

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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GRAIN AND FEED REPORT, OCTOBER 2012 UPDATE

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Report Highlights:

Following the completion of the wheat harvest Post has revised the wheat production forecast down to 15.5 MMT in MY 2012. The first crop corn harvest is almost completed and the second crop corn harvest has begun in some regions. Post's corn production forecast is revised up to 4.4 MMT. The paddy rice harvest has begun, and due to area and yield decreases, paddy rice production is revised down to 720,000 MT. Barley production is forecasted at 5.5 MMT.

Post:
Ankara

Commodities:
Wheat

Corn

Rice, Milled

Author Defined:

Wheat

Production

Wheat yield in the Central Anatolia was lower than was expected in our previous report. Post revised production forecast down to 15.5 MMT. The Turkish Grain Board forecasts Turkey's production at 19.5 MMT in MY 2012 and 21.8 MMT in MY 2011. These figures are unrealistic at this point. There are always big differences between Turkish government production forecast and USDA production forecast. At this point the most important factor is to look at the trends rather than comparing numbers.

All of Turkey's wheat harvest has completed. Wheat planting will start in the first week of November in the Cukurova region. Farmers in the Cukurova region are uncertain whether to plant wheat or oilseed crops such as sunflower, canola, soybean or cotton. First crop corn planting in the region is no longer a profitable alternative to wheat. High wheat prices are still charming for farmers. The feed crop problem increased the price of wheat bran to an extremely high level at 420-550 TL/MT, However these gains were realized by millers, not farmers.

Orobanchaceae type plants were common in the Cukurova region sunflower area. It was a very hard year to combat them. Even though this weed is harder to combat than wheat rust disease there is a tendency among sunflower farmers to continue to plant sunflower due to higher profits.

Wheat yield in the Anatolian region was very low compare to last year's record yield and also to the long term average yield. The MY 2012 harvest is characterized by high quality in terms of protein, but also in low yields.

In the Polatli region the dry land yield was 230 kg/da; for irrigated land it ws 330 kg/da. In theKonya region the dry land yield was 150-200 kg/da and the irrigated land yield was 300-350 kg/da. Overall the Anatolia region yield was around 180 kg/da. The Thrace region, Southeast Anatolia and Aegean region were not affected by the recent problems observed in Central Anatolia.

Sunn pest damage problems were higher in South East Anatolia compared to MY 2011.

Trade

Most domestic wheat went to flour millers rather than feed millers in MY 2012. Due to very high wheat prices and low corn prices feed millers began to use corn silage and corn instead of wheat and barley.

The other factor was the limited amount of feed wheat produced.

The value of inward processing certificates reached 70 USD/MT in May, 2012, but settled down to 45 USD/MT in July, 2012. Pasta producers and wheat millers are holding a large number of certificates which caused the price of Inward Process Regime certificates to decline from 45 USD/MT to 35 USD/MT.

The price of Russian 13% protein wheat C&F is 308 USD/MT as of July 30, 2012. The Russian wheat price increased to 355 USD/MT. Protein, Buyer's offered price is 345 USD/MT. Traders and millers stock-piled large amounts at port elevators before the price reached peak levels. Recently two big multinational companies purchased 250,000 MT of wheat from Russia and put it into bonded warehouses at ports. According to traders there are 1.2 MMT of Russian wheat stocked at the port which have not yet passed custom procedures.

New crop Hungarian and Romanian wheat quality are not as strong as Turkish buyers want, especially gluten quality. Russian wheat quality is better than previous year, as both energy and protein levels are high, whereas the Kazakh new crop wheat quality is lower than MY 2011.

Wheat flour exports to the Far East and Africa are slow since Turkish millers were unable to find cheap Russian and Ukrainian wheat at the ports this year. The cheapest products Turkish traders were able to find were from Bulgaria and Romania. However, they were still too expensive for exports to the Far East and Africa. Iraq wheat flour trade is still strong since most of them are high quality wheat flour.

The Indonesia wheat flour market is very difficult at the moment for Turkish exporters since Australia sells wheat at a cheap price there.

Wheat imports

Russia and Kazakh wheat

TURKEY: MAJOR WHEAT SUPPLIERS				
Country	MY 2009 (MT)	MY 2010 (MT)	MY 2011 (MT)	MY 2012 (MT)*
Russia	2,184,316	587,409	2,401,532	797,055
Kazakhstan	432,536	486,313	467,409	364,370
Ukraine	108,802	581,657	94,702	32,852
Hungary	18,458	131,569	2,680	0
Moldova	40,049	53,366	3,146	0
Lithuania	88,948	108,532	50,302	0
U.S.	0	1,065,573	105,158	465
Others	50,427	1,119,094	53,781	18,272
MY Total	2,923,536	4,133,513	3,178,710	1,213,014

Source: GTA-

*June-Aug

Stocks

TMO had 1.5 MMT at the start of the MY 2012 harvest in June. TMO Purchased 1.6 MMT of wheat and now has 3.1 MMT of wheat stocks. Milling wheat stocks are at 2.7 MMT and durum wheat stocks are at 400,000 MT.

