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Turkey

Grain and Feed Annual

2015 Turkey Grain and Feed Annual

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Report Highlights:
The wheat production estimate for Marketing Year (MY) 2014/15 is 15.25 million metric tons (MMT) and the forecast for MY 2015/16 is 18 MMT. Rainfall in MY 2014/15 was significantly higher than the previous two years. Barley production in MY 2015/16 is forecast at 6.6 MMT. Turkey's feed sector is increasing. The government increased the agricultural support budget from 9.7 billion Turkish Lira (TL) in 2014 ($4.49 billion) to 10.1 billion TL ($4.1 billion) in 2015. The Turkish Grain Board (TMO) is currently selling stocks to open space for an expected bumper harvest.

Executive Summary:

Rainfall in 2014 was higher than in 2013 across all over the country. Average rainfall in Turkey from October 2014 through January 2010 was 361 mm. During the same period of the previous year, rainfall was just 203 millimeters (mm). Due to favorable weather conditions throughout most of Turkey, wheat production is forecast to reach 18 MMT in MY 2015/16, assuming continued favorable weather from April to June. TMO is currently selling stocks to open space for an expected bumper harvest.

Barley production in MY 2015/16 is forecast at 6.6 MMT Barley production in MY 2014/15 is estimated at 4 MT. Barley area is essentially the same as in 2014.

Corn production in MY 2015/16 is forecast at 5.8 MT Corn production in MY 2014/15 is estimated at 4.8 MT. Corn area is increasing about 10 percent over MY 2014/15.

Milled rice production remained the same at 460,000 MT in MY 2014/15. Post forecasts paddy rice production for MY 2015/16 at 746,000 MT.

Turkish flour millers exported record levels of wheat flour in MY 2013/14. But they experienced some difficulties in MY 2014/15, especially in leading export markets of Syria and Iraq.

Turkey's total mixed feed production increased 13 percent compared to last year. Feed prices were stable.

The government increased the agricultural support budget from 9.7 billion TL ($4.49 billion) in 2014 to 10.1 billion TL ($4.1 billion) in 2015. Due to the Turkish Lira's devaluation[1] agains the U.S. dollar, the 2015 level of support is a lower value than that in 2014.

Commodities:

Wheat
Barley
Corn
Rice, Milled

[1] Annual average exchange rates Turkish Lira to U.S. Dollars:

2012	1.80TL/$1
2013	1.90TL/$1
2014	2.16TL/$1
2015	2.46TL/$1

Production:
Rainfall in 2014 was higher than in 2013 across all over the country. Average rainfall in Turkey from October 2014 through January 2015 was 361 mm. During the same period the previous year, rainfall was just 203 mm. This amount of rainfall is 12 percent greater than the national average, and 78 percent greater than last year.

The areas with the greatest increase in rainfall were the Marmara/Aegean, followed by the Mediterranean and Central Anatolia regions. The cumulative rainfall from October to January in the Mediterranean region this season was 542.9 millimeters (mm), while the average level for that region is 455.9 mm. The only region without at least a 50 percent increase was South East Anatolia, which had 64 percent more rain that average last year during the drought.

Table 1: Cumulative Rainfall in Turkey

Turkey: Recent Rainfall Levels			
Region	**Oct 2014- Jan 2015 (mm)**	**Oct 2013-Jan 2014 (mm)**	**Normal (mm)**
Marmara	452.2	255.4	385.1
Aegean	490.8	272.9	379.4
Mediterranean	542.9	265.3	455.9
Central Anatolia	212	119.3	196.1
Black Sea	366.7	226.1	362.2
East Anatolia	265	164.8	277.5
South East Anatolia	384.1	341.3	207.8
Turkey Total	361.1	203.1	322.8

Source: Turkish State Meteorological Service

Wheat

Winter wheat planting finished in December 2014. Wheat area increased 150,000 hectares (ha) in MY 2015/16. In the Thrace region some planted wheat areas were flooded due to heavy rain. Most of those fields will be replanted with sunflower. Post forecasts MY 2015/16 wheat production at 18 MMT in MY 2015/16 based on favorable weather conditions throughout most of Turkey. Post assumes sufficient rain and favorable conditions will continue from April to June.

Central Anatolia is the leading grain producing region of Turkey. Wheat and barley are the traditional products of this high plateau region. So far in MY 2015/16 rainfall in the region is higher than normal and snow cover is favorable for wheat production. Total wheat area in Central Anatolia is 3,000,000 hectares (ha) and the average yield is 2 metric tons/hectare (MT/ha). Of the total 6.2 MMT of wheat produced in Central Anatolia in MY 2015/16, 0.85 MMT was durum wheat. Wheat plant height was 20 cm in March 2015 and development was good. In some areas there were yellow colors observed in the wheat field.

In Southeast Turkey, the provinces of Şanlıurfa, Diyarbakır and Mardın are the primary producers of wheat. The wheat area increased slightly in MY 2015/16 compared to MY 2014/15 because some farmers switched from cotton back to milling wheat as first crop and corn for second crop. The wheat producing area of Southeast Anatolia is approximately 953,000 ha with an average yield of 2.6 MT/ha. Southeast Anatolia produced 2.5 MMT of wheat in MY 2014/15. Of this total, 1 MMT was durum wheat.

In Thrace, farmers planted 600,000 ha of wheat. The average yield in the region is 4.3 MT/ha. The region is expected to produce 2,500,000 MT of wheat in MY 2015/16. Due to high rain levels and flooding this winter, 10,000 MT of wheat might be damaged in the Thrace region. Wet conditions are expected to increase plant disease and lower the quality of the wheat.

Table 2: Turkish Wheat Production by Region

Regions	MY 2010/11 Avg. yield (MT/HA)	MY 2011/12 Avg. yield (MT/HA)	Long term Avg. yield (MT/HA)	Harvest Time	MY 2013/14		MY 2014/15		MY 2015/16	
					Harvested Area (ha)	Production (MT)	Harvested Area (ha)	Production (MT)	Harvested Area (ha)	Production (MT)
Çukurova region	3.5-4.5	4.7	4.5-5.5	May10-June 10	250,000	1,300,000	255,000	1,100,000	265,000	1,300,000
Hatay region	3	4.7	5-5.5	May25-June 25	85,000	280,000	86,000	200,000	86,000	250,000
Southeast region	2	2.9	3-3.5	May15-June 25	930,000	2,500,000	948,000	2,300,000	953,000	2,555,000
Central Anatolia	2	2.38	1.5-2	June25-July 25	2,905,000	6,200,000	2,915,000	4,800,000	3,000,000	6.200,000
Polatlı	2.8-3	3.4	3.3	June15-July 20	130,000	450,000	100,000	30,000	130,000	400,000
Aegean region	2-2.5	3	3	May25-June 25	500,000	1,650,000	500,000	1,650,000	500,000	1,650,000
Aydin region	4.5	4	4	May20-June 10	6,000	45,000	6,000	45,000	6,000	45,000
Thrace	3.5	4.1	4.1	June15-July 15	600,000	2,500,000	600,000	2,300,000	600,000	2,500,000
Other regions	1.3	1.4	1.5	June15-July 15	2,300,000	3,075,000	2,300,000	3,075,000	2,320,000	3,100,000

Total	2.12	2.3	2.3	My 15-July15	7,706,000	18,000,000	7,710,000	15,250,000	7,860,000	18,000,000

The Çukurova region has 275,000 ha of wheat planted in MY 2015/16. The wheat area slightly increased in MY 2015/16 compared to MY 2014/15 because some Çukurova farmers switched from cotton back to wheat. The Çukurova region is expected to produce 1.3 MMT of wheat in MY 2015/16.

The Aegean region has 275,000 ha of wheat planted in MY 2015/16. Wheat is in a very good condition so far. Wheat germination and plant development is favorable except a few fields in Thrace which were affected by flooding.

Wheat premium payments will remain at 50 Turkish Lira (TL)/MT ($26/MT) in MY 2015/16.

TMO began purchasing based on protein content for the first time in 2011. TMO announced their new purchasing policy before the MY 2015/16 harvest. TMO's purchasing policy is meant to encourage farmers to produce more quality wheat by offering a greater premium for higher protein content and lower pest damage.

Estimated total durum wheat output for MY 2014/15 decreased to 1.75 MMT. Durum wheat is produced mainly in Central Anatolia and Southeast Anatolia. Central Anatolia has 240,000 ha of durum wheat area that yielded an average 3.4 MT/ha in MY 2014/15. The quality of durum wheat in MY 2014/15 was higher compared to MY 2013/14 due to drought.

Southeast Anatolia has 250,000 ha of durum wheat area. MY 2014/15 yields were 3.8 MT/ha, which was lower than MY2013, but yields were better than previous estimates early in harvest.

Turkey is forecast to produce 1.9 MMT of durum wheat in MY 2015/16. Although the durum wheat planting area remained the same in Central Anatolia and Southeast Anatolia compared to MY 2014/15, yields are expected to increase due to favorable weather conditions. Although wheat prices are higher than last year, corn is still more attractive than other field crops.

