



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Required Report - public distribution

Date: 11/29/2005

GAIN Report Number: TU5045

Turkey

Planting Seeds

Annual

2005

Approved by:

Jim Higgiston, Agricultural Counselor
U.S. Embassy

Prepared by:

Unal Sarigedik, Agricultural Specialist

Report Highlights:

Turkey's domestic seed production is not sufficient to meet local demand despite the industry's privatization in the 1980's and continued support from the government. Turkey imported approximately 27 TMT of seeds worth approximately USD 69 million in 2004 and 25 TMT of seeds worth USD 72 million during the first nine months in 2005. The European Union remains the major supplier to Turkey. Turkey applies zero duty on imports of almost all seeds.

Includes PSD Changes: No
Includes Trade Matrix: No
Annual Report
Ankara [TU1]
[TU]

Table of Contents

Executive Summary	3
Production	4
Consumption	4
Table 1: Certified Seed Produced and Distributed in 2004 and Programmed in 2005	5
Table 2: Seed Demand, Distribution, and the Ratio of Distribution/Need.....	6
Table 3: Seeds Prepared, Distributed and Produced 2004 by TIGEM	6
Trade	7
Table 4: Turkey's Seed Imports	8
Table 5: Turkey's Seed Exports.....	9
Stocks	9
Policy	10
Tariffs.....	11
Table 6: Seed Import Duties as in the 2005 Import Regime	11
Marketing	11

Executive Summary

Turkey's domestic seed production is not sufficient to meet the local demand, despite the privatization of the industry in the 1980s and continued government support. The development of the industry is expected to be better after several new laws and regulations, which have been prepared by the Government of Turkey (GOT), are adopted over the next few years. Turkey imported over USD 65 million of seeds in 2004 with the European Union supplying the majority of seeds to Turkey. The United States exported USD 9.1 million worth of seeds to Turkey in 2004, primarily corn, vegetable and fodder crop seeds. Seed exports decreased during the first nine months in 2005. In general, the duty is zero for seed imports, except for flower and ornamental seeds imported for commercial purposes.

The Turkish government has drafted a new Seed Law, which would take into consideration recent developments in the industry, particularly the law on protection of plant varieties. The main purpose of this Law is to give the private sector more control of the seed industry. According to the draft Law, an independent Turkish Seed Industry Union will be established and given a significant portion of the duties and responsibilities currently under the Ministry of Agriculture and Rural Affairs (MARA). Industry representatives expect the law to be adopted in 2006.

The GOT is also developing a National Biosafety Law (NBL). Most of the technical work on the draft NBL has been completed. However, the law still must undergo several reviews before it is sent to the Prime Ministry. The law will focus on the production, use, importation and distribution of genetically modified materials. For seeds, the Law will provide a framework on the production and marketing of transgenic seeds should be possible. Currently, the GOT does not permit planting of bio-engineered seeds.

Turkey did adopt a law on Protection of New Plant Varieties in 2004. The primary goal of this Law was to provide protection to any company that develops new plant varieties. Industry sources hope that this protection will also encourage domestic companies to expand their funding on research and development. According to the industry sources, the affect of this Law on the sector will be limited until the new Seed Law is adopted.

Utilization of certified seed has not developed well in Turkey, even though the GOT supports their use. However, certified seed use is expected to increase in the future in response to growing demand. The growth is expected especially for greenhouse vegetable, corn, sunflower, and fodder crop seeds.

Several U.S. seed companies, including Monsanto, Pioneer, Delta Pine, and Seminis are well established in Turkey. These companies generally import parent seed for local propagation and sale both for Turkey and export market.

Production

There are 128 private firms and 27 public entities that currently produce, procure, import and distribute seeds in Turkey. However, Turkey's domestic seed production is not sufficient to meet local demand especially for vegetables, fodder crops, pasture and meadow grasses, corn seeds, and seed potatoes. Ownership of the private companies ranges from 100 percent Turkish-owned to 100 percent foreign-owned, with various combinations in between.

