



USDA Foreign Agricultural Service

# GAIN Report

Global Agriculture Information Network

Template Version 2.09

Required Report - public distribution

**Date:** 2/28/2006

**GAIN Report Number:** TU6010

## Turkey

### Grain and Feed

### Annual Report

### 2006

**Approved by:**

Jim Higgiston, Agricultural Counselor  
U.S. Embassy

**Prepared by:**

Unal Sarigedik, Agricultural Specialist

---

**Report Highlights:**

Turkey is projected to have a good year for grain production. Snow coverage throughout the country has improved the production prospects. If favorable weather conditions remain until the harvest, Turkey may have very high yields and production. However, spring rains are the most important factors of the yields. Turkish Grain Board (TMO) procured larger quantities of grains in 2005. The GOT continues to protect domestic producers through high duties, seasonal bans, and the quota systems. Turkey increased the import duties for wheat, barley, and corn. Duties for pulses remained the same and were reduced for rice within the quota. Import licenses for wheat and barley are not provided and for rice are only provided within the quota. There are also seasonal bans on imports of pulses. Turkey began exporting corn for the first time in MY 2005.

---

Includes PSD Changes: Yes  
Includes Trade Matrix: Yes  
Annual Report  
Ankara [TU1]  
[TU]

## Table of Contents

<b>Executive Summary .....</b>	<b>3</b>
<b>Production .....</b>	<b>4</b>
Wheat .....	4
Barley .....	5
Corn .....	5
Rice .....	5
Pulses .....	6
<b>Consumption.....</b>	<b>6</b>
Wheat .....	6
Table 1: TMO Wheat Selling Prices (Plus VAT).....	7
Barley .....	7
Table 2: TMO Barley Selling Prices (Plus VAT).....	7
Corn .....	7
Rice.....	8
Pulses .....	8
<b>Trade and Trade Policy .....</b>	<b>8</b>
Wheat .....	8
Table 3: TMO Wheat Selling Prices to Wheat Flour and Products Exporters .....	9
Table 4: Export Trade Matrix for Wheat Flour.....	9
Barley .....	10
Corn .....	10
Rice.....	10
Pulses .....	11
<b>Stocks .....</b>	<b>11</b>
<b>Policy .....</b>	<b>11</b>
Production Policy.....	11
<b>Marketing .....</b>	<b>12</b>
<b>Statistical Tables .....</b>	<b>13</b>
PSD Table for Wheat .....	13
Export Trade Matrix for Wheat.....	14
Import Trade Matrix for Wheat .....	14
PSD Table for Barley .....	15
Export Trade Matrix for Barley.....	16
Import Trade Matrix for Barley .....	16
PSD Table for Corn.....	17
Export Trade Matrix for Corn .....	18
Import Trade Matrix for Corn .....	18
PSD Table for Rice .....	19
Export Trade Matrix for Rice.....	20
Import Trade Matrix for Rice.....	20
PSD Table for Lentils .....	21
Export Trade Matrix for Lentils .....	22
Import Trade Matrix for Lentils .....	22
PSD Table for Chickpeas .....	23
Export Trade Matrix for Chickpeas.....	24

**Executive Summary**

Turkey had normal precipitation in most parts of the country during 2005 except the Southeastern Anatolian Region, which received less than normal rain in the fall. Snow, which started shortly after the New Year and spread throughout the country, was very useful for grains. It provided not only plenty of water for plant generation but also provided a protective snow covering which limited winterkill particularly for wheat. As a result, Turkey is expected to have a good year for grain production, provided that all other conditions remain favorable until the harvest. However, it must be noted that rains in April and May are the most significant factors determining the yields in Turkey. Thus, Turkish grain production in MY 2006 is projected to be higher than normal and also about five percent higher than the last year's production level.

Even though the Turkish Grain Board (TMO) was supposed to reduce its intervention in the Turkish grain markets, it actually procured larger quantities of grains in MY 2005 compared with the previous year. This was due to higher production and low market prices. Turkey's rice import regime, which alleviated TMO paddy rice procurement, continued (see Trade Policy Section). TMO procured a total of about 5.7 MMT of grains, including about 4.2 MMT of wheat, about 800,000 MT of barley, about 660,000 MT of corn and about 12,000 MT of paddy rice, and paid about YTL 1.76 billion. In MY 2004, TMO procured 1.9 MMT of wheat, 1,000 MT of barley, 500,000 MT of corn, and 15,000 MT of paddy rice and paid a total of YTL 820 million. TMO is expected to announce the MY 2006 procurement prices at the end of May or early June. TMO has not indicated the type of procurement policy or price policy it intends to follow during the coming year. However, given projected production levels the procurement prices should not be very high. On the other hand, if the GOT holds elections in the fall, then the GOT may use higher procurement prices and quantities to curry the favor to farmers.

Corn production has increased significantly in Turkey in recent years. As a result, imports have decreased and Turkey has begun to export corn for the first time. Corn consumption is estimated to stay rather stable even though it was decreased in the use for poultry production due to the Avian Influenza (AI) outbreak in Turkey. This was primarily because of increased direct corn usage for feed on farm or crushed by farmers for making their own mix and in commercial feed production for large and small ruminant livestock. Large quantities of corn were also used to replace lower qualities of wheat (feed wheat) in the feed ingredients. TMO had several sales tender to sell a total of 235,000 MT of corn so far in MY 2005. Turkey is not expected to import or export significant quantities of corn in MY 2006, due to the projections that production will be reduced because of low market prices in MY 2005 and consumption will increase as the poultry industry recovers from the AI outbreak.

The first AI outbreak in Turkey was in early October 2005 and the GOT took aggressive measures to contain the outbreak. However, new outbreaks occurred at the beginning of the New Year, which again sent poultry consumption tumbling. In average for 2005, consumption of poultry products is expected to decline by 30 percent for the year.