Table 3: Government support program for wheat (TL and $/MT)

Turkey: 2015 Government support for wheat producers					
Year	Certified seed (TL, $/ha)	Soil analysis (TL, $/ha)	Premium (TL, $/Ton)	Diesel (TL, $/ha)	Fertilizer (TL, $/ha)
2009	50 TL	22.5 TL	45 TL	29.3 TL	38.3 TL
	$32.25	$14.51	$29.03	$18.9	$24.71
2010	50 TL	25 TL	50 TL	32.5 TL	42.5 TL
	$33.33	$16.66	$33.33	$21.66	$28.33
2011	60 TL	25 TL	50 TL	37.5 TL	47.5 TL
	$35.71	$14.88	$29.76	$22.32	$31.66
2012	60 TL	25 TL	50 TL	40 TL	50 TL
	$33.33	$13.29	$27.77	$22.22	$27.77

2013	75 TL	25 TL	50 TL	43 TL	55 TL
	$39.47	$13.15	$26.31	$22.63	$28.95
2014	75 TL	25 TL	50 TL	46 TL	60 TL
	$34.72	$11.57	$23.15	$21.29	$27.77
2015	85 TL	25 TL	50 TL	48.5 TL	66 TL
	$34.55	$10.16	$20.32	$19.71	$26.83

Due to significant decreases in harvest figures, the Turkish Grain Board (TMO) did not announce wheat intervention prices for MY2014. However, TMO received authorization to import 4.2 MMT of wheat, barley, rice and corn at zero customs duty, authorized through a Cabinet of Ministers Decision published in the Official Gazette on April 19, 2014. Typically, TMO stops its sales of wheat for milling, pasta and biscuits at the beginning of the domestic wheat and barley harvest.

Within this context, TMO has held 12 import tenders since June 3, 2014. Through these tenders TMO has imported about 1.2 MMT of milling wheat, 0.7 million MMT of barley, 170,000 MT of corn, 8,000 MT of rice, and 40,000 MT of paddy rice in MY 2014/15. Also, TMO has imported about 60,000 MT of durum wheat.

Table 4: Historic TMO Wheat intervention price and premiums

Turkey: TMO wheat intervention prices and wheat premiums (TLand $/MT)		
Year	**Intervention price**	**Premium**
2007	425 TL	45 TL
	$326.9	$34.6
2008	500 TL	45 TL
	$384	$34.6
2009	500 TL	45 TL
	$322.58	$29
2010	550 TL	50 TL
	$366.66	$33.33
2011	605 TL	50 TL
	$360.11	$29.76
2012	665 TL	50 TL
	$369.44	$27.77
2013	720 TL	50 TL
	$380	$26.31

TMO began its domestic sales to meet internal demand in October. TMO has import quotas for the EU under bilateral agreements allocated by The Ministry of Economy. The private sector also benefited from this allocation of 330,000 MT of wheat in 2014.

<u>Barley</u>

Turkish barley production for MY 2014/15 is estimated at 4 MMT and for MY 2015/16 is forecast at 6.6 MMT. Drought in Southeastern Anatolia and part of Central Anatolia greatly reduced barley yields in MY 2014/15. Barley production area in South East Anatolia slightly decreased in MY 2015/16. In the Harran Plato, where irrigation is just available, farmers are moving away from planting barley in favor of higher returns on other commodities such as milling wheat and corn as a second crop. Also, some preferred to plant fruit trees in barley fields in recent years in South East Anatolia. That reduction offset by increasing in Central Anatolia. Some farmers planted without fallow in Central Anatolia (Cihanbeyli and Kulu) because good precipitation levels in the winter months supported barley planting.

The government announced a premium of 50 TL/MT for barley, rye, and oat growers in MY 2015/16 and MY 2014/15. This premium has not changed since 2010.

Corn

Corn is becoming more popular among Turkish farmers with the increasing availability of irrigation in recent years. Lower returns on cotton in MY 2014/15, new fields with access to irrigation, TMO's procurement price, and increasing demand from feed sector are the driving forces driving corn's popularity.

The Turkish second-crop corn harvest ended in January 2015. Despite high yields, especially in the region between Mardin, Batman and Bismil in the South East region, the crop's quality was not good. In Çukurova and the GAP region the yield was 8-11 MT/ha compared to 8-12 MT in MY 2013/14. However, returns were better than for other commodities.

Post estimates the total MY 2014/15 corn production at 4.8 MMT of which 2 MMT is second crop and forecasts MY 2015/16 at 5.8 MMT, which would be a record due to increasing planting area. Corn area is forecast to increase about 10 percent.

The Aegean region, the Çukurova region and South East Anatolia are the primary corn producers in Turkey. First crop corn will be planted from the first week of March until mid-April. In the Central Anatolian region, farmers are reportedly moving away from planting sunflowerseed in favor of crops with higher returns such as corn, potatoes and sugar beets.

Cotton and sunflowerseed areas are projected to decline in MY 2015/16 due to disappointing returns in MY 2014/15. Increasing 5,000 ha soybean area is not enough to offset the loss in sunflower and cottonseed production. The cumulative decline is about 70,000 ha – some of which is being utilized for corn production.

The corn premium is unchanged at 40 TL/MT ($16.26/MT) in MY 2015/16.

TMO announced the corn market price at 680 TL/MT ($315/MT) on August 15, 2014. On August 15, 2014, 1 USD was 2.16 TL, which was 1.93 TL on the previous announcement date in 2013. The procurement price in MY 2013/14 was 640 TL/MT ($331/MT).

TMO procured 1,373,444 MT of corn in MY2013. However, TMO procured only about 175,000 MT of corn in MY 2014/15 due to farmer preference to sell to the private sector. Also, as in last year, farmers should schedule an appointment date through a web-based system to sell their crop to TMO.

Rice

The major rice growing provinces are Edirne, Balıkesir, Çanakkale, Bursa, Samsun, Çorum, Sinop, and Kastamonu. Turkey has 98,000 ha of paddy rice plantation, half of which is located in the Thrace and Marmara regions. The most productive region is Thrace, which contains 10-15 percent of Turkey's total rice plantation area. Ipsala in the Edirne region alone produces 20,000 ha of paddy rice. The average yield in Thrace is 8 MT/ha.

The Thrace and Marmara regions have received sufficient rainfall so far in MY 2015/16. Most dams in the region are close to maximum capacity. This is a strong indicator that paddy rice production will increase in MY 2015/16.

Rice planting will start in the middle of May 2015 and finish by the end of the same month. MY 2015/16 plantation area will increase 1 percent due to new planting area that was fallow last year. Only ongoing dam constructions in Çorum province will cause a rice area loss of about 500 ha. Post forecasts MY 2015/16 rice production at 746,000 MT. Rice yields depend on rainfall at the end of August and early September. The harvest normally begins in September and ends in October.

High premiums and prices for rice led to increased area planted in MY 2008 and MY 2009. The Turkish government's second revised estimate for rice production was 753,000 MT for MY 2008 and 750,000 MT for MY 2009. The paddy rice premium remained at 100 TL/MT ($40.65/MT) in MY 2015/16.

Consumption:

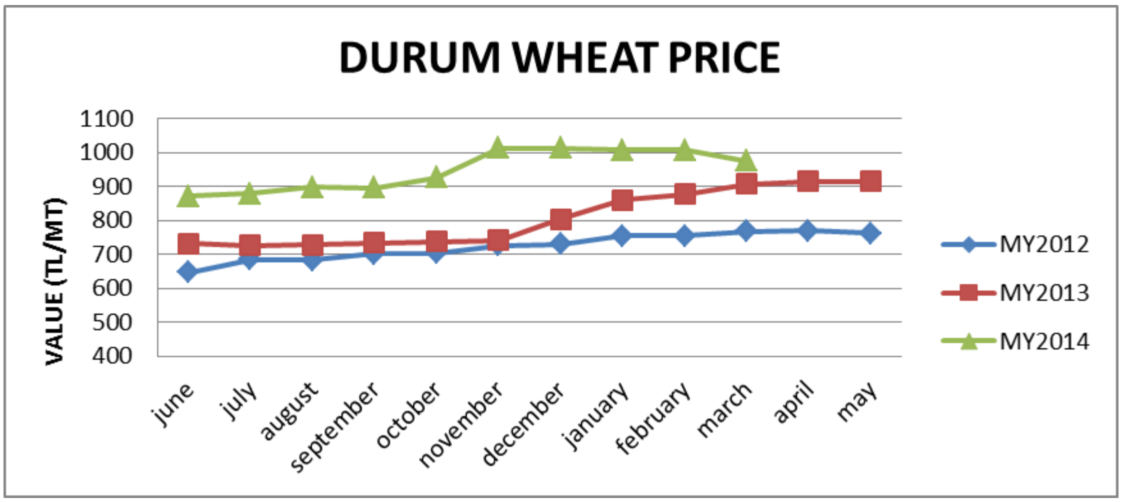
Wheat

Post forecasts Turkish consumption at 16.8 MMT, which is unchanged from recent years. Although Turkey has a young and growing population, more affluent consumers are moving away from wheat-based products in roughly equal amounts to those consumers who are increasing their consumption. Further, the GOT has promoted programs to reduce wheat and in particular bread waste.

Turkish total domestic pasta consumption increased from 5.5 kg/person to 7 kg/person in 5 years with the help of the sector's efforts and promotions. Turkish total domestic pasta consumption was about 560,000 MT in CY 2014. There are 23 pasta factories in Turkey. Turkish pasta production capacity is currently 1.8 MMT/year. However, capacity use rate is 70 percent in CY2014.

Due to lower production levels compared to MY 2013/14 and high international prices, durum wheat prices remained high in MY 2014/15 compared to the last two years. The Konya commodity market exchange (CME) is the leading exchange for durum wheat in Turkey. The average durum wheat price increased 18 percent compared to the previous year to 949 TL/MT, which was 805 TL/MT ($423/MT) in MY 2013/14 and 723 TL/MT ($401) in MY 2012/13.