A private seed industry has been a relatively recent phenomenon in Turkey. Turkey became a member of the OECD certification system and International Seed Testing Association (ISTA) just a few years ago. In the past, the industry was dominated by government agencies, which even set selling prices until the 1980's when the sector was privatized and seed prices were liberalized. Local and international companies began investing in the seed sector shortly after that. The Turkish Seed Industry Association (TURK-TED) was established in 1986.

The major function of TURK-TED is acting as powerful lobbying agent, contributing to the development of the sector, and assisting with the transition to the EU system. TURK-TED also assists member firms with studies on seed production, certification, storage, packaging, distribution, and variety breeding. TURK-TED currently has 75 members, which account for at least 90 percent of all private sector seed production. In 2004, privately owned firms produced either 100 percent or almost 100 percent of sunflower seeds, vegetable seeds, corn seeds, and seed potatoes. Slightly more than 50 percent of fodder crop seeds, 20 percent of cottonseeds, 15 percent of barley seeds, and 5 percent of wheat seeds were also produced by the private sector in Turkey.

The Production and Development General Directorate (TUGEM) of the Ministry of Agriculture announces a Production Program, which sets production goals for the Turkish sector each year. The program is established jointly with both public and private seed producers based on the country's domestic needs as well as export goals. The program's goals are not always met which necessitates the use of stocks, as was illustrated in Table 1.

Even though they are significantly reduced, illegal entries of expensive greenhouse vegetable seeds continue to create unfair competition against firms, which are investing in this sector.

Consumption

Certified seed utilization has not developed well primarily due to the lack of the education on the part of farmers and economic situation in Turkey. Approximately thirty-five percent of Turkey's population resides in rural areas and many are subsistence farmers. However, they are the least educated and having some of the lowest income levels in the country. As a result, their ability to buy certified seeds is limited. Nonetheless, certified seed utilization is expected to grow in the future in response to growing demand, especially for greenhouse vegetable and corn seeds. Demand for hybrid sunflower and fodder crop seeds are also expected to increase. GOT limits imports on poultry and livestock as well as high tariff rates on other products are encouraging domestic livestock production and, as a result, increased crop production.

Crop production in The Southeastern Anatolia Project (GAP) has contributed to the increased demand for seeds. Cotton has been the most popular crop for farmers using irrigated fields in the GAP area. Production of other crops, especially corn, is expected to grow in the region. The GOT is supporting the livestock sector, which in turn, is encouraging farmers to use more fodder crop seeds.

Certified seed utilization varies a lot by type of seed. Table 2 represents certified seed needs, distribution, and ratios of the certified seed distribution over total need by seed

variety in Turkey. As Table 2 indicates, farmers' use of certified seed is much less compared to expected demand.

Table 1: Certified Seed Produced and Distributed in 2004 and Programmed in 2005

Type of Seed	Programmed for 2004 (MT)	Produced in 2004 (MT)	Distributed in 2004 (MT)	Programmed for 2005 (MT)
Wheat	299,490	223,094	229,029	266,845
Barley	20,602	19,074	18,499	29,825
Corn	8,812	17,767	13,762	18,922
Paddy rice	1,559	1,221	1,297	1,707
Chick peas	102	162	59	140
Dry beans	22	0	2	0
Sunflower	5,036	3,215	2,019	3,398
Potatoes	85,980	38,518	40,406	90,056
Soybeans	697	292	332	501
Peanuts	300	0	21	0
Sesame	3	0	0	0
Cotton	9,000	18,957	11,815	13,020
Vegetable	1,391	1,410	3,227	2,336
Alfalfa	488	446	473	635
Sainfoin	1,550	942	1,414	1,050
Vetch	2,711	1,891	1,957	1,742
Fodder beets	70	35	40	72
Sudan grass	6	10	5	11
Sorghum	0	4	0	82
Sorghum x Sudan grass	140	50	60	220
Pasture and meadow	755	499	2,230	801
Sugar beets	2,940	2,450	1,192	3,280

