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Turkey

Oilseeds and Products Annual

Turkey Oilseeds and Products Annual 2011

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Report Highlights:

Turkey's total oilseed production in MY 2010 was about 1.7 MMT, with the increase resulting from record production of sunflower seed and increases in production of cottonseed and soy. MY 2011 production is forecast to reach 1.8 MMT, driven by projected increases in cottonseed. Turkey has a net deficit of oilseeds and products, therefore it is import dependent. New restrictions on biotechnology followed by adoption of a new Biosafety Law disrupted soybean trade and caused great uncertainty in the market during MY 2009 and 2010. Although Turkey approved three biotech soybean varieties in January 2011 for feed use, a zero tolerance for contamination of unapproved varieties continues to limit imports. Turkey imported a record amount of soybeans in MY 2009 due to the desire of domestic industries to maintain large stocks to survive the turmoil caused by the new Biosafety Law. As a result of this stockpiling, MY 2009 imports reached 1.64 MMT compared to 1.07 MMT in MY 2008.

Executive Summary:

Overall Summary

Turkey's total production of oilseeds subject to this report (soy, sunflower and cottonseed) in MY 2010 was about 1.7 MMT due to significant production increases in all oil seed categories. MY 2011 total oilseed production is expected to reach 1.8 MMT. Although sunflower seed and soybean production will decline, cottonseed production will increase. The Turkish government's comparatively early announcement of production premiums for the MY 2011 crop, high world prices for cotton and ongoing uncertainties about imports of transgenic products are the reasons for the increase.

The government's continuing production premiums for oilseeds and support of quasi-governmental producer coops have influenced farmers to plant more oilseeds. The soybean area and production both increased about fifty percent in MY 2010 reaching an estimated 17,000 hectares and 60,000 MT, respectively. Despite recent increases, domestic production remained only a fraction of domestic consumption, which is 1.3 MMT. MY 2011 production is forecast to reach about 50,000 MT in spite of the recent announcement that premiums would be increased forty-three percent for certified soybean seeds. Farmers indicate that it is hard for soybeans to compete with other crops, such as wheat, corn and cotton in targeted regions despite the repeated government premium increases.

Production

Sunflower seed area and production for MY 2010 increased to 485,000 hectares and 1MMT, respectively. High levels of rainfall in the fall of 2009 prevented wheat planting in the Thrace region and forced farmers to plant sunflower seed instead. Then, dry weather in the Cukurova region adversely affected yields and prevented total production from exceeding 1 MMT as predicted in the early season. Planting area for MY 2011 is expected to be about 460,000 hectares.

Cotton (and hence cottonseed production) will increase for the second year in a row after many years of decline due to increased world cotton prices and a significant increase in demand for Turkish textiles. MY 2011 cotton seed production is projected to reach about 880,000 MT, up about 18 percent from the previous year.

Production of canola as an oilseed is also increasing. MY 2010 production exceeded early season estimates and reached 48,000 MT compared to 30,000 MT a year ago.

MY 2011 (June-May) production however is expected to decline due to continuing government support for sunflower seed. Turkey also imports large quantities of canola seed for oil and meal extraction from Black Sea countries. Imports jumped about ninety-five percent in CY 2010 becoming 307,000 MT. Canola meal imports were also up, reaching 33,000 MT.

Meal and Feed

Total Turkish meal production in MY 2010 will be up about eight percent to 1.67 MMT.

While sunflower and cotton meal production will increase during the marketing year soybean meal production is expected to decline due to the availability of low priced South American soybean meal. MY 2011 total meal production also is expected to increase by about six percent as all meal outputs, particularly cottonseed, will rise. Following a minor downturn in 2009 domestic compound feed production and consumption increased in 2010 is expected to continue to increase in 2011 due to increases in poultry (broiler and layer) and livestock production.

Poultry & Livestock industry

Broiler and egg production increased because of both domestic market dynamics and increased exports to neighboring countries. The GOT, in an effort to lower high local red meat prices, had been offering support programs to maintain and increase domestic livestock production. The Turkish poultry industry, which ranks among the world's top fourteen producers, is the country's largest consumer of protein meal and its demand is expected to continue to grow. Domestic production of white meat will continue to increase to meet the increasing local demand caused by very high local red

meat prices and increasing exports.

The Turkish broiler industry had grown about thirteen percent in 2010, and total production of poultry meat reached 1.5 MMT. Another fifteen percent production increase is also foreseen in 2011 due to increased domestic consumption of poultry in response to very high local red meat prices. In 2010, due to a sudden production increase that lowered domestic prices, the layer industry had to drop production seven percent. Therefore production remained about 12.8 billion pieces compared to 13.8 billion in 2009. Both industries are facing increasing feed material prices due to the higher commodity prices and problems caused by the new Biosafety Law, which limits the availability of imported feed ingredients.

Although the poultry industry has been growing steadily, the Turkish livestock sector suffered in 2009 as lower milk prices and higher feed prices forced many producers to slaughter their dairy animals. This and uncontrolled movement of beef cattle to neighboring countries caused the beef livestock population to decline as well. Meat and milk prices started to increase during the last quarter of 2009 and into 2010 causing widespread criticism of the government's agricultural policies. In 2010 the Turkish government introduced many incentive programs to increase domestic livestock production and lower local red meat prices. Accordingly, breeding and feeder cattle imports increased, and eventually meat imports were also permitted.

