

TURKISH FLOUR INDUSTRIALISTS' FEDERATION (TFIF)

THE DEVELOPMENTS OF WORLD WHEAT FLOUR MARKET, INDUSTRY AND TRADE Vural Kural, Secretary General

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THE DEVELOPMENTS OF WORLD WHEAT FLOUR MARKET, INDUSTRY AND TRADE

MARKET, INDUSTRY AND DYNAMICS



Structure of Market

- **Developed markets with well established futures**
- **Hedge risks through the simultaneous buy and sell of wheat futures contracts**
- **Cash and future markets operate effectively both national and global market**

Structure of Market

- Access to futures limited in emerging and underdeveloped markets
- Millers tend to limit wheat and flour trade to the spot market
- Spot prices tend to closely related wheat grain prices.
- Hedge the price risks is limited, lack of grain futures&poor contract aggrement in spot grain &flour market.
- Signal-to-noise ratio creates further level uncertainties in response to global versus domestic market

Scope of Trade and Correlation

- **Wheat, widely traded product than wheat flour**
- **Lower imports tariffs on wheat grain as compared with wheat flour**
- **Logistical and quality issues**
- **Difficulty with transportation and shorter shelf life of flour**
- **World trade in wheat flour accounts for around 10% of total world wheat trade.**
- **Larger volume of wheat trade results in lower wheat flour exports & vice versa**

Direction of Trade, Market Share and Policies

- Global flour trade reached high levels
- Some countries removed trade barriers, others applied export restrictions and ban
- Cost of wheat milling increased only moderately compared with increases in wheat prices
- Some importers increased their import of flour rather than wheat grain
- Handling milling industry' establishment is easier than ever.
- Characteristics of flour export&import countries not changed much in recent years:
- Kazakhstan, Turkey and EU have been three main flour exporters while Uzbekistan, Iraq, Afghanistan, Brazil and Indonesia with limited wheat production, population increase and absence of domestic grain processing infrastructure.

Industry Outlook and Dynamics: Summary

- **Greater resilience & mature industry**
- **Significant differences amongst countries; wheat production and level of milling industry**
- **Fragmentation of market**
- **Price volatility and margin profitability**
- **Increased international competition**
- **Lack of supply discipline**
- **Low level of capacity utilization**
- **Wheat disappearance**
- **Consolidation/contraction and/or mergers**
- **Consumer tastes and requirements**

Industry Outlook and Dynamics

- A Miller should define which method is better for its entity according to conditions affecting the market in which they are operating
- Margins/profitability in industry decreased when price volatility of wheat increased since mid-2000. But, sector has witnessed great resilience .
- Long established markets in US and EU-27, emerging market members :G-20 and rest of the world- dominant for wheat production and level of milling industry(US&EU-27), low cost production leader(Russia, Ukraine and Kazakhstan), there are more fragmented markets in less developed regions and countries with low level of capacity utilization. (80%-90%, north of Europe, 50%, south of Europe, average of Europe 65%, Kazakhstan 50% , India 45% and Turkey 45%)
- When it comes to risks, price volatility , margin profitability and increased international competition, all studies and country' experiences indicate all millers facing many of the same problems and opportunities as their peers in other regions.
- But, policy responses by EU millers during 2011-2012 was different from those in USA, former ones have not passed along higher costs of lower margin, latter have tried to maintain operating margin.

Industry Outlook and Dynamics

- **The approximate cost of grain accounts for 80% of the total cost of flour, followed by other contributing residuals.**
- **Like the grain trade, wheat milling is a thin margin business in global world. Wheat millers around the world depend both on wheat market and consumers tastes and requirements.**
- **Private sector in many countries especially in emerging markets may be subject to government regulation as flour and bread considered to be socially important products.**
- **Wheat milling process can be regulated by through administrative prices, establishment of margins and provision of input subsidies.**

Industry Outlook and Dynamics

- **Much confusion exists in the marketplace with regard to consumer tastes and requirements about what makes a product whole grain/enriched versus what makes one whole white flour. Understanding the milling processes used to make both types of flour is key to learning the difference and healthy nutrition.**
- **Whole grain/bran versus white flour confusion, go with grains , defend to diet, weight and wheat. Consumers think they're already getting enough white flour products, such as bread with less vitamins and minerals as their incomes is higher.**
- **Comment: We will have to be more responsive from a consumer standpoint. The wheat flour sector should be considered as a market growing parallel to the changes in the consumption of the wheat flour-based food products and in the trend of nutritional habits worldwide.**
- **Fortification of wheat flour may be an effective, simple, and inexpensive strategy for supplying vitamins and minerals to the diets of large segments of the world's population. But, with the countries of mandatory fortification, confusion still persists.**

Industry Outlook and Dynamics

- **Significant marketplace changes: Consolidation/contraction and/or mergers**
- **Over 50 years, in EU, total mills from 15,000 to 3,000, today, number of mills contracted substantially in EU, overall capacity has not due to progress in milling technology, France and German mills' experience., Italian milling industry consolidated but lost its market share in exports, UK milling relatively consolidated and integrated to bakery., others are in the form of agricultural cooperatives, consolidation of flour market in multiple countries.**
- **In Turkey, there were 1,250 millers before 2000, then contracted and consolidated to 700 in the 2005, now have 550. During decade, consolidation has taken place in Kazakhstan, 2,300 millers in 2000, by 2010 this has fallen to 383. By 2011, 1000 mills in India, four big milling companies in Japan produce 80% of total market share. Recent major mergers in US, combined company will operate 44 flour mills, three bakery mix facilities and a specialty bakery.**

Industry Outlook and Dynamics

Comment:

With good technical knowledge and equipment, price risk management instruments and well established relations with wheat suppliers and wheat flour buyers, clear and predictable policy mechanisms are critically important for the success of wheat flour business to better serve tomorrow.

