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Global Agricultural Information Network

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Turkey

Oilseeds and Products Annual

2012 Annual Oilseeds Report

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Report Highlights:

Total oilseed production for Turkey in MY 2011 reached 1.9 MMT up twelve percent due to a large increase of cottonseed production. MY 2012 production is forecast to reach 2.0 MMT, driven by a projected increase in sunflower seeds. Turkey continue to have a net deficit of oilseeds and products, therefore it is import dependent. Restrictions on biotechnology associated with the adoption of a new Biosafety Law in 2010 continue to disrupted soybean and corn based products trade and cause great uncertainty in the market. 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 continues to import large quantities of soybeans, MY2011 total soybean and meal imports projected to exceed 2 MMT.

Executive Summary:

Turkey's total production of oilseeds subject to this report (soy, sunflower and cottonseed) in MY 2011 was about 1.9 MMT due to significant production increases in cotton acreage resulting in higher cottonseed seed production. MY 2012 total oilseed production is expected to reach 2.0 MMT. Although cottonseed seed production is projected to decline, sunflower seed and soybean seed production will increase. Higher returns in sunflower seed production and farmers' dissatisfaction with cotton returns in the soybean growing region, Cukurova, are the reasons for the increase.

The government's continuing production premiums for oilseeds and support of quasi-governmental producer coops to persuade farmers to plant more oilseeds had limited success. Soybean production is projected to increase about sixteen percent in MY 2012 to 60,000 MT following about thirty percent fall in MY 2011 to 50,000 MT. Domestic production of soybean remains only a fraction of domestic consumption, which will be about 1.5 MMT in MY 2012. Over the years, the GOT has supported local production of oilseeds with higher production bonuses. For MY 2011, the bonus for soybeans was increased forty-three percent for certified seed users. Production bonuses for MY 2012 have not yet been declared. Producers 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

In spite of the slight increase in area to 490,000 hectares, sunflower seed production for MY 2011 remained about 925,000 MT, as dry weather conditions during the summer adversely affected yields. Area and production in MY 2010 were 485,000 hectares and 1MMT. Projected high returns in for sunflower seed production is expected to persuade farmers to increase planting in MY 2012 to about 525,000 hectares and productions is expected to reach 1.05 MMT. Continued snow during the winter months in Thrace region will provide optimum moisture during planting.

Soybean production for MY 2012 will be slightly up, 60,000 MT compared to 50,000 MT in MY 2011.

Cottonseed production is expected to decline in MY 2012 after two years of increase due farmers' dissatisfaction with cotton returns. Production will go down to 900,000 MT in MY 2012 from 1.05 MMT in MY 2011.

Canola production is keeping its popularity. 2011 production was 40,000 MT. Planting has increased to 50,000 hectares last fall but snow and frost has hurt some of the crop which will probably be converted to sunflower. Despite the loss in planting over all 2012 canola production will be about 80,000 MT which is twice as much of last year's production. Turkey also imports large quantities of canola seed for oil and meal extraction from Black Sea countries. While canola seed imports in 2011 declined sharply to 121,000 MT from 307,000 MT, canola meal imports went up to 78,000 MT from 33,000 MT.

The GOT created a new regulation requiring utilization of bio fuels in diesel fuel. Beginning in 2014 a required one percent, the ration will increase annually to 3%. The aim of the government is to meet some of the demand for imported fuels with locally produced bio-ethanol and bio-diesel products. This will eventually increase the demand and prices of raw materials hence income of farmers. The vegetable oil industry however points out that Turkey is already in deficit of oil seeds, fats and oils and such move will increase the demand and cost of these products and also import dependence. The vegetable industry representatives proposed that a larger amount of used vegetable oil should be collected from households and utilized as fuel.

Meal and feed

Total meal production of Turkey is projected to grow about ten percent in MY 2011 reaching 1.71 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 Black Sea and South American soybean meal and negative crushing margins due to the ban on

food use of soy oil produced from biotech seeds. MY 2012 total meal production is expected to about the same, with a decline in cotton and soy meals being compensated by the increase in sun meal production.

Following a minor downturn in 2009, domestic compound feed production and consumption increased about twenty two percent in 2010 and is expected to continue to increase about ten percent in 2011 due to increases in poultry (broiler and layer) and livestock (dairy and beef) and aqua culture production.

Poultry & Livestock industry

Broiler and egg production are increasing with a good speed as a result of increasing domestic consumption and exports to mostly 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 twelve producers, is the country's largest consumer of protein meal and its demand is expected to continue to grow. The Turkish broiler industry had grown about twelve percent in 2011, and total production of poultry meat reached 1.7 MMT. Another ten percent production increase is also foreseen in 2012 due to increased domestic consumption of poultry in response to very high local red meat prices and also increasing exports.

The layer industry also grew in 2011 about ten percent with total production reaching 14 billion pieces compared to 12.8 percent in 2010. Turkey is ranked as the number ten largest egg producer of the world. The layer industry has grown about fifty percent during the last five years as a result of both domestic consumption and exports increases.

Both industries have the possibility of even higher growth are constrained by high 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 been up and down over the last several years as local milk and meat prices have fluctuated. Since 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 so did number of live stock under feeding.

Vegetable oil production and trade

MY 2011 total vegetable oil production is projected to increase about six percent to 1.02 MMT. Increases in both sunflower seed oil and cotton oil production drove this growth. Soybean oil production is declining due to the limitation in human utilization. Total MY 2012 oil production is projected to increase moderately, by about three percent.

Important note: PSD export figures for sun oil reflects total sun oil exports, refined and sun oil in mixed vegetable oil combined to reflect the real number of exports.

