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Report Highlights:

The area planted in sugar beets in MY 2023/24 is forecast marginally higher as some farmers will likely switch to growing beets in hopes of better returns. Despite this increase in acreage, beet sugar production is projected to remain flat year-to-year at 3 million metric tons because of drought conditions. While the recent wet weather is encouraging, beet farmers are still concerned about drought and the availability of irrigation water since nearly all the crop is irrigated. While planting is underway, the government has still not announced the beet sugar production quota for MY 2023/24. For reference, the quota current marketing year (MY 2022/23) is about 2.8 million metric tons. Meantime, sugar imports in MY 2023/24 are expected to remain at 500,000 metric tons to help fuel the confectionary industry's export business.

PRODUCTION

Sugar Beets

The area planted in sugar beets in MY 2023/24 is forecast slightly higher year-to-year at 325,000 hectares as some farmers are betting on a possible increase in the government-mandated beet purchase price. At the same time, farmers in Thrace and Central Anatolia are looking to switch from oilseeds to sugar beets in hopes of higher returns.

Despite the increase in acreage planted, sugar beet production is projected to remain unchanged from the previous year at 21.5 million metric tons (MMT) because of drought conditions leading up to spring planting. The period from October-February was the driest in decades, though wet weather has started in recent weeks with spring rains. For the growing season, Post is currently assuming sufficient springtime rainfall, favorable weather conditions, and sufficient volumes of irrigation water; nearly all sugar beets are irrigated. However, if drought conditions persist, the amount of irrigation water might become limited which could depress yields and production levels.

The Turkish government (GoT) has not yet announced the MY 2023/24 purchase price for sugar beets. The price is typically announced ahead of planting in April to incentivize production and is adjusted during the growing season depending on market conditions. Some growers are predicting that the GoT will raise the purchase price since on-farm input costs for fuel, fertilizer, and labor continue to increase. While farmers wait for the purchase price announcement, they have started planting and contracting their MY 2023/24 sugar beet crop.

Last September, the government updated the MY 2022/23 beet purchase price to 1450 Turkish Lira (TL) per metric ton (\$75/MT), compared to 1,000 TL/MT (\$71/MT) the year before. This marked the second time during the season in which the GoT raised the purchase price to compensate farmers for rising on-farm input costs. Separately, to encourage sugar beet production and offset rising input costs, [the government](#) provides annual support payments to farmers for fertilizer (62 TL/HA) and fuel (210 TL/HA).

There are about 86,000 sugar beet farmers across the country. Sugar beets are planted in four-year rotation cycle, alternating with corn, wheat, barley, potatoes, sunflowers, and more recently canola. Sugar beets are typically planted in April and harvested in September and October.

The MY 2021/22 numbers for area planted and beet production are revised slightly lower based on the latest available market information. This change is also reflected in updated figures for MY 2021/22 centrifugal sugar production. Sugar exports and imports for this period were also updated to account for the latest trade data.

Centrifugal Sugar

Sugar production in MY 2023/24 is currently forecast unchanged year-to-year at 3.0 MMT. It is possible that production could climb higher if the government announces a larger sugar production quota for this period, but time is running out since planting is already underway.

The sugar production estimate for MY 2022/23 is expected to slightly decrease to 3.0 MMT, due to lower-than-expected yields in Central Anatolia. The government's beet sugar production quota for the current marketing year is slightly more than 2.8 MMT, up marginally from the year before. The total quota is divided between smaller quotas, called the A, B, and C quotas. The A quota is the amount sold on the domestic market within a given marketing year. The B quota is a small amount to be kept in reserve as a buffer. The C quota is excess production which is only allowed to be exported. See policy section for more information on the sugar production quota system.

Historically, like many sectors in Turkey, sugar factories were once all government-owned and operated. In recent years, however, many factories have been privatized except for the state-run Turkseker, which is the largest sugar company in the country. According to market sources, the sugar sector continues to face a variety of inefficiencies resulting from government intervention in setting production quotas and fixing prices for both sugar and sugar beets.