Figure 1: Average durum wheat price at the Konya Commodity Exchange



The average durum wheat import price in CY 2014 increased to $460/MT. It was $395/MT in CY 2013. The 16 percent climb in price is masked by the Turkish Lira's 22 percent decline against the dollar from March 2013 to March 2014.

TMO has also offered to sell 80,000 MT of its imported durum wheat stocks to pasta and semolina producers in February 2015 at a price of 920-950 TL/MT (US$ 373-386 MT), excluding VAT and handling charges.

Table 5: Turkey Wheat Sell Price

TMO sell price					
Type	Sell Price (TL and $/MT)				
	November	December	January	February	March
Anatolian Hard White Wheat	855 TL	855 TL	870 TL	880 TL	880 TL
	$383	$372	$372	$357	$339
Anatolian Hard Red Wheat	855 TL	855 TL	870 TL	880 TL	880 TL
	$383	$372	$372	$357	$339

White Semi Hard	835-845 TL	835-845 TL	850-860 TL	860-870 TL	860-870 TL
	$374-378	$364-369	$365-370	$350-354	$332-336
Red Semi Hard	835 TL	835 TL	850 TL	860 TL	860 TL
	$374	$364	$364	$349	$331
Other Red And White Wheat	820-855 TL	820-855 TL	835-870 TL	845-880 TL	845-880 TL
	$368-383	$358-373	$358-373	$343-358	$326-340
Durum	-	-	920-950	920-950	-
	-	-	$395-408	$374-286	-
Feed Wheat	745 TL	755 TL	745 TL	755 TL	775 TL
	$334	$329	$319	$306	$299
Imported (12.5 protein)	870 TL	870 TL	870 TL	870 TL	870 TL
	$390	$379	$372	$353	$335
Imported (13.5 protein)	880 TL	880 TL	880 TL	880 TL	880 TL
	$394	$383	$376	$357	$339

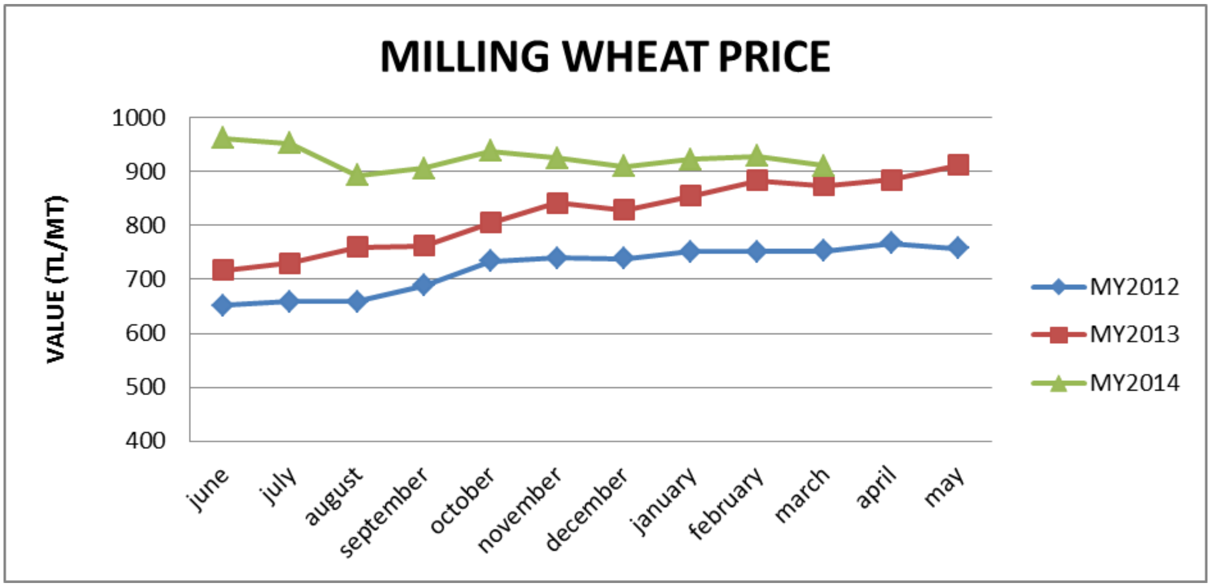
Turkey had poor wheat harvest in MY 2014/15 because of drought weather conditions. Despite all pressures on wheat prices, prices increased only about 15 percent compared to 2013.

The Polatlı CME is the main commodity market exchange for red milling wheat in Turkey. The average price of high quality red milling wheat in the Polatlı CME in MY 2013/14 was 814 TL/MT ($428) and 938 TL/MT ($434) in MY 2014/15. The average red milling wheat on the Polatlı CME is 880 TL/MT ($357/MT) in March 2015.

TMO imported over 1 MMT of wheat after the poor harvest in MY 2014/15. According to traders, TMO is preparing to procure again in the new marketing year following an expected abundant harvest. Therefore, TMO is currently selling existing stocks before the harvest in May.

TMO offered 796,978 MT of their stocks of imported wheat to flour and bulgur producers in February 2015 at a price of 870 TL/MT ($353/MT) for 12.5% protein, 880 TL/MT ($357/MT) 13.5% protein, excluding VAT and handling charges. TMO also offered their stocks of domestic wheat from 2009, 2010 and 2011 in February 2015 at a price of 775 TL/MT ($315/MT) for feed quality and 905 TL/MT ($368/MT) for 13.5% protein, excluding VAT and handling charges with 90 days payment.

Figure 2: Average Milling Wheat Price at the Konya Commodity Exchange



The March 2015 wheat CIF import price in Marmara was $235/MT for 13.5% protein wheat and $220/MT for 12.5% protein wheat. The price in February 2015 was $262/MT and decreased with decreasing Turkish demand and the Ruble's value. The domestic wheat flour price remained stable in MY 2014/15. The average wheat flour export price was $413/MT in MY 2014/15.

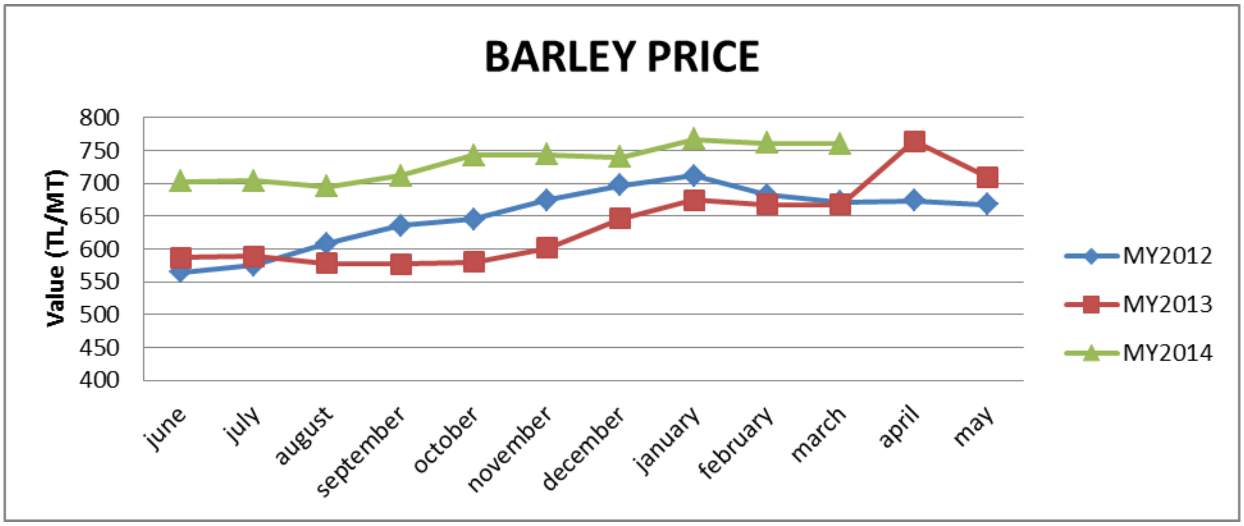
Table 6: Average wheat flour price at the Bandırma Commodity Exchange

WHEAT FLOUR PRICE MY 2014/15 (TL and $/kg)								
June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb
59.12 TL	59.19 TL	62.53 TL	62.81 TL	62.38 TL	61.8 TL	62.39 TL	62.37 TL	62.49 TL
$28.02	$28.05	$29.08	$28.4	$27.7	$27.7	$27.2	$26.7	$25.4

Barley

Due to poor production levels, the barley price increased in MY 2014/15, but increasing was limited in MY 2014/15, partly due to intervention from TMO. It is the first time TMO started to sell barley to domestic market throughout the harvest. The barley price at the Konya CME on March 25, 2015, was 748 TL/MT ($304/MT). The price of imported barley in March 2015 was CIF Marmara $225/MT.

Figure 3: Average Barley Price at the Konya Commodity Exchange



Barley traditionally has been the preferred feed grain in Turkey, especially for ruminants. Half of barley consumption as feed went into commercial feed production and the other half was feed directly to livestock or mixed on the farm. Approximately 10 percent of barley consumption is Malting barley, which has been steady in recent years.

