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Turkey

Grain and Feed Update

Turkey Grain and Feed Update

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Report Highlights:
Wheat production is forecast at 19.5 million metric tons (MMT) in marketing year (MY) 2017/18 because of high yields, especially in the Southeast and Thrace regions. Barley production is forecast at 6.5 MMT and corn at 5.5 MMT. However, there are quality problems everywhere. The Government of Turkey (GOT) eliminated tariffs on some grains. The Ministry of Food, Agriculture, and Livestock (MinFAL) announced 2017 wheat procurement prices on July 12, 2017, with intervention prices for Anatolian Hard Red Milling (AKS) wheat at 940TL/MT ($261/MT), and 1000 TL/MT ($278/MT) for durum wheat.

Post:
Ankara

Commodities:
Wheat

Barley

Corn

Rice, Milled

PRODUCTION

Wheat

Total wheat production is forecast at 19.5 MMT in MY2017/18 because of high yields, especially in the Southeast and Thrace regions. Harvest time is between mid-May and late-July in Turkey, and is around two weeks later than normal in almost all regions. About 50 percent of the wheat harvest was completed as of mid-July. Yields and quality are changing by regions and by fields due to irrigation and precipitation differences. Although Central Anatolia was affected winter drought last year, winter crops benefited from well-distributed rains in the spring, which compensated for the dry winter conditions. Wheat yield expectations remain favorable at the national level.

Despite serious drought after sowing during November and December 2016, rainfall in June 2017 was higher than the previous year throughout the whole country. Average rainfall in Turkey in June 2017 was 35 mm. This amount of rainfall is about 13.6 percent more than the long term average for that region, and 3.9 percent more than last year. Average rainfall in Thrace region in June 2017 was 51 mm. This amount of rainfall is about 48 percent more than the long term average for that region, and 54 percent more than last year. Rainfall in May was also helpful for the eastern part of Turkey, where harvest time is about one month earlier than western Turkey. For instance, average rainfall in the Southeast region in May 2017 was 56 mm. This amount of rainfall is about 46.6 percent more than the long term average for that region, and 129.5 percent more than last year. There was a significant recovery in that crop due to favorable weather conditions.

Almost 90 percent of the harvest was completed in the Southeast region by mid-July. Well-distributed rains in the spring resulted in high yields beyond farmers' expectations. However, some farmers suffered from sunn pest damage in Gaziantep. Milling wheat area increased against durum wheat area in Southeast Anatolia, such as Mardin, due to high demand from flour millers.

The first harvest in the Cukurova region and the Mediterranean coast started in the last week of May 2017. Average wheat yields were incredibly high at 7 MT/ha. In a normal season, the average yield is 5 MT/ha.

Central Anatolia regions, including Konya, Kirsehir, Polatli, were affected by winter drought. Although the crop in some regions in Konya and the western part of Kirikkale managed to recover, low yields were general traits of the 2017 wheat harvest, like last year. The protein content exceeds expectations in Polatlı area, but late rains in Thrace are reported to have lowered protein values.

The first harvests in the Thrace region started in July 2017. Favorable weather conditions had contributed to wheat yields in Thrace. Yields in the region increased to 5-7 MT/ha, compared to 3-5 MT/ha in MY2016/17. The quality of the crop also deteriorated in the Aegean region due to heavy rain in June. Total wheat production is forecast at 19.5 MMT in MY2017/18, of which about 2.3 MMT is durum wheat.

Barley

Barley production is forecast at 6.5 MMT in MY2017/18 due to sufficient rain and favorable weather conditions during the spring, except in Central Anatolia. Late rains in spring were not enough to eliminate winter drought effects in a few areas in Central Anatolia. Some barley fields were irrigated in Southeast region. High yields and low quality were general traits of the MY2017/18 barley harvest.

Corn

Corn production is forecast at 5.5 MMT in MY2017/18. High returns for cotton and oilseeds, as well as a new support payment system, which does not encourage corn planting in drought prone regions, affected planting decision. Some farmers in Harran, Southeast region switched from milling wheat as first crop and corn for second crop back to cotton.

Rice

Post forecasts paddy rice production at 776,000 MT in MY2017/18. Rice planting finished in May 2017. Although planting area is similar with last year, some farmers are hopeful about yields due to new seed varieties.

Lentil

Despite increased GOT support, the area for lentil production has been decreasing for a couple of years. The main reason for this decrease is the switch from lentil to cotton and corn due to the availability of irrigation from the GAP project. The main areas of lentil production are in Southeastern Anatolian Region of Turkey as Sanliurfa, Gaziantep, Mardin, Batman, and Diyarbakir.

Lentil harvest completed at the end of June 2017. According to Pulses Exporters, Total lentil production is forecasted at 380,000 MT, up 15 percent compared to last year due to favorable weather conditions. In some regions in Sanliurfa yields reached 2 MT/ha, but generally the yield was around 1.4 MT/ha.

