Required Report - public distribution

Date: 7/6/2011

Turkey

Oilseeds and Products Update

Turkey Oilseed Update July 2011

Approved By:
Rachel Nelson

Prepared By:
Ibrahim Sirtioglu

Report Highlights:
MY 2010 imports of soybeans are expected to remain at about 1.2 MMT, significantly less than last year's imports of 1.6 MMT due to a large carryover. Soybean meal imports are increasing, and 2011 imports are expected to reach 450,000 MT. Soy oil consumption and imports were lower than expected due to the price advantage of competing oils and because the Biosafety Law currently limits utilization options. Production of cottonseed and products is projected to increase.

Post:
Ankara

Executive Summary:

MY 2010 imports of soybeans are expected to remain at about 1.2 MMT, significantly less than last year's imports of 1.6 MMT due to a large carryover. Total imports during the first nine months of MY 2010 were 845,000 MT, of which 404,000 MT were from the United States.

Soybean meal imports are increasing, and 2011 imports are expected to reach 450,000 MT. Production increases in the poultry and egg sector were the main reasons for the rise in demand for soy. Soy oil consumption and imports were lower than expected due to the price advantage of competing oils and a because the Biosafety Law currently limits utilization options, as imports of biotech soy have been approved for feed use for not for food or industrial uses. Production of cottonseed and products is projected to increase due to increased cotton planting in MY 2011.

Production

MY 2011 Turkish soybean area is expected to be about 15,000 hectares and production is expected to be about and 50,000 MT, which is less than last year due to increased cotton and corn planting in the region. The majority of soybeans are still planted in the Cukurova region despite the efforts of the GOT to increase planting in other areas.

Soybean meal and oil production has been adversely affected by the recent Biosafety Law that approved use of biotech products for feed only and not for industrial or food use. Crushing of imported biotech soybeans has almost stopped, because the by-products such as soy oil can't be used for paint and other industrial products, which damaged crushing margins.

Production of cottonseed and products is projected to increase due to an increase in cotton planting in MY 2011.

Consumption

Domestic consumption of soybean as full fat soya and soy meal continued to increase during MY 2010. Increases in local poultry meat and egg production were the main reasons for local soy product consumption. The high cost of local corn, due to low local production and import restrictions on biotech corn, also persuaded millers to utilize a higher percentage of full fat soybeans along with feed wheat in poultry rations.

The Turkish broiler industry had grown about thirteen percent in 2010, with total production of poultry meat reaching 1.5 MMT. Another ten percent production increase is forecasted for 2011 due to increased domestic poultry consumption in reaction to very high local red meat prices and increased exports. In 2011 the layer industry is also expected to grow, but to a lesser degree than the broiler industry, due to increased exports to neighboring countries.

Turkish poultry meat and egg consumption increased in recent years reaching 19 kg and 175 pieces per person, respectively, in 2010. Both industries continue to export to the Iraqi market, which provides additional cash flow during the seasonal fluctuation in the domestic market.

Consumption of soy products in the aquaculture industry also increased, also contributing to higher overall soy consumption.

Consumption of locally produced soy oil is declining due to biotech use limitations. Members of the crushing industry have been lobbying government officials to allow use of biotech soy oil in industrial products such as paint, soap and lubricants.

Trade

According to available information, soybean imports during the first nine months of MY 2010 were 845,003 MT, of which about forty-eight percent was from the United States. Other leading suppliers in this period were Ukraine (138,631 MT), Brazil (136,165 MT), Paraguay (97,376 MT) and Uruguay (31,429 MT).

Marketing year-end imports are expected to remain at about 1.2 MMT due to the large stock carry over. This was a result of stockpiling due to the uncertainties caused by the new bio-safety law that became effective on September 27, 2010.