Vegetable oil production and trade

Total vegetable oil production in MY 2010 is expected to increase about ten percent to 886,000 MT. Increases in both sunflower seed oil and cotton oil production drove this growth. Total MY 2011 oil production is projected to increase by about two percent.

Domestic consumption of corn oil has declined as a result of negative press stories about biotechnology, however Turkey continues to be one of the leading markets for U.S. corn oil exports. Accordingly CY 2010 corn oil consumption declined to approximately 80,000 MT compared to 120,000 MT in CY 2009. An increase in domestic production also adversely affected imports. Total Turkish corn oil imports in CY 2010 dropped to 49,000 MT from 83,000 MT the year before. U.S. corn oil imports constitute about sixty percent of total imports, or 29,000 MT. Despite the recent down turn in consumption and imports corn oil is still among one of the most popular oils in Turkey and consumption is expected to recover in the future if fears surrounding biotech products fades.

The Turkish government again used a tariff-rate quota for sunflower seed and oil imports in MY 2010 with lower import duties, based on a domestic purchase requirement and reference prices.

Turkey continued to be one of the leading markets for U.S. exports of corn-based feed ingredients such as dried distillers grains (DDGS) and corn gluten feed palates (CGF) in 2010. DDGS imports jumped from 100,000 MT in CY 2006 to 445,000 MT in CY 2009 and 506,000 MT in 2010. The United States supplied about ninety percent of total Turkish imports. Turkish CGF imports also rose from 146,000 MT in CY 2006 to 378,000 MT in CY 2009. Imports of CGF in CY 2010 remained about 306,000 MT due to GMO regulations. Some of the lost sales may have been replaced with sugar beet-pulp. Turkey reportedly imported about 217,000 MT of sugar beet-pulp in 2010 up more than two hundred percent compared to 2009. High internal feed ingredient prices will continue to encourage demand for these relatively low-cost corn products in CY 2011 but limitations caused by the recent Biosafety Law will prevent a large amount of imports in 2011.

Trade

USDA's GSM-102 export credit guarantee program continues to facilitate sales of U.S. soybean and meal to Turkey. GSM-102 is one of the most favored financial tools for importers of U.S. agricultural products. Large allocations and timely announcement of the fiscal year 2011 program will maximize effectiveness and utilization of the program. Soybean and meal imports used 33 percent of the total GSM-102 program allocation of USD615 million in FY 2010. Since the approval of the biotech varieties of soybeans in January, importers are waiting for additional GSM announcements to place orders under the FY 2011 program.

Biotech policies

Starting in October 2009 when the first biotech regulation was adopted in Turkey and continuing until today, trade in biotech commodities and products containing biotech ingredients have faced periodic bans and continuous uncertainty and risk. During this time the flow of feed ingredients was interrupted at various times, which inevitably led to higher prices for all feed ingredients. In March 2010 a new Biosafety Law was adopted and in January 2011 a Biosafety Board approved the first biotech applications, which were for three biotech soybean varieties for feed use only. Despite the approval, soy imports have not fully resumed as the Ministry of Agriculture decided on an unrealistic zero tolerance for any level of contamination of unapproved biotech varieties. Applications have been submitted for all biotech events approved by the EU, however it is not known when or if other events will be approved.

The Biotechnology regulation and the Bio-safety Law have caused a great amount of confusion in the public opinion on GM products, uncertainty on imports of feed items and also jeopardized developments in the feed industry and related sectors. Limited supplies caused by a combination of the trade disruptions from the new biotech law and international price increases of feed commodities, local feed ingredient prices started to increase again in the summer of 2010, as shown below.

2010 domestic price changes of feed ingredients (US\$ per ton)						
	July	Aug.	Sept.	Oct.	Nov.	Dec.
Full fat soy	510	540	570	610	610	620
Soy meal	470	480	520	550	550	560
Canola Meal	240	280	330	340	330	335
CGF	255	260	260	300	300	320
Sun meal 28	156	192	218	259	222	217
Sun Meal 36	260	290	330	350	350	345
DDGS	270	280	320	330	315	375

Commodities:

Oilseed, Sunflowerseed

Oilseed, Soybean

Oilseed, Cottonseed

Oilseed, Rapeseed

Production:

Sunflower Seed

MY 2010 sunflower seed area and production reached 485,000 hectares and 1MMT, the highest level of the last five years. While the Thrace region benefitted from an abundance of soil moisture, dry weather conditions in the Cukurova region adversely affected yields and prevented a further increase in total production.

Extreme weather conditions have affected the MY 2010 crop: excessive rain in the fall of 2009 prevented winter wheat planting in Thrace, leaving the land available for sunflower seed planting last spring. Additional flooding in February 2010 reportedly damaged wheat and barley fields in the region that could then be planted with sunflower seed in the coming season. MY 2011 planting is now predicted in about 460,000 hectares and crop size is predicted to reach just 950,000 MT due to crop rotation.

While sunflower seed competes for land with canola, malting barley and wheat in the Thrace region, production of sunseed in other regions such as Cukurova, the Black Sea and the rest of Marmara is continuing to increase. Cukurova in particular has an advantage as the crop matures about a month earlier than in Thrace so farmers take advantage of the higher prices. In recent years, production in Thrace has declined from 80 percent to 70 percent of the national total.