Policy

TMO was not an active purchaser at wheat harvest since the wheat price at the domestic market was high enough and there was very little low quality wheat produced, which usually needs TMO support purchase.

TMO is now proud to control the wheat price increase. In June 2012, the price of wheat was 660 TL/MT and in October, 2012 it was 670 TL/MT to 740 TL/MT. Similarly the price of durum wheat is controlled at 720 TL/MT level. The main target of TMO is to control the increase of wheat price, which in turn controls the price of bread and prevents the price of wheat price from falling below a certain level, ensuring farmers' revenue.

Corn

Production

The corn production forecast was increased to 4.4 MMT due to an unexpected increase in second crop corn area in South East Anatolia and Central Anatolia. In particular, areas with a lot of investments in dairy farm, such as the Eregli region, where there are have saw increases in corn area in MY 2012. It is expected that farmers will respond to the shortage in fodder by dramatically increasing silage corn area in MY 2013.

First crop corn harvest is almost completed. Yield is low in the Cukurova region. The plant height was very good but the ear filling was very limited. The main reason was excessive heat stress. In the Cukurova region yield loss is estimated at 15% compared to MY 2011. Second crop corn harvest started in some regions and yield is also not very satisfactory.

In the Aegean region measures to mitigate heat stress were much more effective than in the Cukurova region, where farmers are inexperienced at combating heat stress. Yield was around 1.2 MT/ha in MY 2012, whereas it was 1.35 MT/ha in MY 2011.

Due to the high price of corn silage at around 120-130 TL/MT, some corn producers turned their field for silage harvest. Farmers in Turkey generally have financial problems and need urgent cash flow during harvest time.

The main characteristic of MY 2012 corn harvest was the high amount of silage corn area, low yield, and ear filling problems. Some seed companies suggested planting corn in February instead of April and this tactic seems very effective at achieving higher yields.

In the Marmara region silage corn yield was low at 4.5 MT/ha which was 6 MT/ha in MY 2011. TMO has purchased 53,000 MT of corn in MY 2012 so far.

Trade

Corn price declined from 620 TL/MT in July, to 585-595 TL/MT in October, 2012. Feed millers were very strong buyers of corn in MY 2012. There are some corn sales from Russia and Romania. The genetic engineering (GE) problem is still a big issue and it is not promising that there will be quick solution.

TMO corn price is 595 TL/MT

Paddy rice

Production

Paddy rice area decreased in all over Turkey. In the Thrace region farmers preferred to plant sunflower and in the Samsun region farmers chose vegetables over paddy rice. Production was characterized by area decreases combined with problems in the production - mainly late planting and weed.

Paddy rice planted in April and harvest started in September and still continues. The planting season was very problematic and wild crop combat was very extensive and difficult, which increased the cost of production.

The paddy rice production forecast is revised down to 720,000 MT in MY 2012. Farmers are very dissatisfied with rice prices and it is expected that rice area will decrease in MY 2013. This is the second year that farmers are upset with paddy rice price.

Baldo varieties harvest started in September and Osmancik varieties started in October. Yield is around 450-700 kg/da. The milling rate of domestic harvest is very low this year. It is decreased from 62-63% to 53-54%.

Trade

The TMO paddy rice price is 1,400 TL/MT for Baldo, 1,165 TL/MT for Osmancik and 1,030 TL/MT for Calrose variety. The price is satisfactory for farmers, but due to limited capacity of TMO to purchase, a lot of farmers are now forced to sell to traders at 700 TL/MT. TMO can only buy 200 MT/day, which increased the tension between farmers and TMO since the market price of paddy rice is very low at the moment at 700 TL/MT (390 USD/MT). TMO has purchased 5,000 MT of paddy rice so far.

Syria is a big headache for the sector at the moment, but there is a lot of hope for future. They believe that once Syria is settled down there will be a huge demand to import rice from Turkey.

There are no imports from Egypt at the moment and traders don't think it would have a big impact on rice imports. The only concern they have is that competition for rice sales to Libya could decrease demand for Turkish rice.

There is a high export tax on Egyptian rice, which is 160-190 USD/MT, that also restricts imports to Turkey. FOB Egypt rice is 700-750 USD/MT+ 15 USD freight cost.

The U.S price is still high due to a 45% tax on paddy rice.

