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Turkey Grain and Feed December Update

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Report Highlights:

Wheat plantation in Turkey is finished and acreage is high, however some farmers may switch to cotton production due to recent high cotton prices. The Russian wheat export ban will continue until at least July 2011, resulting in increased demand for U.S. high quality wheat. MY 2010 total wheat imports are predicted to reach 2.6 MMT in MY 2010. Turkish wheat flour exports are forecast at 1.7 MMT in MY 2010. Due to low yields for second crop corn, post revised its MY 2010 corn production forecast to 3,6 MMT. Post forecasts 750,000 MT of paddy rice production and 200,000 MT of U.S. rice imports to Turkey in M 2010. Soy and Corn imports from the United States stopped in September 2010 due to biotech legislation, however soy imports for CY 2010 are high due to a growing demand for compound feed and stockpiling in advance of the biotech legislation.

General Information:
WHEAT

Production

Wheat plantation in Turkey is finished. High wheat prices in MY 2009 and expectations among farmers of high TMO purchase prices due to upcoming 2011 elections led to continued high levels of wheat acreage. The unknown factor is the potential for increased cotton plantation and its effect on wheat and corn area. Incredibly high cotton prices will likely lead farmers in Aydin (in the Aegean region), the Adana region and the GAP region to plant cotton. In places where they can get two products in one year, they can plant wheat and then cotton.

After the wheat planting finished, very dry weather in Central Anatolia, Cukurova (the Mediterranean) and the GAP region (Southeast) caused concern, however rain and snow began falling from the first week of December throughout Turkey. Some farmers still lost some of their wheat seed during this dry period, but this situation will not affect overall wheat production much.

Certified seed use is limited and even though there have been some improvements, suni bug damage is still a problem in almost every region.

Trade

Russia banned wheat exportation in August 2010. This ban affected the Turkish wheat market tremendously. It has been announced that the ban will continue until at least July 2011.

Wheat flour and pasta exporters need to import both high and low quality wheat in order to compete with other flour exporters internationally. There are 715 wheat flour factory distributed around almost all regions of Turkey. Wheat flour production capacity is 32.5 million MT and actually capacity usage is 14.5 MMT in 2010.
Domestically produced wheat prices are high and the quality is inconsistent.

Kazakhstan and the United States will be the major suppliers for high quality wheat and South American countries like Brazil and Argentine will be the major suppliers for medium and low quality wheat. The EU quota (330,000 MT) will be also another source.

Before the Russian ban, importers took precautionary measures by importing large amounts of wheat from Russia and Kazakhstan. After the ban U.S. wheat was the only acceptable high quality alternative to Russian wheat on the market. Kazakhstan is now another alternative supplier for Turkey, and has the advantage of being able to send small ships which carry 6,000 MT of wheat. Kazakhstan wheat shipments will stop in January and February due to harsh weather conditions but traders already stocked Kazakh wheat at the Samsun port with the hopes of selling when conditions are prime.

German and Lithuanian wheat was contracted under the EU wheat quota allocated to traders by TMO on August 25, 2010. Turkey allocates 330,000 MT of zero tariff wheat quotas to the EU every year and normally only TMO is authorized to use this quota, however because of the Russian wheat ban this quota was allocated to private traders in MY 2010. There were many shipments under the of EU wheat quota during November and December 2010.

South America is also a new source of wheat for Turkish flour exporters. Contracts were made with Argentina and Brazil for approximately 140,000 MT of wheat in MY 2010. South American wheat is medium quality wheat and has 12% protein. The C&F price of Brazilian wheat was 330 USD/MT in December 2010.

In November 2010, wheat imports reached approximately 200,000 MT and in December will reach approximately 160,000 MT. MY 2010 total imports are predicted to reach 2.6 MMT in MY 2010.

The Turkish wheat flour industry was expecting record exports in MY 2010, but due to the Russian wheat export ban, wheat flour export prices increased from 480 USD to 500 USD/MT in MY 2010. Iran is a new supplier in the wheat flour market for the northern part of Iraq, where it enjoys a price advantage. Iran built 2 MMT of grain silos on the border of Kazakhstan and started buying high quality Kazakh wheat, processing it, and exporting it to Iraq at a price of 400 USD/MT. This led to competition for Turkish wheat flour exporters in Iraq, starting in October and increasing in November 2010. This competition is unfortunate for Turkish exporters because their other markets such as the Philippines, Indonesia and other more distant countries have a lower profit margin.

Wheat flour exports are forecast at 1.7 MMT in MY 2010. U.S. and South American wheat was a substitute for Russian wheat, and Kazakh and EU wheat remained other high quality wheat sources for wheat flour exporters. The GSM-102 Credit Guarantee Program also helped increase U.S. wheat sales to Turkey. Turkish pasta exporters kept their strong export position in MY 2010. Their strength lies in the diversity of their export markets. Pasta exports in MY 2010 are forecast at 280,000 MT.

Wheat imports are expected to slow in January and February due to weather conditions and then to peak in March 2011, however the wheat flour and pasta industry will continue to import wheat in order to fulfill wheat flour and pasta export contracts. The Turkish Grain Board was a very active player on the wheat export market in MY 2009, however this year they are not expected to hold a tender until March so that they can regulate the market if prices get too high. A quota was issued on December 22 for TMO to import up to 1 million tons of wheat with a zero percent duty, valid until December 31, 2011.

Table 1 WHEAT FOREIGN TRADE

TURKEY: WHEAT FOREIGN TRADE			
MONTH	**IMPORTS MY 2008 (MT)**	**IMPORTS MY 2009 (MT)**	**IMPORTS MY 2010 (MT)**
June	224,741	172,901	125,320
July	131,565	95,530	159,029
August	251,868	284,780	226,965
September	375,754	267,215	132,372
October	415,633	409,970	231,759
Sub-Total	*1,399,561*	*1,230,396*	*875,445*
November	266,728	229,368	200,000*
December	299,517	289,393	160,000*
January	236,786	187,219	
February	349,971	130,891	
March	392,171	378,095	
April	357,526	252,511	
May	307,081	225,663	
MY TOTAL	**3,609,341**	**2,923,536**	**2,600,000***

