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Turkey

Oilseeds and Products Annual

Oilseeds and Products Annual Turkey 2010

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Report Highlights:

MY 2009 total oil seed production of Turkey is estimated about 1.4 MMT and forecast to reach 1.6 MMT in MY 2010. Production increases are expected in all oil seeds: sunflower, soy and cottonseed. Turkey has a net deficit of oilseeds and products therefore it is import dependent. New biotechnology and biosafety regulations have disrupted imports of soybeans and other products and caused great confusion and uncertainty. Assuming biotechnology regulation does not interfere further with soybean imports, MY 2009 imports are forecast at 1.2 MMT and MY 2010 imports at 1.4 MMT. Availability of GSM-102 credit guarantee program plays an important role in U.S. sales to Turkey.

Executive Summary:

In MY 2009 Turkey's total production of oilseeds subject to this report (soy, sunflower and cottonseed) was about 1.4 MMT, the lowest in many years due to historically low cotton seed production. Total production is projected to increase about 15 percent to 1.6 MMT in MY 2010 due to increases for all oilseeds, but especially cottonseed. The Turkish government's early announcement of production premiums for MY 2010 crop, high world prices for cotton and uncertainty about imports of transgenic products are the reasons for the increase.

MY 2009 sunflower seed area and production remained about 460,000 hectares and 800,000 MT, in spite of the larger than anticipated planting. Unseasonal weather conditions adversely affected yield both in Thrace and Cukurova regions. MY 2010 planting area expected to be about 500,000 hectares and abundant winter rains should give a good start to the crop; production is forecast to reach 875,000 MT. The government's continuing production premium program for oilseeds and support of quasi-government producer coops have positive effects on planting decisions of farmers.

Soybean production increased about fifty percent in MY 2009 reaching an estimated 45,000 MT, which is only a fraction of domestic consumption of 1.3 MMT. MY 2010 production is also forecast to increase, to 70,000 MT. The government has announced a 27 percent premium increase for certified soybean seed users to encourage planting. According to the sources the target of the government is to produce about 600,000 MT of soybeans domestically in the new future. The industry members indicated that this is not possible simply because not enough seeds available in the short run and it is hard for soybeans to compete with other crops, such as wheat, corn and cotton in targeted regions.

Cotton hence cotton seed production is expected to increase for the first time in several years due to increased world prices and some recovery of export demand for Turkish textiles. MY 2010 cotton seed production projected to be about 675,000 MT up about 18 percent compared to a year ago.

Production of canola as an oil seed is also growing, MY 2009 (June-May) production was about 30,000 MT and is expected to rise to 40,000 MT in MY 2010. Turkey also imports large quantities of canola seeds for oil and meal from Black Sea countries imports become 216,000 MT and 158,000 MT in CY 2008 and CY 2009 respectively.

Total meal production in MY 2009 will be up about eight percent to 1.47 MMT due to increase in sunflower and soybean meal output. Because of barriers to soy meal imports local crushers are attempting to increase crush. MY 2010 total meal production also is expected to be up, by about seven percent, as all meals output will rise, led by cotton seed meal.

Following years of continuing growth, domestic production and consumption of compound feed has stagnated in 2009, as increases in poultry (broiler and layer) feed production are offset by the drop in livestock (dairy and beef) feed production.

Broiler and egg production increased because of both domestic market dynamics and increased exports to neighboring countries. Domestic production of livestock however had fallen significantly in 2009. Low local milk prices, increase in feed prices and uncontrolled movement of livestock to neighboring countries were the reasons for the decline.

The Turkish poultry industry, which ranks in the world's top fourteen, is the country's top consumer of protein meal and its feed demand projected to continue to grow in coming years. Domestic demand for white meat will continue to increase due

to very high local red meat prices, increasing exports of both poultry meat and eggs and also emerging export opportunities to the EU and Russian markets. While Turkish poultry producers are gearing up to export processed poultry products to the EU, during the official talks Russian authorities expressed desire to import 500,000 MT of poultry meat from Turkey, which received a lot of publicity. Turkish industry sources, however, believe that Turkey cannot supply such a quantity on short notice and suggest that realistically not much more than 50,000 MT of poultry meat might be exported to Russia during 2010.

The Turkish poultry industry, both broiler and egg producers, had a better year in CY 2009 than anticipated. Both sectors grew in 2009 due to increased domestic consumption as a result of very high local red meat prices and exports. CY 2009 poultry meat production reached 1.35 MMT, representing 6.5 percent growth compared to the previous year; another ten percent growth is foreseen for 2010 provided that biotechnology legislation does not seriously affect feed ingredient imports. Egg production also grew in 2009, about three percent, and totaled 13.5 billion pieces. An additional seven percent growth is foreseen for 2010. Domestic consumption and export growth are the reasons for projected growth for egg production.