In order to protect local farmers Turkey is using high import duties, seasonal bans, and quota systems to limit grain imports. Turkey is not issuing any import licenses for wheat and barley. Wheat is currently being sold from TMO stocks to exporters of flour and flour products. In the past, exporters would be able to import wheat with zero duty against their export receipts. Control certificates to import paddy and milled rice are provided only within the quota system. Rice imports were allowed only to those traders that bought paddy rice from domestic producers. There are also seasonal bans on imports of pulses. Licenses to import pulses were distributed shortly before the New Year to protect local producers.

U.S. grain exporters to Turkey continue to face stiff competition in the market. EU countries enjoy tariff advantages, particularly under tariff rate quotas stipulated by the EU Customs Union Agreement. Neighboring countries also have the ability to sell grain in small consignments and offer faster and lower cost shipping.

In January 2006, import duties for durum and milling wheat were raised for all countries to 100 and 130 percent, respectively. Similarly, corn duties were raised to 130 percent and barley duties were raised to 100 percent for all countries. However, duties for chickpeas and lentils remained at 19.3 percent. Import duties for rice were reduced from those listed in the 2006 Import Regime within the quota system. Import duties were reduced to 20 percent for paddy rice, 25 percent for brown rice, and 43 percent for milled rice. Import duties were announced in the 2006 Import Regime as 34 percent for paddy rice, 36 percent for brown rice and 45 percent for milled rice.

Beginning February 22, Turkey began to impose a minimum import price of USD 1,500 for all dry beans, according to a new Turkish regulation. Turkish traders have indicated that this price is between USD 600 and USD 1,000 higher than traditional import prices. The goal of this new regulation is to increase the domestic prices for dry beans and help protect the Turkish dry bean sector. U.S. exports of dry beans to Turkey grew tenfold in 2005.

(As of February 28, 2006, USD 1.00 was around YTL 1.32 compared to YTL 1.285 a year ago.)

### **Production**

During this past fall, precipitation was normal in most parts of the country, except the Southeastern Anatolia Region, which experienced less rain. Precipitation turned out to be better around the New Year in all regions. Snow beginning in early January provided replenished water tables and also provided adequate snow covering for crops in all parts of Turkey limiting winterkill. Given current conditions, Turkish grain production, particularly for wheat, is expected to be good in MY 2006 (June 2006 – May 2007). However, the level of precipitation in the spring will have the most influence on the final harvest.

In MY 2005, TMO procured larger quantities of all grains except paddy rice. Procurement for all grains totaled about 5.7 MMT compared to about 3.5 MMT in 2004. This is creating confusion about the future role of TMO since TMO's role was supposed to be reduced according to the IMF and the World Bank agreements. TMO paid about YTL 1.76 billion for the total procurement in MY 2005 compared to YTL 820 million in MY 2004. By law, TMO is required to purchase all grains offered by farmers. According to the TMO procurement system, farmers are paid the first half of the value of the purchases at the time of the procurement and the remainder is paid 30 days later.

### **Wheat**

Wheat production in MY 2006 is projected at about 19 MMT, 1 MMT higher than MY 2005. Precipitation in April and May is especially important for cereal production in Turkey and, as a result, production estimates may change later in the year. Wheat planting area in MY 2006 is projected to be about the same as was in previous year.

In MY 2005, TMO procured about 4.2 MMT of wheat and paid about YTL 1.4 billion, which was much larger than the quantities procured in recent years. This is mainly because millers did not purchase large quantities in MY 2005, primarily due TMO policies implemented in MY 2004. In 2004, TMO eliminated margins between procurements and sales, which caused domestic wheat prices to decline. Traders and millers, who had bought large quantities before the decree, lost money and were reluctant to buy large quantities in 2005. In MY 2004, TMO procured 1.9 MMT of wheat and paid about YTL 660 million.

Farmers started to recognize the benefits of spraying against insects in recent years, particularly against the Sunni bug and "aelia rostrata", which can reduce yields and quality dramatically. It is expected that more farmers will spray against these pests because of higher prices they received for better quality grains.

The MY 2005 wheat crop is still estimated at 18 MMT. About fourteen percent of this total (2.5 MMT) is estimated as durum.

### **Barley**

In MY 2006, barley production is projected to be at 7.6 MMT, about the same level as MY 2005. Area is projected to decrease slightly due to low returns, but yields are projected to be higher in MY 2006 due to projected better climatic conditions compared with 2005. Precipitation through May will affect final yields.

Barley planted area and production in MY 2005 were revised slightly upward due to high market prices in MY 2004 according to the information received from industry sources.

TMO procured much larger quantities of barley in MY 2005, because of larger supply. TMO procured 796,000 MT of barley in MY 2005 and paid about YTL 200 million.

### **Corn**

Turkey's corn production significantly increased in recent years as farmers switched from less profitable crops like cotton. Some of the sugar beat farmers also switched to grow corn since a production quota limited sugar beat production. The GOT also encouraged farmers to grow corn by providing a premium. As a result, Turkey, which used to import large quantities of corn, reduced its imports and even had large stocks due to the Avian Influenza (AI) outbreak and started to export in MY 2005. AI outbreak in Turkey hurt the poultry sector and feed producers. Consumption dropped to zero in some areas with production following suit. Corn prices decreased significantly. Many corn producers are now considering switching back to cotton since the outbreak still continues. Turkey's corn area (700,000 hectares) and production (3.5 MMT) are projected to decrease by around 10 percent in MY 2006. Corn production in MY 2005 was revised slightly upward according to industry sources.

TMO procured larger quantities of corn in MY 2005 compared to recent years because of the larger supply. To alleviate the poultry sector's problem and reduce TMO stocks, the GOT announced a corn sales program. According to this program, TMO will sell corn to the industry with a six month deferred payment system with zero interest rates. TMO procured 661,000 MT of corn and paid YTL 158 million in MY 2005.

### **Rice**

No change is expected in rice area and production for MY 2006 compared with the previous year.