CONSUMPTION

Sugar consumption in MY 2023/24 is forecast unchanged from the previous year at 3.4 MMT, assuming continued strong demand from the food and beverage industry and stable household demand.

For MY 2022/23, consumption is estimated higher year-to-year at 3.4 MMT. This projected increase is largely attributed to an ongoing trend in which local confectionary manufacturers are using more sugar to make items for export. In the last two years, this trend has mostly been fueled by favorable prices for domestic sugar. In calendar year 2022, the price of Turkish sugar was generally cheaper than the international sugar price.

Turkey is a significant consumer of sugar. Consumption levels continue to increase in response to a combination of interrelated factors, among which are a growing population of about 85 million, increasing urbanization, and changing eating habits. Turkey's modern food, beverage, and confectionary industry, which accounts for approximately 80 percent of consumption, is using sugar to produce a wider range of items for domestic sale and export. Households account for the remaining 20 percent of consumption. Turkey's annual per capita consumption is estimated at 35 kilograms, about one-quarter of the levels in the United States.

The prices for bulk and retail-sized packages of sugar have sharply increased in terms of the local currency during the last year. As of March 2023, a 50-kilogram bag of [Turkseker](#) sugar cost about 925 TL/kg (\$48.4), compared to 550 TL/kg (\$37.2) a year ago. The year-to-year increase in bulk sugar prices is in part due to rising inflation, especially rising on-farm input prices. Retail sugar prices are about 10 percent higher per kilogram than bulk prices. Higher retail sugar prices have depressed household consumption, but this decline is more than offset by increased demand from the food and beverage industry.

In addition to sugar, Turkey consumes small amounts of starch-based sweeteners. These sweeteners are derived from corn and are used by the food and beverage industry as an ingredient in the production of candies, baked products, traditional desserts, ice cream, helva, jams, as well as alcoholic and non-alcoholic beverages.

TRADE

Imports

For MY 2023/24, sugar imports are projected to remain unchanged year-to-year at 500,000 MT. This forecast assumes continued strong demand from the food and beverage manufacturers that are producing items for the local and export markets.

The import forecast for MY 2022/23 is revised sharply higher to 500,000 MT, which is more than double the USDA official estimate. This adjustment is based on the latest trade data and strong demand from Turkish food and beverage manufacturers. Imports during the first five months (Oct-Feb) of the current marketing year skyrocketed to about 333,000 MT (raw value basis) compared to just 36,000 MT for the same period the previous year. Imports from Brazil, the leading supplier, accounted for about half of the total. See trade table below for details.

In May of last year, the government announced a zero-tariff sugar import quota for 400,000 MT from June through the middle of October. The duty-free quota helped boost import volumes in MY 2021/22. The quota was divided and distributed to end-users which imported sugar (HS 1701) tariff free.

Turkey's inward processing regime (IPR) allows food and beverage companies to import sugar duty free so long as the sugar is used in making items for export. In recent years, nearly all imported sugar comes in under the IPR.

Imported sugar and starch-based sugar outside of the quota (when available) or IPR system is subject to 135 percent duty. Because of this high tariff, only specialty sugar that is not domestically produced (e.g., medical, laboratory use) is imported outside these duty-free channels.

Exports

Sugar exports in MY 2023/24 are forecast to remain unchanged from the previous year at 100,000 MT. For MY 2022/23, the export estimate is cut back to 100,000 MT, based on the minor decrease in domestic sugar production and the latest trade data. Exports during the first five months (Oct-Feb) of the current marketing year decreased to about 18,000 MT (raw value basis), compared to 84,000 MT for the same period the previous year. Almost all exported sugar was transshipments.

At the end of December 2021, the GoT added domestic sugar (HS 1701) to the list of goods requiring pre-export registration. The purpose of this requirement is to ensure that there are sufficient supplies of domestic sugar.

Other Sugar and Confectionary Exports

Turkey exports starch-based sugar (SBS) made from corn. In recent years, SBS exports have increased as the government has reduced the amount companies can sell on the domestic market under the SBS quota system. Meantime, Turkey's sugar confectionary products exports have been steadily increasing in recent years.