Table 7: Turkey Barley Sell Price

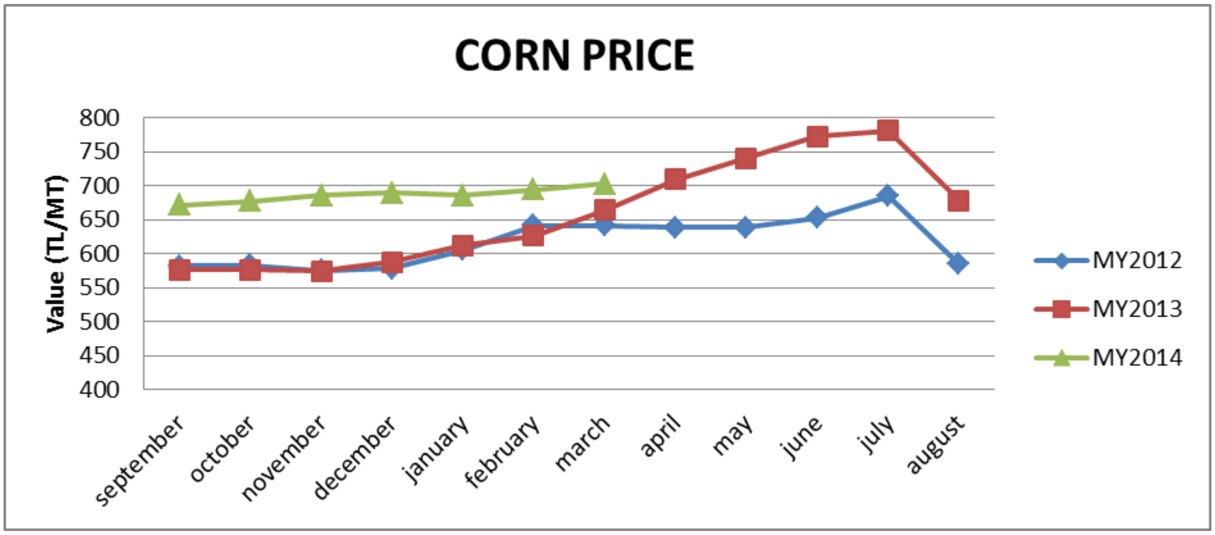
TMO sell price									
Type	Sell Price (TL and $/MT)								
	June-July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Barley (imported)	649 TL	654 TL	655 TL	659 TL	675 TL	680 TL	685 TL	690 TL	690 TL
	$306	$303	$296	$292	$302	$296	$293	$280	$266
Barley (domestic)	-	-	-	-	-	680 TL	685 TL	690 TL	690 TL
						$296	$293	$280	$266

<u>Corn</u>

TMO procured 175,000 MT of corn in MY 2014/15 at a price of 680 TL/MT ($314/MT). The TMO corn sale price was 735 TL/MT ($340) in MY 2014/15, excluding VAT and handling charge.

The corn price was 712 TL/MT ($290/MT) in the Adana CME and 714 TL/MT ($290/MT) in the Şanlıurfa CME on March 25, 2015. The corn import price in March 2015 is CIF Marmara $178/MT which was $190/MT at the end of 2014, and $161/MT in February. Prices are fluctuating due to the Ruble's unstable value.

Figure 4: Average corn price at Adana Commodity Exchange



The corn premium for MY 2015/16 is 40 TL/MT ($16.26/MT), which is unchanged since MY2009 when it increased from 36 TL/MT ($27.69) in MY 2008.

<u>Rice</u>

The most preferred varieties of rice are the Calrose, Baldo and Osmancık in Turkey. Despite promoting different types of rice consumption as a salad or with olive oil, Turkish consumers prefer *pilaf* (fried rice). Annual rice consumption is approximately 7 kg/person.

Bandırma, Samsun, Edirne, Tekirdağ and Ankara are the locations of the important commodity exchanges for rice. Turkey has 25,000 paddy rice farms. Turkey has nearly 200 paddy rice millers, but they use only 33 percent of their capacities. The millers therefore urge TMO to import rough rice instead of rice.

On April 19, 2014, the Turkish government published a cabinet decision authorizing TMO to import up to 200,000 MT of duty free rice until September 1, 2016.

The paddy rice premium is 100 TL/MT ($46/MT) in MY 2014/15 and MY 2015/16, up from 90 TL/MT ($69/MT) in MY 2008.

<u>Feed</u>

Post forecasts feed utilization of 950,000 MT, which is an increase from 700,000 MT in MY 2014/15. The increase is due to projected higher yields that equate to lower protein quality, and is often used for animal feed.

Feed costs in the livestock sector represent 70 percent of total production costs. In CY 2014, Turkey imported 8.73 MMT of feed ingredients, 1.7 MMT more than in 2013. Soybeans represented 23 percent of total feed material imports in 2014, corn represented 16 percent, starch bran represented 10 percent, sunflower seed meal represented 9 percent, and soybean meal represented 7 percent. Turkey imported 4.2 MMT of oil seed and meal, and 2.1 MMT of grain for feed production in 2014.

Turkey's total mixed feed production increased 13 percent compared to 2013 to 18 MMT in 2014. The feed industry growth rate will continue to increase steadily in the coming years in line with developments in the broiler, egg and livestock industries. According to sector representatives, the feed sector plans to grow 6 percent an annually until 2023 to reach 30 MMT of production.

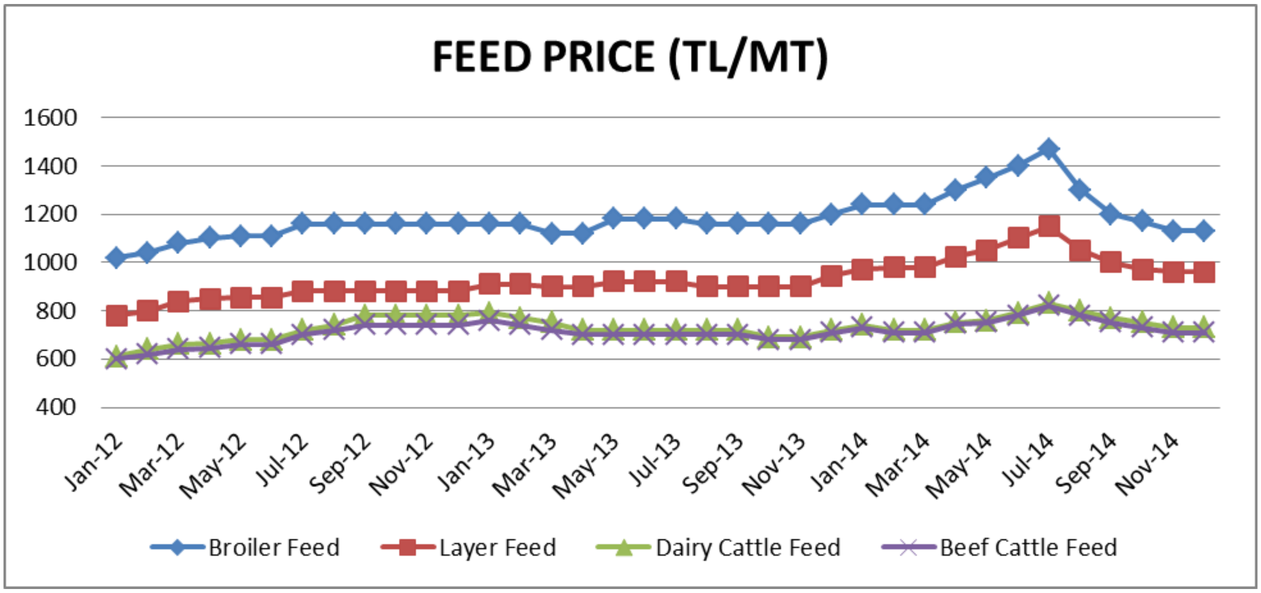
Table 8: Feed prices in recent months

Turkey: Feed Price (TL and $/MT)								
Type of Feed	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15
Broiler Feed	1400 TL	1470 TL	1300 TL	1200 TL	1170 TL	1130 TL	1130 TL	1175 TL
	$663	$696	$604	$542	$520	$506	$493	$504
Layer Feed	1100 TL	1150 TL	1050 TL	1000 TL	970 TL	960 TL	960 TL	995 TL
	$521	$545	$488	$452	$431	$430	$419	$427
Dairy Cattle Feed	790 TL	830 TL	800 TL	770 TL	750 TL	730 TL	730 TL	760 TL
	$374	$393	$372	$348	$333	$327	$318	$326
Beef Cattle Feed	780 TL	820 TL	780 TL	750 TL	730 TL	710 TL	710 TL	740 TL
	$369	$388	$362	$340	$324	$318	$310	$317

World corn, soy and their derivatives prices decreased percent 25-30 compared to last year. Turkey soybean imports during the MY 2013/14 were 1.6MMT compared to 1.25 MMT a year ago, largely due to improved domestic crushing margins. Paraguay (492,000 MT), Brazil (415,000 MT) and the United States (350,000 MT) were the leading supplier of soybeans, followed by Ukraine (143,000 MT) and Argentina (127,000 MT). Soy imports continue to be strong during the first four months of MY2014 reaching 674,000 MT. The United States was the leading supplier with 401,000 MT; followed by Ukraine (242,000 MT), and Brazil (136,000 MT).

The decrease in world commodity markets has not translated to lower prices in Turkey due to the depreciation of the Turkish Lira to the U.S. dollar.

