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## Turkey

### Oilseeds and Products

### GOT Increases Soybean and Soybean Meal Duties

2006

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**Report Highlights:**

On March 13, the Turkish government announced increases in the duties on soybeans and soybean meal. Soybean duties will immediately increase to 10% from zero, while soybean meal duties will increase from 8 - 13.5%. This will particularly affect the Turkish poultry sector, which is already suffering from a drop in poultry sales due to Avian Influenza. U.S. exports, which had already declined due to AI may fall even further this year.

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Includes PSD Changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Ankara [TU1]  
[TU]

**General summary**

On March 13, 2006 the Turkish government increased soybean and soybean meal import duties to 10 percent and 13.5 percent from 0 percent and 8 percent, respectively. The new regulation keeps soybean meal import duties for the E.U. countries and Bosnia at zero. The duty on soybean imports from Bosnia also remains at zero. The decision caught all related industries including feed miller, poultry and oil producers by surprise.

The increase in duties will hit the Turkish poultry particularly hard. The sector is still trying to recover from a huge drop in sales due to Avian Influenza. The higher production costs will only add to their troubles. Practically all soybean meal imported and produced locally is for the poultry sector. Poultry production during CY 2006 is expected to decline about 30 percent to 650,000 MT compared to 950,000 MT in CY 2005 as a whole. For the past six months the poultry sector has been under increased financial strain.

Feed industry representatives indicated that the recent tariff increases would make total costs of production increase and make feed rations more expensive for the poultry industry. Sources indicated that soybean meal continue to be used in the rations because of its nutritional values for the poultry. Oil industry members were not happy with the decision because the previous import regime was favored domestic crushing and the industry had been investing in new facilities to meet the local demand from the poultry industry and possible demand increase for liquid oils due to the expected increase in bio-diesel use.

Turkey imported a total of 1.1 MMT of soybeans during MY 2004 representing about hundred percent increase over the MY 2003 imports of 600,000 MT. Turkish soybean meal imports also went up equally during the same period to 685,000 MT from 370,000 MT (TU5050). About forty-eight percent of the soybean and soybean meal imports in MY 2004 were from the United States, with the rest from South America. The total value of soybean and meal imports to Turkey was US\$ 450 million in MY 2004. U.S. soy exports have decreased primarily due to AI in Turkey and the drop in feed demand. South American meal will be particularly affected by the increase during the spring.

Most industries representatives surmised that the increase in duties might be an effort to compensate for the lost of revenues due to the deduction of VAT on domestic textile sales. About ten days ago the local textile industry members met with the government members and requested tax concessions to compete with Chinese textile competition and to increase domestic sales. In response the GOT reduced the VAT on textile sales to eight percent from eighteen percent. The IMF criticized the decision because it jeopardizes the budget discipline required by is IMF agreement.

Sources also indicated that GOT may also be trying to increase domestic soybean production of soybean by making imports more expensive. Of course, increasing production is a long-term project while the current increase in tariffs will hurt the poultry and feed sectors in the near term.

All concerned parties indicated that this increase in import duties will have a negative affect on imports and that feed mills, crushers and poultry operations will reduce stocks to lower costs. The combine problems of AI and the tariff increases are expected to reduce total imports by about twenty-five percent during MY 2005. Sources also added that the zero customs duty for soybean meal from the E.U. countries put EU crushers in an advantageous position versus U.S., Brazilian and Turkish crushers. It is estimated that the GOT will gain about a total of US\$ 50 million in revenues as a result of the duties.