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Turkey

Fresh Deciduous Fruit Annual

Turkey Fresh Deciduous Fruits Report

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Report Highlights:
MY2016 is expected to be a good year for all deciduous fruits in Turkey. In terms of apples, a hot dry summer led to an early harvest where many apple varieties throughout Turkey ripened early and were picked at a relatively short period of time. This has led to a flood of produce in the market and a steep decline in prices. The sector is trying to find new export markets, and Russia comes forth as an opportunity in this respect. Pear and grape production is also higher compared to the previous year.

Executive Summary:
The year 2016 has been good for deciduous fruits in terms of weather conditions. The production is expected to be plenty, which has resulted in prices already below below last year's figures. Apple production is expected to be 2.7 MMT and pear production is expected to be 400 thousand MT. Table grape production is expected to recover to normal production levels of 2.2 MMT.

Middle Eastern countries (namely Iraq, Saudi Arabia, Syria, and Egypt), Bulgaria and Russia are the top export destination for Turkish deciduous fruits. Exports of apples and pears are predicted to increase in MY 2016 due to increased production figures and the eventual decrease in prices. Even though the Russian market is currently closed for Turkish apples and pears, the sector is expecting the ban to be lifted in 30-45 days, likely December 2016. Imports are negligible and are decreasing every year for apples and pears.

Commodities:

Apples, Fresh

Grapes, Table, Fresh

Pears, Fresh

Production:
Even though there are many apple, grape and pear varieties grown in Turkey, most of these are not commercial varieties. Deciduous fruit producers usually run small operations, however, some large commercial orchards were established in recent years, which grow commercial varieties with better quality seedlings and modern agriculture methods. Most of the production in large and commercial orchards is exported as they grow new varieties that are in high demand in export markets.

Apples have traditionally been the most economically significant deciduous fruit crop for Turkey, followed by table grapes and pears.

Apples
Apple production is expected to increase to 2,700,000 MT in MY 2016. Turkey is the second biggest producer of apples in Europe behind Poland. Turkey's diverse geographic regions allow for production of 460 varieties of apples on 170,000 hectares but only 10 of these varieties are marketed commercially.

Apples are grown in many regions across Turkey, but approximately 50 percent of all commercial apple production comes from three provinces*:* Isparta, Karaman and Nigde. These cities are located in the southern part of Central Anatolia and the Northern Mediterranean Regions. The highest yields are observed in Isparta with 130 kg per tree. Commercial apples are also grown in Antalya, Eregli, Denizli, Yalova, Canakkale and Amasya cities. *Amasya* is the most popular local variety and constitutes about 10 percent of total production. The picture below shows a modern *Amasya* variety apple orchard.

Apple plantation areas are not increasing substantially but there is a notable switch from traditional apple trees to modern shrub-type varieties that yield more because they can be planted with much closer spacing. Today almost half of the total apple production is composed of modern varieties. New varieties are becoming increasingly popular among growers due to their higher export potential.

Almost half of the apples grown in Turkey are *Red Delicious (Starking)* and about one third are *Golden Delicious*. The third most famous variety is the local *Amasya* apples. *Granny Smith, Fuji, Gala, Jonagold,* and *Braeburn* varieties are also becoming more popular. Share of organic production is about 3 percent of the total apple production in Turkey.

Grapes

Grapes are grown in many regions throughout Turkey and are a significant commercial crop. Seedless grapes are mainly grown in the Aegean Region (Western Turkey) whereas the Marmara Region (North-west Turkey) produces grapes for wine production and for fresh consumption. The earliest varieties come from the Mediterranean Region (Southern Turkey). Harvest season begins in early May in the Mediterranean Region and continues until late October throughout Turkey.
In MY 2016, grape production recovered to its normal level of 2.2 MMT after a frost affected the crop in MY 2015.