Soybean meal imports during the first seven months of MY 2010 remained around 222,158 MT but total marketing year end imports are expected to reach 450,000 MT, which is higher than early season projections. The United States is the leading supplier to Turkey despite a decline in market share, with sales reaching 75,097 MT. Other suppliers are India (57,757 MT), Argentina (36,208 MT) and Switzerland (4,058 MT). Low profit-margins for soybean meal imports caused importers to seek source EU soy meal which enjoys a zero percent import tax compared to 13 percent for meal from other sources. Accordingly, Turkey imported a total of 47,493 MT of soy meal from EU sources. Germany (22,938 MT), Spain (15,374 MT), Romania (7,276 MT) and Bulgaria (1,905 MT) were the suppliers.

Uncertainties regarding biotech soybean and product imports during the time of GSM-102 announcement caused soybean and soybean product purchases under the program to decline during FY 2011, but historically the program had been an important factor for sales of U.S. soybeans and products to Turkey.

Turkish soybean oil imports during the first seven months of MY 2010 were only 2,958 MT, of which 1,013 MT were U.S. origin and 1,945 MT were Israeli origin. Marketing year end imports are expected to remain at 8,000 MT. High world soy oil prices, competition from other oils such as palm and canola, and reduced local bio-diesel production due to high consumption taxes were the reasons for the decline.

Production, Supply and Demand Tables

Soybean Turkey	2009/2010		2010/2011		2011/2012		
	Market Year Begin: Sept 2009		Market Year Begin: Sept 2010		Market Year Begin: Sept 2011		
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
Area Planted	12	12	12	17	12	15	(1000 HA)
Area Harvested	12	12	17	17	15	15	(1000 HA)
Beginning Stocks	136	136	617	494	223	400	(1000 MT)
Production	40	40	60	60	50	50	(1000 MT)
MY Imports	1,860	1,648	1,100	1,200	1,400	1,300	(1000 MT)
MY Imp. from U.S.	870	806	400	450	500	600	(1000 MT)
MY Imp. from EU	0	14	0	50	0	50	(1000 MT)
Total Supply	2,036	1,824	1,777	1,754	1,673	1,750	(1000 MT)
MY Exports	0	0	0	0	0	0	(1000 MT)
MY Exp. to EU	0	460	0	0	0	0	(1000 MT)
Crush	520	460	620	350	640	500	(1000 MT)
Food Use Dom. Cons.	25	10	25	4	25	5	(1000 MT)
Feed Waste Dom. Cons.	874	860	909	1,000	800	950	(1000 MT)
Total Dom. Cons.	1,419	1,330	1,554	1,354	1,465	1,455	(1000 MT)
Ending Stocks	617	494	223	400	208	295	(1000 MT)
Total Distribution	2,036	1,824	1,777	1,754	1,673	1,750	(1000 MT)
CY Imports	1,800	974	1,280	1,756	1,400	1,500	(1000 MT)
CY Imp. from U.S.	870	660	400	792	500	500	(1000 MT)
CY Exports	0	0	0	0	0	0	(1000 MT)
CY Exp. to U.S.	0	0	0	0	0	0	(1000 MT)
TS=TD		0		0		0	

Oil Soybean Turkey	2009/2010		2010/2011		2011/2012		
	Market Year Begin: Nov 2009		Market Year Begin: Nov 2010		Market Year Begin: Nov 2011		
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
Crush	520	460	620	350	640	500	(1000 MT)
Extr. Rate, 999.9999	0.	0.1804	0.	0.18	0.	0.18	(PERCENT)
Beginning Stocks	1	1	5	5	13	20	(1000 MT)