Source: 2005 National Seed Procurement, Distribution, and Production Program

The General Directorate of Agricultural Enterprises (TIGEM), which operates under the Ministry of Agriculture, is TURK-TED's only public member. TIGEM has been the major government entity carrying out seed propagation and distribution more than fifty years. TIGEM is still a significant producer of cereal, cotton, and fodder crop seeds, even though its responsibilities have significantly diminished in recent decades. With an agreement by TIGEM, private sector companies also produce cotton and corn seeds on TIGEM farms where crop rotation is applied. In 2004, about 25 percent of cotton and 15 percent of corn seeds produced by the private sector were produced on TIGEM farms in addition to those produced directly by TIGEM farms. The GOT eliminated most of the subsidies and now TIGEM farms are operating under more commercial terms. (However, they still do not pay rent for their land.) Table 3 provides total quantities of seeds (certified at all levels plus controlled) produced and distributed in 2004 and produced in 2005 by TIGEM. TIGEM also produces seeds to be planted on their own farms in addition to those provided in Table 3.

Table 2: Seed Demand, Distribution, and the Ratio of Distribution/Need

Type of Seed	Planting Area (000 Ha)	Seed Need (Kg/Ha)	Replace Period (Year)	Est Total Seed Need (MT)	Distributed in 2004 (MT)	Ratio of Dist/Need (%)
Wheat	9,100	200	3	606,667	229,029	38
Barley	3,400	200	3	226,667	18,499	8
Hybrid corn	560	30	1	16,800	13,762	82
Paddy rice	65	200	2	6,500	1,297	20
Chick peas	630	100	5	12,600	59	0.47
Dry beans	162	100	5	3,240	2	0.06
Hybrid Sunflower	545	4	1	2,180	2,019	93
Potatoes	195	3,000	2	292,500	40,406	14
Soybeans	27	90	1	2,430	332	14
Rape seed	3	10	1	28	7	25
Peanuts	28	50	1	1,400	21	2
Cotton	630	20	1	12,592	11,815	94
Vegetable	1,040		1		3,227	
Alfalfa	290	20	4	1,450	473	33
Sainfoin	108	80	3	2,880	1,414	49
Vetch	250	90	5	4,500	1,957	43
Sudan grass	8	30	2	122	5	4
Fodder beets	3	30	2	51	40	78
Sugar beets	315	4	1	1,261	1,192	95

Source: 2005 National Seed Procurement, Distribution, and Production Program

Table 3: Seeds Prepared, Distributed and Produced 2004 by TIGEM

Type of Seed	Prepared in 2004 (MT)	Distributed in 2004 (MT)	Produced in 2005 (MT)
Wheat	280,703	163,165	284,530
Barley	20,160	16,587	21,832
Rye	22	15	0
Cotton	494	53	200
Corn	367	355	600
Sunflower	50	22	29
Chick peas	37	7	122
Red lentils	550	550	352
Paddy rice	268	264	486
Alfalfa	237	221	139
Sainfoin	1,483	1,224	1,086
Vetch	1,888	1,311	1,895
Pasture and meadow	22	15	10

Source: The General Directorate of Agricultural Enterprises (TIGEM)

Trade

Due to shortfalls in production and quality, Turkey must import most seed varieties. Corn, sunflower, cotton, vegetable, and fodder crop seeds as well as seed potatoes are the most prominent imports. Depending on supply and demand, other seed varieties may also need to be imported. Turkey imported wheat, paddy rice, and soybean seed in 2004 and sugar beat and pulse seeds in 2004 and 2005.

The current regulation on Plant Quarantine hinders imports of seed and has created significant problems. All imported seed must be tested. Tests on imports take long time, usually about a week, because customs do not have laboratories and samples are sent to the nearest research institutes. This time is even longer, if there is a dispute on findings since reference laboratory is in Ankara. Some new laboratories at customs were set up recently and some others were planned which will hopefully alleviate the situation. Importers also need import licenses to import seed and only those firms, which are producing, procuring, and marketing seeds domestically are provided import licenses.

