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Report Highlights:

Turkey experienced a winter drought this year. The MY 2020/21 wheat production forecast estimate is 18 million metric tons (MMT), with an increase in planting area. The barley production and planting area forecast remains the same as last year at 7.9 MMT and 3.8 million hectares (ha). The corn production estimate is 6.9 MMT due to increased planting area. Some cotton producers in certain regions shifted to wheat and corn. Some product exports and imports have already been affected by COVID-19 related issues, and more effects may be seen the longer restrictions on movement and trade linger.

EXECUTIVE SUMMARY

Turkey experienced a winter drought this year. Cumulative rainfall in Turkey between 1 November 2019 and 29 February 2020 decreased in all regions compared to last year. However, it is still early in the season, and yields for crops will ultimately be dependent on spring weather. The MY 2020/21 wheat production forecast estimate is 18 million metric tons (MMT) with an increase in planting area, as some cotton production areas shifted to wheat and corn production.

The barley production and planting area forecasts remain same as last year, at 7.9 MMT and 3.8 million ha, respectively.

The corn production forecast estimate is 6.9 MMT due to an increase in planting area. MY 2019/20 corn planting is projected to grow to 600,000 hectares. Corn is mainly gaining area from cotton due to better return expectations.

The MY 2020/21 paddy rice area estimate is 97,000 ha with production forecast at 882,000 MT, down 3 percent compared to MY 2019/20. The lower production numbers are due to a decrease in planting area, especially in the Thrace region, after a winter drought leading to low water levels of key dams used for irrigation.

The government continues to be very active in grain markets. The Turkish Grain Board (TMO) is expected to import more than 4 MMT of grain in total in MY 2019/20. This active import policy will likely continue in the next marketing year.

Turkey's wheat imports are expected to rise to a record large 10.5 MMT in MY 2019/20 on the basis of higher consumption, reduced production, and increased government imports to stabilize domestic prices. The government will probably complete the marketing year with an additional 2.5 MMT of wheat imports into reach a total for the marketing year of 10.5 MMT. All commodity prices increased minimally in March of 2020 due to the effect of the COVID-19 pandemic on trade and domestic production value chains. The general assumption in the agricultural markets in Turkey as of March is that trade will continue as normally expected by summer 2020.

Turkey successfully increased wheat products exports in recent years. However, there is expected to be a slowdown for all wheat product exports in the remaining months of MY2019/20 in association with additional COVID-19 pandemic measures at the borders which ensure safety for workers but slow down the rate of shipments. Total exports are forecast to be 6.8 MMT, assuming negative effects of the pandemic will be largely overcome by the summer.

Compound feed production is 25 MMT, up three percent compared to a year ago, due to the increase in poultry and ruminant feed production. Due to stable domestic demand, combined with a growing population, the sector will expect to continue increasing in the coming years.

The Turkish government provides production premiums for many agricultural products. The Turkish government also provides fuel and fertilizer support. In MY 2019/20, no crop received any additional increases in production support (though the premium prices carried over from the previous year

remained unchanged), but fuel support was increased about ten percent.
https://www.tarimorman.gov.tr/Konular/Tarimsal-Destekler/

PRODUCTION

Weather Situation

The average rainfall in Turkey from October 2019 through February 2020 was 291.8 millimeters (mm; 11.5 inches), which is lower than the same period during the last two years, despite high precipitation in February. This year's rainfall amount is 10 percent lower than the national historical average and it is 29 percent lower than last year. During the same period the previous year, rainfall was 410 mm. This decrease in rainfall caused worries, especially in Central Anatolia; however, a spring with normal precipitation can compensate for the worst effects on the yields. Due to winter drought, the level of the dams in Thrace which are used for irrigation is low. This situation will affect planting decisions.

As seen in Table 1, The cumulative rainfall from October to February in the Central Anatolia region, the main wheat and barley planting area in Turkey, was 184.6 mm (7.3 in.), while the average level for that region is 199.3 mm (7.9 in.). This amount of rainfall is 7 percent lower than the national historical average for Central Anatolia region and 22 percent lower than last year. Except for the Southeast Anatolia and Mediterranean Regions, cumulative rainfall decreased compared to the national historical average of each region.

Table 1: Cumulative Rainfall in Turkey between 1 November 2019 and 29 February 2020

Turkey: Recent Rainfall Levels					
Region	**Oct 2018-Feb 2019 (mm)**	**Oct 2019-Feb 2020 (mm)**	**Normal (mm)**	**2019/20 deviation from normal**	**2019/20 deviation from previous year**
Thrace	428.4	286.3	394.6	-27%	-33%
Aegean	453.3	297.0	379.1	-22%	-35%
Mediterranean	666.3	508.5	453.5	12%	-24%
Central Anatolia	231.9	184.6	199.3	-7%	-20%
Black Sea	323.9	296.6	343.0	-14%	-8%
East Anatolia	384.5	217.9	279.3	-22%	-43%
Southeast Anatolia	568.9	359.8	342.5	5%	-37%
Turkey Total	410.0	291.8	323.2	-10%	-29%

Source: Turkish State Meteorological Service

Planting of the 2019/20 winter barley and wheat crops started in mid-September and concluded in early December. Dry weather in October and November 2019 in some regions of Central Anatolia caused a small amount of damage to the crop, forcing a few farmers to have to re-plant wheat.

Wheat

MY 2020/21 wheat planting forecast is expected to
increase to 7,250,000 ha, up about 3 percent compared to the last year. However, this planting area is still lower than MY 2018/19 planting area. Winter wheat planting, which finished in October 2019, was nearly 250,000 ha more than the previous year, mainly gaining area from cotton, sunflower, and other products differing by region.

MY 2020/21 wheat production is estimated at 18 million metric tons (MMT), assuming normal yields due to sufficient rain and favorable conditions from April to June, which is expected to offset possible losses from the winter drought.

Central Anatolia is the main grain production region of Turkey. Wheat and barley are the traditional products of this high plateau region. More than half of the fields are un-irrigated and yields are directly linked to rainfall. So far in MY 2020/21, rainfall in the region is lower than normal levels and farmers are waiting for spring rains. Total wheat area in Central Anatolia is 2,550,000 ha and the average yield is about two MT/ha. Barley has continued to gain planting area from wheat in the large amount of unirrigated fields in recent years due to good returns and high inputs prices for fertilizer and other chemicals needed for producing high quality wheat. Of the total 5.3 MMT of wheat production projected in Central Anatolia in MY 2020/21, 1.1 MMT is durum wheat.

Table 2: Turkish Wheat Production by Region

Regions	MY 2016 Avg. yield (MT/HA)	MY 2017 Avg. yield (MT/HA)	Long term Avg. yield (MT/HA)	Harvest Time	MY 2018/19		MY 2019/20		MY 2020/21	
					Harvested Area (ha)	Production (MT)	Harvested Area (ha)	Production (MT)	Harvested Area (ha)	Production (MT)
Çukurova region	3.5-4.5	4.5-5	4.5-5.5	May10-10-Jun	260,000	1,300,000	260,000	1,300,000	260,000	1,300,000
Hatay region	3	4.7	5-5.5	May25-25-Jun	85,000	225,000	35,000	105,000	75,000	220,000
Southeast region	2.9	3.3	3-3.5	May15-25-Jun	924,000	2,900,000	890,000	2,900,000	930,000	3,000,000
Central Anatolia	1.7	1.9	1.5-2	June15-25-Jul	2,835,000	5,300,000	2,400,000	5,000,000	2,550,000	5,300,000
Polath	2.8-3	3.4	3.3	June15-20-Jul	130,000	375,000	125,000	365,000	125,000	370,000
Aegean region	2-2.5	3	3	May25-25-Jun	500,000	1,850,000	500,000	1,850,000	500,000	1,850,000
Aydin region	4.5	4	4	May20-10-Jun	6,000	50,000	6,000	50,000	6,000	50,000
Thrace	4.8	4.1	4.1	June15-15-Jul	615,000	3,300,000	605,000	3,175,000	614,000	3,210,000
Other regions	1.4	1.6	1.5	June15-15-Jul	2,260,000	3,700,000	2,179,000	3,700,000	2,190,000	3,700,000
Total	**2.3**	**2.5**	**2.3**	**May15-July15**	**7,615,000**	**19,000,000**	**7,000,000**	**1,750,000**	**7,250,000**	**19,000,000**

Source: Post Estimate

The **Cukurova region** has 260,000 ha of wheat planted in MY 2020/21, which is similar to last year. However, planting area decreased in unirrigated plateaus but increased in irrigated areas. The Cukurova region is expected to produce 1.3 MMT of wheat in MY 2019/20.

In the **Thrace region**, the wheat planting area will partly increase due to better returns than other alternatives like sunflower and canola. However sunflower is also gaining some area from rice fields due to the drought this winter. The Thrace region is expected to produce about 3.2 MMT of wheat in MY 2020/21.