Figure 5: Average Feed Prices

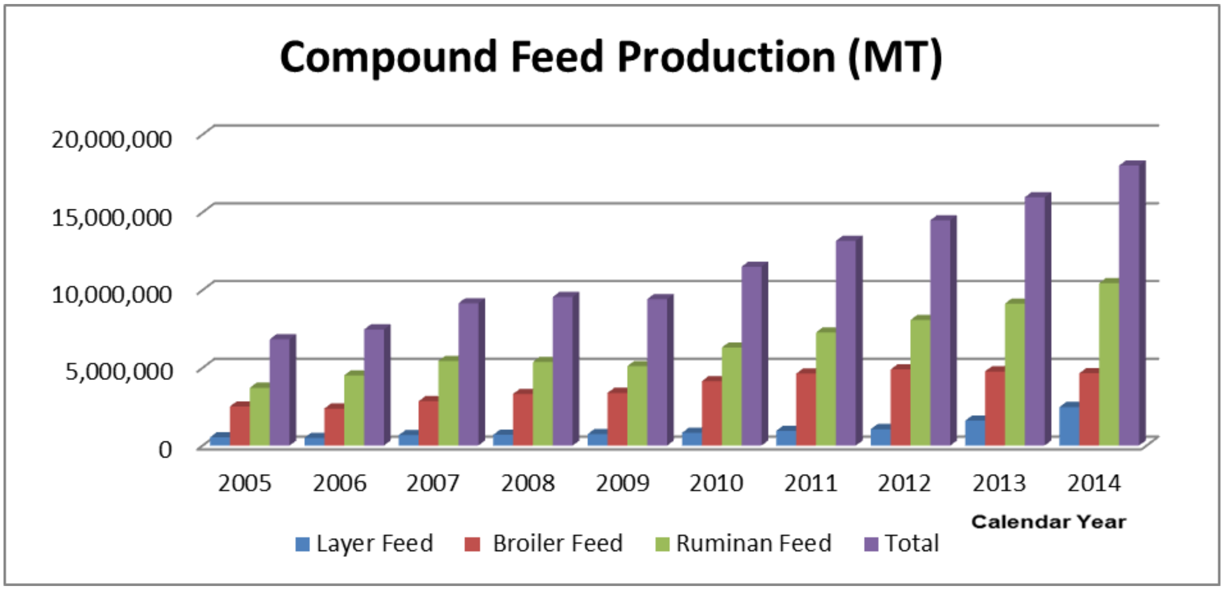


The price for U.S. soybeans (CIF Marmara) was $550/MT in January and $520/MT in March 2015. The price for Argentinean soybean meal (CIF Marmara) was $540/MT in January and $510/MT in March.

Turkish poultry operations who wanted to take advantage of low world prices placed large orders of DDGS from U.S. suppliers, but inconsistency in biotech testing results caused cargos to be rejected and shipments to be canceled. Due to import restrictions caused by the 2010 Biosafety Law, total U.S. exports declined about thirty-three percent to 227,000 MT. According to the law, all biotech varieties need to receive approval from the Biosafety Board for import. The Board has approved only fourteen corn events, but one (Mon88017xMon810) is effectively rescinded. Until all events utilized in the U.S. are approved, imports will carry the risk of rejection.

As a result of biotech risks in imports from North and South America, , and despite quality problems, many importers prefer Ukrainian soybeans. The price for Ukrainian soybeans (CIF Marmara) was $450/MT in March.

Figure 6: Composition of Compound Feed (2005-2014)



Demand for compound feed has been growing in Turkey due to limited pasture areas and an increasing number of modern livestock and poultry operations. Broiler and egg production had increased with an average of seven percent annually during the last ten years as a result of increasing domestic consumption and exports to neighboring countries. The GOT, in an effort to lower high local red meat prices, had been offering support programs to maintain and increase domestic livestock production as well.

Poultry producers are the most important end users of corn in Turkey. The poultry sector is one of the strongest and most developed food industries in Turkey, and domestic poultry consumption and exports have been increasing every year. The growth in 2014 was about two percent and total broiler meat production is estimated at 1.95 MMT (1.84 MMT for broiler meat). The industry also projects to grow about two percent in 2015. The negative publicity about biotech poultry feed and unscientific accusations of antibiotic use had prevented the industry from growing faster, and slowed the increase in domestic consumption. However, the increase in exports helped the industry to maintain growth. As a result of increasing production, per capita consumption of total poultry meat (including broilers, village stocks, slaughtered layers and turkey meat) reached 21 kilogram in 2014. The industry's target is to reach per capita consumption of 26.5 kilogram by 2023 (the Turkish Republic's centenary).

The layer industry is most rapidly growing section among feed sector. Only in 2 years layer feed production increased 2.5 times. Besides the layer industry grew about seven percent in 2013, about six percent in 2014, and total production reached 17.6 billion eggs. Of Turkey's total exports, about 27 percent are exported to foreign markets, which is $404 million dollars. Turkey is ranked as one of the top ten largest egg producers in the world. The industry has grown about fifty percent between 2008 and 2012 as a result of both domestic consumption and increases in exports. Turkey continues to export about twenty-five percent of its egg production, mostly to neighboring countries. Feed is about percent 65 of egg cost. Domestic consumption of eggs is also increasing, reaching 185 eggs per person in 2014.

Table 9: Turkey Egg Production and Export

Turkey: Egg Production and Export			
YEAR	**PRODUCTION**	**EXPORT**	**%**
2006	8,401	195	2.32
2010	13,980	2,143	15.33
2011	14,000	3,588	25.63
2012	15,677	4,080	26.03
2013	16,707	4,522	27.07
2014	17,607	4,649	26.40

Both industries have the potential for even higher growth, but are constrained by high feed material prices due to higher commodity prices and problems caused by the 2010 Biosafety Law, which limits the availability of imported feed ingredients.

Table 10: Average commodity price at the Bandırma Commodity Exchange

Turkey: feed price (TL and $/MT)								
Type of commodity	14-Jun	14-Jul	14-Aug	14-Sep	14-Oct	14-Nov	14-Dec	15-Jan
Milk	1400 TL	1470 TL	1300 TL	1200 TL	1170 TL	1130 TL	1130 TL	1175 TL
	$663	$696	$602	$543	$520	$507	$492	$504
Meat	1100 TL	1150 TL	1050 TL	1000 TL	970 TL	960 TL	960 TL	995 TL
	$519	$543	$486	$452	$430	$430	$418	$426
Egg	790 TL	830 TL	800 TL	770 TL	750 TL	730 TL	730 TL	760 TL
	$373	$392	$370	$348	$332	$327	$318	$325

Table 11: Broiler Meat Exports

QUANTITY OF BROILER MEAT EXPORTED

Country	Quantity			% Share			% Change
	2012	2013	2014	2012	2013	2014	2014/2013
Iraq	167,150	208,200	218,977	55.01	57.31	54.27	5.18
Hong Kong	24,306	40,318	44,443	8.00	11.10	11.01	10.23
Syria	765	23,765	19,318	0.25	6.54	4.79	- 18.71
Tajikistan	13,718	14,775	18,422	4.52	4.07	4.57	24.69
Russia	80	0	17,521	0.03	0.00	4.34	0.00
Congo Dem. Rep.	5,026	7,380	11,641	1.65	2.03	2.89	57.73
TOTAL	303,829	363,304	403,479	100.00	100.00	100.00	11.06

Although the poultry industry has been growing steadily, the Turkish livestock sector has been up and down over the last several years, along with local milk and meat price fluctuations. Since 2010, the GOT has introduced a number of incentive programs to increase domestic livestock production and lower local red meat prices. In 2014, red meat production increased about 1.5 percent, and milk production increased about one percent.

Turkey exported 380,000 MT of compound feed in 2013. But Turkey exported 225,000 MT in 2014. The feed sector complains about restrictions on the import of feed ingredients, which are a barrier on compound feed exports, and not using their capacity effectively for export.

Trade:

Wheat

Post forecasts Turkish wheat imports at 3.5 MMT, which is 2 MMT lower than in MY2014 due to improved production and lower demand from the export sector. Higher production equates to Turkish demand for higher protein wheat, typically from the Black Sea region. However, constraints on exports to Turkey's key markets in Syria and Iraq are likely to reduce demand for high quality wheat imports that are blended with domestic wheat to meet export specifications. Further, Turkish wheat flour exports to Southeast Asia and pasta exports to Africa have decreased. Therefore, Post forecasts Turkish wheat equivalent exports of 3.8 MMT, which is equal to exports in MY 2014/15 but down from 4.4 MMT in MY 2013/14.

Turkey imported 3.97 MMT of wheat in MY 2012/13 and 4.12 MMT in MY 2013/14. Processed product exports are the key factor regarding wheat imports. After a poor harvest last year, traders rapidly imported 3.17 MMT in the first 6 month of MY 2014/15, assuming export quantities would be maintained. Also, TMO began importing wheat in June in order to control domestic prices. After Russia, Turkey's biggest wheat supplier, announced an export tariff as of February 2015, traders tried to import as much as they could to close their position in Russia.

TMO imported over 1 MMT of wheat after the poor harvest in MY 2014/15. According to traders, they are preparing to procure from the expected abundant harvest in the new marketing year. Therefore, TMO is trying to sell its existing stocks before the next harvest in May. For this purpose, besides TMO's routine domestic sales in February, TMO has opened its domestic wheat stocks to the wheat flour producers at world prices ($225-260MT). Turkish wheat flour producers' demand for TMO stocks was limited due to TMO's high prices, and because decreased exports reduced the number of inward processing certificates generally used to buy TMO supplies. TMO sold about 35,000 MT of wheat at this price. Even more, TMO discounted wheat prices sharply and TMO is selling their domestic wheat to flour producers March 15 to April 2015 at $185-225/MT with respect to quality. According to market sources, TMO needs more space in their silos for the coming harvest season.

In January 2015, Turkey imported 579,768 MT of wheat. Of this total, 3,246,306 MT came from Russia, 228,412 MT from Mexico and 180,898 MT from Ukraine.