Although the poultry industry continues to grow, the Turkish livestock sector took a big dive in 2009. Low milk prices in 2009 and increased feed prices forced many producers to slaughter their dairy animals. Uncontrolled movement of beef cattle to neighboring countries caused beef livestock population to decline as well. While total livestock numbers declined meat and milk prices started to increase during the last quarter of 2009 and into 2010 causing widespread criticism of the government's agricultural production policies.

USDA's GSM-102 export credit guarantee program continues to facilitate sales of U.S. soybean and meal to Turkey. Due to the recent economic climate GSM-102 is one of the most favored financial tools for importers of U.S. agricultural products. Timely announcement of the fiscal year 2009 program has maximized effectiveness and utilization. Soybean and meal imports reached 55 percent of the total GSM-102 program allocation of USD478 million in FY 2009. Over the years the program has proved to be very effective instrument to enlarge the U.S. market share in this growing market. Importers are expecting additional announcements to place orders under the FY 2010 program.

During the last few years Turkey had become a leading market for U.S. exports of corn-based feed ingredients such as corn gluten feed (CGF) and dried distillers grains (DDGS). Turkish CGF imports jumped from 146,000 MT in CY 2006 to 555,000 MT in CY 2008. Imports of CGF reached 378,000 MT in CY 2009 and 31,000 MT January 2010. DDGS imports also rose from 100,000 MT in CY 2006 to 521,000 MT in CY 2008. Imports in 2009 were 445,000 MT and 45,000 MT in January 2010. About ninety percent of both DDGS and CGF imports were supplied by the U.S. A poor grain crops in 2006 and 2007 and high internal prices encouraged consumption of these relatively low-cost products. Imports were blocked by the October 2009 biotechnology regulation.

Total vegetable oil production in MY 2009 is expected to increase about eight percent to 754,000 MT. Increases in sunflower seed oil and soy oil mitigated the decline in cotton seed oil. MY 2010 total oil production is also projected to increase about five percent.

Turkey remains a top market for U.S. corn oil exports. Turkey consumes about 120,000 MT of corn oil annually and domestic production is only about 35,000 MT. U.S. corn oil imports were 74,000 MT in CY 2009 constituting 89 percent

of the total imports. Some trade fluctuations are expected following expected introduction of biotechnology labeling legislation.

The Turkish government announced a new tariff-rate quota for sunflower seed and oil imports in 2009. The quota allows about 650,000 MT of sunflower seed imports at reduced tariffs (7% versus 27%) during the first six months of 2010 for those processors who bought and processed local seeds. Under the program, in case of difficulties in locating domestic seeds, processors can apply for permission to import oil at a reduced customs fee. The sunflower seed oil tariff under the program is also reduced to 17 percent from the usual 36 percent. The new system also requires reference prices of USD 525 per ton for sunflower seed and USD 1,250 per ton for sunflower oil. The purpose of the program is to lead crushers to buy a larger share of the local crop from farmers and lower the overall cost of local sunflower oil for consumers. Industry sources estimate that about 550,000 MT of sunflower seed and some oil will be imported under the program in MY 2009. The program is expected to continue for the foreseeable future.

The Ministry of Agriculture issued a new Biotechnology Regulation in late October 2009 that shut down imports of transgenic food and feed ingredients, including soybeans, soy meal, corn, CGF, DDGS and other products. Following court challenges the import regime changed several times between October 26 and January 25. The market re-opened to certain products between January 25 and March 1, but currently no product with transgenic content, from soybeans to feed ingredients to foodstuffs, can enter Turkey.

On March 19, a National Biosafety Law was approved by the Parliament. This law has circulated in several draft versions.

For the National Biosafety Law to go into force, the Ministry of Agriculture must prepare and issue implementation regulations. At this time, it is unknown how restrictive these measures might prove to be. It also is unknown how the October 2009 Biotechnology Regulation will be enforced after the National Biosafety Law is activated.

The Biotechnology regulation and the Biosafety 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.

Immediately after the October 2009 Biotechnology regulation was published feed prices jumped, as imports of soybeans, soybean meal and corn-based feed ingredients were blocked. When imports of soybeans briefly resumed in January prices fell a bit, but then rose again.

For example, internal soybean prices were USD 450 per ton in October, rose to USD 700 in November, came down to USD 550 in January and February 2010 and went up again to USD 670 in March 2010.

2009-2010 domestic price changes of feed items (US\$ per ton)						
	Oct.	Nov.	Dec	Jan	Feb	March
Full fat soy	470	570	720	570	570	670
Soy meal	525	700	700	540	550	510
Canola Meal	220	320	310	310	310	315
CGF	210	242	280	250	260	275
Sun meal 28	102	154	166	180	190	190
Sun Meal 36	200	320	320	305	350	350

DDGS	230	260	300	300	305	310
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While government sources insist that the draft law is part of a process to comply with the EU regulations and create a modern Biosafety Law the industry claims that this is an effort to stop imports of various feed items such as DDGS, CGF and soy meal and to replace them with locally produced feed materials.

