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## Turkey

### Oilseeds and Products Annual

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**Report Highlights:**

Turkey's Marketing Year (MY) 2019/20 total oilseeds production is expected to be about the same as last marketing year at 3.0 Million Metric Tons (MMT). Despite the efforts of the government to increase oilseeds production, Turkey continues to be import dependent for cooking oil and meal for the feed sector. Accordingly, in MY 2017/18 Turkey imported 655,000 MT of oilseed sunflowerseed, 931,000 MT of sunflowerseed meal and 503,000 MT of sunflowerseed oil to meet domestic and export demands. Turkey also continues to import large quantities of soybeans and soybean meal, with combined imports reaching a record of 3.3 MMT in MY 2017/18. MY 2018/19 olive oil production was lower than expected due to weather.

## **Executive Summary**

### ***Oilseeds***

Turkey's total production of oilseeds covered in this report (soybean, sunflowerseed and cottonseed) in MY 2019/20 is projected to be about the same as last year: 3.0 MMT. While oilseed sunflowerseed production is expected to increase about four percent, cottonseed production is expected to decrease equally as much, while soybean production is expected to increase about five percent, though it is a much more minor oilseed crop in Turkey.

A significant amount of precipitation during winter months will provide adequate soil moisture for the coming sunflowerseed crop, particularly in the Thrace region, where about fifty percent of the local sunflowerseed crop is grown. One of the main concerns of sunflowerseed and cottonseed producers in the coming season will be the high cost of chemicals used for production, such as pesticides and fertilizers, which may lead to lower use and hence lower yields.

MY 2019/20 total sunflowerseed planting is expected to increase somewhat to 730,000 hectares and total production is forecast at 1.54 MMT. While oilseed sunflowerseed area and production is expected to increase marginally to 650,000 hectares and 1.4 MMT, confection sunflowerseed planting area and production is expected to decline to 50,000 hectares and 80,000 MT due to a significant increase in imports. Planting seed sunflowerseed area and production will remain the same as the last year: 30,000 hectares and 60,000 MT.

Domestic soybean production continues to be only a fraction of domestic demand. While domestic production is expected to increase marginally to 100,000 MT, in MY 2019/20 total domestic consumption of soybean and meal will reach 3.3 MMT. Farmers continue to prefer planting cotton, vegetables, and corn in Turkey's main soy growing region, Cukurova, and soybean planting is mostly done for crop rotation purposes.

In MY 2018/19, cottonseed planting was 550,000 hectares and production was 1.4 MMT, which was an eight percent increase, but some key issues reduced returns on cotton. During MY 2018/19, weather problems prevented a timely harvest in some regions in Southeast Anatolia, and the depreciation of TL in August 2018 lowered local cotton prices. Cottonseed planting is expected to decline about five percent in MY 2019/20 to about 520,000 hectares and production 1.37MMT due to lower income in MY 2018/19.

### ***Meal and Feed***

In MY 2018/19 total meal production of Turkey (of oilseeds subject to this report) went up about four percent to 3.12 MMT due to an increase in cotton meal production as a result of an increase in seed cotton production. Total meal production in MY 2019/20 is expected to increase another four percent reaching 3.25 MMT, due to increases in sunflowerseed meal and soybean meal.

### ***Vegetable Oil***

The MY 2019/20 total vegetable oil production forecast is up about four percent to 1.47 MMT. While about a six percent increase is foreseen for both sunflowerseed and soybean oils, cottonseed oil production is expected to decrease about four percent. Turkey continues to import large quantities of sunflowerseed oil for domestic consumption, as well as for refining and re-exporting to neighboring countries. Turkey also imports sunflowerseed, mostly from the Black Sea region countries, and crushes it domestically, utilizing the oil for domestic use and exports. Increasingly though, the recent growth in crushing facilities in the Black Sea region means that Turkey needs to import more crude oil rather than seeds. Also, there are new crushing plants particularly in Iraq that are limiting the amount of sunflowerseed oil exports to that country.

Turkey has a large oilseed crushing and refining capacity and the industry is continuing to invest in new and modern factories with large capacities to remain competitive in increasingly demanding domestic and international markets. Accordingly, in CY 2018 total crushing capacity was about 9 MMT and refining capacity was 4 MMT.

### ***Olive Oil***

Olive oil is an important product for many regions in Turkey. MY 2018/19 was an off year for olive oil production. Total production is estimated to be about 194,000 MT. An increase in the number of fruit-bearing trees helps production to increase in off years as well. Production for MY 2019/20, an on year, is expected to be about 250,000 MT.

### ***Oilseeds Policy and Support***

Over the years, the Turkish government's production premiums for oilseeds and support of quasi-governmental producers' coops to persuade farmers to plant more oilseeds has had limited success. The Turkish government also provides fuel and fertilizer support. Accordingly, the GOT increased the production bonus for all oilseed crops in MY 2016/17. These premiums are administered as a certain amount of Turkish Lira per ton. In the MY 2017/18 crop year, seed cotton was the only oilseed crop that received a minor increase and provided some incentive for cotton planting. In MY 2018/19, however, no crop received any additional increases in production support (though the premiums from last year remain the same), but fuel support was increased about ten percent.

Farmers are reportedly not satisfied with the recent adjustments and are asking the Turkish government to review and adjust the production premium amounts for next summer's crops. They specifically cite the recent local annual inflation, which runs about twenty-one percent presently, up from eleven percent last year.

### **Economic Situation**

Starting from mid-summer 2018, the Turkish economy has been going thru a slow-down period, including a major depreciation of the Turkish Lira (TL), where within four weeks it dropped about forty-

four percent against the leading global currencies. Even though the TL gained some of its value back, the economic situation contributed to a major credit bottleneck due to local banks' resistance to extend credit. Local annual inflation also reached twenty-one percent as of the end of January. The geopolitical situation in the region also has an adverse effect on the local economy, as does the global economic slowdown, particularly in European countries which are Turkey's major trading partners. Continued resumption in tourism to Turkey is a bright spot though, where the industry is hopeful to receive a record amount of foreign visitors during 2019. Turkey is one of the major tourist destinations in the world and typically was hosting about 35 million visitors annually, until a slowdown in the last few years. In the press, local economic experts predict that the economy's stagnation will end in late 2019, with one percent economic growth predicted for CY 2019.