*****Forecast

Table 2: MAJOR WHEAT SUPPLIERS TO TURKEY

TURKEY: MAJOR WHEAT SUPPLIER				
Country	**MY 2007 (MT)**	**MY 2008 (MT)**	**MY 2009 (MT)**	**MY 2010 (MT)***
Russia	886,393	2,003,918	2,184,316	512,060
Kazakhstan	1,032,444	219,298	432,536	147,034
Ukraine	59,828	154,432	108,802	28,998
Hungary	142,248	143.951	18,458	17,815
Moldova	446	55,399	40,049	6,056
Lithuania	48,402	106,872	88,948	0
U.S.	45,537	46,821	0	116,070
Others	312,474	1,022,457	50,427	47,412
MY Total	**2,527,772**	**3,609,341**	**2,923,536**	**875,445**

*June 2010-Oct 2010

Table 3 MAJOR WHEAT EXPORT MARKETS

TURKEY: MAJOR WHEAT EXPORT MARKETS				
Country	**MY 2007 (MT)**	**MY 2008 (MT)**	**MY 2009 (MT)**	**MY 2010 *(MT)**
Syria	0	0	334,973	0
Italy	9,326	0	225,366	32,950
Egypt	0	0	145,034	20,415
Lebanon	0	0	38,968	0
Iraq	235	0	1,816	287
Georgia	0	3,108	0	0
Sudan	3,100	4,424	2	4,400
Israel	26	0	108,035	17,740
Tunisia	0	0	108,744	5,716
Others	5,332	591	380,270	49,453
MY Total	**18,019**	**8,123**	**1,343,208**	**130,961**

*June 2010-Oct 2010

Table 4 WHEAT FLOUR EXPORT

TURKEY: WHEAT FLOUR EXPORT				
Month	**MY 2007 (MT)**	**MY 2008 (MT)**	**MY 2009 (MT)**	**MY 2010 (MT)**
June	75,630	102,002	176,761	164,533
July	131,013	107,338	166,938	214,371
August	118,713	130,138	140,478	149,889
September	92,422	138,073	154,753	144,608
October	61,629	151,091	194,313	145,419
Sub-Total	*479,407*	*628,642*	*833,243*	*818,820*
November	66,435	86,329	126,860	
December	95,015	82,984	175,065	
January	111,714	91,302	131,663	

February	92,919	109,721	145,332	
March	75,298	141,706	138,893	
April	60,276	186,165	166,880	
May	73,775	141,185	153,496	
MY TOTAL	**1,054,839**	**1,468,034**	**1,871,432**	**1,700,000***

*Forecast

Table 5 MAJOR WHEAT FLOUR MARKETS

TURKEY: MAJOR WHEAT FLOUR MARKET				
Country	**MY 2007 (MT)**	**MY 2008 (MT)**	**MY 2009 (MT)**	**MY 2010 *(MT)**
Iraq	338,432	631,478	796,528	432,242
Indonesia	177,657	305,967	429,826	295,779
Philippines	240	69,824	126,749	31,613
Sudan	31,672	66,523	72,337	3,164
Yemen	0	670	16,491	7,015
Israel	26,148	66,523	24,370	5,940
Others	480,690	329,009	405,131	159,346
MY Total	**1,054,839**	**1,469,994**	**1,871,432**	**818,820**

*June 2010-Oct 2010

Table 6 PASTA FOREIGN TRADE

TURKEY: PASTA FOREIGN TRADE				
MONTH	**MY 2007 (MT)**	**MY 2008 (MT)**	**MY 2009 (MT)**	**MY 2010* (MT)**
June	12,342	15,748	16,783	20,925
July	15,174	16,705	23,300	29,016
August	16,746	16,782	22,001	25,957
September	15,001	12,210	19,053	23,073
October	13,864	13,034	21,123	24,598
Sub-Total	*73,127*	*74,479*	*102,260*	*123,569*
November	20,536	10,283	19,642	
December	16,723	9,957	25,488	
January	15,257	12,180	25,298	
February	16,279	10,492	21,507	
March	16,602	15,048	26,664	
April	14,883	13,196	25,435	
May	17,877	15,283	24,789	
MY TOTAL	*191,285*	*160,918*	**271,083**	**280,000***

*forecast

Table 7 MAJOR PASTA EXPORT MARKETS

TURKEY: MAJOR PASTA EXPORT MARKETS				
Country	**MY 2007 (MT)**	**MY 2008 (MT)**	**MY 2009 (MT)**	**MY 2010 *(MT)**
Iraq	16,153	13,437	24,977	10,191
Benin	11,766	4,370	19,663	7,892
Japan	3,598	10,260	14,170	5,780
Togo	12,838	8,941	21,458	9,914
Angola	2,157	7,088	17,000	5,616
Others	144,917	116,822	173,815	84,176
MY Total	**191,429**	**160,918**	**271,083**	**123,569**

*June 2010-Oct 2010

Not only pasta exporters but also semolina exporters enjoy a diversity of target markets. Semolina exports are forecast at 100,000 MT in MY 2010.

Table 8 SEMOLINA FOREIGN TRADE

TURKEY:SEMOLINA FOREIGN TRADE				
MONTH	**MY 2007 (MT)**	**MY 2008 (MT)**	**MY 2009 (MT)**	**MY 2010 (MT)**
June	3,874	5,788	4,931	8,847
July	3,583	7,835	7,368	11,365
August	4,139	3,843	6,022	9,892
September	5,142	2,980	8,902	6,559
October	6,399	3,169	5,885	13,598
Sub-Total	*23,137*	*23,615*	*33,108*	*50,261*
November	11,511	3,051	6,362	
December	7,691	1,939	7,937	
January	7,418	2,223	10,217	
February	6,217	3,157	8,654	
March	4,521	2,227	8,656	
April	7,252	3,342	13,966	
May	7,408	6,120	7,643	
MY TOTAL	75,154	45,676	96,543	100,000*

*Forecast

Table 9 TURKEY'S MAIN SEMOLINA EXPORT MARKETS

Countries	**MY 2007 (MT)**	**MY 2008 (MT)**	**MY 2009 (MT)**	**MY 2010 * (MT)**
Oman	0	0	10,938	6,068
Iraq	3,582	6,253	15,547	11,341
Saudi Arabia	3,139	7,833	13,136	3,139
Egypt	8,783	5,528	9,755	7,323

Syria	7,015	4,192	11,168	9,784
Others	52,636	21,870	35,999	12,606
Total	75,155	45,676	96,543	50,261

*June 2010-Sept 2010

Prices

For the first U.S. shipments in July, the wheat price was around 275 USD/MT. The price of DNS reached 330 USD/MT in September and 360 USD/MT in October 2010. Traders imported a large amount of wheat from the United States from July to October but this trade slowed down in October as a result of shipping problems caused by frozen rivers in the United States. Total Turkish wheat imports from the United States already reached 116,070 MT and are expected to reach 300,000 MT in MY 2010. However, U.S. wheat exports are very slow at the moment because of a price increase in November. The U.S. HRW C&F wheat price was previously around 320 USD/MT but increased to 360 USD/MT on December 16, 2010. The price for NS/DNS, a higher quality product, reached 395 USD/MT in December 2010.