Domestic consumption of corn oil has declined as a result of negative press about biotechnology. Accordingly CY 2011 corn oil consumption declined to approximately 70,000 MT compared the usual 100,000 MT. An increase in domestic production also adversely affected imports. Total Turkish corn oil imports in CY 2011 dropped to 41,000 MT from 83,000 MT two years ago. However Turkey continues to be one of the leading markets for U.S. corn oil exports. U.S. corn oil imports constitute about fifty-six percent of total import, or 23,000 MT in 2011. 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 when fears surrounding biotech products fades.

The Turkish government removed the tariff-rate quota system for sunflower seed and oil imports in MY 2011. With the resulting lower import duties, based on a domestic purchase requirement and reference prices, crushers now can import freely without having to buy local crop.

Turkey used 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 (CGFP). Slow progress in approval of biotech corn varieties has caused imports to stop from the US but continued somewhat from non biotech providers. DDGS imports nose dived in 2011 to 157,000 MT from

506,000 MT a year ago. Holland (47,000 MT), Austria (25,000 MT) and Romania (25,000 MT) were the main sources. Imports from the US were down ninety-seven percent to 14,000 MT compared to 448,000 MT a year ago.

Turkish CGFP imports also declined, about fifty-eight percent, from 307,000 MT in 2010 to 130,000 MT in 2011 due to biotech products import restrictions. Ukraine (59,000 MT), Bulgaria (32,000 MT) and Hungary (23,000 MT) were the main suppliers. The US sales were zero compared to 203,000 MT in 2010.

Increase in local demand and high internal feed ingredient prices will continue to encourage demand for these relatively low-cost corn products in coming years but imports will be depending on the developments in approval process.

Trade

USDA's GSM-102 export credit guarantee program continues to facilitate sales of U.S. soybean and meal to Turkey. Large allocations and timely announcement of the program will maximize effectiveness and utilization of the program. In the first allocation of GSM 102 program for FY 2012 soybean and meal registration were about US\$ 74 million about twenty-three percent of the total announcement. Importers are waiting for additional GSM announcements to place orders.

Biotech policies

Starting in October 2009 when an initial 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 for importers. 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. Under the regulations, soy oil produced from the imported biotech soybeans could only be used for feed use, disrupting their use for food and industrial purposes.

In spite of the approval, soybean importers are very cautious and found soybean imports risky as the Ministry of Agriculture decided on an unrealistic zero tolerance for any level of contamination of unapproved biotech varieties.

The Feed Millers Association that applied and received approval for GM soybeans for feed use has also applied for all EU approved corn events for feed purpose. The Bio safety commission so far has approved thirteen corn events. Another 9 events are under review. It is not clear when or if other events will be approved. Trade resumption for corn and corn products will be difficult until all corn events in production in the U.S. are approved.

The Biotechnology regulation and the Bio-safety Law and resulting negative press coverage 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 due to the trade disruptions caused by the new biotech law and international price increases of feed commodities, pushed local feed ingredient prices high and kept that way as it shows on below chart.

| 2011 domestic price changes of feed ingredients (US\$ per ton) | | | | | | |
|--|-----|-------|------|------|------|------|
| | Jan | April | June | Aug. | Oct. | Dec. |
| Full fat soy | 680 | 620 | 620 | 640 | 585 | 560 |
| Soy meal | 575 | 530 | 500 | 500 | 460 | 450 |
| Canola Meal | 300 | 310 | 290 | 280 | 290 | 300 |
| CGF | 320 | 350 | 350 | 330 | 320 | 280 |
| Sun meal 28 | 263 | 243 | 219 | 206 | 190 | 160 |
| Sun Meal 36 | 340 | 300 | 300 | 290 | 260 | 240 |
| DDGS | 400 | 400 | 400 | 410 | 400 | 390 |

OILSEEDS

Sunflower seed PSD

| Oilseed, Sunflowerseed | Turkey | | 2010/2011 | | 2011/2012 | | 2012/2013 | |
|------------------------|---------------|----------|-----------------------------|----------|-----------------------------|----------|-----------------------------|----------|
| | | | Market Year Begin: Sep 2010 | | Market Year Begin: May 2011 | | Market Year Begin: Sep 2012 | |
| | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Area Planted | 580 | 485 | 580 | 490 | | | 525 | |
| Area Harvested | 485 | 485 | 490 | 490 | | | 525 | |
| Beginning Stocks | 130 | 130 | 232 | 40 | | | 30 | |
| Production | 1,000 | 1,000 | 925 | 925 | | | 1,050 | |
| MY Imports | 705 | 695 | 850 | 900 | | | 930 | |
| MY Imp. from U.S. | 0 | 0 | 0 | 0 | | | 0 | |
| MY Imp. from EU | 0 | 330 | 0 | 0 | | | 0 | |
| Total Supply | 1,835 | 1,825 | 2,007 | 1,865 | | | 2,010 | |
| MY Exports | 26 | 0 | 30 | 0 | | | 0 | |
| MY Exp. to EU | 0 | 0 | 0 | 0 | | | 0 | |
| Crush | 1,570 | 1,780 | 1,680 | 1,830 | | | 1,960 | |
| Food Use Dom. Cons. | 4 | 2 | 4 | 2 | | | 2 | |
| Feed Waste Dom. Cons. | 3 | 3 | 3 | 3 | | | 3 | |
| Total Dom. Cons. | 1,577 | 1,785 | 1,687 | 1,835 | | | 1,965 | |
| Ending Stocks | 232 | 40 | 290 | 30 | | | 45 | |
| Total Distribution | 1,835 | 1,825 | 2,007 | 1,865 | | | 2,010 | |
| CY Imports | 450 | 640 | 500 | 896 | | | 900 | |
| CY Imp. from U.S. | 0 | 0 | 0 | 0 | | | 0 | |
| CY Exports | 15 | 0 | 0 | 0 | | | 0 | |
| CY Exp. to U.S. | 0 | 0 | 0 | 0 | | | 0 | |

Production

Sunflower seed

MY 2011 sunflower seed area and production was 490,000 hectares and 925,000 MT compared to 485,000 hectares and 1 MMT of last year. Despite the increase in planting area, yields declined due to the dry weather conditions during the summer. In MY 2012, farmers are expected to increase planting due to good returns and total area is expected to increase to 525,000 hectares. Major snowfall in the winter in most of the sunflower seed growing regions will provide adequate moisture for good yield and total production is expected to reach record 1.05 MMT in MY 2012.

