

**Required Report:** Required - Public Distribution

**Date:** October 07,2019

**Report Number:** TU2019-0027

**Report Name:** Sugar Semi-annual

**Country:** Turkey

**Post:** Ankara

**Report Category:** Sugar

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**Report Highlights:**

Turkey's sugar beet production is forecast at 20.5 MMT in MY 2019/20 and is expected to result in 2.7 MMT sugar. For MY 2019/20, as announced by Presidential Decree on February 5, 2019, the quota for starch-based sugar decreased from 5 percent to 2.5 percent. Total sugar imports for the first ten months of MY 2018/2019 were about 144,500 MT, which is down about 30 percent compared to the same period last year.

## **PRODUCTION**

### **Sugar Beet**

Turkey's estimated sugar beet planting area for marketing year (MY) 2019/20 is 340,000 hectares and production is projected at 20.5 (million metric tons) MMT for MY 2019/20, similar to the last marketing year.

According to official data, there are more than 100,000 farmers who produce sugar beets in Turkey. The majority of Turkey's sugar beet production comes from the Central Anatolia region, near the cities of Ankara, Konya, Eskisehir, Afyon, Tokat and Yozgat. There are many producers located in other regions of Turkey. Sugar beets are planted in 4-year rotations with corn, wheat, barley, potatoes, and oilseeds. Factories begin processing sugar beets in the beginning of October and finish in January, in a period called the campaign period. Producers contract with farmers in the vicinity of their factories for the following year's beet production per their allocated sugar production quotas.

At the beginning of the harvest period, the president of Turkey announces a base procurement price (for a polarity rate of 16) and the factories pay the farmers according to the polarity rate of their beets relative to the base price.

For MY 2018/19 the announced beet prices were 235 TL per metric ton, and the amount has increased to 300 TL/MT for MY 2019/20 (1 US\$ = 5.7 TL as of October 2019) for beets with 16 polarity.

### **Centrifugal Sugar**

In MY 2019/20, the total sugar production estimate is about 2.75 MMT, of which about 2.65 MMT is for beet sugar production and the remaining 67,500 MT) is for starch-based sugar (high-fructose corn syrup, or HFCS) production, which is in line with production quotas set by the government.

Turkey's sugar market regulation changed with Statutory Decree No. 696, published in the Official Gazette on December 24, 2017, which abolished the Sugar Agency and Sugar Board. All the authorities and responsibilities of this agency were transferred to the Ministry of Agriculture and Forestry.

Turkey's sugar sector is regulated now by quotas set by the Sugar Department of the Ministry of Agriculture and Forestry.

Turkey's quotas determine the quantities for beet sugar and starch-based sweetener production, and are announced in three categories. The 'A' quota specifies how much sugar companies can sell domestically in Turkey within a marketing year. The 'B' quota is an extra amount that is produced and kept in reserve as a buffer. The 'B' quota volume is calculated as a percentage (generally 5 percent) of the 'A' quota. The 'B' quota is allocated only for beet sugar, and not for starch-based sugar, as per the sugar law. The 'C' quota applies to excess sugar produced above the allocated 'A' quota amount, which can only be exported and is sold by factories at world prices at the end of the campaign period.

The table below provides the production quotas for the last three marketing years. Typically, the overall quota is increased slightly each year. The quotas for MY 2019/20 were announced on February 5, 2019 by a [presidential decree](#). The announcement stated that the new quotas would cover MY 2019/20.

**Table 1: Sugar Production Quotas in Turkey (1,000 MT)**

	2018/2019 MY			2019/2020 MY		
	A Quota	B Quota	TOTAL	A Quota	B Quota	TOTAL
Beet Sugar	2,565	128.2	2,693.20	2,632.50	131.6	2,764.10
Starch-Based Sugar	135	-	135	67.5	-	67.5
<b>Total Quota</b>	2,700	128.2	2,828.20	2,700	131.6	2,831.60

Source: Official Gazette

There are 33 sugar beet refineries in Turkey. The Ministry of Agriculture and Forestry allocates the sugar quota to the companies according to their capacity and announces the allocation in the official gazette. Fifteen of them belong to the state-owned *Türkiye Şeker Fabrikaları A.Ş.* (Turk Şeker). Tenders were completed in April 2018 to transfer ownership of 10 formerly state-owned sugar factories to the private sector. The total production capacity of the 33 beet sugar factories in Turkey is 3.1 million metric tons (MMT) per year.

