

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Turkey

### Grain and Feed Update

### January Update

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**Report Highlights:**

Post revised the corn production forecast to 6.1 MMT, an increase of 100,000 MT. The Turkish Grain Board procured nearly 5.4 MMT of grain after a record production for wheat, barley and corn in MY2015/16. Much of Turkey is experiencing drought conditions. The impact is being felt most in Central Anatolia, Cukurova and the Southeastern Anatolian Project (GAP) region; however, the Thrace and Aegean regions are also affected. Traders are expressing concern for the next harvest.

**Post:**

Ankara

**Production:****Wheat**

Wheat production in Turkey is estimated to reach a record in 2015 due to favorable weather conditions. While yields are high, the quality of the crop is said to be low. Farmers in central Anatolia suffered widely from low quality. Post maintains wheat production at 19.5 MMT.

All parts of Turkey are experiencing dry weather conditions especially in Central Anatolia, Cukurova and South East Anatolia. Farmers in Cukurova had to irrigate winter wheat, which is very unusual. Some farmers have already replanted wheat, but some farmers are waiting until spring to plant corn. Areas in the Central Anatolia region experiencing drought include Aksaray, Nevsehir, Nigde, northern parts of the Konya region, Polatli and Ankara. Post estimates that the area's dry land wheat production will be reduced 20 percent, with spring rain saving some fields.

State Waterworks Authority (DSİ) data states that the national average cumulative precipitation between October 1 and December 31, 2015, decreased drastically in comparison to previous years and experts are concerned because Turkey faces a serious threat of drought this year due to the lack of rain and snow. According to DSİ data, the national average cumulative precipitation between October 1 and December 31, 2015, decreased 30.2 percent compared to the long-term average, and decreased 29.3 percent when compared to the previous year's average.

**Barley**

Farmers mostly plant barley in unirrigated area. Central Anatolia produced more than half of Turkey's barley crop. Rainfall in 2015 was considerably higher than in 2014 in Central Anatolia. Post maintains production at 7.4 MMT in the marketing year 2015/16.

Barley planting is finished across the country, and area is expected to decrease roughly 10 percent from last year due to the winter drought condition in Central Anatolia.

**Corn**

Due to an unexpected increase in yields in the Central Anatolia region, Post revised the 2015 corn production forecast to 6.1 MMT, an increase of 100,000 MT. Corn crop began November in Central Anatolia. Yields were especially high in irrigated area in Konya, reaching 13-15 MT/hectare (MT/ha).

The second crop corn harvest which started in November is almost completed, aside from small areas in the GAP region. Production quality in the GAP region between Mardin, Batman and Bismil was very poor. One reason for poor production was that some product had to wait in field due to transportation problems. Due to high irrigation and fertilizer costs, farmers in region are complaining about making less money.

Corn area is expected to remain the same in 2016. It is expected that corn area will increase in Central Anatolia due to an increase in the availability of irrigation, but some farmers still vacillate between oilseeds and corn in Central Anatolia. Cotton might be a better choice for some farmers in

the Çukurova region.

## **Rice**

Paddy rice harvest began in the Edirne and Gönen regions on September 4, 2015. All of Turkey's paddy rice harvest is completed as of November 2015. Post maintains production at 500,000 MT in marketing year 2015/16.

The domestic harvest milling rate is around 67 percent. Yield of Osmancik variety is better than yield of Baldo variety, at 750 kg/da and 700 kg/da respectively. Production was characterized by high yields in some regions like İpsala, where farmers planted on fallow land.

## **TRADE**

TMO is very active in the market in MY 2015/16. TMO announced the corn domestic procurement price at 725 TL/Ton on September 3, 2015. So far, TMO procured 1.6 MMT of corn in MY2015/16. Due to ongoing unrest situation in some cities in the southeast Anatolia, finding buyers can be hard for corn producers in the region. As of January 2016, the domestic corn price is about 625 TL/Ton at Adana Commodity Exchange. Note that \$1US is roughly 3 TL.

TMO announced the domestic procurement price at 1580 TL/Ton for 60 milling rate of paddy rice on December 16, 2015, more than one month after the harvest. However TMO procured just 1700 tons because most farmers preferred to sell to the private sector after the harvest.

TMO has been trying to sell milling wheat, durum wheat and corn in stocks for export certificate holders who are flour, pasta, biscuits, feed and poultry exporters under Inward Processing Regime (IPR) since the harvest. As of January 2016, TMO regulates the grain markets with 3.7 MMT of wheat, 1.7 MMT of corn and 0.5 MMT of barley in its current stock.