Both the imported wheat price and the domestic wheat price were very high in December 2010. The durum wheat price increased to 400 USD/MT and the milling wheat price increased to 460 USD/MT during this period.

The Turkish Grain Board (TMO) procured 339,061 MT of durum wheat and 641,093 MT of milling wheat in MY 2010, resulting in a total wheat stock of 1,931,340 MT. Due to high wheat prices TMO opened 610,000 MT of its wheat stocks to traders and processors at a price of 350-436 USD/MT for milling wheat and 373-456 USD/MT for durum wheat. TMO tests its stocks for physical attributes but stocks are not of homogenous quality and are not tested for protein and energy content. TMO stocks are mostly low and medium quality, with protein content of around 12.5% protein or below. For this reason, wheat flour producers are not willing to buy wheat from TMO at very high price compared to the world price.

The wheat flour price at Turkish supermarkets is currently around 1.15 USD/kg, the pasta price is 1.2 USD/kg and the bulgur price is 1.36 USD/kg.

TURKEY: Anatolian Durum Wheat price at Commodity Exchange

MY YEAR	JUNE	JULY	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY
2006	216	220	235	238	240	258	259	261	272	277	283	291
2007	336	349	341	377	441	488	503	516	554	545	564	616
2008	632	660	612	580	466	382	407	367	355	341	339	324
2009	328	288	301	299	290	293	275	281	348	312	311	305
2010	330	370	356	355	370	376	**400**					

Source: KONYA CME

The wheat price increased after June 2010. In some regions the price increase was around 50%. The Turkish Grain Board said they follow the price increase and remained ready to intervene in the market. The major reason for the increase was the limited imports of high quality wheat on top of lower domestic wheat yields.

TURKEY: Milling Wheat price at Commodity Exchange

MY YEAR	JUNE	JULY	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY
2006	253	245	257	272	275	286	293	304	324	331	330	309
2007	338	360	350	387	415	427	433	446	478	492	490	485
2008	466	479	480	450	375	343	352	335	324	315	314	321
2009	330	339	326	317	341	323	330	369	364	352	349	334
2010	340	339	378	368	383	400	**460**					

Source: Konya CME

BARLEY

Production

Barley plantation is completed in Turkey. The planting area increased 5% in MY 2010. This is because due to high barley prices, some wheat farmers switched to barley and also some previously fallow land was allocated to barley production. If weather conditions are favorable barley production is expected to increase a small amount in MY 2010.

Prices

Barley price increased dramatically in December 2010 reaching 333 USD/MT. TMO has 1,292,074 MT of barley stocks and is planning to export half of these in February and March 2011. TMO procured 932,580 MT of barley in MY 2010 from farmers. Due to the ban on importing biotech products, TMO is reluctant to export barley as it may be needed by the domestic feed industry if the ban continues to block imports of corn and soy much longer.

Russia is planning to import barley in MY 2010 and Turkey could be a good source if TMO sales occur at the right time.

TURKEY: Barley price at Commodity Exchange												
MY YEAR	JUNE	JULY	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY
2007	287	310	302	342	381	407	410	397	400	369	375	428
2008	417	427	434	396	327	302	310	301	288	270	268	270
2009	217	220	225	234	245	230	225	236	236	231	236	229
2010	232	266	256	276	286	288	333					

Consumption and Trade

The malting industry imports barley, especially from France. The beer industry in Turkey is growing quickly and therefore barley imports will continue to increase, especially from France.

There will be some barley exports in February and March 2010 by the Turkish Grain Board. The main markets for barley exports will be Saudi Arabia and Syria.

TURKEY: BARLEY FOREIGN TRADE

MONTH	IMPORTS MY 2008 (MT)	IMPORTS MY 2009 (MT)	IMPORTS MY 2010 (MT)	EXPORTS MY 2008 (MT)	EXPORTS MY 2009 (MT)	EXPORTS MY 2010(MT)
June	1,018	3,000	3,300	0	1,441	22,100
July	0	2,765	10,788	0	0	0
August	10,369	0	1,500	0	980	0
September	7,083	4,234	3,870	0	0.3	0
October	38,917	40	3,309	0.3	108,930	60
Sub-Total	*57,387*	*10,039*	*22,767*	*0*	*111,351*	*22,160*
November	13,052	6,080		0	84,270	
December	9,718	14,577		0	105,601	
January	33,868	8,002		0	51,700	
February	0	0		80	15,783	
March	8,134	13,255		0	136,491	
April	11,421	10,517		0	128,235	
May	7,531	0		0	121,415	

MY TOTAL	141,111	62,470	**70,000**	80.3	754,848	**250,000**

Turkey: Quantity of barley exported				
Countries	**MY 2007 (MT)**	**MY 2008 (MT)**	**MY 2009 (MT)**	**MY 2010 (MT)***
Saudi Arabia	0	0	558,970	22,100
Syria	0	0	82,000	0
Morocco	0	0	55,000	0
Libya	0	0	52,000	0
UK	245	0	0	0
Others	49	80	6,878	60
Total	**294**	**80**	**754,848**	**22,160**

*June 2010-Oct. 2010

Turkey: Quantity of barley imported				
Countries	**MY 2007 (MT)**	**MY 2008 (MT)**	**MY 2009 (MT)**	**MY 2010 (MT)***
France	42,497	71,957	57,016	19,707
Ukraine	46,006	25,726	0	2,500
United Kingdom	0	0	5,454	0
Russia	22,388	29,898	0	0
Romania	0	9,430	0	0
Others	77,558	19	1	20
Total	**188,449**	**141,111**	**62,470**	**22,767**

*June 2010-Oct 2010

CORN

Production

First crop corn yields were very good in 2010, with an average yield in Cukurova of 1,100 MT/ha. Diyarbakir, Batman, Kahramanmaras were the regions where first crop corn was harvested and the average yield was 900 MT/ha. In some parts of the Aegean region like Manisa, first crop corn yields were around 900 MT/ha. The first crop corn yield in the Marmara region was also very good, at around 900 MT/ha.