Turkey's rice production increased significantly in recent years (especially in MY 2004 and in MY 2005) with support for production and protective trade policies. MY 2005 rice area and paddy rice production estimates remained at 90,000 hectares and 600,000 MT, respectively, while milled rice production estimate was slightly reduced to 360,000 MT in MY 2005. This adjustment was made according to industry sources. Industry sources indicated that 60 percent milling rate would be more representative for domestic rice. As a result, milling rate was changed from 65 percent to 60 percent. A similar adjustment was also made in MY 2004 production.

Turkey has been applying a restrictive import regime for rice for the past 2 years. Under this regime, an importer will only be issued an import license for paddy or milled rice if he buys domestic paddy from producers or paddy or milled rice from TMO. As a result of this policy, TMO has not been procuring large quantities of paddy rice from producers in recent years. TMO bought only about 12,000 MT and paid a total of YTL 7.7 million in MY 2005. TMO paid YTL 0.76 per kilogram for baldo, YTL 0.72 per kilogram for other long grain, YTL 0.65 per kilogram for medium grain, and YTL 0.59 per kilogram for short grain, all prices were as paddy. These prices were lower than what TMO paid a year ago. TMO paid YTL 0.864 per kilogram for Baldo, YTL 0.756 per kilogram for other long grain, YTL 0.685 per kilogram for other medium grain, and YTL 0.621 per kilogram for short grain in MY 2004.

### **Pulses**

Both lentil and chickpea area and production are projected to increase slightly in MY 2006 due to higher prices driven by higher domestic demand in MY 2005. Lentil production is projected to increase from 560,000 MT in MY 2005 to 600,000 MT in MY 2006 and chickpea production is projected to increase from 610,000 MT in MY 2005 to 640,000 MT in 2006.

GUNEYDOGUBIRLIK, which used to procure large quantities of red lentils to protect farmers, did not procure any lentils in MY 2005. This was because of higher market price and lack of credit availability for GUNEYDOGUBIRLIK to procure. In the past, the GOT used to support all of the State Economic Enterprises, including GUNEYDOGUBIRLIK, for their procurement. However, the GOT stopped supporting SEEs because of tight budget policies in recent years. SEEs are now borrowing from commercial banks to pay for their procurement.

The market prices of red lentils were around YTL 0.60 and YTL 0.65 per kilogram during the harvest season (June and July) in MY 2005. GUNEYDOGUBIRLIK procured 9,946 kilograms and paid an average price of YTL 0.586 per kilogram in MY 2004. No other government organization is procuring any pulses.

### **Consumption**

#### **Wheat**

Total wheat consumption is projected to increase slightly parallel to the increase in population. However, consumption for feed is projected to be at similar levels in MY 2006 to revised levels in MY 2005. In MY 2005, feed wheat consumption was revised significantly downward due to good quality of wheat and availability of other feed grains at low prices, especially corn.

TMO selling prices in MY 2005 are significantly lower (around 15–20 percent) than they were in MY 2004. This is primarily because of lower procurement prices and large carryover stocks.

The prices at the major grain commodity exchanges are given below for a comparison. These prices may be considered as current market prices. A total of 208 MT of durum wheat was sold at an average price of YTL 0.35 per kilogram, a total of 2,075 MT of hard red milling wheat was sold at an average price of YTL 0.38 per kilogram, a total of 63 MT of semi-hard white milling wheat was sold at an average price of YTL 0.35 per kilogram, and a total of 1,533 MT of feed wheat was sold at an average price of YTL 0.35 per kilogram at the Konya Commodity Exchange on February 16, 2006. The quantities of sales and average prices at the Polatlil Commodity Exchange on the same day were: 310 MT of hard red milling wheat at YTL 0.42 per kilogram, 16 MT of semi hard milling wheat at YTL 0.39, 43 MT of other milling wheat at YTL 0.39 per kilogram, and 66 MT of feed wheat at YTL 0.35 per kilogram.

TMO current wheat selling prices in the regular domestic market are provided in Table 1.

**Table 1: TMO Wheat Selling Prices (Plus VAT)**

Type of Grains	YTL / Kg.
<b>Durum Wheat</b>	
Anatolian Durum No: 1	0.40
Anatolian Durum No: 2	0.39
Other Durum No: 1	0.39
Other Durum No: 2	0.38
Low Quality Durum	0.33
<b>Milling Wheat</b>	
Anatolian Hard Red or White No: 1	0.39
Anatolian Hard Red or White No: 2	0.38
Anatolian Hard Red or White No: 3	0.37
Semi Hard Red or White No: 1	0.38
Semi Hard Red or White No: 2	0.37
Semi Hard Red or White No: 3	0.36
Other Milling (Red or White) No: 1	0.35
Feed Wheat	0.31

Source: TMO Website – [www.tmo.gov.tr](http://www.tmo.gov.tr)

Currently USD 1.00 is around YTL 1.32 compared to YTL 1.285 a year ago.

### Barley

Barley consumption is projected to increase slightly in MY 2006 parallel to the projected increase in feed consumption. Industry sources estimate that about half of the feed barley is used for making commercial feed and the other half is fed directly or crushed by farmers for making their own feed mix. Malting barley consumption, which is estimated at 900,000 MT, has been rather steady in recent years. Domestic feed consumption in MY 2004 was revised slightly downward due to high barley and low feed wheat prices.

**Table 2: TMO Barley Selling Prices (Plus VAT)**

Type of Barley	YTL / Kg.
Malting	0.295
White No: 1	0.29
White No: 2	0.28
Black and Blue No: 1	0.28
Black and Blue No: 2	0.27
Low quality of White or B&B	0.26

Compared to TMO prices, 453 MT of feed barley was sold at an average price of YTL 0.259 per kilogram at the Konya Commodity Exchange and 11 MT at YTL 0.268 at the Polatli Commodity Exchange on February 16, 2005. Current barley prices are lower than they were both at TMO and the commodity exchanges compared to they were a year ago.

