

Voluntary Report – Voluntary - Public Distribution

Date: October 21,2020

Report Number: TU2020-0039

Report Name: Turkey Eliminates Tariffs on Wheat - Barley - Corn through December

Country: Turkey

Post: Ankara

Report Category: Agricultural Situation, Agriculture in the Economy, National Plan, Policy and Program Announcements, Agriculture in the News, Agricultural Situation, Policy and Program Announcements, Grain and Feed

Prepared By: Kubilay Karabina

Approved By: Christine Mumma

Report Highlights:

On October 21, 2020, Turkey announced tariff reductions on several grains. According to a Presidential Decree published in the Official Gazette, import tariffs on wheat, barley, and corn are reduced to zero, from 45, 35, and 25 percent, respectively. The new tariff rates are valid immediately and will expire on December 31, 2020, after which tariffs will revert back to the previous rates.

Turkey Eliminates Tariffs on Wheat, Barley, and Corn Through December

Summary:

On October 21, 2020, Turkey announced tariff reductions on several grains. According to a Presidential Decree published in the Official Gazette, import tariffs on wheat, barley, and corn are reduced to zero, from 45, 35, and 25 percent, respectively. The new tariff rates are valid immediately and will expire on December 31, 2020, after which tariffs will revert back to the previous rates. The decree in the Turkish language can be found [here](#).

Background:

Due to serious increases in international commodity prices and the Turkish Lira (TL)'s depreciation against other currencies, the cost of imports in Turkey has been increasing, which is affecting domestic prices in Turkey as well. The domestic price of milling wheat at Commodity Exchanges is currently about 2100 TL/metric ton (MT) (\$280/MT), a significant increase from 1650 TL/MT (\$235/MT) in June 2020. As of the first week of October 2020, the price of imported barley was CIF Marmara \$230/MT while the domestic barley price was about 1,500 TL/MT (~\$190/MT). As of October 2020, the price of domestic corn was about 550 TL/MT (~\$198/MT). According to the grain market players, domestic price are still lower than international prices, unusual for Turkey in recent years.

On January 16, 2019, the Turkish government implemented new tariff quotas for calendar year 2019 by a presidential decree. This decree implemented tariff quotas that allow the Turkish Grain Board (TMO) to import of listed quantities of grains with zero duties for only one calendar year. However, the 2019 decree allows the quotas to automatically renew each year at the same quantity unless another decree is issued.

As mentioned in the Turkey Grain and Feed Report Update (October 2020), domestic prices of all grains have rapidly increased, up about 20 percent compared to the start of this harvest season and about 40 percent compared to last year. After a difficult harvest, government stocks are low, so TMO completed a series of tenders after the wheat harvest for about 1.25 MMT of wheat, of which 110,000 MT is durum wheat, in order to regulate the domestic market and strengthen the state of emergency stocks. As stated in the January 16, 2019 Presidential Decree, TMO has a right to import grains (wheat imports up to 1,500,000 tons, barley imports up to 700,000 tons, corn imports up to 700,000 tons, rice imports up to 100,000 tons, and pulse imports up to 100,000 tons) with zero tariff under the annual quota allocation.

Although TMO announced that it would sell 300,000 MT domestic and imported milling wheat stocks on October 14, 2020 at a price of 1850 TL/MT (\$235/MT), this move alone was not enough to stabilize the markets while the domestic sale price remains under the cost of imported wheat. Turkey will likely need to import an additional several million metric tons of wheat to meet demand before calendar year end, and eliminating tariffs on imports will avoid sudden spikes in the domestic commodity markets.

As a staple food of Turkey, bread prices are always of interest in the Turkish political arena. Although bread prices may increase with this policy of less government intervention in the grains marketplace, the current food inflation trends have more to do with years of high tariff and technical barriers to trade imports and the rapid devaluation of the Turkish lira, which makes imports more cost prohibitive, than the decision to open the market to free trade.

Attachments:

No Attachments.