General Policy

The Ministry of Forestry, Agriculture and Livestock (MINFAL) is still very protective on agriculture

trade issues. Most of the time due to transparency problems, and very problematic communication between provincial offices and headquarters, MINFAL creates trade problems unintentionally. MINFAL is still very poor on notifying new regulations to the WTO and is not willing to discuss regulations that may affect trade with their trade partners.

MINFAL support policy is more concentrated on price support rather than area based payments. MINFAL 2013 agriculture support budget increased 18 percent to 9.1 billion TL (US\$ 5 billion) from 7.7 billion TL (US\$ 4.3 billion).

On October 30, 2012 MINFAL changed the import regime for meat products, increasing the import custom tariff on red meat from 74% to 100%, and on feeder cattle from 30% to 40%.

High levels of investment on dairy cattle were supported by government banks, namely the Agriculture Bank. Turkey imported dairy breeding cattle mainly from U.S, Uruguay and EU countries. Due to low production of compound feed and restriction on the import of cheap raw feed materials such as DDGS and CGF, farmers are now in a very difficult position to repay their credit to the banks.

TMO is active in controlling the price of grain in Turkey and soon there will be a new institution which will control meat and milk prices at the market. Turkey is planning to establish a Meat, Milk and Fishery Agency which will be responsible to control price fluctuations in the market through direct purchases. The Meat and Fish Institute (EBK) will be converted to an intervention agency which will contribute to the de-liberalization of the agriculture market in Turkey.

PSD Tables

Wheat Turkey	2010/2011	2011/2012	2012/2013
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	Market Year Begin: Jun 2010		Market Year Begin: Jun 2011		Market Year Begin: Jun 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	8,000	8,000	7,700	7,700	7,800	7,800
Beginning Stocks	1,822	1,733	2,184	2,095	3,059	2,995
Production	17,000	17,000	18,800	18,800	15,750	15,500
MY Imports	3,677	3,677	3,847	3,800	4,300	4,300
TY Imports	3,517	3,517	4,414	3,800	4,000	4,000
TY Imp. from U.S.	870	870	0	95	0	150
Total Supply	22,499	22,410	24,831	24,695	23,109	22,795
MY Exports	3,015	3,015	3,672	3,600	3,500	3,700
TY Exports	2,945	2,946	3,680	3,700	3,500	3,700
Feed and Residual	800	800	1,400	1,400	700	700
FSI Consumption	16,500	16,500	16,700	16,700	16,800	16,800
Total Consumption	17,300	17,300	18,100	18,100	17,500	17,500
Ending Stocks	2,184	2,095	3,059	2,995	2,109	1,595
Total Distribution	22,499	22,410	24,831	24,695	23,109	22,795
1000 HA, 1000 MT, MT/HA						

Corn Turkey	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Sep 2010		Market Year Begin: Sep 2011		Market Year Begin: Sep 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	490	490	450	450	500	525
Beginning Stocks	768	725	399	356	224	281
Production	3,600	3,600	3,600	3,600	4,000	4,400
MY Imports	444	444	650	650	1,000	500
TY Imports	456	456	650	650	1,000	300
TY Imp. from U.S.	10	10	0	0	0	0
Total Supply	4,812	4,769	4,649	4,606	5,224	5,181
MY Exports	13	13	25	25	25	25
TY Exports	14	14	25	25	25	25
Feed and Residual	3,500	3,500	3,500	3,400	4,000	4,000
FSI Consumption	900	900	900	900	900	900
Total Consumption	4,400	4,400	4,400	4,300	4,900	4,900
Ending Stocks	399	356	224	281	299	256
Total Distribution	4,812	4,769	4,649	4,606	5,224	5,181
1000 HA, 1000 MT, MT/HA						

Rice, Milled Turkey	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Sep 2010		Market Year Begin: Sep 2011		Market Year Begin: Sep 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	105	105	105	105	106	103
Beginning Stocks	321	321	312	292	269	249
Milled Production	502	502	502	502	515	483
Rough Production	749	749	749	749	769	721
Milling Rate (.9999)	6,700	6,700	6,700	6,700	6,700	6,700
MY Imports	313	313	300	300	300	300
TY Imports	300	300	300	250	300	300
TY Imp. from U.S.	74	74	0	0	0	120
Total Supply	1,136	1,136	1,114	1,094	1,084	1,032
MY Exports	94	94	95	95	80	80
TY Exports	90	90	75	75	80	80
Consumption and Residual	730	750	750	750	770	750
Ending Stocks	312	292	269	249	234	202
Total Distribution	1,136	1,136	1,114	1,094	1,084	1,032
1000 HA, 1000 MT, MT/HA						