Sunflower oilseed prices started to go up again in July 2010 reaching US\$ 695 MT in January 2011, up much higher than the previous January's price of US\$ 485 MT. Following the adoption of an import quota in late February 2011, domestic prices reportedly dropped to US\$ 650 MT.

The largest Agricultural Sales Cooperative Union, Trakya Birlik, bought about 325,000 MT of the 2010 crop of sunflower from its members at a price of 920 TL per ton (about USD 582) compared to 750 YTL (about USD 500) last year.

Soybean

MY 2010 Turkish soybean area and production reached 17,000 hectares and 60,000 MT. This is about fifty percent higher than MY 2009 for both planting and production. GOT's continuing production support and lower than expected returns on corn were the reasons for the increase. The Cukurova region is the main soy growing area in Turkey, supplying about ninety-five percent of Turkey's soy crop. In MY 2011 soybean planting and production is expected to be about 15,000 hectares and 50,000 MT. Farmers in the region are expected to switch to cotton as a result of high world and domestic prices despite a more than forty percent increase in the production bonus amount given for soybeans.

The government has been encouraging the use of certified soy seed by raising the production bonus from 350 TL (USD233) per ton in 2010 to 500 TL (USD310) per ton for the 2011 crop. This is a great increase from the 2009 level of 275 TL (USD183) per ton. Yields are high in the region as growers are likely to be technically proficient and the crop is irrigated. The Ministry of Agriculture announced an ambitious plan of increasing domestic soy output to 600,000 MT. Competition of other crops in the region, and a lack of seeds and land prevented such an increase in production.

Cotton Seed

The MY 2010 Turkish cottonseed area and production increased to 320,000 hectares and 720,000 MT following five years of steady decline. Farmers are forecast to plant more cotton in MY 2011 because of record world prices, expected increases in domestic cotton consumption, and switches from winter wheat fields in Cukurova and the GAP regions that had been affected by the drought in both regions during the last fall and early winter. MY 2011 cotton seed area and production is now forecast at 400,000 hectares and 900,000 MT.

Canola

The deficit of local oilseeds and the availability of excess crushing capacity has inspired more farmers to plant canola in recent years. In MY 2010 the canola area rose to 25,000 hectares but increased snow and rain during the winter adversely affect yield, so that total production remained at about 48,000 MT. Dry weather conditions prevented field preparations in the fall and affected planting adversely in MY 2011. Planting has declined to about 15,000 hectares with expected production at about 35,000 MT.

Consumption:

Utilization

The majority of oilseeds and products are utilized for meal and oil. Growth in domestic soybean and meal consumption will continue to be strong in MY 2010 and 2011 due to growth in poultry production.

In MY 2010 availability of low priced South American meal and low demand for soy oil will cause the local crush to decline and persuaded feed millers and poultry operations to produce and use more full-fat soy in rations. The trend to use more full-fat soy in feed is expected to continue in MY 2011 as well.

Aquaculture also contributed to the growth in soybean meal and especially full fat-soy consumption, although to a lesser degree.

Consumption of cottonseed will recover in MY 2010 and 2011 due to increased domestic production. Total crushing capacity has reached about 5 million MT per year. The new high-capacity modern crushers lower the cost of crushing through economies of scale, forcing smaller crushers with older technology out of business. Low capacity utilization, about 65 percent, also remains a problem for the industry. Turkey traditionally exports oils and fats to neighboring countries, particularly sunflower seed oil and margarine.

Turkey continued to be one of the leading markets for U.S. in-shell confectionary sunflower seed exports. In CY 2010 U.S. exports of confectionary sunflower seed were about 7,000 MT.
Poultry Industry Summary

The Turkish broiler industry had a very good year in 2010 as production increased 13 percent to 1.5 MMT. Increases in domestic demand caused by high red meat prices and exports to Iraq were the main reasons for the increase. With no decline in local red meat prices in sight and continuing growth in exports, the industry is expected to grow an additional fifteen percent in 2011. Presently per capita poultry meat consumption is about 19 kilograms and the goal of the industry is to reach 25 kilogram in the near future. Even though last year the EU approved imports of processed poultry meat from Turkey after long negotiations and Russia lifted its ban on Turkish poultry meat, bureaucratic problems prevented exports to both regions.

Egg production however decreased about 7% from 13.8 billion in 2009 to about 12.8 billion pieces in 2010, due to low domestic prices caused by rising supply. Egg production is expected to recover in 2011 and reach 13.5 billion. Domestic egg consumption increased in recent years, reaching an estimated 175 pieces per person annually in 2010 compared to 120 in 2004. YUMBIR, the egg industry association, is continuing promotional campaigns to increase consumption of eggs to 200 pieces per person per year. Egg exports in 2010 were about 1.6 billion pieces compared to 150 million pieces in 2006. Neighboring Middle Eastern countries are the main buyers of Turkish poultry and eggs.

Trade:

Total imports of sunflower seed for crushing reached 722,000 MT during MY 2009 up significantly compared to 414,000 MT the previous marketing year due to GOT's tariff rate quota program and the large crushing capacity. Bulgaria (320,000 MT), Ukraine (235,000 MT), Romania (86,000 MT) and Moldova (56,000 MT) were the leading suppliers.

MY 2010 imports are expected to be about 700,000 MT due to the continuing tariff rate quota that GOT issued which enables processors that buy and process local crop to import sunflower seeds with reduced import fees.