The second crop corn harvest was completed in almost all regions. There is still some corn left in the fields, especially in the GAP region where traders are hoping for better price opportunities. Second crop corn yields were lower than expected due to disease problems. In the Cukurova region, yields were around 550-600 MT/ha, compared to 700-850 MT/ha in a normal season. In the southeast of Turkey, where most second crop corn was harvested, yields were around 850-900 MT/ha where normally they are 900-1,050 MT/ha. In the Aegean growing region like Aydin, second crop yields were around 700 MT/ha, while the long term yield average here is 850 MT/ha. Due to the low yields for second crop corn, post revised its production forecast to 3.6 MMT in MY 2010.

Extremely high cotton prices will lead some corn farmers to switch to cotton. There will be a 30% increase in the cotton production area in MY 2010, and most of this new cotton land allocation will come from areas where they are currently growing land. First crop corn plantation area will decrease at least 20% in MY 2010. The Cukurova and GAP regions will be the main areas where corn plantation will switch to cotton plantation. However other areas such as the Marmara region are not suitable for cotton production. The Aegean region is already traditionally a cotton producing area, however there will be some shifts in Aydin region from corn to cotton.

Prices and Foreign Trade

The Corn price will be high in MY 2010 due to the low level of production and the lack of corn imports due to the Biosafety Law. The Biosafety Board is expected to make a decision in April 2011 about the biotech corn events, however the outcome and timing of these decisions are uncertain. If the Board approves biotech corn events then the corn price may decrease and corn imports could reach 500,000 MT, however if the events are not approved, corn imports will be around 100,000 MT or less.

Corn (USD/MT)												
MONTHS	**SEP**	**OCT**	**NOV**	**DEC**	**JAN**	**FEB**	**MAR**	**APR**	**MAY**	**JUNE**	**JULY**	**AUG**
MY 2007	328	351	343	332	332	342	302	369	409	404	448	444
MY 2008	404	236	238	239	250	264	261	286	290	297	329	308
MY 2009	278	284	279	276	298	307	290	298	288	288	307	301
MY 2010	317	336	328	314								

TURKEY: CORN FOREIGN TRADE

MONTH	**IMPORT MY 2008 (MT)**	**IMPORT MY 2009 (MT)**	**IMPORT MY 2010 (MT)**	**EXPORT MY 2008 (MT)**	**EXPORT MY 2009 (MT)**	**EXPORT MY 2010(MT)**
September	420	6,876	3,357	277	111,499	8
October	1,730	4,403	3,535	2,026	90,915	1,031
November	2,682	9,588		3,069	63,822	
December	19,508	72,197		3,868	1,178	
January	23,026	27,469		2,299	930	
February	16,930	36,755		622	1,249	
March	42,777	111,093		1,828	654	
April	82,016	64,405		640	480	
May	105,943	32,429		990	59	
June	32,430	83,515		732	832	
July	42,666	38,197		48,697	1,014	
August	46,278	24,892		2,209	19	
MY TOTAL	**416,406**	**511,819**	**500,000**	67,258	271,617	60,000

Due to the Biosafety law, Turkey had to find alternative corn suppliers instead of the United States. Russia and Romania were the main suppliers, however due to a bad crop year in the Black Sea region, Russia and Romania will not be able to supply large amounts.

Turkey: Quantity of corn imports				
Countries	MY 2007 (MT)	MY 2008 (MT)	MY 2009 (MT)	MY 2010 (MT)*
Ukraine	228,430	181,788	137,392	0
Romania	67	42,829	77,380	0
Russia	0	100,148	84,750	2,871
U.S.	496,690	22,988	7,225	80
Argentina	317,480	11,390	13,055	3,920
Others	117,806	57,263	192,017	20
Total	**1,160,473**	**416,406**	**511,819**	**6,891**

*Sept. 2010-Oct. 2010

There will not be high amount of corn exports in MY 2010. The Turkish Grain Board announced a corn intervention price at 490 TL/MT on August 25, 2010 and procured 83,186 MT of corn. It had stocks of 372,521 MT on December 20, 2010. There is a 40 TL/MT premium being paid to corn farmers.

Turkey: Quantity of corn export

Countries	MY 2007 (MT)	MY 2008 (MT)	MY 2009 (MT)	MY 20010 (MT)*
Syria	0	17,479	231,800	0
Italy	2,375	4,866	5,185	0
Germany	54	587	1,380	4
Spain	475	1,345	912	83
France	307	2,144	645	380
Others	11,418	38,519	32,729	572
Total	**12,061**	**64,940**	**272,651**	**1,039**

*Sept. 2010-Oct .2010

Policy

DDGS were very popular in the Turkish feed industry in the past few years due to the low price and high protein and oil contents, which made them attract to the livestock industry. Suppliers of other raw materials such wheat bran, sunflower meal, canola meal and even soybean meal complained about competition from DDGS and CGF imports, and so were pleased when the biotech law interfered with imports of the corn byproducts. Although traders imported high amount of DDGS and CGF before the Biosafety Law was implemented, trade in these products stopped after September 26, 2010. There is a chance that imports can resume if the Biosafety Board eventually approves biotech corn events or if it is found that biotech content is destroyed in the heating process and cannot be detected. Therefore, these same lobby groups sought another way to block DDGS imports. They pressured the Turkish Standard Institute (TSE) to prepare a standard for DDGS, and this could be used as another way trade barrier if the current biotech problems are solved. In the current draft TSE standard the fat content of DDGS should be 12% and the protein content should be 24%. The trader's main concern so far with the standard concerns packaging. The draft standards stipulate that DDGS should be packed in 50 kg bags. The standard is expected to be published in March 2011.

Sunflower meal producers are one of the groups strongly lobbying against DDGS imports. The sunflower meal price was around 120 USD/MT in 2009 and increased to 300 USD/MT in December 2010. Ukraine is the main supplier of sunflower and price is therefore determined by Ukraine and local sunflower millers.

The DDGS price was 200 USD/MT in 2009 and increased to 320 USD/MT in December 2010. CGF stocks are already gone and DDGS is only present at some feed miller and poultry producers' silos. DDGS stocks will be used by January 2011.