The recent chaos caused by the regulation and draft law makes it almost impossible to predict trade for the items subject to this report. The industry proceeds with the expectation that after the new law is adopted, soybean imports will be possible. But many believe that imports of DDGS, CGF and soy meal will be blocked.

Please note that, except as noted otherwise, the forecasts in this report are based on the assumption that imports of oilseeds and products will not be impeded by enforcement either of the Biotechnology Regulation or implementation of the National Biosafety Law. If this assumption proves incorrect, the forecasts will be revised.

Commodities:

Oilseed, Sunflowerseed

Oilseed, Soybean

Meal, Sunflowerseed

Meal, Soybean

Meal, Cottonseed

Oil, Sunflowerseed

Oil, Soybean

Oil, Cottonseed

Production:

OILSEEDS

Sunflower seed

Extreme weather conditions had negatively affected MY 2009 sunflower seed planting and production. Excessive rains during the planting season both in Thrace and Cukurova regions delayed planting up to one month. After this late start, Cukurova crop yields were reduced by extreme heat in July. In Thrace, flooding prior to harvest caused crop losses as well. MY 2009 area and production estimates for sunflower seed are reduced to 460,000 hectares and 800,000 MT.

Extreme weather conditions have already 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 this spring. Additional flooding in February 2010 reportedly damaged wheat and barley fields in the region that may then be planted with sunflower seed in the coming season. MY 2010 sunflower seed area and production is projected to be about 500,000 hectares and 875,000 MT. Abundant moisture in all regions is expected to give a good start to the crop.

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

Sunflower oilseed prices generally returned to normal following the sky high levels of 2007 and 2008 when drought struck the entire Black Sea region. The current sunflower oilseed price is about USD 485 per ton CIF Turkey compared to USD 900 in July 2008.

The biggest Agricultural Sales Cooperative Union, Trakya Birlik, bought about 340,000 MT of MY 2009 crop of sunflower from its members at a price of 770 TL per ton (about USD 510) compared to 875 YTL (about USD 625) last year.

Soybean

Domestic soybean area and production for MY 2009 is now estimated at about 12,000 hectares and 45,000 MT, an increase of fifty percent compared to MY 2008. Planting area and production in MY 2010 are forecast to increase an additional fifty percent and reach 18,000 hectares and 70,000 MT. 90 percent of Turkey's soy crop is grown in the Cukurova region. Farmers are switching to soybeans as higher production premiums allow better returns on soybeans than on corn and cotton. The government has encouraged the use of certified seed soy by raising the production bonus for 2010 crop to 350 TL (USD233) per ton from 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 is rumored to have an ambitious plan to increase domestic soy output to 600,000 MT. Industry sources, however, indicate that there are not enough seeds or land available for such an explosion in soy planting in the near future.

The Turkish broiler industry had a better year than foreseen and production increased about six percent in 2009 due to increases in domestic demand caused by high red meat prices and exports to Iraq. Additionally, the EU approved imports of processed poultry meat from Turkey, and Russia has lifted its ban on Turkish poultry meat creating export opportunities in both regions.

Egg production also increased and reached 13.5 billion pieces in 2009 due to the increased domestic consumption and continuing exports. Domestic egg consumption showed significant increase in recent years, reaching an estimated 170 pieces per person annually in 2009 compared to 120 in 2004. Domestic consumption of eggs is expected to rise another seven percent in 2010. YUMBIR, the egg industry association, is continuing promotion campaigns to increase consumption of eggs to 200 pieces per person per year. Egg exports in 2009 continued to be strong at 1.1 billion pieces compared to 150 million pieces in 2006. Neighboring Middle Eastern countries are the main buyers of Turkish poultry and eggs.

Cotton seed

Following six years of steady decline, MY 2009 cotton seed area and production is now estimated at just 280,000 hectares and 570,000 MT. In MY 2010, however, cotton area and production are expected to increase. Farmers are forecast to plant more cotton because of higher world prices, expected increases in domestic cotton consumption, as well as the replanting of winter wheat fields in Cukurova and the GAP regions that had been flooded last fall. MY 2010 cotton seed area and production therefore is forecast at 310,000 hectares and 675,000 MT.

Canola

The deficit of local oil seeds and availability of excess crushing capacity has inspired more farmers to plant canola in recent years. MY 2008 canola planted area and production now are estimated about 18,000 hectares and 30,000 MT. In MY 2009 canola area has risen to 28,000 hectares but increased snow and rain during the winter expected to adversely affect yield and total production will remain about 40,000 MT. Planting in MY 2010 is expected to be about 30,000 hectares with more balance precipitation during the season total production should be about 60,000 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 340,000 MT and Karadeniz Birlik's 36,000 MT of sunflower seed from their members in MY 2009. The combined purchases of the two coops represent about 47 percent of MY 2009's crop and it is about seven percent higher than last year's purchase.