Turkish imports of soybeans reached a record high of 1.64 MMT in MY 2009 (Sept-Aug), compared to 1.07 MMT last year. The large increase was due to the desire of soy users to stock enough seeds to get by while the turmoil caused by the Biosafety Law. U.S. soy exports provided about fifty percent, or 806,000 MT.

Paraguay (478,000 MT), Brazil (150,000 MT) Argentina (123,000 MT) and Ukraine 58,000 MT) were other suppliers. During the first four months of MY 2010 total soy imports were 362,000 MT of which 133,000 MT was U.S. soy. During MY 2010 however drought conditions and export restrictions in Argentina will cause demand to move to other sources including the United States.

During MY 2009 the United States maintained its position as the number one soy supplier. Lack of supplies in South America and timely announcements of USDA's GSM-102 export credit guarantee program for FY 2010 helped maintain this position. The industry members are waiting for the next announcement of the GSM-102

program to utilize for their oilseed needs. During FY 2010 Turkish importers utilized a total of USD 615 million under this program, of which USD 185 million was used to import soybeans and USD 21 million for soybean meal.

Turkish crushers could not import cottonseed during MY 2009 due to lack of supplies due to lower production in Greece and increased crushing in Syria. MY 2010 imports are also expected to remain low due to low importable supplies and the industry's switch to alternative oilseeds such as canola.

In recent years Turkey has been importing large amounts of canola seeds for crushing due to insufficient supplies of other oilseeds and increasing local demand. Biotech regulations and limited supplies of other traditional oilseed persuaded crushers to look for alternative crops to import in CY 2010. Accordingly, Turkey imported 307,000 MT of canola seeds in 2010 up ninety-five percent compared to last year. Ukraine was the leading source with 166,000 MT. Moldova (42,000 MT), Romania (42,000 MT) and Bulgaria (35,000MT) were other sources.

In the medium and long term, rising household incomes will increase demand for livestock, poultry and aquaculture products, ensuring demand for protein meals for feed. Simultaneously consumers will demand higher-quality vegetable oils. Even with government support programs for oilseeds, domestic production is unlikely to keep pace with this growth in demand, so Turkey's demand for imported oilseeds, meal and oils should remain strong despite relatively high tariffs.

Policy:

Production Support

The Turkish government continues to support oilseed production with production premium programs. In MY 2011 oilseed production premiums were increased for soybean and canola but remained the same as 2010 for sunflower seed and cotton seed. These production bonus payments on old crop harvests had been made in August, just before the harvest. 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.

Crop	2009	2010	2011	% increase
Sunflower seed	210	230	230	0 %
Soybean	275	350	500	43 %
Canola	230	275	400	45 %
Seed cotton	420	420	420	0 %

Tariffs

The Turkish government continued using a tariff rate quota for sunflower seed and oil imports in MY 2010 with some modification. Accordingly, under the quota, during the first six months of 2011 processors who buy and process local sunflower seed can import up to a total amount of 650,000 MT of sunflower seed at a tariff reduced to 0%, compared 7% for last year's program, and 27% for the usual import tax. The new system also established a reference price of USD 525 per ton for sunflower seed. The purpose of the program is to lead crushers to buy larger share of the local crop from farmers and lower the overall cost of local sunflower oil for consumers. Industry sources estimate that about 600,000 MT of sunflower seed and some oil will be imported under the program in MY 2010. The program is expected to continue in the next few years.

According to the 2011 customs regime, sunflower seed imports outside of the new TRQ are subject to a tariff of 27 percent with minimum price of US\$ 525 per ton. Soybeans are subject to 8 percent, cottonseed and canola seeds are subject to a 10 percent tariff.

Production, Supply and Demand Data Statistics:

Sunflower Seed PSD

Oilseed, Sunflowerseed Turkey	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Sep 2009		Market Year Begin: Sep 2010		Market Year Begin: Sep 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	580		580			
Area Harvested	460	460	500	485		465
Beginning Stocks	94	94	130	30		20
Production	800	800	875	1,000		950
MY Imports	733	722	400	700		750
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	427	0	350		400
Total Supply	1,627	1,616	1,405	1,730		1,720
MY Exports	20	0	10	0		0
MY Exp. to EU	0	0	0	0		0
Crush	1,470	1,580	1,300	1,700		1,690
Food Use Dom. Cons.	4	3	4	5		5
Feed Waste Dom. Cons.	3	3	3	5		5
Total Dom. Cons.	1,477	1,586	1,307	1,710		1,700
Ending Stocks	130	30	88	20		20
Total Distribution	1,627	1,616	1,405	1,730		1,720
CY Imports	575	468	450	648		700
CY Imp. from U.S.	0	0	0	0		0
CY Exports	20	0	15	0		0
CY Exp. to U.S.	0	0	0	0		0

Soybean PSD

Oilseed, Soybean Turkey	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Sept 2009		Market Year Begin: Sept 2010		Market Year Begin: Sept 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	12	12	12	17		15
Area Harvested	12	12	18	17		15
Beginning Stocks	136	136	622	494		294
Production	45	40	70	60		50
MY Imports	1,860	1,648	1,100	1,200		1,500
MY Imp. from U.S.	870	806	400	600		700
MY Imp. from EU	0	14	0	0		0
Total Supply	2,041	1,824	1,792	1,754		1,844
MY Exports	0	0	0	0		0
MY Exp. to EU	0	0	0	0		0
Crush	520	460	620	450		480
Food Use Dom. Cons.	25	10	25	10		10
Feed Waste Dom. Cons.	874	860	909	1,000		1,075