Turkey: Quantity of DDGS imported				
Month	**MY 2007 (MT)**	**MY 2008 (MT)**	**MY 2009 (MT)**	**MY 2010 (MT)**
September	35,387	54,154	46,131	151,276
October	71,479	42,147	36,580	129,130
Sub-Total	*106,866*	*96,301*	42,896	***280,406***
November	26,785	59,248	91,525	
December	42,324	28,647	44,691	
January	38,024	16,358	9,675	
February	36,537	33,860	7,852	
March	79,511	46,487	4,013	
April	66,675	19,825	8,078	
May	19,630	24,461	37,586	
June	54,832	48,976	49,144	
July	26,374	21,117	35,773	
August	16,078	20,464	46,131	
MY TOTAL	**513,636**	**415,744**	**413,944**	**400,000***

*forecast

Turkey: DDGS imports				
Countries	**MY 2007 (MT)**	**M Y 2008 (MT)**	**MY 2009 (MT)**	**MY 20010 (MT)***
U.S.	489,891	402,245	368,961	274,348
Canada	21,899	7,099	3,972	786
Ukraine	1,033	5,920	13,699	0
Russia	615	0	0	0
Others	0	480	27,312	5,272
Total	**513,636**	**415,744**	**413,944**	**280,406**

*Sept.2010-Oct .2010

Although statistics show some CGF and DDGS imports in October, there was no actual importation on October 2010 because these shipments were imported to Turkey and tested before the September ban, then were stored in bonded warehouses and cleared in September and October 2010.

Turkey: Quantity of CGF imported				
Month	**MY 2007 (MT)**	**MY 2008 (MT)**	**MY 2009 (MT)**	**MY 2010 (MT)**
September	68,861	44,341	37,529	52,811
October	76,830	38,054	35,472	52,550
Sub-Total	145,691	82,395	73,001	**105,361**
November	59,495	70,309	11,837	
December	80,276	10,251	48,181	

January	53,451	16,817	30,878	
February	29,298	37,519	3,150	
March	82,891	41,826	6,545	
April	85,037	7,808	12,525	
May	26,086	22,928	6,650	
June	66,041	48,305	8,615	
July	37,797	42,276	20,744	
August	13,814	27,664	70,612	
MY TOTAL	**679,877**	**408,098**	**292,738**	**250,000**

Turkey: CGF imports				
Countries	**MY 2007 (MT)**	**M Y 2008 (MT)**	**MY 2009 (MT)**	**MY 20010 (MT)***
U.S.	656,050	355,326	216,992	91,770
Canada	0	0	0	0
Ukraine	21,529	36,724	43,123	8,887
Russia	0	0	846	0
Others	2,298	16,048	31,777	4,704
Total	**679,877**	**408,098**	**292,738**	**105,361**

*Sept.2010-Oct .2010

Products	**PRICE BEFORE REGULATION**	**PRICE AFTER REGULATION (NOVEMBER)**	**PRICE in DECEMBER 2009**	**Price in February 2010**	**Price in July 2010**	**Price in December 2010**
DDGS	180	250	280	290	240	320
CGF	150	220	250	260	215	285

RICE

Production

The rice production area in Turkey increased in MY 2010. The harvest started in the second half of August 2010 and was completed in the second half of November in all regions. Although the Turkish Statistics Institute forecasted 850,000 MT of paddy rice production in 2010, rain damaged some crops in Edirne and the Tekirdag region. Post forecasts 750,000 MT of paddy rice production in MY 2010.

Rice plantation is expected to increase in MY 2011. Alternative products for rice are sugar beet and sunflower in Thrace region, however rice provides a higher profit for farmers than these products.

Prices and Foreign Trade

Because of high prices at the market, TMO didn't procure domestic rice in MY 2009 and MY 2010.

Strong U.S. rice imports will continue in MY 2010. Jupiter rice is popular in the market. Imports of U.S. rice are forecasted to reach to 200,000 MT in MY 2010. If the Egypt rice export ban continues, Turkey will import mostly medium grain paddy rice, process it in Mersin and export it to Middle Eastern countries like Syria.

Turkey: Rice foreign trade						
MONTH	**IMPORTS MY 2008 (MT)**	**IMPORTS MY 2009 (MT)**	**IMPORTS MY 2010 (MT)**	**EXPORTS MY 2008 (MT)**	**EXPORTS MY 2009 (MT)**	**EXPORTS MY 2010(MT)**
September	31,486	7,224	14,283	392	182	6,198
October	7,742	10,825	26,654	715	541	6,884
Sub-Total	39,228	18,049	*40,937*	*1,107*	*723*	*13,082*
November	4,427	10,611		1,795	124	
December	4,507	36,434		2,590	134	
January	3,040	43,556		4,886	140	
February	2,453	51,028		4,789	77	
March	9,468	71,977		899	114	
April	13,427	49,498		3,568	58	
May	39,202	35,504		2,556	2,487	
June	30,567	59,701		637	5,639	
July	39,001	48,355		744	8,291	
August	24,457	33,989		302	8,539	
MY TOTAL	**209,777**	**458,702**	**400,000***	**23,873**	**26,326**	**50,000***

*June 2010-Sept 2010

Turkey: Rice imports				
Countries	**MY 2007 (MT)**	**M Y 2008 (MT)**	**MY 2009 (MT)**	**MY 2010 (MT)***
U.S.	63,345	53,268	165,102	29,969
Russia	4,331	5,919	81,680	1,500
Egypt	118,258	51,898	56,889	142
Thailand	2,664	21,948	2,016	0
Pakistan	4,564	15,541	21,798	948
Italy	54,432	4,910	29,426	930
Others	13,959	56,293	101,791	7,448
Total	261,553	209,777	458,702	40,937

Turkey: Rice Exports				
Countries	**MY 2007 (MT)**	**M Y 2008 (MT)**	**MY 2009 (MT)**	**MY 20010 (MT)***
Syria	0	9,049	17,002	7,469
Jordan	0	4,711	3,668	904
Sudan	0	0	621	1,500
Iraq	90	1,042	3,451	243
Others	2,011	9,071	1,584	2,966
Total	**2,911**	**23,873**	**26,326**	**13,082**

*June 2010-Sept 2010

LENTILS

The Turkish lentil harvest finished in July in most parts of Turkey and MY 2010 yields were high. Post forecasts MY 2010 production at 500,000 MT.

