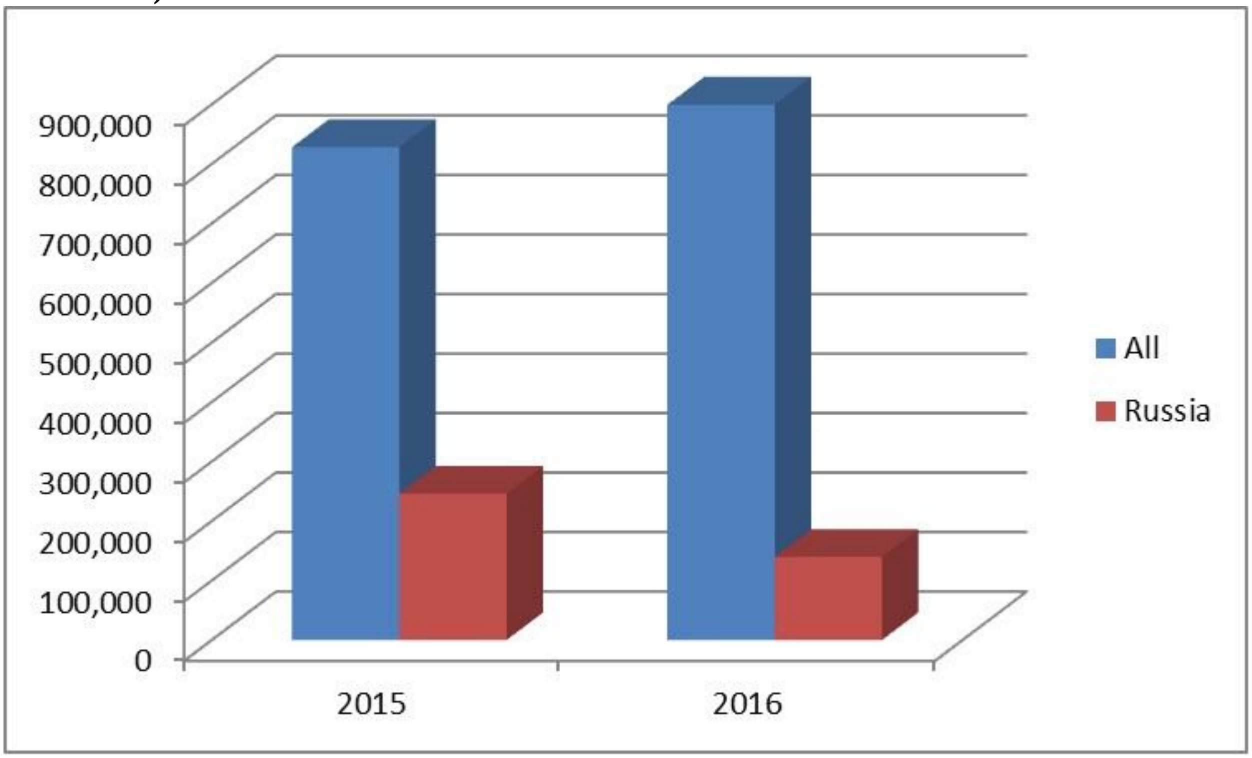
The Russian government (FSVPS) removed the import ban on October 11, 2016 which had been put in place since January 1, 2016 on Turkish fresh/dried oranges, mandarins, tangerines, apricots, nectarines, peaches and plums. According to the press, exports may be slowing resuming. There were 18.5 MTs of oranges and mandarins exported to Russia in November 2016.

According to the Aegean Fresh Fruit and Vegetables Exporters Association, satsuma mandarin exports to Russia from the Aegean region went down by 25 percent to $136 million from $181 million in 2016. Their aim is to reach up to $200 million in 2017. In 2015, 34 percent of total citrus exports were exported to Russia, and Iraq followed with 24 percent.

Turkish citrus exports for the first ten months of 2016 were 899,660 MT worth with $496 million, and the figures are almost the same as the previous year. However, citrus exports to Russia have declined 43 percent (based on quantity) in 2016 when compared with 2015. The loss of the Russian market has been compensated for with new export markets.