In MY 2020/21, wheat planting areas in Southeastern Anatolia increased about four percent, to about 40,000 ha, due to better returns than expected on durum wheat versus other alternatives like cotton. Especially in Harran, wheat and corn has been gaining area from cotton in MY 2020/21. Kiziltepe and Viransehir are the main areas in Southeastern Anatolia where farmers planted wheat. Farmers prefer to plant durum wheat rather than milling wheat due to better returns this year. Of the total 18 MMT of wheat which is expected to be produced in Turkey in MY 2020/21, 2.5 MMT is durum wheat. Alternative crops, orchard development, greenhouse development, sesame seeds, onions, and vegetables increase their share of farm area every year in Turkey, which reduces wheat land. However, total durum wheat areas are increasing while milling wheat area is decreasing in recent years.

High input prices have been the main concern for farmers in recent years. For example, compound fertilizer prices in Turkey more than doubled between 2018 and 2020, even as imported inputs which increased in actual currency cost terms as the Turkish lira continued to depreciate. One of the main concerns of grain producers in the coming season will be the high cost of chemicals used for production. According to farmer unions, farmers are using more certified seed compared to last year.

As the governmental authority on the grain market, the Turkish Grain Board (TMO) was an active player in the grain market in MY 2019/20 in many ways, from farmers to millers. The 2019 grain intervention prices were announced on May 2, 2019, with Anatolian Hard Red Milling Wheat (AKS) at 1350 TL/MT ($228/MT), 1450 TL/MT ($245/MT) for durum wheat, and 1100 TL/MT ($186/MT) for barley (exchange rate of US $1=5.9 TL as of May 2019). On behalf of the government, the Turkish Grain Board (TMO) offered to buy grains via commodity exchanges and licensed warehouses throughout the Turkey. However, TMO's total procurement was very limited due to a high domestic market price after a tough harvest. Although there is not official data yet, TMO procured just around 1 MMT of wheat in MY 2019/20 compared to about 2.4 MMT of wheat in MY 2018/19, and 2.6 MMT in MY 2017/18.

As mentioned in our previous updates, domestic wheat prices in Turkey were abnormally below the international price after the depreciation of the Turkish Lira (TL) against other currencies. This depreciation began in August 2018. However, by spring 2019, the domestic wheat prices again became higher than international prices. The wheat CIF import price in Marmara in June 2019 was $195/MT for 12.5 percent protein. In July 2019, the Anatolian Hard Red Wheat (AKS) price is about 1360 TL/MT, barley is 1150TL/MT and corn is 1200 TL/MT in the domestic market. Last year, the local prices were 1050 TL/MT, 870 TL/MT, and 980 TL/MT, respectively (exchange rate of US $1=5.8 TL as of June 2019).

The GOT also gives support for fertilizer, gasoline, certified seed usage, and soil analysis. Support rates are similar to last year, except fuel and premiums have increased (Table 3). However, farmers are asking for more support for 2020 due to increases in costs of production.

Table 3: Government support program for wheat (TL/MT)

Year	Certified seed (TL/ha)	Premium (TL/Ton)	Soil analysis (TL/ha)	Diesel (TL/ha)	Fertilizer (TL/ha)
2009	50	45	22.5	29.3	38.3
2010	50	50	25	32.5	42.5
2011	60	50	25	37.5	47.5
2012	60	50	25	40	50
2013	75	50	25	43	55
2014	75	50	25	46	60
2015	85	50	25	48.5	66
2016	85	50	110*		
2017	85	50	170		
2018	85	50	190		
2019	85	20	270		

Source: https://www.tarimorman.gov.tr/Konular/Tarimsal-Destekler/
* The GOT paid 110 TL for these three categories combined in 2016

Considering the depreciation of the Turkish Lira against the U.S. Dollar and other foreign currencies, TMO intervention prices in terms of absolute value in dollars decreased from $303 in MY 2016/17 to $228 in MY 2019/20 (Table 4).

Table 4: Historic TMO Wheat Intervention Price and Government Premiums

Turkey: TMO milling wheat intervention prices and wheat premiums (TL/MT)		
Year	**Intervention price**	**Premium (Same as Table 3)**
2007	425	45
2008	500	45
2009	500	45
2010	550	50
2011	605	50
2012	665	50
2013	720	50
2014	-	50
2015	862	50
2016	910	50
(As of July 2016, $1 USD = 3 TL)	*$303*	*$16.6*
2017	940	50
(As of July 2017, $1 USD = 3.5 TL)	*$268*	*$14*
2018	*1050*	*50*
(As of May 2018, $1 USD = 4.5 TL)	*$233*	*$11*
2019	*1350*	*50*
(As of May 2019, $1 USD = 5.9 TL)	*$228*	*$8.5*

Source: Turkish Grain Board (TMO) www.tmo.gov.tr

Barley

Barley production for MY 2020/21 is forecast at 7.9 MMT, similar to the previous year. This forecast assumes sufficient rain and favorable weather conditions from April to June 2020. Barley fields are generally unirrigated, and yields are directly linked to rainfall, but so far, barley germination and plant development is on target to again reach last year's production levels.

MY 2020/21 barley planting is projected to remain at 3.8 million hectares, similar to MY 2019/20's high level. The barley planting area increased particularly in unirrigated areas of Central Anatolia and Southeast Anatolia in recent years, mostly gaining area from wheat. Good financial returns on barley and the high cost of chemicals (such as pesticides and fertilizers) used in production of other crops influenced farmers' planting decisions.

Corn

In MY 2020/21, Turkey's corn planting area forecast is up about 15 percent to 600,000 hectares and production increased to 6.9 MMT, assuming sufficient rain and favorable conditions, comparable to the country's long term yield average.

The Southeast, Cukurova, Central Anatolia, and Aegean regions are the primary corn producers in Turkey. The first-crop corn will be planted from the first week of March until mid-April. Although plantings are yet not completed, there are not any issues in general at this time for first-crop corn planting.

Second-crop corn is a common product in Southeast Anatolia, especially in the Sanliurfa and Mardin regions. Some farmers, roughly representing 40,000 hectares in the southeast, who used to plant cotton, have switched back to milling wheat as a first crop and corn as a second crop due to bad returns from cotton in previous years. In addition, some area in the Cukurova and Aegean regions also shifted to corn from other crops. The increase in total corn planting is projected at about 80,000 ha in MY 2020/21.

Rice

The MY 2020/21 paddy rice area estimate is 97,000 ha with production forecast at 882,000 MT, down three percent compared to MY 2019/20. The lower production numbers are due to a decrease in planting area, especially in the Thrace region, after a winter drought leading to low water levels of key dams used for irrigation.

Rice planting will start at the end of April 2020 and finish by the end of May. Edirne Province in the Thrace Region produces more than 50 percent of the country's paddy rice. In Central Anatolia, the Cankiri and Corum regions produce nearly a quarter of Turkey's paddy rice. The Marmara region is the other important area for paddy rice production. According to the Turkish State Water Authority, the cumulative rainfall from October 2019 to February 2020 in the Thrace region was 286.3 mm (11.25 in.), while the average level for that region is 394.6 mm (15.5 in.). This amount is 27 percent lower than the national historical average for the Thrace region, and 33 percent lower than last year. This insufficient precipitation caused low water levels in the dams, which negatively affected the planting area in this region. The harvest normally begins in September and ends in October.

Osmancik and Baldo varieties are the well-known varieties among farmers and consumers in Turkey and have dominated the region for many years. However, rice farmers in Turkey always look for new varieties for better yields. In recent years, new varieties such as Cammeo, Galileo, Ronaldo, Vasco, and Luna are rising in popularity because of high yields and high milling rates (Table 5). Despite a similar shape of the grains, the new varieties have different cooking and flavor characteristics. According to market sources, some farmers faced marketing issues with new varieties due to the fact that they have not gained popular acceptance yet by the public.

Table 5: Average yield and Milling Rate by varieties

Paddy Rice Varieties	Yield MT/ha	Milling Rate
Baldo	6.5/7.0	%55
Cammeo	7.0/7.5	%57
Osmancik (inc; Yatkin, Efe, Gala)	7.5/8.5	%60
Ronaldo	7.5/8.5	%60
Luna	9.5/10	%68

Sources: Industry Sources

CONSUMPTION

Wheat

The Turkish domestic wheat consumption forecast for MY 2020/21 is 19.9 MMT, up 200,000 MT from MY 2019/20. The majority of wheat is utilized for human consumption as flour and pasta (some of which is exported), with the rest of the wheat used as feed. Seed and industrial consumption remains the same, so the increase in consumption is seen in the food and feed use sector.

There are several factors impacting wheat products consumption in Turkey, which has dramatically increased in the last two years. According to the Turkish National Statistics Institute, the population growth rate of Turkey is 1.2 percent and the median age is 31. Turkey has a population of 81 million and is currently hosting about five million refugees, the numbers of which have doubled in the last three years. There's also an increasing consumption trend for wheat products amid the ongoing economic turbulence, starting in August 2018, during which per capita income has decreased. Another factor that affects consumption is Turkey's tourism sector. According to the Turkish State Institute, the number of foreigners visiting Turkey increased about 60 percent from 32 million in 2017 to 52 million in 2019. However, the sector is not optimistic for the upcoming season because of decreased domestic and international tourism due to the COVID-19 pandemic, which may partly offset the consumption increase.