Production	93	83	110	63	114	90	(1000 MT)
MY Imports	9	9	10	5	10	8	(1000 MT)
MY Imp. from U.S.	1	0	0	1	0	2	(1000 MT)
MY Imp. from EU	1	1	1	1	1	2	(1000 MT)
Total Supply	103	93	125	73	137	118	(1000 MT)
MY Exports	3	3	7	5	10	7	(1000 MT)
MY Exp. to EU	0	0	0	0	0	0	(1000 MT)
Industrial Dom. Cons.	21	20	23	0	25	25	(1000 MT)
Food Use Dom. Cons.	53	30	60	0	65	0	(1000 MT)
Feed Waste Dom. Cons.	21	35	22	48	22	71	(1000 MT)
Total Dom. Cons.	95	85	105	48	112	96	(1000 MT)
Ending Stocks	5	5	13	20	15	15	(1000 MT)
Total Distribution	103	93	125	73	137	118	(1000 MT)
CY Imports	10	10	10	10	10	8	(1000 MT)
CY Imp. from U.S.	0	0	0	0	0	1	(1000 MT)
CY Exports	3	3	4	4	0	5	(1000 MT)
CY Exp. to U.S.	0	0	0	0	0	0	(1000 MT)
TS=TD		0		0		0	

Meal Soybean Turkey	2009/2010		2010/2011		2011/2012		
	Market Year Begin: Nov 2009		Market Year Begin: Nov 2010		Market Year Begin: Nov 2011		
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
Crush	520	460	620	350	640	500	(1000 MT)
Extr. Rate, 999.9999	1.	0.8	1.	0.8	1.	0.8	(PERCENT)
Beginning Stocks	26	26	117	100	140	125	(1000 MT)
Production	415	368	495	280	511	400	(1000 MT)
MY Imports	413	343	400	450	350	400	(1000 MT)
MY Imp. from U.S.	130	114	100	100	120	130	(1000 MT)
MY Imp. from EU	3	48	3	60	0	75	(1000 MT)
Total Supply	854	737	1,012	830	1,001	925	(1000 MT)
MY Exports	7	7	7	5	10	7	(1000 MT)
MY Exp. to EU	0	0	0	0	0	0	(1000 MT)
Industrial Dom. Cons.	0	0	0	0	0	0	(1000 MT)
Food Use Dom. Cons.	0	0	0	0	0	0	(1000 MT)
Feed Waste Dom. Cons.	730	630	865	700	862	770	(1000 MT)
Total Dom. Cons.	730	630	865	700	862	770	(1000 MT)
Ending Stocks	117	100	140	125	129	148	(1000 MT)
Total Distribution	854	737	1,012	830	1,001	925	(1000 MT)
CY Imports	385	352	350	408	350	450	(1000 MT)
CY Imp. from U.S.	150	222	125	115	120	100	(1000 MT)
CY Exports	5	3	5	7	5	7	(1000 MT)
CY Exp. to U.S.	0	0	0	0	0	0	(1000 MT)
SME	730	630	865	700	862	770	(1000 MT)
TS=TD		0		0		0	

Cottonseed Turkey	2009/2010		2010/2011		2011/2012		
	Market Year Begin: Oct 2009		Market Year Begin: Oct 2010		Market Year Begin: Oct 2011		
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
Area Planted (Cotton)							(1000 HA)
Area Harvested (Cotton)	280	280	320	320	410	450	(1000 HA)
Seed to Lint Ratio	0	0	0	0	0	0	(RATIO)
Beginning Stocks	2	2	2	2	3	2	(1000 MT)
Production	600	570	670	690	860	950	(1000 MT)
MY Imports	0	0	10	0	0	0	(1000 MT)
MY Imp. from U.S.	0	0	0		0	0	(1000 MT)
MY Imp. from EU	0	0	0		0	0	(1000 MT)

Total Supply	602	572	682	692	863	952	(1000 MT)
MY Exports	4	0	4	0	3	0	(1000 MT)
MY Exp. to EU	3	0	3	0	0	0	(1000 MT)
Crush	586	560	645	680	835	940	(1000 MT)
Food Use Dom. Cons.	0	0	0	0	0	0	(1000 MT)
Feed Waste Dom. Cons.	10	10	30	10	20	10	(1000 MT)
Total Dom. Cons.	596	570	675	690	855	950	(1000 MT)
Ending Stocks	2	2	3	2	5	2	(1000 MT)
Total Distribution	602	572	682	692	863	952	(1000 MT)
CY Imports	10	4	5	0	0	0	(1000 MT)
CY Imp. from U.S.	0	0	0	0	0	0	(1000 MT)
CY Exports	4	0	4	0	0	0	(1000 MT)
CY Exp. to U.S.	0	0	0	0	0	0	(1000 MT)
TS=TD		0		0		0	

