



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Voluntary Report - public distribution

Date: 1/8/2004

GAIN Report #TU4001

Turkey

Grain and Feed

Grain and Feed Update

2004

Approved by:

Jim Higgiston, Agricultural Counselor

U.S. Embassy

Prepared by:

Unal Sarigedik, Agricultural Specialist

Report Highlights:

Turkish corn imports are expected to decrease by 1 MMT in MY 2003, due primarily to a significant increase in corn production. Importers anticipating an increase in corn duties imported significant quantities of corn with some for carryover stocks. Barley exports are also expected to decrease by 400 TMT in MY 2003 due to lower production and higher feed demand.

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

Wheat

Turkish wheat production in MY 2003 (June 2003 - May 2004) decreased slightly due to lower yields. As a result, Turkey is expected to import slightly higher quantities of wheat.

The Turkish Grain Board (TMO) has been given the authority by the Government of Turkey (GOT) to import 250,000 MT of milling wheat. There will be no import duties applied to the purchases. Although TMO is not planning to import the wheat immediately, the GOT authority gives them the flexibility to import the wheat at its own convenience and when market conditions are deemed favorable.

Turkish industry sources believe TMO will not tender for the wheat until February or March 2004. TMO may still only buy only a portion of the 250 TMT, perhaps half. Although Turkey produces over 15 MMT of wheat annually, the quality of the wheat has decreased in recent years. Turkey produces about 4 or 5 MMT of milling wheat. The remainder needs to be blended in order to raise the quality sufficiently for milling purposes. From year to year, the Sunni bug infestation can lower quality although damage from this pest was minimal this year due to weather conditions. However, rain in the Cukurova region during the harvest caused some damage to unharvested wheat. Feed wheat totals have been reduced this year along with production.

In MY 2003, TMO imported 200,000 MT of milling wheat under an EU quota. Millers are also eligible to import wheat without paying duty for the exports of wheat flour and products, such as pasta, biscuits, and etc in order to reduce the cost.

Although Turkey normally imports wheat in Kazakhstan and Russia, shortages in those countries have forced Turkey to seek other sources. Turkish millers are importing wheat from other suppliers, including the United States, Canada, and Australia. Millers prefer Canadian and especially Australian wheat because of the quality and also their metric grading screens which result in less dockage.

Turkish wheat on the Polatli Commodity Exchange was being sold at 425,000 - TL 450,000 per kilogram (or around USD 310 and USD 325 per MT) for hard red milling wheat in early January. Wheat prices at the Polatli Commodity Exchange are usually higher than other commodity exchanges in Turkey because the wheat quality is normally higher. Canadian wheat was also quoted at around TL 425,000 per kilogram (or around USD 315 per MT). Some sources expect these prices will increase further during the next a couple of months forcing TMO to import wheat. .

TMO is estimated to have a total of about 1 MMT of wheat for domestic sale, in addition to the emergency stocks. TMO is using a five-month deferred payment system with zero rate of interest for the feed wheat from the previous years in stocks, but selling the imported wheat from the EU for cash.

PSD wheat import and export data for MY 2002 were revised according to the official data which are now available.

Barley

PSD barley production decreased slightly in MY 2003 (June 2003 - May 2004) due to a decrease in yields. In many cases, barley is grown on land that is not suitable for wheat. In addition to weather difficulties, seed quality has decreased considerably over the last decade which also contributed to lower yields. Barley and wheat seed propagation is not as profitable for private seed company. The majority (95%) of barley and wheat seed is grown on TIGEM farms (state farms). The types of seeds however are usually several generations behind western countries.

Imports are expected to increase to 140,000 MT in MY 2003. In December, the GOT gave TMO authority to purchase 250,000 MT with zero duty through May 2003. TMO recently announced a tender for 100,000 MT. The industry believes there is sufficient quantity of barley in Turkey but, since TMO procured only 23,000 MT in MY 2003 and had only 140,000 MT in stocks TMO could not influence market prices. After it has imported the barley, possibly in February, TMO will reexamine the situation and determine whether they need to import additional barley.

TMO expects to make some profit on the barley imports particularly if the market prices remain stable. TMO is expected to buy barley at around USD 170 - 180 CIF per MT and will not pay any import duty. Market prices are currently around TL 325,000 per kilogram (or around USD 235 - 240 per MT). Four international companies participated to the TMO tender and the results will be finalized around 6 p.m. on January 9, 2004. Turkey is not expected to export any barley in the remaining part of MY 2003, with a possible exception to Northern Cyprus.

