United States Department of Agriculture
Foreign Agricultural Service

GAIN Global Agricultural Information Network

Required Report: Required - Public Distribution **Date:** October 05, 2023

Report Number: TU2023-0033

Report Name: Sugar Semi-annual

Country: Turkiye

Post: Ankara

Report Category: Sugar

Prepared By: Kubilay Karabina

Approved By: Michael Francom

Report Highlights:

The Turkish government increased the MY 2023/24 sugar production quota by nearly 6 percent year-over-year to 3.0 million metric tons (MMT) to accommodate for growing consumption. Beet sugar accounts for about 97 percent of the quota and the remainder is starch-based sugar made from corn. For MY 2023/24, beet sugar production is expected to reach 3.05 MMT. Imports are forecast at 400,000 metric tons (MT), nearly all of which will be used in making confectionary products for export.

PRODUCTION

Sugar Beets

The MY 2023/24 (Sep-Aug) sugar beet area harvested is forecast to remain unchanged from the USDA figure of 325,000 hectares (ha). The MY 2023/24 beet production forecast is revised marginally higher to 22.0 million metric tons (MMT), due to better-than-expected yields resulting from favorable growing conditions. A government sugar production quota (explained below) limits the annual production of sugar beets.

In September, at the beginning of the beet harvest period, the government typically announces a base procurement price for sugar beets with a polarity rate of 16. (The polarity rate refers to the amount of sugar obtained from a beet.) The sugar processing factories use this base price as a reference when paying farmers for their beets. The government has not yet released a base price for MY 2023/24. In the meantime, private sugar companies have announced a preliminary procurement price of roughly 1800 TL ($66.7/MT). By comparison, the government's MY 2022/23 base price was 1450 Turkish Liras (TL)/MT ($78.40/MT).

Centrifugal Sugar

MY 2023/24 centrifugal beet sugar production is forecast is held almost unchanged from the USDA projection of 3.05 MMT. Sugar production is marginally higher year-to-year because of an increase in beet production volumes. Meantime, the MY 2022/23 centrifugal beet sugar production estimate is reduced by 100,000 MT to 2.9 MMT, because of lower-than-expected yields.

At the beginning of August, the government announced the MY 2023/24 sugar production quota at 3.1 MMT, of which 2.98 MMT is beet sugar, and the rest is SBS (e.g., high-fructose corn syrup). The total quota volume increased nearly 6 percent compared to last year.

The Turkish government uses a quota system to regulate the production of beet sugar and starch-based sugar (SBS) made from corn. The sugar quota is divided into smaller quotas, known as the A, B, and C quotas for both beet sugar and SBS.

- 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.

Table 1: Sugar Quota Breakdown (000 MT)									
	2021/2022 MY			2022/2023 MY			2023/2024 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	2,681.25	134.062	2,815.31	2,837.25	141.863	2,979.113
Starch-Based Sugar	67.5	-	67.5	68.75	-	68.75	72.75	-	72.75
Total Quota	2,700	131.625	2,831.63	2,750.00	134.062	2,884.06	2,910.00	141.863	3,051.863

Source: Official Gazette

Consumption

For MY 2023/24, centrifugal sugar consumption is projected to remain nearly unchanged from the USDA figure at 3.39 MMT. This projection assumes continued strong demand from the food and beverage industries as well as households.

The MY 2022/23 consumption estimate is revised slightly downward to 3.34 MMT to parallel the downward revision in production.

Trade

Imports
The MY 2023/24 sugar import forecast is cut to 400,000 MT (raw sugar equivalent), down 25 percent from the USDA number. This reduction in imports is based on an expected increase in production and smaller export volumes, most of which are imported duty-free under the IPR system and used in making confectionary products for export.

The MY 2022/23 sugar import estimate remains fixed at 500,000 MT and in line with the latest trade statistics. During the first ten months of the marketing year (Oct-Jul), imports totaled 455,000 MT of sugar, which is equivalent to 487,000 MT on a raw value basis. Brazil (208,000 MT), India (87,000 MT), and Saudi Arabia (18,000 MT) were the leading sugar suppliers.

