



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Required Report - public distribution

Date: 10/1/2001

GAIN Report #TU1041

Turkey

Sugar

Semi Annual

2001

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Report Highlights:

Turkey is now projected to produce 14.5 MMT of sugar beets and 2.15 MMT of centrifugal sugar in MY 2002. The new Sugar Law was adopted last April, but it is not fully effective because of the slow progress of privatization of the Turkish Sugar Company owned plants. Exports are estimated at 825,000 MT of sugar (raw value) in MY 2001, but should be lower in MY 2002 due to shorter supply.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Semi-Annual Report
Ankara [TU1], TU

Turkey's sugar beet and centrifugal sugar production projections were revised downward according to the information received from the Turkish Sugar Corporation (TSC) and PANKOBIRLIK. Turkey is now projected to produce 14,500,000 MT of sugar beets on about 360,000 hectares and 2,150,000 MT of centrifugal sugar (raw value) in MY 2002 (Sep. 2001 - Aug. 2002). The 2002 sugar beet procurement price has not yet been announced, but is expected to be about TL 50,000 per kilogram of sugar beets (16 percent polar sugar basis).

PS&D consumption estimates for centrifugal sugar in MY 2000, MY 2001, and MY 2001, were all lowered because of decreased consumption due to the economic crises and increased starch-based sweetener production in Turkey.

The GOT sets ex-factory prices of sugar in accordance with production costs, which are well above world levels. The following table which reflects changes in ex-factory prices (TL per kilogram, value-added tax (VAT) included) since our last Annual Sugar Report (TU1015) dated April 10, 2001.

Type of Sugar	April 6, 2001	July 13, 2001
Crystal Sugar:		
In 50 kilogram bags	562,950	703,690
Cube Sugar:		
In 50 kilogram bags	611,480	764,370
In 1 kilogram box (25 boxes)	646,380	807,975

(As of 9/26/01, USD 1.00 is approximately TL 1,560,000)

Consumption of sugar substitutes, including glucose, fructose, and artificial sweeteners, has increased considerably to meet Turkey's growing demand for them and the economics of sweetener production. There are five starch-based sweetener producing companies (three of them international and two of them are local companies) with installed capacity of about 750,000 MT of glucose and HFSC. Nearly half of this capacity is currently utilized with starch-based sweetener production currently estimated at about 375,000 MT.

According to the soon to be enacted new sugar law, starch-based sweetener production will be given quotas equivalent to ten percent of the country's total sugar production. This level would be considerably lower than actual current production and a small portion of installed capacity. HFCS producers are hoping that the Sugar Board, which will interpret and implement the law, will increase the quota to at least 15%. Even at this level, HFCS manufacturers could find it uneconomic to keep their facilities open. The problem has come to the attention of all senior government officials who are concerned about the potential negative effect on foreign investment.

According to unofficial sources, Turkey exported about 825,000 MT of sugar (raw value) in MY 2001. Official trade data is only available through May 2001. The MY 2000 columns of the

export and import trade matrixes present trade data for the entire marketing year (September 1999 - August 2000) while the MY 2001 columns only include data for the first nine months of the year (September 2000 - May 2001).

The Turkish Sugar Corporation has had a monopoly on sugar production since it was established in 1935, when sugar was considered a strategic commodity. TSC has been adopting new policies to limit sugar beet production since MY 1999 to reduce excess production by both authorized and unauthorized growers. Its contracts are now based on the sugar beet production levels, instead of planted area. This policy will significantly reduce beet production in MY 2002 and future years.

The Turkish Sugar Law, which has been in effect since 1956, was considerably out of date and did not cover important sugar issues, such as non-sugar sweeteners. About four years ago the GOT began to develop new legislation to revise the law and, in accordance with government's commitment to the IMF (in the letter of intent), the new Sugar Law was adopted by Parliament and published in the Official Gazette on April 19, 2001. More details on the new law can be found in our Annual Sugar Report (TU1015).

The most significant component of the new Sugar Law is the privatization of the sugar plants owned by the Turkish Sugar Corporation. Unless this privatization is completed, it would be very difficult to establish a mechanism for independent sugar beet procurement and sugar selling prices. The original deadline for completion of privatization efforts has been already received a six month extension through December 20, 2001. Some industry sources speculate that the process will need further extensions. The mechanisms of the privatization process have not yet been established. Also, many of the TSC plants have unsolved environmental disputes or are otherwise not ready for privatization.

Statistical Tables

PSD Table for Sugar Beets

PSD Table						
Country	Turkey					
Commodity	Sugar Beets				(1000 HA)(1000 MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		09/1999		09/2000		09/2001
Area Planted	425	425	450	450	400	360
Area Harvested	417	417	440	440	400	358
Production	16854	16854	18758	18758	16000	14500
TOTAL SUPPLY	16854	16854	18758	18758	16000	14500
Utilization for Sugar	16854	16854	18758	18758	16000	14500
Utilizatn for Alcohol	0	0	0	0	0	0
TOTAL UTILIZATION	16854	16854	18758	18758	16000	14500

PSD Table for Centrifugal Sugar

PSD Table						
Country	Turkey					
Commodity	Centrifugal Sugar				(1000 MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		09/1999		09/2000		09/2001
Beginning Stocks	1098	1098	725	783	441	716
Beet Sugar Production	2348	2348	2756	2756	2300	2150
Cane Sugar Production	0	0	0	0	0	0
TOTAL Sugar Production	2348	2348	2756	2756	2300	2150
Raw Imports	0	0	0	0	0	0
Refined Imp.(Raw Val)	1	1	0	2	0	0
TOTAL Imports	1	1	0	2	0	0
TOTAL SUPPLY	3447	3447	3481	3541	2741	2866
Raw Exports	0	0	0	0	0	0
Refined Exp.(Raw Val)	612	614	900	825	400	400
TOTAL EXPORTS	612	614	900	825	400	400
Human Dom. Consumption	2110	2050	2140	2000	0	2000
Feed Dom. Consumption	0	0	0	0	0	0
TOTAL Dom. Consumption	2110	2050	2140	2000	2170	2000
Ending Stocks	725	783	441	716	171	466
TOTAL DISTRIBUTION	3447	3447	3481	3541	2741	2866

Export Trade Matrix for Centrifugal Sugar

Export Trade Matrix			
Country	Turkey		
Commodity	Centrifugal Sugar		
Time period	Sep. - Aug.	Units:	Metric Tons
Exports for:	2000	Sep. - May	2001
U.S.	1102	U.S.	15
Others		Others	
Azerbaijan	161819	Georgia	147860
Georgia	90597	Syria	110457
Syria	85166	Azerbaijan	71917
Iran	71189	Iran	67106
Tunisia	15979	Afghanistan	19270
Lebanon	11197	Egypt	15278
United Arab Em.	10820	Bangladesh	14946
Albania	9151	Ethiopia	6966
Northern Cyprus	9466	Jordan	5761
Egypt	8137	Russia	5000
Total for Others	473521		464561
Others not Listed	139018		167663
Grand Total	613641		632239

Import Trade Matrix for Centrifugal Sugar

Import Trade Matrix			
Country	Turkey		
Commodity	Centrifugal Sugar		
Time period	Sep. - Aug.	Units:	Metric Tons
Imports for:	2000	Sep. - May	2001
U.S.	3	U.S.	10
Others		Others	
United Kingdom	641	United Kingdom	350
Germany	125	France	80
Italy	38	Italy	36
France	13	Spain	3
Switzerland	5		
Spain	5		
Netherlands	3		
Total for Others	830		469
Others not Listed			1856
Grand Total	833		2335