

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Turkey

Grain and Feed Update

October 2013 Update

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Report Highlights:

Turkey will have increased demand for high quality wheat due to a decrease in wheat area and lower quality available from Kazakhstan. However Turkey's policy of testing all U.S. wheat imports for genetically engineered (GE) traits will likely prevent imports of U.S. wheat. Demand from Turkey's poultry and egg industry will continue to increase demand for corn. A bumper crop will decrease demand for corn imports in 2013/2014. Turkey's rice production enjoyed higher than average yields. Imports are projected up from 2012/2013.

Post:
Ankara

Commodities:
Wheat

Corn

Rice, Milled

Author Defined:

Wheat

Production

Wheat area will decrease in 2013/2014 due to barley area increase in North-East Central Anatolia. Barley area increased because of higher yield and higher prices. In the Cukurova region first crop corn area will increase and take some wheat land for 2013/2014. Irrigated wheat land will be a luxury for most of Turkey but corn will gain land. Barley has also been very attractive due to high feed demand from the livestock sector.

Trade

Demand for high protein wheat will be very strong starting from January 2014. Russia at the moment is the main supplier. Turkish millers hope to get it from Kazakhstan, but quality was lower than anticipated due to heavy rain. Turkey will seek high quality wheat either from the U.S, Austria or Canada.

Turkey's Ministry of Food, Agriculture and Livestock (MINFAL) has stated consistently that they will test all wheat shipments from the U.S for genetically engineered (GE) traits. No GE traits are approved for food use and Turkey uses a positive/negative test that raises the likelihood of detecting traits from other crops, such as corn dust in a wheat shipment. As a result, Post does not expect any wheat coming from the U.S.

Durum wheat production is insufficient for Turkey's pasta exports. Turkey has been buying durum wheat from Greece, Mexico and Canada and this will continue in marketing year (MY) 2013. In the first 3 months of MY 2013 Turkey imported 50,312 MT of durum wheat from Mexico and 29,530 MT from Canada. Durum wheat imports will be strong since pasta producers have high amount of inward processing regime certificates in hand.

Turkey: Wheat imports		
Countries	MY 2012	MY 2013 (June to August)
Russia	2,322,172	673,598
Kazakhstan	580,608	59,193
Ukraine	150,201	2,991
United States	285,037	39,960
Greece	138,336	7,671
Others	503,492	92,095
Total	3,979,846	875,508

TMO has 397,547 metric tons (MT) of durum wheat stocks and 3,554,550 MT of milling wheat stocks in MY 2013.

Corn

Production

Due to high yields in the Cukurova region and very good growth conditions in the GAP region Post revised corn production forecast to 5 million metric tons (MMT).

Second crop corn in the Cukurova region was again a failure due to diseases. Yields are around 500-700 kg/da. In 2013/2014, second crop corn area will decrease in the Cukurova region. Not only corn but also sun flower was problematic in the region due to wild weeds.

First crop corn harvest started August 5, 2013 in the Cukurova region and was very. In some regions the yield reached 1,500-1,700 kg/da. Corn yield in the region increased 15 percent compared to MY 2012.

First crop corn area will continue to increase in Central Anatolia wet land, the Cukurova region, the Amik region and the Aegan region. Second crop corn area will be limited to the GAP region in the following years due to high susceptibility of diseases and low yield.

The Turkish poultry and egg sector is very strong at the moment and strong demand for corn will continue.

Corn imports will be strong in MY 2013. Post revised corn imports to 950,000 MT in MY 2013. Traders are more optimistic on import numbers at around 1.3 MMT.

Trade

Turkey :Corn imports, MY 2012	
Countries	Quantity (MT)
Russia	845,427
Ukraine	459,590
Bulgaria	75,509
Romania	55,076
France	28,057
United States	173
Others	8,492
Total	1,472,324

Market

The Turkish Grain Board (TMO) announced the corn market price at 640 TL/MT when market prices started to decline to 550 TL/MT on August 7, 2013. The price announcement was very late for Cukurova farmers who began harvesting in August, mainly because of problems taking appointments at TMO.

TMO has procured 1.2 MMT of corn and is expected to procure at least 1.6 MMT in MY 2013. TMO introduced new procurement procedures in MY 2013. Farmers should take an appointment date through a web based system to sell their crop to TMO. This should decrease long truck lines in front of TMO procurement offices, but some farmers complained that large farmers benefitted from this system since TMO can only handle a small amount of corn in one day. Small farmers do not have either storage facility or financial capacity to wait to take an appointment date from web based system.