In MY 2020/21, the total food, seed, and industrial (FSI) consumption forecast is expected to increase to 18.2 MMT, up 200,000 MT from the 2019/20 year, assuming strong demand for wheat products continue from the households in Turkey. In addition to high domestic consumption, increasing exports are the driving force of the wheat products industry. Turkey produces more than 24 MMT of a wide range of wheat products and exports wheat flour to 160 countries all over the world.

According to market sources, there are 28 active pasta factories in Turkey with more than two MMT/year production capacity total. Capacity use rate is around 85 percent. According to the Turkish pasta manufacturing industry, pasta consumption was about eight kilograms per person in 2019. Durum wheat demand has been very strong due to high levels of pasta products exports. There are also more than 140 factories for bulgur, biscuit/cookie/crackers, and semolina production in Turkey (Table 6).

Table 6: Wheat Products Industry Statistics

Wheat Products Industry			
Type of Product	**Active Factories**	**Production Capacity/ Year (MMT)**	**Capacity use rate/ Year (percent)**
Wheat Flour	640	35	50
Pasta	28	2.2	80
Bulgur	103	1.8	65
Biscuit/Cracker	32	1.8	60
Semolina	13	0.8	75

Sources: Industry Sources , 2018

The domestic wheat flour price increased about 12 percent in the past year, when comparing the price in February 2020 with the same month of 2019, as seen in Table 7. It also increased 43 percent in the last 5 years. TMO's domestic sales of wheat for the flour producers in an effort to combat food inflation seems to have prevented sharp price increases in the domestic wheat flour market, despite the depreciation of Turkish Lira and strong exports.

Table 7: Average Wheat Flour Price at the Bandırma Commodity Exchange

WHEAT FLOUR PRICE (TL/50 kg)												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2016	64.09	64.20	64.15	63.45	63.81	63.89	65.11	64.61	65.40	69.12	66.19	65.83
2017	67.48	67.53	66.36	68.55	68.83	68.89	69.98	73.35	68.60	69.85	67.81	68.31
2018	68.37	66.57	66.70	68.45	68.41	67.16	69.31	70.02	69.73	79.63	83.52	83.63
2019	83.30	85.40	89.89	93.38	96.88	98.24	97.86	99.84	98.90	98.13	121.320	95.96
2020	97.24	95.66										

Source: Bandırma Commodity Exchange, Turkey

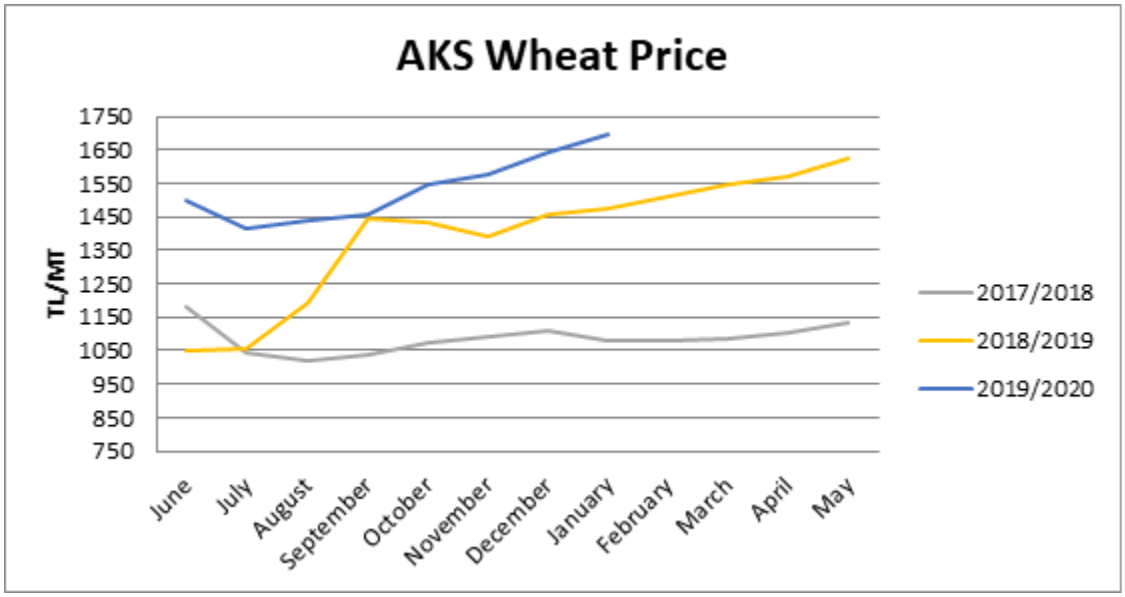
The wheat CIF import price in Marmara in the first week of March 2020 was $230/MT for 13.5 percent protein, which was similar to last year. The average wheat flour export price was about $322/MT in calendar year 2019, compared to $304/MT in 2018.

The government-affiliated Turkish Grain Board (TMO) was very active in the market so far in MY 2019/20. In order to stabilize domestic prices during the year, TMO opened several tenders after the harvest until March 2020 for about 2.5 MMT of wheat in order to supply high quality wheat to the domestic market.

TMO started its domestic sale after the harvest in October 2019. TMO announced that it was willing to sell domestic and imported milling wheat stocks (12.5 and 13.5 percent protein content) to domestic flour producers in October 2019 at a price of 1,450-1475TL/MT ($237/ MT- $251/ MT), excluding VAT and handling charges to provide stability to the internal wheat market. As seen in Table 8, TMO continues to sell the wheat in its stocks to domestic market.

The Polatli CME is one of the main commodity market exchanges for red milling wheat in Turkey. High quality red milling wheat on the Polatli CME was about 1,690 TL/MT ($278/MT) in February 2019 and was 1,500 TL/MT ($284/MT) in February 2020.

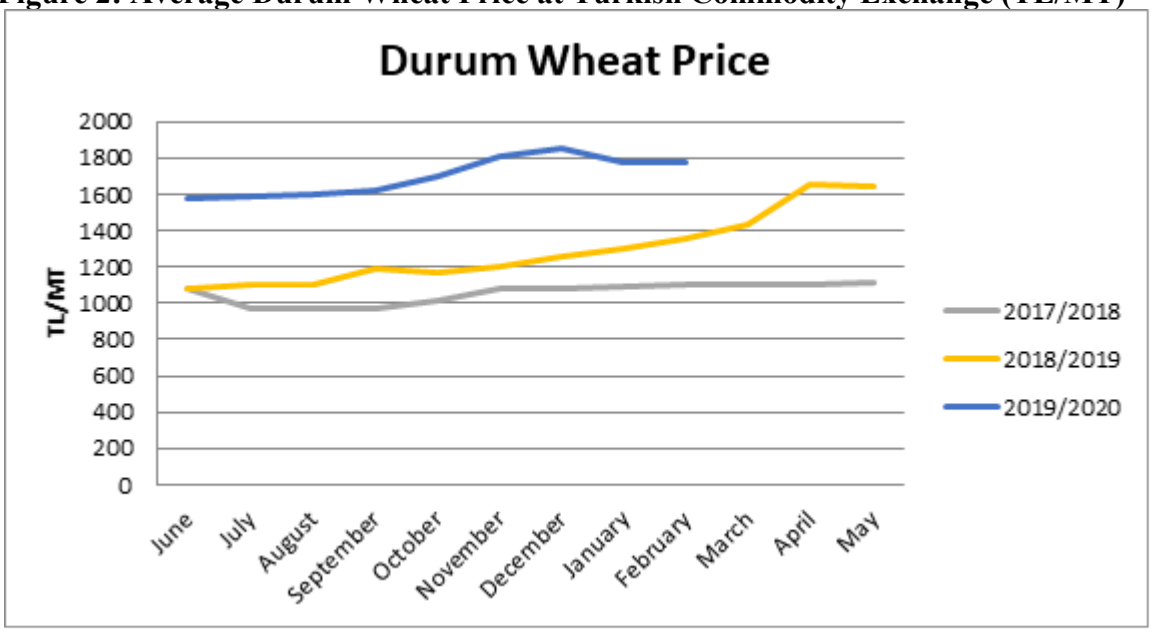
Figure 1: Average Red Milling Wheat Price at Commodity Exchange in Turkey



Source: Polatli commodity exchanges in Turkey

TMO also has been selling its domestic and imported durum wheat stocks to pasta and semolina producers since December 2019 at a price of 1,765 TL/MT (around $301/MT), excluding VAT and handling charges. After TMO's sale, domestic durum wheat prices have steadily decreased in recent months. Average milling wheat prices at the main commodity exchanges were around in 1772 TL/MT (~$291/MT) February 2020, which was 1433 TL/MT (~$257 /MT) in February 2019.

Figure 2: Average Durum Wheat Price at Turkish Commodity Exchange (TL/MT)



Source: Price average from multiple commodity exchanges in Turkey

Turkish wheat prices can be followed by using the major Commodity Exchanges' websites:
1) http://www.polatliborsa.org.tr/; 2) http://www.ktb.org.tr 3) http://www.adanatb.org.tr/
4) http://www.esktb.org.tr/ 5) Also TMO's Daily Market and Commodity Exchange Prices Bulletin states recent commodity prices.

