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Report Highlights:
Despite increased domestic production Turkey's planting seed imports continue to grow. Imports in 2006 are estimated at 32,000 tons valued at USD 92 million, a 28 percent increase from 2005. Drought conditions in 2007 adversely affected production especially of grain seed, so 2007 imports are forecast to increase further. A new seed law was passed last year but implementing regulations are not complete. To help modernize the sector, the new law will assign some regulatory functions to an industry association. Turkey's seed exports also rose in 2006 to 22 TMT and USD 42 million. The European Union continues to be the major seed supplier to Turkey but current exchange rates favor U.S. seed suppliers. Turkey applies zero duty on almost all seed imports.

Includes PSD Changes: No
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Executive Summary

Turkey continues to have net deficit of planting seeds despite the privatization of the industry in the 1980's and continued government support. Recognizing the need to speed up development, the government passed a new Seed Law a year ago; implementing regulations are scheduled to be completed by the end of 2007. At the same time, a National Biosafety Law which could affect transgenic seeds has been circulating in draft form. Meanwhile, extreme heat and drought conditions have an adverse affect on production in 2007 particularly for grain seeds.

According to the private sources Turkey imported USD 92 million worth of seeds in 2006, compared to USD 72 million in 2005. The European Union continues to be the major supplier. Major seeds imported were potato seeds, corn, vegetable and forage seeds. The shortfall of domestic production in 2007 will cause an increase in imports. Recent increase in world commodity and seed prices and the euro's strength against the dollar should direct Turkish seed buyers to U.S. suppliers. In general, the duty is zero for seed imports, except for flower and ornamental seeds imported for commercial purposes.

Seed exports also increased and reached USD 42 million in 2006, compared to USD 32 in 2005. Sunflowerseed, corn, wheat and cotton seeds are the leading seed exports.

The main purpose of the new Seed Law is to give the private sector more control of the seed industry. According to the new Law, an independent Turkish Seed Industry Union will be established and given a significant portion of the duties and responsibilities currently under the Ministry of Agriculture and Rural Affairs (MARA).

The government is also developing a National Biosafety Law (NBL); a draft law is still under internal review. The law is intended to a regulatory system for genetically modified materials. The law as currently drafted would potentially disrupt imports of many commodities as well as their seeds, such as soy and corn. For seeds, the Law is supposed to establish a framework on the production and marketing of transgenic seeds. Currently, the government does not permit environmental release of bio-engineered seeds.

Turkey, a signatory of UPOV, adopted a law on Protection of New Plant Varieties in 2004. The primary goal of this Law was to provide protection to any company that develops new plant varieties. Industry sources hope that this protection will also encourage domestic companies to expand their research and development funding .

Utilization of certified seeds continues to increase partly due to government incentives and production bonus payments for cotton, soybean, sunflowerseed, canola, and corn, and also because of farmers' increasing awareness of the benefits of certified seeds. Utilization of certified seeds also is increasing in greenhouse vegetable and fodder crop seeds.

Several international seed companies, U.S. and European, such as Monsanto, Pioneer, Seminis, and Syngenta are well established in Turkey. These companies generally import parent seed for local propagation and sale both for Turkey and export market.

Production

There is a growing private sector interest in the seed business, and the total number of producers has climbed to about 170 in addition to 27 public entities that currently produce, procure, import and distribute seeds in Turkey. However, Turkey's domestic seed production remain insufficient to meet local demand, especially for grains (wheat, barley, rice), vegetables, fodder crops, pasture and meadow grasses, and seed potatoes.

A private seed industry is a relatively recent phenomenon in Turkey. In the past, the industry was dominated by government agencies, which even set selling prices until the 1980's when the sector was privatized and seed prices were liberalized. Local and international companies began investing in the seed sector shortly after that. Ownership of the private companies ranges from 100 percent Turkish-owned to 100 percent foreign-owned, with various combinations in between. The Turkish Seed Industry Association (TURK-TED) was established in 1986. Turkey became a full member of the OECD certification system and International Seed Testing Association (ISTA) just last summer.

TURK-TED continues to function as a powerful lobbying agent, contributes to the development of the sector, and assists the transition to the EU system. TURK-TED also helps member firms with studies on seed production, certification, storage, packaging, distribution, and variety breeding. TURK-TED currently has 86 members, who account for 90 percent of all private sector seed production.