TMO held a corn export tender on October 24, 2013. TMO exported 180,000 MT of corn under this tender. Results of the tender are provided in the table below.

TMO Corn sale price is 735 TL/MT in January 2014.

Market price of corn is still decreasing due to a bumper crop. Farm gate price decreased to 450 Turkish Lira (TL)/MT in some region but corn prices in general are around 500 TL/MT.

(\$1 = approximately 2 TL)

TMO corn stocks are 1,179,169 MT on October 30, 2013.

TMO Corn Export Tender Result (October 24, 2013)

Company Name	Loading Port	Quantity (MT)	Price (FOB USD/MT)	Loading time
Bunge	Mersin	60,000	206,77	December 10, 2013-January 06, 2014
Hakan Agro	Iskenderun	10,000	204,99	November 13-December 09, 2013
Hakan Agro	Iskenderun	10,000	203,49	November 13-December 09, 2013
Hakan Agro	Iskenderun	10,000	202,49	November 13-December 09, 2013
Hakan Agro	Iskenderun	10,000	202,29	December 10, 2013-January 06, 2014
Hakan Agro	Iskenderun	10,000	202,19	December 10, 2013-January 06, 2014
Agrifert	Mersin	50,000	206,71	November 13-December 09, 2013
Agrifert	Izmir	30,000	203,71	November 13-December 09, 2013

Corn price is expected to increase in February 2014. At the moment the broiler and egg industry is not very purchasing corn at the market aggressively. The main reason is the high amount of inward processing regime certificates in their hand that makes them comfortable to import corn from the global market at zero percent tariff.

Rice Production

Post forecasted rice production at 500,000 MT. Although there is area decrease, high yield in general was very common, which lead Post to revise its forecast up.

Rice yield is lower than last year in some regions but milling rates are better than last year. Harvest is almost completed. Farmers enjoy higher prices due to lower production and stock levels. TMO has not announced procurement price yet, but farmers are pushing TMO to intervene to the market, especially in October when prices fell to 1,200 TL/MT.

There are still some structural problems in production such as a deficiency in modern storage and drying units at the farm level. Most farmers use old techniques for drying, which decreases the milling rates and cause some harvest losses.

Farmers in the South East of Turkey, 2013, harvest



Small farmers' drying technique in Edirne region, 2013, harvest



Large farmers' modern drying equipment's in Edirne region, 2013, harvest



Edirne region

The region produces more than 50 percent of country's paddy rice production. Harvest started in the first week of September.

Thrace region farmers had a tough year in 2013 due to rainfall in October and flooded rivers. The major problem affecting yield was the prevalence of wild weeds. Most farmers were unsuccessful at combating weeds. Paddy rice area decreased due to last year's low price and new dam and canal construction. Paddy rice area decreased around 8 percent in the region.

The yield was very high in some regions like Ipsala where yields reached 750-800 kg/da. Milling rates were similarly very good.

In general October rain and winds caused lodging problems which decreased yield in some regions. Overall yield in the region is 700 kg/da with 60 percent milling efficiency.

Corum region

Harvest started in the second week of September. The region produces 7-9 percent of Turkey's paddy rice production. Paddy rice area decreased due to new dam construction and the low market price last year. There are 9 rice mills in the famous rice producer region of Osmancik that produce 25,000-30,000 MT every year. Yield was close to the long term average at 600 to 700 kg/da. The major concern for yield was the temperature, which was around 13 Celsius and below, which decreased the expectation for higher yields. Disease was minimal and quality is was high. Osmancik 97 is the major variety in the region.

Çankırı region

The region produces around 15 percent of Turkey's total paddy rice production. Yield is lower than expected at around 600 kg due to temperature differences, but milling rates are better than last year. Farmers who planted rice in the first week of March gained higher yields than farmers who planted in the end of May.

Gonen region

Harvest started at the end of September. Major varieties are Edirne, Osmancik and Baldo. Yield was decreased 10 percent due to high temperatures in the day and low temperatures at night.

Manyas region

Paddy rice area decreased 35 percent due to new dam and irrigation canal construction. Yield is high at 650 kg/da in Baldo varieties and 700 kg/da for Osmancik varieties. There is a 15 percent yield increase in the region compared to last year. The region will produce 75,000 MT of paddy rice in 2013/2014.