Production support

The Turkish government continues to support oilseed production with production premium programs. For the first time, the government has announced crop premiums for MY 2010 before planting, to encourage farmers to plant more oil seeds. These production bonus payments on old crop usually have been made in August, just before the harvest. Industry sources say that for the future of domestic oil seed production it is crucial that sales cooperatives and the government announce adequate domestic price and bonus payment, and pay promptly.

Turkey: Oilseed Production Premiums (TL/MT)				
Crop	2008	2009	2010	% increase
Sunflower seed	189	210	230	10 %
Soybean	247	275	350	27 %
Canola	207	230	295	20 %
Seed cotton	324	420	420	0 %

OIL MEALS

Total meal production in MY 2009 is estimated to rebound to 1.47 MMT due to increases in local sunflower meal and soy meal production. Although Turkey utilizes a lot of full-fat beans, late in MY 2009 local soybean crush increased as biotechnology regulations hindered imports of soybean meal. Total meal production is expected to reach 1.55 MMT in MY 2010 due to increases in production of all meals. In addition to traditional meals Turkey also produced about 105,000 MT of canola meal in CY 2009.

Industry sources say there are about 660 feed mills in Turkey with an estimated total capacity of 16 MMT. The feed sector has been growing at a remarkable speed; new modern mills with large production capacities are pushing small ones out of business. It is estimated that presently about 190 factories with old technology and lower capacities are idle. Total Turkish compound feed production has increased rapidly in recent years. Total production reached 9.2 MMT in CY 2007 and about 10.5 MMT in 2008. 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. CY 2009 production is estimated to remain about the same as 2008, with an increase in broiler and layer feed production compensating for a drop in livestock --both dairy and feeder cattle-- feed production. In CY 2010 poultry feed production is forecast to rise about five percent in step with production, but livestock feed production is expected to go up only one or two percent.

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 is adjusting extraction rates to 55 percent, from 38 percent, to better reflect the change in practices.

OILS

Total MY 2009 domestic production of vegetable oils subject to this report (sunflower seed, cottonseed, and soybean) is estimated 750,000 MT, about eight percent above MY 2008, due to production increases in sunflower seed oil and soy oil. MY 2010 production is also forecast to increase, by about five percent to 795,000 MT due to projected increase in all oils. In addition to the above products Turkey produced about 75,000 MT of canola oil in CY 2009. Turkey has refining capacity of about 1.5 MMT for liquid oils and an additional 1 MMT to produce margarine.

Consumption:

OILSEEDS

The majority of oilseeds and products are utilized for meal and oil. Growth in domestic soybean and meal consumption was strong in MY 2008 and the growth is projected to continue in MY 2009 and 2010 due to growth in poultry and some what in dairy production.

In MY 2009 low demand for soy oil persuaded feed millers and poultry operation to produce and use more full-fat soy in rations. The trend to use full fat soy in feed is expected to continue in MY 2010 as well.

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

Consumption of cottonseed likely will decline due to reduced domestic production and availability of cottonseed in traditional suppliers Syria and Greece. 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 due to lack of raw material. 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 2009 U.S. exports of confectionary sunflower seed reached 18,000 MT.

MEALS

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

Overall, Turkish poultry meat production tripled in the past ten years and another fifty percent increase is foreseen in the coming ten years. During 2010 poultry meat production is expected to increase about ten percent due to increase in domestic consumption and exports. The layer industry is also projected to expand about seven percent during the year due to same reasons. The livestock sector –both dairy and beef-- is expected to recover somewhat following a significant decline in 2009 due to sudden drop in domestic milk prices and uncontrolled movement of animals to neighboring countries.

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 consumed about 123,000 MT of canola meal in CY 2009 produced from locally produced and imported seeds. Canola meal consumption was 200,000 MT in CY 2008; the drop is due to availability of abundant low priced sunflower meal.

Consumption of corn based feed ingredients, specifically DDGS and CGF, had increased with enormous speed in the last few years: total consumption of the two products is estimated to have increased from 250,000 MT in CY 2006 to 1 MMT in CY 2008 and 824,000 MT in CY 2009 due to its low price and nutritional qualities, and low stocks of domestic feed ingredients. Imports decline during CY 2009 was due to increases in world prices of both items. Turkish sunflower seed

crushers, wheat millers, barley and corn producers complained last year about competition with imported DDGS and CGF. Industry sources indicated that both items were creating pressure on prices of locally produced sunflower seed meal, barley, corn, and wheat bran. Consequently the GOT increased the Value Added Tax on both DDGS and CGF from 8 percent to 18 percent which had only a slight impact on consumption.

Some suggest that new biotechnology regulations are aimed at eliminating imports of corn-based feed ingredients.

OILS

Total domestic sunflower seed oil consumption will increase to 805,000 MT in MY 2009 from 745,000 MT of a year ago due to increases in food and feed use categories. Sunflower seed oil consumption is projected to benefit from the improving economy, frightening stories in the media about biotechnology affecting corn demand and increased usage in feed rations due to a price advantage. A moderate consumption increase for sunflower oil is also forecast for MY 2010.

