

**Voluntary Report** – Voluntary - Public Distribution

**Date:** May 04,2020

**Report Number:** TU2020-0012

**Report Name:** Update on Effects of Covid-19 on Food and Agriculture

**Country:** Turkey

**Post:** Ankara

**Report Category:** Agricultural Situation, Agriculture in the News

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**Report Highlights:**

As Turkey implements measures to combat Covid-19, the food and agricultural sector has faced challenges as well. Export restrictions from Black Sea regional trading partners, weekend lockdowns (including the closing of all grocery stores), and fluctuating produce prices have all been topics of discussion among government officials, the media, and the private sector. New measures, including a 6 month delay in repaying government loans for farmers, a new online digital marketplace to connect producers with buyers, and additional duty-free grain tenders, aim to assist producers and ensure that the food supply meets demand.

## Update on the Effects of Covid-19 on the Food and Agriculture Sector in Turkey

### **Government Announcements and Policies:**

**Weekend and Holiday Mandatory Quarantine:** On April 10, the Government of Turkey (GoT) instituted weekend and holiday curfews that require everyone in the 31 most populous municipalities to stay inside. Grocery stores are closed and outdoor exercise is not allowed. However, bread bakeries, private and public health facilities, and pharmacies will be open. Activities such as planting and irrigation required for continuing agriculture are also exempt.

**Unfair Price Evaluation Board:** On April 16, Parliament passed legislation establishing the Unfair Price Evaluation Board, which will regulate exorbitant price increases and stocking practices of manufacturers, suppliers, and retail businesses for commodities that are under pressure due to Covid-19-related demands. Violators will receive administrative fines.

### **Import/Export Restrictions and Changes in Tariffs:**

**Export Restrictions in the Black Sea Could Affect Turkey:** Although Turkey has implemented export restrictions on only a few niche products (lemons and ethyl alcohol), neighboring Black Sea region countries from which Turkey regularly imports wheat, grains, and oilseeds have announced or considered exports quotas and bans for several products, which will likely lead Turkish importers to search for other supplier countries.

On April 17, Russia, the world's top exporter of wheat, implemented a 7 million ton quota on wheat exports, which was quickly exhausted. The country has now banned the export of grain except to members of the Eurasian Economic Union, through the end of June, until farmers begin harvesting the new wheat crop in July. Turkey imported almost 5 million metric tons of Russian wheat in marketing year (MY) 2018/19 and was estimated to import the same amount in MY 2019/20 before restrictions were announced.

On April 10, Romania also announced a ban on all grain exports outside the European Union, but after massive farmer protests, this order was rescinded on April 20. Ukraine has also announced it would consider grain restrictions if sellers are exporting quantities of grain far above previous years' amounts.

**Sunflower seed products:** On April 18, in Presidential Decree 2421, the GoT lowered the tariff for crude sunflower seed oil to 18 percent from 30 percent. The tariff on sunflower seeds were also lowered to 9 percent from 13 percent. These duties are valid until June 1 and are a response to the increased prices brought about by the Russian sunflower seed products export ban.

## **Ports and Borders:**

Electronic copies of certificates: On April 2, the Ministry of Agriculture and Forestry (MinAF) informed trading partners that electronic copies of certificates via email will temporarily be accepted for all plant-based shipments if the original certificate cannot accompany the shipment (as required by Turkish law) in order to facilitate trade during the pandemic. The original certificate is still required to be provided at a later date. On April 30, MinAF announced via Official Gazette that the same rule will be valid for animal and animal products as well. At this time, the U.S. is still sending original certificates with shipments.

Foreign Truck Drivers: Trade Minister Ruhsar Pekcan announced that foreign truck drivers making deliveries in Turkey will not be subject to a 14-day quarantine provided they do not have any symptoms during the health checks at the borders and leave Turkey within 72 hours. Symptomatic foreign truck drivers will not be allowed to enter Turkey. Trucks delivering medicine, foodstuffs, and medical equipment will be given priority to enter Turkey.