While the economic situation has impacted the agriculture and food sectors in Turkey, in the medium and long term, increasing population and rising household incomes will increase the demand for livestock, poultry and aquaculture products, ensuring continued demand for protein meals for feed. Simultaneously, consumers will demand higher-quality vegetable oils. The GOT continues to support oilseed production and also has ambitious irrigation projects throughout Turkey that will help them meet a larger portion of the demand for some of the oilseeds, such as sunflowerseed and cottonseed. However, demand for soybeans and meal is unlikely to be met by local production. Therefore, Turkey's demand for imported oilseeds, meal, and oils will remain for years to come.

### ***Poultry and Livestock Industry***

According to government sources, the Turkish broiler meat industry continued to grow in CY 2018, up about two percent reaching 2.22 MMT. The initial target of the industry was to grow ten percent, but due to the major depreciation of the Turkish Lira, the sudden price increase of feed material such as soybean and meal as a result of market access issues, as well as stagnation in the economy, financial strain on the industry prevented higher growth. In calendar year (CY) 2019, the industry again expects slower growth but higher than last year, at around seven percent. Growing exports and recent regulation changes that partially approved utilization of mechanically deboned meat (MDM) in various products, such as sausages and salami, will help the industry with meeting its production goal.

Egg production also increased about three percent in CY 2018, with total production of eggs reaching 23.5 billion, despite setbacks during the year, such as increases in feed input costs and bankruptcy of one of the sector's leading companies. The layer industry is projected to grow about the same amount in CY 2019. Both industries are exporting about twenty percent of their production, mostly to Middle Eastern and North African countries.

Domestic consumption for both items continued to increase for a number of reasons. Turkey's population continues to grow, reaching 82 million in 2018 and there is an additional 3.5 million refugee population. Broiler meat also remains a cheaper animal meat protein source compared to red meat, which is very expensive in Turkey. Tourism numbers have also continued to increase in CY 2018 to 35 million, which also drives the increase in consumption. Turkey expects another good year for tourism in CY 2019 with the total number of visiting tourists expected to reach 40 million. Additionally in CY 2018, Turkish poultry meat and eggs exports were up about fifteen percent compared to the

previous year. The export trend is expected to continue in the coming year as well with the addition of new markets, such as Japan.

The domestic consumption of eggs is estimated at about 230 pieces per person in CY 2018. The industry is continuing promotion programs to reach the European average consumption of 270 pieces.

Despite the sporadic turbulence, the Turkish poultry meat and egg industries rank among the world’s top producers and exporters. They are the country’s largest consumer of protein meal and the demand for protein meal as a feed ingredient from these industries is projected to continue to grow in the coming years.

Although the poultry industry has continued growing despite setbacks, the Turkish livestock sector has been up and down over the last several years along with local milk and meat price fluctuations. Since CY 2010, the Turkish government has introduced many incentive programs to increase domestic livestock production and lower local red meat prices. Accordingly, the number of livestock for meat and dairy has increased significantly but red meat prices still remain high, making broiler meat an affordable alternative for animal based protein intake. See the most recent [Poultry](#) and [Livestock](#) Reports for additional details.

**OILSEEDS**

**Sunflowerseed**

Sunflowerseed PSD (1000 Hectares, 1000 MT)

<b>Oilseed, Sunflowerseed</b>	<b>2017/2018</b>	<b>2018/2019</b>	<b>2019/2020</b>
<b>Market Begin Year</b>	<b>Sep 2017</b>	<b>Sep 2018</b>	<b>Sep 2019</b>

Turkey	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	700	755	750	715	0	730
Area Harvested	700	750	750	715	0	730
Beginning Stocks	49	49	91	91	0	109
Production	1550	1580	1800	1510	0	1540
MY Imports	720	720	500	800	0	900
Total Supply	2319	2349	2391	2401	0	2549
MY Exports	56	56	50	65	0	75
Crush	2050	2070	2100	2090	0	2218
Food Use Dom. Cons.	120	130	130	135	0	140
Feed Waste Dom. Cons.	2	2	2	2	0	2
Total Dom. Cons.	2172	2202	2232	2227	0	2360
Ending Stocks	91	91	109	109	0	114
Total Distribution	2319	2349	2391	2401	0	2549
Yield	2.2143	2.1067	2.4	2.1119	0	2.1096

### Production - Sunflowerseed

In MY 2019/20, total sunflowerseed planting area is projected to grow marginally to 730,000 hectares. Of that, 650,000 hectares are for oilseeds, 50,000 hectares are for confection sunflowerseed and 30,000 hectares are sunflowerseeds for planting. Accordingly, oilseed sunflowerseed production is expected to be about 1.4 MMT, confection seeds about 80,000 MT, and planting seeds 60,000 MT, for a total of 1.54 MMT. Despite the fact that there was country-wide precipitation during recent months, which caused higher sub soil moisture, the yields for winter and summer crops in Turkey are still dependent on rain during the spring and summer.

The MY 2018/19 total sunflowerseed production area estimate is 715,000 hectares with production at about 1.51 million MT (MMT). The breakdown was 1.35 MMT oilseed sunflowerseed production, 100,000 MT confection sunflowerseed, and 60,000 MT planting seeds. While oilseed sunflowerseed planting declined somewhat in the Thrace region, use of sunflowerseed in crop rotation patterns in other regions has compensated for the reduction.