While sunflower seed competes for land with canola, malting barley and wheat in the Thrace region, production of sunseed in other regions such as Central Anatolia, and Cukurova is continuing to increase. Cukurova in particular has an advantage as the crop matures about a month earlier than in Thrace so farmers are able to take advantage of the higher prices. Planting is also increasing in Central Anatolia where farmers enjoy high yields since they are able to irrigate. Increased production in other regions caused production in Thrace to decline from 80 percent to 65 percent of the total.

Sunflower oilseed prices were about US\$ 485 in October and increased US\$ 535 in January and US\$ 590 in March due to shipping difficulties in the Black Sea and continuing demand from Turkish crushers.

The largest Agricultural Sales Cooperative Union, Trakya Birlik, bought about 232,000 MT of the 2011 crop of sunflower from its members at a price of 1,233 TL per ton (about USD 680\$) compared to 920 YTL (about US\$ 582) last year.

Soybean

Soybean PSD

| Oilseed, Soybean Turkey | 2010/2011 | | 2011/2012 | | 2012/2013 | |
|----------------------------|--------------------------------|-------------|--------------------------------|-------------|--------------------------------|----------|
| | Market Year Begin: Sep 2010 | | Market Year Begin: Sep 2011 | | Market Year Begin: Sep 2012 | |
| | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Area Planted | 12 | 18 | 12 | 12 | | 15 |
| Area Harvested | 17 | 18 | 15 | 12 | | 15 |
| Beginning Stocks | 617 | 409 | 364 | 361 | | 311 |
| Production | 60 | 72 | 50 | 50 | | 60 |
| MY Imports | 1,171 | 1,350 | 1,400 | 1,400 | | 1,450 |
| MY Imp. from U.S. | 400 | 419 | 400 | 400 | | 450 |
| MY Imp. from EU | 0 | 6 | 0 | 10 | | 10 |
| Total Supply | 1,848 | 1,831 | 1,814 | 1,811 | | 1,821 |
| MY Exports | 0 | 0 | 0 | 0 | | 0 |
| MY Exp. to EU | 0 | 0 | 0 | 0 | | 0 |
| Crush | 550 | 470 | 550 | 400 | | 370 |
| Food Use Dom. Cons. | 25 | 0 | 25 | 0 | | 0 |
| Feed Waste Dom. Cons. | 909 | 1,000 | 890 | 1,100 | | 1,170 |
| Total Dom. Cons. | 1,484 | 1,470 | 1,465 | 1,500 | | 1,540 |
| Ending Stocks | 364 | 361 | 349 | 311 | | 281 |
| Total Distribution | 1,848 | 1,831 | 1,814 | 1,811 | | 1,821 |
| CY Imports | 1,280 | 1,756 | 1,400 | 1,298 | | 1,400 |
| CY Imp. from U.S. | 400 | 792 | 500 | 305 | | 350 |
| CY Exports | 0 | 0 | 0 | 0 | | 0 |
| CY Exp. to U.S. | 0 | 0 | 0 | 0 | | 0 |

Production

MY 2011 Turkish soybean area and production were 12,000 hectares and 50,000 MT compared to 18,000 hectares and 72,000 MT of MY 2010. The reason for the decline was farmers' preference to plant cotton in the Cukurova region due to better return expectations caused by the world record cotton prices. The Cukurova region is the main soy growing area in Turkey, supplying about ninety-five percent of the total production. In MY 2012 soybean planting and production is expected to be about 15,000 hectares and 60,000 MT. Farmers in the region are expected to switch back to corn and soybean as a result of lower than expected returns in last year's cotton crop.

Over the years the government has been encouraging the use of certified soy seed by raising the production bonus. For MY 2011 soybean bonus were increased 500 TL (US\$310) from 350 TL (USD233) per ton in 2010. So far 2012 crop year bonuses have not been announced leaving farmers in the dark about their planting decision. Yields are high in the region as growers are likely to be technically proficient and the crop is irrigated.

Consumption (soy)

The Turkish broiler industry had another good year in 2011 as production increased 12 percent to 1.7 MMT. Increases in domestic demand caused by high red meat prices and exports to the Middle Eastern countries 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 ten percent in 2012. Presently per capita poultry meat consumption is about 22 kilograms and the goal of the

industry is to reach 30 kilogram in the near future. Iraq continues to be the main market for Turkish poultry exports but producers are targeting new markets such as Saudi Arabia for further increase in exports.

Egg production increased as well reaching 14 billion pieces in 2011 from 12.8 billion pieces in 2010. Production of eggs expected to continue to increase in 2012 and reach 14.6 billion. Domestic egg consumption increased in recent years, reaching an estimated 160 pieces per person annually in 2011 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 2011 were about 3.5 billion pieces compared to 150 million pieces in 2006. Neighboring Middle Eastern countries are the main buyers of Turkish eggs.