### Starch-Based Sweeteners (SBS)

There are six starch-based sweetener (SBS) plants in Turkey (belonging to five companies) which by law are allowed to produce SBS (sometimes also referred to as HFCS) for the domestic market. The total production capacity of these six SBS factories is 1 MMT per year. There are also five SBS producers which operate outside of the national sugar quota and produce only for export under the C-quota regime. Their total annual capacity is about 350,000 MT, and they are required to export all products they produce.

Starch-based sugar in Turkey for the domestic market under the quota is required to be produced from domestically-grown corn.

The quotas for starch-based sugar (HFCS) production has been decreased to 67,500 MT from 350,000 MT since 2014. In MY 2019/20, the SBS production forecast for the export market is 330,000 MT, bringing the total production forecast for SBS in Turkey to around 400,000 MT. According to industry sources, SBS factories are only being used at about 30 percent capacity, due to the decline in government quotas.

For MY 2019/20, as announced by a new Presidential Decree ([Decision No. 702](#)) on February 5, 2019, the total 'A' quota for beet sugar production is 2.75 million tons and SBS quotas were determined as 2.5

percent of the total national sugar quota at 67,500 tons for MY2019/2020. The law requires SBS producers to supply at least half of their allocated SBS quota as “glucose”. The stated justification for this requirement is to prevent any supply-side bottlenecks in the sugar-using industries since glucose cannot be substituted for beet-based alternatives as fructose can. On a raw sugar equivalent basis, the HFCS quota amount is about 53,000 tons.

The table below shows the allocation of the SBS quota for MY 2019/20 to the five producers.

**Table 2: Starch-Based Sugar Companies and Quotas (MT)**

<b>Starch-Based Sugar Producing Companies</b>	<b>A Quota</b>
CARGILL TARIM VE GIDA SANAYİ VE TİCARET A.Ş.	29,589
AMYLUM NIŞASTA SANAYİ VE TİCARET A.Ş.	21,011
PNS PENDİK NIŞASTA SANAYİ A.Ş.	9,583
TAT NIŞASTA İNŞAAT SANAYİ VE TİCARET A.Ş.	4,346
SUNAR MISIR ENT. TES. SANAYİ VE TİCARET A.Ş.	2,971
<b>Total</b>	<b>67,500</b>

Source: Official Gazette

## CONSUMPTION

Turkey is a significant sugar consumer with a population of over 80 million. Increasing urbanization and the subsequent changes to lifestyles and eating habits play an important role in increasing sugar consumption. According to beet sugar producers, Turkey’s annual per capita consumption of total sugar is estimated to be 30 kg. An estimated 80 percent of beet sugar is consumed by industry and 20 percent by households.

The sweets and confectionary sectors in Turkey are developing steadily. Currently, Turkey’s total annual sugar and sweetener consumption varies between 2.4 and 2.8 MMT, where beet sugar accounts for about 2.7 MMT and SBS accounts for approximately 200,000 MT. Starch-based sweeteners that are derived from corn are not consumed directly, but are used by the industry as an ingredient in the production of candies, baked products, traditional desserts, ice cream, helva, jams, and alcoholic and non-alcoholic beverages.

The centrifugal sugar consumption is expected to remain high at 2.88 MMT due to increased beet sugar quotas in MY2019/20.

## **TRADE**

For MY 2019/20, sugar imports into Turkey are projected at 230,000 tons, raw sugar equivalent basis, with stable demand from sugar product exporters for beet sugar.

Turkey's import and export figures for sugar in MY 2017/18 and for the first ten months of MY 2018/19 are given in the below table under HS code 170199. The price of Turkey's sugar became competitive on the world market and exports increased due to the depreciation of the Turkish Lira in summer 2018. As seen table 3, during the first ten months of MY 2018/19, Turkey exported 79,616 MT of sugar, raw value basis about 86,500 MT, compared to just 3,762 MT in the same period of the previous year.

As mentioned in [Turkey Sugar Annual Report 2019](#), Turkey uses imported refined sugar for exported confectionary production through the use of the inward processing regime, which allows for tax free imports for sugar used in exported products. In addition to exports, imports were also affected by the depreciation of the Turkish Lira. Confectionary producers imported less sugar during MY 2018/19 but maintained their strong exports.