### Corn

Corn consumption is projected to increase slightly in MY 2006, because of anticipated recovery of the poultry sector and projected use of corn for ethanol production.

Corn consumption stayed stable in MY 2005, even though the AI outbreak significantly reduced it. Corn consumption increased significantly due to use of more corn in livestock (both large and small ruminants) feed rations and also replaced feed wheat due to its availability and low price and, thus, balanced the total consumption.



TMO selling price for corn is YTL 0.295 per kilogram compared to the average price of YTL 0.244 per kilogram at the Adana Commodity exchange on February 16, 2006

### **Rice**

Turkish rice consumption competes with bulgur (cracked wheat) and pasta. The prices of bulgur and pasta can significantly affect rice consumption. Turkey's per capita rice consumption is estimated in a range between 7 and 8 kilograms, depending upon the prices of competing products. GOT policies, which aim to restrict imports and increase the price, have helped decrease rice consumption since pasta and bulgur becomes relatively cheaper. Most of the rice is consumed in big cities and western provinces. Packed rice sales have increased in recent years.

TMO is currently selling Baldo rice at YTL 1.65 per kilogram and other long grain rice at YTL 1.50 per kilogram. These prices are slightly lower in 50-kilogram bags (YTL 1.63 per kilogram of Baldo and YTL 1.47 per kilogram of other long grain). In retail outlets in Ankara, Baldo rice is currently sold around YTL 3.00 and YTL 4.00 per kilogram, Osmancik is sold about YTL 3.00 per kilogram, Calrose is sold around YTL 2.50 per kilogram, and Egyptian medium grain rice is sold around YTL 2.00 per kilogram.

### **Pulses**

Pulse consumption increased significantly in MY 2005 because of the Avian Influenza outbreak, which reduced poultry meat and egg consumption significantly in Turkey. As a result, per capita consumption estimates of lentils and chickpeas both were increased to over seven kilograms. It is projected that per capita consumption will be somewhat less in MY 2006 compared to in MY 2005, but still higher than it was in recent years as people will start eating more poultry products.

Due to high demand, pulse prices increased in recent months. Green lentils are sold around YTL 3.00, red lentils are sold around YTL 2.00 and YTL 2.50 per kilogram and chickpeas are sold around YTL 2.50 and YTL 3.00 per kilogram in the retail markets in Ankara.

### **Trade and Trade Policy**

The GOT is not issuing any control certificates (import licenses) for wheat and barley. Rice may be imported within a tariff quota only.

All data provided in the trade matrixes indicate the official data provided by the Turkish Statistical Corporation (TSC), the new name of the organization that used to be called State Institute of Statistics (SIS). Trade through free zones is not included in these matrixes. Re-exports to Iraq and some other Middle Eastern and Caucasian countries through free trade zones are not considered as imports and exports and, thus, are not included in to the official trade data.

### **Wheat**

In MY 2006 Turkey is projected to import only very small quantities of wheat due to projected large production. Turkey imported less wheat in MY 2005 because of large carryover stocks and reduced feed wheat consumption. In MY 2005, TMO procured large quantities and accumulated large stocks for a second year in a row. The GOT has not been issuing any control certificates for wheat imports during the last several years. Wheat imports are possible only within quotas primarily from the EU countries. In the past, control certificates were provided to the industry for re-exporting wheat products such as flour, pasta, biscuits, etc. However, the GOT has stopped issuing control certificates for wheat flour and product exporters since September 2004 in order to allow TMO to reduce its stocks.



Instead, TMO is selling wheat to flour, pasta, and biscuit exporters at prices below government procurement prices. TMO sold about 1 MMT of wheat to exporters since September 2005. Current TMO selling prices, which are listed in the following table, are slightly lower than they were a year ago.

**Table 3: TMO Wheat Selling Prices to Wheat Flour and Products Exporters**

Type of Wheat	MY 2005 Crop (USD/MT)	MY 2004 Crop (USD/MT)
<b>Durum Wheat</b>		
No: 1 Anatolian Durum	184	182
No: 1 Other Durum	179	177
<b>Milling Wheat</b>		
A1 Anatolian Hard White & A1 Anatolian Hard Red	144	142
A2 Anatolian Hard White & A2 Anatolian Hard Red	138	136
A1 Semi Hard Red & B1 Semi Hard White	135	133
A2 Semi Hard Red & B2 Semi Hard White	129	127

Source: TMO Website – [www.tmo.gov.tr](http://www.tmo.gov.tr)

In 2005, Turkey exported record quantities of wheat flour and pasta becoming the world's second largest flour exporter. Turkey also exported about 150,000 MT of pasta in MY 2004 and about 165,000 MT in CY 2005. Iraq became the largest market for Turkish flour in 2005. More than half of Turkey's wheat flour exports in 2005 went to Iraq. However, in MY 2006, flour exports are projected to decrease primarily due to increased flour production in Iraq.

**Table 4: Export Trade Matrix for Wheat Flour**

Time Period	June - May	Units:	Metric Tons
Exports for:	CY 2004		CY 2005
U.S.	15	U.S.	15
Others	Others		
Iraq	451240	Iraq	1068035
Libya	189659	Libya	228853
Sri Lanka	107350	Sri Lanka	154473
Georgia	104040	Georgia	56874
Israel	63820	Pakistan	50000
Eritrea	55594	Indonesia	49296
Indonesia	36924	Eritrea	46546
Azerbaijan	29261	Israel	31144
Albania	22511	Azerbaijan	25493
Angola	22447	Albania	22272
Total for Others	1082861		1733001
Others not Listed	205723		165484
Grand Total	1191969		1898485

Wheat quality was good in MY 2005. Most of the wheat remaining TMO stocks is satisfactory quality. Turkey has an import quota of 200,000 MT for milling wheat and 100,000 MT for durum wheat with zero duty from the EU countries. The GOT officials and the industry contacts are not sure at this point that the GOT will distribute import licenses for these imports. If it is going to be made, these imports must be completed before May 31, 2006. Sources indicate that, the GOT does not have to allocate the licenses to importers.