Industrial utilization of soybean oil increased in MY 2009 and is expected to in MY 2010, mostly in paint and ink production. Utilization in margarine could be affected by anti-biotechnology fears. Any significant growth in soybean oil consumption will depend on changes in policies on bio-diesel production, which has virtually ceased due to high consumption tax and strict control of the government.

Cottonseed oil production declined about thirty percent in MY 2008 to 131,000 MT and an additional fifteen percent in MY 2009 to an estimated 105,000 MT. Production is forecast to recover somewhat in MY 2010 to 115,000 MT, in line with increased cotton output.

While consumption of both soybean oil and cottonseed oil is declining, canola oil is gaining popularity as an alternative. Accordingly, canola oil imports and utilization have increased, particularly in mid-2008 when the gap between canola and sunflower oil prices reached an historical 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 consumed about 75,000 MT of mostly locally produced canola oil in CY 2008. Safflower production is also increasing but detailed information is limited.

Trade:

OILSEEDS

Turkey imported about 414,000 MT of sunflower seed for crushing during MY 2008. Neighboring Black Sea countries were the main source. Bulgaria (162,000 MT), Ukraine (124,000 MT) and Moldova (76,000 MT) were the leading suppliers. MY 2009 imports expected to be about 550,000 MT due to the new import tariff rate quota that GOT issued which enables processors that buy and process local crop to import sunflower seeds with reduced import fees.

MY 2008 Turkish imports of soybeans were about 1.07 MMT. While total imports of soybeans declined during the marketing year, due to higher than usual carryover, US exports to Turkey increased significantly to 649,000 MT from 397,000 MT a year ago. Lack of supplies in South America and availability of GSM-102 played an important role. Argentina (196,000 MT) and Paraguay (161,000 MT) were the other leading sources followed by Ukraine (39,000 MT) and Brazil (25,000 MT). During MY 2009 however larger crop in South America and aggressive pricing policy of producing countries expected to result in higher bean sales to Turkey from the region.

During MY 2008 the United States regained its position as number one soy supplier for Turkey and its share of imports increased to 61 percent from 30 percent the previous year. Lack of supplies in the South American sources and timely

announcements of USDA's GSM-102 export credit guarantee program for FY 2009 were the reasons for the increase. The industry members are expecting announcements of additional MY 2010 the program to utilize for their oil seed needs.

During fiscal Year 2009 Turkish importers utilized a total of USD 478 million of the program of which USD 184 million was used to import soybeans and USD 79 million for soybean meal.

Cottonseed imports remained low (7,000 MT) during MY 2008 due to lack of supplies in nearby countries Greece and Syria due to lower EU production support in Greece and increased crushing in Syria. MY 2009 imports are also expected to remain low due to low importable supplies and the industry's switch to alternative oil seeds such as canola.

Increased prices and limited supplies of traditional oilseed persuaded crushers to look for alternative crops to import in CY 2008. Accordingly, Turkey imported 158,000 MT of canola seed for crushing. Ukraine and Romania were the major sources supplying 98,000 MT and 26,000 MT respectively. Bulgaria (16,000 MT) and Moldova (16,000 MT) were the 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.

MEALS

Sunflower seed meal

Because drought lowered domestic production, Turkey's sunflower seed meal imports increased again in MY 2008 to 312,000 MT compared to 222,000 MT in MY 2007. Additionally, Turkey imported 118,000 MT of so-called sunflower flour (HS code 120890) with high oil content mostly from Georgia. Industry sources claimed that this is an effort to get around the high oil import duties therefore causing unfair competition since according to the free trade agreement that Turkey signed with Georgia sunflower seed flour imports from that country enter free of customs duties.

Turkey sourced its sunflower seed meal imports in MY 2008 mainly from Ukraine (164,000 MT) and Russia (126,000 MT) due to increased availability as a result of increased crushing capacities in these countries. Neighboring Black Sea countries such as Bulgaria (19,000 MT) and Romania (12,000 MT) were other sources.

Soybean meal

Turkey imported about 392,000 MT of soybean meal in MY 2008. Imports during the first five months of MY 2009 were about 97,000 MT. The future of soybean meal imports and many other feed items is uncertain because of the Biotechnology regulation and the new Biosafety Law.

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

Other

Turkey's imports of canola meal dropped to 18,000 MT in CY 2009 from 72,500 MT the previous year due to increased availability of local sunflower seed meal. Russia (7,700 MT), Romania (7,700 MT) and Bulgaria (2,500) were the suppliers of canola meal for Turkey.

Turkey also imported about 445,000 MT of DDGS and 378,000 MT of CGF in CY 2009. The United States was the sole supplier for both items, making Turkey the number 1 U.S. market outside of North America.

OILS

Corn Oil

Corn oil is one of the popular oils in Turkey; annual consumption reaches 125,000 MT, putting Turkey in number three position following the United States and the EU. Since domestic production of corn oil is only about 35,000 MT, Turkey needs to import about 100,000 MT of corn oil annually.