Table 1: Turkey's Trade for Beet Sugar and Chemically Pure Sucrose, Refined, In Solid Form, Not Containing Added Flavoring or Coloring Matter (HS 170199)

Import Matrix	MY2020/21 (Oct-Sep)	MY2021/22 (Oct-Sep)	MY2022/23* (Oct-Feb)
Brazil	70,663	129,602	126,469
India	5	82,705	53,944
Saudi Arabia	100	75,181	13,804
Egypt	2,544	28,293	22,789
Other	61,360	130,972	94,137
Total	134,672	446,753	311,143
Raw Value Basis	146,388	478,055	332,924
Export Matrix	MY2020/21 (Oct-Sep)	MY2021/22 (Oct-Sep)	MY2022/23* (Oct-Feb)
Syria	70,667	43,341	13,041
Iraq	189,654	33,944	150
Georgia	19,011	12,100	0
Azerbaijan	15,183	4,454	185
Other	10,588	6,934	2,840
Total	305,103	100,773	16,216
Raw Value Basis	331,647	107,894	17,353

Source: Trade Data Monitor Inc

*Note: MY 2022/23 only covers October through February.

Table 2: Turkey's Imports of Sugars Nesoi, and Related Products (MT)

Commodity (HTS)	Description	Marketing Year		
		2020/21	2021/22	2022/33*
1702	sugars nesoi, including chemically pure lactose, maltose, glucose, and fructose in solid form; sugar syrups (plain); artificial honey; caramel	27,828	41,098	14,596

Source: Trade Data Monitor Inc

*Note: MY 2022/23 only covers October through February.

Commodity	Description	Marketing Year		
		2020/21	2021/22	2022/23*
1702	sugars nesoi, including chemically pure lactose, maltose, glucose, and fructose in solid form; sugar syrups (plain); artificial honey; caramel	433,973	403,823	109,027
1704	Sugar Confectionary (Including White Chocolate), Not Containing Cocoa	270,874	310,559	142,629

Source: Trade Data Monitor Inc

*Note: MY 2022/23 only covers October through February.

STOCKS

MY 2023/24 ending stocks are forecast unchanged year-over-year at 10,000 MT. The government's sugar production quota system discourages companies from holding excess stocks.

MY 2023/24 year-end high fructose corn syrup (HFCS) stocks are estimated at 5,000 MT. Starch-based sweetener companies typically produce and sell their entire allocated quota.

POLICY

Centrifugal Sugar

The sugar sector is widely regulated. The government, under presidential decree, sets production quotas and fixes certain prices. The Sugar Department under the Ministry of Agriculture and Forestry (MinAF) regulates and monitors the market. The government also owns the largest sugar producing company, Turkseker, which has 15 factories and accounts for about one-third of the country's sugar production. In addition to the state-run sugar corporation, there are 16 privately-owned beet sugar factories. These factories, both state-run and private, have a combined production capacity of about 3.1 MMT.

The GoT regulates sugar production through a quota system that is typically announced at the beginning of each marketing year. The MY 2022/23 quota for beet sugar production is a little more than 2.8 MMT. The quota system is made up of an A quota, B quota, and C quota. The A quota is the amount sold on the domestic market within a given marketing year. The B quota is a small amount to be kept in reserve as a buffer. The government allocates the A and B quotas among existing sugar producers, of which Turkseker is allocated approximately one-third of the total.

The C quota is excess production above the total beet sugar quota. This amount is only allowed to be used to produce items for export. Fines are imposed on companies if these products are found in the domestic market.

Table 4: Sugar Production Quotas in Turkey (1,000 MT) *									
	2020/2021 MY			2021/2022 MY			2022/2023 MY		
	A Quota	B Quota	TOTAL	A Quota	B Quota	TOTAL	A Quota	B Quota	TOTAL
Beet Sugar	2,632.50	131.625	2,764.13	2,632.50	131.625	2,764.13	2,681.25	134.062	2,815.31
Starch-Based Sugar	67.5	-	67.5	67.5	-	67.5	68.75	-	68.75
Total Quota	2,700	131.625	2,831.63	2,700	131.625	2,831.63	2,750.00	134.062	2,884.06

Source: Official Gazette,

* MY 2023/24 quota has not yet been announced.