THE DEVELOPMENTS OF WORLD WHEAT FLOUR MARKET, INDUSTRY AND TRADE

WHEAT PRODUCTION, TRADE, PRICES AND PROSPECTS



Wheat Production, Trade, Prices and Prospects

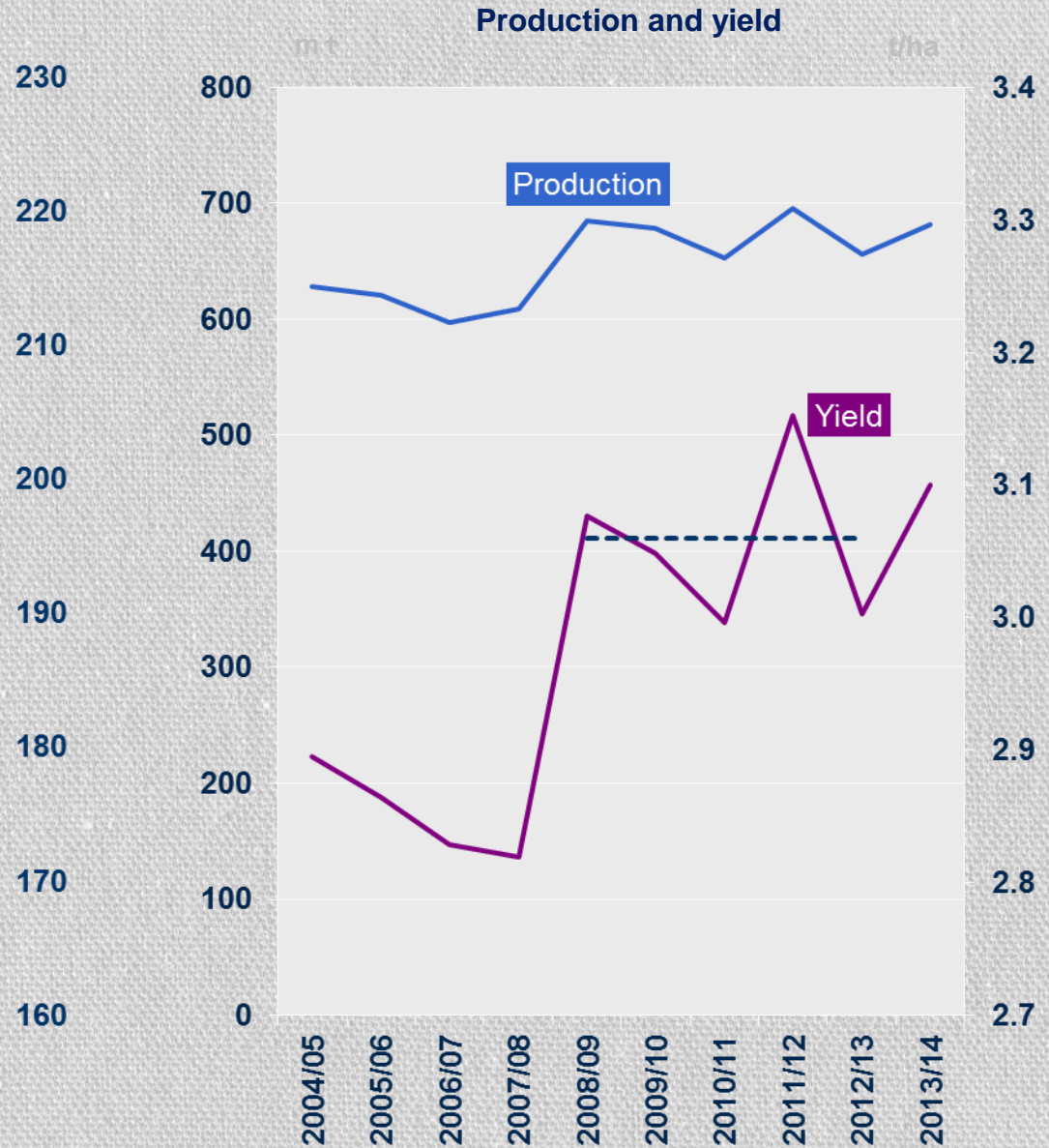
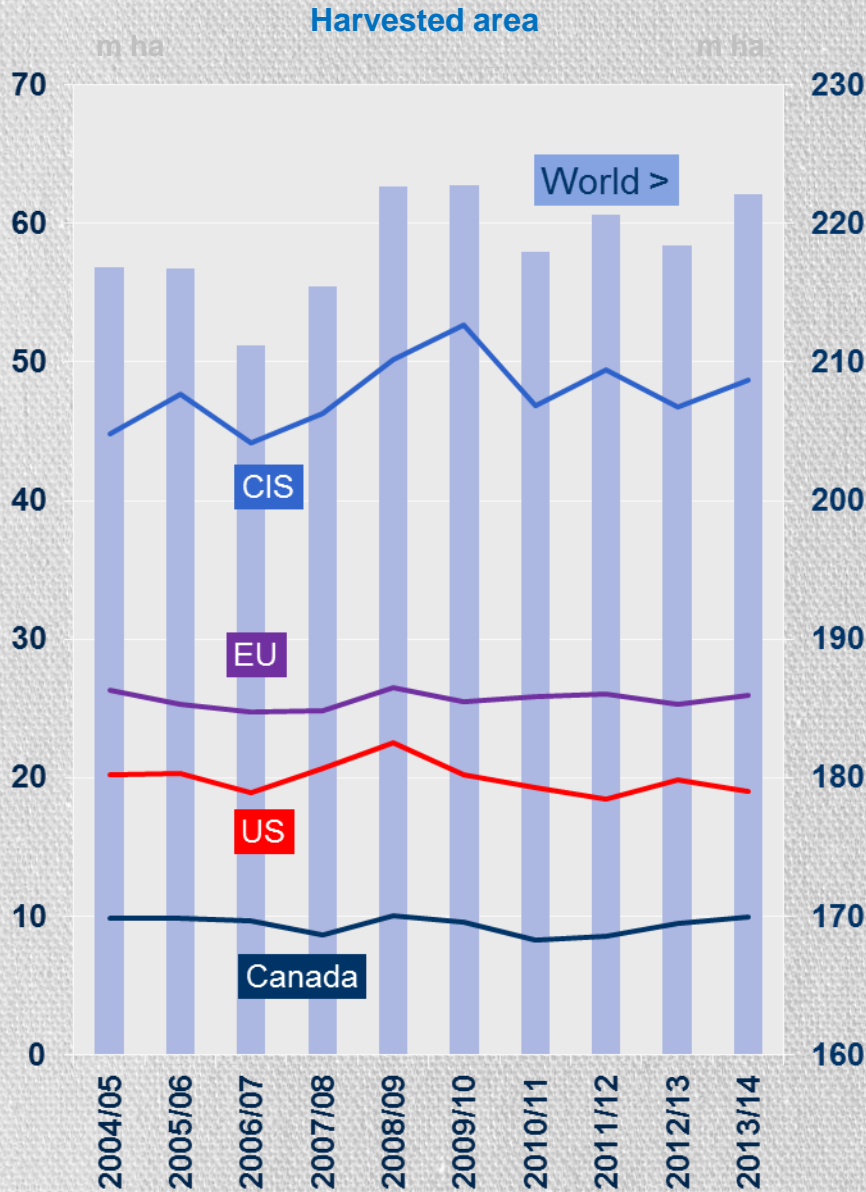
- 2013/14 wheat production is forecast to increase on larger harvested area. Strong wheat prices help to recover an increase in area, boosting yield prospects. Weather, favorable across EU, FSU while Middle East and North Africa have a very good season.
- Larger availabilities are needed in 2013/14 especially in the Black Sea / EU/ Australia/Middle East and Argentina. World wheat projection in 2013/14 to reach a record, 701.1 M/T, %7 up from previous year. Recovery in the FSU and expectation of higher yields in other wheat producing countries more than offset lower yields in the US.
- Wheat consumption is expected to increase. Corn prices are relatively low, should not encourage wheat feeding.

Wheat Production, Trade, Prices and Prospects

- The largest declines in beginning stocks from Russia, Ukraine and Kazakhstan, as wheat supplies are projected to increase more than use, recovery in world wheat stocks is projected for end 2013/14, although beginning stocks are forecast down 19.3 M/T to 180.2 M/T. High wheat prices leads to stock depletion in a number of countries. They are wheat export countries: FSU, US, EU-27 and Australia.
- Black Sea wheat export surplus mostly sold by December. All three countries' stocks are exceptionally low levels at the start of marketing year. Wheat exports doubled Russia, in April from March thanks to increased shipment to Turkey. In May, several shipments to Kenya, Spain, Libya and other FSU.
- Wheat export prospects for 13/14: rise in World (6.0 M/T from 2012/13), 45% Black Sea, (from 25.0 M/T to 35.0 M/T), Argentina and India exports' increases expected, offsetting reductions EU 27, Australia and US.
- Prices, down from record highs, declined sharply by fall.