Turkey is a leading market for U.S. corn oil and most years is the biggest buyer outside North America. The U.S. supplied an average of 70 percent of annual imports between 2006 and 2008. The U.S. share however increased to 89 percent in 2009 when total imports were 83,000 MT and the U.S. supplied 74,000 MT. In general fluctuations of imports are due to the export commitments of Turkish refiners. Some reduction in consumption and imports may be expected in 2010 because of negative publicity about transgenic products created by anti-biotechnology activists.

In spite of the recent negative publicity Turkey will continue to be an important market for U.S. corn oil in the medium and long term; low local production, increasing population and purchasing power will facilitate imports. Availability of the GSM-102 credit guarantee program also facilitates sales of U.S. corn oil to Turkey.

Nearly all corn oil imports are unrefined. Turkey exports refined corn oil, so imports fluctuate according to the export contracts that local crushers hold.

Corn oil exports peaked in CY 2005 and 2006 when Turkish crushers had won a large contract with Libya. Turkish crushers could not win the following tenders with Libya and exports fell in 2007 and 2008. Some increased accrued in 2009 other than Libya and Israel. S. Arabia and Afghanistan were other buyers with 1,716 MT and 756 MT respectively. The Middle East is the main export market for Turkish corn oil refiners.

Turkey: Corn Oil Exports						
MT/CY	2004	2005	2006	2007	2008	2009
World	13,147	24,727	29,462	7,842	3,509	14,255
Libya	6,401	22,197	27,158	5,365	447	3,220
Israel	3,351	1,235	1,85	1,100	695	4,430

Sunflower seed oil

Turkish imports of sunflower seed oil went up about thirty-two percent during MY 2008 reaching 432,000 MT compared to 325,000 MT a year ago. Increasing exports and lower world prices were the main reason for the increase. Ukraine (222,000 MT), Russia (165,000 MT) and Argentina (39,000 MT) continued to be the main suppliers.

Turkey's sunflower seed oil exports also went up significantly in MY 2008 reaching approximately 203,000 MT of which 133,000 MT is direct sunflower seed oil and rest is in the form of mixed vegetable oil. Turkey exported 220,000 MT of mixed vegetable oil in MY 2008 of which about 35 percent, approximately 70,000 MT is estimated to be sunflower seed oil. Iraq was the main market for both types of oils. Iraq was the leading buyer of Turkish refined sunflower seed oil with 49,000 MT followed by Syria (37,000 MT) and Israel (8,000 MT). Iraq and Syria was the sole buyer of Turkey's 220,000 MT of vegetable oils exports as well in MY 2008.

Note: Turkey exported about 150,000 MT of mix vegetable oil in CY 2008 and CY 2009 of which about thirty-five percent is estimated to be sunflower seed oil. These amounts, about 50,000 MT for each year, are added to the sunflowerseed oil exports for that calendar year.

Soybean oil and cottonseed oil imports in MY 2008 were negligible at 11,000 MT and 7,000 MT respectively. No major change is expected trading of both oils in the near future. Growth in imports of both oils depends on their price competitiveness with other imported oils.

Stocks:

Policy:

SEEDS

The Turkish government announced a new tariff rate quota for sunflower seed and oil imports in 2009. Under the quota, during the first six months of 2010 processors who buy and process local sunflower seed can import up to 650,000 MT of sunflower seed at a tariff reduced to 7% from 27%. The new system establishes reference prices of USD 525 per ton for sunflower seed imports. 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 550,000 MT of sunflower seed and some oil will be imported under the program in MY 2009. The program is expected to continue in the next few years.

According to the 2010 customs regime, sunflower seed imports outside of the new TRQ are subject to a tariff of 27 percent with minimum price of US\$ 750 per ton. Soybeans are subject to 8 percent, cottonseed and canola seeds are subject to 10 percent tariff.

MEALS

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. The soybean meal import duty is zero percent from EU sources and Bosnia but 13.5 percent for 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 ab. Both DDGS and CGF are subject to 4.3 percent customs tax. The future of DDGS and CGF imports are uncertain because of the draft Biosafety Law.

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

However, in 2009 the Turkish government announced a new tariff rate quota (TRQ) for sunflower seed and oil imports from all origins. Under the TRQ, during the first six months of 2010 processors who buy and process domestic sunflower seed can import up to 650,000 MT of sunflower seed at a tariff reduced to 7% from 27%. The new system establishes reference prices of USD 525 per ton for sunflower seed imports. 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 550,000 MT of sunflower seed and some oil will be imported under the program in MY 2009. The program is expected to continue in coming years.

According to the 2010 customs regime, sunflower seed imports outside of the new TRQ are subject to a tariff of 27 percent with minimum price of US\$ 750 per ton. Soybeans are subject to 8 percent, cottonseed and canola seeds are subject to 10 percent tariff.