Pears

Many different varieties of pears are grown in Turkey and are harvested throughout the year. Pear production is expected to be 400,000 MT in MY 2016. Almost 50 percent of the production comes from the Marmara region, followed by Aegean and North Mediterranean regions, concentrated around cities like Bursa, Yalova, Antalya, Ankara, Konya, and Burdur. Both domestic and foreign pear varieties are grown in Turkey. The major varieties are *Santa Maria, Akca* (pictured right), *Mustafabey, Cassia, Willliams, Ankara* and *Deveci.*

Consumption:

Apples

Apples are one of the most preferred fresh fruits in Turkey due to their widespread access, traditional use, and a large number of varieties. Traditionally, about 90 percent of Turkey’s apple production is consumed as fresh fruit. About 5 percent is processed into juice, canned products, vinegar or dried products, and about 5 percent are exported. Per capita consumption of apples is around 30 kg compared to the EU average of

20.6 kg and world average of 8.2 kg.

There is a lack of consumer awareness in terms of varieties. Consumers recognize apples according to their colors (such as red, yellow and green) and taste. Turkish consumers usually prefer red apple varieties, and 43 percent of the total apple production is composed of red varieties. Turkish consumers prefer sweet and strong flavored varieties, therefore *Gala* and *Fuji* varieties are typically selected in taste tests.

Amasya variety is the most important one among local varieties and their market demand is increasing. *Red Delicious* is preferred more at the beginning of the harvest season, and *Golden Delicious* after the New Year. This is because *Red Delicious* apples become softer a few months after they are harvested unless they are kept in cold storage. *Amasya* apples can be marketed longer than *Red Delicious* without cold storage. Controlled atmosphere storage facilities allow apples to be marketed throughout most of the year. Current cold storage capacity is about 1 million MT, and almost half of this capacity (450 thousand tons) is located in the city of Isparta.

Grapes
Consumption of grapes is around 35 kg per capita, which is one of the highest consumption rates for all fresh fruits in Turkey. Fresh grapes are seasonal and are available throughout summer until the middle of autumn and consumption is heavy in season. Grapes are mainly sold in loose format, which is preferred by the consumers, but packaged grapes are also available in supermarkets and hypermarkets.

Industry sources estimate that about 53 percent of Turkey's total grape production is consumed as fresh table grapes, about 36 percent is dried (including seedless sultanas that are primarily exported) and about 11 percent is processed, primarily for molasses, wine production (which has been growing rapidly in recent years), *raki* (a traditional distilled alcoholic drink), juice, and vinegar. Of the 53 percent marketed as fresh grapes, 41 percent is seeded varieties and 12 percent is seedless varieties.

Pears
About 90 percent of pears are consumed fresh. Three to five percent are exported, two to three percent are canned, and the remainder is unsuitable for use. Pear consumption per capita is 5 kg. The most preferred varieties are Santa Maria (constitutes 30 percent of total production), Deveci (20 percent) *(pictured right)*, Ankara (10 percent), Williams (10 percent), Keiffer (5 percent) and Akca (5 percent).

In recent years, Santa Maria, Deveci and Williams varieties are cold stored and sold in the markets until March.

Trade:
Although Turkey is among the top deciduous fruit producing countries, exports traditionally have not been high compared to production. The major reason for the low export volume has been the lack of new varieties which are preferred in many importing countries. The turmoil in neighboring Syria and Iraq also affected

export markets in terms of logistics.

In 2015, Russia announced a ban on many food imports from Turkey following the downing of a Russian airplane by Turkey. The list of prohibited products from Turkey was established by Resolution # 1296 from November 30, 2015 and included oranges, tangerines, apricots, peaches, plums, poultry, turkey, tomatoes, onion, cabbage, cucumber, grapes, apples, pears, strawberry, and salt. This reflected negatively in the Turkish deciduous fruit exports as Russia was among the top destinations for Turkish fresh fruits. However the ban is being lifted for specific products slowly. Recently, on October 9, 2016, the ban was lifted for citrus fruits, apricots and peaches; the apple exporters are waiting for the ban to be lifted for apples soon.

Apples

More than 90 percent of Turkey's total apple production is consumed domestically and only a small amount is exported. This is mainly due to the insufficient production of varieties demanded by export markets.