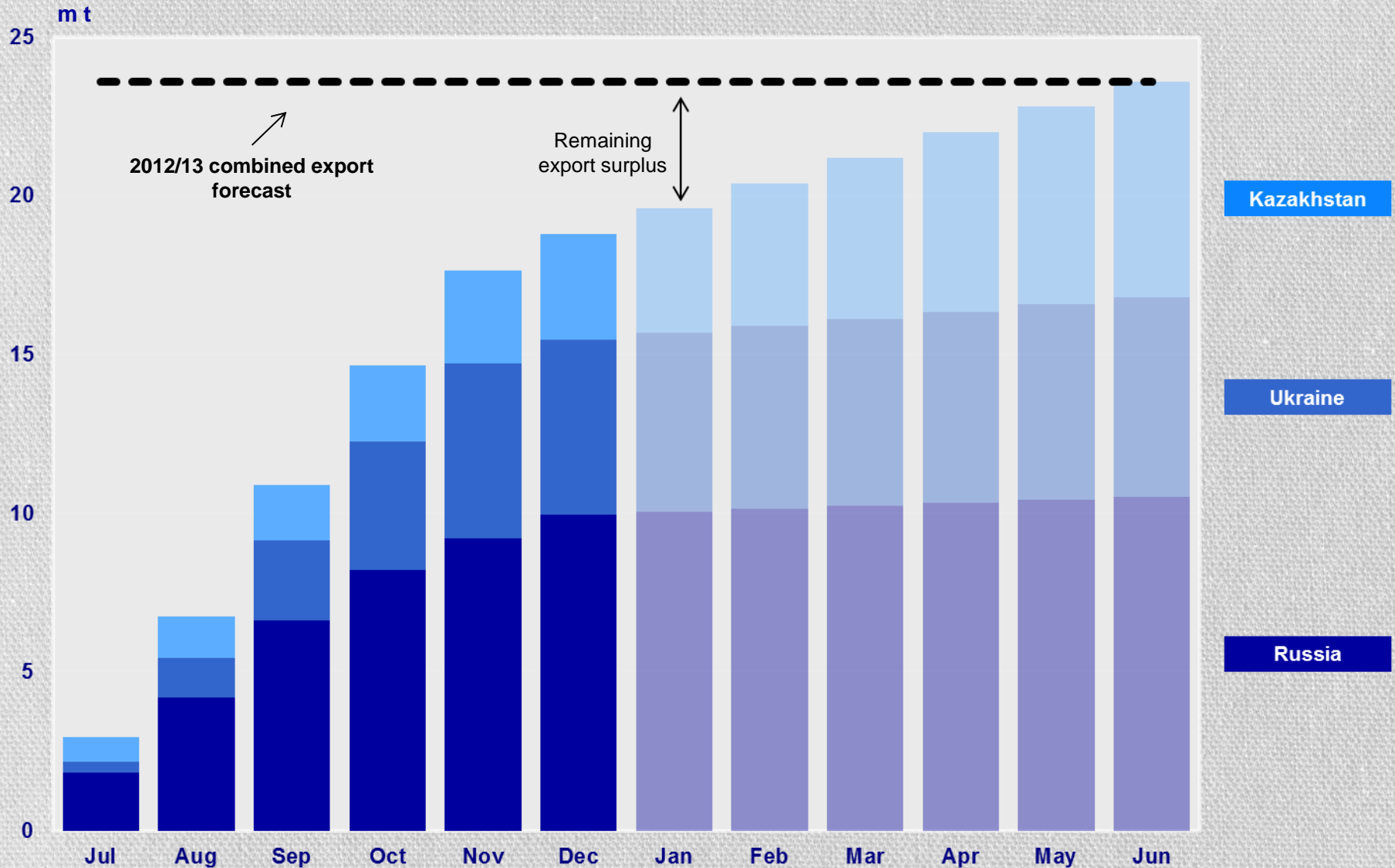
Wheat Production, Trade, Prices and Prospects

SOURCE: IGC



Wheat Production, Trade, Prices and Prospects

SOURCE: IGC



Outlook for wheat in 2012/13

- **Prices relatively lower**
- **Global demand for agricultural commodities remains strong**
- **Black Sea wheat surplus sold, limited stocks available**
- **US now the cheapest origin, global exports expected to accelerate**
- **The structure of production, imports and exports by country is expected shift substantially**
- **A number of countries are expected to increase imports of wheat for food use to maintain the existing per capita consumption with growing population.**
- **Imports are up, 6%, in Indonesia as new millers started to operate in the country requiring additional supplies of quality wheat.**

Outlook for wheat in 2013/14

- Record Production expected (%6.93) and with strong wheat prices and recovery in average yields
- EU-27, the world's largest wheat producing region (20% of world supply), projected to increase more than 5%, to 138.8 M/T. Only country with unfavorable outlook is UK. (-12.90%)
- China, second largest wheat producer reaching 121.0 M/T (0.4 M/T increase)
- FSU-12, up 29.9 M/T from previous year, to 107.1 M/T.
- India, produce 92.0 M/T, second largest in its history, 2.9 M/T lower than last year (-3.04%)
- US, expected to produce 55.98 M/T down from 61.76 M/T from previous year (-9.36%)
- Canada, with 29.0 M/T up 1.8 M/T on the year
- Australia, at 24.5 M/T, 2.4 higher than last year.
- Middle East region with 42 M/T, up 5.2 M/T on the year
- Turkey is expected to 17.6 M/T, 2 M/T up on the year.
- Iran, reaching to 15.5 M/T, up 1.5 M/T on the year
- North Africa with 20.5 M/T, up 3.2 M/T on the year, especially Morocco, Algeria and Tunisia.
- South America, produce 23.0 M/T, up 16% on the year, especially Argentina, 13 M/T up 2.0 M/T.

Outlook for wheat in 2013/14

- Increase in world wheat stocks projected for end 2013/14, expected recovery from EU-27, FSU-12, Canada and Australia, slight increase from Middle East and North Africa as higher wheat output reduces expected imports.
- World trade projected at 143.0 M/T, 0.7 M/T lower than previous year.
- Significant shifts in market shares among wheat exporting countries (Black Sea versus EU) but shares shift in wheat importing countries. (Iran, Turkey versus Egypt and S. Arabia)
- Increased export competition especially among Black Sea exporters while limited import prospects from wheat needed countries.
- Wheat prices continue to decline reflecting near-term market adjustments
- Less pressure to feed wheat instead of maize, an expected 35% increase of feed wheat use in Russia, worth mentioning
- EU market's prospect of recovery production and cheaper wheat costs
- US exports down 2.5 M/T from previous year, US share in world trade expected to decline 2%.

THE DEVELOPMENTS OF WORLD WHEAT FLOUR MARKET, INDUSTRY AND TRADE

WORLD FLOUR MARKET, TRADE AND COUNTRY EXPERIENCE



WORLD FLOUR MARKET, TRADE AND COUNTRY EXPERIENCE

- **World trade in wheat flour in 2012-13 is to fall 10 % from the record pace of the prior year, as a result of wheat crop shortfalls.**
- **Global flour export trade has been above 12.87 M/T in wheat equivalent since 2008-09 when it first reached this record-breaking level. The 2011-12 season was the record-setting passed 14.58 M/T.**

WORLD FLOUR MARKET, TRADE AND COUNTRY EXPERIENCE

- With the source of Trademap, in the world wheat flour exports, Turkey ranked first with 19.0% share, with her wheat flour exports increasing by 50% in the year 2011 relative to the previous year, maintaining her position as the biggest supplier in the world wheat flour trade. Turkey's exports in the last decade rose 20-fold from USD 47 million in 2002 to USD 892 million in 2011.
- In the world wheat flour exports in the year 2011, the other top-ranking countries except Kazakhstan following Turkey were Argentina, Pakistan, France, and Germany. Of the world wheat flour exports in 2011, almost half (47%) was realized by the top five countries, 83.3% by the top 20 countries.
- Pakistan, having followed quite an unstable trend in the last decade, was the most striking country of the year 2011 from the standpoint of the increase in wheat flour exports, raising her exports nine-fold relative to the previous year, and rising thereby to the third position in the ranking. Pakistan's performance and serious increases in the wheat flour exports of Argentina (32.9%), France (28%) and Germany (26.6%). Belgium' wheat flour exports followed a stable trend.
- Another country with a remarkable increase in exports in 2011 was the Russian Federation which is also a major wheat supplier, whose wheat flour exports rose by approximately 8-fold relative to the previous year, reaching the highest level of wheat flour exports in the last 10 years.

Wheat flour: World trade 2009/10 -2012/13

'000 tons (wheat equivalent)

