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Turkey

Grain and Feed Update

Turkey Grain and Feed Update

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Report Highlights:
All of Turkey's wheat harvest has been completed and Marketing Year (MY) 2017/18 total wheat area and production are estimated at 7.8 million hectares and 19.5 million metric tons (MMT). Post revised barley production forecast down to 6.4 MMT. Due to Turkish government's reduction on the import tariff on barley, Turkey imported about 100,000 MT of barley in July 2017. MY 2017/18 total rice area and production are estimated at 99,000 hectares and 776,000 metric tons.

Production

Wheat

All of Turkey's wheat harvest has been completed and MY 2017/18 total wheat area and production are estimated at 7.8 million hectares and 19.5 million metric tons. Wheat yield in the Central Anatolia region was lower than was expected in our previous report. The quality was better than expected in the GAP region (Southeast Turkey) and in the lower part of Central Anatolia. Last May and June were the rainiest months in the history of the Thrace region, leading to better yields than the previous year. The Cukurova region also received timely and abundant rain.

Barley

Post revised barley production forecast down to 6.4 MMT. Barley yield in the Central Anatolia Region was lower than was expected in our previous report. Late rains in spring were not enough to eliminate the winter drought effect in some areas in Central Anatolia.

Corn

Post revised corn production to 5.4 MMT in MY 2017/18 due to lower yields than expected in the Cukurova and GAP regions. First crop corn harvest is almost completed. In the Cukurova region, yield loss is estimated at five percent compared to MY 2016/17. Second crop corn harvest started in some regions and yield is also below normal. The main reason was excessive heat stress.

Rice

MY 2017/18 total rice area and production are estimated at 99,000 hectares and 776,000 metric tons. Paddy rice planted in April is now being harvested. The harvest started in September and still continues. Due to rains, rice harvest started two weeks late all over the country. Farmers are very satisfied with rice prices. The Baldo variety harvest started in September and Osmancik varieties started in October. Yield is around 450-700 kg/da. Although Osmancik and Baldo are well-known varieties, new varieties are becoming popular among the farmers.

Trade

Wheat imports during the first three months of MY 2017/18 were about 700,000 MT, of which 560,000 was milling wheat and the remaining 140,000 MT was durum wheat. Russia (440,000 MT), Ukraine (67,000 MT), and Kazakhstan (60,000 MT) were the leading suppliers.

Despite all the current logistical problems, especially in the Iraq and Syria border areas, the Turkish flour sector has maintained the level of the previous year's high exports. Turkey's wheat flour exports during the first three months of MY 2017/18 were just above last year's exports of the same period, reaching 870,000 MT. Iraq continues to be the leading importer with 480,000 MT, followed by Syria with 73,000 MT.

Turkey's pasta exports were also up fifteen percent during the same period, reaching 264,000 MT. African countries are the main export market for Turkish pasta exporters. Angola is the leading importer with 39,000 MT, followed by Benin with 29,000 MT, and Somalia with 28,000 MT.

Although former ministerial statements announced that the Turkish Grain Board (TMO) would no longer procure products in the grain market, TMO was a very active player in the market again in MY2017/18. TMO has so far purchased about 2 MMT of wheat, up until September 2017.

Despite the barley and corn shortage in the market, the private sector hesitated to import enough grain by the last quarter of MY 2016/17 due to several reasons including Turkey's unstable currency, TMO's sale, unstable feed sector demand, and high tariff rates. A delay in import during the first part of 2017 caused price increases.

Within the scope of a set of measures to fight food inflation in Turkey, 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 reference price for these commodities also was determined as $200. However, the GOT allowed barley imports without using the reference price during the month of July. As a result, the Turkish private sector imported about 100,000 MT of barley in July and August 2017. Additionally, TMO imported 64,000 MT of barley in September 2017 with an international tender for domestic feed millers.

Corn imports remained slow until the last quarter of the marketing year. The private sector was reluctant to grow their stocks in an uncertain economic environment and TMO's strong corn sales reached about 2.4 MMT in 2017. However, the feed sector's strong demand for corn, low stocks, worse forecast for upcoming corn harvest and relatively stable economic situation resulted in imports of corn during the summer.

Corn imports in MY 2016/17 were about 1.5 MMT. Russia (450,000 MT), Serbia (400,000 MT) and Romania (220,000 MT) were the leading suppliers. Turkey imported about 800,000 MT of corn the last quarter of MY 2016/17. Poultry and egg exports contributed corn demand in Turkey. Corn import is forecast at 1.5 MMT in MY 2017/18 due to strong demand from the feed sector for corn.

Rice imports into Turkey are estimated at 300,000 MT in MY 2016/17, milled equivalent. According to USDA data, United States exported about 112,000 MT of rice (milled equivalent) to Turkey, of which 76,000 MT was rice and 52,000 MT was paddy rice. When comparing importer and exporter data regarding Turkish rice trade, there are some differences due to transshipments. Another reason is that Turkish importers store the rice in bonded warehouses for 2-3 months until they find buyers to delay advance payment of the 45 percent tariff and VAT.