Good returns, due to increasing local demand for sunflowerseed oil, are persuading farmers to plant sunflowerseed. Turkey has a net deficit in sunflowerseed production, and sustainability of production will depend on farmer satisfaction with income.

Turkey annually produces between 70,000 MT to 120,000 MT of confection sunflowerseed in addition to the oilseed sunflowerseed. MY 2018/19 production was about 100,000 MT, which is projected to decrease to 80,000 MT during MY 2019/20 due to increasing popularity of imported Chinese confection sunflowerseed.

The GOT has not increased the sunflowerseed production bonus in MY 2017/18 and 2018/19 for crop production. Farmers are asking for an increase due to high domestic annual inflation, which is about twenty-one percent as of the end of January.

While sunflowerseed competes for planting area with wheat, malting barley, and canola in the Thrace region, production of sunflowerseed in other regions, such as Central Anatolia, competes with corn, sugar beet, and vegetables. In the Cukurova region it also competes with wheat. In general, the Cukurova region has an advantage for growing sunflowerseed as the crop matures about a month earlier than in Thrace, so farmers are able to take advantage of the early season higher prices. Yields are higher in the Central Anatolian region where fields are irrigated. An increase in production in other regions in recent years has caused the share of total domestic production grown in Thrace to decline from 80 percent to about 50 percent.

**Consumption – Sunflowerseed**

Total domestic consumption of sunflowerseed will reach 2.36 MMT in MY 2019/20, up from 2.22 MMT in MY 2018/19 due to increases in consumption of both oilseeds sunflowerseed and confection sunflowerseed.

**Soybeans**

Soybean PSD (1000 Hectares, 1000 MT)

<b>Oilseed, Soybean</b>	<b>2017/2018</b>		<b>2018/2019</b>		<b>2019/2020</b>	
<b>Market Begin Year</b>	<b>Sep 2017</b>		<b>Sep 2018</b>		<b>Sep 2019</b>	
<b>Turkey</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>

<b>Area Planted</b>	25	24	30	25	0	27
<b>Area Harvested</b>	24	24	26	25	0	27
<b>Beginning Stocks</b>	313	313	460	380	0	375
<b>Production</b>	90	90	100	95	0	100
<b>MY Imports</b>	2777	2777	2600	2800	0	3000
<b>Total Supply</b>	3180	3180	3160	3275	0	3475
<b>MY Exports</b>	20	20	25	25	0	25
<b>Crush</b>	1400	1530	1400	1575	0	1670
<b>Food Use Dom. Cons.</b>	0	0	0	0	0	0
<b>Feed Waste Dom. Cons.</b>	1300	1250	1400	1300	0	1400
<b>Total Dom. Cons.</b>	2700	2780	2800	2875	0	3070
<b>Ending Stocks</b>	460	380	335	375	0	380
<b>Total Distribution</b>	3180	3180	3160	3275	0	3475

### **Production - Soybeans**

MY 2019/20 soybean planting and production is expected to be about 27,000 hectares and 100,000 MT, up slightly compared to a year ago, due to the lower production cost compared to competing crops. Since soybeans require less chemicals, which are currently expensive in Turkey, it will help soybean planting to increase. Generally, the long term trend is that the soybean planting area has been shrinking over time, but yields are increasing due to better seed quality.

The Cukurova region is the main soybean growing area in Turkey, supplying about ninety-five percent of the total production. Yields are high in the region as growers are technically proficient and the crop is irrigated. Small trial plantings are also seen in the GAP region, in Eastern Turkey. In the past, local planting fluctuated in accordance with soybean profitability compared to other crops, such as corn, and in the Cukurova region, also cotton and peanuts. In recent years however, soybeans are mainly planted for crop rotation purposes, despite the large domestic consumption and demand for them.

The GOT has been trying to encourage an increase in oilseeds production by offering higher production premium payments. Yet, in MY 2018/19, the government only increased the seed cotton production premium, but kept the other oilseeds premiums (including soybeans) the same as last year. MY 2019/20 production bonuses have not been announced yet.

### **Consumption - Soybeans**

Domestic consumption of soybeans will be dependent on the usage in the feed industries, especially in poultry. In CY 2019, the industries expect that both the layer and broiler sectors are expected to grow at a slower rate than in the past, about three percent and seven percent respectively. The Turkish poultry industry utilizes a large amount of full fat soy in rations that are produced at their farms. In addition, favorable crush margins will increase soybean utilization. Accordingly, MY 2018/19 total consumption of soybeans is projected to be about 2.8 MMT and is forecast to increase to 3.0 MMT in MY 2019/20.



## Cottonseed

Cottonseed PSD (1000 Hectares, 1000 MT)

Oilseed, Cottonseed	2017/2018		2018/2019		2019/2020	
Market Begin Year	Oct 2017		Oct 2018		Oct 2019	
Turkey	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (Cotton)	485	470	520	560	0	520
Area Harvested (Cotton)	470	470	520	550	0	520
Seed to Lint Ratio	0	0	0	0	0	0
Beginning Stocks	11	11	8	9	0	6
Production	1300	1300	1404	1400	0	1375
MY Imports	0	0	0	0	0	0
Total Supply	1311	1311	1412	1409	0	1381
MY Exports	3	2	1	3	0	4
Crush	1290	1290	1390	1390	0	1355
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	10	10	10	10	0	10
Total Dom. Cons.	1300	1300	1400	1400	0	1365
Ending Stocks	8	9	11	6	0	12
Total Distribution	1311	1311	1412	1409	0	1381

### **Production - Cottonseed**

Turkish cottonseed area and production is projected to decline somewhat because of disappointing returns due to the sudden depreciation of the TL in summer 2018 and excessive rains that prevented timely harvest. Accordingly, total area and production for MY 2019/20 are projected at about 520,000 hectares and 1.37 MMT.

### **Consumption**

Cottonseed consumption fluctuates along with local production, since there is no import and export activity. Consumption will be higher in MY 2018/19 (1.40 MMT) but moderately lower in MY 2019/20 (1.36 MMT) along with the projected decrease in cottonseed production.