TRADE

Turkey has imported a total of 4.4 MMT of wheat in MY 2016/17, of which the great majority (2.3 MMT) was supplied by Russia. Lithuania (494,000 MT) and Mexico (342,000 MT) were the other main sources. Due to short term trade restrictions on Russian commodities during April and May, Turkey tried to compensate Russian wheat with EU sources. Turkey imported about 630,000 MT of durum wheat in MY 2016/17. Mexico and Canada were the main suppliers with 324,000 MT and 145,000 MT, respectively. According to market sources, 200,000 MT of wheat were transferred to neighboring countries in MY 2016/17.

For MY 2017/18, wheat import into Turkey is forecast at 6.2 MMT as abundant domestic supplies are expected.

TURKEY: WHEAT FOREIGN TRADE				
MONTH	IMPORT MY 2015/16	IMPORT MY 2016/17	EXPORT MY 2015/16	EXPORT MY 2016/17
	(MT)	(MT)	(MT)	(MT)
June	302,496	220,390	262	2
July	185,961	284,952	613	3,837
August	231,635	487,917	18,635	7,310
September	335,788	423,165	7,003	8,850
October	419,601	391,201	12,718	6,563
November	456,126	356,392	12,657	1,548
December	399,138	366,647	600	2,817
January	210,993	246,172	0	461
February	380,783	240,256	1,561	344
March	407,724	314,789	755	516
April	411,928	360,025	13	318
May	283,693	672,402	385	141
MY TOTAL	4,025,866	4,364,308	55,202	31,388

Source: Turkish Statistics Institute, does not include transshipments

In scope of measures against food inflation, the Turkish government reduced the import tariff on wheat, barley and corn from 130 percent to 45, 35, and 25 percent respectively, according to a decree published in the Official Gazette on June 28, 2017. The decree in Turkish language can be found here. Reference price for these commodities also was determined as $200 per ton according to a communique published in the Official Gazette on June 30, 2017.

The import duty rates for wheat, barley and corn are provided in the following table.

Table 1: Tariff Rates wheat, barley and corn as of June 28, 2017

HS Code	Product Name	EU/EFTA	Bosnia	S.Korea	Malaysia	Other Countries
1001.99.00.00.11	Wheat	45	0	45	45	45
1001.99.00.00.12		45	0	45	45	45
1001.99.00.00.13		45	0	45	45	45
1003.90.00.00.11	Barley	35	0	35	35	35
1003.90.00.00.12		35	0	35	35	35
1003.90.00.00.19		35	0	35	35	35
1005.90.00.00.11	Corn	25	0	25	25	25
1005.90.00.00.19		25	0	25	25	25

The GOT aims to pressure domestic commodity price with import instruments. Domestic prices are still lower than import cost despite the tariff elimination. After amendments on tariff rates, total cost for barley and corn are calculated at 860 TL/Ton ($239/MT) and milling wheat is at 1,080 TL/Ton

($300/MT) which are not attractive for importers in this stage. However, according to market sources, traders will import at least 100,000 MT of barley with a competitive price until August 1, 2017 before the reference price system comes into force. For MY2017/18, barley import into Turkey is forecast at 200,000 MT.

In June 2017, the Anatolian Hard Red Wheat (AKS) was about 930 TL/ton, barley was 855 TL/MT and corn was 880 TL/MT in the domestic market. Last year, the local prices were 875 TL/MT, 724 TL/MT, and 774 TL/MT, respectively.

The Ministry of Food, Agriculture, and Livestock (MinFAL) announced 2017 wheat procurement prices on July 12, 2017, with intervention prices for Anatolian Hard Red Milling (AKS) Wheat at 940TL/MT ($261/MT), and 1000 TL/MT ($278/MT) for durum wheat. Farmers can get up to 5 percent more according to quality (bugs ratio and protein). MinFAL also pays premium of 50 TL/MT and provides supports. Premium and supports for fertilizer, gasoline, certified seed and soil analysis reach 127 TL per ton. The announcement on wheat procurement prices in Turkish language can be found here.

The Turkish Grain Board (TMO) was very active in corn markets in MY2017/18. Low corn stocks in the private sector and steady demand from feed and starch producers encouraged TMO to import corn in order to meet the corn demand and stop price increases. A Cabinet of Ministers Decision published in the Official Gazette on May 11, 2017 authorizes the Turkish Grain Board (TMO) to import up to 500,000 of corn at a zero customs duty valid until December 31, 2017. TMO bought about 300,000 MT of corn in tenders during April and May 2017.

Corn imports for the first nine months of MY 2016/17 reached about 600,000 MT. Serbia is the main supplier with 156,000 MT, followed by Romania with 132,000 MT. Turkey also exported about 85,000 MT of corn during the same period.