Table 12: Turkish Wheat Imports (Origin)

Turkey: Quantity of wheat imported			
Countries	**MY2012**	**MY2013**	**MY2014***
Russia	2,322,171	3,043,815	3,246,306
Mexico	84,901	175,135	228,412
Ukraine	150,201	128,478	180,898
Others	1,422,574	781,805	687,628
Total	**3,979,847**	**4,129,233**	**4,343,244**

Wheat imports were about to stop in the last quarter of MY 2014/15 due to the favorable price offered by TMO, and due to expectations for a large harvest in June. The result was a temporary decrease in flour exports.

Table 13: Wheat foreign trade data in MY 2013/14 and MY 2014/15

TURKEY: WHEAT FOREIGN TRADE				
MONTH	IMPORT MY 2013/14	IMPORT MY 2014/15	EXPORT MY 2013/14	EXPORT MY 2014/15
	(MT)	(MT)	(MT)	(MT)
June	113,852	193,002	196,279	1,305
July	298,833	212,071	0	2,252
August	462,792	690,763	1,020	8,804
September	551,851	669,410	13,068	14,458
October	347,065	583,893	6,163	26,573
November	442,905	823,789	5,543	10,316
December	390,169	590,547	654	4,758
Sub-total (June-Dec.)	2,607,467	3,763,476	222,727	68,467
January	307,150	579,768	0	14,251
February	194,339		2	

March	210,913		0	
April	374,067		50	
May	435,297		53	
MY TOTAL	4,129,233	5,500,000*	222,833	100,000*

*forecast

The Ministry of Economy allocated TMO an import quota for the EU under a bilateral agreement. However, in MY 2014/15 the private sector utilized the quota, benefitting from this allocation of 330,000 MT of wheat rather than TMO. In MY 2014/15, wheat imports from EU countries reached 600,000 MT.

Table 14: Total Wheat Foreign Trade

Turkey: Pasta Foreign Trade Data				
YEAR	IMPORTS ($)	IMPORTS (MT)	EXPORTS ($)	EXPORTS (MT)
MY 2011/12	913,130,430	3,185,841	27,091,653	106,339
MY 2012/13	1,315,669,981	3,979,847	24,019,898	66,257
MY 2013/14	1,246,215,659	4,129,233	64,635,108	222,832
MY 2014/15*	1,230,745,522	4,343,244	43,252,245	82,718

*June 2014-January 2015

<u>Flour</u>

Turkey exported 1.42 MMT of wheat flour in the first eight months of MY 2014/15. Turkey exported 1.62 MMT of wheat flour in the first eight months of MY 2013/14. The 13 percent decrease mainly represents market loses in neighbor countries and in the Far East.

Table 15: Turkish Wheat Flour Exports

Turkey: Quantity of wheat flour exports				
MONTH	MY 2012/13	MY2013	MY2014	My2013-2014 %
June	173,704,009	125,195,952	153,574,850	22.67
July	163,235,576	188,693,597	158,564,073	-15.97
August	161,631,254	163,862,583	207,893,031	26.87
September	198,537,092	234,976,374	194,012,033	-17.43
October	148,502,159	226,624,254	189,591,090	-16.34
November	161,418,786	245,485,937	197,962,949	-19.36
December	138,596,123	238,197,473	171,826,909	-27.86
January	133,154,834	195,609,615	148,632,819	-24.02
February	116,266,064	169,874,720		

March	138,895,157	176,637,136		
April	154,360,220	214,861,329		
May	176,654,945	177,508,990		
TOTAL	1,864,956,219	2,357,527,960	1,422,057,754*	

* Marketing Year to January 2015.

One of the key factors in wheat trade is the Turkish inward process regime. It is a useful tool for millers to be competitive in the wheat flour export market. Exporters of wheat products such as wheat flour and pasta exporters are eligible to get special import licenses when they export wheat products. For example, when pasta exporters export 100 MT of pasta they are eligible to import 175.4 MT of wheat at a zero tariff rate (conversion rate is 1.754), and when a wheat flour producer exports 100 MT of wheat flour they are eligible to import 140 MT of wheat duty free.
Usually wheat flour exporters and pasta exporters do not use this zero tariff import license by themselves, but they sell it to international trading companies or experienced domestic traders. The price offered for the licenses changes according to world wheat prices. The more exported means the more and relatively cheaper the licenses become. Recently, the market value of the licenses increased to $120/MT compared to December 2014, when they were $100/MT. In a normal season the license fee is usually $90/MT.

Table 16: Wheat Flour Export Markets (quantity)

Turkey: Major Wheat flour market of Turkey					
Partner Country	**Quantity**			**% Share**	**% Change**
	MY 2011/12	**MY 2012/13**	**MY 2013/14**	**MY 2013/14**	**MY 2013/2012**
Iraq	911,914	910,674	1039084	44.08	14.10
Syria	746	73,104	275,229	11.67	276.49
Philippines	136,750	159,599	169,072	7.17	5.94
Angola	35586	61,215	104,725	4.44	71.08
Indonesia	346,027	108,330	93,162	3.95	- 14.00
TOTAL	2,153,581	1,864,956	2,357,528	100.00	26.41

Russia, Ukraıne and the EU are the leading high protein wheat suppliers to Turkey. Turkey usually blends domestic wheat with high protein imported wheat to produce its wheat flour.

MY 2013/14 was a record year for Turkish flour exports. Although Turkish flour millers export to over 130 countries, only 2 countries represented about percent 60 of all export: Iraq and Syria.

Exports to Syria during the period of May 2013 to January 2014 were 191,377 MT. But exports in the period of May 2014 to Jan 2015 (in MY2014) decreased to 160,259 MT.

Exports to Iraq during the period of May 2013 to January 2014 were 700,118 MT. But in the period of May 2014 to January 2015 (in MY2014) exports decreased to 687,756 MT. Wheat flour exports slowed after September compared to MY2013 due to political unrest and problems shipping to and in neighbor countries.

Besides ongoing losses in export markets in Syria and Iraq, Turkish flour millers lost presence in the Far East countries because of dumping duties in the Philippines and competition with new milling investments in Indonesia.

Exports to Indonesia during the period of May 2013 to January 2014 were 71,037 MT. But in the period of May 2014 to January 2015 (in MY2014) exports decreased to 35,439 MT.

Exports to Iraq during the period of May 2013 to January 2014 were 118,705 MT. But in the period of May 2014 to January 2015 (in MY2014) exports decreased to 88,546 MT. Imports from Turkish flour milling companies are subject to anti-dumping duties under a Tariff Commission (TC) decision issued last year in Philippines.

Millers have increased marketing efforts in Africa and the Middle East to offset export losses in other markets.

Pasta

The pasta sector is one of the most dynamic and developed industries in Turkey, and domestic pasta consumption and exports have been increasing every year. The sector's capacity has increased with new investments in recent years. But the major concern of the industry is securing a continuous supply of raw material in MY2014. A shortage of durum wheat was the major challenge for the sector last year. Turkey has imported 490,000 MT of durum wheat since June 2014. Leading durum wheat suppliers are Mexico (228,412 MT), India (156,745MT), and Canada (44,927 MT)

Table 17: Quantity of pasta exportation Turkey

MONTH	MY 2012/13 (MT)	MY 2013/14 (MT)	MY 2014/15 (MT)
June	45,678	55,660	61,328
July	43,299	63,469	59,198
August	38,231	47,746	55,824
September	44,594	57,218	64,786
October	38,775	51,498	55,987
November	46,075	63,075	53,859
December	50,757	61,137	57,718

Sub, Total Jun-Dec	307,410	399,802	408,701
January	52,307	72,104	49,194
February	52,692	61,064	
March	58,927	60,939	
April	60,740	70,424	
May	68,745	62,120	
MY TOTAL	600,821	726,455	675,000*

*forecast

African market increased ten times in six years. Benin, Angola, Togo are the main markets for Turkish pasta exports. But exports to those countries decreased in MY 2014/15. Turkish pasta producers lost slightly their market share in Africa. The Japanese market is very important to Turkish pasta producers, not only because of the value of exports but also because they consider this the most prestigious export market. Recently years BAE is another prestigious export market.

Table 18: Major Turkish pasta export markets (June-January) (MT)

Countries	MY 2012/13	MY 2013/14	MY 2014/15
Angola	59,634	80,832	61,137
Benin	33,412	72,068	49,284
Iraq	34,180	37,345	41,234
Syria	939	16,571	34,254
Togo	40,322	26,688	26,464
Djibouti	12,914	16,493	21,012
Others	304,231	350,744	224,354
Total	451,452	600,741	457,895

Table 19: Quantity of pasta exported in MY 2011/12, 2012/11 and 2013/14

	MY 2011/12	MY 2012/13	MY 2013/14
Benin	33,412	72,068	102,550
Angola	59,634	80,832	77,900
Iraq	34,188	37,345	45,763
Togo	40,322	26,688	39,258
Syria	,940	16,575	39,009
Others	282,977	367,313	421,975
Total	451,473	600,821	726,455

Turkish pasta production is expected to increase to 1,260,000 MT in MY 2014/15, due to domestic consumption and exports. Turkey is forecast to export 675,000 MT of pasta in MY 2014/15.

Table 20: Total pasta foreign trade

Turkey: Pasta Foreign Trade Data				
YEAR	IMPORTS ($1000)	IMPORTS (MT)	EXPORTS ($1000)	EXPORTS (MT)
MY 2011/12	6,014	2,631	320,316	451,473
MY2012	6,827	2,994	429,247	600,821
MY2013	11,642	4,519	510,457	726,455
MY2014*	3,025	8,272	457,738	314,967

*June 2014-January 2015

Barley

Post forecasts barley imports of 100,000 MT due to improved production. Most of these imports will be destined for the feed sector, which will have access to large domestic supplies. Exports are typically low as Turkey utilizes production domestically. As a result, Post forecasts 40,000 MT of barley exports.