## **Food Price Changes:**

Information from media and trade associations indicates a wide range of price impacts on fresh produce. On April 16, the New York Times reported that fruit and vegetable prices in Turkey overall have fallen about 6.5 percent, while other food prices have risen about 10 percent over the last month. The Istanbul Chamber of Trade released information about retail price changes in Istanbul for fresh produce in the month of April, indicating that the retail prices had increased for 77 products, while decreasing for 33 products and experiencing no change for the remaining 132 products. Products experiencing biggest increases were onions (+33%), oranges (+28%), potatoes (+23%), and lemons (+22%). The largest decreases were observed for fresh beans (-32%), zucchini (-31%), eggplant (-31%), cucumbers (-26%), fava beans (-24%) and green onions (-22%). Turkey's Statistical Agency reported similar increases for onions, potatoes and oranges nationwide and also reported price increases for garlic (+46 %) and kiwis (+30%).

Citrus Farm and Wholesale Prices and Demand: Lemon exports have been restricted to combat an increase in prices as a result of high demand from the domestic market. The restrictions will be in place until August 2020. Immediately after the restriction went into effect in early April, wholesale lemon prices started to decrease sharply. Lemon producers are deeply concerned about this trend and demanded MinAF support production with input supports. Separately, Istanbul Municipality has launched a new project to support lemon producers in the Mediterranean region, buying lemons directly from producers to donate to citizens of the municipality who need food support.

Farm prices of oranges have been increasing in April since demand for citrus has increased in Turkey due to its high Vitamin C content, thought to help boost the immune system. This is a welcome turn of events for orange producers who were experiencing low farm prices for a year, despite high retail market prices. The farm price of oranges has increased to 4 Turkish Lira (TL; \$0.57) in April while it was 1 TL (\$0.14) before the pandemic.

### **Import/Export and Domestic Supply Demand and Concerns:**

**Feed prices:** Feed prices have jumped 10 percent in April when compared to the same month of the previous year. Livestock producers are not optimistic about sustaining current levels of livestock production since raw feed material supply is dependent on imports. Soy, corn, sunflowers, bran, pulps and many other important ingredients for mixed feed for animals are imported from other countries. Currently, the difficulties surrounding the low global supply of sunflowerseed products have created many problems for the feed sector. Increases in sunflower meal prices have caused commensurate price increases in domestic meat, milk, and eggs.

**Fruits and Vegetable Exports to Europe:** The Turkish Vegetable and Fruit Exporters Union has declared that demand for fruit and vegetables from European countries, mostly Romania, Germany, Ukraine, Bulgaria and Russia, has increased 11 percent from March 20-April 20 compared with the previous year. The most in-demand products are tomatoes, peppers, apples, zucchini, and oranges.

### **The Turkish Grain Board (TMO) and GoT-authorized Private Sector Duty-free Tenders:**

**TMO Exempted from Additional Taxes:** On April 18, in Presidential Decree 2421, the GoT announced that TMO is exempt from paying additional taxes like anti-dumping or countervailing duties on all imported grains.

**Zero Duty for Rice Extended:** On April 30, Presidential Decree 2349, which allows for the duty free import of up to 100,000 MT of paddy rice by the private sector, was extended to June 30.

**New tenders:** TMO has issued two new tenders to import specified quotas of grains duty-free in April. On April 10 TMO issued a tender for 175,000 MT of milling wheat, and on April 27, TMO issued a tender for 27.500 MT of milled rice.

## **New Government Supports and Programs:**

**Government Supports:** Turkey has not given emergency support to Turkish producers in response to the Covid-19 pandemic except seed supports in certain regions of Turkey. The Ministry of Agriculture and Forestry has just started to pay 2019 supports earlier than planned (although still after the planting and harvest year).

**Government Loans to Farmers:** On April 28, Treasury and Finance Minister Berat Albayrak announced farmers' payments of Treasury-backed loans due in May and June will be postponed for six months, totalling about 6 billion TL (approximately \$859 million).

**New Digital Agricultural Market:** On April 29, MinAF, in association with the Ministry of Trade, Ministry of Finance, and the Union of Chambers and Commodity Exchange (TOBB) established an on-line marketplace for farmers and agri-business producers to post available products and connect with buyers in order to support and supplement the traditional food value chain, especially during Covid-19. The goal of the exchange is to facilitate direct agricultural sales and it is expected to eventually be run by the private sector. During the initial phase, the GoT's goal is that 10 percent of fruit and vegetable trade will occur through the digital market, with animal products being added during the second phase.

## **Attachments:**

No Attachments.