Table : 1

Certified Seed Produced and Distributed in Turkey in 2006 and Programmed in 2007

Type of Seed	Programmed for 2006 (MT)	Produced in 2006 (MT)	Distributed in 2006 (MT)	Programmed for 2007 (MT)
Wheat	231,224	225,493	210,174	297,038
Barley	30,068	26,667	25,702	39,950
Corn	28,055	27,319	17,500	11,309
Paddy rice	5,385	4,685	1,100	5,316
Chick peas	207	206	199	254
Dry beans	36	36	30	33
Sunflower	5,465	5,466	2,200	6254
Potatoes	93,377	93,377	70,064	121,902
Soybeans	420	419	410	1,122
Peanuts	101	101	101	101
Sesame	1	1	1	1
Cotton	18,195	18,195	12,770	15,437
Vegetable	2,523	2,524	2,600	3,401
Alfalfa	802	802	802	1,368
Sainfoin	1,089	1,089	1,089	1,469
Vetch	2,552	2,552	2,552	4,350
Fodder beets	12	5	5	6
Sudan grass	11	18	18	25
Sorghum	7	7	7	5
Sorghum x Sudan grass	220	220	220	40
Pasture and meadow	743	743	4,280	926
Sugar beets	2,810	2,855	1,260	2,309

Source: 2007 National Seed Procurement, Distribution, and Production Program

In 2007, privately owned firms hoped to produce all or at least most of the country's sunflower seeds, fodder beets, peanut seeds, sorghum, corn and rye seeds and potato seeds. Extreme heat and drought condition reportedly hurt seed production in 2007 particularly for grains.

The Production and Development General Directorate (TUGEM) of the Ministry of Agriculture announces a Production Program, which sets production goals for the Turkish seed sector each year. The program is established jointly with both public and private seed producers based on the country's domestic needs as well as export goals. The program's goals are not always met which necessitates the use of stocks, as illustrated in Table 1.

Illegal imports of expensive greenhouse vegetable seeds continue to create unfair competition against firms which are investing in this sector. Unregistered domestic seed sales are also causing unfair competition for the local industry.

Table: 2

Seed Demand, Distribution, and the Ratio of Distribution/Need

Type of Seed	2006 Estimated Total Seed Need (MT)	Quantity Distributed in 2006 (MT)	Ratio of Dist/Need (%)
Wheat	606,667	204,526	33
Barley	226,667	25,106	9
Hybrid corn	16,800	15,103	100
Paddy rice	6,500	1,722	17
Chick peas	12,600	159	1
Dry beans	3,240	5	0
Hybrid Sunflower	2,180	2,420	98
Potatoes	292,500	70,276	18
Soybeans	774	490	63
Rape seed	7	236	100
Peanuts	1,292	45	3
Cotton	12,592	9,113	76
Vegetable		2,224	NA
Alfalfa	1,875	2,249	67
Sainfoin	2,880	2,173	58
Vetch	4,500	2,565	53
Sudan grass	122	13	1
Fodder beets	51	195	72
Sugar beets	1,261	1,487	100

Source: 2007 National Seed Procurement, Distribution, and Production Program

Consumption

Despite increases in recent years, certified seed utilization in Turkey remains lower than in developed countries. Rural education and income levels are low, limiting both the willingness and ability to purchase certified seed. Nonetheless, certified seed utilization is expected to grow in the future in response to growing demand and government support programs ,, especially for greenhouse vegetable and corn seeds. Following the drought of last summer the demand for drought resistant wheat seeds and hybrid sunflower and also fodder crop seeds are expected to increase. Bans on imports of poultry and livestock as well as high tariff rates are encouraging domestic poultry and livestock production and, as a result, increased production of corn and other feed crops.

Increasing crop production in the Southeastern Anatolia Project (GAP) region has also contributed to the increased demand for seeds. Cotton has been the most popular crop for farmers using irrigated fields in the GAP area. Production of other crops, especially corn, is expected to grow in the region as well. Also, the government is supporting the livestock sector, which in turn, is encouraging farmers to use more fodder crop seeds.

Certified seed utilization varies a lot by type of seed. Table 2 represents certified seed needs, distribution, and ratios of the certified seed distribution over total need by seed variety in Turkey. As Table 2 indicates, farmers' use of certified seed is much lower than expected demand.

The General Directorate of Agricultural Enterprises (TIGEM), which operates under the Ministry of Agriculture, is TURK-TED's only public member. TIGEM has been the major government entity carrying out seed propagation and distribution for more than fifty years. TIGEM is still a significant producer of cereal and fodder crop seeds even though its responsibilities have significantly diminished in recent decades. Under an agreement by TIGEM, private sector companies also produce cotton and corn seeds on TIGEM farms where crop rotation is applied. The GOT eliminated most of the subsidies and now TIGEM farms are operating under more commercial terms, although they still do not pay rent for their land.

