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Report Highlights:

Grain production increased slightly in 2005 due primarily to good weather conditions. Corn utilization may decrease this year due to a decline in poultry demand as a result of the outbreak of Avian Influenza in Turkey. This may force the government to purchase large quantities of corn from the market.

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Executive Summary

Grain production improved slightly in 2005 due primarily to good weather conditions. Corn utilization may decrease in MY 2006, due to a sharp decline in poultry production related to the outbreak of Avian Influenza in October 2005. This will most likely force the Turkish government to procure large quantities of corn from the market as a result of a reduction in the use of corn as feed, since corn is used as the primary ingredient for poultry feed. In addition, the Turkish Grain Board (TMO) has been issuing export tenders for corn. Turkey passed legislation establishing a warehouse receipt system for most grains. This will hopefully allow farmers to use the receipts as collateral and could pave the way for a futures market, which currently does not exist in Turkey.

Wheat

Wheat plantings for MY 2006 have been completed in most parts of the country, except the Cukurova Region in the south where the second crop corn harvest is still underway. Precipitation was good in most parts of the country during October. Sown area has remained unchanged for the past several years.

The MY 2005 wheat harvest has been completed. The quality of the crop is good. Based on industry sources, production estimates for MY 2005 were revised upward due to better yields. MY 2004 production estimates were also revised upward based on official data. The feed wheat consumption estimate was reduced in MY 2005 because of better quality of the crop.

PS&D Table for Wheat

Turkey Wheat							
	2003 USDA Official [Old]	Revised Post Estimate [New]	2004 USDA Official [Old]	Estimate Post Estimate [New]	2005 USDA Official [Old]	Forecast Post Estimate [New]	UOM
Market Year Begin		06/2003		06/2004		06/2005	MM/YYYY
Area Harvested	8600	8600	8600	8600	8600	8600	1000 HA
Beginning Stocks	1258	1395	1315	2045	817	1760	1000 MT
Production	16800	16800	18000	18500	17500	18000	1000 MT
TOTAL Mkt. Yr. Imports	1096	1485	500	515	1000	500	1000 MT
Jul-Jun Imports	1056	1453	500	435	1000	500	1000 MT
Jul-Jun Import U.S.	55	111	18	82	0	0	1000 MT
TOTAL SUPPLY	19154	19680	19815	21060	19317	20260	1000 MT
TOTAL Mkt. Yr. Exports	839	735	1998	2000	1600	2000	1000 MT
Jul-Jun Exports	854	736	2217	2250	1600	2000	1000 MT
Feed Dom. Consumption	1000	1000	1000	1200	1000	1000	1000 MT
TOTAL Dom. Consumption	17000	16900	17000	17300	17000	17300	1000 MT
Ending Stocks	1315	2045	817	1760	717	960	1000 MT
TOTAL DISTRIBUTION	19154	19680	19815	21060	19317	20260	1000 MT

In MY 2005, Turkish Grain Board (TMO) has procured nearly 4.2 MMT of wheat of which around 3.7 MMT is milling wheat and the remainder is durum wheat. Wheat market prices have been steady even after the harvest season. Average milling wheat prices were around YTL 0.35 per kilogram at the Polatli and Konya Commodity Exchanges during the last week in October. TMO procurement prices for hard milling wheat were YTL 0.35 per kilogram and for semi hard milling wheat, YTL 0.33 per kilogram. The GOT also paid a premium of YTL 0.03 per kilogram for registered farmers whether they sell to TMO, millers or traders. TMO selling prices for October 2005 were YTL 0.38 per kilogram of hard milling wheat and YTL 0.37 per kilogram of semi hard milling wheat. Wheat prices in the market currently are about the same as they were in MY 2004.