Rice imports during the first nine months of MY 2016/17 were about 250,000 MT. Rice import into Turkey will be 300,000 tons, milled equivalent. According to Turkish Statistic Institute, Turkey imported 146,000 Mt of paddy rice (102,000 MT milled equivalent) from United States during the first nine months of MY 2016/17. When comparing importer and exporter data regarding Turkish rice trade, there are some differences due to transshipments. Also, another reason is that Turkish importers store the rice in bonded warehouses for 2-3 months until they find buyers to avoid advance payment of the 45 percent tariffs and VAT.

Rice exports during the first nine months of MY 2016/17 were about 50,000 MT. Libya is the main destination with 18,300 MT, followed by Sudan with 7,300 MT. Rice export forecast at 75,000 MT in MY2016/17, milled equivalent due to strong demand from neighboring and African counties.

Production, Supply and Distribution

Wheat	2015/2016		2016/2017		2017/2018	
Market Begin Year	Jun 2015		Jun 2016		Jun 2017	
Turkey	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	7860	7860	7815	7815	7800	7800
Beginning Stocks	2767	2767	3118	3118	1293	1293
Production	19500	19500	17250	17250	19500	19500
MY Imports	4382	4382	4500	4500	5400	5400
TY Imports	4405	4405	4500	4500	5400	5400
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	26649	26649	24868	24868	26193	26193
MY Exports	5531	5531	6175	6175	6200	6200
TY Exports	5605	5605	6200	6200	6200	6200
Feed and Residual	1200	1200	700	700	700	1000
FSI Consumption	16800	16800	16700	16700	16700	16700
Total Consumption	18000	18000	17400	17400	17400	17700
Ending Stocks	3118	3118	1293	1293	2593	2293
Total Distribution	26649	26649	24868	24868	26193	26193
Yield	2.4809	2.4809	2.2073	2.2073	2.5	2.5
(1000 HA) ,(1000 MT) ,(MT/HA)						

Barley	2015/2016		2016/2017		2017/2018	
Market Begin Year	Jun 2015		Jun 2016		Jun 2017	
Turkey	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	3400	3400	3400	3400	3400	3400
Beginning Stocks	332	332	961	961	361	361
Production	7400	7400	4750	4750	7000	6500
MY Imports	129	129	270	270	50	200
TY Imports	146	146	250	250	50	200
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	7861	7861	5981	5981	7411	7061
MY Exports	0	0	20	20	150	20
TY Exports	0	0	20	20	150	20
Feed and Residual	6000	6000	4700	4700	5500	5500
FSI Consumption	900	900	900	900	900	900
Total Consumption	6900	6900	5600	5600	6400	6400
Ending Stocks	961	961	361	361	861	641
Total Distribution	7861	7861	5981	5981	7411	7061
Yield	2.1765	2.1765	1.3971	1.3971	2.0588	1.9118
(1000 HA) ,(1000 MT) ,(MT/HA)						

Corn	2015/2016	2016/2017	2017/2018

Market Begin Year	Sep 2015		Sep 2016		Sep 2017	
Turkey	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	620	620	570	570	550	550
Beginning Stocks	712	712	862	862	532	512
Production	6200	6200	5500	5500	5500	5500
MY Imports	567	567	1000	1000	1500	1500
TY Imports	567	567	1000	1000	1500	1500
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	7479	7479	7362	7362	7532	7512
MY Exports	67	67	80	100	50	50
TY Exports	51	51	80	100	50	50
Feed and Residual	5500	5500	5700	5700	5900	5900
FSI Consumption	1050	1050	1050	1050	1070	1070
Total Consumption	6550	6550	6750	6750	6970	6970
Ending Stocks	862	862	532	512	512	492
Total Distribution	7479	7479	7362	7362	7532	7512
Yield	10	10	9.6491	9.6491	10	10
(1000 HA) ,(1000 MT) ,(MT/HA)						

Rice, Milled	2015/2016		2016/2017		2017/2018	
Market Begin Year	Sep 2015		Sep 2016		Sep 2017	
Turkey	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	98	98	98	98	99	99
Beginning Stocks	217	217	128	128	98	73
Milled Production	500	500	500	500	520	520
Rough Production	746	746	746	746	776	776
Milling Rate (.9999)	6700	6700	6700	6700	6700	6700
MY Imports	250	250	300	300	320	320
TY Imports	275	275	300	300	320	320
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	967	967	928	928	938	913
MY Exports	49	49	50	75	50	50
TY Exports	55	55	50	75	50	50
Consumption and Residual	790	790	780	780	800	790
Ending Stocks	128	128	98	73	88	73
Total Distribution	967	967	928	928	938	913
Yield (Rough)	7.6122	7.6122	7.6122	7.6122	7.8384	7.8384
(1000 HA) ,(1000 MT) ,(MT/HA)						