Total Dom. Cons.	1,419	1,330	1,554	1,460	1,565
Ending Stocks	622	494	238	294	279
Total Distribution	2,041	1,824	1,792	1,754	1,844
CY Imports	1,800	974	1,280	1,756	1,400
CY Imp. from U.S.	870	660	400	792	700
CY Exports	0	0	0	0	0
CY Exp. to U.S.	0	0	0	0	0

Cottonseed PSD

Oilseed, Cottonseed Turkey	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Oct 2009		Market Year Begin: Oct 2010		Market Year Begin: Oct 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (Cotton)	600		600			
Area Harvested (Cotton)	280	280	375	320		400
Seed to Lint Ratio	0		0			
Beginning Stocks	2	2	2	2		0
Production	600	570	750	720		900
MY Imports	0	0	5	8		5
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	15	0	10	8		5
Total Supply	602	572	757	730		905
MY Exports	4	0	4	0		0
MY Exp. to EU	2	0	2	0		0
Crush	586	560	725	720		890
Food Use Dom. Cons.	0	0	0	0		0
Feed Waste Dom. Cons.	10	10	25	10		10
Total Dom. Cons.	596	570	750	730		900
Ending Stocks	2	2	3	0		5
Total Distribution	602	572	757	730		905
CY Imports	0	4	5	10		5
CY Imp. from U.S.	0	0	0	0		0
CY Exports	4	0	4	0		0
CY Exp. to U.S.	0	0	0	0		0

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 sunflower seed production in Turkey. Other ASCU's includes 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. Trakya Birlik was reported to have purchased 325,000MT MT and Karadeniz Birlik's 29,000 MT of sunflower seed from their members in MY 2010. The combined purchases of the two coops represent about 37 percent of the MY 2010 crop and is about ten percent lower than the previous year due to increased demand by private crushers.

Commodities:

Meal, Corn Gluten Feed

Meal, Soybean (Local)

Meal, Soybean

Meal, Sunflowerseed

Meal, Cottonseed

Production:

Total meal production in MY 2010 will increase for the second year in a row to 1.7 MMT due to increases in local cottonseed meal and sunflower meal production. Although Turkey utilizes a significant amount of full-fat beans, in MY 2010 the local soybean crush will decline due to the availability of low priced South American soy meal. Total meal production is expected to reach 1.8 MMT in MY 2011 mostly due to a cottonseed meal production increase.

In addition to traditional meals Turkey also produced about 195,000 MT of canola meal in CY 2010.

According to industry sources, as of 2009 there are about 660 feed mills in Turkey with an estimated total capacity of 17 MMT. The feed sector has been growing at a remarkable speed; new modern mills with large production capacities are pushing smaller ones out of business. It is estimated that presently about 227 factories with old technology and lower capacities are idle. Total Turkish compound feed production has increased rapidly in recent years. The reasons for the growth in recent years are; the increase in production in all sectors, the trend of moving from feed on farm to compound feed; and a larger percentage of the feed sector moving into the registered economy. In CY 2010 compound feed production was estimated to increase about fifteen percent in line with increases mostly in broiler and layer feed and to a lesser degree in livestock feed. In CY 2011 a similar increase is expected.

In recent years, an increasing number of Turkish mills have not separated the hulls from the meal while producing sunflower seed 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 sunflower meal is not used in poultry rations but in livestock rations. As a result, farmers are required to use either larger amounts of sunflower meal or alternative meals such as DDGS and CGF to obtain the protein amounts needed in their rations. Accordingly, post has been adjusting extraction rates to 55 percent, from 38 percent, to better reflect the change in practices.

Consumption:

In general, total oilseed meal consumption moves in line with developments in the domestic poultry, livestock and aquaculture sectors.

Overall, Turkish poultry meat production tripled in the past ten years and another fifty percent increase is foreseen in the coming ten years. In 2011 poultry meat production is expected to increase about fifteen percent due to an increase in domestic consumption and exports. The layer industry is also projected to expand about seven percent during the year for the same reasons. The livestock sector --both dairy and beef-- is expected to recover somewhat with government support programs in spite of high feed prices and low local milk prices.

Local consumption of pasteurized soy flour has stopped due to consumer misunderstandings about biotechnology. Soy flour was utilized in bakery products to extend the shelf life and in confectionary industries to add flavor. Soy flour was also used in the meat industry as a filler and as a low cost substitute for meat.

Turkey consumption of canola meal rebound in CY 2010 to 230,000 MT, produced from locally produced and imported seeds, compared to 123,000 MT of CY 2009. The rise was due to the import problems caused by the new bio safety law that stopped inflow of regular meals.

Consumption of corn based feed ingredients, specifically DDGS and CGF, had increased rapidly in the last few years: total consumption of the two products is estimated to have increased from 250,000 MT in CY 2006 to an average of 0.9 MMT between CY 2008 and CY 2010 due to its low price and nutritional qualities and low stocks of domestic feed ingredients. Turkish sunflower seed crushers, wheat millers, barley and corn producers had been complaining about competition with imported DDGS and CGF. Consequently the GOT increased the Value Added Tax on both DDGS and CGF from 8 percent to 18 percent in 2008, but this had only a slight impact on consumption. After the biotech regulations and laws were introduced, import of these products decreased drastically.