Turkey imported approximately 27 TMT of planting seeds worth approximately USD 69 million in 2004. During the first nine months of 2005, Turkey imported approximately 25 TMT of seeds worth of approximately USD 72 million.

U.S. seed exports to Turkey have decreased slightly in 2005, from around USD 9.1 million in 2004 to about USD 8.4 million during the first nine months of 2005. Most of this change was due to decreased imports of vegetable and fodder crop seeds. The value of vegetable seed imports decreased from approximately USD 1.9 million in 2004 to approximately USD 1.0 million during the first nine months in 2005. Similarly, the value of fodder crop seed imports decreased from approximately USD 1.0 million in 2004 to USD 269,000 during the same period. However, the value of corn seed imports increased during the same period from approximately USD 6 million to approximately USD 6.9 million.

Turkey exported approximately 19 TMT of seeds worth approximately USD 31 million in 2004. However, Turkey exported fewer seeds, approximately 6.8 TMT worth approximately USD 19 million during the first nine months of 2005. Decreases were especially significant in corn seeds because, due to large demand, producers preferred to market their production in Turkey. On the other hand, exports of cottonseeds in 2005 are exceeding exports in 2004-second year in a row.

TIGEM is the only public entity involved in seed trade. TIGEM imported 40 MT parent wheat seeds from France and Italy, but did not export any seeds in 2004. In 2005, TIGEM imported 20 MT of parent wheat seed from France and exported 10 MT of wheat seed to Azerbaijan. Turkey's seed imports and exports are provided in Table 4 and 5, respectively.

Table 4: Turkey's Seed Imports

Type of Seeds	Total & Country 2003	Quantity 2004 (MT)	Value 2004 (USD 1000)	Total & Country 2005 (Jan-Sep)	Quantity 2005 (Jan-Sep) (MT)	Value 2005 (Jan-Sep) (USD 1000)
Wheat	Total	781	490	Total	0	0
	Italy	661	391			
Corn	Total	13,655	11,900	Total	2,849	13,308
	USA	4,915	6,048	USA	402	6,883
	Spain	4,496	1,417	Spain	312	1,521
	Germany	1,373	414	Italy	226	1,038
	France	1,053	1,367	Hungary	209	525
	Serbia-Black	692	677	France	209	1,654
	Italy	586	657	Croatia	145	469
Paddy rice	Total	30	22	Total	0	0
	Italy	30	22			
Potatoes	Total	7,778	5,770	Total	9,225	6,571
	Netherlands	4,611	3,629	Netherlands	3,776	2,663
	Germany	896	708	Germany	2,948	2,615
	U. Kingdom	832	502	U. Kingdom	1,596	828
	Canada	654	367	Canada	650	298
	France	560	387	France	135	74
Pulses	Total	1,008	981	Total	182	243
	Hungary	588	669	Greece	140	168
	Canada	272	77	Germany	26	30
	Spain	68	91	Norway	6	8
	USA	19	33			
Soybeans	Total	5	9	Total	0	0
	Italy	5	9			
Sunflower	Total	76	2,402	Total	127	3,059
	France	41	1,852	France	60	2,058
	Australia	15	241	Serbia-Blac.	21	218
	USA	4	75	USA	18	144
Cotton	Total	323	803	Total	378	850
	Greece	99	345	Greece	161	303
	S. Africa	94	74	Australia	101	388
	Australia	73	295	South Africa	94	107
	USA	53	68	USA	18	46
Sugar beats	Total	94	897	Total	10	198
	Belgium	75	528	Sweden	6	174
	Germany	15	284	Belgium	2	19
Vegetables	Total	337	39,871	Total	9,144	40,919
	Netherlands	125	17,755	China	4,626	6,447
	Denmark	68	606	Ukraine	2,541	1,738
	Ukraine	48	2,409	Netherlands	110	14,920
	France	27	5,744	USA	18	1,013
	USA	16	1,863	France	17	4,748
	Chile	9	1,261	Chile	4	1,372
	Israel	5	6,263	Israel	3	5,637
Fodder crops	Total	2,778	5,436	Total	3,145	6,919
	Netherlands	609	1,261	Denmark	849	1,484
	Denmark	570	1,101	Germany	802	1,908
	USA	442	1,008	Netherlands	510	1,053
	Germany	396	753	USA	88	269
Grand Total		26,865	68,581		25,060	72,067

Source: Official Trade data from the State Institute of Statistics (SIS).