Following the downing of a Russian jet on the Syria-Turkey border on November 24, 2015, Russia began to announce sanctions on Turkish agricultural products. Especially in first week after the event, some Turkish vessels could not depart from Russian ports due to phytosanitary issues. Contacts report that while some Turkish companies have reportedly faced pressures from Russian port authorities since the event, international companies have continued operations as normal and have been loading their vessels without problems.

Despite all logistical problems especially on the Iraq and Syria borders, the Turkish flour sector maintained the previous year's performance after an abundant harvest. TMO is still selling domestic wheat for the wheat products exporters. Exporters lost market share in Indonesia and Philippines but compensated for it in Africa, especially the Sudan. Pasta exporters have tried to gain markets in Africa with the help of new amendment on the IPR which allows imports of milling wheat up to 30 percent if producers blend milling wheat and durum wheat in order to produce pasta. Wheat products exports during the period from June to November in 2015 were much higher than the same period in 2014. Post revised the wheat and wheat products export forecast to 4.5 MMT for MY2015/16.

TMO sells Osmancik rice variety at 2.9 TL/kg and Baldo variety at 4 TL/kg at its retail stores. As of January 2016, domestic paddy rice price is about 1551 TL/Ton for Osmancik variety and 2160 TL/Ton for Baldo variety at Edirne Commodity Exchange.

Paddy rice imports during the period from September to November 2015 are 44,665 tons, with

35,980 tons of paddy rice coming from the United States.

One of the leading feed companies in the Black Sea region and rice importer announced bankruptcy in late 2015. These companies were unable to repay bank-held debts due to currency devaluations and procurement issues regarding ongoing biosafety implementations. The announcements and rumors about other companies in trouble have spread concerns among traders.

The feed sector has struggled with several problems recently. Turkish poultry product exports in 2015 fell by roughly one-third due to security concerns in the region and avian influenza cases seen in commercial flocks.

Another issue is that the new implementation period for a law on poultry feeding which would impact the Turkish poultry sector was going to start on January 1, 2016, as reported in December 28, 2015 GAIN Report `New Rules by Turkish Government on Poultry Feed Restrictions` number TR5067, but it has now been postponed for one year. This law will now come into force on January 1, 2017. The poultry sector is still concerned that if the use of poultry by-products as feed is not allowed, they will not be able to import a sufficient amount of soybeans as a substitute because of Turkey's current Biosafety Legislation.

The Turkish poultry sector is pleased with the new amended legislation since they were not ready to implement the ban in 2016. According to poultry sector representatives, 300,000 MT of feedstuffs were produced from poultry by-products in 2014, with 230,000 MT produced from poultry meal (meat and blood meal) and 70,000 MT from animal fats. The sector estimates that if they are unable to feed poultry by-products, Turkey will need to import 400,000-500,000 MT more soybeans, 30,000 MT Di Calcium Phosphate, and 80,000 MT fats to meet feed needs. Turkey is import-dependent for plant-based protein for animal feed. Turkey imported 2.6 million MT of soybeans and soybean meal in 2014. (For further information, consult GAIN Report December 28, 2015 "New Rules by Turkish Government on Poultry Feed Restrictions" number TR5067 and January 7, 2016 GAIN Report "AMENDED New Rules by Turkish Government on Poultry Feed Restrictions" TR 6003).

The Government of Turkey (GOT) dropped the value-added tax from eight percent to one percent on feed on January 1, 2016. However, DDGS and corn gluten meal were not included in this decision.

The GOT also dropped value-added tax from 18 percent to one percent on fertilizer in order to struggle against high food prices caused by high input costs.

Food inflation maintains a headache for Turkey. Food and non-alcoholic drink prices have risen 10.87 percent on average this year despite 8.81 percent yearly total inflation. According to experts there are a few reasons for the major increase in food prices in the country. With many products there is a huge difference between producer and consumer prices. This difference can range from 100 to 300 percent. The devaluation in the Turkish Lira this year has increased costs for agricultural producers, which is reflected in the rising prices. And they have also complained that speculating and the stockpiling of goods had contributed to unnaturally high market prices.

It is expected that food prices will continue to push total inflation in 2016. The Central Bank of Turkey projected food price inflation at 9 percent while total inflation is 7.5 on January 26, 2016. Bread prices increased 30 percent in Ankara and İstanbul in early days of 2016. A 300-gram loaf of government-subsidized bread will be sold for 0.75TL, an increase of 0.15TL. The prices had been the same for 2 years.

