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Report Highlights:

Turkey's sugar beet production is forecast at 19.5 MMT in MY 2021/22 and is expected to result in 2.8 MMT of sugar. The quotas for MY 2021/22 were announced on March 20, 2021 by a presidential decree as 2.7 MMT for sugar beets and 67,500 MT for starch-based sugar. This amount is identical to the previous two years. Turkey sugar exports have increased after export restrictions were lifted in MY 2020/21.

Sugar Semi-Annual Turkey 2021

PRODUCTION

Sugar Beets

Sugar beet production is forecast at 19.5 million metric tons (MMT) and planting area at 320,000 hectares (ha) in MY 2021/22.Harvest for MY 2021/22 has started throughout Turkey as of September 2021. The production of sugar beets, and consequently sugar, is limited by quotas in Turkey. As of March 2021, the quotas are now set annually by Presidential Decree.

Turkey produces sugar from sugar beets in most regions, but the majority of production comes from the Central Anatolia region, near the cities of Ankara, Konya, Eskisehir, Afyon, Tokat and Yozgat. Drought conditions caused yield losses in sugar beets, resulting in a production decrease compared to last year. There are more than 30,000 farming families who produce sugar beets in Turkey.

Post's revised sugar beet production and planting area estimates are 21.5 MMT and 320,000 ha, respectively, in MY 2020/21 due to higher-than-expected yields.

Centrifugal Sugar

In MY 2021/22, the total sugar production estimate is about 2.8 MMT, of which 2.75 MMT is beet sugar production and the remaining is starch-based sugar (high fructose corn syrup; HFCS) production, which is in line with production quotas set by the government.

Turkey's quotas determine the quantity of annual beet sugar and starch-based sweetener production and are announced in three categories. The 'A' quota specifies how much sugar companies can sell 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.

The table below provides the production quotas for the last three marketing years. Although the overall quota has been kept same each year, the quota for starch-based sugar has considerably decreased in the last five years. The quotas for MY 2021/22 were announced on March 20, 2021 by a Presidential Decree in the Official Gazette and are identical to the amounts allocated last year.

Table 5: Sugar Production Quotas in Turkey (1,000 MT)

	2019/2020 MY			2020/2021 MY			2021/2022 MY		
	A Quota	B Quota	*TOTAL*	A Quota	B Quota	*TOTAL*	A Quota	B Quota	*TOTAL*
Beet Sugar	2,632.50	131.6	*2,764.10*	2,632.50	131.6	*2,764.10*	2,632.50	131.6	*2,764.10*
Starch-Based Sugar	67.5	-	*67.5*	67.5	-	*67.5*	67.5	-	*67.5*
Total Quota	2,700	131.6	*2,831.60*	2,700	131.6	*2,831.60*	2,700	131.6	*2,831.60*

Source: Official Gazette

Turkiye Seker Fabrikalari A.S. (Turkseker) is a government entity and is the largest sugar producer in Turkey, with 15 sugar factories, though not all of them operate every year. Under the auspices of Turkseker, there are also four alcohol/bioethanol plants, farm machinery plants, a seed treatment plant, and a Sugar Institute for research purposes. In addition to the government-owned Turkseker factories, there are sixteen other privately-owned beet sugar producers in Turkey. In total, including government and privately owned companies, there are 33 factories with a total production capacity of 3.1 MMT per year.

The production quotas for MY2021/22, allocated to the centrifugal sugar producers:

Table 6: Beet Sugar Quotas for Producers for MY 2021/2022 (Metric Tons)

Beet Sugar Producers	**A Quota**	**B Quota**
Türkiye Şeker Fabrikaları A.Ş. (Turkseker)	939,900	46,995
Konya Şeker San. ve Tic. A.Ş.	435,500	21,775
Kayseri Şeker Fabrikası A.Ş.	328,800	16,440
Dogus Yiyecek Icecek Uretim San. (Afyon)	115,000	5,750
Keskinkılıç Gıda San. ve Tic. A.Ş.	107,000	5,350
Kayseri Şeker Fabrikası A.Ş.(Turhal)	100,750	5,037
Corum Şeker Fabrikası A.Ş.	95,750	4,788
Amasya Şeker Fabrikası A.Ş.	75,400	3,770
Tutku Gida Turizm (Kirsehir)	70,250	3,512
Adapazarı Şeker Fabrikası A.Ş.	69,050	3,453
Bor Şeker Fabrikası A.Ş.	62,000	3,100
Sukkar Turizm Seyehat A.S. (Erzurum)	50,500	2,525
Mutulucan Seker Uretim AS	50,000	2,500