The lentil production area will remain the same as MY 2011, and production is forecasted at 550,000 MT in MY 2011.

Turkey: Lentil foreign trade						
MONTH	**IMPORT MY 2008 (MT)**	**IMPORT MY 2009 (MT)**	**IMPORT MY 2010 (MT)**	**EXPORT MY 2008 (MT)**	**EXPORT MY 2009 (MT)**	**EXPORT MY 2010(MT)**
July	9,856	3,622	5,020			
August	9,025	2,083	0			
September	15,403	2,300	1,590			
October	21,091	15,080	6,140			
Sub-Total	55,375	23,085	12,750			
November	68,188	15,693				
December	43,756	29,860				
January	28,881	41,400				
February	16,176	23,201				
March	13,325	35,686				
April	10,708	50,319				
May	3,519	7,144				
June	293	196				
MY TOTAL	**240,221**	**226,584**	**120,000***			

*June 2010-Sept 2010

Turkey: Lentil imports			
Countries	**M Y 2008 (MT)**	**MY 2009 (MT)**	**MY 20010 (MT)***
U.S.	722	2,928	90
Canada	226,463	206,884	12,635
Ethiopia	0	9,225	0
Russia	428	392	0
Others	12,608	7,155	25
Total	**240,221**	**226,584**	**12,750**

LIVESTOCK AND FEED SECTOR ANALYSIS

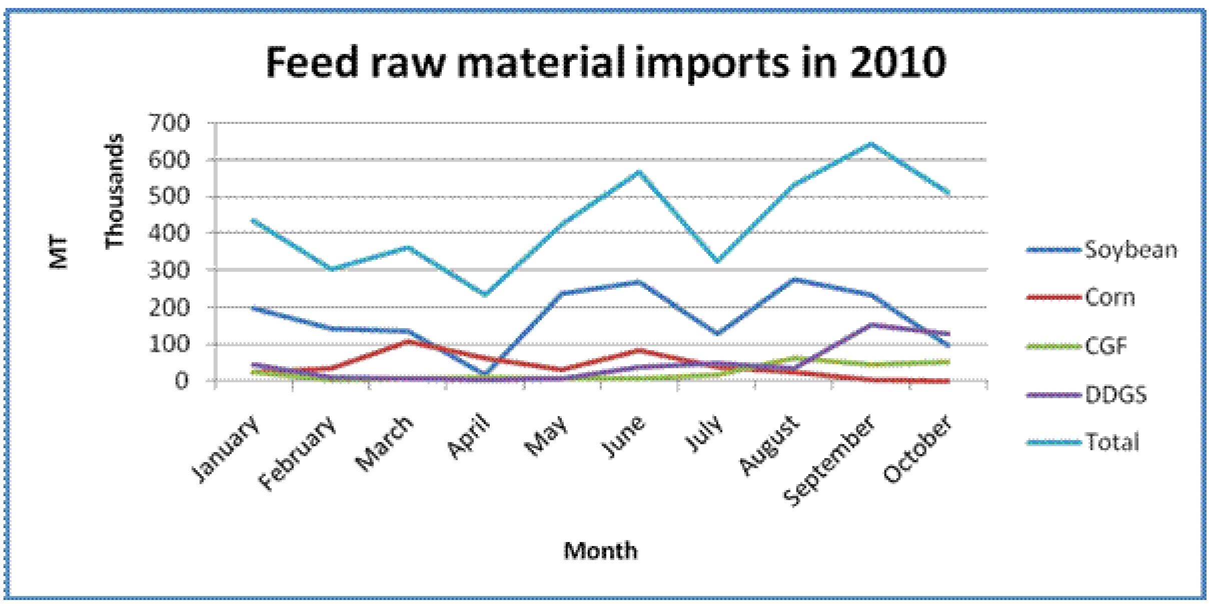
Demand for compound feed has been growing in Turkey due to limited pasture areas and an increased number of modern livestock farms. Another important sector for feed consumption is an increasingly modern and integrated poultry industry. The Turkish poultry industry reached a capacity of 1.4 MMT of production this year, up from 200,000 MT 10 years ago. Since the domestic corn price is generally very high (353 USD/MT) compared to world prices, poultry exporters must import corn, corn derivatives and soybean meal to compete internationally. Iraq is the biggest market for poultry exporters, where a low price and taste are the most important market factors.

Due to a combination of low milk prices and high feed prices, the Turkish livestock sector suffered a crisis starting in CY 2008. 2008 was a particularly hard time for dairy cattle farmers as high world feed prices and a domestic drought combined with low dairy prices cause many of them to have to slaughter or sell their cattle. Compound feed prices started to increase further in October 2009 when the Ministry of Agriculture and Rural Affairs published a regulation which banned biotech products imports overnight. Since compound feed production was mainly dependent on soybean & corn based imports, compound feed price increased 6% in a very short time. Ranchers could not afford to maintain their herd, so approximately 1 million dairy breeding cattle were slaughtered in 2009 and 2010. The cattle population decreased from 10.5 million to 9.5 million in 2010. Not only cattle but also the small ruminant population decreased dramatically and dropped to 20 million heads in 2010 from 25 million head in 2008.

Turkey produced 10 MMT of compound feed in 2010. In order to reach a high protein content in compound feed, soybean should always be part of the ratio. Soybean imports for the feed sector are around 1 MMT to 1.3 MMT. The Biosafety Law which was published on March 26, 2010 and enforced on September 26, 2010 stopped biotech product imports for a third time. In anticipation of another ban on biotech soy & corn imports, users and importers purchased a high amount of soybeans, corn and corn derivatives such as DDGS and CGF before September 2010. As you can see from the figures below, soybean, corn and total feed raw material imports increased from July and started to decrease in September 2010 as silos filled and the Law came into force. Turkey imported 1.7 MMT of soybeans in the first 10 months of 2010. Soybean stocks may last until the end of February 2011. The Biosafety Board is currently evaluating applications for three soybean events. Soybean prices increased to 650 USD/MT in October, 2010.