**Production, Supply and Demand Data Statistics:**

| <b>Wheat</b>              | <b>2013/2014</b>     |                 | <b>2014/2015</b>     |                 | <b>2015/2016</b>     |                 |
|---------------------------|----------------------|-----------------|----------------------|-----------------|----------------------|-----------------|
| <b>Market Begin Year</b>  | <b>Jun 2013</b>      |                 | <b>Jun 2014</b>      |                 | <b>Jun 2015</b>      |                 |
| <b>Turkey</b>             | <b>USDA Official</b> | <b>New post</b> | <b>USDA Official</b> | <b>New post</b> | <b>USDA Official</b> | <b>New post</b> |
| <b>Area Harvested</b>     | 7,700                | 7,700           | 7,710                | 7,710           | 7,860                | 7,860           |
| <b>Beginning Stocks</b>   | 2,295                | 2,295           | 2,889                | 2,889           | 2,524                | 2,524           |
| <b>Production</b>         | 18,750               | 18,750          | 15,250               | 15,250          | 19,500               | 19,500          |
| <b>MY Imports</b>         | 4,035                | 4,035           | 5,947                | 5,947           | 3,800                | 3,800           |
| <b>TY Imports</b>         | 4,154                | 4,154           | 5,960                | 5,960           | 3,800                | 3,800           |
| <b>TY Imp. from U.S.</b>  | 15                   | 15              | 0                    | 0               | 0                    | 0               |
| <b>Total Supply</b>       | 25,080               | 25,080          | 24,086               | 24,086          | 25,824               | 25,824          |
| <b>MY Exports</b>         | 4,441                | 4,441           | 4,062                | 4,062           | 4,000                | 4,500           |
| <b>TY Exports</b>         | 4,294                | 4,294           | 4,136                | 4,136           | 4,000                | 4,500           |
| <b>Feed and Residual</b>  | 950                  | 950             | 700                  | 700             | 1,200                | 1,200           |
| <b>FSI Consumption</b>    | 16,800               | 16,800          | 16,800               | 16,800          | 16,800               | 16,800          |
| <b>Total Consumption</b>  | 17,750               | 17,750          | 17,500               | 17,500          | 18,000               | 18,000          |
| <b>Ending Stocks</b>      | 2,889                | 2,889           | 2,524                | 2,524           | 3,824                | 3,324           |
| <b>Total Distribution</b> | 25,080               | 25,080          | 24,086               | 24,086          | 25,824               | 25,824          |
|                           |                      |                 |                      |                 |                      |                 |
| 1000 HA, 1000 MT, MT/HA   |                      |                 |                      |                 |                      |                 |

| <b>Barley</b>             | <b>2013/2014</b>     |                 | <b>2014/2015</b>     |                 | <b>2015/2016</b>     |                 |
|---------------------------|----------------------|-----------------|----------------------|-----------------|----------------------|-----------------|
| <b>Market Begin Year</b>  | <b>Jun 2013</b>      |                 | <b>Jun 2014</b>      |                 | <b>Jun 2015</b>      |                 |
| <b>Turkey</b>             | <b>USDA Official</b> | <b>New post</b> | <b>USDA Official</b> | <b>New post</b> | <b>USDA Official</b> | <b>New post</b> |
| <b>Area Harvested</b>     | 3,330                | 3,330           | 3,400                | 3,400           | 3,400                | 3,400           |
| <b>Beginning Stocks</b>   | 469                  | 469             | 899                  | 899             | 332                  | 332             |
| <b>Production</b>         | 7,300                | 7,300           | 4,000                | 4,000           | 7,400                | 7,400           |
| <b>MY Imports</b>         | 86                   | 86              | 792                  | 850             | 100                  | 100             |
| <b>TY Imports</b>         | 596                  | 596             | 332                  | 300             | 50                   | 50              |
| <b>TY Imp. from U.S.</b>  | 0                    | 0               | 0                    | 0               | 0                    | 0               |
| <b>Total Supply</b>       | 7,855                | 7,855           | 5,691                | 5,749           | 7,832                | 7,832           |
| <b>MY Exports</b>         | 6                    | 6               | 5                    | 5               | 25                   | 25              |
| <b>TY Exports</b>         | 9                    | 9               | 5                    | 5               | 25                   | 25              |
| <b>Feed and Residual</b>  | 6,000                | 6,000           | 4,500                | 4,500           | 6,000                | 6,000           |
| <b>FSI Consumption</b>    | 950                  | 950             | 850                  | 850             | 900                  | 900             |
| <b>Total Consumption</b>  | 6,950                | 6,950           | 5,350                | 5,350           | 6,900                | 6,900           |
| <b>Ending Stocks</b>      | 899                  | 899             | 332                  | 389             | 907                  | 907             |
| <b>Total Distribution</b> | 7,855                | 7,855           | 5,691                | 5,749           | 7,832                | 7,832           |
|                           |                      |                 |                      |                 |                      |                 |