Cottonseed PSD

| Oilseed, Cottonseed Turkey | 2010/2011 | | 2011/2012 | | 2012/2013 | |
|-------------------------------|--------------------------------|-------------|--------------------------------|-------------|--------------------------------|----------|
| | Market Year Begin: Oct 2010 | | Market Year Begin: Oct 2011 | | Market Year Begin: Oct 2012 | |
| | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Area Planted (Cotton) | 600 | 320 | 600 | 480 | | 420 |
| Area Harvested (Cotton) | 320 | 320 | 480 | 480 | | 420 |
| Seed to Lint Ratio | 0 | | 0 | | | |
| Beginning Stocks | 2 | 2 | 8 | 6 | | 6 |
| Production | 690 | 690 | 1,000 | 1,050 | | 900 |
| MY Imports | 10 | 10 | 10 | 10 | | 10 |
| MY Imp. from U.S. | 0 | 0 | 0 | 0 | | 0 |
| MY Imp. from EU | 0 | 0 | 0 | 0 | | 0 |
| Total Supply | 702 | 702 | 1,018 | 1,066 | | 916 |
| MY Exports | 5 | 1 | 20 | 0 | | 0 |
| MY Exp. to EU | 3 | 0 | 0 | 0 | | 0 |
| Crush | 655 | 660 | 865 | 1,020 | | 860 |
| Food Use Dom. Cons. | 0 | 0 | 0 | 0 | | 0 |
| Feed Waste Dom. Cons. | 34 | 35 | 58 | 50 | | 50 |
| Total Dom. Cons. | 689 | 695 | 923 | 1,060 | | 910 |
| Ending Stocks | 8 | 6 | 75 | 6 | | 6 |
| Total Distribution | 702 | 702 | 1,018 | 1,066 | | 916 |
| CY Imports | 5 | 10 | 0 | 0 | | 10 |
| CY Imp. from U.S. | 0 | 0 | 0 | 0 | | 0 |
| CY Exports | 4 | 1 | 0 | 0 | | 5 |
| CY Exp. to U.S. | 0 | 0 | 0 | 0 | | 0 |

Cotton seed**Production**

Turkish cottonseed area and production in MY 2011 has increased second year in a row after five years of continues decline. Farmers were driven by the high world cotton prices and planting reached 480,000 hectares and cotton seed production became 1.05 MMT. Cotton planting is forecasted to decline somewhat in MY 2012 due sudden drop of prices following record levels last spring with acreage shifting to corn production. Cottonseed MY 2012 production area and production is now forecast at 400,000 hectares and 900,000 MT.

Canola**Production**

The deficit of local oilseeds and the availability of excess crushing capacity have inspired more farmers to plant canola in recent years. In 2011 the canola planting area went up to 40,000 hectares from 15,000 hectares a year ago but continues snow and frost during the winter adversely affecting yield. Total production is expected to be about 70,000 MT. Planting area in 2010 was about 15,000 hectares with production at about 35,000 MT.

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 232,000 MT in MY 2011 compared of 325,000MT last of last year. Famers generally deliver only enough to meet their obligations as they preferred to sell more to traders and crushers due to higher offers. Karadeniz Birlik however managed to increase its purchases to 37,500 MT from 29,000 MT of last year. The combined purchases of the two coops represent about 29 percent in MY 2011 down from 37 percent of last year. Total purchases of two coops in 2010 and 2011 declined about ten and eight percent respectively due to increased demand by private crushers.

Production support

The Turkish government continues to support oilseed production with production premium programs. GOT so far has not announced premiums for 2012 crops. Below are the list bonuses for the recent years. 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.

| Turkey: Oilseed Production Premiums (TL/MT) | | | | |
|---|------|------|------|------------|
| 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 % |

Consumption

The majority of oilseeds and products are utilized for oil, meal and full fat. Growth in domestic soybean and meal consumption will continue to be strong in MY 2011 and 2012 due to growth in all sectors- poultry, livestock and aqua culture.

In MY 2011, limited consumption of 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 2012 as well if the conditions do not change. Aquaculture also contributed to the growth in soybean meal although to a lesser degree.

Cottonseed consumption will increase for the second year in a row in MY 2011 as a result of higher availability. In MY 2012, however, consumption is projected to decline due to lower local 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 60 percent, also remains a problem for the industry. Turkey traditionally exports oils and fats to neighboring countries, such as sunflower seed oil, mix vegetable oil, corn oil and margarine.

Trade

Turkey's total imports of sunflower seed for crushing was 695,000 MT in MY 2010 only marginally less than 722,000 MT during MY 2009. In spite of the lifting the tariff rate quota program by the GOT, the large domestic consumption of sun oil and exports caused the imports to remain high. Bulgaria (226,000 MT), Ukraine (224,000 MT), Moldova (140,000 MT) and Romania (98,000 MT) were the leading suppliers.

During the first five months of the MY 2011 total imports of sun seed reached 352,000 MT. Russia (89,000 MT), Moldova (80,000 MT) and Bulgaria (63,000 MT) were the main suppliers of Turkey.

Turkish soybean imports during MY 2010 (September/August) were 1.35 MMT of which 419,000 MT (thirty-one percent) was supplied by the US. The US share has shrunk during the last two years due complications caused by the new bio-security law where imports were stopped and opened benefiting alternative sources. South American countries such as Brazil (363,000 MT), Paraguay (279,000 MT), Argentina (141,000 MT) and Uruguay (31,000 MT) and also Black Sea countries Ukraine (142,000 MT), Moldova (31,000 MT) and Romania (6,000 MT) were other suppliers

Total soy imports during the first five months of MY 2011 were 399,000 MT. Paraguay is the leading supplier with 205,000 MT followed by United States (67,000 MT), Argentina (58,000 MT) and Ukraine (51,000 MT). Yearend total imports are expected to remain about 1.4 MMT.

The GSM-102 export credit guarantee program for FY 2011 helped US soy bean and meal exports to Turkey. Total registration for both products reached US\$ 61.6 million during last year. The program was also effective for soybean and meal sales during FY 2012 and in the first allotment a total of US\$ 94 million worth of soybean and meal were registered. The industry members are waiting for the next announcement of the GSM-102 program to utilize for their oilseed needs.