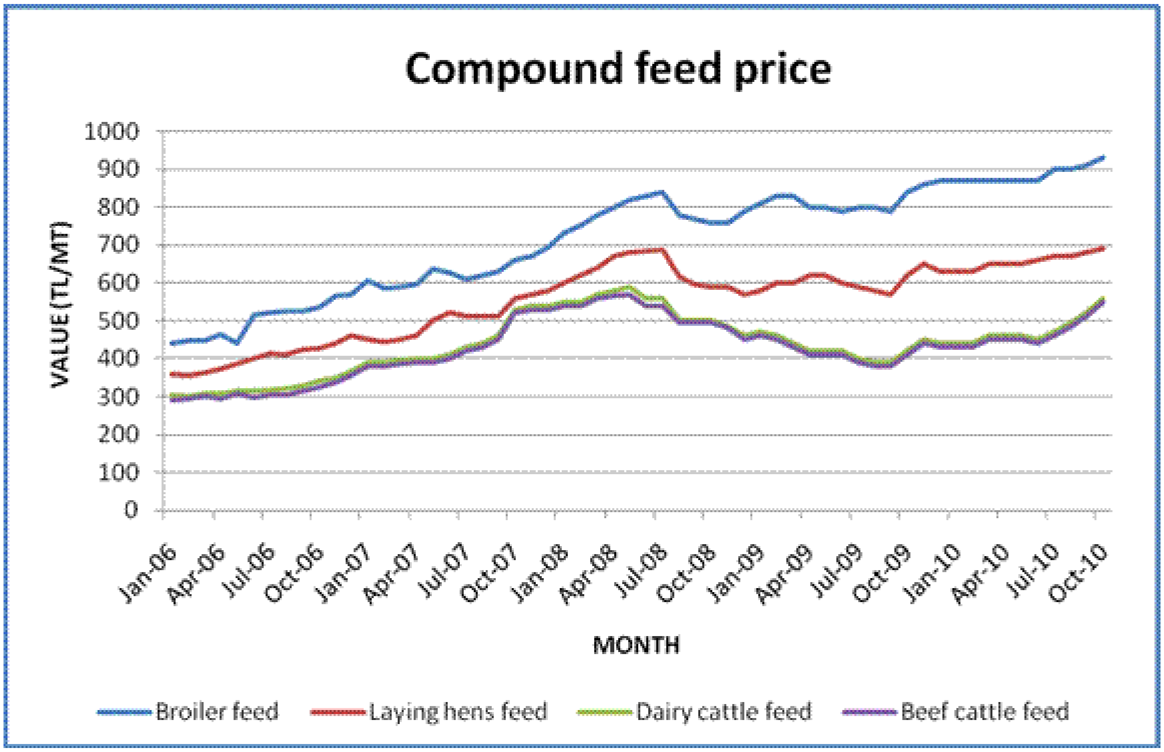
The beef retail price jumped from 9 USD/kg in January 2008 to 16.6 USD/kg in December 2010. The sheep meat price increased more dramatically to 20 USD/kg in December 2010 from 7.5 USD in January 2008. After the market for imported beef was opened for the first time in years, the price for imported carcass meat on December 16, 2010 was quoted as 7.5 USD/kg.

There has been a significant amount of new investment in the livestock sector in Turkey for both milk and beef production, which is encouraged by generous government loans. The Angus breed has been popular in recent months and investment in Angus breeds is expected to increase. Currently the largest beef farm in Turkey has 21,000 head of beef cattle and the second largest has 17,000 head.

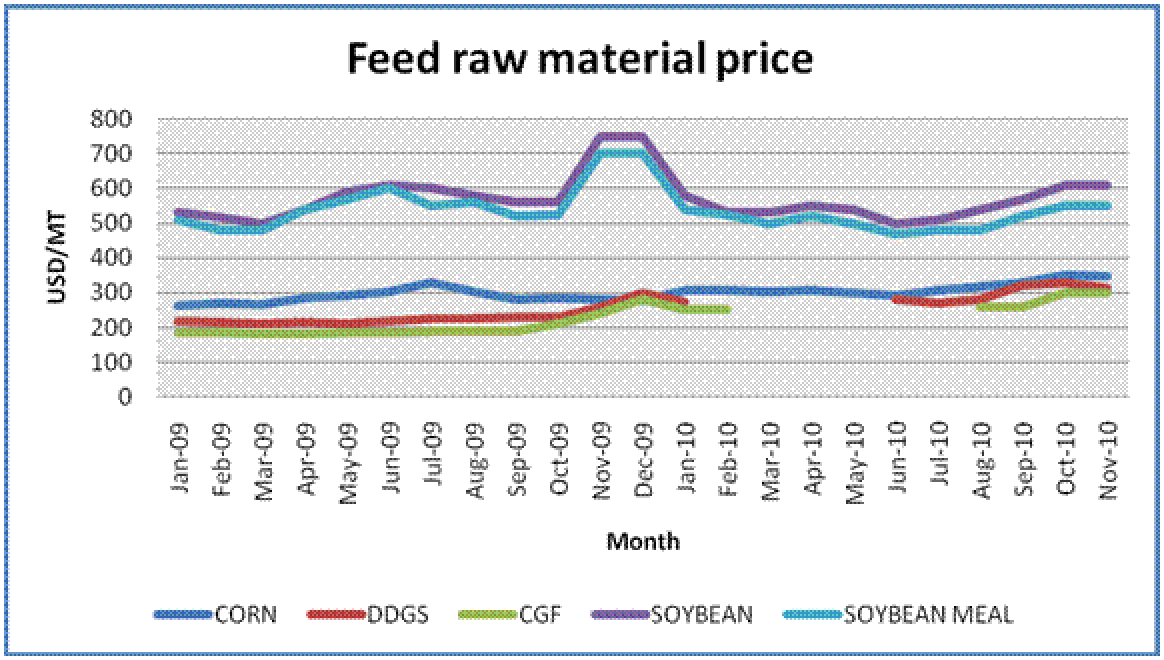


Turkey: Main feed raw material imports, Calendar year (CY)					
Products	CY 2006	CY 2007	CY 2008	CY 2009	CY 2010*

Soybean	1.016,905	1,230,903	1,239,064	973,573	1,724,923
Corn	18,349	1,102,146	1,133,463	464,478	411,176
CGF	146,051	559,065	530,971	313,426	233,835
DDGS	100,908	323,922	521,855	445,614	477,219
Total feed raw material	2,603,591	4,749,043	4,968,768	3,703,352	4,440,948



The increase in price for feed raw materials was more dramatic than the compound feed price increase. Soybean and soybean meal prices increased 50% within 3 months. After a second period of banned biotech imports after October 2009, on January 25, 2010 the Ministry of Agriculture issued another decree which allowed EU approved biotechnology products imports to Turkey.