Due to the poor harvest in 2014 TMO played a leading role in managing the market. TMO sold barley to the domestic market even though Turkey is in the barley harvest season. TMO has imported about 700,000 MT of barley since January. TMO still has 200,000 MT of barley stocks.

Table 21: Turkey Barley Trade

TURKEY: BARLEY FOREIGN TRADE				
MONTH	**IMPORT MY2013**	**IMPORT MY2014**	**EXPORT MY2013**	**EXPORT MY2014**
June	8,800	1,768	0	0
July	0	57,705	0	0
August	0	144,363	0	0
September	10,000	148,456	38	5,020
October	67	165,334	24	96
November	49	45,174	46	2,543
December	10,368	15,004	0	1,573
Sub, Total June-	29,283	577,804	108	9,231

Dec				
January	24,971	2.454	0	7
February	0	0	4,767	0
March	5,500	0	0	0
April	55,000	0	0	0
May	12,719	0	0	0
MY TOTAL	127,472	1,500,000*	4,875	9,238

* Forecast

Turkey traditionally import from France but this year Black Sea region is more attractive for barley importer.

Table 22: Turkey Barley Imports by Origin

Turkey: Barley Imports (June to January)			
Countries	MY 2012/13	MY 2013/14	MY 2014/15
Ukraine	3686	10610	334,385
Russia	14867	0	161,007
Romania	0	66	49,302
Others	256768	116796	35,564
Total	275321	127472	580,258

Table 23: Total barley foreign trade

Turkey:Barley Foreign Trade Data				
YEAR	IMPORTS (,000$)	IMPORTS MT)	EXPORTS(,000$)	EXPORTS (MT)
MY2012	92,316	275,321	17	39
MY2013	38,867	127,472	1,704	4,875
MY2014*	135,672	580,258	4,764	9,235

***June 2014-January 2015**

<u>Corn</u>

Table 24: Corn foreign trade of Turkey

TURKEY: CORN FOREIGN TRADE

MONTH	IMPORT MY2013/14	IMPORT MY2014/15	EXPORT MY2013/14	EXPORT MY2014/15
September	8,730	40,250	628	421
October	17,470	89,513	1,661	1,493
November	71,704	68,014	117,619	2,985
December	173,135	270,173	83,832	10,664
Sub Total Jun-Dec	271,040	467,949	203,740	15,564
January	131,348	237,440	22,562	9,789
February	104,551		3,092	
March	105,330		2,088	
April	87,919		1,298	
May	130,067		6,494	
June	228,599		8,837	
July	129,825		3,392	
August	38,007		1,292	
MY TOTAL	1,226,685	1,500,000*	252,795	50,000*

*Forecast

Russia, Romania and Serbia are the leading corn suppliers for Turkey. The import price of corn was $178/MT in March 2015. Turkey imports corn duty free under an inward processing regime. TMO has also offered corn to processed product exporters at word prices since February 2015. The TMO price was at $185 in February and $167 in March, which was attractive to producers, despite quality problems, when compared to the corn import price of CIF Marmara $178/MT in March 2015.

Table25: Turkey Corn Imports

Turkey: Corn Imports (September to January)			
Countries	MY 2012/13	MY 2013/14	MY 2014/15
Russia	845,426	829,912	424,330
Romania	55,076	152,558	156,110
Serbia	49	73,782	58,586
US	174	142	4,976
Others	576,589	170,291	61,388
Total	1,477,314	1,226,685	705,390

Table26: Turkey Corn Exports

Turkey: Corn Exports (September to January)			
Countries	MY 2012/13	MY 2013/14	MY 2014/15
US	4,489	16,596	13,427
Italy	3,710	22,196	5,110
Germany	54	1,781	2,111
Others	7,702	212,222	4,705
Total	15,955	252,795	25,353

Table27: Total Corn Foreign Trade

Turkey: Corn Foreign Trade Data				
YEAR	IMPORTS ($1000)	IMPORTS (MT)	EXPORTS ($1000)	EXPORTS (MT)
MY2013	312,621	1,226,685	116,117	252,795
MY2014*	155,050	705,390	33,424	25,353

***June 2014-January 2015**

Rice

Post forecasts Turkish imports of paddy rice at 350,000 MT, of which Post estimates 25,000 MT may be imported from the United States. Turkish importers have faced severe import restrictions and penalties due to Turkey's implementation of the 2010 Biosafety Law. As a result, rice importers are less likely to risk shipments that may result in positive detections from the low level presence of approved corn or soybean traits that are meant for animal feed.

Table 28: Turkish Rice Foreign Trade

TURKEY: RICE FOREIGN TRADE				
MONTH	IMPORT MY2013 (MT)	IMPORT MY2014 (MT)	EXPORT MY2013 (MT)	EXPORT MY2014 (MT)
September	6,870	21,546	96	1
October	4,455	21,821	1,277	944
November	37,825	34,383	2,857	967
December	31,339	82,468	1,690	4,453
Sub, Total Sep-Dec	80,489	160,219	5,920	6,364
January	37,782	36,468	1,842	1,957
February	68,926		1,854	
March	50,663		2,681	
April	46,462		2,757	
May	66,512		2,029	
June	30,788		3,350	
July	16,268		647	
August	16,042		219	
MY TOTAL	413,932	300,000*	21,299	30,000*

*Forecast

Turkey is estimated to import 300,000 MT of rice in MY 2014/15. Indian rice is gaining a larger market share in the Turkish market. But the leader is still Russia with a logistical advantage and the ability to supply of smaller orders.

In MY 2014/15 Turkey imported nearly 37,000 MT of U.S. paddy rice. Only a few importers with their own milling facilities import paddy rice. Although there are lower taxes, importing paddy rice carries the risk of a biotech detection and quarantine regulations. Many traders hesitate to take these risks.

Table 29: Major Suppliers of Turkey

Turkey: Imported Rice (September to January)			
Countries	MY 2012/13	MY 2013/14	MY 2014/15
Russia	54,891	33,900	87,854
US	32,598	25,527	37,071
India	1,203	15,570	21.480
Italy	4,961	6,128	13,986
Others	18,381	22,847	36,296
Total	112,304	103,972	196,687

In recent years, Turkish farmers lease rice fields in Bulgaria. Turkey imported 6,000 MT of rice from Bulgaria from September 2014 to January 2015. According to market sources the rice from Bulgaria experienced problems with *A. besseyi* nematodes.

Table 30: Turkey Rice Imports

Turkey: Quantity of Rice Imported			
Countries	MY 2012/13	MY 2013/14	MY 2014/15
Russia	69,532	39,909	87,854
US	90,511	172,872	37,071
India	20,596	67,338	21,480
Italy	41,340	24,735	13,986
Spain	50	4,982	6,321
Bulgaria	18,579	19,066	6,312
Others	51,698	85,030	57,776
Total	292,306	413,932	196,687*

*September 2014 –January2015

Table 31: Turkey Rice Trade

Turkey: Rice Foreign Trade Data				
YEAR	IMPORTS ($1000)	IMPORTS (MT)	EXPORTS ($1000)	EXPORTS (MT)
MY2012	147,433	292,306	28,813	35431
MY2013	237,775	413,932	19,902	21,301
MY2014*	98.935	196,687	7.378	8,321

*****September 2014-January 2015

Stocks:
TMO has around 4.3 MMT of elevator capacity and is investing in modernizing its elevators. TMO is also leasing modern elevators from the private sector.

TMO and the Turkish Union of Chambers in Polatlı opened a licensed warehouse system in 2011 with 40,000 MT of grain storage capacity. Currently, 6 companies have about 275,000 MT of licensed warehouse capacity.

TMO and the private sector have approximately 2 MMT of stocks of wheat as they enter the new harvest. TMO has 285,000 MT of corn, 200,000 MT of barley, 45,000 MT paddy rice.

Policy:

The Turkish government authorized the Turkish Grain Board to import 4.2 million tons wheat, barley, rice and corn at a zero customs duty through a Cabinet of Ministers Decision published in the Official Gazette on April 19, 2014. In a typical year TMO would have stopped wheat sales (milling, pasta and biscuit) at the beginning of the domestic wheat and barley harvest. This is the first time TMO is selling barley during harvest period.

TMO began purchasing based on protein content for the first time in 2011. TMO announced their new purchasing policy before the MY 2015/16 harvest. TMO's purchasing policy is meant to encourage farmers to produce more quality wheat by offering a greater premium for higher protein content and lower pest damage. Forecasts on the new season have been hopeful and TMO is trying to open enough space for the new harvest to ensure sufficient silo space. TMO has prepared for a deficit by importing silo bags.

The GOT increased the agricultural support budget from 9.7 billion Turkish Lira (TL) in 2014 ($4.49 billion) to 10.1 billion TL ($4.1 billion) in 2015. Although the total level of support seems to have increased, the devaluation of the TL against US Dollar reduced Turkey's real level of support. Turkey offers supports for inputs based on area, premium payments for improved quality, and payments towards rural development.

Area-based supports for use of diesel, fertilizer, planting organic agriculture, certificated seed, hazelnut and tea represented 29 percent.

Premium payments represented 30.7 percent (2.92 billion TL in 2014 and 3.06 billion TL in 2015). Livestock supports represented 29.5 percent, which were 30.1 percent in 2014.