Table 5: Turkey's Seed Exports

Type of Seeds	Total & Country 2004	Quantity 2004 (MT)	Value 2004 (USD 1000)	Total & Country 2005 (Jan-Sep)	Quantity 2005 (Jan-Sep) (MT)	Value 2005 (Jan-Sep) (USD 1000)
Wheat	Total	31	13	Total	49	24
	Azerbaijan	15	5	Macedonia	39	18
Barley	Total	10	9	Total	2	2
	Georgia	10	9	Germany	2	1
Corn	Total	9,901	15,457	Total	1,556	2,549
	Italy	5,339	8,254	Italy	768	1,198
	Germany	977	1,709	France	169	247
	Spain	677	1,075	Germany	136	253
	France	481	821	Greece	109	168
	Netherlands Croatia	286 179	471 401			
Paddy rice	Total	1	1	Total	3	4
	Germany	1	1	Belgium	2	3
Potatoes	Total	80	8	Total	150	21
	Iraq	80	8	Iraq	150	21
Pulses	Total	117	121	Total	182	243
	Greece	22	20	Greece	140	168
	Spain	22	19	Germany	26	30
	Philippines	22	18			
	USA	14	19			
Soybeans	Total	189	126	Total	0	0
	Italy	189	126			
Sunflower	Total	3,198	8,735	Total	2,487	8,128
	Spain	832	1,545	Russia	801	2,723
	Russia	743	1,826	Ukraine	602	1,894
	Ukraine	509	1,399	France	366	1,259
	Hungary	301	939	Bulgaria	230	843
	Bulgaria	292	1,345	Spain	222	478
Cotton	Total	1,087	2,578	Total	1,771	4,441
	Greece	664	2,011	Greece	946	3,026
	Spain	206	415	Spain	277	682
Sugar beats	Total	24	9	Total	23	412
	Azerbaijan	24	9	Azerbaijan	23	412
Vegetables	Total	479	2,886	Total	35	2,534
	Netherlands	201	1,856	Netherlands	6	1,678
Fodder crops	Total	3,902	1,391	Total	499	418
	Italy	2,715	789	Northern Cyp	216	253
	Northern Cyp	842	324	United King.	154	66
Grand Total		19,018	31,334		6,757	18,776

Source: Official Trade data from the State Institute of Statistics (SIS).

Stocks

Seed stock data is not available. Neither public entities nor private firms carry over large stocks since they are produced according to the National Procurement, Distribution, and Production Program.

Policy

Turkey adopted its first seed law in 1963 under which the entire industry was under government control. At that time, cereal seeds were given highest priority. Some rights were provided to the private sector in the 1980's that encouraged the private sector to produce, import, and export seeds. In time, the private sector was able to supply most if not all of hybrid corn, hybrid sunflower, and vegetable seeds as well as seed potatoes.

It became apparent in the 1990s that the 1963 law was insufficient to meet the recent changes in the industry because the old Law was primarily focused on cereals and government control. A new Seed Law has been under development for the past five years. Government, seed industry, and university representatives helped prepare the new Law. The new Law is currently in the General Assembly of the Parliament since the summer of 2004 and the sector expects that it will be adopted by the Parliament in 2006. It has been delayed due to other Laws, most of which are related to the EU accession and considered more urgent by the GOT.

Biotechnology is the most significant issue facing the seed industry. Currently, Turkey has not enacted any regulations on biotechnology. The Ministry of Agriculture prepared a draft Biosafety Law, due to its adoption of the Cartagena protocol. Ministry of Agriculture officials hoped that the Law would be adopted in 2004. It was expected that the Law would be implemented in 2005 immediately since all related regulations have been prepared. The Law is currently waiting at the Ministry of Agriculture. According to the draft Law, all products developed using biotechnology must be labeled. The biotech regulation will also cover transgenic seeds and will give guidance for their trials, certification, production, procurement, and marketing. Currently, no bio-engineered seeds can be planted legally in Turkey.