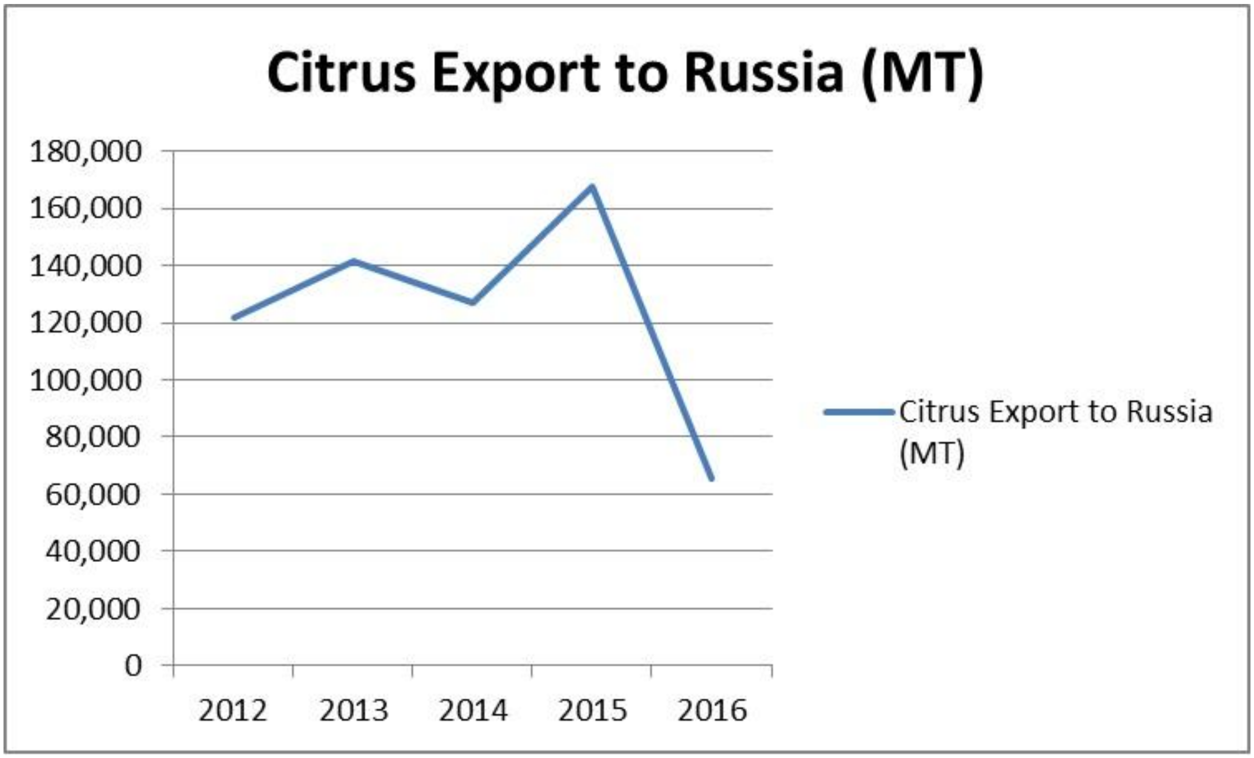
Regarding grapefruit and lemon exports to Russia in 2016, there was a 13-percent decline when compared with previous year to 139,725 MT worth $89 million.

Figure 12: Comparison of Total Turkish Exports and Turkish Exports to Russia (MT, Jan – Nov 2015 and 2016)



Source: TurkSTAT, 2016. The data is shown for the period of January to November for 2015 and 2016.

Figure 13: Turkish Citrus Exports to Russia from 2012 to 2016



Source: TurkSTAT, 2016.

Post estimates that citrus exports to Russia will not reach previous year's level since Russian authorities are now more strictly enforcing export requirements, including carrying out on-the-spot investigations of Turkish exporters' establishments. According to Russian authorities, only large establishments which could meet Russian requirements will be able to export to Russia.