Table 8: Turkey Wheat Selling Price of TMO-purchased Grains after the harvest in MY 2019/20

TMO Selling Price						
Selling Price (TL/MT), Exluding VAT and handling charces						
Type	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20
Domestic Milling Wheat	1400-1750	1400-1750	1400-1750	1450-1525	1450-1525	1450-1525
Imported Milling Wheat	1450-1475	1450-1475	1450-1475	1500-1525	1500-1525	1500-1525
Domestic Durum Wheat	-	-	1775-1765	1815-1825	1815-1825	1815-1825
Imported Durum Wheat	-	-	1775	1825	1825	1825
Feed Wheat	1375	1375	1375	1425	1425	1425
$/TL	5.8	5.74	5.85	5.93	6.07	6.34

Source: Turkish Grain Board; www.tmo.gov.tr
http://www.tmo.gov.tr/Upload/Document/istatistikler/tablolar/2019icsatistr.pdf

Barley

The barley consumption forecast for Turkey in MY 2020/21 is projected at 8.5 MMT, the same as the previous year due to high domestic production and probable government duty free imports for the feed sector.

There are two major sectors using barley in Turkey. Barley traditionally has been preferred as a feed grain in Turkey, especially for ruminants, and barley consumption for feed use is directly linked with price. Feed companies can compensate for any reductions in barley availability by using residual and waste products from the food industries, such as bran. However, the feed sector continues to grow, and this also drives continued demand for barley. The other relevant sector is the malting and beer industry. Malting barley consumption, which is estimated at 900,000 MT, has been steady in recent years.

Corn

There are two main users of corn in Turkey: the feed industry and the corn starch industry. In general, corn consumption moves in line with developments in the domestic feed sector. Alternative crop prices, government policies, imported feed sources, production, and the sector's demand for corn all impact corn consumption. MY 2019/20 consumption is estimated to be about 8.9 MMT and is forecast to increase to 9.1 MMT in MY 2020/21, due to an increase in corn production and assuming stable demand from the feed sector.

The other corn related industry, the starch-based sugar sector, is controlled by the government through production quota allocations, which also govern beet sugar production. The total production capacity of the starch-based sugar industry is about 1.5 MMT. The sector typically has used 900,000 MT of domestic corn annually. The Turkish government announces quotas each year and is expected to decrease the quota allocations for starch-based sugar in the coming days. For detailed information, please see Turkey Sugar Annual Report 2019.

Feed Sector

According to industry sources, as of 2018, there are about 525 active feed mills in Turkey with an estimated total capacity of 18.2 MMT. There are also on-farm feed mills where total production is estimated at about 3 MMT per year.

The feed sector has been growing at a remarkable speed with investments in new, modern mills in recent years which doubled capacity over the last decade, although growth slowed in 2019. Total feed production for CY 2019 is estimated at about 25 MMT, up about three percent compared to CY2018. According to industry sources in CY 2019, poultry, broiler, and layer feed production was about 10 MMT, livestock feed production was about 14 MMT and other feed (fish feed and other) was 0.8 MMT. Feed demand for aquaculture products increased considerably in CY 2019. Strong domestic demand can compensate for any supply surplus in case there are issues with export markets in the broiler sector.

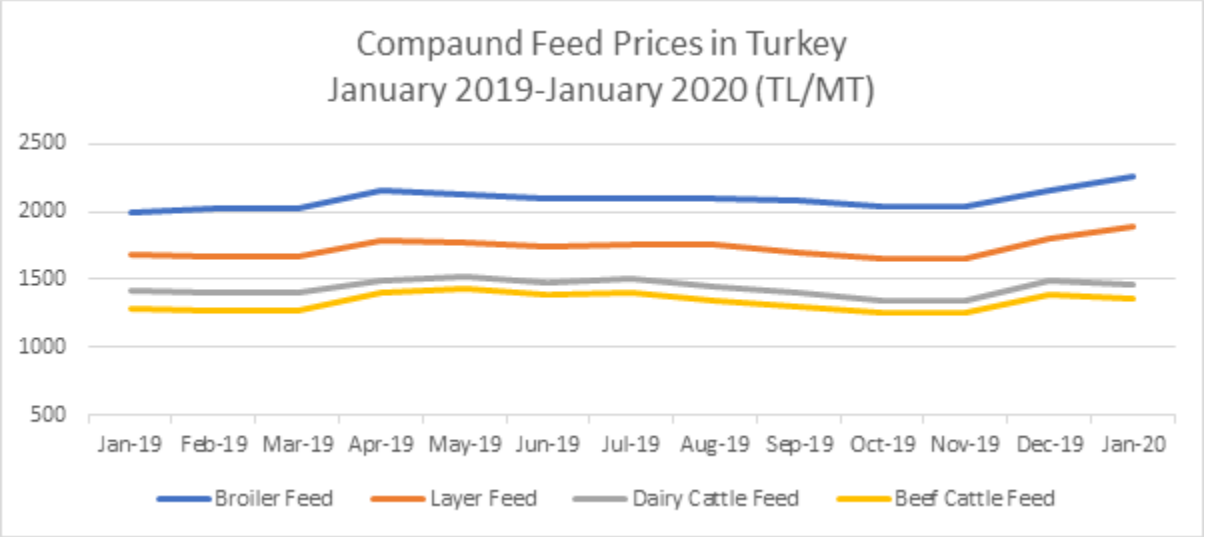
Table 9: Compound Feed Production in Turkey by Sectors (Thousand MT)

Feed Production	2014	2015	2016	2017	2018	2019	%19/18
Broiler Feed	3,980	4,780	4,566	4,754	5,306	5,363	1.1
Layer Feed	2,481	3,417	2,958	3,370	3,600	3,828	6.3
Other Broiler Feed	672	912	785	759	859	843	-2
Broiler Sector Total	7,133	9,109	8,309	8,883	9,767	10,034	2.7
Ruminant Feed	10,442	10,427	11,502	12,906	13,751	14,076	2.4
Fish Feed and Other	429	569	591	630	635	828	30
Total	18,004	20,105	20,402	22,419	24,144	24,939	3.3

Source: Turkiyembir, www.yem.org.tr

Average feed prices increased 16 percent over the past one year. Broiler feed prices were 2255 TL/MT ($375) in January 2020 and 2000 TL/MT ($370) in January 2019. Feed companies generally keep about two months extra raw material in their stocks in case there are any supply-side issues with imported raw materials such as soybean, and DDGS, as domestic prices are very sensitive.

Figure 3: Average Compound Feed Prices in Turkey, By Type of Feed



Source:www.yem.org.tr

COVID-19 related issues have already affected the market as of March 2020. The sector is trying to find solutions for sustainable production with all stakeholders. Issues include the increasing price of raw materials, domestic transportation issues, and stock management.

Rice

Rice consumption in Turkey in MY 2019/20 is projected to grow marginally to 800,000 tons. Demand is driven by the growing population and increasing numbers of tourists, but growth will be partly offset by reductions in per capita consumption by the domestic population because of perceptions by some that rice is less healthy and has an inconsistent quality in Turkey. Rice consumption in Turkey in MY 2020/21 is forecast at 800,000 tons, the same as the 2019/20 estimate.

In Turkish cuisine, rice is an irreplaceable component of pilaf, one of the most common dishes in Turkey. Turkish consumers prefer the well-known medium grain varieties of Baldo, Osmancik, and Calrose for consumption in their house. However, other imported varieties are widely used by food service sectors in recent years, due to their competitive prices.

Despite the growing population and tourism potential, some ongoing negative perceptions from consumers about rice as an unhealthy food in recent years (as part of a new "well-being" movement) persist. Overall demand growth is partly offset by lower demand than usual from the retail and food service sector. Another risk for consumption is food inflation. People with moderate incomes can shift from rice pilaf to bulgur pilaf in their daily diets if rice prices increase too much.

Turkey has 25,000 paddy rice farms. Bandirma, Samsun, Edirne, Tekirdag, and Ankara are the locations of the important commodity exchanges for rice. Turkey has more than 130 paddy rice millers with a yearly capacity of 2.8 MMT.

TRADE

Wheat

According to the official statistics of Turkey, during the first eight months of MY 2019/20, total wheat imports were about 7.3 MMT and they are expected to reach 10.5 MMT by the new harvest. For MY 2020/21, total wheat imports into Turkey are projected to decrease to 8 MMT, due to a better crop and high beginning stocks. A possible wheat export disruption from Russia and Kazakhstan related to COVID-19 would affect all trade patterns of Turkey.

Russia (4.9 MMT), Ukraine (309,240 MT) and Lithuania (242,637 MT) were the largest wheat suppliers for Turkey in MY 2018/19. Russia is the main supplier of milling wheat to Turkey with 4.8 MMT in MY 2019/20 so far, followed by Ukraine with about 956,708 MT of milling wheat during the same period. Turkey imported 1.33 MMT of durum wheat during the first eight months of MY 2019/20. Canada, Mexico, and Spain are the main durum wheat supplier respectively 585,825 MT, 376,322 MT and 109,785 MT so far.