### **Oilseeds Production Policy and Support**

#### **Production support: Agricultural Sales Cooperative Unions**

Trakya Birlik and Karadeniz Birlik, two of the leading Agricultural Sales Cooperative Unions (ASCU's), continue to play a very important role supporting sunflowerseed production in Turkey. Other ASCU's

include TARIS (cotton and olive oil), Cukobirlik (cotton and soybean) and Antbirlik (cotton and cottonseed). All of the ASCU’s have thousands of members to whom they provide seeds, fertilizer and low-cost financing prior to planting. The ASCU’s then offer attractive prices after the harvest. Almost all of these groups have crushing and refining facilities that they use to produce and market refined oils (sun, soy and cotton oils) in wholesale and retail markets.

Trakya Birlik has purchased 280,000 MT of the MY 2018/19 crop from its members, compared to 350,000 MT of the MY 2017/18 crop and about 300,000 MT of the MY 2016/17 crop. Karadeniz Birlik usually buys about 30,000 MT annually. The combined purchases of the two coops represent about twenty-three percent of the total sunflowerseed crops of MY 2018/19, which is slightly less than last year.

**Production premiums**

In general, the Turkish government continued to support oilseed production with production premium programs and fuel and fertilizer support. According to the 2018/19 program, the GOT has not increased production bonus and fertilizer support levels compared to the previous year, but has increased fuel support by about eleven percent. Accordingly, seed cotton producers will receive 400 Turkish Lira (TL) per hectare in fuel support, while sunflowerseed and soybean producers will receive 190 TL per hectare fuel support, and olive oil producers will receive 100 TL per hectare fuel support. All will receive 40 TL per hectare for fertilizer support. As of February 2019, the MY 2019/20 crop support program had not been announced. Farmers are expecting a large increase in support levels due to very high domestic inflation, about 21 percent, and price increases for fertilizers and chemicals. Below is the list of production premiums for recent years. Industry sources insist that for the future of domestic oilseed production, it is crucial that sales cooperatives and the government announce adequate domestic price and bonus payments in advance, and pay promptly.

<b>Turkey: Oilseed Production Premiums (TL/MT)</b>			
(Exchange rate: US\$ 1= TL 3.8- Feb 2018)			
<b>Crop</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Sunflowerseed	400	400	400
Soybean	600	600	600
Canola	500	500	500
Seed cotton	750	800	800
Olive Oil	700	800	800

**Oilseeds – Trade**

Total sunflowerseed imports in MY 2017/18 were 720,000 MT, of which 650,000 were oilseed, which is up about fourteen percent compared to 575,000 MT the previous marketing year. The remaining 70,000 MT were confection seeds. Moldova (268,000 MT) was the leading supplier of oilseed sunflowerseed, followed by Romania (209,000 MT) and Bulgaria (108,000 MT). Despite the increase in

seed imports during the last marketing year, increasing crushing facilities in the Black Sea region will force Turkey to import more meal and oil rather than seeds in the future.

During the first four months of MY 2018/19, which is September to December 2018, total sunflowerseed imports were about 94,000 MT, of which 80,000 MT were oilseeds. Romania (42,000 MT) and Moldova (30,000 MT) were the main suppliers. Total imports are expected to continue to increase in MY 2019/20 as well, reaching 900,000 MT due to increasing demand for oilseeds, sunflowerseed, and also due to increasing import and export activity of confection sunflowerseed.

Confection sunflowerseed imports in MY 2017/18 were 70,000 MT, up significantly compared to 16,000 MT last marketing year. China was the leading supplier with 68,000 MT, followed by the United States with 1,300 MT. Turkey also exported about 21,000 MT of confection sunflowerseed during the marketing year. Germany (5,400 MT) and Algeria (4,500 MT) were the leading destinations.

Total soybean imports during MY 2017/18 (September 2017-August 2018) were 2.7 MMT, up about twenty-two percent compared to the previous marketing year due to lucrative domestic crushing margins. Brazil was the leading supplier with 1.2 MMT. Ukraine (608,000 MT), the United States (428,000 MT) and Paraguay (328,000 MT) were the other leading suppliers. Turkey became the leading buyer of Ukrainian soybeans in recent years due to geographical proximity and favorable pricing. Continuing soybean oil exports fueled domestic crushing in MY 2018/19. Turkey also imported a total of 576,000 MT of soybeans during the first four months of MY 2018/19 (September-December). Ukraine and Brazil were the leading suppliers with 328,000 MT and 181,000 MT, respectively. Imports from the U.S. were about 27,000 MT during this period due to the continuing concerns that trace amounts of biotech soy varieties awaiting approval in Turkey could lead to shipments being rejected. There have been no new approvals of biotech soy varieties in Turkey since August 2, 2017, leading to a situation where some varieties approved in other major markets, such as the EU, are not yet approved in Turkey. This approval lag in Turkey can affect imports from any country but Turkish importers looked to other sources, such as Brazil for soy and Argentina for meal, despite the higher prices. As long as the market access problems related to delayed biotech approvals continue, market access issues may arise for soybean and meal imports from all sources.

Soybean exports slowed and were about 20,000 MT during MY 2017/18. The United States was the main destination with 18,000 MT. Exports to the United States were likely transshipped organic soybeans from other countries in the region, as there is no significant organic production of soybeans in Turkey. Syria (1,500 MT) was the other soybean export destination. A similar export trend also took place during the first four months of the MY 2018/19. Total exports of soybeans were about 20,000 MT of which 17,600 MT were to the United States and 1,000 MT to Northern Cyprus.