Turkish apple exports decreased 15 percent to 109,273 MT in MY 2015. This was mainly due to the import ban imposed by Russia on November 30, 2015. Iraq, Syria and Egypt were the top three export destinations for Turkish apples in MY 2015, making up 83 percent of all Turkish apple exports. Exports to Russia, however, decreased 74 percent from 11,848 MT to 3,056 in MY 2016. Russian market was replaced with other Middle Eastern Countries like Jordan, Saudi Arabia and United Arab Emirates, and countries like Georgia, India, and Turkmenistan. Turkish apple exports are expected to be 121,000 MT for MY 2016/17.

Apple imports fell to 1,305 MT in MY 2015, but the share of United States from such imports jumped to 15 percent from 1 percent. The same was true for the second import destination, Macedonia, who increased its share to 16 percent from a negligible amount in the past. Top exporter Chile lost its share to these two countries and remained at 37 percent share. Turkish apple imports are expected to follow the decrease trend and be 1200 MT for MY 2016/17.

Grapes

Russia continued to be the top destination for Turkish table grape exports, accounting for more than 68 percent of total exports, followed by Germany, Belarus and Saudi Arabia in MY 2015. Russia's ban did not reflect on Turkish grape exports for MY 2015 as it was imposed at the end of November when the majority of fresh grapes were already exported and the season was finished for grape exports. For MY 2016 however, the ban is still not lifted as of the end of October, so the top export destinations have changed to Belarus, Ukraine Georgia and Kazakhstan. The geographical distribution of these countries suggests that most of those Turkish grapes may still go to Russia, but through re-exporting after changing the country of origin or through border trade.

Depending on the year, 85 to 95 percent of all exported fresh grapes are seedless varieties. In MY 2016, grape exports are expected to increase to 250,000 MT and imports are expected to decrease to 750 MT in line with the increased production. Top imported grape sources have been Chile, Iran, South Africa and Peru accounting to more than 85% of all imports.

Pears

Pear exports increased over 50 percent in MY 2015 to 24,200 and are forecast to be 25,000 MT in MY 2016 in line with the increased production. Iraq, Russia, Saudi Arabia and Turkmenistan have been the top export destinations, amounting to more than 75 percent of all pear exports. Imports are negligible and are in a decreasing trend. Turkish pear imports decreased 68 percent to 51 MT in MY 2015 and are expected to remain the same for MY 2016.

Stocks:
Apples and pears are stored mostly in cold storage facilities. Eighty five percent of all storage facilities are cold storage and the rest are atmosphere-controlled facilities. Even though there is no data for stocks, the total storage capacity is 1 million tons. Table grapes are not stored for notable periods of time, whereas for apples and pears, the harvested prime quality produce goes directly to cold storage and is marketed from there. Lower quality produce, which generally accounts for 20 – 25 percent of the apple harvest, is sent to the juice sector. Maximum release from cold storage facilities to the market takes place until January, and the larger sized fruits go first. No stocks remain at the end of the season.

Policy:
There are no subsidies provided to fresh deciduous fruit exporters, but a communiqué published in 2016 provides for 160 TL/MT reimbursement for processed fruit exports. However this is valid up to 9 percent of the total export value.

Apart from the general agricultural subsidies (like gasoline, etc.) fruit growers can benefit from government support when they are establishing a new orchard. This support is given to growers as follows:

- For dwarf varieties: 150 TL/decare for standard saplings and 400 TL/decar for certified saplings.
- For semi-dwarf varieties: 150 TL/decare for standard saplings and 350 TL/decar for certified saplings.
- 250 TL/decare for growers who switch to modern varieties through grafting by certified saplings.

Duties for imports of fresh apples, pears, and table grapes are provided below.

Table- 1: Import Duties for Fresh Apples, Pears, and Table Grapes **Product**

Product	Tariff Code	Duty (percent)	Effective Date (since)
Fresh Apples	0808.10	67	January 1, 2013
Fresh Pears	0808.30	67	January 1, 2013
Fr. Table Grapes	0806.10	61	January 1, 2013

Marketing:
Fresh deciduous fruits are mostly sold domestically and a relatively smaller amount is exported through private traders and specialized marketing cooperatives. There are a number of cooperatives in each growing region throughout Turkey, but none of them are remarkably large and their budgets are usually limited. They help small growers market their products domestically and generally do not carry out any overseas marketing activities. Other than those, there are around 180 big firms (each specialized on a few products) who buy the fruits from the small growers, store it in their storage facilities and market it to domestic retailers and to export markets.