Turkish crushers could not import cottonseed during MY 2010 due to lack of supplies among its usual sources caused by of lower production in Greece and political problems in Syria. MY 2011 imports are also expected to remain low due to higher local production and the industry's switch to alternative oilseeds such as canola.

Turkey imported 107,000 MT of canola seeds in 2011. Ukraine continues to be the leading source with 71,000 MT followed by Bulgaria (21,000 MT) and Romania (5,700 MT).

In the medium and long term, 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 an ambitious irrigation projects throughout Turkey that will help them meet a larger portion of the demand some of the oilseeds such as sunflower seed and cotton seed. But demand for imported soybeans and meal is unlikely to be met by the local production. Therefore Turkey's demand for imported oilseeds, meal and oils will remain despite relatively high tariffs.

Policy

According to the 2012 customs regime, sunflower seed imports are subject to a tariff of 27 percent with observation price of US\$ 525 per ton, soybeans are subject to 8 percent, cottonseed and canola seeds are subject to a 10 percent tariff.

OIL MEALS

Production

Total meal production in MY 2011 will increase for the third year in a row to 1.8 MMT due to increases in local cottonseed meal and sunflower meal production. Although Turkey utilizes a significant amount of full-fat beans, in MY 2011, the local soybean crush will decline due to the restrictions caused by bio safety law that prevents food utilization of soy oil produced out of biotech soybeans hence adversely effecting crushing margins.

In addition to traditional meals Turkey also produced about 85, 000 MT of canola meal in CY 2011.

According to industry sources, as of 2010 there are about 712 feed mills in Turkey with an estimated total capacity of 17.5 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 247 factories with old technology and lower capacities are idle. Total Turkish compound feed production has increased rapidly in recent years. The main reasons for the growth in recent years are; the increase in production in all sectors; broiler, layer, dairy, beef and aqua feed, also the trend of moving from feed on farm to compound feed and lastly a larger percentage of the feed sector moving into the registered

economy. In CY 2010 compound feed production was estimated to increase about twenty two percent in line with increases in all feed varieties. During CY 2011 an increase of ten percent is also projected.

In recent years, an increasing number of Turkish mills has 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 CGFP 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.

Sunflower seed meal PSD

| Meal, Sunflowerseed Turkey | 2010/2011 | | 2011/2012 | | 2012/2013 | |
|-------------------------------|--------------------------------|----------|--------------------------------|----------|--------------------------------|----------|
| | Market Year Begin: Sep 2010 | | Market Year Begin: Sep 2011 | | Market Year Begin: Sep 2012 | |
| | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Crush | 1,570 | 1,780 | 1,680 | 1,830 | | 1,960 |
| Extr. Rate, 999.9999 | 0. | 0.5506 | 0. | 0.5574 | | 0.551 |
| Beginning Stocks | 0 | 0 | 0 | 70 | | 75 |
| Production | 597 | 980 | 640 | 1,020 | | 1,080 |
| MY Imports | 500 | 500 | 520 | 550 | | 600 |
| MY Imp. from U.S. | 0 | 0 | 0 | 0 | | 0 |
| MY Imp. from EU | 0 | 35 | 0 | 50 | | 70 |
| Total Supply | 1,097 | 1,480 | 1,160 | 1,640 | | 1,755 |
| MY Exports | 0 | 0 | 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. | 1,097 | 1,410 | 1,155 | 1,560 | | 1,670 |
| Total Dom. Cons. | 1,097 | 1,410 | 1,155 | 1,560 | | 1,670 |
| Ending Stocks | 0 | 70 | 0 | 75 | | 80 |
| Total Distribution | 1,097 | 1,480 | 1,160 | 1,640 | | 1,755 |
| CY Imports | 500 | 480 | 550 | 569 | | 600 |
| CY Imp. from U.S. | 0 | 0 | 0 | 0 | | 0 |
| CY Exports | 0 | 3 | 0 | 0 | | 5 |
| CY Exp. to U.S. | 0 | 0 | 0 | 0 | | 0 |
| SME | 1,036 | 1,331 | 1,091 | 1,473 | | 1,577 |

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 2012 poultry meat production is expected to increase about ten 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—and also aqua culture is expected to continue to grow as well.

Local consumption of pasteurized soy flour has stopped due to the limitation caused by the bio safety law. 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 filler and as a low cost substitute for meat.

Turkey continued to consume large amount of canola meal. In 2011 canola meal consumption was 163,000 MT produced from locally produced and imported seeds, compared to 123,000 MT of CY 2009. The continued demand was due to the import problems caused by the new bio safety law that stopped inflow of corn based products.

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. However, after the biotech regulations and laws were introduced, availability and consumption of these products decreased drastically.

CY 2011 total consumption of both item declined to 287,000 MT of which 157,000 MT is DDGS and 130,000 MT is CGFP.

Trade

Sunflower seed meal

Turkey's sunflower seed meal imports continued to increase in MY 2010 due to import restrictions of other meals and increased domestic consumption. Imports reached 500,000 MT compared to 340,000 in MY 2009. Turkey continued to source its sunflower seed meal from Ukraine (340,000 MT) and Russia (118,000 MT) due to increased availability as a result of increased crushing capacities in these countries. Neighboring Black Sea countries such as Romania (22,000 MT), Bulgaria (10,000 MT) and Moldova (6,500 MT) were other sources. Imports continued to be strong in first five months of MY 2011 reaching 290,000 MT. Ukraine (82,000 MT), Romania (45,000MT), Russia (31,000 MT), Bulgaria (5,000 MT) and Moldova (420 MT) were the suppliers.