Turkey accomplished to have a big step when it adopted the Breeders Rights and Variety Protection Law in August 2004, which provided protection for breeding new varieties and registering in Turkey. Adoption of this Law was considered by the seed sector as an important step for the development of seed industry and Turkey's becoming a UPOV member. The law also provides some protection for imported seed varieties.

Recent Turkish governments in accordance with IMF agreements gradually reduced agricultural subsidies replacing them with a direct income support after the 2001 crisis. One of the programs eliminated was the subsidy for use of certified seeds. This policy has been changed again. In 2004, the GOT announced that farmers would be paid an extra 20 percent premium if they use certified seeds for cotton and soybean production. The amount of premium for production was originally announced as TL 190,000 per kilogram for cotton and TL 140,000 per kilogram for soybeans. Farmers producing cotton and soybeans by using certified seeds received a 20 percent extra premium of TL 38,000 per kilogram for cotton and TL 28,000 per kilogram for soybeans. Thus, the total premium for those farmers using certified seeds became TL 228,000 per kilogram for cotton and TL 168,000 per kilogram for soybeans. This policy also continued in 2005, however, the amounts of supports were not yet announced. Corn and canola production was included in these support policies in 2005 only for those farmers that use certified seeds. The Minister of Agriculture announced the support for corn as TL 50,000 per kilogram recently, but all others were not yet announced.

The GOT announced support for wheat, barley, paddy rice, chickpea, lentil, and potato producers if they use certified seeds for their production in 2005. The amount of support is YTL 30 (or TL 30,000,000) per hectare of wheat and barley, YTL 50 (or TL 50,000,000) per hectare of paddy rice, chickpeas, and lentils, and YTL 180 (or TL 180,000,000) per hectare of potatoes.

In 2005, the GOT also announced that certified fodder crop seed producers would receive 25 percent of their costs associated with the production of certified fodder crops seeds including rent for land, purchase or rent for machinery, purchase of seeds, labor, etc. The GOT also reduced the VAT from 18 percent to 1 percent to encourage the use of certified seeds in September 2004.

Tariffs

The GOT publishes official tariff levels for seeds every year, which is provided in Table 6. However, the Ministry of Agriculture has had the right to suspend import duties for most varieties since 1993. The only exception is for flower and ornamental seeds imported for commercial purposes. The same seeds for propagation are also being imported with zero duty. There is no change in the published tariffs in 2005 compared to those in 2004. Table 6 presents officially published but not applied duty rates for imports of various seeds.

Seed imports are restricted to those companies that produce, procure, and market seeds domestically. Farmers Union, Central Union of Agricultural Credit Cooperatives, and related Agricultural Sales Cooperatives are also eligible to import seeds. Importers must have an import license from the Ministry of Agriculture to import seeds. Before being imported, seeds must be grown locally on trial plots and approved by the Ministry of Agriculture.

Table 6: Seed Import Duties as in the 2005 Import Regime

Type of Seed	EU & EFTA Countries (%)	Other Countries (%)
All Cereal (Except paddy rice)	0	0
Paddy rice	10	12
Sunflower	0	0
Soybean	0	0
Peanut	20	20
Rapeseed	0	0
All other oil seeds, inc. cotton, sesame, safflower, palm, and mustard	4	4
Flax fiber	0	0
Hemp fiber	4	4
Tea	4	4
Sugar beets	2.4	3.9
Flower	4	6
Forest tree	4	6
Fruit tree	4	6
All other planting seeds (1209), including vegetables and fodder crops	17.3	19.3

Source: The Official Gazette dated December 31, 2003

Marketing

Several U.S. seed companies, including Monsanto, Pioneer, Delta Pine, and Seminis are well established in Turkey. These companies generally import parent seed for local propagation, with most of their production sold domestically.