Turkey raised its import duty from 60 to 100 % for durum wheat and from 60 to 130 % for milling wheat on August 31, 2005. However, wheat imports are not permitted since the GOT is not providing any control certificate (import licenses) for imports. Re-exporters, who earlier were allowed to import wheat for processing without paying the duty, are now obliged to buy wheat from TMO but at a lower price than TMO domestic selling prices. The TMO price for durum wheat to re-exporters is USD 141 per MT for MY 2005 crop and USD 136 per MT for MY 2004 crop. Similarly, TMO selling prices for hard milling wheat are USD 139 per MT for MY 2005 crop and USD 134 per MT for MY 2004 crop and for semi-hard milling wheat USD 130 per MT for MY 2005 and USD 125 per MT for MY 2004 crop.

TMO borrowed USD 300 million from international banks to finance MY 2005 grain procurement. Thus far in MY 2005, TMO has announced three export tenders primarily to repay this debt and free up storage space for the current corn harvest. TMO sold 60,000 MT of durum wheat (at about USD 165 per MT) and 50,000 MT of hard red milling wheat (at about USD 125 per MT) through these tenders. The Turkish Treasury is paying the difference between the TMO procurement price and the export prices to TMO.

Export Trade Matrix for Wheat

Time Period	June – May	Units:	Metric Tons
Exports for:	2004	Jan. - Aug. 2005	2005
U.S.	12	U.S.	3
Others		Others	
Algeria	102212	Algeria	112282
Yemen	26000	Italy	29680
Italy	19684	Yemen	26000
Israel	15683	Portugal	25750
Portugal	15000	Israel	15683
Syria	5250	Spain	10060
Germany	218	Syria	5250
Macedonia	64	Tunisia	5000
Northern Cyprus	61	Germany	132
United Kingdom	32	Macedonia	44
Total for Others	184204		229881
Others not Listed	152		113
Grand Total	184368		229997

Turkish wheat flour and pasta exports increased significantly and wheat flour exports reached about 1.2 MMT and pasta exports reached 150,000 MT in MY 2005. Iraq (600,000 MT), Libya (160,000 MT), and Sri Lanka (115,000 MT) were the primary flour importers and United Arab Emirates (30,000 MT) and Iraq (14,000 MT) were the primary pasta importers.

The GOT adopted new legislation to develop a Warehouse Licensing System in 2005. The Law was adopted early this year, but the related regulations were published in the Official Gazette towards the end of October. The Ministry of Industry and Trade issued the Warehouse Licensing Law and the Regulations, but TMO was assigned to implement the system. This Law will permit farmers to bring their grains (wheat, barley, rye, and oats) to TMO and receive a receipt. The application of the Law has not yet started since the regulations were published very recently. No funds were raised for the implication of the Law. However, farmers will be able to obtain credit from 14 designated banks or financial institutions with the same receipt. This is the first step in the development of a futures market.

Import Trade Matrix for Wheat

Time Period	June - May	Units:	Metric Tons
Imports for:	2004	Jan. - Aug. 2005	2005
U.S.	88620	U.S.	2400
Others		Others	
Russia	170429	Kazakhstan	73857
Kazakhstan	126977	Russia	51166
Australia	70403	Hungry	2997
Canada	26328	Romania	879
Ukraine	12812	Canada	76
Germany	7804		
Bulgaria	4636		
Romania	3974		
Hungry	3019		
Italy	663		
Total for Others	427045		128975
Others not Listed	1060		
Grand Total	516725		131375

Barley

Barley plantings have been completed in most parts of the country in MY 2006 since all barley planted in Turkey is winter barley. Precipitation was good in most part of the country during October.

The MY 2005 barley harvest is completed. Based on information from traders and millers, production estimates for MY 2005 were revised upward due to better yields. About 90 percent of this production is feed barley and the remainder malting barley.

Barley market prices have also been rather steady even after the harvest season. Average barley prices were around YTL 0.25 per kilogram at the Polatli and Konya Commodity Exchanges during the last week in October. The TMO procurement price for barley was YTL

0.248 per kilogram. The GOT also paid a premium of YTL 0.03 per kilogram for registered farmers whether they sold to TMO, millers or traders. In MY 2005, TMO has procured nearly 800,000 MT of barley, almost entirely feed barley. The TMO barley-selling price for October 2005 was YTL 0.29 per kilogram.