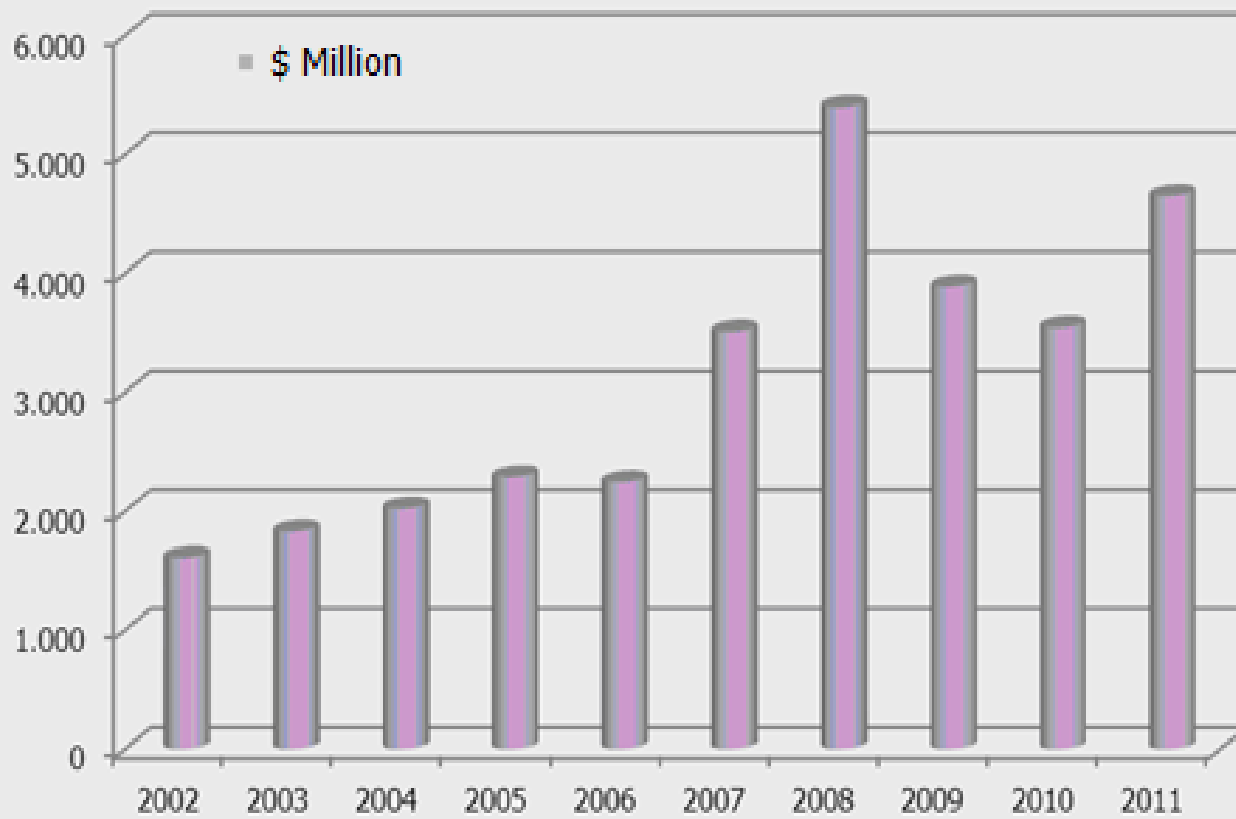
WORLD TOTAL	13,390	12,630	14,560	12,310	12,870 <
Origin:					
Argentina	1,278	1,286	1,240	1,200	1,100 <
Australia	150	100	74	100	100
Canada	262	225	199	250	220 <
EU (excl. TPA)	1,247	1,157	1,277	1,300	1,200 <
Kazakhstan	3,514	2,526	3,652	2,800	2,800
Russia	381	570	435	300	300
Ukraine	165	122	161	200	200
USA	545	406	329	450	420 <
China	388	417	391	400	400
Japan	269	267	273	270	270
Pakistan	300	900	300	400	320 <
Turkey	2,602	2,356	3,013	2,800	2,800
UAE	550	500	1,200	800	1,000 <
Others	1,737	1,799	2,016	1,040	1,740 <

Wheat flour: World trade 2009/10 -2012/13

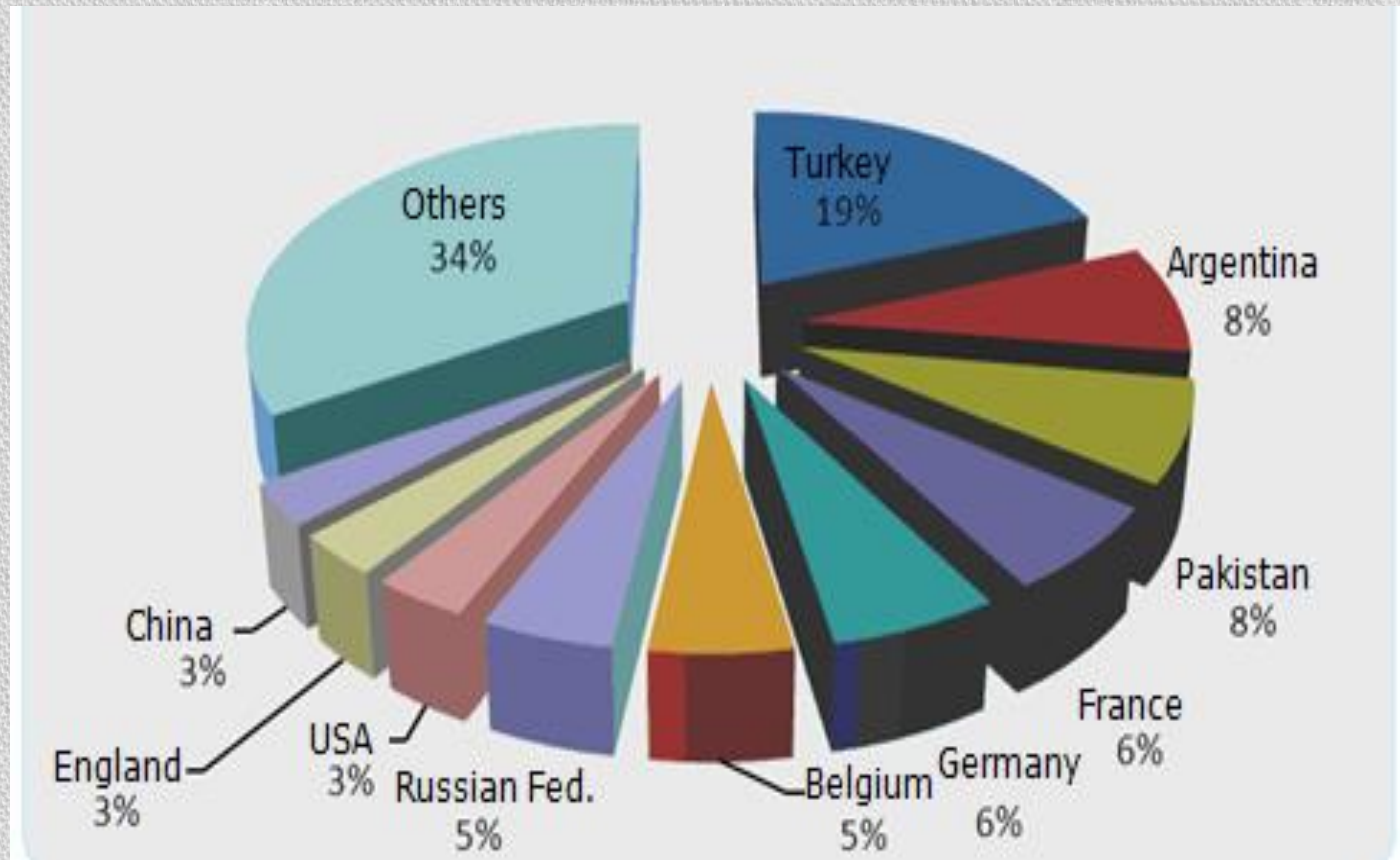
'000 tons (wheat equivalent)

DESTINATION	09/10	10/11	11/12 (est.)	12/13 (f'cast)	
				23.08.12	21.02.13
EUROPE	70	90	70	80	90 <
EU-27	43	43	25	40	45 <
Others	27	47	45	40	45 <
CIS	2,240	2,450	2,960	2,440	2,370 <
Russia	8	9	10	20	20
Tajikistan	487	520	539	500	500
Uzbekistan	1,499	1,415	1,939	1,500	1,500
Others	246	506	472	420	350 <
N & C AMERICA	620	610	600	650	620 <
Canada	117	114	143	120	120
Cuba	74	33	0	50	10 <
Mexico	67	103	78	110	110
United States	229	228	222	230	230
Others	132	133	157	140	150 <
SOUTH AMERICA	1,300	1,290	1,220	1,310	1,310
Bolivia	350	293	269	300	300
Brazil	887	944	903	950	950
Others	63	53	48	60	60
NEAR EAST ASIA	1,610	1,370	1,640	1,370	1,570 <
Iraq	1,184	989	1,359	1,000	1,200 <
Yemen	76	79	50	75	75
Others	350	302	231	295	295
FAR EAST ASIA	4,340	3,840	3,610	3,730	3,420 <
Afghanistan	1,779	1,327	1,264	1,100	1,000 <
Hong Kong	358	357	356	360	360
Indonesia	1,005	1,062	829	1,100	900 <
Korea (N)	125	177	213	180	180
Korea (S)	116	53	54	60	60
Mongolia	142	69	91	80	80
Philippines	190	125	228	180	180
Thailand	155	250	222	230	230
Vietnam	37	42	40	40	40
Others	433	377	313	400	390 <
AFRICA	1,870	1,700	2,410	2,000	1,970 <
<i>North Africa</i>	<i>400</i>	<i>210</i>	<i>470</i>	<i>420</i>	<i>370</i> <
Libya	385	95	366	250	250
Others	15	115	104	170	120 <
<i>Sub-Saharan</i>	<i>1,470</i>	<i>1,490</i>	<i>1,930</i>	<i>1,580</i>	<i>1,600</i> <
Angola	459	530	735	550	550
Chad	103	55	70	60	60
Gambia	77	89	83	90	90
Guinea	136	149	163	130	130
Somalia	151	102	113	100	100
Sudan	100	27	43	50	50
Others	443	538	723	600	620 <
OCEANIA	70	70	80	90	80 <
UNSPECIFIED	1,270	1,210	1,970	640	1,440 <

