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Turkey

Grain and Feed

Grain Procurement Prices

2007

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Report Highlights:

The Turkish Government announced the MY 2007 grain procurement prices. MY 2007 prices were increased by around 13 percent for wheat and 20 percent for barley, rye, and oats. These prices were called "election prices" by some sources since the increases were higher than the projected rate of inflation. However, producers and their organizations were not happy with these prices stating that there will be a significant drop in production and input prices rose more than the increases provided for grains. The Minister of Agriculture also stated that grain production is estimated to be about 15 percent lower this year. The Minister added that TMO would procure all grains brought to the Board and that farmers would be paid in a week.

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

The Turkish government announced grains procurement prices on June 7, 2007. MY 2007 prices were increased by around 13 percent for wheat (durum and milling) and by about 20 percent for barley, rye, and oats. These prices were announced as "election prices" because the price increases the government is providing are twice as high as the projected rate of inflation and three times higher than the target rate of inflation. The Turkish government decreased procurement prices by YTL 20 per MT in MY 2005 and increased them by 7.9 percent in MY 2006.

The government also announced the premiums for grains. The premium amounts for all grains were increased by YTL 10 per MT [from YTL 35 to YTL 45 (28.6 percent) for wheat and from YTL 25 to YTL 35 (40.0 percent) for barley, rye, and oats]. Thus, real price increases were even higher (it is about 15 percent for Anatolian hard red wheat) than the table shown below indicates. MY 2007 grain procurement prices compared to MY 2006 procurement prices are provided in the following table.

Table 1: Comparisons of MY 2007 and MY 2006 Procurement Prices

Type of Product	Procurement Prices					
	2007 (YTL/MT)	2007 (USD/MT)	2006 (YTL/MT)	2006 (USD/MT)	% Increase (YTL)	% Increase (USD)
I-Durum Wheat						
1- Durum Wheat	440	331	385	287	14.3	15.3
Minimum Proc. Price	360	271	300	224	20.0	21.0
II-Milling Wheat						
1- Anatolian White Hard	425	320	375	280	13.3	14.3
2- Anatolian Red Hard	425	320	375	280	13.3	14.3
3- Red Semi Hard	400	301	355	265	12.7	13.6
4- White Semi Hard	390	293	345	257	13.0	14.0
5- Others (Red-Hard)	375	282	330	246	13.6	14.6
Minimum Proc. Price	330	248	290	216	13.8	14.8
III-Barleys						
1- White	320	241	265	198	20.8	21.7
2- Black and Blue	300	226	250	187	20.0	20.9
IV-Rye	300	226	250	187	20.0	20.9
V- Oats	315	237	260	194	21.2	22.2
Min. Pro. Price (Barley, rye, oats)	270	203	225	168	20.0	20.8

The current exchange rate is around USD 1.00 = YTL 1.33 compared to YTL 1.34 a year ago.

The Minister of Agriculture announced the MY 2007 procurement prices on June 7, 2007. In his speech, he highlighted that grain production is estimated to be about 15 percent lower this year. He also stated that farmers are estimated to make about 18 percent profit since the cost of Anatolian hard red wheat was calculated as YTL 358 per MT. Central Anatolia mostly grows Anatolian hard red wheat and its procurement price is YTL 425 per MT. The Agriculture Minister also indicated that Turkish Grain Board (TMO) would procure all of the grains that farmers bring and that payments would be made one week after. The Minister encouraged those farmers who do not need cash immediately to keep their products and sell later. The Minister also stated that farmers can use TMO storage facilities free of charge. Farmers can receive 25 percent advance payments for those crops they keep at TMO warehouses, he added.

Most farmers and farmers' organizations are not satisfied with the prices indicating that the announced prices are under the current prices at the commodity exchanges. They are also stressing that the increases in inputs such as fertilizer (25 to 50 percent) and chemicals (16 percent) have hurt them. Farmers' organizations are stating that most Turkish farmers are small farmers and need cash. Thus, those farmers sell their crop as soon as they harvest. Traders who buy these crops and keep them will be able to sell them at higher prices later.

TMO also announced the grain selling prices. TMO had stopped selling grains from its stocks in February due to reduced stocks but will now start selling again. TMO grain selling prices are provided in the following table.

Table 2: TMO Domestic Grain Selling Prices (Plus VAT)

Type of Grain	Selling Prices (YTL / MT)
Durum Wheat	
No 1 & No 2 Quality Durum	475 - 490
Low Quality Durum	400
Milling Wheat	
No 1, No 2 & No 3 Quality Anatolian Red and White Hard	450 – 475
No 1, No 2 & No 3 Quality Semi Hard Red Wheat	420 – 450
No 1, No 2 & No 3 Quality Semi Hard White Wheat	420 – 440
No 1, No 2 & No 3 Quality Other Red or White Milling	400 – 420
Feed Wheat	370
Barley	
No 1 & No 2 Quality White Barley	350 – 360
No 1 & No 2 Quality BB Barley	330 – 340
Low Quality White & BB Barley	305
Rye	
No 1 & No 2 Quality Rye	330 – 340
Low Quality Rye	305
Oats	
No 1 & No 2 Quality Oats	340 – 350
Low Quality Oats	305