The GOT assigns TMO with the responsibility for exporting grains from its stocks and provides the difference between purchase prices and export prices. The GOT usually announces a small export subsidy for pasta - USD 66 per MT with a quantity limit of 32 percent and up to 10 percent of the total payment. There are no other support programs for any other cereals, cereal products, or pulses.

The GOT increased import duties for durum and milling wheat on August 31, 2005. The increases were from 60 percent to 100 percent for durum wheat and 60 percent to 130 percent for milling wheat for all origins. The same rates are applied in 2006 as well.

### **Barley**

Turkey is projected to export less barley (200,000 MT) in MY 2006 than in (400,000 MT) MY 2005 because of the projected increase in consumption. TMO sold a total of 390,000 MT of barley so far in MY 2005. The duty on barley imports is 100 percent.

### **Corn**

Turkey is not projected to import or export significant quantities of corn in MY 2006. Turkey traditionally imported large quantities of corn and also increased import duties to prohibitive levels during the domestic harvest until the domestic crop had been reduced. Sugar beet producers were provided incentives to switch to corn and cotton producers also switched to corn to earn more profit in recent years. As a result, corn production increased significantly. Due to the AI outbreak, however, corn consumption did not increase, even though cheap corn replaced feed wheat substantially, and some surpluses accumulated. TMO started to export corn for the first time and sold 235,000 MT for export thus far in MY 2005. The corn import duty currently is 130 percent for all countries.

### **Rice**

It is very difficult to project at this point how much paddy and milled rice Turkey will import in MY 2006 because Turkey may need to liberalize its rice import regime due to a WTO case brought by the United States against Turkey's import regime. Turkey is expected to import around 200,000 MT of rice (total of paddy and milled rice in milled terms), which is similar to MY 2005.

Rice in MY 2005 was imported under a tariff rate quota regime established in September 2005 with reduced duties for paddy and brown rice imports within quota. Under the quota regime, importers could only apply for an import license if they bought domestic paddy or milled rice. The GOT has not issued any import licenses outside of the quota regime since September 2004.

The Foreign Trade Undersecretariat will only issue an import license after TMO determines that a company fulfills its domestic purchase requirements. In MY 2005, the Foreign Trade Undersecretariat has already provided licenses for 800 (or 600) kilograms of paddy, 640 (or 480) kilograms of brown rice and 480 (or 360) kilograms of milled rice for each 1,000 kilogram of paddy rice they bought from producers. If a purchase was made from producers in some specified regions, then the quota limit was reduced by 25 percent, which was shown in parenthesis. The quota was 500 kilograms for paddy, 400 kilogram for brown rice and 300 kilograms for milled rice if importers bought 1,000 kilogram of paddy rice from TMO.

Similarly, the quota allocation was 833 kilogram for paddy, 666 kilogram for brown rice and 500 kilogram for milled rice if importers bought 1,000 kilogram of milled rice from TMO.

Most traders have already purchased from producers and requested licenses. As a result, a total of around 170,000 MT of milled rice (or paddy as milled equivalent) quotas was provided to traders. The import duty rates are significantly less for imports of paddy and brown rice and only two points less for imports of milled rice than the rates announced in the 2006 Import Regime. Import duty rates are 20 percent for paddy, 25 percent for brown, and 43 percent for milled rice within the quota.

In addition to this quantity, Turkey has an agreement to import 30,000 MT of milled rice from EU countries (primarily from Italy) with zero duty. Thus, total imports in MY 2005 are estimated at around 200,000 MT. This quota system protects domestic producers and restricts total imports to Turkey. Traders have been financing domestic procurement and TMO, which was doing this before, was relieved from this financial burden.

### **Pulses**

In MY 2005, Turkey imported larger quantities of lentils and exported smaller quantities of chickpeas and much smaller quantities of lentils due to increased domestic consumption. Turkey is projected to import fewer quantities of lentils and export larger quantities of both lentils and chickpeas due to projected increase in production and reduction in domestic consumption in MY 2006. Turkey mostly exports red lentils and imports green lentils. The GOT does not issue import licenses for pulses during the harvest. Instead, it permits imports around the beginning of the calendar year after the domestic situation is clearer.

On February 7, the Turkish Foreign Trade Undersecretariat published a new regulation, which went into effect on February 22. The regulation sets a minimum price of \$1500 per ton for all types of imported dry beans. The minimum import price will be anywhere from USD 600 to USD 1000 above the current prices for imported beans. The goal of the regulation will be to increase the price of imported beans and support higher prices for domestically produced beans. Turkey imports approximately 45 TMT of dry beans, primarily white beans. The United States in 2005 exported over 640 MT of white beans, which was 10 times higher than the previous year.

### **Stocks**

Official stock data are not available. PSD stock data were derived according to the information received from industry and trade sources. It is estimated that TMO had larger stocks in MY 2005. TMO had about 3.0 MMT of wheat in stocks in early February. Of this total, 585,000 MT were estimated to be durum, 2.35 MMT were estimated to be milling wheat, and 85,000 MT were estimated as feed wheat. TMO barley stocks currently are estimated at about 400,000 MT. In addition to these, TMO had about 670,000 MT of corn and about 16,000 MT of paddy rice in its stocks as of early February.

### **Policy**

#### **Production Policy**

In order to reduce the budget deficit, Turkey has been going through some major economic reforms, most of which were initiated by the IMF, during the last five years. As a part of recent reforms, the GOT eliminated most price supports, procurement and export subsidies. A direct payment system was implemented instead. One of the primary aims of applying direct payment system was to improve the farmers registration system, which will be very important during the negotiations with the EU. The farmers registration system is also expected to improve Turkey's agricultural production estimates.