Table 10: Turkish Wheat Imports (MT) (Origin)

Countries	MY 2017/18	MY 2018/19	MY 2019/20*
Russia	4,393,791	4,911,561	4,903,909
Ukraine	382,213	309,240	956,708
Canada	117,484	259,282	585,825
Mexico	57,273	57,187	376,322
Lithuania	376,007	242,637	84,053
Kazakhstan	302,919	210,946	92,068
Latvia	149,035	184,058	44,834
Other	170,177	178,269	297,584
Total	5,948,899	6,353,180	*7,341,303*

* June 2019-January 2020
Source: Turkish Statistics Institute, does not include transshipments

According to exporter reports, transshipments from Black Sea Countries to Middle East and North African countries are estimated at about 250,000 MT in MY 2019/20. Transshipments typically go through the Mersin region on the Mediterranean and the bonded warehouses there.

Table 11: Wheat foreign trade data in MY2018/19 and MY2019/20

TURKEY: WHEAT FOREIGN TRADE (excluding wheat products)				
MONTH	IMPORT MY 2018/19	IMPORT MY 2019/20	EXPORT MY 2018/19	EXPORT MY 2019/20
	(MT)	(MT)	(MT)	(MT)
June	141,760	268,281	400	-
July	261,611	696,448	200	-
August	414,283	1,127,264	9,850	8,825
September	480,853	1,014,399	2,464	427
October	551,493	1,179,824	9,922	21,499
November	654,311	1,235,450	20,294	13,995
December	485,069	919,782	12,802	5,067
January	679,684	899,855	7,107	7,752
Sub-total (June-Jan.)	**3,669,064**	**7,341,303**	**63,039**	**57,565**
February	468,155		9,519	
March	740,724		1,647	
April	773,547		-	
May	701,689		-	
MY TOTAL	**6,353,179**	***10,500,000****	**74,205**	**65,000***

*forecast, *does not include wheat products*
Source: Turkish Statistics Institute, does not include transshipments

For MY 2019/20, wheat exports (including wheat products, such as flour) from Turkey are expected to be 6.6 MMT, due to strong sales into neighboring countries and African countries in the first eight months of the marketing year, despite a possible slowdown in the last three months of the marketing year. For MY 2020/21, total wheat exports from Turkey, including wheat products, are forecast at 6.8 MMT, up 200,000 MT from 2019/20, assuming world's trade situation stays relatively normal in summer 2020 and exporters will keep their market share in key markets.

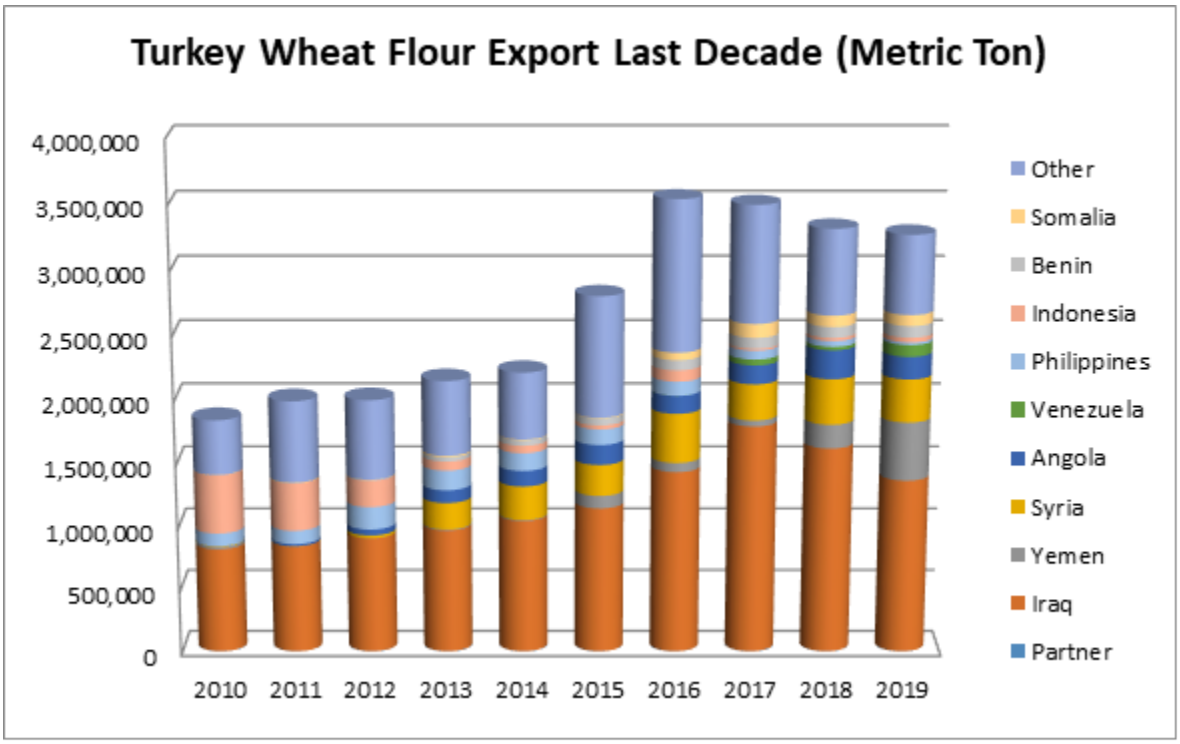
Turkey has ranked as the top wheat flour exporter in the world in recent years. Exporters have access to comparably cheap wheat from the Black Sea region and a strategic location, where Turkey acts as a hub for trade with neighboring countries. Turkish flour exports have surged, reaching almost $1 billion in 2014 and surpassing two million metric tons, making Turkey the world's largest exporter of flour with more than 100 destinations in the world, assisted by the help of Turkey's inward processing regime (IPR) policy.

A number of Turkish agricultural exports benefit from Turkey's IPR policy. Under the inward processing regime, authorized by the Ministry of Trade, grain processors may import wheat duty free when they register grain exports, such as wheat flour, pasta and biscuits exports. Outside of this inward processing regime, the applied custom rate for wheat is now 45 percent. Almost all wheat imports in MY 2019/20 have been done under the scope of the IPR with zero tariffs by wheat product exporters,

except TMO's imports. TMO is authorized by the Turkish Government to import duty free grain in order to regulate grain markets.

As mentioned in previous reports, a government policy from September 2018-June 2019 blocked exports of flour made from domestically-grown wheat. As of July 2019, this ban is no longer applicable. Companies can now import wheat in advance on the condition that they export an equivalent amount of wheat products within six months. Exporters can again use a calculation of total equivalent goods to receive IPR duty free import certificates for wheat and are allowed to use domestic wheat to blend and export. Besides IPR implementation difficulties, ongoing issues at the Iraq and Syria borders also affected wheat flour exports. The percentage of exports to Iraq within total flour exports is shrinking in recent years. Exports to Iraq made up 52% of total exports in 2017 and 42% in 2019. The growth in Turkish flour exports over time and the recent slowdown can be seen in Figure 4.

Figure 4: Turkey Wheat Flour Export Last Decade, Calendar Year



Source: TUIK; Calendar year data: January – December

In MY 2018/19, Iraq (1.47 MT), Yemen (390,000 MT) and Syria (380,000 MT) were the main consumers of Turkish wheat flour. Neighboring countries are still the largest markets, making up over 50 percent of exports. In the first eight months of MY 2018/19, Turkey exported about 2.1 MMT of flour.

Table 12: Quantity of Flour Exports by Months (Metric Ton)

Quantity of Flour Exports			
Month	MY 2017/18	MY 2018/19	MY 2019/20
June	238,698	254,172	168,750
July	286,931	353,592	264,051
August	349,872	312,618	290,204
September	298,474	202,427	285,101
October	296,261	312,517	311,908
November	270,855	280,159	288,953
December	263,088	251,962	277,841
January	251,024	278,170	273,761
Sub, Total Jun-Jan	**2,255,203**	**2,245,617**	**2,160,569**
February	273,267	270,244	
March	290,207	304,628	
April	267,340	265,395	
May	259,078	257,711	
MY TOTAL	**3,345,095**	**3,343,595**	***3.100.000****

***forecast; Source: Turkish Statistics Institute (TUIK) , does not include transshipments**

After flour, pasta production is an important industry in Turkey's wheat products sector. Turkey's pasta exports have doubled in five years. Pasta exporters have been expanding their markets in Africa with the help of a 2015 amendment to the IPR. The amendment allows tariff-free imports of milling wheat up to 30 percent of total usage, if producers blend milling wheat and durum wheat in order to produce pasta for the African market. They can only sell 100 percent durum wheat pasta in Turkey, so this accommodation allows exporters to produce cheaper products exclusively for markets in Africa. Pasta exporters imported about 1 MMT of durum wheat to produce pasta for exporting during MY 2019/20.