Kütahya Şeker Fabrikası A.Ş.	43,750	2,188
Mus Şeker Fabrikası A.Ş.	40,500	2,025
SukkarTurizm Seyehat A.S.(Erzincan)	26,500	1,325
Binbir Gida Tarim urunleri A.Ş.(Alpullu)	25,000	1,250
Total	**2,632,500**	**131,625**

Source: Official Gazette
https://www.resmigazete.gov.tr/eskiler/2021/03/20210320-29.pdf

Centrifugal Sugar Prices

As a part of sugar beet production system which explained in detail in our annual report, at the beginning of the harvest period, the government announces a base procurement price (for a polarity rate of 16), and the factories pay the farmers according to the polarity rate (the amount of sugar obtained from a beet) of their beets, relative to the base price. According to the announcement on September 16, 2021, beet price will be 420 TL/MT ($49.40 /MT) for MY2021/22 compared to 336 TL/MT ($44.80 /MT) in MY 2020/21.

Starch-Based Sugar (SBS)

There are five SBS producers under the quota system, all of which are privately owned and have a total processing capacity of about 1 MMT of HFCS output annually. There are also five additional SBS producing companies with about 300,000 MT of capacity, which are allowed to produce only for export and operate outside of the quota system.

Turkish law mandates that SBS made in Turkey for the domestic market is produced from domestically grown corn. Over the last few years, the SBS market in Turkey has been squeezed by legislation and regulations. As discussed in our annual report, although the sugar and HFCS processors compete for quota allowances, the difference is minor for farmers, as most grow both beets and corn.

For MY 2019/20 and MY2020/21, as announced by Presidential Decrees published on February 5, 2019 and December 25, 2020, the total ‘A’ quota for beet sugar production is 2.7 MMT and SBS quotas set as 2.5 percent of the total national sugar quota at 67,500 tons. As announced on March 20, 2021, this quota will remain the same for MY 2021/22 and requires SBS producers to supply at least half of their allocated SBS quota as “glucose.” On a raw sugar equivalent basis, the high fructose corn syrup quota amount is about 53,000 tons.

Table 7: Starch-Based Sugar Companies and Quotas (MT)

Starch-Based Sugar Producing Companies	'A' Quota
CARGILL TARIM VE GIDA SANAYİ VE TİCARET A.Ş.	29,593
ADM BESIN GIDA SAN.TİC. A.Ş. (Former AMYLUM)	20,997
PNS PENDİK NİŞASTA SANAYİ A.Ş.	9,583
TAT NİŞASTA İNŞAAT SANAYİ VE TİCARET A.Ş.	4,347
SUNAR MISIR ENT. TES. SANAYİ VE TİCARET A.Ş.	2,980
Total	**67,500**

Source: Official Gazette

Trade

Turkey's import and export figures for sugar in MY 2019/20 and for the first ten months of MY 2020/21 are given in the below table under HS code 170199.

Due to export restrictions on sugar which was implemented May 2020 as a Covid-19-related measure to regulate food prices and control supply, Turkey's sugar export was close to zero in MY 2019/20. However, Turkey lifted all sugar export restrictions in December 2020 after a favorable harvest.

According to Turkish official statistics for MY 2020/21, Turkey imported 91,554 MT of sugar, raw value basis about 99,519 MT, during the first eleven months of MY 2020/21. This was a significant decrease from MY 2019/20, during which Turkey imported 220,000 MT during the same period. Post revised the import forecast from 200,000 MT to 110,000 MT raw sugar equivalent in MY 2020/21 due to av significantly better crop than expected and lesser need for imports.

