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Turkey

Grain and Feed

Corn Update

2005

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Report Highlights:

In MY 2004, TMO bought 473,000 MT of corn from producers at approximately \$240 per ton. TMO recently announced a price reduction for corn sales since it has been unable to sell its stocks at the previously-announced rate of nearly \$300 per ton. TMO is hoping to sell all of its stocks before the new harvest season. Millers replaced wheat for corn due to its availability and low prices. The net result will be lower corn imports for 2005.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Unscheduled Report
Ankara [TU1]
[TU]

TMO, which still has about 440,000 MT of corn in its stocks, announced a price reduction for corn recently. TMO paid TL 332,000 per kilogram (approximately \$240 per ton) to farmers to procure corn during the harvest season. TMO is supposed to sell corn at least 20 percent above the procurement price, which is TL 398,400 per kilogram, according to the procurement decree. TMO announced the sales price as TL 403,000 per kilogram (nearly \$300 per ton). TMO was unable to sell corn, and as a result, announced a six-month deferred payment system with zero interest, last month. However, TMO still was not able to sell corn because of the preannounced high sales prices. TMO wants to sell all of its corn stocks prior to the new harvest season and needs cash for the procurement of the new crop. To do so, TMO recently announced a reduction in its corn sales prices for cash payments. The rate of reduction is about 13 percent in the Southeastern Anatolia Region and about 7 percent in other regions. TMO will sell corn at TL 305,000 per kilogram from Iskenderun, Gaziantep, Batman, Diyarbakir, and Sanliurfa silos and at TL 374,000 per kilogram from Afyon, Izmir, and Adana silos.

Feed millers and poultry producers have criticized the TMO's corn procurement policy for the past several years. They state that TMO is selling corn at high prices (near USD 300/MT) when the cost of imported corn is about USD 130 per MT. Feed millers started using more wheat and barley because of high corn prices in recent years. Feed millers are currently able to buy barley at TL 275,000 per kilogram and feed wheat at TL 290,000 per kilogram. On the other hand, farmers produced more corn in recent years because of the GOT support policy and, as a result, TMO was obliged to buy large quantities. TMO bought a total of 473,000 MT of corn and paid about TL 150 trillion (or YTL 150 million) in the current marketing year. Producing corn is three times more profitable compared to producing soybeans in Turkey, according to millers. The GOT is also providing a premium of TL 25,000 per kilogram for corn. Millers also state that, if Turkey imported all of its corn needs -- approximately 3 MMT -- the cost would be about USD 400 million. However, the industry is currently paying about USD 900 million with the current GOT policies. The difference, which represents the cost of corn support, is USD 500 million. In the end, the consumers pay this price through higher poultry and meat costs.

TMO's procurement policy for other grains has caused similar price increases. Currently, prices of wheat and rice in Turkey are well above world levels and trade is restricted in these commodities. Currently the import duty on corn remains at 100 percent. It will not be lowered until TMO has reduced its stocks, and it will be increased before the domestic harvest begins. Due to the shortening of the timeframe to import corn, and the fact that feed millers are using more barley and feed wheat, Turkey's import estimate for corn has been reduced to 200,000 MT for the current marketing year. Turkey may become self-sufficient in corn production in the near future, but at quite a price.

Currently USD 1.00 is equal to about YTL 1.36 or TL 1,360,000.

PSD Table for Corn

Turkey Corn							
	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		09/2003		09/2004		09/2005	MM/YYYY
Area Harvested	625	625	700	700	0	800	1000 HA
Beginning Stocks	646	875	759	686	659	476	1000 MT
Production	2800	2500	3000	3000	0	3500	1000 MT
TOTAL Mkt. Yr. Imports	1025	1023	500	200	0	100	1000 MT
Oct-Sep Imports	1023	1038	500	200	0	100	1000 MT
Oct-Sep Import U.S.	654	678	0	20	0	20	1000 MT
TOTAL SUPPLY	4471	4398	4259	3886	659	4076	1000 MT
TOTAL Mkt. Yr. Exports	12	12	0	10	0	10	1000 MT
Oct-Sep Exports	12	12	0	10	0	10	1000 MT
Feed Dom. Consumption	2800	2800	2700	2500	0	2700	1000 MT
TOTAL Dom. Consumption	3700	3700	3600	3400	0	3600	1000 MT
Ending Stocks	759	686	659	476	0	466	1000 MT
TOTAL DISTRIBUTION	4471	4398	4259	3886	0	4076	1000 MT

Corn Export Trade Matrix

Turkey
Corn

Time Period	Jan. - Mar.	Units:	Metric Tons
Exports for:	2005		2006
U.S.		U.S.	
Others		Others	
Israel	174		
Germany	161		
Greece	109		
Italy	92		
Spain	47		
Netherlands	31		
Bulgaria	20		
Japan	15		
Lebanon	4		
Iraq	4		
Total for Others	657		0
Others not Listed	261		
Grand Total	918		0

Corn Import Trade Matrix

Turkey
Corn

Time Period	Jan. - Mar.	Units:	Metric Tons
Imports for:	2005		2006
U.S.	3837	U.S.	
Others		Others	
Romania	59094		
Argentina	8327		
Bulgaria	6419		
Moldova	3210		
Hungry	225		
Spain	177		
Italy	176		
France	120		
Croatia	106		
Chile	2		
Total for Others	77856		0
Others not Listed	1		
Grand Total	81694		0