Trade:

Sunflower Seed Meal

Due to import restrictions of other meals, Turkey's sunflower seed meal imports increased about forty percent in MY 2009 to 432,000 MT compared to 312,000 MT in MY 2008. During MY 2009 Turkey continued to source its sunflower seed meal from Ukraine (272,000 MT) and Russia (121,000 MT) due to increased availability as a result of increased crushing capacities in these countries. Neighboring Black Sea countries such as Romania (28,000 MT), Bulgaria (10,000 MT) and Georgia (2,000MT) were other sources.

Soybean Meal

Turkey's imports of soybean meal were about 343,000 MT in MY 2009 compared to 392,000 MT in MY 2008. The reduction in imports was due to increased utilization of full fat in rations and interruptions of imports caused by biotech regulations.

Imports during the first four months of MY 2010 were about 97,000 MT.

The future of soybean meal imports and many other feed items is uncertain because of the new Biosafety Law and its regulations.

The American Soybean Association office in Istanbul was very effective in implementing activities to promote soybean meal utilization in poultry, ruminant and aquaculture feed.

Other

Turkey's imports of canola meal increased about eighty percent in 2010 reaching 33,000 MT. Lack of supply of alternative meals due to new biotech law and regulations were the reason for the increase. Russia (16,000 MT), Romania (10,700 MT) and Ukraine (3,000) were the suppliers of canola meal for Turkey.

Turkey also imported about 506,000 MT of DDGS and 306,000 MT of CGF in 2010 in spite of the occasional import loss of market access during the year. The United States continued to dominate the market for both items supplying ninety and sixty-six percent of total imports respectively, making Turkey one of the leading U.S. markets for these products outside of North America.

Policy:

Sunflower seed meal and cottonseed meal import duties are 11.5 percent for EU and EFTA countries and 13.5 percent for all other sources. According to the new regime sunflower seed imports are also subject to observation price of US\$ 250 per ton. The soybean meal import duty is zero percent from EU sources and Bosnia but 13.5 percent from the rest of the world. In September 2008 the government raised the value-added tax on imports of DDGS and CGF from 8 percent to 18 percent, in response to some local oilseed crushers' complaints. Both DDGS and CGF are subject to a 4.3 percent customs tax.

Under the new Biosafety Law imports of DDGS and CGF will only be possible after approval of biotech corn varieties by the Biosafety Board and it not known how long that will take.

Production, Supply and Demand Data Statistics:

Sunflower Seed Meal PSD

Meal, Sunflowerseed Turkey	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Sep 2009		Market Year Begin: Sep 2010		Market Year Begin: Sep 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	1,470	1,580	1,300	1,700		1,690
Extr. Rate, 999.9999	0.	0.5506	0.	0.55		0.5503
Beginning Stocks	0	0	0	47		57
Production	559	870	495	935		930
MY Imports	432	432	300	400		450
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	32	0	50		60
Total Supply	991	1,302	795	1,382		1,437
MY Exports	5	5	5	5		5
MY Exp. to EU	0	0	0	0		0
Industrial Dom. Cons.	0	0	0	0		0
Food Use Dom. Cons.	0	0	0	0		0
Feed Waste Dom. Cons.	986	1,250	790	1,320		1,390
Total Dom. Cons.	986	1,250	790	1,320		1,390
Ending Stocks	0	47	0	57		42
Total Distribution	991	1,302	795	1,382		1,437
CY Imports	400	322	350	480		420
CY Imp. from U.S.	0	0	0	0		0
CY Exports	0	8	0	3		5
CY Exp. to U.S.	0	0	0	0		0
SME	931	1,180	746	1,246		1,312

Soybean Meal PSD

Meal, Soybean Turkey	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Nov 2009		Market Year Begin: Nov 2010		Market Year Begin: Nov 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	520	460	620	450		480
Extr. Rate, 999.9999	1.	0.8	1.	0.8		0.8
Beginning Stocks	26	26	117	100		143
Production	415	368	495	360		384
MY Imports	413	343	350	400		420
MY Imp. from U.S.	130	114	100	150		170
MY Imp. from EU	3	48	3	20		20
Total Supply	854	737	962	860		947
MY Exports	7	7	7	7		10
MY Exp. to EU	0	0	0	0		0
Industrial Dom. Cons.	0	0	0	0		0
Food Use Dom. Cons.	0	0	0	0		0
Feed Waste Dom. Cons.	730	630	885	710		780
Total Dom. Cons.	730	630	885	710		780

Ending Stocks	117	100	70	143		157
Total Distribution	854	737	962	860		947
CY Imports	385	352	400	408		420
CY Imp. from U.S.	150	222	125	115		130
CY Exports	5	3	5	7		7
CY Exp. to U.S.	0	0	0	0		0
SME	730	630	885	710		780
TS=TD		0		0		0

Cottonseed Meal PSD

Meal, Cottonseed Turkey	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Oct 2009		Market Year Begin: Oct 2010		Market Year Begin: Oct 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	586	560	725	720		890
Extr. Rate, 999.9999	0.	0.5714	0.	0.5694		0.5714
Beginning Stocks	0	0	0	0		0
Production	262	320	325	410		500
MY Imports	0	0	0	0		0
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	0	0	0		0
Total Supply	262	320	325	410		500
MY Exports	1	1	5	4		6
MY Exp. to EU	0	0	0	0		0
Industrial Dom. Cons.	0	0	0	0		0
Food Use Dom. Cons.	0	0	0	0		0
Feed Waste Dom. Cons.	261	319	320	406		494
Total Dom. Cons.	261	319	320	406		494
Ending Stocks	0	0	0	0		0
Total Distribution	262	320	325	410		500
CY Imports	0	0	0	0		0
CY Imp. from U.S.	0	0	0	0		0
CY Exports	5	5	10	0		0
CY Exp. to U.S.	0	0	0	0		0