Production in MY 2002 was revised downward again due to reduced yields. Export and import data for MY 2002 were finalized. Domestic feed consumption and total domestic consumption were revised slightly upward in MY 2002, given the increased demand for cattle and poultry feed.

Saudi Arabia is the primary market for Turkish barley along with other countries in North Africa and the Middle East.

Corn

Turkish corn production is expected to increase significantly in MY 2003. This is attributed primarily to an increase in planted area for the second crop corn in Cukurova. Additional corn area was previously planted with cotton. Due to large carryover stocks and increased production, corn imports are estimated to decline by 1 MMT in MY 2003. Along with the decrease in feed wheat availability and relatively cheaper price for corn, more corn is being used for livestock in MY 2003.

Turkey imported a record quantity (around 1.8 MMT) of corn in MY 2002 with most importers choosing to carryover stocks in expectation of increased Turkish corn import duties. Fortunately for importers, the GOT announced the increases a month before implementation. As a result, importers were able to import additional corn with the lower duty. Initially, the GOT raised the duty from 20 percent to 45 percent in September. The duty was raised again to 70 percent primarily because of the depreciation of the US dollar against the Turkish Lira. The lower dollar value reduced the cost of imported corn and as a result TMO could not sell its stocks. Parallel to the industry suggestion, TMO started to sell corn with five-month deferred payment system with zero rate of interest. However, the GOT raised the duty once again with the 2004 Import Regime to 80 percent effective January 1, 2004.

PSD Table						
Country	Turkey					
Commodity	Wheat				(1000 HA)(1000 MT)	
	2001	Revised	2002	Estimate	2003	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		06/2001		06/2002		06/2003
Area Harvested	8500	8500	8550	8550	8600	8600
Beginning Stocks	1745	1728	1011	855	1222	1395
Production	15500	15500	16800	16800	17200	16800
TOTAL Mkt. Yr. Imports	1020	840	1211	1485	600	1000
Jul-Jun Imports	1088	961	1166	1445	600	1000
Jul-Jun Import U.S.	0	20	0	30	0	100
TOTAL SUPPLY	18265	18068	19022	19140	19022	19195
TOTAL Mkt. Yr. Exports	753	713	800	745	750	1000
Jul-Jun Exports	558	524	839	780	800	1000
Feed Dom. Consumption	1100	1100	1000	1250	1000	1100
TOTAL Dom. Consumption	16501	16500	17000	17000	17000	17000
Ending Stocks	1011	855	1222	1395	1272	1195
TOTAL DISTRIBUTION	18265	18068	19022	19140	19022	19195

PSD Table						
Country	Turkey					
Commodity	Barley				(1000 HA)(1000 MT)	
	2001	Revised	2002	Estimate	2003	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		06/2001		06/2002		06/2003
Area Harvested	3500	3500	3550	3550	3450	3450
Beginning Stocks	972	833	753	623	984	535
Production	6900	6900	7400	7300	7000	6900
TOTAL Mkt. Yr. Imports	29	38	40	22	40	140
Oct-Sep Imports	29	17	40	60	40	140
Oct-Sep Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	7901	7771	8193	7945	8024	7575
TOTAL Mkt. Yr. Exports	548	548	509	510	500	70
Oct-Sep Exports	501	500	600	500	500	70
Feed Dom. Consumption	5700	5700	5800	5900	5900	6000
TOTAL Dom. Consumption	6600	6600	6700	6900	6800	7000
Ending Stocks	753	623	984	535	724	505
TOTAL DISTRIBUTION	7901	7771	8193	7945	8024	7575

PSD Table						
Country	Turkey					
Commodity	Corn				(1000 HA)(1000 MT)	
	2001	Revised	2002	Estimate	2003	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		09/2001		09/2002		09/2003
Area Harvested	525	525	550	550	575	700
Beginning Stocks	197	197	281	281	671	876
Production	2000	2000	2100	2100	2200	2800
TOTAL Mkt. Yr. Imports	1192	1192	1500	1805	600	500
Oct-Sep Imports	1193	1081	1500	1810	600	500
Oct-Sep Import U.S.	747	632	981	1110	0	350
TOTAL SUPPLY	3389	3389	3881	4186	3471	4176
TOTAL Mkt. Yr. Exports	8	8	10	10	0	10
Oct-Sep Exports	8	8	10	10	0	10
Feed Dom. Consumption	2200	2200	2300	2400	2400	2700
TOTAL Dom. Consumption	3100	3100	3200	3300	3300	3600
Ending Stocks	281	281	671	876	171	566
TOTAL DISTRIBUTION	3389	3389	3881	4186	3471	4176