World Wheat Flour Exports



Breakdown of Wheat Flour Exporter Countries



SHARE OF FLOUR TRADE IN THE WORLD (2011)

Source: Trademap

No	Country	M/T	(US\$)	(\$/ton)
1	Turkey	1.984.727	891.814	449
2	Kazakhstan	1.901.847	551.192	290
3	Argentina	1.238.354	387.440	313
4	Pakistan	922.152	351.781	381
5	France	610.287	296.939	487
6	Germany	599.545	283.137	472
7	Belgium	579.501	235.162	406
8	Russian Federation	493.336	214.188	434
9	U.S.	419.670	154.697	369
10	England	288.289	144.760	502
11	China	286.536	143.429	501
12	Sri Lanka	286.397	140.328	490
13	Canada	235.384	107.882	458
14	Dominican Republic	191.480	84.204	440
15	Spain	179.294	83.718	467
16	Japan	157.951	72.730	460
17	Hungary	152.135	71.840	472
18	Slovakia	137.589	64.447	468
19	Italy	127.481	55.196	433
20	Serbia	123.396	52.407	425

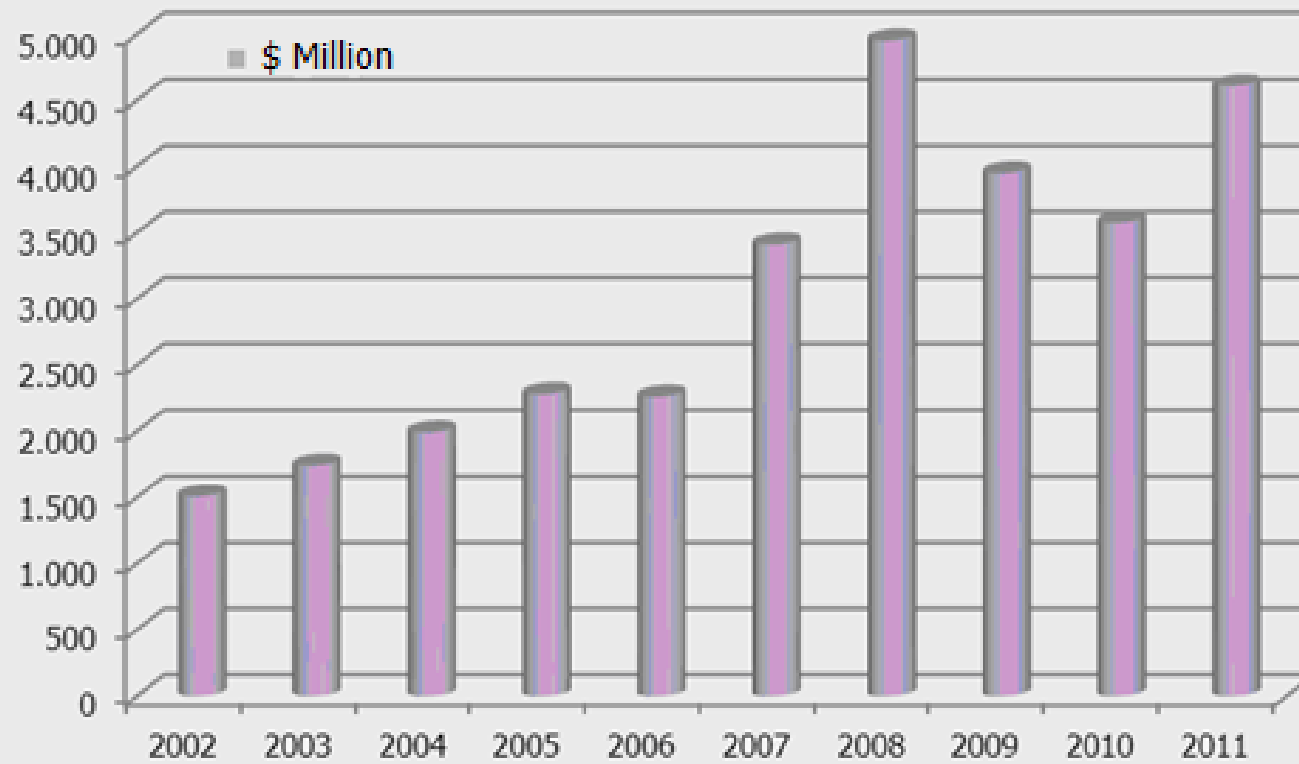
WORLD FLOUR MARKET, TRADE AND COUNTRY EXPERIENCE

- **In the world wheat flour imports, except Uzbekistan, Iraq ranks first, followed by Brazil, Indonesia, Afghanistan and Angola. Five countries accounted for approximately one-third of the world wheat imports in 2011.**
- **Among the countries occupying the first five positions in the world wheat flour imports, the highest increase was experienced in Angola. Iraq and Brazil saw their wheat flour imports rise accordingly.**
- **The wheat flour imports of Iraq, the biggest wheat flour importer in the last decade, increased generally despite the fluctuations. Brazil mirrored Iraq from the standpoint of wheat flour imports in particularly the last five years. Indonesia ranks third in the world wheat flour imports followed an upward trend in the last decade.**
- **The countries experiencing the highest increase in imports, on the other hand, were Libya whose wheat flour imports surged and Azerbaijan whose wheat flour imports rose significantly.**