Commodities:

Oil, Sunflowerseed

Oil, Rapeseed

Oilseed, Copra

Oil, Soybean

Production:

Total MY 2010 domestic production of vegetable oils subject to this report (sunflower seed, cottonseed, and soybean) is estimated 886,000 MT, about ten percent above MY 2009, due to production increases in sunflower seed oil and cottonseed oil. MY 2011 production is also forecast to increase by about two percent to 902,000 MT

due to a projected increase in cottonseed oil. Turkey also produced about 142,000 MT of canola oil in CY 2010. Turkey has a refining capacity of about 1.5 MMT for liquid oils and an additional 1 MMT for production of margarine.

Consumption:

Sunflower seed oil is the most consumed oil in Turkey and MY 2010 total domestic consumption is estimated at around 765,000 MT. Sunflower seed oil consumption is projected to benefit from the improving economy, and because misinformation in the media about biotechnology is negatively affecting corn oil demand but benefiting other oils such as sunflower oil and canola oil. A moderate consumption increase for sunflower oil is also forecast for MY 2011.

The recent law allows utilization of soy oil produced from GM soybeans only in feed and prevents utilization in food and for industrial uses, mostly paint and ink production. Therefore only soy oil that is produced from locally produced and imported non-GM soy beans can be used in food and industry categories, which limits domestic consumption. The industry members are negotiating with the Ministry to allow utilization on other categories as well. Any significant growth in soybean oil consumption will likely depend on changes in policies on bio-diesel production, which has virtually ceased due to a high consumption tax and strict regulations.

Cottonseed oil production will be up again in MY 2010 after many years of decline reaching 115,000 MT. An additional 17% increase is forecast for MY 2011 and total production is forecast to reach 140,000 MT in line with increased cotton output.

While consumption of corn oil is declining and of soy oil is stagnating, canola oil is gaining popularity. Accordingly, canola oil imports and utilization have increased, particularly in mid-2008 when the gap between canola and sunflower oil prices reached an historic high. Almost all the leading vegetable oil brands now have retail packed canola oil available on market shelves and some cheaper canola oil is said to be illegally mixed with sunflower oil. Turkey is estimated to have consumed about 142,000 MT of locally produced canola oil in CY 2010.

Trade:

Corn Oil

Turkish corn oil production reached 50,000 MT in 2010 compared to 35,000 MT in 2009. Corn oil continues to be one of the popular oils in Turkey but anti-GMO campaigns adversely affected annual domestic consumption causing about a 30 percent drop in 2010. Accordingly, domestic corn oil consumption was about 80,000 MT compared to the usual 120,000 MT. An increase in domestic production combined with a decrease in consumption caused 2010 exports to reach only 49,000 MT compared to 84,000 MT in 2009. However, Turkey continues to be a leading market for U.S. corn oil and most years is the largest buyer outside North America. The United States supplied sixty percent of 2010 imports or about 29,000 MT.

In spite of the recent problems Turkey will likely continue to be an important market for U.S. corn oil in the medium and long term. Trade sources already indicate new inquiries for corn oil and low local production. Increasing population and income levels will facilitate imports in the longer run. Availability of the GSM-102 credit guarantee program also facilitates sales of U.S. corn oil to Turkey.

Turkey exports refined corn oil mostly to Middle Eastern countries and Libya.

Exports peak when Turkish refiners win government tenders in Libya. Turkish refiners were getting ready to participate to a new 20,000 MT tender in 2011 but recent political turmoil in that country will postpone the tender. If it does take place and if Turkish firms win, the U.S. will be the leading source of the material. Exports of refined corn oil from Turkey increased slightly in 2010 to 18,000 MT. Israel, Libya and Saudi Arabia were the main buyers with 8,500 MT, 2,000 MT and 1,300 MT respectively.

Turkish exports of refined corn oil

CY	2006	2007	2008	2009	2010
World	29,462	7,842	3,509	14,255	17,812
Libya	27,158	5,365	447	3,220	1,916
Israel	1,85	1,100	695	4,430	8,466

Sunflower seed oil

Turkish imports of sunflower seed oil dropped to 185,000 MT in MY 2009 from 432,000 of MY 2008, representing a fifty-seven percent decline due to the new tariff rate quota program of Turkey favoring seed imports and declining exports of refined oil exports. Ukraine (102,000 MT) and Russia (77,000 MT) were the main suppliers.

Turkey's total sunflower seed oil exports also went down significantly in MY 2009 to 88,000 MT, of which 68,000 MT was pure sunflower seed oil and the remaining 20,000 MT was in the form of mixed vegetable oil. Turkey's total sunflower seed oil exports were about 203,000 MT in MY 2008 of which 133,000 MT was pure sunflower seed oil and the remainder was in the form of mixed vegetable oil.