In MY 2005, the GOT announced a premium system for grains. The amount of premium was YTL 0.03 per kilogram for wheat and paddy rice and YTL 0.02 per kilogram for barley, rye, and oats. It was hoped that producers could sell their crop to any trader or miller in the market and still receive this premium as long as they could document the sale. Thus, it was anticipated that TMO would not have to buy large quantities of grains. However, this policy did not work well and TMO wound up buying the largest quantities in recent years. It is not yet known what the grain procurement policy will be and whether or not a new premium system will be announced in MY 2006.

The GOT also provided premiums to corn producers in MY 2004. Increases in the amounts of these premiums were recently announced in MY 2005. The premium for corn was increased from YTL 0.025 per kilogram in MY 2004 to YTL 0.05 per kilogram in MY 2005. Payments of these premiums are slow and the GOT has not paid all of its debts to producers related to MY 2004 premium payments.

The GOT adopted a law to organize a licensed warehousing system to decrease TMO involvement with procurement. Some of the related regulations were also published in the Official Gazette recently. However, the system is still far from becoming effective since the industry does not believe that the GOT will not interfere with the procurement of grains, which has been the case during the last couple of years even though the role of TMO was supposed to decline. The GOT has not yet assigned the initial funds to insure the stored crops at licensed warehouses either.

### **Marketing**

TMO procured larger quantities of grains in MY 2005 than the previous 3 years. TMO has procured a total of 5,566,000 MT of grains so far in MY 2005. Of this total, 4,171,000 MT were wheat -- 473,000 MT were durum and 3,698,000 MT were milling wheat. TMO also procured 796,000 MT of barley, 11,000 MT of rye, 5,000 MT of oats, 661,000 MT of corn, and 12,000 MT of paddy rice through mid February. TMO paid a total of about YTL 1.76 billion for the procurement, including about YTL 1.4 billion for wheat, about YTL 200 million for barley, about YTL 160 million for corn, and about YTL 8 million for paddy rice.

TMO also announced five sales tenders for export for wheat, barley, and corn in MY 2005 and sold a total of 840,000 MT of grains. Of this total, 100,000 MT were durum, 115,000 MT were milling wheat, 390,000 MT were feed barley, and 235,000 MT were corn. TMO announced another tender for February 28, 2006, but cancelled on the tender day. The GOT also granted a total of 50,000 MT of wheat flour to the earthquake victims in Pakistan.

TMO is selling most of its wheat stocks in the domestic market to the industry for re-export of flour and products. In 2005, Turkey became the world's leading wheat flour exporter and one of the leading pasta exporters. These policies allow Turkey to remain a significant long-term wheat importer as a result of increasing demand for high quality wheat, combined with existing crop quality. However, Turkey imported smaller quantities of wheat in MY 2005 due to large carryover stocks, high production, and improved quality due to increasing farmers' awareness of spraying against insects.

In addition, Turkey is expected to remain a long-term rice importer, even though the imported quantity may be less in time due to protective policies. Turkey is not expected to import significant quantities of barley and corn, if any, due to increases in production during the next few years even though the consumption is also projected to grow.

The United States is well positioned to meet the growing demand for constant quality and value. U.S. Wheat Associates, U.S. Grain Council, and U.S. Rice Federation have done a good job creating an awareness of the quality and value of U.S. grains. There is a

competition, however, from other suppliers with respect to both quality and price. Supply reliability is a major asset of U.S. products. The GSM 102 credit guarantee program also remains an important marketing tool for U.S. grains.

## Statistical Tables

### PSD Table for Wheat

Turkey Wheat							
	2004	Revised	2005	Estimate	2006	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		06/2004		06/2005		06/2006	MM/YYYY
Area Harvested	8600	8600	8600	8600	0	8600	1000 HA
Beginning Stocks	1315	2045	1317	2040	817	740	1000 MT
Production	18500	18500	18000	18000	0	19000	1000 MT
TOTAL Mkt. Yr. Imports	500	515	500	100	0	100	1000 MT
Jul-Jun Imports	500	440	500	100	0	100	1000 MT
Jul-Jun Import U.S.	18	82	0	0	0	0	1000 MT
TOTAL SUPPLY	20315	21060	19817	20140	817	19840	1000 MT
TOTAL Mkt. Yr. Exports	1998	2020	2000	3000	0	2500	1000 MT
Jul-Jun Exports	2217	2240	2000	3000	0	2500	1000 MT
Feed Dom. Consumption	1000	1200	1000	500	0	500	1000 MT
TOTAL Dom. Consumption	17000	17000	17000	16400	0	16500	1000 MT
Ending Stocks	1317	2040	817	740	0	840	1000 MT
TOTAL DISTRIBUTION	20315	21060	19817	20140	0	19840	1000 MT

## Export Trade Matrix for Wheat

Turkey  
Wheat

Time Period	June - May	Units:	Metric Tons
Exports for:	2004	Jan. - Dec.	2005
U.S.	12	U.S.	4
Others		Others	
Algeria	102212	Algeria	128032
Yemen	26000	Italy	58380
Italy	19684	Sudan	27500
Israel	15683	Yemen	26000
Portugal	15000	Libya	25800
Syria	5250	Portugal	25750
Germany	218	Israel	15683
Macedonia	64	Spain	10060
Northern Cyprus	61	Syria	5250
United Kingdom	32	Tunisia	5000
Total for Others	184204		327455
Others not Listed	152		472
Grand Total	184368		327931

## Import Trade Matrix for Wheat

Turkey  
Wheat

Time Period	June - May	Units:	Metric Tons
Imports for:	2004	Jan. - Dec.	2005
U.S.	88620	U.S.	2400
Others		Others	
Russia	170429	Kazakhstan	77479
Kazakhstan	126977	Russia	51166
Australia	70403	Hungary	2997
Canada	26328	Romania	879
Ukraine	12812	Italy	458
Germany	7804	Canada	76
Bulgaria	4636	Israel	42
Romania	3974	Croatia	40
Hungary	3019	France	20
Italy	666	Mexico	1
Total for Others	427048		133158
Others not Listed	1057		
Grand Total	516725		135558