Turkey imported about 230,000 MT of sugar in MY 2017/18, a raw value basis about 250,000 MT. During the first ten months of MY 2018/19, Turkey imported about 144,500 MT of sugar, compared to about 206,000 MT in the same period of the previous year.

Sugar imports into Turkey are forecast at 200,000 MT raw sugar equivalent basis, for both beet sugar and HFCS in MY 2018/19 due to decrease in demand as a result of the depreciation of the Turkish Lira in summer 2018.

**Table 3: Turkey’s Trade for Beet Sugar and Chemically Pure Sucrose, Refined, In Solid Form, Not Containing Added Flavoring or Coloring Matter (HS 170199)**

Imported from	Oct 2017 – Sep 2018	Oct 2018 – Jul 2019*
Brazil	55,262	51,995
Algeria	22,356	31,249
Ukraine	32,168	13,322
France	25,460	12,115
Poland	15,854	8,520
Morocco	12,755	7,597
Germany	42,784	6,015
Egypt	6,110	3,984
Other	17,766	9,718
Total	230,515	144,515
<i>Raw Value Basis</i>	<i>250,569</i>	<i>157,088</i>
Exported to	Oct 2017 – Sep 2018	Oct 2018 – Jul 2019*
Syria	7,881	50,379
Iraq	3,400	24,819
Venezuela	-	2,000
Other	126	2,418
Total	11,407	79,616
<i>Raw Value Basis</i>	<i>12,399</i>	<i>86,543</i>

**Source: Trade Data Monitor**

## STOCKS

The ending stocks forecast is expected to be at the usual level, 10,000 MT, in MY 2019/20, which is similar to the previous year, assuming stable demand. The government’s quota system discourages stocking of sugar by the companies. For detailed information, please see [Turkey Sugar Annual Report 2019](#).

## MARKETING

The marketing year begins after the harvest and lasts until the next autumn (i.e. from September 1 to August 31 of the following year). Despite the 4-5 month production period that starts generally around September and ends in January, sugar is marketed for 12 months. Turk Şeker (a government entity) and the private sector sugar producers are also wholesalers who handle the marketing of sugar to retailers.

Türk Şeker sometimes offers credit, interest free, for up to 12 months. Currently the wholesale price of a 50 kg bag of crystal sugar is 168 TL (3.36 TL/kg, which is \$.59/kg as of September 27, 2019). Last year at the same time, the price was 165.50 TL (3.31 TL/kg, which is \$.54/kg as of September 27, 2018).

## Production, Supply and Distribution

Sugar Beets Market Begin Year Turkey	2017/2018		2018/2019		2019/2020	
	Sep 2018		Sep 2018		Sep 2019	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	330	330	340	340	340	340
Area Harvested	325	325	335	340	340	340
Production	20000	20000	20500	20500	20500	20500
Total Supply	20000	20000	20500	20500	20500	20500
Utilization for Sugar	20000	20000	20500	20500	20500	20500
Utilization for Alcohol	0	0	0	0	0	0
Total Distribution	20000	20000	20500	20500	20500	20500

(1000 HA) ,(1000 MT)

Sugar, Centrifugal Market Begin Year Turkey	2017/2018		2018/2019		2019/2020	
	Oct 2017		Oct 2018		Oct 2019	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks	10	10	10	10	10	10
Beet Sugar Production	2500	2500	2700	2700	2750	2750
Cane Sugar Production	0	0	0	0	0	0
Total Sugar Production	2500	2500	2700	2700	2750	2750
Raw Imports	0	0	0	0	0	0
Refined Imp.(Raw Val)	248	248	200	200	230	230
Total Imports	248	248	200	200	230	230
Total Supply	2758	2758	2910	2910	2990	2990
Raw Exports	0	0	0	0	0	0
Refined Exp.(Raw Val)	20	20	100	100	100	100
Total Exports	20	20	100	100	100	100
Human Dom. Consumption	2728	2728	2800	2800	2880	2880
Other Disappearance	0	0	0	0	0	0
Total Use	2728	2728	2800	2800	2880	2880
Ending Stocks	10	10	10	10	10	10
Total Distribution	2758	2758	2910	2910	2990	2990

(1000 MT)

Attachments:

No Attachments