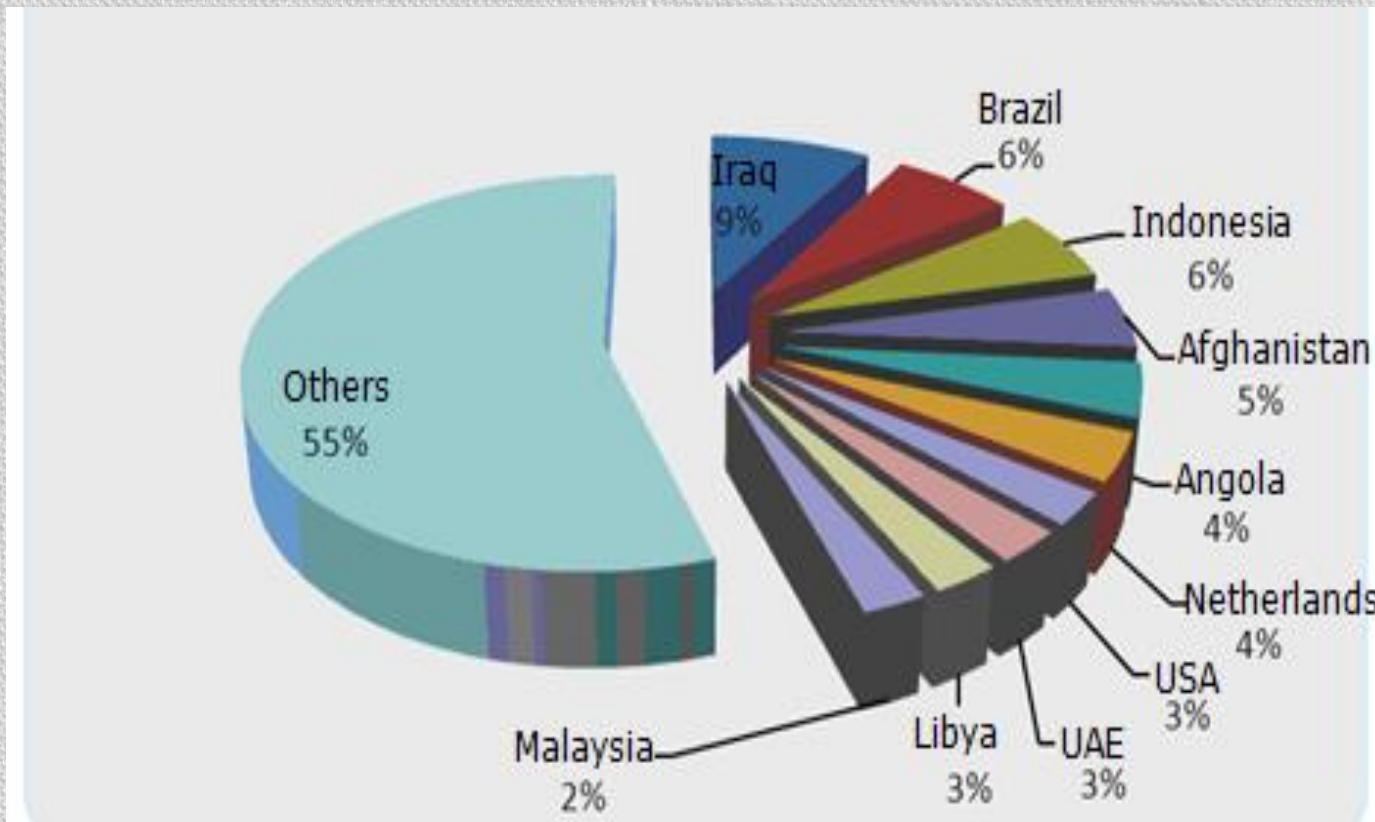
WORLD FLOUR MARKET, TRADE AND COUNTRY EXPERIENCE

- Relatively small changes were indicated for the current season in import demand from early season indications. Due to lower import needs with better domestic harvest, Afghanistan's flour import needs has been declined with the amount of 100,000 tonnes. But, Afghanistan continues to rank among the top flour importing nations.
- Another high-ranker, Indonesia, at 900,000 for 2012-13, saw a reduction due to a 20% import tariff imposed in December for nine months.
- Iraq regained a leading flour import position with an increase of 200,000 tonnes in 2012-13 to 1.2 million tonnes with recent higher-than-expected purchases.
- For 2012-13, the projection indicates that Central Europe country's imports at 1.5 million tonnes of wheat equivalent. That was down 22% from its recent peak imports of 1,939,000 tons in last season.
- Among the recent leading flour import nations, the role of Uzbekistan as the world's leading importer of wheat flour in most recent crop years has not changed.

World Wheat Flour Imports



Breakdown of Wheat Flour Importer Countries



WORLD FLOUR MARKET, TRADE AND COUNTRY EXPERIENCE

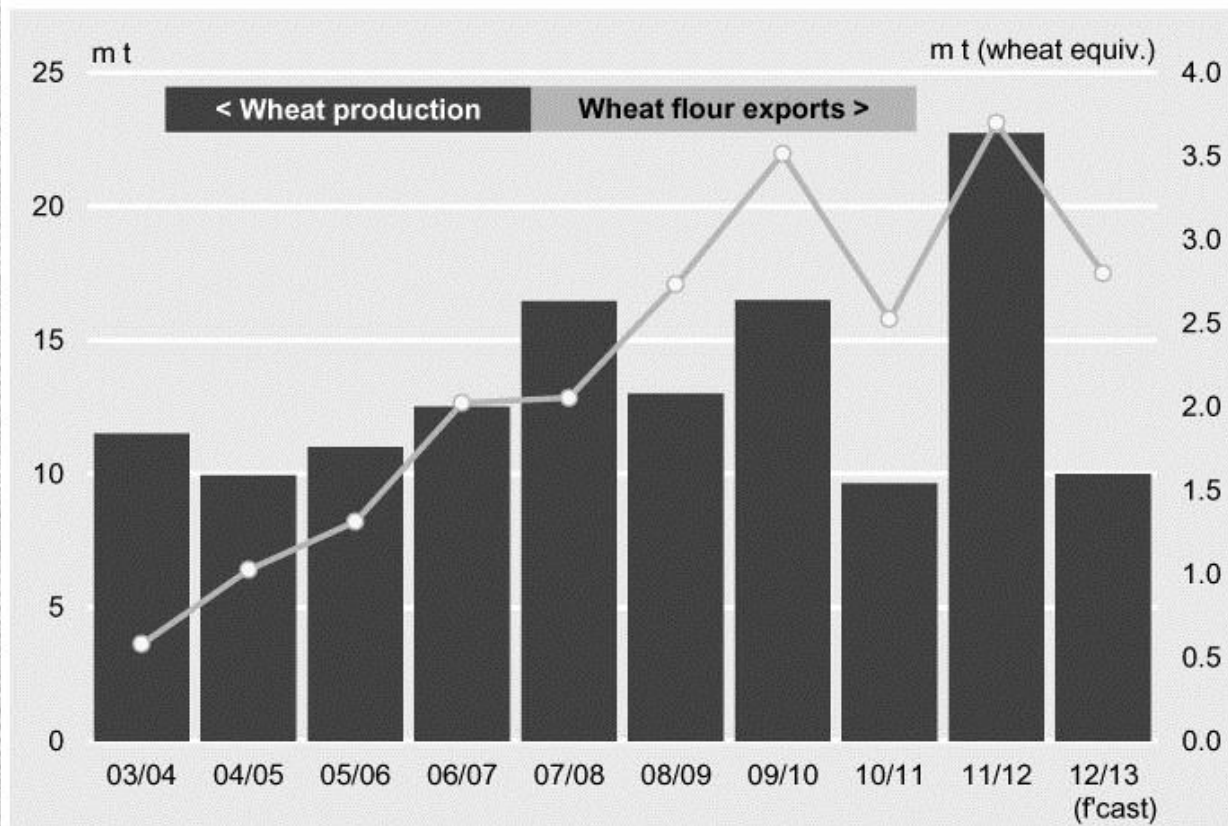
- For the current season, a downward revision of about 500,000 tonnes reflected mainly cutbacks in wheat production in key milling nations, especially Kazakhstan, which continues as the world's leading flour export nation. The forecast in 2012-13 season have been reduced to a prospective 2.8 million tonnes of grain equivalent, contrasted with the peak of more than 3.5 million tonnes in 2011-12.
- Kazakhstan's position as the largest flour exporter was being challenged in the 2012-13 season by Turkey. The latest forecast of Turkey's flour exports in 2012-13 has been put at 2.8 million tonnes of wheat equivalent, same projections for Kazakhstan.
- With their combined projected exports of 5,600,000 in 2012 tonnes of flour, Kazakhstan and Turkey accounts 45% of world's total. The third rank exporter is the EU at 1,200,000 tonnes. During 2000, EU accounted for 40% of world exports with 3,300,000 tonnes.
- Limited wheat availabilities in other exporters places Turkey an advantageous position with the higher demand for flour exports.