Soybean meal PSD

| Meal, Soybean Turkey | 2010/2011 | | 2011/2012 | | 2012/2013 | |
|-------------------------|--------------------------------|-------------|--------------------------------|-------------|--------------------------------|----------|
| | Market Year Begin: Oct 2010 | | Market Year Begin: Oct 2011 | | Market Year Begin: Oct 2012 | |
| | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Crush | 550 | 470 | 550 | 400 | | 370 |
| Extr. Rate, 999.9999 | 1. | 0.7787 | 1. | 0.7875 | | 0.7838 |
| Beginning Stocks | 117 | 115 | 263 | 187 | | 192 |
| Production | 439 | 366 | 439 | 315 | | 290 |
| MY Imports | 528 | 534 | 450 | 700 | | 820 |
| MY Imp. from U.S. | 100 | 125 | 120 | 200 | | 250 |
| MY Imp. from EU | 3 | 233 | 0 | 250 | | 270 |
| Total Supply | 1,084 | 1,015 | 1,152 | 1,202 | | 1,302 |
| MY Exports | 8 | 8 | 8 | 10 | | 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. | 813 | 820 | 882 | 1,000 | | 1,100 |
| Total Dom. Cons. | 813 | 820 | 882 | 1,000 | | 1,100 |
| Ending Stocks | 263 | 187 | 262 | 192 | | 192 |
| Total Distribution | 1,084 | 1,015 | 1,152 | 1,202 | | 1,302 |
| CY Imports | 350 | 408 | 350 | 542 | | 650 |
| CY Imp. from U.S. | 125 | 114 | 120 | 120 | | 180 |
| CY Exports | 8 | 7 | 8 | 7 | | 10 |
| CY Exp. to U.S. | 0 | 0 | 0 | 0 | | 0 |
| SME | 813 | 820 | 882 | 1,000 | | 1,100 |

Soybean meal

Turkey's imports of Soybean meal imports during MY 2010 (Oct-Sept) reached 534,000 MT representing about fifty percent increase compared to a year ago due limitations in utilization of locally produced soy oil from imported biotech soybeans which had adversely affected local crushing. Additionally, availability of competitively priced soybean meal from the EU and South American sources fueled imports.

Argentina was the leading supplier with 199,000 MT in MY 2010, followed by the US (125,000 MT) and India (59,000 MT). Turkey imported a large amount of EU sourced soy meal as well due to import tax advantage. Imported soy meal from EU sources are subject zero import tax versus 13.5% from other sources. Holland (100,000 MT) Germany (88,000 MT) Spain (33,000 MT) and Romania (12,000 MT) were the leading EU countries supplying soy meal to Turkey. The high import trend has continued during the first four months of MY 2011 total imported reaching 188,000 MT. Suppliers were Argentina with 86,000 MT, EU (66,000 MT) and United States (28,000 MT).

The USSEC office in Istanbul was very effective in implementing activities to promote soybean meal utilization in poultry, ruminant and aquaculture feed. Post expects restart of activities of the Counsel in this important market in the near future following recent reorganization.

Cotton seed meal PSD

| Meal, Cottonseed Turkey | 2010/2011 | | 2011/2012 | | 2012/2013 | |
|----------------------------|--------------------------------|-------------|--------------------------------|-------------|--------------------------------|----------|
| | Market Year Begin: Oct 2010 | | Market Year Begin: May 2011 | | Market Year Begin: Oct 2012 | |
| | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Crush | 655 | 660 | 865 | 1,020 | | 860 |
| Extr. Rate, 999.9999 | 0. | 0.553 | 0. | 0.549 | | 0.5523 |
| Beginning Stocks | 0 | 0 | 0 | 5 | | 5 |
| Production | 293 | 365 | 387 | 560 | | 475 |
| 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 | 293 | 365 | 387 | 565 | | 480 |
| MY Exports | 5 | 5 | 10 | 10 | | 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. | 288 | 355 | 377 | 550 | | 465 |
| Total Dom. Cons. | 288 | 355 | 377 | 550 | | 465 |
| Ending Stocks | 0 | 5 | 0 | 5 | | 5 |
| Total Distribution | 293 | 365 | 387 | 565 | | 480 |
| CY Imports | 0 | 0 | 0 | 0 | | 0 |
| CY Imp. from U.S. | 0 | 0 | 0 | 0 | | 0 |
| CY Exports | 10 | 2 | 0 | 11 | | 10 |
| CY Exp. to U.S. | 0 | 0 | 0 | 0 | | 0 |
| SME | 233 | 288 | 305 | 446 | | 377 |

Other

Turkey's imports of canola meal continued to increase with great speed - increasing 138% in 2011 and reaching 78,000 MT compared to 33,000 MT in 2010. Lack of supply of alternative meals and import limitations caused by the new biotech safety law were the reason for the increase. Russia (21,000 MT), Romania (31,000 MT) India (19,000 MT) and Ukraine (8,000) were the suppliers of canola meal for Turkey.

Turkey's imports of DDGS and CGFP declined in 2011 due to the restrictions caused by the new bio-safety law. According to the new law all the GMO varieties need to receive an approval from the Bio-Safety Board for imports. The board so far approved only twelve corn events. Until all events utilized in the U.S. are approved, imports are not expected to recover. Accordingly imports of DDGS and CGFP declined to 157,000 MT and 130,000 MT respectively compared to 506,000 MT and 306,000 MT a year ago. Also, supplies moved to non-biotech sources and US market share declined to eight percent from eighty-eight a year ago for DDGS and to zero from sixty-six percent for CGFP. Holland (47,000 MT), Austria (25,000 MT) and Romania (25,000 MT) were the leading suppliers for DDGS and Ukraine (59,000 MT), Bulgaria (32,000 MT) and Hungary (23,000 MT) for CGFP.

Policy

Sunflower seed meal, cottonseed meal and canola meal import duties are 11.5 percent for EU and EFTA countries and 13.5 percent for all other sources.

The soybean meal import tax is zero from EU sources and Bosnia but 13.5 percent from the rest of the world. Both DDGS and CGF are subject to a 4.3 percent customs tax.