1000 HA, 1000 MT, MT/HA

| <b>Corn</b>               | <b>2013/2014</b>     |                 | <b>2014/2015</b>     |                 | <b>2015/2016</b>     |                 |
|---------------------------|----------------------|-----------------|----------------------|-----------------|----------------------|-----------------|
| <b>Market Begin Year</b>  | <b>Sep 2013</b>      |                 | <b>Sep 2014</b>      |                 | <b>Sep 2015</b>      |                 |
| <b>Turkey</b>             | <b>USDA Official</b> | <b>New post</b> | <b>USDA Official</b> | <b>New post</b> | <b>USDA Official</b> | <b>New post</b> |
| <b>Area Harvested</b>     | 580                  | 580             | 550                  | 550             | 620                  | 620             |
| <b>Beginning Stocks</b>   | 291                  | 291             | 642                  | 642             | 570                  | 570             |
| <b>Production</b>         | 5,100                | 5,100           | 4,800                | 4,800           | 6,000                | 6,100           |
| <b>MY Imports</b>         | 1,304                | 1,304           | 2224                 | 2224            | 900                  | 900             |
| <b>TY Imports</b>         | 1,381                | 1,381           | 2238                 | 2238            | 900                  | 900             |
| <b>TY Imp. from U.S.</b>  | 0                    | 0               | 0                    | 0               | 0                    | 0               |
| <b>Total Supply</b>       | 6,695                | 6,695           | 7,666                | 7,666           | 7,470                | 7,570           |
| <b>MY Exports</b>         | 253                  | 253             | 46                   | 46              | 200                  | 200             |
| <b>TY Exports</b>         | 252                  | 252             | 66                   | 66              | 200                  | 200             |
| <b>Feed and Residual</b>  | 4,800                | 4,800           | 6,000                | 6,000           | 5,500                | 5,500           |
| <b>FSI Consumption</b>    | 1,000                | 1,000           | 1,050                | 1,050           | 1,050                | 1,050           |
| <b>Total Consumption</b>  | 5,800                | 5,800           | 7,050                | 7,050           | 6,550                | 6,550           |
| <b>Ending Stocks</b>      | 642                  | 642             | 570                  | 570             | 720                  | 820             |
| <b>Total Distribution</b> | 6,695                | 6,695           | 7,666                | 7,666           | 7,470                | 7,570           |
|                           |                      |                 |                      |                 |                      |                 |

1000 HA, 1000 MT, MT/HA

| <b>Rice, Milled</b>                 | <b>2013/2014</b>         |                     | <b>2014/2015</b>         |                     | <b>2015/2016</b>         |                     |
|-------------------------------------|--------------------------|---------------------|--------------------------|---------------------|--------------------------|---------------------|
| <b>Market Begin Year</b>            | <b>Sep 2013</b>          |                     | <b>Sep 2014</b>          |                     | <b>Sep 2015</b>          |                     |
| <b>Turkey</b>                       | <b>USDA<br/>Official</b> | <b>New<br/>post</b> | <b>USDA<br/>Official</b> | <b>New<br/>post</b> | <b>USDA<br/>Official</b> | <b>New<br/>post</b> |
| <b>Area Harvested</b>               | 98                       | 98                  | 95                       | 95                  | 98                       | 98                  |
| <b>Beginning Stocks</b>             | 194                      | 194                 | 245                      | 245                 | 215                      | 215                 |
| <b>Milled Production</b>            | 500                      | 500                 | 460                      | 460                 | 500                      | 500                 |
| <b>Rough Production</b>             | 746                      | 746                 | 687                      | 687                 | 746                      | 746                 |
| <b>Milling Rate<br/>(.9999)</b>     | 6,700                    | 6,700               | 6,700                    | 6,700               | 6,700                    | 6,700               |
| <b>MY Imports</b>                   | 341                      | 341                 | 317                      | 317                 | 330                      | 330                 |
| <b>TY Imports</b>                   | 400                      | 400                 | 300                      | 300                 | 330                      | 330                 |
| <b>TY Imp. from U.S.</b>            | 225                      | 225                 | 0                        | 0                   | 0                        | 0                   |
| <b>Total Supply</b>                 | 1,035                    | 1,035               | 1,022                    | 1,022               | 1,045                    | 1,045               |
| <b>MY Exports</b>                   | 20                       | 20                  | 27                       | 27                  | 50                       | 50                  |
| <b>TY Exports</b>                   | 20                       | 20                  | 25                       | 25                  | 50                       | 50                  |
| <b>Consumption and<br/>Residual</b> | 770                      | 770                 | 780                      | 780                 | 780                      | 780                 |
| <b>Ending Stocks</b>                | 245                      | 245                 | 215                      | 215                 | 215                      | 215                 |
| <b>Total Distribution</b>           | 1,035                    | 1,035               | 1,022                    | 1,022               | 1,045                    | 1,045               |
|                                     |                          |                     |                          |                     |                          |                     |

1000 HA, 1000 MT, MT/HA