

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Turkey

## Raisin Annual

## Revised

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**Report Highlights:**

This report replaces the GAIN Report Number TR4027 with updated information and statistics. Turkish sultana raisin production is expected to increase by 35 percent in MY2014/15 to 320,000 MT, thereby rebounding from last year's poor crop. Sultana raisin exports are forecast at 245,000 MT in MY 2014/15, up from 185,000 MT last year.

## **Executive Summary:**

According to the Raisin Production Forecast Commission, sultana raisin production in the Aegean region which accounts for virtually all production, will be 328,167 MT from a harvested area of 983,559 decares (243,042 acres). The 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.

After a bad season of freeze and hail in MY 2013/14 that resulted in a 20 percent decrease in production, Post expects Turkish raisin production to increase to a record high level of 320,000 MT in MY 2014/15. Favorable weather conditions and increased area are the reasons for the expected increase. EU is the top export destination for Turkish raisins receiving an average of 55% 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.

## **Production:**

After a bad season of freeze and hail in MY 2013/14 that resulted in a 20 percent decrease in production, Post expects Turkish sultana raisin production to increase to a record high level of 320,000 MT in MY 2014/15.

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.

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<sup>st</sup> of the first year until August 30<sup>th</sup> 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 below table shows the breakdown of sultana production in the Aegean Region according to the local towns for the past two marketing years and the yield expectations of the Raisin Production Forecast Commission for MY 2014/15.

Regions	2012/13	2013/2014	2014/2015		
	Production (MT)	Production (MT)	Harvested area (Da)*	Yield (Kg/Da)	Production (MT)
<b>Menemen</b>	11,010	6,986	30,450	352	10,718
<b>Kemalpaşa</b>	3,018	4,712	28,750	200	5,750
<b>Torbalı</b>	1,860	2,157	7,900	300	2,370
<b>Manisa</b>	27,339	22,210	85,638	355	30,401
<b>Saruhanlı</b>	22,233	25,539	85,585	465	39,797
<b>Turgutlu</b>	26,481	16,773	76,800	385	29,568
<b>Ahmetli</b>	15,170	14,913	50,000	418	20,900
<b>Gölmarmara</b>	5,559	9,100	23,200	544	12,621
<b>Akhisar</b>	6,769	6,388	18,000	500	9,000
<b>Salihli</b>	45,543	30,693	108,215	490	50,374
<b>Alaşehir</b>	74,502	48,361	182,500	520	61,685
<b>Sarıgöl</b>	29,315	23,202	81,523	688	28,044
<b>Buldan</b>	8,876	7,789	31,700	640	8,115
<b>Çal</b>	5,950	17,279	123,000	174	14,981
<b>Bekilli</b>	950	1,963	9,940	174	1,211
<b>Denizli (and others)</b>	2,000	4,571	40,358	326	2,631
<b>TOTAL</b>	<b>286,575</b>	<b>242,635</b>	<b>983,559</b>	<b>---</b>	<b>328,167</b>

\* 1 da (decar) is 1000 m2 (square meters)

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 very 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.

### 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. In MY 2013/14 TARIS bought 16,300 MT of the crop, which account to 6.7 percent of total production.

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.

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. For MY 2014/15 post expects 20,000 MT of raisins to go into the raki industry in the light of expected production increase.

In the last ten years, 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 2014/15 as well. The European Union accounts for 84 percent of Turkey's raisin exports, and it's relatively a flat market. In MY 2013/14 sultana raisin exports decreased to 185,000 MT due to the decrease in production, but exports should rebound to 245,000 tons in MY 2014/15. United Kingdom, Germany and Holland continue to be the top three importers of Turkish raisins. Due to the increase in yields in MY 2014/15, post expects an increase in the amount of exports and a decrease in prices. Currently the price of raisins is expected to be around 3 TL/kg by the Izmir Commodity Exchange in the upcoming marketing year which means the export price would be around 5 TL/kg. (1 US\$ = 2.15 TL as of the date of this report August 2014).

**Production, Supply and Demand Data Statistics:**

<b>Raisins Turkey</b>	<b>2012/2013</b>	<b>2013/2014</b>	<b>2014/2015</b>
	<b>Market Year Begin:</b>	<b>Market Year Begin:</b>	<b>Market Year Begin:</b>

	Sep 2012		Sep 2013		Sep 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
<b>Area Planted</b>	85,000	85,000	0	96,700		98,300
<b>Area Harvested</b>	85,000	85,000	0	80,000		98,000
<b>Beginning Stocks</b>	8,900	3,500	19,300	21,167		20,264
<b>Production</b>	286,575	310,000	240,000	242,635		320,000
<b>Imports</b>	2,000	1,000	2,000	1,462		1,000
<b>Total Supply</b>	297,475	314,500	261,300	265,264		341,264
<b>Exports</b>	247,400	248,333	220,000	185,000		245,000
<b>Domestic Consumption</b>	30,775	45,000	29,100	60,000		70,000
<b>Ending Stocks</b>	19,300	21,167	12,200	20,264		26,264
<b>Total Distribution</b>	297,475	314,500	261,300	265,264		341,264
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