## PSD Table for Barley

Turkey Barley							
	2004 USDA Official [Old]	Revised Post Estimate [New]	2005 USDA Official [Old]	Estimate Post Estimate [New]	2006 USDA Official [Old]	Forecast Post Estimate [New]	UOM
Market Year Begin		06/2004		06/2005		06/2006	MM/YYYY
Area Harvested	3500	3500	3500	3600	0	3500	1000 HA
Beginning Stocks	679	565	855	860	705	760	1000 MT
Production	7400	7400	7200	7600	0	7600	1000 MT
TOTAL Mkt. Yr. Imports	76	110	100	0	0	0	1000 MT
Oct-Sep Imports	100	70	100	0	0	0	1000 MT
Oct-Sep Import U.S.	0	0	0	0	0	0	1000 MT
TOTAL SUPPLY	8155	8075	8155	8460	705	8360	1000 MT
TOTAL Mkt. Yr. Exports	0	15	250	400	0	200	1000 MT
Oct-Sep Exports	50	25	200	400	0	200	1000 MT
Feed Dom. Consumption	6400	6300	6300	6400	0	6500	1000 MT
TOTAL Dom. Consumption	7300	7200	7200	7300	0	7400	1000 MT
Ending Stocks	855	860	705	760	0	760	1000 MT
TOTAL DISTRIBUTION	8155	8075	8155	8460	0	8360	1000 MT



## Export Trade Matrix for Barley

Turkey  
Barley

Time Period	June - May	Units:	Metric Tons
Exports for:	2004	Jan. - Dec.	2005
U.S.		U.S.	
Others		Others	
Georgia	10	Syria	213588
Belgium	5	Saudi Arabia	52500
Germany	2	Morocco	23204
		Albania	100
		Germany	2
		Netherlands	1
Total for Others	17		289395
Others not Listed			
Grand Total	17		289395

## Import Trade Matrix for Barley

Turkey  
Barley

Time Period	June - May	Units:	Metric Tons
Imports for:	2004	Jan. - Dec.	2005
U.S.		U.S.	
Others		Others	
France	51502	France	51521
Kazakhstan	15803	Ukraine	660
Iraq	893		
Ukraine	660		
Bulgaria	53		
Total for Others	68911		52181
Others not Listed			
Grand Total	68911		52181

## PSD Table for Corn

Turkey Corn							
	2004	Revised	2005	Estimate	2006	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		09/2004		09/2005		09/2006	MM/YYYY
Area Harvested	700	650	800	800	0	700	1000 HA
Beginning Stocks	759	685	499	510	449	600	1000 MT
Production	3000	3000	3500	3700	0	3500	1000 MT
TOTAL Mkt. Yr. Imports	150	235	100	40	0	0	1000 MT
Oct-Sep Imports	150	220	100	40	0	0	1000 MT
Oct-Sep Import U.S.	10	16	0	0	0	0	1000 MT
TOTAL SUPPLY	3909	3920	4099	4250	449	4100	1000 MT
TOTAL Mkt. Yr. Exports	10	10	250	250	0	0	1000 MT
Oct-Sep Exports	10	15	250	250	0	0	1000 MT
Feed Dom. Consumption	2500	2500	2500	2500	0	2600	1000 MT
TOTAL Dom. Consumption	3400	3400	3400	3400	0	3600	1000 MT
Ending Stocks	499	510	449	600	0	500	1000 MT
TOTAL DISTRIBUTION	3909	3920	4099	4250	0	4100	1000 MT

## Export Trade Matrix for Corn

Turkey  
Corn

Time Period	Sep. - Aug.	Units:	Metric Tons
Exports for:	2004	Jan. - Dec.	2005
U.S.	1	U.S.	
Others		Others	
Italy	4838	Syria	78713
Germany	980	Israel	37176
Spain	587	Northern Cyprus	10678
France	511	Italy	1735
Israel	426	France	924
Netherlands	133	Spain	907
Greece	109	Pakistan	640
Northern Cyprus	33	Germany	239
Iraq	23	Greece	109
Bulgaria	20	Netherlands	70
Total for Others	7660		131191
Others not Listed	1926		1387
Grand Total	9587		132578

## Import Trade Matrix for Corn

Turkey  
Corn

Time Period	Sep. - Aug.	Units:	Metric Tons
Imports for:	2004	Jan. - Dec	2005
U.S.	23334	U.S.	15030
Others		Others	
Romania	82995	Romania	78214
Ukraine	41130	Ukraine	34818
Hungary	33293	Argentina	34620
Argentina	30796	Hungary	32043
Bulgaria	12499	Moldova	7836
Moldova	10433	Bulgaria	6438
France	1272	Kazakhstan	431
Spain	447	Spain	402
Kazakhstan	431	Italy	312
Italy	312	France	209
Total for Others	213608		195323
Others not Listed	311		379
Grand Total	237253		210732

## PSD Table for Rice

Turkey Rice, Milled							
	2004	Revised	2005	Estimate	2006	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		09/2004		09/2005		09/2006	MM/YYYY
Area Harvested	80	80	90	90	0	90	1000 HA
Beginning Stocks	135	50	196	95	192	95	1000 MT
Milled Production	325	300	366	360	0	360	1000 MT
Rough Production	500	500	563	600	0	600	1000 MT
MILLING RATE (.9999)	6500	6000	6500	6000	0	6000	1000 MT
TOTAL Imports	296	295	200	200	0	200	1000 MT
Jan-Dec Imports	300	155	175	200	0	200	1000 MT
Jan-Dec Import U.S.	0	23	0	75	0	50	1000 MT
TOTAL SUPPLY	756	645	762	655	192	655	1000 MT
TOTAL Exports	0	0	0	0	0	0	1000 MT
Jan-Dec Exports	0	0	0	0	0	0	1000 MT
TOTAL Dom. Consumption	560	550	570	560	0	570	1000 MT
Ending Stocks	196	95	192	95	0	85	1000 MT
TOTAL DISTRIBUTION	756	645	762	655	0	655	1000 MT