PS&D Table for Barley

Turkey Barley							
	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		06/2003		06/2004		06/2005	MM/YYYY
Area Harvested	3450	3450	3500	3500	0	3500	1000 HA
Beginning Stocks	673	530	679	565	855	775	1000 MT
Production	6900	6900	7400	7400	0	7400	1000 MT
TOTAL Mkt. Yr. Imports	223	250	76	110	0	0	1000 MT
Oct-Sep Imports	171	255	100	70	0	0	1000 MT
Oct-Sep Import U.S.	0	0	0	0	0	0	1000 MT
TOTAL SUPPLY	7796	7680	8155	8075	855	8175	1000 MT
TOTAL Mkt. Yr. Exports	17	15	0	0	0	300	1000 MT
Oct-Sep Exports	0	0	50	0	0	300	1000 MT
Feed Dom. Consumption	6200	6200	6400	6400	0	6400	1000 MT
TOTAL Dom. Consumption	7100	7100	7300	7300	0	7300	1000 MT
Ending Stocks	679	565	855	775	0	575	1000 MT
TOTAL DISTRIBUTION	7796	7680	8155	8075	0	8175	1000 MT

After a two-year hiatus, Turkey began to export barley in MY 2004. TMO sold a total of 260,000 MT of feed barley in between USD 132 and USD 138 per MT through three sales in MY 2005. The Turkish Treasury is paying the difference between the TMO procurement price and the export prices to TMO.

Export Trade Matrix for Barley

Time Period	June – May	Units:	Metric Tons
Exports for:	2004	Oct. - Aug. 2004	2005
U.S.		U.S.	
Others		Others	
Georgia	10	Georgia	10
Belgium	5	Germany	2
Germany	2	Netherlands	1
Kazakhstan	1	Kazakhstan	1
Total for Others	18		14
Others not Listed			
Grand Total	18		14

Turkey raised the import duty from 85 percent to 100 percent for barley on August 31, 2005. The Turkish MY 2004 barley trade data have been revised based on official data. France was the major supplier of barley to Turkey, which was used primarily for ruminant feed.

Import Trade Matrix for Barley

Time Period	June - May	Units:	Metric Tons
Imports for:	2004		2005
U.S.		U.S.	
Others		Others	
France	48502	France	51502
Ukraine	43479	Kazakhstan	15803
Kazakhstan	15803	Iraq	893
Iraq	3294	Ukraine	660
Bulgaria	53	Bulgaria	53
Total for Others	111131		68911
Others not Listed			
Grand Total	111131		68911

Corn

The first crop corn harvest is about to be completed with the second crop just beginning. PSD corn production estimate in MY 2005 has remained the same as earlier at 3.5 MMT. About 40 percent of Turkish corn production is first crop and about 60 percent is second crop. This ratio has been changing in favor of second crop corn in recent years. So far in MY 2005, TMO has procured nearly 250,000 MT of corn. Industry sources estimate that total procurement of TMO might reach nearly 1 MMT.

Current corn prices are around YTL 0.25 per kilogram. TMO procurement price for corn was also YTL 0.26 per kilogram. The GOT also paid a premium of YTL 0.04 per kilogram for registered farmers regardless of them selling to TMO or others, including millers and traders. TMO has not yet announced a selling price for corn.

Corn consumption was revised slightly downward due to a projected decrease as a result of the Avian Influenza (AI) outbreak in October 2005. Since corn is used as the primary ingredient for poultry feed, feed wheat was not affected by the AI outbreak. Poultry consumption declined by 70 – 90 percent in the days following the outbreak in the western part of Turkey. To date, no new outbreaks have been reported. Poultry consumption appears to be slowly rising, which should mitigate the drop in demand for corn. However, any new outbreaks could force a further decline in poultry consumption and, as a result, corn consumption. Nearly 900,000 MT of corn is used by the Turkish starch industry.

Turkey started exporting corn, probably for the first time, in MY 2005. TMO sold a total of 150,000 MT of corn with the prices in between USD 102 and USD 108 per MT so far in MY 2005. Treasury is subsidizing these sales since TMO is paying more to farmers for their procurement.