Table 13: Quantity of Pasta Exports from Turkey by Months (MT of Pasta)

Quantity of Pasta Exports			
Month	MY 2017/18	MY 2018/19	MY 2019/20
June	87,250	87,016	73,851
July	80,258	103,853	130,766
August	96,094	85,421	103,872
September	87,707	105,232	97,905
October	92,050	103,193	121,540
November	97,654	109,314	105,788
December	102,344	112,472	101,575
January	95,508	98,933	111,675
Sub, Total Jun-Jan	**738,865**	**805,434**	**846,972**
February	84,659	95,220	
March	101,846	105,232	
April	101,415	115,210	
May	116,822	124,228	
MY TOTAL	**1,143,607**	**1,245,324**	**1,250,000***

*forecast; **Source: TUIK**

Somalia (122,262 MT), Venezuela (122,009 MT), and Angola (67,244 MT) are the main buyers of Turkish pasta in first eight months of MY 2019/20. Total pasta exports are up five percent compared to the same period in 2018/19. While the pasta exporters are continuing to increase exports to markets in Africa in recent years, they are gaining a growing market in Venezuela with the help of a 2018 bilateral trade agreement between the two countries.

According to official figures, Turkish pasta exports increased to 1,245,324 MT in MY 2018/19, up about nine percent compared to MY 2017/18. Turkey is expected to export 1,250,000 MT of pasta in MY 2019/20 due to expanded markets in African countries and Venezuela, despite a slowdown in the last three months of the marketing year.

Another wheat product for export markets is bulgur. According to official figures, Turkish bulgur exports were 190,282 MT in the first eight months of MY 2017/18, slightly lower compared to last year, which was mostly related to limited domestic supply. Turkey is forecast to export 260,000 MT of bulgur in MY 2019/20 due to stable demand from neighboring countries, and exports are projected to continue at the same rate in MY 2020/21. Iraq is the main market with about 80,000 MT of annual sales.

Table 14: Quantity of Bulgur Exports from Turkey by Months (MT of Bulgur)

Quantity of Bulgur Exports			
Month	MY 2017/18	MY 2018/19	MY 2019/20
June	19,446	16,688	11,189
July	22,524	22,342	21,018
August	24,028	17,955	21,731
September	20,999	31,751	30,659
October	26,493	29,166	26,508
November	31,788	36,701	30,066
December	18,393	23,254	25,797
January	15,502	18,882	23,314
Sub, Total Jun-Jan	**179,173**	**196,739**	**190,282**
February	15,677	16,288	
March	16,921	19,718	
April	16,758	18,010	
May	19,380	22,961	
MY TOTAL	**247,909**	**273,716**	**260,000***

*forecast; **Source: TUIK**

Turkish exporters also are finding foreign markets, especially in Iraq and African countries, for about 180,000 MT of cookies and biscuits in MY2019/20. This sector imported more than 100,000 MT of wheat in the scope of IPR during the marketing year.

After the recent outbreak of COVID-19 became widespread, all wheat product exporters are concerned about possible restrictions on trade, as well as ongoing worries regarding decreasing unit prices tied to decreasing profits due to high competition in the sector.

Barley

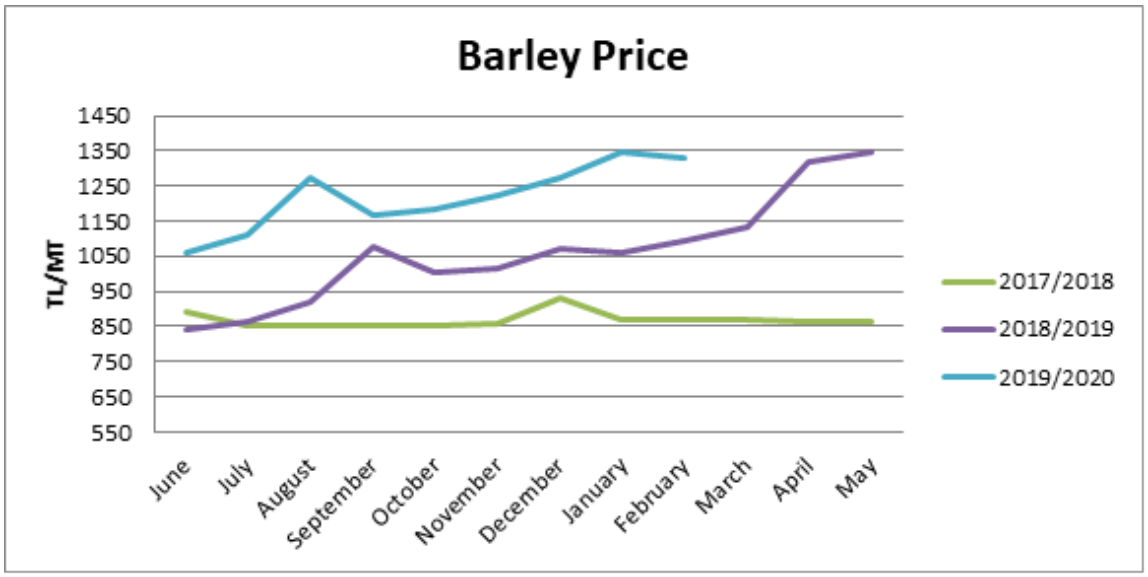
For MY 2020/21, barley imports into Turkey are forecast at 500,000 MT, driven entirely by TMO's zero duty imports, with quotas granted annually by government decree. Despite large domestic supplies, import are still needed due to continuing demand from the feed sector.

TMO has opened four barley tenders since the harvest. Cost, Insurance, and Freight (CIF) expenses for importing barley is about $200/MT. According to market sources, the main impetus behind TMO purchases of feed barley is to pressure the market, decreasing domestic prices. Despite record barley production, the harvest is not large enough to offset the low feed wheat supply this year. High wheat bran prices also affected millers' decisions as to which type and ratios of grains to use in their products. This caused a price increase in feed barley in the domestic market. The domestic barley price increased rapidly in Turkish lira (TL) terms, and stabilized only with the help of TMO's imported barley after October 2019. TMO opened its barley stocks to feed millers at 1,275 TL/MT in November 2019 to

regulate domestic prices. TMO domestic sale price are available here: http://www.tmo.gov.tr/Upload/Document/hububat/arpawebfiyat.pdf

The barley price at the Polatli Commodity Mercantile Exchange (CME) in February 2019 was 1,329 TL/MT (~$220/MT) compared to around 1100 TL/MT (~$208/MT) a year before. As of February 2020, the price of imported barley was CIF Marmara $200/MT, compared with $218/MT a year ago.

Figure 5: Average Barley Price at Commodity Exchanges in Turkey (TL/MT)



Source: Price average from multiple commodity exchanges in Turkey

TMO imported about 725,000 MT of barley through tenders during MY 2019/20 in order to meet sectoral demand and regulate domestic prices.

Table 15: Turkish Barley Imports (Origin)

Countries	**MY 2017/18**	**MY 2018/19**	**MY 2019/20 ***
Russia	446,126	164,621	85,158
Lithuania	0	23,463	0
France	10,603	46,362	6,815
Ukraine	157,582	6,325	250,837
Spain	0	29,969	0
Hungary	35,659	11	11,900
Other	103,089	9,012	178,468
Total	*753,059*	*279,763*	*533,178**

* June 2019-January 2020 (partial year)
Source: Turkish Statistics Institute, does not include transshipments

For MY 2019/20, barley imports into Turkey are expected to reach 800,000 MT due to TMO's large quantity of imports. Ukraine is the main supplier of barley to Turkey with about 250,000 MT in MY 2019/20 so far, followed by Russia with about 85,000 MT of barley during the same period.

Table 16: Turkey Barley Trade

TURKEY: BARLEY FOREIGN TRADE				
MONTH	**IMPORT MY 2018/19**	**IMPORT MY 2019/20**	**EXPORT MY 2018/19**	**EXPORT MY 2019/20**
June	-	100	-	-
July	-	8,954	2,055	-
August	-	16,110	6,100	-
September	11	17,534	2,603	75
October	3,102	90,174	131	143
November	90,699	147,372	760	72
December	57,112	100,950	3,991	0
January	70,606	151,984	3,300	10
Sub Total Jun-Jan	**221,510**	**533,178**	**18,940**	**300**
February	27,688		5,320	
March	-		1,843	
April	23,055		-	
May	7,490		35	
MY TOTAL	***279,763***	***800,000****	***26,138***	***1,000****

** Forecast*
Source: Turkish Statistics Institute, does not reflect transshipments

Turkey limited barley exports in September 2019 as a measure against food inflation, as the country became a large net importer in the current marketing year. However, Turkey is expected to export about 1,000 MT of barley to neighboring countries, including Iraq, Syria, and the "Turkish Republic of Northern Cyprus". For MY 2020/21, Post forecasts barley exports at 5,000 MT, assuming the limitations on barley exports will continue.

