



Voluntary Report - public distribution

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GAIN Report #TU3025

## Turkey

### Grain and Feed

## Turkey Increases Corn Import Duty Again

### 2003

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#### Report Highlights:

**The GOT has raised the import duty on corn for the second time in two months. The duty was increased from 45 percent to 70 percent. Thus far, TMO has procured about 60,000 MT of corn from domestic producers and is expected to purchase as much as 300,000 MT of corn this year. Traders believe that it will be difficult for TMO sell its stocks even with the 70 percent duty.**

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Includes PSD changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Ankara [TU1], TU

The Government of Turkey increased the import duty on corn for the second time in 2003 from 45 percent to 70 percent. In August, the GOT raised the duty from 20 percent to 45 percent. It would appear that the Turkish Grain Board (TMO) is attempting to keep corn prices high while at the same time protecting domestic producers.

In June, TMO announced its procurement price for corn and began its initial purchases a few weeks ago. The exchange rate at the time of the June announcement, would have translated into a price of \$218 per ton. However, due to the subsequent devaluation of the dollar, the TMO purchase price is approximately \$230 per ton. Prior to the most recent import duty increase, the market price for corn was approximately \$200 per ton.

Since the beginning of September, TMO has purchased approximately 60,000 tons of corn. Since it did not procure much wheat or barley this year, it has funds to procure as much as 300,000 tons of corn.

TMO also announced a selling price of \$300 per ton for corn for December 2003. (Based on the current exchange rate.) If the Turkish Lira appreciates 12 percent by December, the selling price will only be \$256 per ton. Even with the new duty applied, imported corn in December will only be \$235 per ton. Thus, TMO will have difficulty selling corn. Under its WTO commitments, Turkey has the ability to increase the tariff as high as 180 percent. However, the increased feed costs could have serious consequences for its poultry sector.

The GOT has historically changed import duties on corn from time to time. In 2002, the duty was raised from 20 percent to 35 percent in June and then decreased in April to 20 percent.