In May 2022, the government announced a zero-duty quota for 450,000 MT of sugar (HS 1701) from June 1 to October 15, 2022, to relieve the domestic sugar market and prevent price increases. This quota was distributed to companies to produce confectionary products and beverages.

In addition to the duty-free quota, Turkey's inward processing regime (IPR) allows food and beverage companies to import sugar duty free so long as the sugar is used in making items for export. In recent years, when a quota is not available, nearly all imported sugar comes in under the IPR. Imported sugar and starch-based sugar outside the IPR system outside or quota (when available) are subject to a 135 percent duty. Because of this high tariff, only specialty sugar that is not domestically produced (e.g., medical, laboratory use) is imported outside these duty-free channels.

Exports

In MY 2023/24, sugar exports are projected lower at 60,000 MT and in line with last year's newly revised estimate. Sugar exports for both MY 2023/24 and MY 2022/23 have been reduced since the government, starting in January 2022, has been indirectly discouraging domestic sugar (HS 1701) exports by requiring companies to file an export registration and receive approval from the Ministry of Trade.[1] At the same time, the government favors companies using domestic sugar in making confectionary products for export instead of exporting raw sugar. In light of these disincentives, most sugar exports are transshipments.

For the reasons explained above, the MY 2022/23 export estimate is dropped from 100,000 MT to 60,000 MT. During the first ten months the marketing year (Oct-Jul), exports totaled about 51,000 MT of sugar, which is equivalent to 56,000 MT on a raw basis. Syria was the main export destination.

Stocks

MY 2023/24 ending stocks are forecast unchanged year-over-year at 10,000 MT. The government's sugar production quota system discourages companies from holding excess stocks.

Policy

The Turkish government uses various tools, as noted above, to regulate the country's sugar sector. The government also has an indirect hand in domestic sugar prices. The state-owned Turkseker, which produces one-third of the nation's sugar, sets the baseline wholesale price for sugar sold to the retail sector. As of September, Turkseker's price was 27 TL/kg ($1/kg), which is about the same price in Turkish Lira as last year.

---

[1] Sugar and a number of other agricultural products are subject to export registration requirements. Please see the full list.

Production, Supply and Distribution Data Statistics

Sugar Beets	2021/2022		2022/2023		2023/2024	
Market Year Begins	Sep 2021		Sep 2022		Sep 2023	
Turkey	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	310	310	320	320	325	325
Area Harvested (1000 HA)	310	310	320	320	0	0
Production (1000 MT)	18500	18500	21500	21500	21500	22000
Total Supply (1000 MT)	18500	18500	21500	21500	21500	22000
Utilization for Sugar (1000 MT)	18500	18500	21500	21500	21500	22000
Utilization for Alcohol (1000 MT)	0	0	0	0	0	0
Total Distribution (1000 MT)	18500	18500	21500	21500	21500	22000
(1000 HA) ,(1000 MT)						

Sugar, Centrifugal	2021/2022		2022/2023		2023/2024	
Market Year Begins	Oct 2021		Oct 2022		Oct 2023	
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)	2650	2650	3000	2900	3000	3050
Cane Sugar Production (1000 MT)	0	0	0	0	0	0
Total Sugar Production (1000 MT)	2650	2650	3000	2900	3000	3050
Raw Imports (1000 MT)	0	0	0	0	0	0
Refined Imp.(Raw Val) (1000 MT)	478	478	500	500	500	400
Total Imports (1000 MT)	478	478	500	500	500	400
Total Supply (1000 MT)	3138	3138	3510	3410	3510	3460
Raw Exports (1000 MT)	0	0	0	0	0	0
Refined Exp.(Raw Val) (1000 MT)	108	108	100	60	100	60
Total Exports (1000 MT)	108	108	100	60	100	60
Human Dom. Consumption (1000 MT)	3020	3020	3400	3340	3400	3390
Other Disappearance (1000 MT)	0	0	0	0	0	0
Total Use (1000 MT)	3020	3020	3400	3340	3400	3390
Ending Stocks (1000 MT)	10	10	10	10	10	10
Total Distribution (1000 MT)	3138	3138	3510	3410	3510	3460
(1000 MT)						

Attachments:

No Attachments