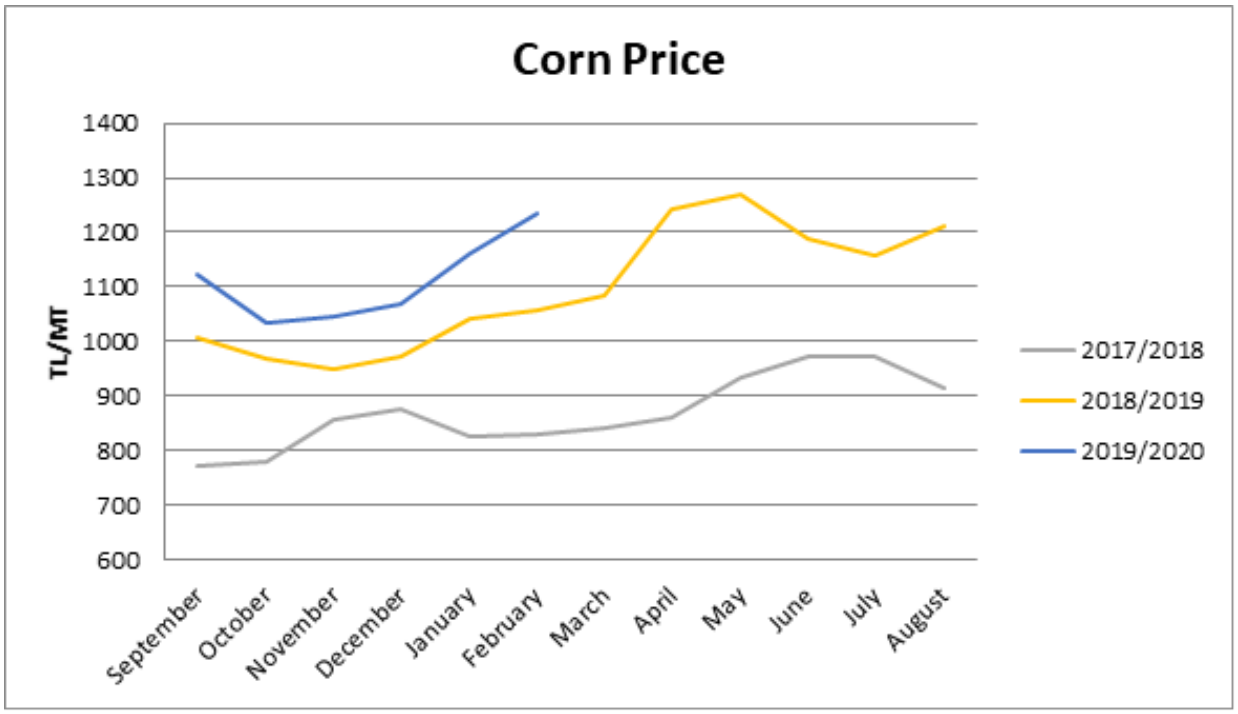
Corn

For MY 2020/21, corn imports into Turkey are expected to decrease and are forecast at 2.3 MMT, due to better domestic supply. Corn imports are forecast at 2.7 MMT in MY 2019/20 in parallel with sector demand and TMO's stock policy, assuming the COVID-19 situation will allow for normal production, demand, and trade in the summer months.

TMO announced the MY 2019/20 corn procurement price on August 9, 2019 at 1050 TL/MT (~$190/MT), compared to 1050 TL/MT in MY 2018/19 (which was $158/MT). Domestic corn prices had been fluctuating between 900 TL/MT to 1000 TL/MT before TMO's announcement.

The Adana CME is the main commodity market exchange for corn in Turkey. As with other commodities, corn prices also increased compared to the previous year (in Turkish Lira terms). Corn price on the Adana CME is about 1200 TL/MT (~$200/MT) in February 2020 which was 1100 TL/MT (~$207/MT) in February 2019.

Figure 6: Average Corn Price in Turkey at Commodity Exchanges



Source: Price average from multiple commodity exchanges in Turkey

According to official statistics, total corn imports during the first five months of MY 2019/20 were about 1.1 MMT. TMO did not import any corn because of its domestic stocks.

Table 17: Corn foreign trade of Turkey by Month (MT)

MONTH	IMPORT MY 2018/19	IMPORT MY 2019/20	EXPORT MY 2018/19	EXPORT MY 2019/20
September	26,840	82,915	7,489	574
October	20,982	202,725	2,870	2,177
November	21,113	223,958	6,564	4,916
December	27,903	304,458	3,709	3,547
January	98,483	331,277	3,061	3,967
Sub Total Sep-Jan	**195,321**	**1,145,333**	**23,693**	**15,181**
February	202,530		4,356	
March	455,579		3,219	
April	422,356		2,220	
May	620,842		1,377	
June	403,038		629	
July	533,650		887	
August	42,685		553	
MY TOTAL	**2,876,001**	**2,700,000***	**36,934**	**20,000***

**Forecast*

Source: Turkish Statistical Institute

Note this chart does not include transshipments through Turkey. It includes corn for seed.

Russia (1,585,198 MT), Ukraine (743,924 MT) and Romania (315,193 MT) were the largest corn suppliers for Turkey in MY 2018/19. As of January 2019, Turkey imported 1,145,333 MT of corn in MY 2019/20. Due to an expected a slowdown in exports, corn imports are expected to be limited to 2.7 MMT until the end of marketing year.

According to market sources, 350,000 MT of corn will be transferred via transshipments to neighboring countries from bonded warehouses in Mersin and Iskenderun in MY 2019/20.

Table 18: Turkey Corn Imports by Country (MT)

Turkey: Corn Imports, Year Ending: August				
	Quantity MT			
Partner Country	MY 2016/17	MY 2017/18	MY 2018/19	MY 2019/20*
Russia	450,267	1,585,198	184,725	334,490
Romania	219,835	315,193	685,103	286,149
Ukraine	112,439	743,924	1,545,657	402,995
Other	204,146	74,818	460,516	121,699
Total	1,389,940	2,719,133	2,876,001	1,145,333

**September 2019-January 2020 (partial year)*
Source: Turkish Statistical Institute, Note this chart does not include transshipments through Turkey.

Turkey exported about 37,000 MT of corn in MY 2018/19, including seeds. According to the Turkish Statistical Institute, from September 2019 to January 2020, Turkey exported 15,181 MT of corn, of which 9,623 MT was seed.

Rice

For MY 2020/21, rice imports to Turkey are forecast at 235,000 MT, milled equivalent, up 25,000 MT compared to the previous year due to a decrease in domestic production. In the first five months of MY 2019/20 (September 2019-January 2020), Turkey imported 55,065 MT of rice, milled equivalent. It is forecast for MY 2019/20, total rice imports into Turkey will be at 210,000 tons, milled equivalent, assuming TMO continues duty free imports to regulate domestic markets.

According to Turkish government statistics, Turkey imported about 55,065 MT of rice, milled equivalent during the first five months of MY 2019/20, of which about 20,641 MT was milled rice, 31,506 MT was paddy rice, and 2,918 MT was brown rice, milled equivalent. Besides traders, TMO is another prominent player in the rice market, importing duty free rice to stabilize domestic prices. According to three tenders held after the harvest, TMO has already imported about 12,500 MT of rice. 25,000 MT of paddy rice from the United States and 20,000 MT of milled rice from other destination will arrive in Turkey during the next 3 months.

Turkey imported 202,000 MT of rice in MY 2018/19, milled equivalent. According to the Turkish Statistical Institute, Greece (43,750 MT), China (43,500 MT), Russia (39,000 MT), and Bulgaria (26,000) were the leading suppliers.

The most imported rice varieties were medium grain. Also, some lower priced long grain varieties were imported for lower price-point consumers or catering sectors. The quality of imported rice differs dramatically according to origin, and retail prices reflect these differences with some varieties being triple the price of other varieties or origins.

Rice traders frequently use the benefits from free trade zones. Turkish importers store the rice in bonded warehouses for 2-3 months until they find buyers in order to delay advance payment of tariffs and VAT. Therefore, when comparing importer and exporter data regarding Turkish rice trade, there are some differences due to transshipments and stocks currently held in free trade zones.

For MY 2020/21, the forecast for rice exports is 25,000 MT, milled equivalent, similar to the previous year. Turkey generally exports to neighboring countries or African countries with a competitive price or Turkish ethnic markets in EU countries. In the first five months of MY 2019/20, total rice exports are about 9,400 MT. The United Kingdom (4300 MT), Israel (900 MT), and Sudan (875 MT) were the main destinations.

According to exporter reports, transshipments to the Middle East and North African countries are estimated at about 200,000 MT in MY 2018/19. Transshipments typically go through the Mersin region and the bonded warehouses there, as well as Iskenderun Port (both on the eastern Mediterranean). Mersin is also a hub for humanitarian aid going to the Middle East. While cheaper Asian-origin rice varieties were preferred by Syria and African countries, higher quality ones were demanded by Iraq and the Gulf region.

STOCKS

Wheat

Turkey has decided to keep more stocks than usual in this marketing year as a part of a government policy going hand-in-hand with an aggressive import agenda in MY 2019/20. In MY 2020/21, the ending stocks forecast is expected to marginally decrease to about 4.5 MMT, assuming a better domestic harvest.

Barley

In MY 2020/21, barley stocks are forecast at 657,000 MT, assuming the government will keep fewer stocks compared to the previous year.

Corn

In MY 2020/21, stocks are forecast at 702,000 MT, a bit higher compared to the previous year, in parallel with a better crop

Rice

For MY 2020/21, ending rice stocks are projected at 83,000 MT, marginally higher than the previous year. This figure assumes low local production and an increase in imports.

