



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Voluntary Report - public distribution

Date: 2/5/2007

GAIN Report Number: TU7008

Turkey

Grain and Feed

Corn Update

2007

Approved by:

Ralph Gifford, Agricultural Counselor
U.S. Embassy

Prepared by:

Unal Sarigedik, Agricultural Specialist

Report Highlights:

Turkish corn area and production estimates for MY 2006 both were revised downward to 650,000 hectares and 3.0 MMT, respectively, according to industry sources. It is expected that the Turkish Grain Board (TMO) will soon receive government authorization to announce a tender to import 300,000 MT of corn. Domestic corn prices have declined since news of the impending tender spread, as corn stored by big farmers started to enter the market. Even though some traders say that import needs are as high as 600,000 MT to 1.0 MMT, post estimates that MY 2006 imports will reach around 500,000 MT because corn stocks are being released into the market. Additionally, some feed wheat will be replacing corn after grain harvest starts at the end of May.

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

Corn Situation Update

Record high production in MY 2005 (estimated at 3.7 MMT) reduced domestic market prices for corn significantly. As a result, corn planting area and production were reduced in MY 2006. Consumption, on the other hand, bounced back to about normal levels because of the government's successful efforts to overcome the adverse effects of the Avian Influenza outbreak - poultry feed production was only five percent lower in CY 2006 than in CY 2005. Big producers who can store their crop preferred to keep corn with the expectation of higher prices. As a result, domestic corn prices reached unexpectedly high levels (as high as YTL 0.45 per kilogram) last month.

Feed millers met with the Minister of Agriculture and the Director General of the Turkish Grain Board (TMO) a few weeks ago to explain the corn shortage situation and to ask the government to permit imports this year. As a result, the Director General of TMO announced a few days ago that the government decided TMO should import corn and that TMO had started preparations to announce a tender to import 300,000 MT. It is expected that TMO will receive permission to import corn with zero or negligible duty. TMO will announce the tender after receiving approval from the Council of Ministers. The published import duty on corn is 130 percent of the CIF value. TMO should be able to cover its handling costs and even make some profits by importing with no duty. Farmers began to sell their corn stocks soon after the government announced that TMO would be allowed to import 300,000 MT this year. As a result, corn domestic market prices recently declined to about YTL 0.38 per kilogram.

MY 2006 corn production estimates still vary considerably from one source to another. PSD estimates on planting area and production have been further revised downward to 650,000 hectares and 3 MMT, respectively, in addition to the downward revision made in June 2006 (See TU6031). Although it is extremely difficult at this point to predict changes in imports, Post increased import estimates by only 200,000 MT, from 300,000 MT to 500,000 MT, based on the assumption that most stocks will be marketed soon, and that some of the wheat harvested at the end of May might replace corn if corn prices remain high. Some traders, on the other hand, estimate imports will be much higher, at around 600,000 MT to 1.0 MMT. MY 2006 corn consumption is also estimated to increase slightly due to increased feed production.

(Note: Currently the value of USD 1.00 is around YTL 1.42)

PSD Table for Corn

Turkey Corn										
	2004	Revised		2005	Estimate		2006	Forecast		UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		09/2004	09/2004		09/2005	09/2005		09/2006	09/2006	MM/YYYY Y
Area Harvested	650	650	650	800	800	800	700	700	650	1000 HA
Beginning Stocks	759	685	759	531	510	431	406	600	506	1000 MT
Production	3000	3000	3000	3700	3700	3700	3200	3500	3000	1000 MT
MY Imports	181	235	181	50	40	50	300	0	500	1000 MT
TY Imports	187	220	187	50	40	50	300	0	500	1000 MT
TY Imports from U.S.	10	16	10	37	0	37	0	0	0	1000 MT
Total Supply	3940	3920	3940	4281	4250	4181	3906	4100	4006	1000 MT
MY Exports	9	10	9	275	250	275	0	0	0	1000 MT
TY Exports	14	15	14	275	250	275	0	0	0	1000 MT
Feed Consumpt.	2500	2500	2600	2700	2500	2500	2600	2600	2700	1000 MT
FSI Consumpt.	900	900	900	900	900	900	1000	1000	1000	1000 MT
Total Consumpt.	3400	3400	3500	3600	3400	3400	3600	3600	3700	1000 MT
Ending Stocks	531	510	431	406	600	506	306	500	306	1000 MT
Total Distribution	3940	3920	3940	4281	4250	4181	3906	4100	4006	1000 MT
Yield	4.615385	4.615385	4.615385	4.625	4.625	4.625	4.571429	5	4.615385	MT/HA