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Report Name: Sugar Semi-annual

Country: Turkey

Post: Ankara

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Report Highlights:

Turkey's sugar beet production is forecast at 21.5 million metric tons (MMT) in MY 2022/23 and is expected to result in 3.05 MMT of sugar. The quotas for MY 2022/23 were announced on March 20, 2022 by a presidential decree as 2.68 MMT for sugar beets and 68.75 MT for starch-based sugar. On May 27, 2022, the tariff quota for sugar imports was released via communiqué as 400,000 MT

PRODUCTION

Sugar Beets

Sugar beet production is forecast at 21.5 million metric tons (MMT) and planting area at 320,000 hectares (ha) in MY 2022/23. Harvest for MY 2022/23 has started throughout Turkey as of September 2022 and will end in October. The production of sugar beets, and consequently sugar, is limited by quotas in Turkey. On March 24, 2022, the quotas for MY 2022/23 were announced; they are set annually by Presidential Decree.

Post's revised sugar beet production and planting area estimates are 19 MMT and 315,000 ha, respectively, in MY 2021/22 due to lower-than-expected yields.

The MY 2022/23 sugar beet planting area is forecast at 320,000 hectares (ha), which is slightly less than initially anticipated. Turkey produces sugar from sugar beets in most regions, but the majority of production comes from the Central Anatolia region, near the cities of Ankara, Konya, Eskisehir, Afyon, Tokat and Yozgat. The current year's rainfall was better than last year; however, in recent years, canola has become more popular in Turkey and is competing with sugar and corn for planting area, especially in Central Anatolia. According to the Ministry of Agriculture and Forestry (MinAF), there are about 86,000 sugar beet farmers throughout Turkey as of 2021.

Centrifugal Sugar

Centrifugal sugar production is forecast at 3.05 MMT in MY 2022/23 in parallel with the increase in beet production. Post also revised MY 2021/22 centrifugal sugar production to 2.75 MMT due to lower-than-expected beet production.

As a part of the Turkish sugar beet production system, which is explained in detail in our annual sugar report, at the beginning of the harvest period, the government announces a base procurement price (for a polarity rate of 16), and the sugar processing factories pay the farmers according to the polarity rate (the amount of sugar obtained from a beet) of their beets, relative to the base price. According to an announcement by MinAF on September 23, 2022, the MY 2022/23 beet price will be 1450 Turkish Liras (TL)/MT ($78.40/MT) compared to 420 TL/MT ($49.40/MT) in MY 2021/22. In other words, the procurement price of sugar beets has more than tripled since last year in lira and increased almost 60 percent in dollar terms due to high food inflation.

Centrifugal sugar consumption in MY 2022/23 is forecast slightly higher year-over-year at 2.98 MMT, assuming continued strong demand from both the food and beverage industry and households. For MY 2021/22, consumption is estimated to stay nearly unchanged at 2.96 MMT, assuming steady domestic demand and higher imports to offset increased exports.

In accordance with government-set production quotas, a total of 2.884 MMT of sugar is expected to be produced in MY 2022/23, of which 2.75 MMT will come from beet sugar production and the rest will come from starch-based sugar (high fructose corn syrup; HFCS).

Turkey's quotas determine the quantity of annual beet sugar and starch-based sweetener production and are announced in three categories. The 'A' quota specifies how much sugar companies can sell in Turkey within a marketing year. The 'B' quota is an extra amount that is produced and kept in reserve as a buffer. The 'B' quota volume is calculated as a percentage (generally 5 percent) of the 'A' quota. The 'B' quota is allocated only for beet sugar and not for starch-based sugar, as per the sugar law. The 'C' quota applies to excess sugar produced above the allocated 'A' quota amount, which can only be exported and is sold by factories at world prices.

A general timeline of the government interventions in Turkey's sugar sector follows below.

- The government announces sugar production quotas for the marketing year. The sugar quota is divided into an A quota, B quota, and C quota. As announced in late March in the *official gazette,* the MY 2022/23 quota was set at a little more than 2.8 MMT.
    - The A quota is the amount to be sold on the domestic market within a given marketing year.
    - The B quota is a small amount to be kept in reserve as a buffer. The B quota is generally around 5 percent of the larger A quota.
    - The C quota is the unsold amount of the A quota that is exported. The C quota amount is not predefined.

- The government allocates the A and B quotas among existing sugar producers.

Table 5: Sugar Production Quotas in Turkey (1,000 MT)

	2020/2021 MY			2021/2022 MY			2022/2023 MY		
	A Quota	B Quota	*TOTAL*	A Quota	B Quota	*TOTAL*	A Quota	B Quota	*TOTAL*
Beet Sugar	2,632.50	131.625	2,764.13	2,632.50	131.625	2,764.13	2,681.25	134.062	2,815.31
Starch-Based Sugar	67.5	-	67.5	67.5	-	67.5	68.75	-	68.75
Total Quota	2,700	131.625	2,831.63	2,700	131.625	2,831.63	2,750.00	134.062	2,884.06

Source: Official Gazette

Consumption

Centrifugal sugar consumption in MY 2022/23 is projected to be slightly higher year-over-year at 2.98 MMT, assuming continued strong demand from the food and beverage industries as well as households. Consumption will be around the same for MY 2021/22 at 2.96 MMT due to stable domestic demand and higher imports to counter increased exports.

