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Report Highlights:

The Turkish government continues its efforts to rein in inflation, which was made worse in recent months by the steep depreciation of the Turkish Lira against the US dollar and drought-related grain production losses in MY 2021/22. In response to the situation, the government has zeroed out import tariffs for certain imported grains and the Turkish Grain Board (TMO) has purchased about 5.75 million metric tons (MMT) of imported grain – wheat, barley and corn – since June 2021 to stabilize local prices. MY 2021/22 grain import figures have been adjusted to reflect these sizeable purchases.

Production

Wheat

Post maintained Turkey's wheat production forecast at 16.25 million metric tons (MMT) in MY 2021/22. Year-over-year production is down 2.0 MMT in large part because of severe drought conditions across much of the country during the growing season.

Looking ahead to next year, winter wheat planting was completed this past November with harvest this spring. Rainfall levels from October to December 2021 are better compared to the same period last year, except in southeastern Anatolia. According to the [Turkish State Meteorological Service](#), rainfall totals across Turkey during this three-month period were up 59 percent from the same time in 2020, but were still 13 percent below the long-term average. While rainfall conditions appear to be on a favorable trajectory, the rising cost of agricultural inputs, such as fertilizer and tractor fuel, and the government's continued market interventions to hold the price of wheat and flour stable may dampen farmers' spring planting decisions.

Barley

The barley production forecast for MY 2021/22 is unchanged at 4.5 MMT. Year-over-year production is down an estimated 3.6 MMT due to crop losses from intense heat and drought in the Southeast and Central Anatolia regions, as Post originally reported in [the June 2021 Grain & Feed Update Report](#).

Corn

The MY 2020/21 corn production forecast remains unchanged at 6.5 MMT, but down 600,000 MT from the previous year. This anticipated year-over-year decrease is mainly attributed to a reduction in planting area in the Southeastern Anatolia region. In contrast to barley and wheat, the impact of the drought on corn was much smaller since most of the crop is irrigated.

The second corn crop harvest of the MY 2020/21 season was completed in almost all regions of the country by the end of the December. The yields of the second corn crop were close to expectations.

Rice

The MY 2021/22 total paddy rice production estimate remains unchanged at 807,000 metric tons, though down slightly from the previous year's levels. The MY 2021/22 paddy crop harvest was completed in almost all regions by the end of the October.

Consumption

Wheat

The wheat consumption forecast for MY 2021/22 is revised downward by 400,000 MT to 21.1 MMT. This revision is made because wheat import volumes are expected to contract slightly in response to strong barley imports. As background, in the summer of 2021, local feed manufacturers increased their utilization of feed wheat. However, this demand later softened a little after the domestic corn and barley

harvests, and the surge in imported barley. Despite this downward adjustment to MY 2021/22 consumption levels, overall consumption is still expected to be 500,000 MT higher than the previous year due to growing wheat demand.

Amid inflationary pressures, the government continues its subsidy scheme to provide consumers with affordable bread (see policy section below). However, even though subsidized bread prices remain steady at low levels, businesses and consumers are facing higher priced flour for use in other baked goods. Most of the wheat in Turkey is used to make flour for bread, pasta, and other wheat-based food products. The remaining wheat is mostly used in livestock feed.

Barley

The MY 2021/22 barley consumption forecast is revised upward to 7.6 MMT, up 200,000 MT due to higher-than-expected barley imports. The Turkish Grain Board (TMO) is importing and selling barley (as well as wheat and corn) to end users at a deep discount. Despite the forecasted surge in MY 2021/22 barley imports, which are intended to fill some of the drought losses in grain production, the newly-revised MY 2021/22 consumption estimate is still down 15 percent (1.4 MMT) from last year.

Corn

The corn consumption forecast in MY 2021/22 is revised down 1.4 MMT to 8.5 MMT, which matches the previous year's consumption figure. The primary reason underlying this revision is a projected contraction in feed demand due and, to a lesser extent, the substitution of imported barley for corn.

Rice

The MY 2021/22 rice consumption is forecast to remain unchanged at 815,000 MT, which is up slightly from the previous year, based on the assumption that demand from households, and the hotel and restaurant sector will remain stable.

Trade

Wheat

The MY 2021/22 wheat import estimate is revised slightly downward to 10.8 MMT, but remains 2.7 MMT higher than the previous year because of the increased need for imports resulting from the drought losses. The current import estimate assumes TMO will continue purchasing imported wheat until Turkey's next wheat harvest, strong barley imports, and a projected slowdown in feed demand in the second half of the marketing year.