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

OILS

Production

MY 2011 total domestic production of vegetable oils subject to this report (sunflower seed, cottonseed, and soybean) is estimated over 1MMT, about six percent above MY 2010, due to production increases in sunflower seed oil and cottonseed oil. MY 2012 production is also forecast to increase but only about three percent to 1.04MMT with a drop in cotton and soy oils being compensated by the growth in sun oil production. 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.

Sunflower seed oil PSD

| Oil, Sunflowerseed Turkey | 2010/2011 | | 2011/2012 | | 2012/2013 | |
|------------------------------|--------------------------------|-------------|--------------------------------|----------|--------------------------------|----------|
| | Market Year Begin: Sep 2010 | | Market Year Begin: May 2011 | | Market Year Begin: Sep 2012 | |
| | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Crush | 1,570 | 1,780 | 1,680 | 1,830 | | 1,960 |
| Extr. Rate, 999.9999 | 0. | 0.427 | 0. | 0.4235 | | 0.4235 |
| Beginning Stocks | 40 | 40 | 130 | 57 | | 67 |
| Production | 671 | 760 | 718 | 775 | | 830 |
| MY Imports | 401 | 401 | 500 | 460 | | 480 |
| MY Imp. from U.S. | 0 | 0 | 0 | 0 | | 0 |
| MY Imp. from EU | 0 | 0 | 0 | 0 | | 0 |
| Total Supply | 1,112 | 1,201 | 1,348 | 1,292 | | 1,377 |
| MY Exports | 157 | 280 | 210 | 340 | | 370 |
| MY Exp. to EU | 0 | 0 | 0 | 0 | | 0 |
| Industrial Dom. Cons. | 25 | 24 | 25 | 15 | | 25 |
| Food Use Dom. Cons. | 780 | 820 | 854 | 850 | | 880 |
| Feed Waste Dom. Cons. | 20 | 20 | 22 | 20 | | 25 |
| Total Dom. Cons. | 825 | 864 | 901 | 885 | | 930 |
| Ending Stocks | 130 | 57 | 237 | 67 | | 77 |
| Total Distribution | 1,112 | 1,201 | 1,348 | 1,292 | | 1,377 |
| CY Imports | 300 | 224 | 300 | 470 | | 460 |
| CY Imp. from U.S. | 0 | 0 | 0 | 0 | | 0 |
| CY Exports | 80 | 116 | 210 | 355 | | 350 |
| CY Exp. to U.S. | 0 | 0 | 0 | 0 | | 0 |

Consumption

Sunflower seed oil is the most consumed oil in Turkey and consumption has increased significantly in MY 2010 reaching about 864,000 MT compared to 760,000 MT a year before. Sunflower seed oil consumption had benefited from the improving economy, negative press about biotechnology that adversely affected corn oil and soybean oil consumption. A moderate consumption increase for sunflower oil is also forecasted for MY 2011 and MY2012 as total consumption reaching 885,000 MT and 930,000 MT respectively.

Soybean oil PSD

| Oil, Soybean Turkey | 2010/2011 | | 2011/2012 | | 2012/2013 | |
|------------------------|--------------------------------|-------------|--------------------------------|-------------|--------------------------------|----------|
| | Market Year Begin: Oct 2010 | | Market Year Begin: Oct 2011 | | Market Year Begin: Oct 2012 | |
| | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Crush | 550 | 470 | 550 | 400 | | 370 |
| Extr. Rate, 999.9999 | 0. | 0.1957 | 0. | 0.195 | | 0.1946 |
| Beginning Stocks | 4 | 4 | 3 | 20 | | 17 |
| Production | 98 | 92 | 98 | 78 | | 72 |
| MY Imports | 3 | 3 | 3 | 2 | | 2 |
| MY Imp. from U.S. | 0 | 1 | 0 | 1 | | 1 |
| MY Imp. from EU | 1 | 0 | 1 | 1 | | 1 |
| Total Supply | 105 | 99 | 104 | 100 | | 91 |
| MY Exports | 4 | 5 | 4 | 5 | | 8 |
| MY Exp. to EU | 0 | 0 | 0 | 0 | | 0 |
| Industrial Dom. Cons. | 23 | 20 | 23 | 23 | | 22 |
| Food Use Dom. Cons. | 53 | 10 | 53 | 10 | | 10 |
| Feed Waste Dom. Cons. | 22 | 44 | 20 | 45 | | 40 |
| Total Dom. Cons. | 98 | 74 | 96 | 78 | | 72 |
| Ending Stocks | 3 | 20 | 4 | 17 | | 11 |
| Total Distribution | 105 | 99 | 104 | 100 | | 91 |
| CY Imports | 3 | 10 | 3 | 2 | | 2 |
| CY Imp. from U.S. | 0 | 0 | 0 | 1 | | 1 |
| CY Exports | 4 | 4 | 4 | 4 | | 6 |
| CY Exp. to U.S. | 0 | 0 | 0 | 0 | | 0 |

The recent bio safety law limits the utilization of soy oil produced from biotech soybeans to be used only in feed and prevents its use in the food and industry, mostly paint and ink production, categories. Therefore soy oil that is produced from locally produced and imported non-GM soy beans is used in food. Since the great majority of imported and crush soybeans are biotech varieties that adversely effects domestic crushing margins hence causes production and consumption of soy oil to decline. The industry, after long negotiations with the Ministry, received permission to use soy oil in paint production but not yet for food. Large amount of soy oil used to utilize in domestic margarine production.

Cottonseed oil production will be up second year in a row, rising fifty percent in MY 2011 to 170,000 MT. Production, however, is forecast to decline about fifteen percent to 145,000 MT in MY 2012 in line with the decline in cottonseed output.

While consumption of corn oil and soy oil is declining, canola oil is gaining popularity. Accordingly, canola oil utilization increases when the gap between canola and sunflower oil enlarges. 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 62,000 MT of locally produced canola oil in CY 2011.