### **Oilseeds Policy**

In general, sunflowerseed imports were subject to a tariff of 27 percent with a fluctuating observation price. The GOT increases the observation price on imports temporarily when the new crop comes in August of each year, and then lowers it a few months later, usually in January. This year however, in order to prevent local inflation from increasing further, the GOT lowered the import tariff for sunflowerseed to 13 percent with a \$450 per MT reference price. Sunflowerseed imports from Bosnia

are subject to zero import tariff. In late December, the GOT also announced 300,000 MT of duty free import quota for sunflowerseed imports to be utilized until June 30, 2019. Crushers and traders who have bought local sunflowerseeds are entitled to benefit from this quota.

Soybeans are subject to zero percent tariffs and cottonseed is subject to a 10 percent tariff.

## OIL MEALS

### Production - Oilseed Meals

Total meal production (from oilseeds subject to this report) in MY 2019/20 is expected to increase about four percent to 3.25 MMT due to a six percent increase in both sunflowerseed and soybean meal production, offsetting the projected three percent decrease in cottonseed meal production. See additional production information below following each table.

Turkey continues to utilize a significant amount of full-fat soybeans in poultry rations as well. Accordingly, in MY 2018/19 and MY 2019/20, an estimated 1.30 MMT and 1.40 MMT of soybeans will be used to produce full-fat soy meals.

### Consumption – Oilseed Meals

According to industry sources, as of 2017, there are about 510 active feed mills in Turkey with an estimated total capacity of 17.3 MMT at one shift. There are also on-farm feed mills where total production is estimated at about 3 MMT per year.

The feed sector has been growing at a remarkable speed in recent years. New modern mills with large production capacities are pushing smaller ones out of business, although with the economic slowdown, the growth slowed in 2018. Total feed production for CY 2018 is estimated at about 24 MMT. According to industry sources in CY 2018, poultry, broiler and layer feed production was about 9.8 MMT, livestock feed production was about 13.7 MMT and other feed (fish feed and other) was 0.5 MMT. Presently the Turkish feed industry is among the world’s top twelve producers and in the top four in Europe. The sector is projected to grow in the coming years and reach 30 MMT by 2023.

### Meal Consumption in Turkey by Soybean Meal Equivalent Conversion

SME TABLE (1000 MT)			
	2017/18	2018/19*	2019/20*
Soybean meal	1,600	1,750	1,905
Cottonseed meal	561	604	583
Sunflowerseed meal	1,334	1,380	1,434
Soybean full-fat	1,000	1,040	1,120
<b>TOTAL</b>	<b>4,489</b>	<b>4,774</b>	<b>5,042</b>

\*These are forecasts based on PSD tables in this report.

### Trade – Oilseed Meals

Turkey’s sunflowerseed meal imports in MY 2017/18 continued to be strong, reaching 931,000 MT, about the same as last marketing year, due to the abundant supplies in the Black Sea region. Turkey continued to source its sunflowerseed meal from Russia (443,000 MT), Ukraine (280,000 MT) and Bulgaria (113,000 MT) due to increased availability as a result of increased crushing capacities in these countries. The strong import trend continued in the first four months of MY 2018/19, reaching 160,000 MT. Russia (91,000 MT) and Bulgaria (27,000 MT) were the main sources. Imports are expected to continue in MY 2019/20 as well due to growing domestic consumption and insufficient local production.

Exports of sunflowerseed meal during the 2017/18 marketing year were 7,000 MT and the United Kingdom was the main destination with 3,000 MT. Exports went up to 10,000 MT during the first four months of MY 2018/19. The United Kingdom was the main destination with 5,000 MT followed by Poland at 3,000 MT.

Imports of soybean meal for MY 2018/19 are expected to increase to 600,000 MT. Attractive prices in Argentina continued to fuel imports of soybean meal during the first three months of MY 2018/19, when total imports reached 143,000 MT of which Argentina supplied 124,000 MT and Ukraine 15,000 MT. Turkey imported a total of 552,000 MT of soybean meal during MY 2017/18, which is about thirty percent less than the previous marketing year due to the increase in domestic production of soybean meal. Argentina continued to be the leading supplier with 465,000 MT, which represents eighty-four percent of imports. Germany (33,000 MT) and the United States (29,000 MT) were the other sources.

Turkey exported about 30,000 MT of soybean meal during MY 2017/18. The United States was the main destination with 20,000 MT, followed by the "Turkish Republic of Northern Cyprus" with 5,000 MT. Exports to the United States were likely meal from organic soybeans transshipped from other countries in the region. Exports continued in first quarter of MY 2018/19 reaching 14,000 MT of which 13,000 MT were to the United States.

Turkey exported about 40,000 MT of cottonseed meal in MY 2017/18. Syria was the main destination with 28,000 MT, followed by Lebanon with 10,000 MT. Exports continued during the first three months of MY 2018/19 and were about 20,000 MT. Syria and "Turkish Republic of Northern Cyprus" were the main destinations with 17,000 MT and 2,000 MT respectively.

**Policy – Oilseed Meals**

According to the 2019 import regime, soybean meal imports are subject to zero percent import tariff from EU countries and five percent from other sources. Other meals, such as sunflowerseed meal and cottonseed meal are subject to zero percent import tariff from all sources.

**Sunflowerseed Meal**

Sunflowerseed Meal PSD (1000 MT)

Meal, Sunflowerseed	2017/2018		2018/2019		2019/2020	
Market Begin Year	Sep 2017		Sep 2018		Sep 2019	
Turkey	USDA	New	USDA	New	USDA	New

	Official	Post	Official	Post	Official	Post
<b>Crush</b>	2050	2070	2100	2090	0	2218
<b>Extr. Rate, 999.9999</b>	0.5502	0.5498	0.55	0.5502	0	0.55
<b>Beginning Stocks</b>	150	150	202	212	0	217
<b>Production</b>	1128	1138	1155	1150	0	1220
<b>MY Imports</b>	931	931	930	940	0	960
<b>Total Supply</b>	2209	2219	2287	2302	0	2397
<b>MY Exports</b>	7	7	5	15	0	17
<b>Industrial Dom. Cons.</b>	0	0	0	0	0	0
<b>Food Use Dom. Cons.</b>	0	0	0	0	0	0
<b>Feed Waste Dom. Cons.</b>	2000	2000	2070	2070	0	2150
<b>Total Dom. Cons.</b>	2000	2000	2070	2070	0	2150
<b>Ending Stocks</b>	202	212	212	217	0	230
<b>Total Distribution</b>	2209	2219	2287	2302	0	2397

### Production – Sunflowerseed Meal

MY 2019/20 sunflowerseed meal production will be about 1.22 MMT due to larger sunflowerseed imports for crushing.