Kazakistan Wheat Flour Exports

2012(M/T)

	Countries		2012	
			AMOUNT	VALUE
			M/T	US DOLAR
			2.240.351,6	605.673,8
	BDT Ülkeleri		1.719.754,9	429.535,3
	AZERBAYCAN		833,5	229,9
	KIRGIZİSTAN		111.716,4	28.771,8
	MOLDOVYA		1.321,0	582,3
	TACİKİSTAN		299.560,4	85.054,8
	TÜRKMENİSTAN		63.392,9	24.181,4
	ÖZBEKİSTAN		1.242.930,7	290.715,2
	DİĞER ÜLKELER		520.596,7	176.138,5
	AFGANİSTAN		511.668,2	172.534,1
	GÜRCİSTAN		50,0	35,2
	IRAK		20,0	5,1
	ÇİN		60,0	16,2
	KUZEY KORE		780,0	381,6
	GÜNEY KORE		57,0	18,0
	MOĞOLİSTAN		7.961,5	3.147,7

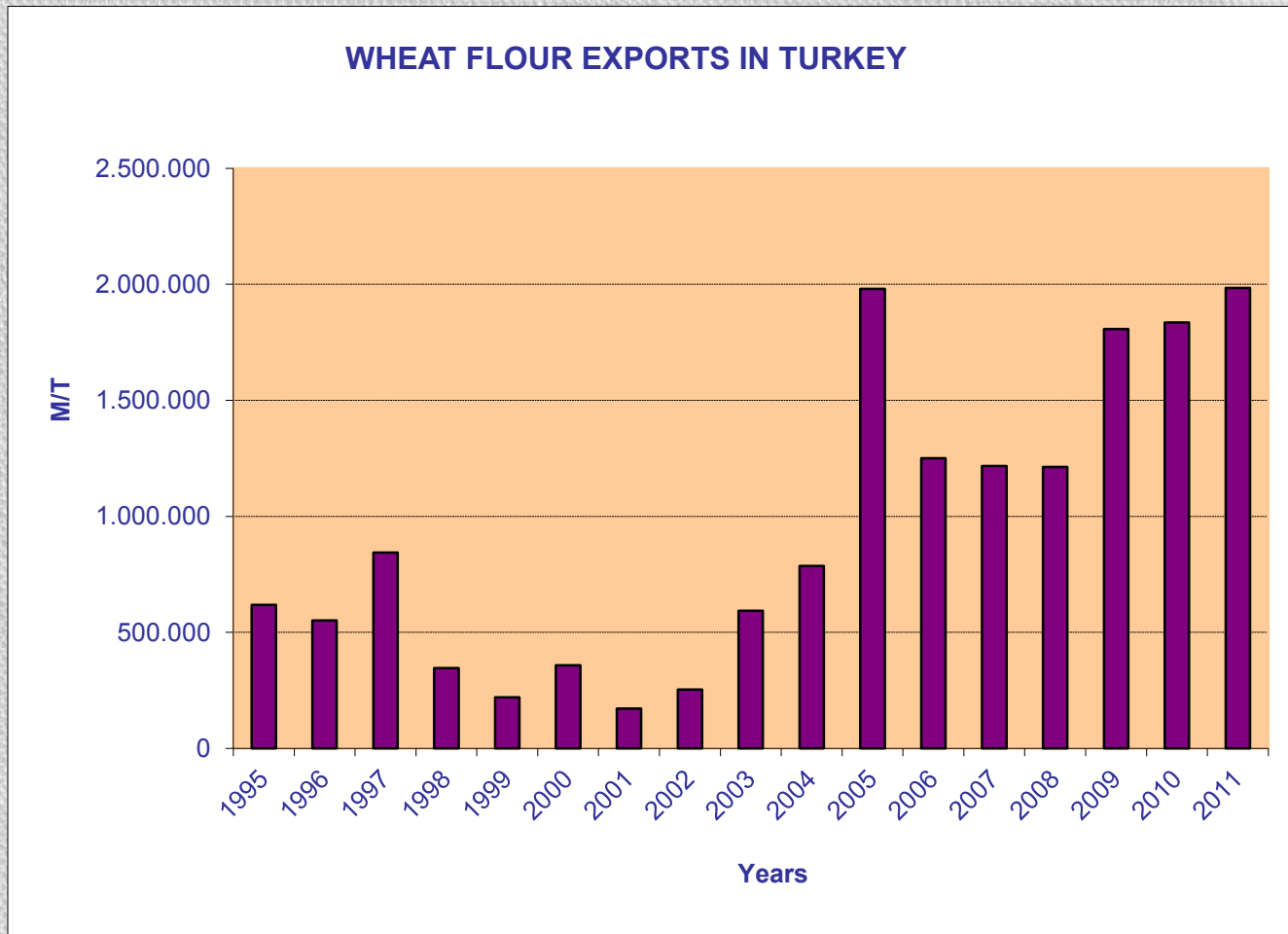
Wheat Flour: Kazakhstan exports and wheat production



Turkey's Flour Exports by years

Years	M/T	(US\$)	Price (\$/T)
1995	618.665	137.517.000	222
1996	551.355	166.808.000	303
1997	844.110	253.628.000	300
1998	345.704	253.628.000	734
1999	219.801	90.338.000	411
2000	358.062	64.681.031	181
2001	171.841	30.887.112	180
2002	253.245	47.607.578	188
2003	593.364	111.482.397	188
2004	786.054	197.487.303	251
2005	1.980.053	426.152.222	215
2006	1.250.115	272.849.665	218
2007	1.216.893	424.485.702	349
2008	1.213.277	617.975.617	509
2009	1.806.857	581.470.576	322
2010	1.836.100	596.156.518	325
2011	1.986.242	892.474.044	449
2012	1.998.100	843.226.611	461

Wheat Flour Exports in Turkey



THE DEVELOPMENTS OF WORLD WHEAT FLOUR MARKET, INDUSTRY AND TRADE

TURKISH FLOUR MARKET AND INDUSTRY



COUNTRY EXPERIENCE: TURKEY

- Produced in every part of our country, wheat is quite important in that it has a very big producer population and is the basic foodstuff for the majority of the population. Of 24 million (ha) agricultural field sown in our country, 12 million (ha) (50%) is used for growing cereals.
- There is a wheat flour factory in almost all provinces of our country. Average capacity utilization rate is around 45% in the flour industry whose annual production capacity is estimated to be 30 million tons. Turkey's per capita wheat consumption is 250 kg.
- The recent Turkish Food Codex Wheat Flour Communiqué published in the Official Gazette dated February 17, 1999, has been revised on April 2, 2013 as a response to the changes in the consumption of the wheat flour-based food products, especially bread and in the trend of healthy nutrition.

COUNTRY EXPERIENCE:TURKEY

- **Flour factories obtain wheat mostly from Turkish Grain Board, producers-merchants, and through importation. The fact that imports have about %10 share in wheat supply indicates the difficulty experienced in obtaining the quality raw material. The quantity of the wheat produced domestically is not at the desired level, which is another factor that increases the imports.**
- **Exceptional year of 2010, Russia is leading role in Turkey as a wheat suppliers when US and Ukrain compensated the shortfall.**
- **Turkey's wheat flour exports rose from 253 thousand tons in 2002 to nearly 2 million tons in 2011 as well as 2012. Such increase has seriously enhanced Turkey's weight in the world wheat flour exports, making Turkey the most important supplier in the world wheat flour trade since the year 2005 due to the foundation of Turkish Flour Industrialists' Federation in which I am working as Secretary General, making efforts to meet the needs of the sector while seeking solutions to its problems and contributing to its stable growth.**

COUNTRY EXPERIENCE:TURKEY

- Turkey ranked first worldwide on the basis of the value and quantity in the years 2005, 2006 and 2007, ranked second in 2008, ranked first in 2009 and 2012 on the basis of the value, and ranked first in the years 2010 and 2011 on the basis of the value and quantity, realizing exports amounting to approximately 2 million tons and USD 892 and 843 million in 2011 and 2012 respectively.
- In the last decade, Turkey exported the biggest quantity of wheat flour in the years 2005 and 2011. Between the said years, wheat flour exports declined in the years 2006, 2007 and 2008, started to increase from the year 2008 onwards, reaching the peak level of the last decade in the year 2011.
- The increase that occurred in the unit price of the exports has been the principally important point of the development of Turkey's wheat flour exports within the said period. This is the element that determines Turkey's strengthening position in the world wheat trade.