Cottonseed oil PSD

| Oil, Cottonseed Turkey | 2010/2011 | | 2011/2012 | | 2012/2013 | |
|---------------------------|--------------------------------|-------------|--------------------------------|----------|--------------------------------|----------|
| | Market Year Begin: Oct 2010 | | Market Year Begin: May 2011 | | Market Year Begin: Oct 2012 | |
| | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Crush | 655 | 660 | 865 | 1,020 | | 860 |
| Extr. Rate, 999.9999 | 0. | 0.1697 | 0. | 0.1686 | | 0.1686 |
| Beginning Stocks | 0 | 0 | 0 | 5 | | 5 |
| Production | 110 | 112 | 145 | 172 | | 145 |
| MY Imports | 0 | 0 | 2 | 0 | | 0 |
| MY Imp. from U.S. | 0 | 0 | 0 | 0 | | 0 |
| MY Imp. from EU | 0 | 0 | 0 | 0 | | 0 |
| Total Supply | 110 | 112 | 147 | 177 | | 150 |
| MY Exports | 2 | 2 | 5 | 2 | | 2 |
| MY Exp. to EU | 0 | 0 | 0 | 0 | | 0 |
| Industrial Dom. Cons. | 25 | 10 | 25 | 10 | | 12 |
| Food Use Dom. Cons. | 83 | 95 | 113 | 160 | | 130 |
| Feed Waste Dom. Cons. | 0 | 0 | 0 | 0 | | 0 |
| Total Dom. Cons. | 108 | 105 | 138 | 170 | | 142 |
| Ending Stocks | 0 | 5 | 4 | 5 | | 6 |
| Total Distribution | 110 | 112 | 147 | 177 | | 150 |
| CY Imports | 5 | 5 | 3 | 0 | | 0 |
| CY Imp. from U.S. | 0 | 0 | 0 | 0 | | 0 |
| CY Exports | 1 | 2 | 5 | 2 | | 2 |
| CY Exp. to U.S. | 0 | 0 | 0 | 0 | | 0 |

Trade

Corn Oil

Turkish corn oil production remained about 45,000 MT in 2011. Corn oil continues to be one of the popular oils in Turkey but anti-GMO campaigns adversely affected annual domestic consumption causing about a thirty percent drop in 2011. Accordingly, domestic corn oil consumption was about 70,000 MT compared to the usual 100,000 MT.

Corn oil imports declined two years in a row and were about 41,000 MT in 2011 compared to 49,000 MT in 2010 and 84,000 MT in 2009. Turkey continued to be one of the leading markets for U.S. corn oil. The United States supplied fifty-six percent of 2011 imports or about 23,000 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. 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 and if they do win the tenders US is their leading source for crude corn oil.

Turkey's exports of refined corn oil went up about fifty percent in 2011 reaching 27,000 MT. Libya was the main export destination with 13,000 MT followed by Israel (5,400 MT) and Saudi Arabia (2,000 MT) were other buyers.

Turkish exports of refined corn oil

| CY | 2006 | 2007 | 2009 | 2010 | 2011 |
|--------|--------|-------|--------|--------|--------|
| World | 29,462 | 7,842 | 14,255 | 17,812 | 26,614 |
| Libya | 27,158 | 5,365 | 3,220 | 1,916 | 19,985 |
| Israel | 1,850 | 1,100 | 4,430 | 8,466 | 5,400 |

Sunflower seed oil

Turkish imports of sunflower seed oil doubled in MY 2010 reaching 403,000 MT due to higher domestic consumption and exports and also biotech related restrictions with other vegetable oils. Ukraine (323,000 MT) and Argentina (52,000 MT) were the main sources followed by Russia (19,000 MT) and Moldova (6,000 MT).

Turkey imported about 206,000 MT of sun oil during first five months of MY 2011. Russia and Ukraine were almost the sole suppliers with 120,000 MT and 80,000 MT respectively.

Turkey's refined sunflower seed oil exports were up again in MY 2010 reaching 157,000 MT following a downturn (70,000 MT) a year ago. Iraq was the main buyer with 116,000 MT distantly followed by neighboring Middle Eastern countries such as Syria (9,000 MT), Israel (5,000 MT) and Lebanon (3,000 MT).

Turkey's low cost mix vegetable oil exports tripled in MY 2010 reaching 152,000 MT of which about eighty percent is estimated to be sun oil and the rest combination of other vegetable oils. Iraq was again the main buyer of Turkish mixed oil with 145,000 MT followed by Syria (3,500 MT). The two categories combined total Turkish sunflower seed oil is estimated about 280,000 MT of sunflower seed oil for MY 2010.

Important note: PSD export figures for sun oil reflects total sun oil exports, refined and sun oil in mixed vegetable oil combined to reflect the real number of exports.

Turkey did not import cottonseed oil in MY 2010 and soybean oil imports continued to be negligible at 3,000 MT. 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.

Tariffs

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 |

GOT stopped the tariff rate quota (TRQ) for sunflower seed and oil imports from all origins in MY 2011 which had been in effect for the past three years. Accordingly importers were allowed to duty free sun seeds equivalent of their local seed purchases.

According to the 2012 customs regime, sunflower seed imports outside of the new TRQ are subject to a tariff of 27 percent with a minimum price of US\$ 1,350 per ton.

Crude and refined sun oils subject to 36 and 50 percent import taxes respectively. Crude Corn and canola oil import tax are 31.2 percent.

| Turkey: Tariffs on Cottonseed and Soybean Oil | |
|---|------------|
| Quality/Purpose | Tariff (%) |
| Crude | 31.2 |
| Refined for food use | 31.2 |
| Refined for industrial use | 5 |
| Refined for biodiesel | 19.5- 0 |