Rice exports in MY 2016/17 are about 75,000 MT. Libya was the main destination with 18,300 MT, followed by Syria with 12,000 MT, milled equivalent, due to strong demand from neighboring and African counties.

TMO did not announce a procurement price for paddy rice yet, but according to market sources, farmers are satisfied with current market rice prices. Paddy rice prices began at 1,900 to 2,000 TL/MT and then increased to 2,000-2,100 TL/MT, which remains higher than last year (1,600-1750 TL/MT). The locally harvested and milled rice price was 3,500 TL/MT at the beginning of October 2017. Baldo paddy rice price reached 2,700 TL/MT, which made pleased farmers, especially those in the Gonen region. According to seed sellers, Italian varieties such as Cammeo, Ronaldo, and Luna are gaining market share in recent years.

Policy

In 2017, Turkey started to implement a new subsidy program for agricultural products, called the National Agriculture Project. The Project aims to diversify Turkey's agricultural production, increase productivity, and reduce the planted area of water-intensive crops such as rice and corn in drought-prone areas. Within the new scheme, Turkey is divided into 941 agricultural basins based on climate and soil categories to subsidize specific crops for each zone. In total, 19 strategic crops, including wheat, barley, corn, rye, oats, triticale, paddy rice and forage crops are subsidized.

Turkey also continues premium payments to producers and support for certified seed usage, fuel and agricultural insurance. The Turkish government updated agricultural support in August 2017. The GOT granted around 1.5 billion TL to farmers in scope of support for diesel and fertilizer. MinFAL also pays premiums of 50 TL/MT for wheat and barley, 30 TL/MT for corn and 100 TL/MT for paddy rice. (Fx: USD=3.65TL as of October 2017)

Table: Grain Supports (TL/Ha)

Products	*Dielsel (TL/Ha)*	*Fertilizer (TL/Ha)*	*Total (TL/Ha)*
Wheat, Barley	130	40	170
Paddy Rice	360	40	400
Corn	170	40	210

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	1327	1327
Production	19500	19500	17250	17250	20000	19500
MY Imports	4382	4382	4533	4533	5000	5000
TY Imports	4405	4405	4542	4542	5000	5000
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	26649	26649	24901	24901	26327	25827
MY Exports	5531	5531	6174	6174	6500	6500
TY Exports	5605	5605	6177	6177	6500	6500
Feed and Residual	1200	1200	700	700	1000	1000
FSI Consumption	16800	16800	16700	16700	16700	16700
Total Consumption	18000	18000	17400	17400	17700	17700
Ending Stocks	3118	3118	1327	1327	2127	1627
Total Distribution	26649	26649	24901	24901	26327	25827
Yield	2.4809	2.4809	2.2073	2.2073	2.5641	2.5000
(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	0	3400	3400	3400	3400
Beginning Stocks	332	332	961	961	361	361
Production	7400	0	4750	4750	7000	6400
MY Imports	129	0	270	270	50	250
TY Imports	146	0	250	250	50	250
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	7861	332	5981	5981	7411	7011
MY Exports	0	0	20	20	150	20
TY Exports	0	0	20	20	150	20
Feed and Residual	6000	0	4700	4700	5500	5500
FSI Consumption	900	0	900	900	900	900
Total Consumption	6900	0	5600	5600	6400	6400
Ending Stocks	961	0	361	361	861	591
Total Distribution	7861	0	5981	5981	7411	7011
Yield	2.1765	0	1.3971	1.3971	2.0588	1,882
(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	512	912
Production	6200	6200	5500	5500	5500	5400
MY Imports	567	567	1000	1500	1500	1500
TY Imports	567	567	1000	1500	1500	1500
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	7479	7479	7362	7862	7512	7812
MY Exports	67	67	100	100	50	50
TY Exports	51	51	100	100	50	50
Feed and Residual	5500	5500	5700	5800	5900	5900
FSI Consumption	1050	1050	1050	1050	1070	1070
Total Consumption	6550	6550	6750	6850	6970	6970
Ending Stocks	862	862	512	912	492	842
Total Distribution	7479	7479	7362	7862	7512	7812
Yield	10	10	9.6491	9.6491	10	9,818
(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	73	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	913	913
MY Exports	49	49	75	75	50	50
TY Exports	55	55	75	75	50	50
Consumption and Residual	790	790	780	780	790	790
Ending Stocks	128	128	73	73	73	73
Total Distribution	967	967	928	928	913	913
Yield (Rough)	7.6122	7.6122	7.6122	7.6122	7.8384	7.8384
(1000 HA) ,(1000 MT) ,(MT/HA)						