PS&D 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	800	800	1000 HA
Beginning Stocks	646	875	759	685	499	510	1000 MT
Production	2800	2500	3000	3000	3500	3500	1000 MT
TOTAL Mkt. Yr. Imports	1025	1022	150	235	100	100	1000 MT
Oct-Sep Imports	1023	1038	150	235	100	100	1000 MT
Oct-Sep Import U.S.	654	678	0	23	0	0	1000 MT
TOTAL SUPPLY	4471	4397	3909	3920	4099	4110	1000 MT
TOTAL Mkt. Yr. Exports	12	12	10	10	80	250	1000 MT
Oct-Sep Exports	12	12	10	10	80	250	1000 MT
Feed Dom. Consumption	2800	2800	2500	2500	2700	2500	1000 MT
TOTAL Dom. Consumption	3700	3700	3400	3400	3600	3400	1000 MT
Ending Stocks	759	685	499	510	419	460	1000 MT
TOTAL DISTRIBUTION	4471	4397	3909	3920	4099	4110	1000 MT

Export Trade Matrix for Corn

Time Period	Sep. - Aug.	Units:	Metric Tons
Exports for:	2004	Jan. - Aug.	2005
U.S.	1	U.S.	
Others		Others	
Italy	4838	Israel	426
Germany	980	Italy	246
Spain	587	Germany	187
France	511	France	133
Israel	426	Greece	109
Netherlands	133	Spain	47
Greece	109	Netherlands	32
Northern Cyprus	33	Northern Cyprus	26
Iraq	23	Bulgaria	20
Bulgaria	20	Japan	15
Total for Others	7660		1241
Others not Listed	1925		278

Grand Total 9586 1519

Turkey raised the import duty from 100 percent to 130 percent for corn on August 31, 2005. Turkish MY 2004 trade data for PSD table were revised according to the official data, which is now available for the entire marketing year. MY 2005 trade data were also revised according to the sales made by TMO for exports so far and industry estimates.

Import Trade Matrix for Corn

Time Period	Sep. - Aug.	Units:	Metric Tons
Imports for:	2004	Jan. - Dec.	2005
U.S.	23334	U.S.	15030
Others		Others	
Romania	82995	Romania	78214
Ukraine	41130	Hungry	31899
Hungry	33293	Ukraine	30203
Argentina	30796	Argentina	20294
Bulgaria	12499	Moldova	7836
Moldova	10433	Bulgaria	6438
France	1272	Kazakhstan	431
Spain	447	Spain	402
Kazakhstan	431	Italy	312
Italy	311	France	209
Total for Others	213607		176238
Others not Listed	312		313
Grand Total	237253		191581

Rice

MY 2005-rice harvest is underway. In MY 2005, area and production estimates for rice both were revised upward based on information from industry sources. Paddy rice production in MY 2005 is now estimated at 600,000 MT on 90,000-hectare harvest area. Industry sources also indicate that there is very little prospects for increasing area for rice.

Paddy rice market prices remained steady after TMO announced its procurement prices. The TMO MY 2005 procurement prices were YTL 0.76 per kilogram of baldo, YTL 0.72 per kilogram of other long grains, primarily Osmancik, YTL 0.65 per kilogram of medium grain, and YTL 0.59 per kilogram of short grain. Millers are now buying Osmancik from producers by paying around YTL 0.65 per kilogram. So far in MY 2005, TMO has procured nearly 4,000 MT of paddy rice.

The production of Osmancik type long grain paddy rice has increased significantly in recent years. Industry sources estimate that about 80 percent of the total production in MY 2005 is Osmancik. It is projected that this ratio will reach to 90 percent during the next couple of years. Farmers prefer to grow Osmancik, because its characteristics are very similar to baldo, however its yield is slightly better and it is more resistant to diseases. There is more research on developing some new varieties similar to Osmancik. Industry sources expect that the new varieties will be grown in a few years.