According to the Turkish Statistic Institute (TUIK), Turkey's wheat imports during the first six months of MY 2021/22 (from June-November 2021), increased by 20 percent year-over year, reaching about 5.3 MMT, of which 144,000 MT was durum wheat. Russia and Ukraine were the main suppliers, supplying 3.3 MMT and 1.3 MMT, respectively.

For MY 2021/22, Turkey's wheat exports, including wheat products, are forecast slightly higher at 6.55 MMT which is close to the previous year's export level. This estimate assumes better flour export than last year, and stable exports of pasta and transshipped wheat to neighboring countries.

Turkey's wheat flour exports during the first six months of MY 2021/22 (from June to November 2021) were just above last year's exports of the same period, reaching 1.67 MMT. For this period, Iraq remained the leading market for Turkish flour, with exports totaling 750,000 MT. The next largest destinations for Turkish flour were Syria at 162,000 MT, Yemen at 137,000 MT, and Djibouti at 111,000 MT.

According to official figures, Turkey's pasta exports during the first six months (from June to November 2021) were on par with the same period last year, reaching 723,000 MT. Venezuela is the leading destination with about 130,000 MT, followed by Somalia with 114,000 MT, and Benin with 66,000 MT.

Turkish bulgur exports during the first six months of MY 2021/22 (from June to November 2021) were 119,500 MT, which is just slightly below levels during the same period last year.

Barley

For MY 2021/22, the barley import estimate is adjusted upward to 3.1 MMT, an increase of 400,000 metric tons. This revision is made in response to the Turkish Grain Board's (TMO) aggressive tendering and purchasing of imported barley to cover some of the country's grain harvest losses from the drought. TMO has ramped up its purchases of imported barley since it is competitively priced compared to imported corn and wheat.

Turkey's barley imports during the first six month of MY 2021/22 (from June to November 2021), rocketed up to 1.7 MMT after Turkey's disappointing barley harvest. Ukraine, Russia and Romania were the main sources of imported barley, supplying 668,000 MT, 665,000 MT, and 240,000MT, respectively.

Corn

The MY 2021/22 corn import forecast is adjusted downward by 1.2 MMT to 2.1 MMT. This revision is based on the expectation for strong imports of barley and wheat, and a projected slowdown in feed demand.

According to the Turkish Statistic Institute (TUIK), Turkey's corn imports during the first three month of MY 2021/22 (from September to November 2021), reached about 443,000 MMT. Russia and Romania were the main suppliers with 150,000 MT and 141,000 MT, respectively.

Rice

For MY 2021/22, total rice imports into Turkey are forecast unchanged at 470,000 MT (milled equivalent), including transshipments. During the first three month of MY 2021/22 (from September to November 2021), Turkey's rice imports (milled equivalent) were about 20,000 MT. Meantime, for this same period, Turkey's rice exports (milled equivalent) were about 76,000 MT, including transshipments.

Policy

As mentioned in previous reporting, Turkey continues to struggle against rising food inflation, which stems from a variety of factors, such as major grain production losses from the drought in MY 2021/22,

the depreciation of the Turkish Lira against other major currencies, rising international commodity prices, and higher input costs, such as fertilizer, pesticides, fuel, and electricity. Moreover, the 50 percent depreciation of the Turkish Lira against the US dollar in the last few months has added additional economic strain on households, businesses, consumers, and farmers (see table 1).

Date	1 USD Dollar to Turkish Lira
January 2021*	7.4
November 1, 2021	9.5
December 1, 2021	12.6
December 19, 2021	17.9
December 24, 2021	10.7
January 2022**	13.5
*Average FX rate in January 2021	
**Average FX rate between 1-20 January 2022	

Sources: TCMB

The Turkish government has undertaken various measures to minimize rising inflation. Notwithstanding these measures, inflation levels remain quite high. According to Turkish Statistical Institute, overall inflation during the month of December hit a 19-year high at about 36 percent and food and beverage prices shot up 44 percent.

On December 31, 2021, in an attempt to keep the lid on rising food prices, the Turkish government extended its zero-import duty for corn, wheat, barley, rye, and oats throughout calendar year 2022. See the related [GAIN report](#). The government had previously cut these grain import tariffs to zero from September through December of 2021.