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

Marketing:

The American Soybean Association (ASA) continues to actively promote the use of soybean and soybean products, such as full-fat soy in poultry and livestock rations, throughout the region. They also conduct technical seminars for producers of livestock, poultry and aquaculture.

Production, Supply and Demand Data Statistics:

Sunflowerseed	Oilseed, Turkey	2008	2009	2010
		2008/2009	2009/2010	2010/2011
		Market Year Begin:	Market Year Begin:	Market Year Begin:

	Sept 2008			Sept 2009			Sep 2010		
	USDA Official Data		New Post	USDA Official Data		New Post	USDA Official Data		Jan
			Data			Data			Data
Area Planted	580		500	580		520			500
Area Harvested	500		500	520		460			500
Beginning Stocks	47		47	88		35			25
Production	830		830	850		800			875
MY Imports	440		428	450		550			550
MY Imp. from U.S.	0		0	0		0			0
MY Imp. from EU	0		0	0		0			0
Total Supply	1,317		1,305	1,388		1,385			1,450
MY Exports	13		0	5		0			0
MY Exp. to EU	0		0	0		0			0
Crush	1,209		1,260	1,310		1,350			1,400
Food Use Dom. Cons.	4		5	4		5			5
Feed Waste Dom. Cons.	3		5	3		5			5
Total Dom. Cons.	1,216		1,270	1,317		1,360			1,410
Ending Stocks	88		35	66		25			40
Total Distribution	1,317		1,305	1,388		1,385			1,450
CY Imports	500		437	500		449			500
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

Soybean PSD

Soybean	Oilseed, Turkey	2008		2009		2010	
		2008/2009		2009/2010		2010/2011	
		Market Year Begin: Sept 2008		Market Year Begin: Sept 2009		Market Year Begin: Sept 2010	
		USDA Official Data	New Post	USDA Official Data	New Post	USDA Official Data	Jan
		Data		Data		Data	
Area Planted	8	8	8	12		18	
Area Harvested	8	8	16	12		18	
Beginning Stocks	205	205	136	151		96	
Production	30	30	60	45		70	
MY Imports	1,005	1,076	1,280	1,200		1,400	
MY Imp. from U.S.	350	649	350	400		500	
MY Imp. from EU	0	0	0	0		0	
Total Supply	1,240	1,311	1,476	1,396		1,566	
MY Exports	0	0	0	0		0	
MY Exp. to EU	0	0	0	0		0	
Crush	410	380	450	520		550	
Food Use Dom. Cons.	25	10	25	0		0	

Feed Waste Dom. Cons.	669		770	834		780			880
Total Dom. Cons.	1,104		1,160	1,309		1,300			1,430
Ending Stocks	136		151	167		96			136
Total Distribution	1,240		1,311	1,476		1,396			1,566
CY Imports	1,050		1,239	1,280		974			1,300
CY Imp. from U.S.	375		456	450		660			400
CY Exports	0		0	0		0			0
CY Exp. to U.S.	0		0	0		0			0

Cotton seed PSD

Cottonseed Oilseed, Turkey	2008		2009		2010	
	2008/2009		2009/2010		2010/2011	
	Market Year Begin: Oct 2008		Market Year Begin: Jun 2009		Market Year Begin: Oct 2010	
	USDA Official Data	New Post	USDA Official Data	New Post	USDA Official Data	Jan
		Data		Data		Data
Area Planted (Cotton)	350	330	600	300		310
Area Harvested (Cotton)	340	320	300	280		310
Seed to Lint Ratio	0		0			
Beginning Stocks	5	5	2	3		3
Production	700	630	600	570		675
MY Imports	18	18	29	15		20
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	20	18	15	15		20
Total Supply	723	653	631	588		698
MY Exports	4	0	4	0		0
MY Exp. to EU	2	0	2	0		0
Crush	693	640	610	575		685
Food Use Dom. Cons.	0	0	0	0		0
Feed Waste Dom. Cons.	24	10	15	10		10
Total Dom. Cons.	717	650	625	585		695
Ending Stocks	2	3	2	3		3
Total Distribution	723	653	631	588		698
CY Imports	25	20	30	5		10
CY Imp. from U.S.	0	0	0	0		0
CY Exports	1	0	4	0		0
CY Exp. to U.S.	0	0	0	0		0

Sunflower seed meal PSD

Sunflowerseed Meal, Turkey	2008		2009		2010	
	2008/2009		2009/2010		2010/2011	
	Market Year Begin: Sep 2008		Market Year Begin: Jun 2009		Market Year Begin: Sep 2010	
	USDA Official Data	New Post	USDA Official Data	New Post	USDA Official Data	Jan