The imported feed raw material CIF prices on December 16, 2010 were quoted as; soybean price 500-533 USD/MT, doybean meal price 450-496 USD/MT, corn meal price 297 USD/MT, cotton meal price 333 USD/MT, rape meal price 350 USD/MT.

Turkey: Livestock imports (heads)				
Supplier	*CY 2007*	*CY 2008*	*CY 2009*	*CY 2010*
United States	0	2,168	3,846	9,358
Uruguay	1,016	300	0	35,245
Hungary	0	0	0	18,385
Brazil	0	0	0	4,530
Australia	2.837	2,925	164	1,162
Lithuania	0	0	0	518
Estonia	0	0	0	556
Latvia	0	0	0	254
Greece	0	0	0	100
Total	3,854	5,393	4,010	70,108

Turkey has been importing dairy cattle for years, but after red meat prices spiked in 2010, the government began allowing imports of slaughter and feeding cattle. Many of these came from Uruguay.

Most cattle imported from the U.S. were dairy breeding cattle. Due to new direct payment and credit support programs, dairy breeding cattle investments have boomed. Dairy breeding cattle imports from the U.S. will continue in the following months. The imported cattle price (CIF) is usually around 3,500 USD/head and the domestic Holstein cattle price is 4,500 USD/head.

Slaughter cattle imports are currently only permitted until December 2010 but the government is expected to extend this period. Feeder cattle imports are permitted until April 2011, and this opening is also expected to be extended until at least December 2011.

The sheep population decrease was more dramatic than the cattle population decrease. The live lamb price increased from 130 USD/head in 2009 to 666 USD/head in December 2010. Sheep imports will reach 150,000 head in CY 2010, but were just 55 in CY 2009. Bulgaria and Australia are the main suppliers of sheep to Turkey.

The result of all this new investment in the livestock sector will increase the demand for compound feed and consequently prices will increase in January or February if the Biosafety Council does not approve biotech soybean and corn event applications for import. The Biosafety Council is expected to approve three biotech soybean events application for feed usage only in the beginning of CY 2011, however neither the timeline nor the positive outcome are guaranteed.

PSD TABLES

Wheat Turkey	2008/2009		2009/2010		2010/2011	
	Market Year Begin: Jun 2008		Market Year Begin: Jun 2009		Market Year Begin: Jun 2010	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	7,700	7,700	7,800	7,800	8,000	8,000
Beginning Stocks	416	420	1,546	1,550	1,740	1,733
Production	16,800	16,800	18,450	18,450	17,000	17,000
MY Imports	3,468	3,468	3,218	2,922	2,500	2,600
TY Imports	3,578	3,577	3,192	2,922	2,500	2,600
TY Imp. from U.S.	20	20	38	0	0	500,000
Total Supply	20,684	20,688	23,214	22,922	21,240	21,333
MY Exports	2,238	2,238	4,374	4,389	3,000	3,100
TY Exports	2,342	2,342	4,274	4,389	3,000	3,100
Feed and Residual	700	700	800	800	700	700
FSI Consumption	16,200	16,200	16,300	16,000	16,500	16,500
Total Consumption	16,900	16,900	17,100	16,800	17,200	17,200
Ending Stocks	1,546	1,550	1,740	1,733	1,040	1,033
Total Distribution	20,684	20,688	23,214	22,922	21,240	21,333
1000 HA, 1000 MT						

Barley Turkey	2008/2009		2009/2010		2010/2011	
	Market Year Begin: Jun 2008		Market Year Begin: Jun 2009		Market Year Begin: Jun 2010	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	3,400	3,400	3,400	3,400	3,350	3,350
Beginning Stocks	612	341	797	176	797	183
Production	5,700	5,600	6,500	6,500	5,900	5,900
MY Imports	187	135	200	62	150	70
TY Imports	159	135	200	60	150	70
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	6,499	6,076	7,497	6,738	6,847	6,153
MY Exports	2	0	800	755	400	250
TY Exports	3	0	800	755	400	250
Feed and Residual	4,800	5,000	5,000	4,900	4,900	4,900
FSI	900	900	900	900	900	900

Consumption						
Total Consumption	5,700	5,900	5,900	5,800	5,800	5,800
Ending Stocks	797	176	797	183	647	103
Total Distribution	6,499	6,076	7,497	6,738	6,847	6,153
1000 HA, 1000 MT						

Corn Turkey	**2008/2009**		**2009/2010**		**2010/2011**	
	Market Year Begin: Sep 2008		**Market Year Begin: Sep 2009**		**Market Year Begin: Sep 2010**	
	USDA Official	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Area Harvested	520	520	500	500	490	490
Beginning Stocks	599	599	882	785	832	685
Production	4,150	4,150	4,000	4,000	4,000	3,600
MY Imports	499	403	550	450	700	500
TY Imports	516	403	550	450	700	500
TY Imp. from U.S.	29	29	0	30	0	35
Total Supply	5,248	5,152	5,432	5,235	5,532	4,785
MY Exports	66	67	300	350	300	60
TY Exports	176	176	200	350	300	60
Feed and Residual	3,400	3,400	3,400	3,300	3,600	3,300
FSI Consumption	900	900	900	900	900	900
Total Consumption	4,300	4,300	4,300	4,200	4,500	4,200
Ending Stocks	882	785	832	685	732	525
Total Distribution	5,248	5,152	5,432	5,235	5,532	4,785
1000 HA, 1000 MT						

Rice, Milled Turkey	2008/2009		2009/2010		2010/2011	
	Market Year Begin: Sep 2008		Market Year Begin: Sep 2009		Market Year Begin: Sep 2010	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	100	100	100	100	105	105
Beginning Stocks	261	261	265	265	520	400
Milled Production	420	420	400	400	450	450
Rough Production	700	700	667	667	750	750
Milling Rate (.9999)	6,000	6,000	6,000	6,000	6,000	6,000
MY Imports	209	209	520	400	300	400
TY Imports	282	200	500	400	300	400
TY Imp. from U.S.	0	54	0	120	0	130
Total Supply	890	890	1,185	1,065	1,270	1,250
MY Exports	25	25	15	15	15	50
TY Exports	25	25	15	15	15	50
Consumption and Residual	600	600	650	650	700	650
Ending Stocks	265	265	520	400	555	550
Total Distribution	890	890	1,185	1,065	1,270	1,250
1000 HA, 1000 MT						