

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Turkey

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### **U.S. Agricultural Exports to Turkey Increase 40 Percent in 2010**

**Report Categories:**

Export Accomplishments - Other

Agricultural Situation

Agriculture in the Economy

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**Report Highlights:**

In 2010, U.S. agricultural exports to Turkey increased 40 percent to reach USD 2.2 billion, despite reduced sales of soybean and corn products as a result of Turkey's new regulations on biotechnology.

## **Exports from the United States to Turkey**

Agricultural trade between Turkey and the United States continues to increase at a fast pace every year. In 2010, U.S. agricultural exports to Turkey set a record with a 40 percent increase, reaching USD 2.2 billion despite reduced sales of soybean and corn products as a result of Turkey's new regulations on biotechnology. The increase was driven primarily by a recovery of Turkey's textile exports, which reversed the trend of declining U.S. cotton exports to Turkey. An increase in wheat imports due to the Russian wheat ban also fueled this increase, as Turkish flour millers needed an alternate source for sufficient amounts of high protein wheat, which cannot be provided locally.

Cotton continued as the top item sold to Turkey with USD 862 million of sales in 2010. Soybeans were the second most important commodity with USD 250 million, followed by almond and walnut exports of USD 187 million. These represent raw materials, which are used by Turkish manufacturers to produce higher valued products. These processed products are often re-exported as textiles, poultry, wheat flour, etc. Therefore, the partnership between the United States in the agricultural trade sector is a mutually beneficial one.

Among all exports, rice and live animal exports increased most significantly in 2010 compared to the previous year; at USD 185 million and USD 76 million respectively. The dramatic increase in rice sales to Turkey resulted from the dynamic that occurred when Egypt banned rice exports. Turkey, with its large milling capacity, became a major exporter of milled rice to the Middle East region, replacing previous Egyptian sales. Much of this rice came from the United States as paddy rice, was milled in Turkey, and re-exported around the region. Turkish consumers are also important consumers of rice, and recent promotions of U.S. rice have led to a change in consumer preferences towards U.S. varieties. The United States became one of the first countries with access to the Turkish live breeding cattle market in 2008 when a protocol was signed between the two countries. As a result, when the Turkish government began subsidizing cattle imports in order to improve and replenish their domestic herds, U.S. exporters easily became the most significant supplier. U.S. live animal exports increased from USD 7 million in 2009 to USD 76 million in 2010. An improved breeding cattle protocol was adopted on April 1, 2011 which should lead to continued exports in 2011.

Large increases were also seen in sales of wheat which, as explained above, goes into Turkish flour and is either consumed domestically in high quality bread and baked goods (Turkish people eat more bread per capita than anywhere in the world) or exported. After a steady increase for several years, exports of tree nuts jumped another 20 percent in 2010 to reach a record USD 187 million. These sales were primarily walnuts and almonds, which are used in the snack food and candy manufacturing industries. Also sales of animal fats increased, reaching USD 108 million, all of which is primarily used in the Turkish soap manufacturing industry. Additionally, exports of pulses increased to a record USD 15 million after several successful trade missions came to Turkey and were introduced to Turkish buyers by FAS staff. Forest product exports also reached a record USD 53 million after a series of trade missions visited Turkey in the past 2 years from both the hardwood and softwood industries.

High valued consumer oriented product exports continue to increase, reaching a record USD 278 million, with most of this increase coming from tree nut sales. Overall the United States does not send many high-valued or consumer oriented products to Turkey. Still, records were set in sales of processed fruit and vegetables and the rapidly growing population and middle class in Turkey will create market opportunities for U.S. exporters of consumer oriented and convenience products, if they can compete against domestic and European brands.

Also, although data on organic products is not available, major retailers report that imports of organic products and organic ingredients have dramatically increased and are currently in high demand.

#### Top Ten U.S. Agricultural Exports to Turkey in 2010:

Product	Value (USD)		
	2009	2010	Change (%)
Cotton	487 million	862 million	77
Soybeans	341 million	250 million	-27
Almonds/ Walnuts	156 million	187 million	20
Rice	18 million	185 million	911
Animal Fats	68 million	108 million	58
Feeds & Fodders	89 million	89 million	--
Live Animals	7 million	76 million	970
Soybean Meal	79 million	59 million	-25
Wheat	9 million	56 million	486
Corn Oil	53 million	46 million	-13
Other	237 million	248 million	--
<b>TOTAL</b>	<b>1.5 billion</b>	<b>2.2 billion</b>	<b>40</b>

#### Exports from Turkey to the United States

Processed fruit and vegetables were the top Turkish agricultural export to the United States, increasing 11% to reach USD 140 million. Sales of Turkey's second most important agricultural export to the United States, tobacco, decreased by 55% or over USD 100 million to USD 86 million. High valued snack food became the third largest export product, increasing 7% to reach USD 53 million. The fourth largest Turkish agricultural export to the United States was tree nuts, which increased an amazing 61% to reach USD 38 million.

Although the huge decrease in tobacco exports led to an overall decrease in Turkish exports to the United States in 2010, non-tobacco agricultural exports increased by almost USD 30 million. These commodities were primarily processed high-valued products, which have the potential to continue to grow as the U.S. economy recovers from its recent economic downturn.

#### Top Ten Turkish Agricultural Exports to the United States in 2010:

Product	Value (USD)		
	2009	2010	Change (%)
Processed fruit& vegetable	125 million	140 million	11
Tobacco	193 million	86 million	-55
Snack Foods	49 million	53 million	7
Tree Nuts	24 million	38 million	61
Other Intermediate Products	22 million	22 million	--
Vegetable Oil (mostly olive oil)	25 million	22 million	-10
Fruit and Vegetable Juices	25 million	21 million	-15
Spices	19 million	20 million	2

Fish and Sea Foods	13 million	12 million	-4
Other Consumer Oriented Products	6 million	8 million	29
Other	18 million	18 million	--
<b>TOTAL</b>	<b>519 million</b>	<b>440 million</b>	<b>-15</b>