In MY 2021/22, sugar imports into Turkey are projected at 230,000 tons, raw sugar equivalent basis, with stable demand from sugar product exporters for beet sugar, the domestic sugar supply will largely be used for domestic consumption.

During the first eleven months of MY 2020/21, Turkey exported about 244,374 MT of sugar, raw value basis about 265,365 MT, compared to about 800 MT in the same period of the previous year. After the removal of the sugar export prohibition in 2020, exports rocketed with the help of a strong crop in MY 2020/21.

Table 4 and 5: Turkey's Import and Export Destinations for Beet Sugar and Chemically Pure Sucrose, Refined, In Solid Form, Not Containing Added Flavoring or Coloring Matter (HS 170199)

Imports From	Oct 2019-Sep 2020	Oct 2020-Aug 2021
Algeria	66,995	32,184
Brazil	74,608	40,729
Morocco	30,216	4136
France	886	2,480
Germany	559	1,415
United Kingdom	320	80
Ukraine	21,755	2,744
Egypt	5,721	2544
Other	29,454	5,242
Total	230,514	91,554
Raw Value Basis	250,569	99,519

Exports to	Oct 2019-Sep 2020	Oct 2020-Aug 2021
Syria	15	159,505
Iraq	15	51,565
Georgia	-	16,709
Azerbaijan	39	8,029
Benin	230	25
Other	547	8,524
Total	816	244,347
Raw Value Basis	887	265,635

Source: TDM

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). As mentioned, the Turkish sugar sector is widely regulated by the government from procurement prices to retail sale prices. The state-owned Turkseker and other private producers, wholesalers, and retailers handle the marketing of sugar. Currently the wholesale price of a 50 kg bag of crystal sugar in Turkseker is 212 TL (4.24 TL/kg which is equivalent to $0.47/kg as of September 2021). At the same time last year, the price was 193 TL (3.86 TL/kg, which was equivalent to $0.50 /kg as of September 28, 2020) last year.

Production, Supply and Distribution Data Statistics

Sugar Beets	2019/2020		2020/2021		2021/2022	
Market Year Begins	Sep 2019		Sep 2021		Sep 2022	
Turkey	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	310	310	320	320	320	320
Area Harvested (1000 HA)	310	310	320	320	320	320
Production (1000 MT)	18500	18500	19500	21500	19500	19500
Total Supply (1000 MT)	18500	18500	19500	21500	19500	19500
Utilization for Sugar (1000 MT)	18500	18500	19500	21500	19500	19500
Utilizatn for Alcohol (1000 MT)	0	0	0	0	0	0
Total Distribution (1000 MT)	18500	18500	19500	21500	19500	19500
(1000 HA) ,(1000 MT)						

Sugar, Centrifugal	2019/2020		2020/2021		2021/2022	
Market Year Begins	Oct 2019		Oct 2020		Oct 2021	
Turkey	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks (1000 MT)	10	10	10	10	10	10
Beet Sugar Production (1000 MT)	2750	2750	2800	3100	2800	2800
Cane Sugar Production (1000 MT)	0	0	0	0	0	0
Total Sugar Production (1000 MT)	2750	2750	2800	3100	2800	2800
Raw Imports (1000 MT)	0	0	0	0	0	0
Refined Imp.(Raw Val) (1000 MT)	250	250	200	110	230	230
Total Imports (1000 MT)	250	250	200	110	230	230
Total Supply (1000 MT)	3010	3010	3010	3220	3040	3040
Raw Exports (1000 MT)	0	0	0	0	0	0
Refined Exp.(Raw Val) (1000 MT)	1	1	90	285	90	90
Total Exports (1000 MT)	1	1	90	285	90	90
Human Dom. Consumption (1000 MT)	2999	2999	2910	2925	2940	2940
Other Disappearance (1000 MT)	0	0	0	0	0	0
Total Use (1000 MT)	2999	2999	2910	2925	2940	2940
Ending Stocks (1000 MT)	10	10	10	10	10	10
Total Distribution (1000 MT)	3010	3010	3010	3220	3040	3040
(1000 MT)						

Attachments:

No Attachments