Turkey's exports of mixed vegetable oil in MY 2009 also declined to 60,000 MT compared to 220,000 MT in MY 2008. About one third or approximately 20,000 MT and 70,000 MT respectively, is estimated to be from sunflower seed oil. Iraq was the main market for both types of oils but excessive purchases during MY 2008 were followed by a sudden drop in MY 2009 year. In spite of the significant drop in shipments, Iraq continues to be the leading buyer of Turkish refined sunflower seed oil with 10,000 MT followed by Israel (7,000 MT) and Yemen (6,000 MT). Iraq (32,000 MT) and Syria (14,000 MT) was the leading buyer of Turkey's 60,000 MT of vegetable oils exports as well in MY 2009.

Note: Turkey exports of low cost mix vegetable oil declined to 74,00 MT in CY 2010 compared to about 150,000 MT in both CY 2008 and CY 2009 of which about one third is estimated to be sunflower seed oil. Accordingly, about 25,000 MT was added to Turkey's sunflower seed oil exports in CY 2010.

Soybean oil and cottonseed oil imports in MY 2009 were negligible at 9,000 MT and 5,000 MT respectively. No major change is expected in imports of either oil in the near future, as growth in imports of these products depends on their price competitiveness with other imported oils.

Policy:

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

The Turkish government is continuing with tariff rate quota (TRQ) for sunflower seed and oil imports from all origins. Under the TRQ, during the first six months of 2011 processors who buy and process domestic sunflower seed can import up to 650,000 MT of sunflower seed at a tariff reduced to 0% from 27%.

The new system established reference prices of USD 525 per ton for sunflower seed imports. The purpose of the program is to lead crushers to buy a larger share of the local crop from farmers and to lower the overall cost of local sunflower oil for consumers.

According to the 2011 customs regime, sunflower seed imports outside of the new TRQ are subject to a tariff of 27 percent with a minimum price of US\$ 1,250 per ton.

Turkey: Tariffs on Cottonseed and Soybean Oil	
Quality/Purpose	Tariff (%)
Crude	31.2
Refined for food use	31.2
Refined for industrial use	10
Refined for biodiesel	19.5

Production, Supply and Demand Data Statistics:

Sunflower Seed Oil PSD

Oil, Sunflowerseed Turkey	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Sep 2009		Market Year Begin: Sep 2010		Market Year Begin: Sep 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	1,470	1,580	1,300	1,700		1,690
Extr. Rate, 999.9999	0.	0.4	0.	0.4		0.4
Beginning Stocks	108	108	40	40		44
Production	626	632	554	680		676
MY Imports	184	184	250	200		220
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	2	0	5		5
Total Supply	918	924	844	920		940
MY Exports	68	88	60	80		85
MY Exp. to EU	0	0	0	0		0
Industrial Dom. Cons.	21	24	21	21		25
Food Use Dom. Cons.	768	757	709	765		780
Feed Waste Dom. Cons.	21	15	20	10		10
Total Dom. Cons.	810	796	750	796		815
Ending Stocks	40	40	34	44		40
Total Distribution	918	924	844	920		940
CY Imports	230	324	350	225		220
CY Imp. from U.S.	0	0	0	0		0
CY Exports	60	102	80	98		90
CY Exp. to U.S.	0	0	0	0		0

Soybean Oil PSD

Oil, Soybean Turkey	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Nov 2009		Market Year Begin: Nov 2010		Market Year Begin: Nov 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	520	460	620	450		480
Extr. Rate, 999.9999	0.	0.1804	0.	0.18		0.1792

Beginning Stocks	1	1	5	5	5
Production	93	83	110	81	86
MY Imports	9	9	10	10	10
MY Imp. from U.S.	1	0	2	2	2
MY Imp. from EU	1	1	1	1	1
Total Supply	103	93	125	96	101
MY Exports	3	3	7	4	5
MY Exp. to EU	0	0	0	0	0
Industrial Dom. Cons.	21	20	23	10	10
Food Use Dom. Cons.	53	30	60	10	10
Feed Waste Dom. Cons.	21	35	22	67	71
Total Dom. Cons.	95	85	105	87	91
Ending Stocks	5	5	13	5	5
Total Distribution	103	93	125	96	101
CY Imports	10	10	10	10	10
CY Imp. from U.S.	1	0	1	0	2
CY Exports	4	3	4	4	5
CY Exp. to U.S.	0	0	0	0	0
TS=TD		0		0	0

Cottonseed Oil PSD

Oil, Cottonseed Turkey	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Oct 2009		Market Year Begin: Oct 2010		Market Year Begin: Oct 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	586	560	725	720		890
Extr. Rate, 999.9999	0.	0.1607	0.	0.1597		0.16
Beginning Stocks	0	0	0	0		0
Production	98	90	122	115		140
MY Imports	5	5	5	5		5
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	0	0	0		0
Total Supply	103	95	127	120		145
MY Exports	2	2	1	2		2
MY Exp. to EU	0	0	0	0		0
Industrial Dom. Cons.	25	23	25	33		43
Food Use Dom. Cons.	76	45	101	55		70
Feed Waste Dom. Cons.	0	25	0	30		30
Total Dom. Cons.	101	93	126	118		143
Ending Stocks	0	0	0	0		0
Total Distribution	103	95	127	120		145
CY Imports	4	8	5	5		5
CY Imp. from U.S.	0	0	0	0		0
CY Exports	1	2	1	2		2
CY Exp. to U.S.	0	0	0	0		0