Additionally, TIGEM plays a social role and assists farmers when needed by donating seeds to them after environmental disasters in accordance with government programs. For example, following last years floods around the country TIGEM donated a total of 18,700 wheat seed and 2,600 MT of barley seed to affected farmers. Also, this year TIGEM is distributing low cost wheat seeds fallowing the drought of last season.

Trade

Turkey's foreign seed trade, both imports and exports, are growing. Turkey continues to import most seed varieties due to shortfalls in production and quality. Vegetables, corn, potatoes and fodder crops are the most prominent seed imports. Depending on supply and demand, other seed varieties may also need to be imported. Turkey imported soybean, wheat and sorghum seeds as well in 2006.

Table: 3

Turkish seed imports and exports by varieties		
Type of Seed	**Imports 2006 (MT)**	**Exports 2006 (MT)**
Wheat	638	5070
Barley	35	49
Corn	1,123	7,008
Paddy rice	32	0
Sunflower	155	4,325
Potatoes	17,893	30
Soybeans	413	0
Cotton	109	4,298
Vegetable	3,452	1,162
Alfalfa	1,472	0
Sainfoin	983	0
Vetch	200	0
Fodder beets	37	0
Sorghum	60	0
Sorghum x Sudan grass	500	0
Pasture and meadow	4,150	71
Sugar beets	50	0
Source: TUGEM		

According to the available information Turkeys potato seed imports increased significantly in 2006 to 17,893 MT from 9,225 MT in 2005. Wheat, pasture and fodder crop seed imports also rose.

Breakdowns of foreign trade by country are not available but according to industry sources Turkey imported approximately 31,000 MT of planting seeds in 2006 worth USD 92 million dollars up from 25,000 MT and USD 72 million in 2005. Turkey's seed exports went up to 22,000 MT and USD 42 million in value during 2006 compared to 13,000 MT worth USD 32 million 2005.

The European Union continues to be the dominant supplier of potato seeds, pulses, cotton, and fodder crop seeds to Turkey. In general Turkey imports corn seeds, cotton, fodder crop, vegetables and pulses seeds from the U.S.

Turkish wheat seed exports in 2006 went up to 5,070 MT from 32 MT in 2005, corn seed exports were up to 7,008 MT from 5,858 MT and sunflowerseed seeds were also up to 4,325 MT from 3,761 MT and lastly vegetable seeds were increased to 4,298 MT from 1,771 MT.

Turkish cottonseeds exports continue to increase third year in a row reaching 4,298 MT in 2006 compared to 1,771 MT in 2005 and 1,087 MT in 2004.

Import Regulations

According to the new seed law following conditions apply to seed imports;

Only registered seed establishments can import seeds. Approved international seed research institutions such as GAP, CIMMYT, ICARDA can import seeds for trial and demonstration purposes. Government research institutions and universities can import parent stock seeds for trial and demonstration. Ministry-approved candidate seed establishments can also import parent stock seeds for one-time use.

The ministry determines the type, variety and class of the seed that will be imported. Grass seeds and fodder crop seeds can be imported for commercial purposes without local certification if they have OECD certification. Transgenic seeds can not be imported for production purposes, only for trials and research. Organic seeds needs to have organic certificates

Documents needed:

An application form, a control certificate- good for six months-, an OECD seed certificate or equivalent given by the exporting countries National Seed Institutions indicating variety and type of the seed also a pro forma invoice showing the value of the seeds and a promissory note given by the importer indicating that imported seeds are not transgenic are required.

According to the quarantine regime a phytosanitary certificate is needed for seed imports indicating that seeds are free from illnesses, according to the type of seeds. All the seeds imported are analyzed and tested in the authorized labs to check if they free from illnesses and if they comply with the various quality measures such as germination rate.

Current plant quarantine regulations hinder seed imports and can create significant problems. All imported seed must be tested. Tests on imports take long time, usually about a week, because customs do not have laboratories and samples are sent to the nearest research institutes. This time is even longer, if there is a dispute on findings as reference laboratory is in Ankara. Five new laboratories have been established by the Ministry of

Agriculture during the last two years which is expected to alleviate the problems. Importers also need import licenses to import seed and only those firms which are producing, procuring, and marketing seeds domestically are provided import licenses.

Stocks
Seed stock data is not available but due to the to drought conditions stocks are reported to be lower that usual. Neither public entities nor private firms carry over large stocks since they are produced according to the National Procurement, Distribution, and Production Program.

Policy
Turkey adopted its first seed law in 1963 which put the entire industry under government control. At that time, cereal seeds were given highest priority. Some rights were provided to the private sector in the 1980's that encouraged the private sector to produce, import, and export seeds. In time, the private sector was able to supply most if not all of hybrid corn, hybrid sunflower, and vegetable seeds as well as seed potatoes.