Post has been using extraction rates of 55 percent for sunflowerseed meal in place of 38 percent, to better reflect domestic extraction rates. The majority of Turkish mills are not separating the hulls from the meal while producing sunflowerseed meal. This practice increases the amount of meal produced but lowers the protein content and the quality of the meal. Due to the low protein content, locally produced sunflowerseed meal is not used in poultry rations, but it is used in livestock rations instead. As a result, farmers then need to use either larger amounts of sunflowerseed meal or alternative feed materials, such as DDGS and CGFP, to obtain the protein amounts needed in their rations.

### Soybean Meal

Soybean Meal PSD (1000 MT)

Meal, Soybean	2017/2018		2018/2019		2019/2020	
Market Begin Year	Oct 2017		Oct 2018		Oct 2019	
Turkey	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
<b>Crush</b>	1400	1530	1400	1575	0	1670
<b>Extr. Rate, 999.9999</b>	0.77	0.7647	0.77	0.7683	0	0.7695

<b>Beginning Stocks</b>	255	253	334	345	0	365
<b>Production</b>	1078	1170	1078	1210	0	1285
<b>MY Imports</b>	557	552	700	600	0	650
<b>Total Supply</b>	1890	1975	2112	2155	0	2310
<b>MY Exports</b>	31	30	45	40	0	50
<b>Industrial Dom. Cons.</b>	0	0	0	0	0	0
<b>Food Use Dom. Cons.</b>	0	0	0	0	0	0
<b>Feed Waste Dom. Cons.</b>	1525	1600	1750	1750	0	1905
<b>Total Dom. Cons.</b>	1525	1600	1750	1750	0	1905
<b>Ending Stocks</b>	334	345	317	365	0	345
<b>Total Distribution</b>	1890	1975	2112	2155	0	2310

### **Production – Soybean Meal**

Domestic production of soybean meal in MY 2018/19 is projected to reach 1.21 MMT, compared to 1.17 MMT in the last marketing year due to favorable crushing margins and an increase in usage rations.

### **Cottonseed Meal**

Cottonseed Meal PSD (1000 MT)

<b>Meal, Cottonseed</b>	<b>2017/2018</b>		<b>2018/2019</b>		<b>2019/2020</b>	
<b>Market Begin Year</b>	<b>Oct 2017</b>		<b>Oct 2018</b>		<b>Oct 2019</b>	
<b>Turkey</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>
<b>Crush</b>	1290	1290	1390	1390	0	1355
<b>Extr. Rate, 999.9999</b>	0.5504	0.5504	0.5504	0.5504	0	0.5498

<b>Beginning Stocks</b>	0	0	0	0	0	0
<b>Production</b>	710	710	765	765	0	745
<b>MY Imports</b>	25	22	0	25	0	25
<b>Total Supply</b>	735	735	765	790	0	770
<b>MY Exports</b>	40	40	25	45	0	50
<b>Industrial Dom. Cons.</b>	0	0	0	0	0	0
<b>Food Use Dom. Cons.</b>	0	0	0	0	0	0
<b>Feed Waste Dom. Cons.</b>	695	692	740	745	0	720
<b>Total Dom. Cons.</b>	695	692	740	745	0	720
<b>Ending Stocks</b>	0	0	0	0	0	0
<b>Total Distribution</b>	735	735	765	790	0	770

### **Production – Cottonseed Meal**

Cottonseed meal production in MY 2019/20 is forecast at about 745,000 MT due to reduced local cottonseed production.

### **OILS**

#### **Production - Oils**

MY 2018/19 total domestic production of vegetable oils subject to this report (sunflowerseed, cottonseed and soybean, excluding olive oil) is estimated at about 1.41 MMT, up about three percent compared to last marketing year, due to minor increases in all three oils. MY 2019/20 total oil production is expected to increase about four percent to 1.47 MMT, due to increases in sunflowerseed and soybean oils offsetting a decrease in cottonseed oil.

The local industry is continuing to invest in new plants and accordingly, Turkey’s crushing capacity has reached 9 MMT. Refining capacity for liquid oils also went up to 4 MMT. Turkey also has about an additional 1 MMT capacity for production of margarine and produced an estimated 850,000 MT in 2018.

### **Sunflowerseed Oil**

#### **Sunflowerseed Oil PSD (1000 MT)**

<b>Oil, Sunflowerseed</b>	<b>2017/2018</b>		<b>2018/2019</b>		<b>2019/2020</b>	
<b>Market Begin Year</b>	<b>Sep 2017</b>		<b>Sep 2018</b>		<b>Sep 2019</b>	
<b>Turkey</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>



<b>Crush</b>	2050	2070	2100	2090	0	2218
<b>Extr. Rate, 999.9999</b>	0.4449	0.43	0.4452	0.4306	0	0.4283
<b>Beginning Stocks</b>	31	31	26	54	0	44
<b>Production</b>	912	890	935	900	0	950
<b>MY Imports</b>	503	503	500	450	0	400
<b>Total Supply</b>	1446	1424	1461	1404	0	1394
<b>MY Exports</b>	390	390	370	360	0	300
<b>Industrial Dom. Cons.</b>	20	20	20	20	0	20
<b>Food Use Dom. Cons.</b>	1000	950	1020	970	0	1000
<b>Feed Waste Dom. Cons.</b>	10	10	10	10	0	10
<b>Total Dom. Cons.</b>	1030	980	1050	1000	0	1030
<b>Ending Stocks</b>	26	54	41	44	0	64
<b>Total Distribution</b>	1446	1424	1461	1404	0	1394

### **Production – Sunflowerseed oil**

Local production of sunflowerseed oil in MY 2019/20 is projected to increase about five percent to 950,000 MT to meet the local food demand.