In addition to tariff cuts, in the summer of 2021, President Erdogan instructed TMO to initiate a “Flour & Feed Regulation Action,” which is a long-term strategy for regulating flour and feed prices. As part of this action, TMO [announced](#) that it would purchase and sell imported grains to industry end-users at a discount until the next harvest to stabilize prices in the country. TMO has subsequently purchased 5.75 MMT of grain in twenty different tenders since June 2021.

In twenty different tenders since June 2021, TMO has purchased 5.75 MMT of grain. These purchases include 2.3 MMT of milling wheat (avg. \$320/MT CIF), 2.8 MMT of barley (avg. \$305/MT CIF), and 650,000 MT of corn (avg. \$310/MT CIF). See table 2. TMO is selling these imported grains at a significant discount, which is far below spot market and commodity exchange prices. At present, milling wheat is selling at 2,650 TL/MT (\$196/MT), barley at 2,050 TL/MT (\$151/MT), and feed corn at 2,500 TL/MT (\$185/MT).

Product	Imported Amount	Average Purchase Price (\$/MT)
Milling Wheat	2.3 MMT	\$320/MT
Barley	2.8 MMT	\$305/MT
Corn	650,000 MT	\$310/MT
Total*	5.75 MMT	

Source: Market information. *Tendered amount to be imported.

TMO has sold 1.2 MMT of milling wheat and 2.6 MMT of feed grains – wheat, barley, and corn – at these lower prices. To ensure price transparency and the benefits of the discount eventually make their way to the consumer, companies purchasing grain from TMO must inform TMO of the prices they intend to sell their processed grain products.

Considering these government grain purchases, which are expected to continue for the foreseeable future, private grain traders are increasingly cautious about importing. In addition, the potential for continued exchange rate fluctuations, the uncertainty about domestic demand conditions, the prospects of additional government intervention in the marketplace, and the rising cost of doing business makes the situation even more challenging. Importers are, therefore, looking for ways to hedge against these risks and continue to do business. According to market sources, some Turkish traders, instead of importing directly, are reportedly holding grain in warehouses in free trade zones and later selling it to TMO after being awarded the contract under TMO's tendering process.

In a June 2021 [Presidential Decree](#), the Price Stability Committee (PSC) was established to address rising inflation concerns. The PSC members include Ministers from the Ministries of Treasury & Finance, Trade, Labor, Social Security, Energy & Natural Resources, Industry & Technology and Ag & Forestry, as well as the Governor of the Central Bank, and the Chief of Strategy & Budget under the President. After its meeting in late November 2021, the Committee published an [official statement](#) that blamed the country's inflation on rising international commodity prices resulting from the global economic recovery and domestic drought situation. The PSC acknowledged TMO's purchases to minimize inflationary pressures on flour, milk, meat, and feed prices.

The current price differences between imports, domestic spot markets, and local commodity are expected to impact farmers' planting intentions. More detailed analysis of these impacts as well as future PSC actions, where relevant, will be provided in our April 2022 Annual Grain and Feed Report.

In other policy news, on January 7, 2022, the Turkish government published Biosafety Decisions on the import of genetically engineered (GE) soybean and corn events. The Ministry of Agriculture and Forestry (MinAF) approved one new soybean event and one new corn event for feed and cancelled the approvals of two corn events which expired on December 24, 2021. See the most recent FAS/Turkey biotechnology voluntary [GAIN report](#) for additional details.

Production, Supply and Distribution

Wheat Market Year Begins Turkey	2019/2020		2020/2021		2021/2022	
	Jun 2019		Jun 2020		Jun 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	7000	7000	7100	7100	7050	7050
Beginning Stocks (1000 MT)	2651	2651	4468	4468	3730	3781
Production (1000 MT)	17500	17500	18250	18250	16250	16250
MY Imports (1000 MT)	10851	10851	8081	8132	11000	10800
TY Imports (1000 MT)	11087	11087	8051	8132	11000	10800
Total Supply (1000 MT)	31002	31002	30799	30850	30980	30831
MY Exports (1000 MT)	6534	6534	6469	6469	6250	6550
TY Exports (1000 MT)	6633	6633	6571	6571	6250	6550
Feed and Residual (1000 MT)	1800	1800	2000	2000	2500	2300
FSI Consumption (1000 MT)	18200	18200	18600	18600	19000	18800
Total Consumption (1000 MT)	20000	20000	20600	20600	21500	21100
Ending Stocks (1000 MT)	4468	4468	3730	3781	3230	3181
Total Distribution (1000 MT)	31002	31002	30799	30850	30980	30831
Yield (MT/HA)	2.5	2.5	2.5704	2.5704	2.305	2.305