PS&D Table for Rice, Milled

Turkey Rice, Milled							
	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	70	70	80	80	80	90	1000 HA
Beginning Stocks	130	175	75	50	70	110	1000 MT
Milled Production	270	270	325	325	325	390	1000 MT
Rough Production	415	415	500	500	500	600	1000 MT
MILLING RATE (.9999)	6505	6500	6500	6500	6505	6500	1000 MT
TOTAL Imports	250	130	250	285	250	175	1000 MT
Jan-Dec Imports	153	385	250	155	250	175	1000 MT
Jan-Dec Import U.S.	46	150	0	23	0	75	1000 MT
TOTAL SUPPLY	650	575	650	660	645	675	1000 MT
TOTAL Exports	0	0	0	0	0	0	1000 MT
Jan-Dec Exports	0	4	0	1	0	0	1000 MT
TOTAL Dom. Consumption	575	525	580	550	580	575	1000 MT
Ending Stocks	75	50	70	110	65	100	1000 MT
TOTAL DISTRIBUTION	650	575	650	660	645	675	1000 MT

The GOT announced a quota system for importing paddy and milled rice in MY 2005. The quota system is similar to the scheme announced in 2004. According to the system, traders are obliged to buy paddy rice from producers or paddy or milled rice from TMO in order to receive a quota/import license for importing paddy or milled rice. An importer can get a quota for importing 800 Kg. of paddy, 640 Kg. of brown rice, or 480 Kg. of milled rice if he buys 1,000 Kg. of paddy from a registered producer, producer cooperative or union. These ratios are 600 Kg., 480 Kg., and 360 Kg. if an importer buys from a producer, producer cooperative or union in the Marmara Region (including, Balikesir, Bursa, Canakkale, Edirne, Istanbul, Kirklareli, Sakarya, and Tekirdag Provinces), respectively.

An importer can also get a quota if he buys paddy or milled rice from TMO. Under this scenario, an importer can get a quota for importing 500 Kg. of paddy, 400 Kg. of brown rice, or 300 Kg. of milled rice if he buys 1,000 Kg. of paddy from TMO. Similarly, an importer can get a quota for 833 Kg. of paddy, 666 Kg. of brown rice, or 500 Kg. of milled rice if he buys 1,000 Kg. of milled rice from TMO.

All the quotas to import paddy, brown rice, or milled rice are in effect from November 1, 2005 through July 31, 2006. The GOT decreased duty rates for paddy and brown rice for imports through these quotas. The new rates are 20 percent for importing paddy and 25 percent for importing brown rice. Milled rice importers will still pay a duty of 43 percent. These ratios were originally announced as 34 percent, 36 percent, and 45 percent in the 2004 Import Regime and 2005 Import Regime. However, these rates were reduced to 32 percent, 34 percent, and 43 percent, respectively for similar quotas in MY 2004.

Turkish MY 2004 rice trade data for PSD table were revised according to the official data, which is now available for the entire marketing year.

Export Trade Matrix for Rice, Milled

Time Period	Sep. - Aug.	Units:	Metric Tons
Exports for:	2004	Jan. - Dec. 05	2005
U.S.	81	U.S.	59
Others		Others	
Iraq	177	Northern Cyprus	193
Northern Cyprus	176	Belgium	172
United Kingdom	66	Iraq	148
Afghanistan	38	United Kingdom	64
Russia	31	Kazakhstan	50
France	26	Turkmenistan	35
Kazakhstan	25	Germany	30
Germany	20	France	24
Belgium	18	Russia	23
Azerbaijan	8	Afghanistan	17
Total for Others	585		756
Others not Listed			161
Grand Total	666		976

Import Trade Matrix for Rice, Milled

Time Period	Sep. - Oct.	Units:	Metric Tons
Imports for:	2004	Jan. - Dec. 04	2005
U.S.	74755	U.S.	22793
Others		Others	
Egypt	144625	Egypt	78099
Italy	46837	Italy	25804
China	9825	China	17396
Vietnam	6944	Vietnam	6234
Thailand	1283	Thailand	1252
Russia	1005	Russia	892
Bulgaria	675	Spain	406
Spain	356	France	109
Pakistan	155	Pakistan	42
France	109	India	22
Total for Others	211814		130256
Others not Listed	164		416
Grand Total	286733		153465