Rural development supports represented 5 percent of total support in 2015.

Although The GOT provided 12.2 billion in support to the livestock sector between 2003 and 2013, red meat prices remain high.

Food price based inflation is a big concern for Turkey. The Central Bank of Turkey projected food price inflation at 12 percent on January 28, 2015. The Turkish Consumer Price Index (TUFE) is 8 percent. The GOT has expressed concerns about the effect of inflation on food prices. Therefore, the GOT established a Committee to Evaluate the Food and Agricultural Product Market through a circular letter published in the Official Gazette in December 2014.

The committee consists of undersecretary of MINFAL, undersecretaries of ministries of Economy, customs, Commerce, development and Finance, treasury undersecretary, governor of central bank and president of Turkish Statistic Institution that will follow and evaluate food and agriculture markets. Committee will meet every 3 months and write a report about price fluctuations.

Inward Processing Regime

The Inward Processing Regime (IPR) is an export incentive system allowing Turkish manufacturers/exporters to obtain raw materials and intermediate unfinished goods that are used in the production of the exported goods without paying customs duty or being subject to commercial policy measures. Having granted IPR authorization, the owner of the IPR authorization is permitted to import the goods stated on authorization and export them after processing the imported goods. The basic endeavor of the IPR is to ensure the supply of materials at world market prices and enhance the competitiveness of Turkish exporters.

For 20 years Exporter Unions that consist of exporter companies and authorized by the Ministry of Economy have verified that the certificates were used within the scope of IPR following the company's export of qualified products.

In the recent times, however, there have been reports about a Ministry of Customs and Trade investigation into abuse of IPR system. Meanwhile, the Turkish Court of Accounts (Sayiştay) also criticized the system that the same people are same who use the certificates also validate their compliance.

With the notification 29201 published in the Official Gazette dated December 10, 2014, it is announced that effective from 1st January 2015 certificates will be validated by the Ministry of Economy instead of the Exporter Unions.
After that amendment some claim that new application would prevent abuse of the IPR system.

On the other hand some exporters are worried about possibility of increasing bureaucracy and waste of time.

Table 32: Grain support system Turkey: Grain Support System

Grain support system Turkey: Grain Support System (TL and $/ha)			
Types of Support	2013	2014	2015
Diesel Support	43 TL	46 TL	48.5 TL
	$23	$21	$20
Chemical Fertilizer Support	55 TL	60 TL	66 TL
	$29	$27	$27
Soil Analysis support	25 TL	25 TL	25 TL
	$13	$11	$10

Table 33: Grain Premiums Turkey: Grain Premiums (TL/MT)

Grain Premiums Turkey: Grain Premiums (TL and $/MT)					
Products	2011	2012	2013	2014	2015
Wheat	50 TL	50 TL	50 TL	50 TL	50 TL
	$30	$28	$26	$26	$20
Barley, Oats, Rye	50 TL	50 TL	50 TL	50 TL	50 TL
	$30	$28	$26	$26	$20
Paddy Rice	100 TL	100 TL	100 TL	100 TL	100 TL
	$60	$56	$52	$52	$41
Chick Peas, Lentils, Dry beans	100 TL	100 TL	100 TL	100 TL	100 TL
	$60	$56	$52	$52	$81
Corn	40 TL	40 TL	40 TL	40 TL	40 TL
	$24	$22	$21	$21	$16

The feed and livestock industries are concerned about high feed prices. Turkey's livestock sector has had a lot of new investment, including the import of live animals, which has increased the importance of access to forage crops. There is very limited pasture development and forage crop planting. The feed industry is dependent on soybean imports, corn by-products imports and bran from oilseed mills, wheat mills, and the cotton ginning industry.

Table 34: Turkey Forage Crop Supports

Forage crop supports (TL and $/ha)

Products	2011	2012	2013	2014	2015
Alfalfa (irrigated)	1300 TL	1300 TL	500 TL	500 TL	500 TL
	$774	$722	$262	$262	$203
Trefoil	900 TL	900 TL	400 TL	400 TL	400 TL
	$536	$500	$210	$210	$162
Silage corn	550 TL	550 TL	750 TL	750 TL	750 TL
	$327	$306	$394	$394	$304

Table 35: Grain Tariff Rate

	Turkey: Grain Tariff rate					
Product group	Products	EU	Bosnia Herzegovina	S. Korea	Others	Notes
Wheat	Spelt, common wheat and meslin (excl. seed)	130	0	130	130	200 USD CIF reference price
	Durum Wheat	130	0	130	130	300 USD CIF reference price
	Common wheat, Durum wheat and meslin seed	0	0	0	0	-
Barley	Barley Seed	0	0	0	0	
	White Barley (excluding seed)	130	0		130	
	Malting Barley (excluding seed)	130	0	130	130	
Corn	Maize Seed	0	0	0	0	
	Popcorn, Unpopped, (excluding seed)	130	0	130	130	
	Other Corn	130	0		130	270 USD CIF reference price
Rice	Rice in husk for sowing	13	0	15	115	
	Round, medium, long grain rice in husk	34	0	34	34	
	Round, medium, long husked rice	36	0	36	36	
	Semi milled, wholly	45	0		45	

	milled, broken rice			45		

Production, Supply and Demand Data Statistics:

Wheat	2013/2014		2014/2015		2015/2016	
Market Begin Year	Jun 2013		Jun 2014		Jun 2015	
Turkey	USDA Official	New post	USDA Official	New post	USDA Official	New post
Area Harvested	7,700	7,700	7,710	7,710	0	7,860
Beginning Stocks	2,295	2,295	2,889	2,889	0	2,339
Production	18,750	18,750	15,250	15,250	0	18,000
MY Imports	4,035	4,035	5,500	5,500	0	3,500
TY Imports	4,154	4,154	5,300	5,300	0	3,500
TY Imp. from U.S.	15	15	0	0	0	0
Total Supply	25,080	25,080	23,639	23,639	0	23,839
MY Exports	4,441	4,441	3,800	3,800	0	3,800
TY Exports	4,294	4,294	3,800	3,800	0	3,800
Feed and Residual	950	950	700	700	0	950
FSI Consumption	16,800	16,800	16,800	16,800	0	16,800
Total Consumption	17,750	17,750	17,500	17,500	0	17,750
Ending Stocks	2,889	2,889	2,339	2,339	0	2,289
Total Distribution	25,080	25,080	23,639	23,639	0	23,839
1000 HA, 1000 MT, MT/HA						

Barley	2013/2014		2014/2015		2015/2016	
Market Begin Year	Jun 2013		Jun 2014		Jun 2015	
Turkey	USDA Official	New post	USDA Official	New post	USDA Official	New post
Area Harvested	3,330	3,330	3,400	3,400	0	3,400
Beginning Stocks	469	469	899	899	0	344
Production	7,300	7,300	4,000	4,000	0	6,600
MY Imports	86	86	1,500	1,500	0	100
TY Imports	596	596	750	750	0	100
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	7,855	7,855	6,399	6,399	0	7,044
MY Exports	6	6	5	5	0	40
TY Exports	9	9	5	5	0	40
Feed and Residual	6,000	6,000	5,200	5,200	0	5,800
FSI Consumption	950	950	850	850	0	850
Total Consumption	6,950	6,950	6,050	6,050	0	6,650
Ending Stocks	899	899	344	344	0	354
Total Distribution	7,855	7,855	6,399	6,399	0	7,044
1000 HA, 1000 MT, MT/HA						

Corn	2013/2014		2014/2015		2015/2016	
Market Begin Year	**Sep 2013**		**Sep 2014**		**Sep 2015**	
Turkey	**USDA Official**	**New post**	**USDA Official**	**New post**	**USDA Official**	**New post**
Area Harvested	580	580	550	550	0	600
Beginning Stocks	291	291	642	642	0	292
Production	5,100	5,100	4,800	4,800	0	5,800
MY Imports	1,304	1,304	1,500	1,500	0	1,200
TY Imports	1,381	1,381	1,500	1,500	0	1,200
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	6,695	6,695	6,942	6,942	0	7,292
MY Exports	253	253	50	50	0	150
TY Exports	252	252	50	50	0	150
Feed and Residual	4,800	4,800	5,550	5,550	0	5,500
FSI Consumption	1,000	1,000	1,050	1,050	0	1,050
Total Consumption	5,800	5,800	6,600	6,600	0	6,550
Ending Stocks	642	642	292	292	0	592
Total Distribution	6,695	6,695	6,942	6,942	0	7,292
1000 HA, 1000 MT, MT/HA						

Rice, Milled	2013/2014		2014/2015		2015/2016	
Market Begin Year	Sep 2013		Sep 2014		Sep 2015	
Turkey	USDA Official	New post	USDA Official	New post	USDA Official	New post
Area Harvested	98	98	95	95	0	98
Beginning Stocks	194	194	245	245	0	195
Milled Production	500	500	460	460	0	500
Rough Production	746	746	687	687	0	746
Milling Rate (.9999)	6,700	6,700	6,700	6,700	0	6,700
MY Imports	341	341	300	300	0	350
TY Imports	400	400	300	300	0	350
TY Imp. from U.S.	225	225	0	37	0	25
Total Supply	1,035	1,035	1,005	1,005	0	1,045
MY Exports	20	20	30	30	0	30
TY Exports	20	20	30	30	0	30
Consumption and Residual	770	770	780	780	0	780
Ending Stocks	245	245	195	195	0	235
Total Distribution	1,035	1,035	1,005	1,005	0	1,045
1000 HA, 1000 MT, MT/HA						