### **Consumption – Sunflowerseed Oil**

Sunflowerseed oil is the most consumed oil in Turkey and food use consumption is continuing to increase. It is forecast to reach 1 MMT in MY 2019/20. Higher sunflowerseed oil consumption is due to the increase in population and the lack of affordably-priced alternative oils because Turkey has not approved any genetically engineered corn or soybeans for food use.

### **Soybean Oil**

Soybean oil PSD (1000 MT)

<b>Oil, Soybean</b>	<b>2017/2018</b>		<b>2018/2019</b>		<b>2019/2020</b>	
<b>Market Begin Year</b>	<b>Oct 2017</b>		<b>Oct 2018</b>		<b>Oct 2019</b>	
<b>Turkey</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>

<b>Crush</b>	1400	1530	1400	1575	0	1670
<b>Extr. Rate, 999.9999</b>	0.17	0.1699	0.17	0.1702	0	0.1701
<b>Beginning Stocks</b>	14	14	44	56	0	52
<b>Production</b>	238	260	238	268	0	284
<b>MY Imports</b>	0	0	0	0	0	0
<b>Total Supply</b>	252	274	282	324	0	336
<b>MY Exports</b>	58	58	80	85	0	90
<b>Industrial Dom. Cons.</b>	90	90	95	105	0	110
<b>Food Use Dom. Cons.</b>	0	10	0	12	0	13
<b>Feed Waste Dom. Cons.</b>	60	60	70	70	0	75
<b>Total Dom. Cons.</b>	150	160	165	192	0	198
<b>Ending Stocks</b>	44	56	37	52	0	48
<b>Total Distribution</b>	252	274	282	324	0	336

### **Production – Soybean Oil**

Soybean oil production in MY 2019/20 will reach 284,000 MT due to attractive local crushing margins and continuing exports.

### **Consumption policy – Soybean Oil**

Turkey's Biosafety law limits the utilization of soybean oil produced from genetically engineered (GE) soybeans. Accordingly, GE soy oil is only approved to be used in feed and industrial categories, mostly paint and ink production. GE soybean varieties have not yet been approved for use in food because no applications have been submitted or reviewed yet requesting food use approval. Therefore, only soybean oil that is produced from locally produced and imported non-GE soybeans are used in food in Turkey. Since the great majority of imported and crushed soybeans are genetically engineered varieties for animal feed, this adversely effects domestic crushing margins, and causes consumption of soy oil to be limited to soybeans that are locally produced.

### **Cottonseed Oil**

#### **Cottonseed oil PSD (1000 MT)**

<b>Oil, Cottonseed</b>	<b>2017/2018</b>		<b>2018/2019</b>		<b>2019/2020</b>	
<b>Market Begin Year</b>	<b>Oct 2017</b>		<b>Oct 2018</b>		<b>Oct 2019</b>	
<b>Turkey</b>	<b>USDA</b>	<b>New</b>	<b>USDA</b>	<b>New</b>	<b>USDA</b>	<b>New</b>

	Official	Post	Official	Post	Official	Post
Crush	1290	1290	1390	1390	0	1355
Extr. Rate, 999.9999	0.1798	0.1798	0.1799	0.1799	0	0.1801
Beginning Stocks	5	5	2	2	0	2
Production	232	232	250	250	0	244
MY Imports	0	0	0	0	0	0
Total Supply	237	237	252	252	0	246
MY Exports	1	1	1	2	0	2
Industrial Dom. Cons.	14	14	14	25	0	20
Food Use Dom. Cons.	220	220	235	223	0	222
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	234	234	249	248	0	242
Ending Stocks	2	2	2	2	0	2
Total Distribution	237	237	252	252	0	246

#### Production – Cottonseed Oil

Cottonseed oil production in MY 2018/19 will increase to 250,000 MT and consumption to 223,000 MT. In MY 2019/20, production and consumption, mostly in food use for margarine production, are forecast to decline marginally to 222,000 MT, in line with the decrease in cottonseed production.

#### Oils Consumption - Biodiesel

In CY 2017 the government of Turkey issued a new regulation imposing 0.5 percent mandatory inclusion of biodiesel into diesel fuel starting from January 2018. Accordingly, about 110,000 MT of biodiesel was produced in 2018. The motivation of the government is to create new demand for local oilseeds production and make better use of used cooking oil. According to the regulations, oils obtained from locally produced oilseeds and used cooking oil will be utilized to produce biodiesel. Biodiesel production is expected to increase to 115,000 MT in CY 2019, and about 35,000 MT of used vegetable oil is estimated to be used for this purpose. The rest will be various other oils such as cottonseed oil, canola oil, safflower oil, camelina oil and small quantities of soybean oil.