(1000 HA) ,(1000 MT) ,(MT/HA)
 MY = Marketing Year, begins with the month listed at the top of each column
 TY = Trade Year, which for Wheat begins in July for all countries. TY 2021/2022 = July 2021 - June 2022

Barley Market Year Begins Turkey	2019/2020		2020/2021		2021/2022	
	Jun 2019		Jun 2020		Jun 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	3800	3800	3800	3800	3700	3700
Beginning Stocks (1000 MT)	465	465	766	766	522	522
Production (1000 MT)	7900	7900	8100	8100	4500	4500
MY Imports (1000 MT)	903	903	706	706	2700	3100
TY Imports (1000 MT)	1007	1007	1634	725	1800	3100
Total Supply (1000 MT)	9268	9268	9572	9572	7722	8122
MY Exports (1000 MT)	2	2	60	60	30	150
TY Exports (1000 MT)	9	9	122	60	30	150
Feed and Residual (1000 MT)	7600	7600	8100	8100	6500	6700
FSI Consumption (1000 MT)	900	900	890	890	900	900
Total Consumption (1000 MT)	8500	8500	8990	8990	7400	7600
Ending Stocks (1000 MT)	766	766	522	522	292	372
Total Distribution (1000 MT)	9268	9268	9572	9572	7722	8122
Yield (MT/HA)	2.0789	2.0789	2.1316	2.1316	1.2162	1.2162

(1000 HA) ,(1000 MT) ,(MT/HA)
 MY = Marketing Year, begins with the month listed at the top of each column
 TY = Trade Year, which for Barley begins in October for all countries. TY 2021/2022 = October 2021 - September 2022

Corn Market Year Begins Turkey	2019/2020		2020/2021		2021/2022	
	Sep 2019		Sep 2020		Sep 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	520	520	620	620	540	540
Beginning Stocks (1000 MT)	929	929	825	825	889	889
Production (1000 MT)	6000	6000	7100	7100	6500	6500
MY Imports (1000 MT)	3091	3091	1781	1781	3300	2100
TY Imports (1000 MT)	3004	3004	1794	1794	3300	2100
Total Supply (1000 MT)	10020	10020	9706	9706	10689	9489
MY Exports (1000 MT)	495	495	317	317	200	250
TY Exports (1000 MT)	471	471	309	310	200	250
Feed and Residual (1000 MT)	7500	7500	7400	7300	8800	7300
FSI Consumption (1000 MT)	1200	1200	1100	1200	1100	1200
Total Consumption (1000 MT)	8700	8700	8500	8500	9900	8500
Ending Stocks (1000 MT)	825	825	889	889	589	739
Total Distribution (1000 MT)	10020	10020	9706	9706	10689	9489
Yield (MT/HA)	11.5385	11.5385	11.4516	11.4516	12.037	12.037

(1000 HA) ,(1000 MT) ,(MT/HA)

MY = Marketing Year, begins with the month listed at the top of each column

TY = Trade Year, which for Corn begins in October for all countries. TY 2021/2022 = October 2021 - September 2022

Rice, Milled Market Year Begins Turkey	2019/2020		2020/2021		2021/2022	
	Sep 2019		Sep 2020		Sep 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	100	100	97	97	97	97
Beginning Stocks (1000 MT)	42	42	181	181	161	161
Milled Production (1000 MT)	610	610	591	591	541	541
Rough Production (1000 MT)	910	910	882	882	807	807
Milling Rate (.9999) (1000 MT)	6700	6700	6700	6700	6700	6700
MY Imports (1000 MT)	574	574	412	412	470	470
TY Imports (1000 MT)	530	500	370	410	470	470
Total Supply (1000 MT)	1226	1226	1184	1184	1172	1172
MY Exports (1000 MT)	235	235	213	213	220	230
TY Exports (1000 MT)	234	225	215	210	220	220
Consumption and Residual (1000 MT)	810	810	810	810	815	815
Ending Stocks (1000 MT)	181	181	161	161	137	127
Total Distribution (1000 MT)	1226	1226	1184	1184	1172	1172
Yield (Rough) (MT/HA)	9.1	9.1	9.0928	9.0928	8.3196	8.3196

(1000 HA) ,(1000 MT) ,(MT/HA)

MY = Marketing Year, begins with the month listed at the top of each column

TY = Trade Year, which for Rice, Milled begins in January for all countries. TY 2021/2022 = January 2022 - December 2022

Attachments:

No Attachments