

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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POLICY

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Turkey

Post: Ankara

Turkey Temporarily Lowers Wheat Import Duty to Zero

Report Categories:

Agricultural Situation

Grain and Feed

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Report Highlights:

On February 25, 2011 the Government of Turkey decreased the import tariff on wheat from 130% to 0% until May 1, 2011. TMO already imported a total of 600,000 MT of wheat under an earlier duty free import quota in January and February, but this did not stabilize the domestic wheat price sufficiently.

General Information:

On February 25, 2011 the Government of Turkey decreased the import tariff on wheat from 130% to 0% until May 1, 2011. So far in 2011, the Turkish Grain Board (TMO) held two tenders under a previous duty free import quota allocated to TMO only, and imported a total of 600,000 MT of wheat to stabilize the domestic wheat market. As this did not decrease the domestic wheat price sufficiently, TMO wrote an official letter to the Undersecretary for Foreign Trade requesting a decreased customs rate ten days ago. In response, the import regime change was announced in the Official Gazette dated February 25, 2011.

The Turkish Flour Millers' Association however does not want the Government to import wheat at the moment, claiming that Turkey has sufficient stocks and the world price now is very high so imports would only drive up the price of wheat in Turkey. According to the millers, Turkey has 5.5 MMT of wheat stocks. That includes 1.7 MMT with industry, 1.5 MMT with TMO, and 1 MMT with farmers plus 1 MMT of wheat contracted under the inward processing regime and 300,000 MT of wheat now at the ports.

Table 1: Wheat customs tax

Turkey: wheat customs tax			
HS CODE	NAME OF PRODUCT	PREVIOUS CUSTOMS TAX	CURRENT CUSTOMS TAX
1001.10.00.00.19 ¹	Durum wheat	130	0
1001.90.99.00.11 ¹	Milling wheat	130	0
1004.00.00.00.19 ¹	Oats	130	0
1008.10.00.00.00	Buckwheat	130	0

1. Valid until May 1, 2011.

Some companies heard rumors about the tariff reduction before it was published and contracted wheat imports already. Industry expects there will be around 100,000 MT of wheat imported before May under the reduced tariff.

The wheat price dramatically increased in the last two months. The Durum wheat price in the Konya Commodity Exchange (CME) increased from 370 USD in December 2010 to 453 USD on February 25, 2011. The milling wheat price increased from 423 USD/MT in December to 457 USD/MT on February 25, 2011. The Turkish Ministerial Council had already allocated a 1 MMT duty free import quota for wheat to the Turkish Grain Board (TMO) on December 22, 2010 which can be used until December 31, 2011. Under this quota, TMO held a tender on January 11, 2011 and contracted to import 300,000 MT of average 13% protein wheat at an average price of CIF 401.47 USD/MT. Of this 240,000 MT will come from the United States, 20,000 MT will come from Kazakhstan, 20,000 MT will come from Germany and 20,000 MT will come from Ukraine. TMO held a second tender on February 15, 2011 and contracted to import 300,000 MT of average 12.5% protein wheat at 409 USD/MT. This tender went to UPGRAIN in the United States (100,000 MT) and ROMSPEED SRL (50,000 MT of from U.S. and 150,000 MT from Kazakhstan).

Table 2: TMO second tender result held in February 15, 2011

Name of Company	Quantity (MT)	Country of Origin	FOB PRICE (USD/MT)	CFR Price (USD/MT)	Loading Port
UP GRAIN	25,000	U.S.	404.90	414.90	TEXAS/U.S.
UP GRAIN	25,000	U.S.	404.90	414.90	TEXAS/U.S.

UP GRAIN	25,000	U.S.	407.40	417.40	TEXAS/U.S.
UP GRAIN	25,000	U.S.	402.40	412.40	TEXAS/U.S.
UP GRAIN	25,000	U.S.	402.40	412.40	TEXAS/U.S.
UP GRAIN	25,000	U.S.	410.00	420.00	TEXAS/U.S.
Total	150,000	Average price:	405.3	415.30	
ROMSPEED SRL	25,000	U.S.	400	411.90	U.S. GULF
ROMSPEED SRL	25,000	U.S.	400	411.90	U.S. GULF
ROMSPEED SRL	25,000	KAZAKHSTAN	390	397.90	NOVOROSSIYSK
ROMSPEED SRL	25,000	U.S.	400	418.90	U.S. GULF
ROMSPEED SRL	25,000	U.S.	400	418.90	U.S. GULF
ROMSPEED SRL	25,000	KAZAKHSTAN	400	408.90	NOVOROSSIYSK
ROMSPEED SRL	25,000	KAZAKHSTAN	400	414.00	NOVOROSSIYSK
ROMSPEED SRL	25,000	KAZAKHSTAN	410	425.00	NOVOROSSIYSK
ROMSPEED SRL	30,000	KAZAKHSTAN	390	398.90	NOVOROSSIYSK
ROMSPEED SRL	25,000	KAZAKHSTAN	390	398.90	NOVOROSSIYSK
ROMSPEED SRL	20,000	KAZAKHSTAN	405	416.00	NOVOROSSIYSK
Total	275,000	Average price:	398.36	410.7	
HAGE	25,000	GERMANY	405	430.90	ROSTOCK
HAGE	30,000	GERMANY	399	421.90	ROSTOCK
HAGE	25,000	GERMANY	405	427.90	ROSTOCK
HAGE	20,000	GERMANY	395	424.90	KIEL
Total	100,000	Average price:	401.1	426.25	
MESOPOTAMIA FZE	25,000	U.S.	414	418.75	TEXAS GULF
MESOPOTAMIA FZE	25,000	U.S.	414	418.75	TEXAS GULF
MESOPOTAMIA FZE	25,000	U.S.	414	418.75	TEXAS GULF
MESOPOTAMIA FZE	25,000	U.S.	423	427.95	TEXAS GULF
MESOPOTAMIA FZE	25,000	U.S.	422	427.10	TEXAS GULF
MESOPOTAMIA FZE	25,000	U.S.	422	427.10	TEXAS GULF
MESOPOTAMIA FZE	25,000	U.S.	419	423.75	TEXAS GULF

MESOPOTAMIA FZE	25,000	U.S.	427	431.73	TEXAS GULF
MESOPOTAMIA FZE	30,000	U.S.	427	429.07	TEXAS GULF
MESOPOTAMIA FZE	25,000	U.S.	419	423.75	TEXAS GULF
MESOPOTAMIA FZE	20,000	U.S.	440	445.23	TEXAS GULF
Total	275,000	Average price:	421.57	426.24	
BUNGE	25,000	ARGENTINA	403	423.43	UP RIVER
BUNGE	25,000	ARJANTIN	411	431.43	UP RIVER
BUNGE	25,000	BRAZIL	425	445.00	PARANAGUA
BUNGE	25,000	BRAZIL	407	427.43	PARANAGUA
BUNGE	20,000	BRAZIL	430	450.00	PARANAGUA
Total	120,000	Average price:	414.85	434.85	
VA INTERTRADING	25,000	U.S.	445	465.00	US GULF
SUNLEY COMPANY	25,000	ARJANTIN	404	424.00	UP RIVER
SUNLEY COMPANY	20,000	UKRAYNA	414	424.00	ILICIEVSKY
Total	45,000	Average price:	408.4	424.00	