Starch-Based Sugar (SBS)

The MY 2022/23 SBS quota was set at 2.5 percent of the national sugar quota at 68,750 MT, which is up 1,250 MT from the previous year. Half of the quota amount is required to be glucose, which is equivalent to about 54,000 MT of HFCS.

Starch-based sweeteners for the domestic market are made from locally grown corn. Over the last few years, the starch-based sweeteners market in Turkey has been squeezed by legislation that favors sugar production. The MY 2022/23 SBS quota is about 80 percent smaller than the average quota amount between 2003-2016.

There are five SBS producers under the quota system, all of which are privately owned and have a combined annual processing capacity of about 1 MMT. In addition, there are five other SBS companies outside the quota system and they are only allowed to export.

Table 5: Historical SBS Quota Volumes by Marketing Years (Thousand MT), % of Total Sugar Quota							
2003-2016	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
313-407 (avg)	265	134	135	67.5	67.5	67.5	68.75
15%	10%	5%	5%	2.5%	2.5%	2.5%	2.5%

Source: Official Gazette

Table 6: Starch-Based Sugar Companies and Quotas (MT) for MY 2022/23	
Company Name	Quota (MT)
Cargill Tarım ve Gıda Sanayi ve Ticaret a.ş.	30,135
Amylum Nişasta Sanayi ve Ticaret a.ş.	21,388
Pns Pendik Nişasta Sanayi a.ş.	9,767
Tat Nişasta İnşaat Sanayi ve Ticaret a.ş.	4,423
Sunar Misir ent. Tes. Sanayi ve ticaret a.ş.	3,037
Total	68,750

Source: Official Gazette

Production, Supply and Distribution Data Statistics

Sugar Beets Market Year Begins Turkey	2021/2022		2022/2023		2023/2024	
	Sep 2021		Sep 2022		Sep 2024	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	315	310	320	320	0	325
Area Harvested (1000 HA)	315	310	320	320	0	0
Production (1000 MT)	19000	18500	21500	21500	0	21500
Total Supply (1000 MT)	19000	18500	21500	21500	0	21500
Utilization for Sugar (1000 MT)	19000	18500	21500	21500	0	21500
Utilizatn for Alcohol (1000 MT)	0	0	0	0	0	0
Total Distribution (1000 MT)	19000	18500	21500	21500	0	21500
(1000 HA) ,(1000 MT)						

Sugar, Centrifugal Market Year Begins Turkey	2021/2022		2022/2023		2023/2024	
	Oct 2021		Oct 2022		Oct 2023	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks (1000 MT)	10	10	10	10	0	10
Beet Sugar Production (1000 MT)	2750	2650	3050	3000	0	3000
Cane Sugar Production (1000 MT)	0	0	0	0	0	0
Total Sugar Production (1000 MT)	2750	2650	3050	3000	0	3000
Raw Imports (1000 MT)	0	0	0	0	0	0
Refined Imp.(Raw Val) (1000 MT)	350	478	200	500	0	500
Total Imports (1000 MT)	350	478	200	500	0	500
Total Supply (1000 MT)	3110	3138	3260	3510	0	3510
Raw Exports (1000 MT)	0	0	0	0	0	0
Refined Exp.(Raw Val) (1000 MT)	140	108	270	100	0	100
Total Exports (1000 MT)	140	108	270	100	0	100
Human Dom. Consumption (1000 MT)	2960	3020	2980	3400	0	3400
Other Disappearance (1000 MT)	0	0	0	0	0	0
Total Use (1000 MT)	2960	3020	2980	3400	0	3400
Ending Stocks (1000 MT)	10	10	10	10	0	10
Total Distribution (1000 MT)	3110	3138	3260	3510	0	3510
(1000 MT)						

Attachments:

No Attachments