Paddy rice prices differ by variety in Turkey. Despite the fact that some varieties have better yields and milling rates, prices are set according to consumer preferences. Paddy rice prices increased around 35-40 percent compared to last year.

The Turkish Grain Board (TMO) announced the intervention price for Osmancik paddy rice at 3,050 TL/MT on 17 September 2019. TMO also continues to sell Type A (Baldo, Cammeo, Fortuna, Yerua) milled rice variety at 5.7 TL/Kg, Calrose at 4.5 TL/Kg, and Luna at 4.5 TL/Kg in TMO retail stores, prices which are similar to last year.

Table 19: Bulk Price by Varieties in Domestic Market

Paddy Rice Varieties	February 2018	February 2019	February 2020
Baldo	2800-2900 TL/Ton	3700-4000 TL/Ton	4400-4700 TL/Ton
Cammeo	2400-2500 TL/Ton	3700-3900 TL/Ton	4400-4600 TL/Ton
Osmancik (inc; Yatkin, Efe, Gala)	2100-2250 TL/Ton	3200-3300 TL/Ton	4000-4100 TL/Ton
Ronaldo	2000-2100 TL/Ton	2700-2900 TL/Ton	3900-4000 TL/Ton
Luna	1900-1950 TL/Ton	2500-2700 TL/Ton	3500-3600 TL/Ton

Sources: Industry Sources

POLICY

The Government of Turkey (GOT) announced that they plan to grant about 22 billion TL (~$3.4 billion) in agricultural subsidies to all agricultural producers in 2020, which was 17 billion TL (~$3.2 billion) in 2019. The details of the 2020 policy have not been officially announced. These figures include subsidies to all agriculture, including the livestock sector. Note that these estimates in dollar equivalent assume an exchange rate of US $1=6.5 TL as of March 2020 and exchange rate of US$1=5.3 TL as of February 2019, although the actual rate is variable during the year.

The GOT reported in the 2020 Presidential Annual Program that the estimated breakdown of the payments in 2020 will be: area based agricultural support: 5.5 billion TL (including fuel subsidies of 3.1 billion TL), premium subsidies; 5.8 billion TL (including about 2.2 billion TL for grain and pulses), rural development subsidies: 1.4 billion TL, and agricultural insurance payments: 1.1 billion TL.

The GOT sets the standards, based on which crops will be most successful in each regional agricultural basin, taking into account factors like water availability and climate conditions. The designations are largely based on the historical success of crops in each geographic area. Staple cereals like wheat and barley are allowed in many basins. The government has undertaken this initiative in order to manage the overall subsidies budget; instead of providing subsidies for all crops in all regions of the country, the GoT restricts the total planting area of some crops in areas that would produce lower yields or poorer quality.

In the scope of the subsidy basin system, the Turkish government provides production premiums for certain agricultural products. The Turkish government also provides fuel and fertilizer support. In MY 2019/20, no crop received any additional increases in production support (though the premiums prices carried over from the previous year remained unchanged), but fuel support was increased about ten percent. https://www.tarimorman.gov.tr/Konular/Tarimsal-Destekler/

Despite the fact that grain production premiums have remained the same during the last six years (see Table 32), there has been a major depreciation of the Turkish Lira against the U.S. Dollar and many foreign currencies during the same period. For example, as of January 2013, $1 USD = 1.75 TL and as of January 2020, $1 USD = 6TL.

Farmers are reportedly not satisfied with the subsidy amounts and are asking the Turkish government to review and adjust the production premium amounts for next summer's crops. In MY2019/20, one reason for the decreased planting area of wheat was that some farmers chose to leave their fields fallow because they could not cover basic input costs with the level of government support provided.

Table 20: Grain Premiums Turkey (TL/MT)

Grain Premiums Turkey: Grain Premiums (TL/MT)						
Products	2014	2015	2016	2017	2018	2019
Wheat	50	50	50	50	50	50
Barley, Oats, Rye	50	50	50	50	50	50
Paddy Rice	100	100	100	100	100	100
Chick Peas, Lentils, Dry beans	100	200	300	300	500	500
Corn	40	40	20	30	30	30

Source: Official Gazette

Turkey's livestock sector has had a lot of new investment, and each year there are imports of feeder cattle to Turkey, which has increased the importance of access to forage crops. The feed industry is dependent on soybean and byproduct imports, corn byproducts imports, and bran or byproducts from oilseed mills, wheat mills, and the cotton ginning industry. There is also not enough pasture development and forage crop planting in Turkey, so the government has encouraged forage crop production with additional financial support in recent years, seen in the table below.

Table 21: Turkey Forage Crop Support

Some Forage crop support (TL/ha/year)						
Products	2014	2015	2016	2017	2018	2019
Alfalfa (irrigated)	500	500	600	600	900	900
Trefoil	400	400	450	600	900	900
Silage corn	750	750	450	900	1000	1000

Source: Official Gazette

Market access problems for commodities as a result of Turkey's 2010 biosafety law continue to disrupt trade. While some corn and soy varieties are approved for import to Turkey for animal feed, this law does not allow imports of commodities containing genetically engineered varieties (events) that have not yet been approved for use in Turkey, including at an unavoidable low level presence. This policy has effectively stopped U.S. exports of soy to Turkey. See **FAS GAIN report on Biotechnology** for further information and detail on this policy issue.

Production, Supply and Distribution

Wheat	2018/2019		2019/2020		2020/2021	
Market Begin Year	Jun 2018		Jun 2019		Jun 2020	
Turkey	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	7615	7615	7200	7000	0	7250
Beginning Stocks	3638	3638	3854	3504	0	5204
Production	19000	19000	18000	17500	0	18000
MY Imports	6366	6366	10500	10500	0	8000
TY Imports	6494	6491	10500	10500	0	8000
Total Supply	29004	29004	32354	31504	0	31204
MY Exports	6350	6700	6800	6600	0	6800
TY Exports	6215	6700	6800	6600	0	6800
Feed and Residual	1300	1300	1700	1700	0	1700
FSI Consumption	17500	17500	18000	18000	0	18200
Total Consumption	18800	18800	19700	19700	0	19900
Ending Stocks	3854	3504	5854	5204	0	4504
Total Distribution	29004	29004	32354	31504	0	31204
Yield	2.4951	2.4951	2.5	2.5	0	2.4828
(1000 HA) ,(1000 MT) ,(MT/HA)						

Barley	2018/2019		2019/2020		2020/2021	
Market Begin Year	Jun 2018		Jun 2019		Jun 2020	
Turkey	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	3600	3600	3800	3800	0	3800
Beginning Stocks	791	791	543	543	0	762
Production	7000	7000	7900	7900	0	7900
MY Imports	279	279	700	800	0	500
TY Imports	322	322	700	800	0	500
Total Supply	8070	8070	9143	9243	0	9162
MY Exports	27	27	50	1	0	5
TY Exports	16	30	50	1	0	5
Feed and Residual	6600	6600	7600	7600	0	7600
FSI Consumption	900	900	900	900	0	900
Total Consumption	7500	7500	8500	8500	0	8500
Ending Stocks	543	543	593	762	0	657
Total Distribution	8070	8070	9143	9243	0	9162
Yield	1.9444	1.9444	2.0789	2.0789	0	2.0789
(1000 HA) ,(1000 MT) ,(MT/HA)						

Corn	2018/2019		2019/2020		2020/2021	
Market Begin Year	Sep 2018		Sep 2019		Sep 2020	
Turkey	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	530	530	520	520	0	600
Beginning Stocks	765	765	902	902	0	652
Production	5700	5700	6000	6000	0	6900
MY Imports	2876	2876	3000	2700	0	2300
TY Imports	2932	2900	3000	2700	0	2300
Total Supply	9341	9341	9902	9602	0	9852
MY Exports	39	39	50	50	0	50
TY Exports	31	31	50	50	0	50
Feed and Residual	7300	7300	7700	7700	0	7900
FSI Consumption	1100	1100	1200	1200	0	1200
Total Consumption	8400	8400	8900	8900	0	9100
Ending Stocks	902	902	952	652	0	702
Total Distribution	9341	9341	9902	9602	0	9852
Yield	10.7547	10.7547	11.5385	11.5385	0	11.5
(1000 HA) ,(1000 MT) ,(MT/HA)						

Rice, Milled	2018/2019		2019/2020		2020/2021	
Market Begin Year	Sep 2018		Sep 2019		Sep 2020	
Turkey	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	100	100	100	100	0	97
Beginning Stocks	93	93	87	87	0	82
Milled Production	610	610	610	610	0	591
Rough Production	910	910	910	910	0	882
Milling Rate (.9999)	6700	6700	6700	6700	0	6700
MY Imports	200	200	210	210	0	235
TY Imports	230	230	210	210	0	235
Total Supply	903	903	907	907	0	908
MY Exports	21	21	25	25	0	25
TY Exports	21	21	25	25	0	25
Consumption and Residual	795	795	800	800	0	800
Ending Stocks	87	87	82	82	0	83
Total Distribution	903	903	907	907	0	908
Yield (Rough)	9.1	9.1	9.1	9.1	0	9.0928
(1000 HA) ,(1000 MT) ,(MT/HA)						

Attachments:

No Attachments