Trade

In MY 2022/23, sugar imports to Turkey are projected at 200,000 MT, raw sugar equivalent basis. With stable demand from sugar product exporters for beet sugar, the domestic sugar supply will largely be used for domestic consumption. The imported sugar will be used for processing and re-export in confectionary products.

On May 27, 2022, the tariff quotas for sugar imports was released via communiqué as 400,000 MT for the period between June 1 – October 15, 2022. Industrial companies that use sugar as a raw material in their production will be able to import sugar (HS 1701) with zero customs duties until October 15, 2022, when the duty will revert to the normal 135 percent.

According to Turkish official statistics, Turkey imported about 215,000 MT of sugar, raw value basis about 233,000 MT, during the first ten months of MY 2021/22 (from October to July). This was a significant increase from MY 2020/21, during which Turkey imported 137,000 MT during the same period. Post revised the import forecast from 400,000 MT to 350,000 MT raw sugar equivalent in MY 2021/22 in parallel with a decrease in exports. Brazil (72,000 MT), India (36,000 MT), and Saudi Arabia (30,000 MT) were the leading sugar suppliers.

During the first ten months of MY 2021/22, Turkey exported about 97,000 MT of sugar, raw value basis about 106,000 MT, compared to about 275,000 MT in the same period of the previous year. Syria, Iraq, and Georgia were the main export destinations at 42,000 MT, 34,000 MT, and 12,000 MT, respectively.

Post revised the export forecast from 240,000 MT to 140,000 MT raw sugar equivalent in MY 2021/22 to account for the increase in domestic sugar prices as of spring 2022. On December 30, 2021, Turkey also announced that sugar (as HS code 1701) was added to the list of goods subject to export registration, which makes exports more burdensome but not impossible.

Marketing

The marketing year begins after the harvest and lasts until the next autumn (e.g., from September 1 to August 31 of the following year). The Turkish sugar sector is widely regulated by the government from procurement prices to retail sale prices. The state-owned Turkseker and other private producers, wholesalers, and retailers handle the marketing of sugar. Currently (as of September 2022), the retail price of crystal sugar is 25 TL/kg which is equivalent to $1.35/kg. At the same time last year, the price was 7 TL/kg, which was equivalent to about $0.80/kg. Contrary to previous years, the current wholesale price is not publicly available on Turkseker’s website.

Production, Supply and Distribution Data Statistics

Sugar Beets	2020/2021		2021/2022		2022/2023	
Market Year Begins	Sep 2021		Sep 2022		Sep 2022	
Turkey	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	320	320	315	315	325	320
Area Harvested (1000 HA)	320	320	315	315	325	320
Production (1000 MT)	21500	21500	19500	19000	21500	21500
Total Supply (1000 MT)	21500	21500	19500	19000	21500	21500
Utilization for Sugar (1000 MT)	21500	21500	19500	19000	21500	21500
Utilizatn for Alcohol (1000 MT)	0	0	0	0	0	0
Total Distribution (1000 MT)	21500	21500	19500	19000	21500	21500
(1000 HA) ,(1000 MT)						

Sugar, Centrifugal	2020/2021		2021/2022		2022/2023	
Market Year Begins	Oct 2020		Oct 2021		Oct 2022	
Turkey	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks (1000 MT)	10	10	10	10	10	10
Beet Sugar Production (1000 MT)	3100	3100	2800	2750	3100	3050
Cane Sugar Production (1000 MT)	0	0	0	0	0	0
Total Sugar Production (1000 MT)	3100	3100	2800	2750	3100	3050
Raw Imports (1000 MT)	0	0	0	0	0	0
Refined Imp.(Raw Val) (1000 MT)	146	146	400	350	200	200
Total Imports (1000 MT)	146	146	400	350	200	200
Total Supply (1000 MT)	3256	3256	3210	3110	3310	3260
Raw Exports (1000 MT)	0	0	0	0	0	0
Refined Exp.(Raw Val) (1000 MT)	332	332	240	140	320	270
Total Exports (1000 MT)	332	332	240	140	320	270
Human Dom. Consumption (1000 MT)	2914	2914	2960	2960	2980	2980
Other Disappearance (1000 MT)	0	0	0	0	0	0
Total Use (1000 MT)	2914	2914	2960	2960	2980	2980
Ending Stocks (1000 MT)	10	10	10	10	10	10
Total Distribution (1000 MT)	3256	3256	3210	3110	3310	3260
(1000 MT)						

Attachments:

No Attachments