Market

Paddy rice prices began at 1,400 to 1,500 TL/MT and then dropped to 1,200-1,300 TL/MT, which remains higher than last year (850-950 TL/MT). Farmers were happy at the beginning of harvest but now they are concerned about further decreases to 1,100 TL/MT. The locally harvested and milled rice price was 3,000 TL/MT at the beginning of October 2013. Baldo paddy rice price reached to 1,600 TL/MT, which was very attractive, especially for Gonen region farmers.

Trade

Turkey: MY 2013, rice imports	
<i>Countries</i>	<i>MT</i>
United States	90,509
Russia	69,533
Italy	41,340
India	20,598
Bulgaria	18,580
Egypt	14,542
Others	37,317
Total	292,419

Policy

The most significant policy problem for the industry is value added tax (VAT). VAT is 1 percent on paddy rice, 8 percent on rice, broken rice and bran, and 18 percent on husk. The high rates increase illegal unregistered domestic trading and unfair competition between millers.

It is highly unlikely that TMO will announce procurement price for paddy rice. In MY 2012 TMO procured 41,304 MT of paddy rice from farmers. TMO procured a high amount of corn at high prices, which will discourage them from procuring paddy rice. Moreover, market prices at the moment are satisfactory for farmers.

Stocks

High levels of stocks from previous seasons finally melted in 2013 and are low at the moment. TMO has 33,498 MT of paddy rice and 6,364 MT of rice stock.

PSD TABLES

Wheat Turkey	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Jun 2011		Market Year Begin: Jun 2012		Market Year Begin: Jun 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	7,700	7,700	7,800	7,800	7,700	7,706
Beginning Stocks	2,185	2,095	3,062	2,995	1,242	1,674
Production	18,800	18,800	15,500	15,500	18,000	18,000
MY Imports	3,847	3,800	3,622	3,979	3,500	3,500
TY Imports	4,414	3,800	3,325	3,500	3,500	3,000
TY Imp. from U.S.	0	95	347	285	0	200
Total Supply	24,832	24,695	22,184	22,474	22,742	23,174
MY Exports	3,670	3,600	3,442	3,300	3,500	3,400
TY Exports	3,678	3,700	3,583	3,300	3,500	3,400
Feed and Residual	1,400	1,400	700	700	850	850
FSI Consumption	16,700	16,700	16,800	16,800	16,900	16,800
Total Consumption	18,100	18,100	17,500	17,500	17,750	17,650
Ending Stocks	3,062	2,995	1,242	1,674	1,492	2,124
Total Distribution	24,832	24,695	22,184	22,474	22,742	23,174
1000 HA, 1000 MT, MT/HA						

Corn Turkey	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Sep 2011		Market Year Begin: Sep 2012		Market Year Begin: Sep 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	450	450	525	525	580	580
Beginning Stocks	367	367	345	345	370	370
Production	3,600	3,600	4,400	4,400	4,900	5,000
MY Imports	699	699	1,700	1,472	500	950
TY Imports	729	729	1,600	1,300	500	950
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	4,666	4,666	6,445	6,217	5,770	6,320
MY Exports	21	21	25	25	25	300
TY Exports	19	19	25	25	25	300
Feed and Residual	3,400	3,400	5,100	4,872	4,200	4,500
FSI Consumption	900	900	950	950	950	950
Total Consumption	4,300	4,300	6,050	5,822	5,150	5,450
Ending Stocks	345	345	370	370	595	570
Total Distribution	4,666	4,666	6,445	6,217	5,770	6,320
1000 HA, 1000 MT, MT/HA						

Rice, Milled Turkey	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Sep 2011		Market Year Begin: Sep 2012		Market Year Begin: Sep 2013	

	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	105	105	103	103	98	98
Beginning Stocks	292	292	270	270	243	223
Milled Production	502	502	483	483	490	500
Rough Production	749	749	721	721	731	746
Milling Rate (.9999)	6,700	6,700	6,700	6,700	6,700	6,700
MY Imports	315	315	300	300	330	330
TY Imports	271	271	300	300	330	330
TY Imp. from U.S.	114	114	0	90	0	120
Total Supply	1,109	1,109	1,053	1,053	1,063	1,053
MY Exports	89	89	60	80	50	60
TY Exports	99	99	60	60	50	60
Consumption and Residual	750	750	750	750	760	750
Ending Stocks	270	270	243	223	253	243
Total Distribution	1,109	1,109	1,053	1,053	1,063	1,053

1000 HA, 1000 MT, MT/HA