Oil Cottonseed Turkey	2009/2010		2010/2011		2011/2012		
	Market Year Begin: Oct 2009		Market Year Begin: Oct 2010		Market Year Begin: May 2011		
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
Crush	586	560	645	680	835	940	(1000 MT)
Extr. Rate, 999.9999	0.	0.1696	0.	0.1691	0.	0.1702	(PERCENT)
Beginning Stocks	0	0	0	0	0	0	(1000 MT)
Production	98	95	108	115	140	160	(1000 MT)
MY Imports	5	5	5	0	2	2	(1000 MT)
MY Imp. from U.S.	0	0	0	0	0	0	(1000 MT)
MY Imp. from EU	0	0	0	0	0	0	(1000 MT)
Total Supply	103	100	113	115	142	162	(1000 MT)
MY Exports	2	2	1	2	5	2	(1000 MT)
MY Exp. to EU	0	0	0	1	0	0	(1000 MT)
Industrial Dom. Cons.	25	25	25	25	25	25	(1000 MT)
Food Use Dom. Cons.	76	73	87	88	112	135	(1000 MT)
Feed Waste Dom. Cons.	0	0	0	0	0	0	(1000 MT)
Total Dom. Cons.	101	98	112	113	137	160	(1000 MT)
Ending Stocks	0	0	0	0	0	0	(1000 MT)
Total Distribution	103	100	113	115	142	162	(1000 MT)
CY Imports	4	8	5	5	3	2	(1000 MT)
CY Imp. from U.S.	0	0	0	0	0	0	(1000 MT)
CY Exports	1	2	1	2	5	2	(1000 MT)
CY Exp. to U.S.	0	0	0	0	0	0	(1000 MT)
TS=TD		0		0		0	

Meal Cottonseed Turkey	2009/2010		2010/2011		2011/2012		
	Market Year Begin: Oct 2009		Market Year Begin: Oct 2010		Market Year Begin: Oct 2011		
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
Crush	586	560	645	680	835	940	(1000 MT)
Extr. Rate, 999.9999	0.	0.5714	0.	0.5735	0.	0.5745	(PERCENT)
Beginning Stocks	0	0	0	0	0	0	(1000 MT)
Production	262	320	289	390	374	540	(1000 MT)
MY Imports	0	0	0	0	0	0	(1000 MT)
MY Imp. from U.S.	0	0	0	0	0	0	(1000 MT)
MY Imp. from EU	0	0	0	0	0	0	(1000 MT)
Total Supply	262	320	289	390	374	540	(1000 MT)
MY Exports	1	1	5	5	10	5	(1000 MT)

MY Exp. to EU	0	0	0	0	0	0	(1000 MT)
Industrial Dom. Cons.	0	0	0	0	0	0	(1000 MT)
Food Use Dom. Cons.	0	0	0	0	0	0	(1000 MT)
Feed Waste Dom. Cons.	261	319	284	385	364	535	(1000 MT)
Total Dom. Cons.	261	319	284	385	364	535	(1000 MT)
Ending Stocks	0	0	0	0	0	0	(1000 MT)
Total Distribution	262	320	289	390	374	540	(1000 MT)
CY Imports	0	0	0	0	0	0	(1000 MT)
CY Imp. from U.S.	0	0	0	0	0	0	(1000 MT)
CY Exports	5	5	10	5	0	5	(1000 MT)
CY Exp. to U.S.	0	0	0	0	0	0	(1000 MT)
SME	211	258	230	312	295	434	(1000 MT)
TS=TD		0		0		0	