

Economic Analysis of Turkish Wine Sector: Problems, Opportunities and Competitiveness in European Union Market

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Turkey has an important share in the world's grape production. A slight portion of the grape produced in Turkey is used in wine production. Although the conditions in Turkey for production and export of wine are very favorable and value-added in wine production is significantly higher than fresh or dried grapes, Turkish wine industry is far behind in export markets compared to the countries with similar conditions. European Union has always been one of the largest markets for Turkish export industries. The recent enlargement of the EU market increased the export opportunities. Lately, the gradually increasing share of countries like Australia, South Africa Republic and USA in wine production has changed the market competition and added a new dimension. Therefore, the analysis of competitiveness of wine industry gained an importance and the measurement of adjustment to the market conditions in EU is required.

There is very few studies on this issue. The dynamics of changing production technology, competitive environment and organizational structure in the world, should be dealt with in order to increase the export level of this industry. In this context, this study aims at determining the problems and current situation in Turkish wine industry.

Four indices will be utilized in order to determine competitors and competitiveness of Turkey in EU wine market. (1) *Export similarity index*: This index works for the determination of competitors and provides no knowledge about competitiveness, thus it is an indicator for determination of the countries with similar export composition. The following indices will be employed to analyze the competitiveness of Turkey in EU market: (2) *Balassa's Revealed Comparative Advantage Index*, (3) *Voltrath's Revealed Comparative Advantage Index*, and (4) *Comparative Export Performance Index*.

In the lights of the findings that will be obtained from this study, it will be possible to propose some policy recommendations to increase the export of Turkish wine industry in EU market. In this context, especially the *production process* and applicable *innovations* will be focused.