			Data			Data			Data
Crush	1,209		1,260	1,310		1,350			1,400
Extr. Rate, 999.9999	0.		0.5476	0.		0.5481			0.55
Beginning Stocks	0		0	0		92			52
Production	452		690	498		740			770
MY Imports	309		312	400		250			280
MY Imp. from U.S.	0		0	0		0			0
MY Imp. from EU	0		18	0		0			0
Total Supply	761		1,002	898		1,082			1,102
MY Exports	0		0	0		0			0
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.	761		910	898		1,030			1,070
Total Dom. Cons.	761		910	898		1,030			1,070
Ending Stocks	0		92	0		52			32
Total Distribution	761		1,002	898		1,082			1,102
CY Imports	370		204	370		322			250
CY Imp. from U.S.	0		0	0		0			0
CY Exports	0		0	0		0			0
CY Exp. to U.S.	0		0	0		0			0

Soybean meal PSD

Soybean Meal, Turkey	2008			2009			2010		
	2008/2009			2009/2010			2010/2011		
	Market Year Begin: Oct 2008			Market Year Begin: Oct 2009			Market Year Begin: Oct 2010		
	USDA Official Data	New Post	Data	USDA Official Data	New Post	Data	USDA Official Data	New Post	Jan
Crush	410	380	450	520	550				
Extr. Rate, 999.9999	1.	0.8	1.	0.8	0.8073				
Beginning Stocks	10	24	23	24					

Production	3 2 7		304	359		416			444
MY Imports	3 9 9		392	400		200			250
MY Imp. from U.S.	1 4 5		220	150		60			100
MY Imp. from EU	3		12	3		5			10
Total Supply	7 3 6		706	783		639			718
MY Exports	5		3	10		5			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.	7 0 7		680	745		610			680
Total Dom. Cons.	7 0 7		680	745		610			680
Ending Stocks	2 4		23	28		24			32
Total Distribution	7 3 6		706	783		639			718
CY Imports	3 5 0		360	350		352			270
CY Imp. from U.S.	1 2 5		113	125		222			100
CY Exports	1 0		10	10		4			5
CY Exp. to U.S.	0		0	0		0			0
SME	7 0 7		680	745		610			680

Cotton seed meal PSD

Cottonseed Meal, Turkey	2008			2009			2010		
	2008/2009			2009/2010			2010/2011		
	Market Year Begin: Sept 2008			Market Year Begin: Sept 2009			Market Year Begin: Sept 2010		
	USDA Official Data		New Post	USDA Official Data		New Post	USDA Official Data		Jan
			Data			Data			Data
Crush	693		640	610		575		685	
Extr. Rate, 999.9999	0.		0.5625	0.		0.5565		0.5547	
Beginning Stocks	0		0	0		0		0	
Production	310		360	273		320		380	
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	310		360	273		320		380	

	ial								
	Dat		Dat			Dat			Dat
a			a			a			a
Crush	410		380	450		520			550
Extr. Rate, 999.9999	0.		0.1 816	0.		0.1 808			0.1 818
Beginning Stocks	12		12	4		4			7
Production	73		69	80		94			100
MY Imports	10		11	20		14			16
MY Imp. from U.S.	0		3	0		3			4
MY Imp. from EU	10		1	10		1			2
Total Supply	95		92	104		112			123
MY Exports	4		4	7		5			5
MY Exp. to EU	0		0	0		0			0
Industrial Dom. Cons.	20		20	18		25			28
Food Use Dom. Cons.	47		44	48		55			60
Feed Waste Dom. Cons.	20		20	21		20			25
Total Dom. Cons.	87		84	87		100			113
Ending Stocks	4		4	10		7			5
Total Distribution	95		92	104		112			123
CY Imports	20		20	20		10			14
CY Imp. from U.S.	0		0	0		3			3
CY Exports	0		6	0		3			5
CY Exp. to U.S.	0		0	0		0			0

Cottonseed oil PSD

Cottonseed Oil, Turkey	2008		2009		2010	
	2008/2009		2009/2010		2010/2011	
	Market Year Begin: Sept 2008		Market Year Begin: Sept 2009		Market Year Begin: Sept 2010	
	USDA Official Data	New Post	USDA Official Data	New Post	USDA Official Data	Jan
		Data		Data		Data
Crush	69 3	640	61 0	575		685
Extr. Rate, 999.9999	0.	0.168 8	0.	0.167		0.167 9
Beginning Stocks	24	24	0	9		7
Production	11 6	108	10 1	96		115
MY Imports	4	7	4	10		10
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	0	0	0		0
Total Supply	14 4	139	10 5	115		132
MY Exports	1	2	1	5		5
MY Exp. to EU	0	1	0	2		2
Industrial Dom. Cons.	25	20	25	18		18
Food Use Dom. Cons.	11 8	108	70	85		100
Feed Waste Dom. Cons.	0	0	0	0		0

Total Dom. Cons.	14 3		128	95		103			118
Ending Stocks	0		9	9		7			9
Total Distribution	14 4		139	10 5		115			132
CY Imports	4		10	4		10			10
CY Imp. from U.S.	0		0	0		0			0
CY Exports	1		4	1		5			5
CY Exp. to U.S.	0		0	0		0			0