It became apparent in the 1990's that the 1963 law was inadequate to meet the recent changes in the industry as it focused on cereals and government control. A new Seed Law was announced in the official gazette on November 8, 2006. The new law requires more private sector control of the industry. Accordingly, MARA's responsibilities such as registration, certification and market monitoring will be passed on to private companies, universities and a newly created Seed Producers Union. The new seed law also requires that all the implementing regulations to be finalized by the end of 2007.

Biotechnology is the most significant issue facing the seed industry. Currently, Turkey has not enacted any regulations on biotechnology. The Ministry of Agriculture prepared a draft Biosafety Law following Turkey's ratification of the Cartagena protocol, expecting it to be adopted in 2004 and implemented in 2005. The draft law has not moved out of the Parliament's Agriculture Committee and some revisions reportedly have been made in the draft. As drafted, the law lacks specifics on risk assessment and the approval process, and requires labeling of all products developed using biotechnology. Implementing regulations, not yet available, are expected to cover transgenic seeds and will give guidance for their trials, certification, production, procurement, and marketing. Currently, no bio-engineered seeds can be planted legally in Turkey.

Turkey adopted the Breeders Rights and Variety Protection Law in August 2004, which provided protection for breeding new varieties and registering in Turkey. Adoption of this law was an important step for the development of the seed industry and Turkey's becoming a member of the International Union for the Protection of New Varieties of Plants (UPOV). The law also provides some protection for imported seed varieties.

Since 2004 the GOT, to promote utilization of certified seeds, is paying an extra 20 percent premium on top of the production bonus fees for commodities that are under the support programs, such as seed cotton, sunflower for oil, soybean, corn, wheat, barley, canola and safflower if certified seeds are used. The production bonus and premiums are not announced for the 2007 crop.

The government pays an additional bonus to wheat, barley, paddy rice, chickpea, lentil, and potato producers if they use certified seeds for their production in 2007. The payment is YTL 50 per hectare of wheat, YTL 30 per hectare for of barley, YTL 60 per hectare of chickpeas and lentils, YTL 80 per hectare of paddy rice, and YTL 200 per hectare of potatoes.

The GOT also supports producers of certified seed user fodder crops. Accordingly alfalfa and sainfoin (Onobrychis viciifolia) seed producers are paid YTL 1.50 per kilogram and fodder beet and vetch seed producers are paid YTL 0.50 per kilogram. (USD 1 = YTL 1.2)

The government also provides cheaper credit for certified seed producers. Accordingly, certified seed users can receive from the [State Agricultural] Ziraat Bank a 60 percent discount on commercial credit rates, and certified seed producers can receive a 50 percent discount. The government also reduced the VAT from 18 percent to 1 percent to encourage the use of certified seeds in September 2004.

Tariff rates

The government publishes official tariff levels for seeds every year, listed in Table 4. However, the Ministry of Agriculture has the right to suspend import duties for most varieties and has done so since 1993. The only exception is for flower and ornamental seeds imported for commercial purposes. The same seeds for propagation are also being imported with zero duty. There usually is no change in the published tariffs compared to the previous year.

Seed imports are restricted to those companies that produce, procure, and market seeds domestically. Farmers Union, Central Union of Agricultural Credit Cooperatives, and related Agricultural Sales Cooperatives are also eligible to import seeds. Importers must have an import license from the Ministry of Agriculture to import seeds. Before being imported commercially , seeds must be grown locally on trial plots and approved by the Ministry of Agriculture.

Table : 4

Turkey: Published Seed Import Duties, 2007

(Note: Applied rates are generally zero)

Type of Seed/ Tariff ad valorem in percent	**EU & EFTA Countries**	**Other Countries**
All Cereal (Except paddy rice)	0	0
Paddy rice	10	12
Sunflower	0	0
Soybean	0	0
Peanut	20	20
Rapeseed	0	0
All other oil seeds, inc. cotton, sesame, safflower, palm, and mustard	4	4
Flax fiber	0	0
Hemp fiber	4	4
Tea	4	4
Sugar beets	2.4	3.9
Flower	4	6
Forest tree	4	6
Fruit tree	4	6
All other planting seeds (1209), including vegetables and fodder crops	17.3	19.3

Source: Official Gazette dated December 31, 2006

Marketing

Several International seed companies, U.S. and E.U., such as Monsanto, Pioneer, Seminis and Syngenta are well established in Turkey. These companies generally import parent seed for local propagation, with most of their production sold domestically.