#### Olive Oil

Olive Oil, PSD (1000 Trees, 1000 MT)

Oil, Olive	2017/2018	2018/2019	2019/2020
Market Begin Year	Nov 2017	Nov 2018	Nov 2019

Turkey	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0	0	0
Area Harvested	0	0	0	0	0	0
Trees	150000	151000	152500	152000	0	153000
Beginning Stocks	23	29	51	42	0	21
Production	263	264	220	194	0	250
MY Imports	0	0	0	5	0	5
Total Supply	286	293	271	241	0	276
MY Exports	75	66	70	70	0	75
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	160	185	165	150	0	175
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	160	185	165	150	0	175
Ending Stocks	51	42	36	21	0	26
Total Distribution	286	293	271	241	0	276

### Production – Olive Oil

The GOT has been supporting olive tree orchards and olive oil production, and accordingly, the number of trees has reached 178 million in 2018, of which 152 million are estimated to be fruit bearing trees. The orchard planting trend is continuing, though at a slower pace. Olive trees are mostly planted along the coastal regions in the Marmara, Aegean, and Mediterranean areas and also in the Southeast Anatolian region. The former tobacco producing fields in the Aegean region have become the center for olive and olive oil production during the last twelve years. Along with the increasing planting, the Ministry of Agriculture and Forestry has expressed its intention to graft about 80 million wild olive trees, of which 40 million are said to be productive, to increase olive and olive oil production. According to the government’s action plan, about 1.5 million trees were going to be grafted between 2015 and 2019, yet the project is proceeding slower than desired. On the other hand, while planting is increasing in new areas, older olive tree orchards are under pressure from metal mining industries, tourism, and housing developments, though the rate of loss is much slower than the increase in plantings.

MY 2018/19 was an “off year” for olive oil production and early season estimates for olive oil are 194,000 MT. According to the local industry, this is down about 70,000 MT compared to last season due to it being an off year and the weather. Even though production still varies during on and off years, the larger number of trees and better picking practices have caused a narrowing in the production gap between on and off years. For MY 2019/20, which is an “on year,” production is projected to be about 250,000 MT, though this is weather dependent. Overall, an increase in the number of fruit bearing trees and better farming practices are expected to contribute to higher levels of olive oil production in the coming years.

Following five years of lobbying by producers, the production premium for olive oil was increased fourteen percent to TL 0.80 per kilogram (around US\$ 200 per MT) for the 2016 crop and then has remained the same for the 2017 and 2018 crops. Despite this subsidy, producers argue that they cannot compete with EU-sourced olive oil in international markets due to the higher EU support which they claim is 1.30 Euro per kilogram. Additionally, Turkish domestic support is provided in the Turkish currency, which depreciated about forty percent in CY 2018 against the leading foreign currencies, and producers argue that the depreciation reduces the subsidies' effectiveness.

### **Consumption – Olive oil**

Along with increasing production, domestic consumption has also increased over the years among the health conscious urban population. The amount of local production and the local economic situation impacts domestic consumption of olive oil since it is a premium oil and the market price is about five times higher than sunflowerseed oil.

The high domestic production in MY 2017/18 pressured local prices and helped domestic consumption to increase to about 185,000 MT, up from 145,000 MT in MY 2016/17. In MY 2018/19 however, domestic consumption is expected to decline due to the recent economic downturn that limited the purchasing power of local consumers. Consumption in MY 2019/20 is expected to recover to reach 175,000 MT, due to anticipated pressure on prices due to higher local production.

### **Trade, All Oils**

Turkish sunflowerseed oil imports are down about thirty-eight percent to 503,000 MT during MY 2017/18 due to a decline in exports. Russia and Bosnia were the main suppliers with 355,000 MT and 81,000 MT respectively.

Turkey's sunflowerseed oil exports were also down forty-three percent during the same period to 390,000 MT, as projected. Turkey's sunflowerseed oil exports to main export destination Iraq in MY 2017/18 declined about seventy-four percent to 90,000 MT, due to an increase in local production in that country. In the meantime Syria became an important export market for Turkey with 92,000 MT, followed by Djibouti with 28,000 MT.

This import and export trend continued during the first four months of MY 2018/19, during which Turkey imported about 148,000 MT of sunflowerseed oil and exported 150,000 MT. While Russia and Ukraine were main suppliers with 88,000 MT and 43,000 MT, respectively, Iraq and Syria were the main export destinations with 27,000 MT and 24,000 MT.

Due to large domestic crushing, Turkey did not import soybean oil during MY 2017/18. Exports during the same period however were 58,000 MT. Algeria (20,000 MT), was the leading buyer of Turkish soybean oil followed by China (15,000 MT) and Iraq (13,000 MT).

Export trade for soybean oil continued during the first quarter of MY 2018/19 reaching 33,000 MT. Leading destinations were India (8,000 MT) and Algeria (7,000 MT).

Turkish olive oil exports continued to increase in MY 2017/18 reaching 66,000 MT compared to 45,000 MT in MY 2016/17. Turkish exporters benefited from favorable exchange rates after major depreciation in the summer of 2018 and lower production in the world’s leading olive oil producing country, Spain. The United States was the leading destination for Turkish olive oil with 25,000 MT. Spain and Italy were the other leading destinations with 15,000 MT and 5,000 MT, respectively. The export trend is expected to continue during MY 2018/19 as well, and total exports are projected to reach 70,000 MT. This year Turkish exporters expect to benefit from lower than projected production in other Mediterranean countries, such as Italy and Tunisia.

**Tariffs – All Oils**

To comply with its Customs Union agreement with the EU, Turkey established tariff rate quotas (TRQ’s) for vegetable oils as listed below. However, Turkey does not always utilize these quotas, in order to maintain the value of Trakya Birlik’s stocks.

Turkey: Vegetable Oil Import TRQ’s			
Origin	Commodity	Quantity	Duty
EU	Crude Sunflower Oil	18,000 MT	0
EU	Crude Soybean Oil	60,000 MT	0
EU	Refined Soybean Oil	2,000 MT	0
EU	Crude Canola Oil	10,000 MT	0

According to the 2019 customs regime, sunflowerseed oil imports outside of the TRQ are subject to a tariff of 36 percent with a minimum price of \$1,000 per ton. Refined sunflowerseed oil for human consumption is subject to a 67.5 percent import tariff and a minimum price of \$1,100 per ton. Sunflowerseed oil for industrial use is subject to a 22.5 percent import tariff.

Soybean oil and cottonseed oil are subject to a 31.2 percent import tariff. Soybean oil imports from Bosnia and Herzegovina however are subject to zero percent import tariff for both crude and refined oils.