COUNTRY EXPERIENCE: TURKEY

- **Another reason for Turkey's becoming a leader country in wheat flour exports is Turkey's becoming the biggest supplier for Iraq which has become the biggest wheat flour importer as of 2011 and 2012, and diversified composition of the countries to which Turkey exports wheat flour.**
- **In particularly the last five years, Turkey has begun realizing exports to a mix of countries consisting of the Middle Eastern, North African and Far Eastern countries. While Iraq had the highest share around (45.0%) in Turkey's wheat flour exports in the year 2011 and 2012 such Far Eastern countries as Indonesia, Philippines and Thailand consolidated their emerging positions.**
- **Kazakhstan which has been ranked number 1 in wheat flour market for some years, making exports to her 5 major neighbour countries, fills virtually all its needs, had about 60% of highest market share of Uzbekistan while Turkey making exports over 100 countries all around the World. Even with reduced pace of exports of wheat flour, Kazakhstan will be still be the joint biggest wheat flour exporter in the World equaled only by Turkey.**

COUNTRY EXPERIENCE:TURKEY

- **Wheat flour trade will be strong in 2013, mostly to the Iraq, Syria and Africa markets. Marketing to the Far East markets depends on the availability and pricing of Russian wheat.**
- **Wheat flour exports have slowed down. The Iraq market is still steady, but the Far East market such as Indonesia is very slow at the moment, which reduces the demand for low quality wheat exports. Indonesia's anti-dumping measures significantly reduced Turkish wheat sales to Indonesia.**
- **Turkish millers have high expectations for the Syrian market in the future. There are still some Syrian traders and International Aid Organizations at the market but most trade is carried out in cash and in small quantities. Turkish millers are finding little demand in the Libya and Africa markets would like to have new markets in West and Mid-West Africa.**

COUNTRY EXPERIENCE:TURKEY

- **Turkish Flour Industrialists' Federation(TFIF) functions based on a sector-wise perspective and has an integrated structure comprising eight associations and 388 members as well as all stakeholders in the sector throughout Turkey which is also reflected by the composition of its board of directors and the spectrum of its members.**
- **TFIF is a key organization which has the potential of making significant contributions to industry and economy based on its strategy and vision comprising both today and the future and its approach to the need to offer more comprehensive and improved services to flour sector.**
- **TFIF formulates its policies based on the understanding that wheat, the most important raw material, is a strategic product and that its importance is constantly increasing because flour industrialists are in favor of policies that will promote wheat cultivation in Turkey.**
- **Flour industrialists who are leading the world trade in flour aim to continue flour exports to more than 100 countries, to find new markets, and to ensure the continuity of efforts based on education and science and cooperation in the interest of sharing international experience and cultures which will contribute to Turkish agriculture with organizations concerned.**
- **TFIF's goal is to have a 50% share of global trade. TFIF has two main strategies in line with this goal. The first one is to become a key player in the global flour market and the second one is to ensure that Turkish flour becomes a trademark at home and abroad.**

TURKEY: MAJOR WHEAT SUPPLIERS (M/T)

Country	2009	2010	2011	2012
Russia	2,184,316	587,409	2,401,532	1,888,410
Kazakhstan	432,536	486,313	467,409	456,046
Ukraine	108,802	581,657	94,702	129,077
Hungary	18,458	131,569	2,680	8
Moldova	40,049	53,366	3,146	15,255
Lithuania	88,948	108,532	50,302	0
U.S.	0	1,065,573	105,158	1,353
Others	50,427	1,119,094	53,781	239,810
MY Total	2,923,536	4,133,513	3,178,710	2,729,959

TURKEY-FLOUR EXPORT

2012

Country	Amount (kg)	Value (\$)
Fransa	1.551	2.531
Almanya	17.850	12.821
İtalya	6.000	4.143
İngiltere	189.695	129.564
Danimarka	4.500	2.264
Yunanistan	69.699	28.284
Belçika	17.435	13.127
Norveç	48.500	22.016
İsveç	240	951
Avusturya	1.531	1.434
Arnavutluk	6.359.566	2.140.802
Azerbeycan	1.273.468	569.655
Kazakistan	11.000	17.283
Türkmenistan	540	1.140
Tacikistan	1.350	2.250
Kırgızistan	250	206
Kosova	115.449	207.578
Cezayir	9.180	22.673
Libya	91.766.031	38.520.130
Mısır	1.805.000	815.932
Sudan	45.853.440	21.525.062
Nijer	253.000	109.188
Çad	1.510.000	620.966
Senegal	72.000	27.092
Gambiya	42.087.350	16.746.098
Gine Bissau	720.000	304.184
Gine	12.265.750	5.225.311
Sierra Leone	17.946.561	7.684.715

Liberya	12.675.823	5.063.430
Fildişi Kıyısı	1.143.200	454.593
Gana	40.633.550	16.083.093
Togo	1.077.500	411.668
Benin	5.283.500	2.342.781
Nijerya	250.000	80.135
Kamerun	5.162.550	2.057.968
Orta Afrika Cumhuriyeti	720.000	288.000
Ekvator Ginesi	543.000	232.490
Gabon	152.100	76.372
Kongo	27.980	10.480
Ruanda	24.000	11.180
Burundi	122.500	48.326
Angola	46.758.225	19.276.443
Etiyopya	240.000	93.840
Eritre	2.000.000	794.000
Cibuti	21.032.850	7.918.542
Somali	2.006.500	1.048.413
Kenya	29.901.075	11.765.794
Tanzanya	16.442.500	6.619.062
Şeysteller	48.000	21.820
Mozambik	1.062.375	412.648
Madagaskar	61.136.400	24.046.579
Maritus	1.788.700	623.071
Komorolar	1.636.300	614.357
Zimbabve	5.304.000	2.173.310
Malavi	430.000	181.245
Güney Afrika	5.976.600	2.296.717
Namibya	250.000	101.875
A.B.D.	105.061	62.186

Kanada	24.000	8.288
Kostarika	1.213.864	574.117
Panama	727.900	328.959
Haiti	6.922.000	2.858.666
Dominik Cum.	3.013.500	1.282.960
Trinidad ve Tobago	432.000	172.228
Guyana	95.442	52.392
Surinam	603	1.356
K.K.Türk.Cum.	5.204.029	2.242.917
Lübnan	921.874	394.326
Suriye	24.168.450	11.992.361
Irak	907.817.050	410.566.929
İsrail	25.537.047	9.740.503
Filistin	37.827.590	16.324.247
Ürdün	901.551	366.591
Suudi Arabistan	7.751.575	3.358.663
Kuveyt	58.100	39.014
Bahreyn	21.168	12.275
Katar	69.800	32.944
B.A.E.	15.848.833	6.648.253
Umman	2.160.000	683.505
Yemen	1.875.752	717.071
Afganistan	33.608	28.163
Hindistan	24.000	10.716
Bangladeş	2.000	987

Maldivler	419.975	169.005
Burma	10.200	15.462
Tayland	48.497.310	19.397.852
Vietnam	1.658.500	561.074
Kamboçya	24.000	11.160
Endonezya	209.945.500	73.654.036
Malezya	9.482.700	3.481.699
Singapur	9.697.792	3.952.705
Filipinler	177.799.850	68.516.234
Çin	72.000	26.526
Güney Kore	3.704.824	1.752.167
Hong Kong	1.990.450	848.072
Papua Yeni Gine	500	300
Yeni Zelanda	201.500	116.573
Solomon Ada.	24.675	9.253
Kiribati	144.500	59.635
Fiji	979.500	385.435
Vanuatu	121.000	48.285
Samoa	268.400	108.470
Marshall Adaları	24.750	11.880
İst.Deri Serb.Böl.	84.500	41.390
Ege Serbest Bölge	5.650	3.963
Menemen Deri S.Bölge	35.000	21.506
Samsun Serb.Bölge	2.800.000	937.664
Bursa S.Bölge	630.000	296.550
	1.997.616.037	842.833.145
Suriye	20.000	9.800
TOPLAM	20.000	9.800
TOPLAM	1.998.100.798	843.226.611

THE DEVELOPMENTS OF WORLD WHEAT FLOUR MARKET, INDUSTRY AND TRADE

SHORT AND MEDIUM TERM PROSPECTS



Short and medium term prospects depends

- I. Wheat prices and volatility**
- II. Population and income in emerging and developing countries**
- III. Demand elasticities with respect to price and supply**
- IV. The demand for grains for the production of biofuels**
- V. Correlation with oil prices**
- VI. Stocks relative to use**
- VII. Climate changes**
- VIII. Export restrictions and bans**
- IX. Speculation on future markets**
- X. Merger and need of consolidation in the industry**

TURKISH FLOUR INDUSTRIALISTS' FEDERATION(TFIF)

Thank you

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