## Export Trade Matrix for Rice

Turkey  
Rice, Milled

Time Period	Sep. - Aug.	Units:	Metric Tons
Exports for:	2004	Jan. - Dec.	2005
U.S.	82	U.S.	98
Others		Others	
Northern Cyprus	190	Northern Cyprus	143
Iraq	179	Iraq	90
United Kingdom	67	Pakistan	72
Afghanistan	40	United Kingdom	72
Russia	33	Afghanistan	44
France	26	Russia	28
Kazakhstan	25	Kazakhstan	27
Belgium	19	Germany	23
Azerbaijan	8	France	20
Norway	8	Belgium	16
Total for Others	595		535
Others not Listed	107		88
Grand Total	784		721

## Import Trade Matrix for Rice

Turkey  
Rice, Milled

Time Period	Sep. - Aug.	Units:	Metric Tons
Imports for:	2004	Jan. - Dec.	2005
U.S.	80044	U.S.	73173
Others		Others	
Egypt	144625	Egypt	143546
Italy	47682	Italy	28477
China	9825	Vietnam	5842
Vietnam	6944	China	3880
Thailand	1283	Russia	2382
Russia	1082	Macedonia	2093
Bulgaria	703	Bulgaria	1413
Spain	356	Thailand	830
Pakistan	155	Uruguay	506
France	109	Pakistan	134
Total for Others	212764		189103
Others not Listed	165		85
Grand Total	292973		262361

## PSD Table for Lentils

Turkey Lentils							
	2004	Revised	2005	Estimate	2006	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		01/2004		01/2005		01/2006	MM/YYYY
Area Harvested	0	440	0	450	0	480	1000 HA
Beginning Stocks	0	60	0	20	0	25	1000 MT
Production	0	540	0	560	0	600	1000 MT
TOTAL Mkt. Yr. Imports	0	5	0	65	0	50	1000 MT
Jul-Jun Imports	0	25	0	50	0	50	1000 MT
Jul-Jun Import U.S.	0	0	0	0	0	0	1000 MT
TOTAL SUPPLY	0	605	0	645	0	675	1000 MT
TOTAL Mkt. Yr. Exports	0	170	0	120	0	150	1000 MT
Jul-Jun Exports	0	160	0	120	0	150	1000 MT
Feed Dom. Consumption	0	0	0	0	0	0	1000 MT
TOTAL Dom. Consumption	0	415	0	500	0	475	1000 MT
Ending Stocks	0	20	0	25	0	50	1000 MT
TOTAL DISTRIBUTION	0	605	0	645	0	675	1000 MT

## Export Trade Matrix for Lentils

Turkey  
Lentils

Time Period	Jan. - Dec.	Units:	Metric Tons
Exports for:	2004		2005
U.S.	993	U.S.	724
Others		Others	
Egypt	53927	Iraq	52003
Iraq	24330	Sudan	17612
Sri Lanka	17528	Egypt	12418
Bangladesh	14444	United Kingdom	7471
Sudan	13283	Sri Lanka	5841
United Kingdom	8912	Germany	4182
Saudi Arabia	6846	Israel	3331
Israel	5603	Saudi Arabia	2455
Eritrea	4501	Italy	1714
Germany	4486	Eritrea	1309
Total for Others	153860		108336
Others not Listed	16332		8540
Grand Total	171185		117600

## Import Trade Matrix for Lentils

Turkey  
Lentils

Time Period	Jan. - Dec.	Units:	Metric Tons
Imports for:	2004		2005
U.S.		U.S.	119
Others		Others	
Canada	3591	Canada	43203
Syria	1719	Syria	13990
Iraq	100	Iraq	4345
Israel	44	Ethiopia	904
Switzerland	40	India	579
Azerbaijan	21	Sri Lanka	129
Germany	21	Russia	123
Netherlands	20	Italy	94
		Spain	81
		Argentina	69
Total for Others	5556		63517
Others not Listed			55
Grand Total	5556		63691



## PSD Table for Chickpeas

Turkey Garbanzos							
	2004	Revised	2005	Estimate	2006	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		01/2004		01/2005		01/2006	MM/YYYY
Area Harvested	0	610	0	600	0	630	1000 HA
Beginning Stocks	0	20	0	45	0	30	1000 MT
Production	0	620	0	610	0	640	1000 MT
TOTAL Mkt. Yr. Imports	0	0	0	0	0	0	1000 MT
Jul-Jun Imports	0	0	0	0	0	0	1000 MT
Jul-Jun Import U.S.	0	0	0	0	0	0	1000 MT
TOTAL SUPPLY	0	640	0	655	0	670	1000 MT
TOTAL Mkt. Yr. Exports	0	135	0	125	0	140	1000 MT
Jul-Jun Exports	0	120	0	125	0	140	1000 MT
Feed Dom. Consumption	0	0	0	0	0	0	1000 MT
TOTAL Dom. Consumption	0	460	0	500	0	490	1000 MT
Ending Stocks	0	45	0	30	0	40	1000 MT
TOTAL DISTRIBUTION	0	640	0	655	0	670	1000 MT

## Export Trade Matrix for Chickpeas

Turkey  
Garbanzos

Time Period	Jan. - Dec.	Units:	Metric Tons
Exports for:	2004		2005
U.S.	1156	U.S.	1568
Others		Others	
India	18814	India	16071
Saudi Arabia	13115	Saudi Arabia	12443
Italy	12111	Italy	11190
Iraq	10096	Jordan	8873
Sri Lanka	9670	Sri Lanka	8262
Tunisia	9109	Spain	8021
Algeria	6932	Algeria	6759
Jordan	6237	Israel	5320
Spain	4660	United Kingdom	5169
Israel	4389	Portugal	4589
Total for Others	95133		86697
Others not Listed	36784		35095
Grand Total	133073		123360