Apple prices have fallen to levels much lower than last year due to the abundance of fruit in the market. Growers are now selling their crop for less than 1 TL/kg, and in some places the price goes down to as low as 0.60 TL/kg, which means the growers are not making much money since production cost is around 0.60 TL/kg. Pear prices are better and are sold for 1.3 TL/kg by the growers.

Average retail price of apples is 3.2 TL/kg (the prices vary quite a bit according to the variety), pears are sold for 5.3 TL and grapes are sold for 4.5 TL, as of the end of October 2016 in the supermarkets. (1 US $ = 3 TL as of the date of this report).

Production, Supply and Demand Data Statistics:

Apples, Fresh	2014/2015		2015/2016		2016/2017	
Market Begin Year	Jul 2014		Jul 2015		Jul 2016	
Turkey	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	170000	170000	170000	170000	0	175000
Area Harvested	170000	170000	170000	170000	0	170000
Bearing Trees	45000	45000	50000	50000	0	55000
Non-Bearing Trees	12000	12000	15000	15000	0	15000
Total Trees	57000	57000	65000	65000	0	70000
Commercial Production	2109000	2109000	2540000	2540000	0	2550000
Non-Comm. Production	180000	180000	200000	200000	0	150000
Production	2289000	2289000	2740000	2740000	0	2700000
Imports	2300	2335	2000	1300	0	1200
Total Supply	2291300	2291335	2742000	2741300	0	2701200
Fresh Dom. Consumption	2063700	2063745	2556000	2532300	0	2470000
Exports	127600	127590	86000	109000	0	121200
For Processing	100000	100000	100000	100000	0	110000
Withdrawal From Market	0	0	0	0	0	0
Total Distribution	2291300	2291335	2742000	2741300	0	2701200
(HA) ,(1000 TREES) ,(MT)						

Pears, Fresh	2014/2015		2015/2016		2016/2017	
Market Begin Year	Jul 2014		Jul 2015		Jul 2016	
Turkey	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	220000	220000	220000	220000	0	230000
Area Harvested	220000	220000	220000	220000	0	230000
Bearing Trees	15000	15000	15000	15000	0	20000
Non-Bearing Trees	20000	20000	20000	20000	0	20000
Total Trees	35000	35000	35000	35000	0	40000
Commercial Production	290000	290000	395000	395000	0	400000
Non-Comm. Production	15000	15000	20000	20000	0	20000
Production	305000	305000	415000	415000	0	420000
Imports	200	160	300	51	0	50
Total Supply	305200	305160	415300	415051	0	420050
Fresh Dom. Consumption	279200	282116	392300	380851	0	385050
Exports	16000	16044	23000	24200	0	25000
For Processing	10000	7000	0	10000	0	10000
Withdrawal From Market	0	0	0	0	0	0

Total Distribution	305200	305160	415300	415051	0	420050
(HA) ,(1000 TREES) ,(MT)						

Grapes, Fresh	**2014/2015**		**2015/2016**		**2016/2017**	
Market Begin Year	**Jun 2014**		**Jun 2015**		**Jun 2016**	
Turkey	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Area Planted	295000	295000	295000	295000	0	300000
Area Harvested	295000	295000	295000	295000	0	300000
Commercial Production	2200000	2200000	1885000	1885000	0	2200000
Non-Comm. Production	150000	150000	120000	120000	0	150000
Production	2350000	2350000	2005000	2005000	0	2350000
Imports	900	1075	1500	844	0	750
Total Supply	2350900	2351075	2006500	2005844	0	2350750
Fresh Dom. Consumption	2093500	2103071	1831500	1828947	0	2100750
Exports	257400	248004	175000	176897	0	250000
Withdrawal From Market	0	0	0	0	0	0
Total Distribution	2350900	2351075	2006500	2005844	0	2350750
(HA) ,(MT)						