GIEWS Country Brief
Turkey

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FOOD SECURITY SNAPSHOT
- Above-average cereal harvest forecast in 2020
- Cereal imports forecast to decrease in 2020/21, while exports expected to be stable
- Inflation increasing as Turkish Lira depreciates

Above-average 2020 cereal harvest forecast
Harvesting of the 2020 winter barley crop, which started in mid-May, is nearing completion, while harvesting of winter wheat, which started in late June, will be concluded by early August. Sowing of maize, for harvesting from September, finalized in May and rice planting, for harvesting from mid-September, in June.

Below-average precipitation amounts between November 2019 and January 2020 resulted in winter drought conditions in the high plateau region of Central Anatolia, where more than half of the cereal crops is rainfed. Favourable rain from January onwards partially replenished soil moisture, but some pockets of dryness remained throughout the season. Cool and wet weather in May favoured grains in reproductive to filling stages in the central part of the country.

The first production forecast by the Turkish Statistical Institute, issued in May 2020, indicates a cereal output of 36.5 million tonnes, about 7 percent more than the average of the previous five years, including 20.5 million tonnes of wheat, 8.3 million tonnes of barley and 6 million tonnes of maize. The increase in wheat output is due to a slight increase in area (3 percent compared to the previous year) and improved weather conditions.

For the 2020 cropping season, the Turkish Grain Board announced its intervention prices of TRY 1 650 (up from TRY 1 350 in 2019) per tonne of common wheat, TRY 1 800 (up from TRY 1 450) per tonne of durum wheat and TRY 1 275 (up from TRY 1 100) per tonne of barley. At TRY 7.2 per US dollar in 2020, the procurement price of 1 tonne of common wheat in 2020 in dollar terms (USD 230) is just slightly above the 2019 price (USD 225 at TRY 6 per US dollar) reflecting the currency depreciation. Currency depreciation, particularly since August 2018, has also increased production costs, including the prices of compound fertilizers that more than doubled between 2018 (when USD 1 averaged TRY 4.6) and 2020.
Cereal imports forecast to decrease in 2020/21, while exports expected to be stable

The country is both a cereal importer and exporter, importing wheat grain and exporting wheat products such as pasta and flour.

In the 2020/21 marketing year (July/June), aggregate cereal imports, mainly wheat, are forecast at 11.5 million tonnes, about 15 percent below the level of the previous year, but almost 25 percent above the average. The Russian Federation is historically the leading supplier of wheat.

Cereal exports, mainly wheat flour and wheat products, are forecast at an average level of 4.7 million tonnes, on par with the previous year. The country remains one of the world’s leading exporter of wheat flour, using an inward processing regime policy that allows duty free imports for wheat grains to manufacture processed food products for exports. Iraq, the Sudan and the Syrian Arab Republic account for over 60 percent of the country’s total exports of wheat products.

Inflation increase as currency depreciates

The latest figures by the Turkish Statistical Institute indicate an annual food inflation rate of 12.9 percent in June 2020, similar to the level recorded in May 2020, but up 9 percent in the last quarter of 2019. The overall inflation index in June 2020 stood at 12.6 percent, up from 10 percent in the last quarter of 2020. The increase was supported by the currency depreciation and strong consumer demand.

The exchange rate in 2020 depreciated from TRY 6 in January to TRY 7.2 per US dollar in early May and strengthened slightly to TRY 6.85 in late June. The depreciation is mainly attributed to political uncertainty and declining foreign exchange reserves.

Stable number of Syrian Arab Republic refugees in country

The number of Syrian Arab Republic refugees in the country started increasing towards the end of 2013 and grew steadily until early 2016. As of June 2020, about 3.6 million Syrian refugees were registered in the country, stable since early 2018. However, a large number of Syrian refugees is probably not officially registered. More than 90 percent of the refugees live in urban and peri-urban areas, outside the camps. About 70 percent of refugees are children and women.
COVID-19 and measures adopted by the Government

In March 2020, the Government imposed precautionary measures to prevent the spread of the virus, including curfews, restrictions on movement, social distancing measures, quarantine for returnees, bans on gatherings, educational activities, social and religious events. While the easing of lockdown requirements took place in June, containment measures could be reintroduced depending on the developments in the epidemiological situation.

Movement of cargo remained guaranteed during the lockdown. Asymptomatic foreign truck drivers making deliveries in Turkey have not been subject to a 14-day quarantine provided they left the country within 72 hours. Trucks carrying medicine, foodstuffs and medical equipment have been given priority to enter.

Wholesale prices of some commodities decreased as in the case of lemons, after an export ban was introduced from April to August 2020 in an effort to guarantee sufficient supplies of Vitamin C for the domestic market. Some municipalities responded by buying lemons and distributing them to the most vulnerable households.

To ensure the uninterrupted continuation of agricultural activities, agriculture was exempt from curfew obligations. The Ministry of Agriculture and Forestry specified movements of farmers and seasonal workers with precautionary measures to be taken under COVID-19 measures based upon the agricultural production calendar of each Province. Grain purchasing centres of the Turkish Grain Board operate on appointment only basis to avoid crowding.

The measures aimed specifically at agriculture in response to the COVID-19 pandemic included:

- Postponing farmers’ payments of Treasury-backed loans due in May and June by six months, totalling to about TRY 6 billion (approximately USD 859 million).
- Postponing agricultural cooperatives’ debt payments to public entities for one year.
- Creating an on-line marketplace for farmers and agri-business producers to post available products and connect with buyers to support and supplement the traditional food value chain.

In March 2020, the Government introduced a USD 15.5 billion stimulus package to revive the economy and ease the financial burden on businesses and individuals impacted by the pandemic. The plan, referred to as Economic Stability Shield, aims to protect small businesses, exporters, employees and pensioners affected by the weakening economic conditions.

To ease the impact of the weakening economy on the most vulnerable, the Government increased the minimum monthly pensions from TRY 1 000 to TRY 1 500 (corresponding to USD 230). In addition, it introduced a series of one-off payments of TRY 1 000 (USD 154) per family in need and to workers that lost their jobs and do not qualify for short-term working arrangements or unemployment insurance.
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