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Oilseeds and Products

Annual

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Report Highlights:

Turkey's total oilseed production is expected to decline in MY 2008 and again in MY 2009 to 1.58 million tons and 1.51 million tons respectively. Increases in sunflower and soybean production will not be sufficient to offset continuing declines in cotton planting. Consequently imports of oil meals, oil, and corn derivatives such as CGF will continue to meet the demand of the feed and food sectors. The economic crisis, however, will slow growth. In MY 2008 total soybean imports are estimated to decline to 1.1 million tons, and soybean meal imports to 350,000 tons, but U.S. market share is expected to rise, in part because of availability of GSM-102 credit.

Includes PSD Changes: Yes
Includes Trade Matrix: No
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Turkey also exported about 54,000 MT of sunflower seed oil in MY 2007. Syria was the leading export market with 30,000 MT, and Israel bought 4,000 MT. During the first five months of MY 2008 Iraq was the leading buyer; exports reached 70,000 MT. Total MY 2008 sunflower seed oil exports are expected to reach 160,000 MT, but then decline to 130,000 MT in MY 2009.	17
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Executive Summary

Total production of oilseeds subject to this report (soy, sunflower and cottonseed) reached 1.7 MMT in MY 2007, and is estimated to have declined to 1.58 MMT in MY 2008 due to a sharp drop in cotton seed production. MY 2009 total oilseeds production is forecast to decline further to 1.51 MMT –the lowest level in many years– due to the continuing fall in cotton seed production.

Although increased use of mechanical harvesters has lowered production costs, cotton hence cottonseed production is expected to decrease for the second year in a row during MY 2009 due to low returns and increasing cost of production. Farmers throughout cotton-producing regions shifted land to grains, mostly corn and wheat.

MY 2008 sunflower seed production rebounded from MY 2007's drought-reduced crop due to attractive returns for the farmer as a result of radical increase in prices. Although prices declined to normal levels during MY 2008, sunflower seed planting and production in MY 2009 is expected to remain about 500,000 hectares and 850,000 MT. The government's continuing production bonus program for oilseeds, and support for quasi-government producer coops have positive effects on planting decisions of farmers.

Soybean production, traditionally negligible, is expected to double in MY 2009 to 60,000 MT due to farmers' dissatisfaction with returns of cotton and corn in the Cukurova region and also due to increased cost of fertilizers.

Production of canola as an oil seed also is growing rapidly, and Turkey is expected to produce about 27,000 MT in CY 2008 and 50,000 MT in CY 2009.

MY 2008 total meal production will decline about sixteen percent to 1.3 MMT due to decline in cotton seed meal output. MY 2009 total meal production also is expected to decline, by about 3 percent, as the drop in cotton seed meal is mitigated somewhat by an increase in sunflower and soy meal.

Domestic production and consumption of compound feed has increased significantly during CY 2007 and CY 2008 due to production increases in broiler, layer and dairy industries. While broiler and dairy products production increases were due to domestic market dynamics, increase in egg production was mainly driven by increased exports to neighboring countries. Additionally, domestic livestock farms have also started to use increasing amount of compound feed.

Accordingly domestic production and consumption of meals, particularly soy meal due to low demand for soy oil, expected to decline in MY 2008 but recover moderately in MY 2009.

The Turkish poultry industry, which ranks in the world's top fourteen, is the country's top consumer of protein meal and feed demand grew strong during MY 2007.

During CY 2008 total poultry meat production increased about 15 percent reaching 1.25 MMT. Production in 2009, however, is expected to decline about ten percent due to reduced demand. The rapid devaluation of Turkish lira since September 2008 increased the cost of imported raw materials and forced prices to rise about forty percent in last two months. Growth in layers is expected to be only marginal in CY 2009.

Total soybean and soy meal imports in MY 2008 are forecast to decline about 13 percent to 1.45 MMT, from 1.66 MT in MY 2007, due to reduced demand for feed from the poultry meat

and dairy producers. Total imports in MY 2009 is forecast to recover about 5 percent to 1.5 MMT.

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. While total Turkey's soybean imports are expected to decline about 18 percent in MY 2008, imports from the United States projected to remain the same hence U.S. market share will increase due to availability of GSM-102 credit program.

During the last a few years Turkey has become a leading markets for U.S. export of corn derived feed ingredients such as corn gluten feed (CGFP) and dried distillers grains (DDGS). Turkish CGFP imports jumped from 146,000 MT in CY 2006 to 575,000 MT in CY 2007 and to 555,000 in CY 2008. DDGS imports rose from 100,000 MT in CY 2006 to 326,000 MT in CY 2007 and reached 521,000 MT in CY 2008. In CY 2008 more than ninety-five percent of the both items were supplied by the US.

As with meal, MY 2008 total vegetable oil production is expected to decrease to 704,000 MT from 765,000 MT of MY 2007 due to decline in cotton seed oil but MY 2009 total oil production is projected increase only marginally due to increases in sunflower seed oil production which expected to offset decrease in cotton seed oil output.

Turkey remains a top market for U.S. corn oil exports.

OILSEEDS**Sunflower seed PSD**

Oilseed, Sunflower seed Turkey	2007			2008			2009		
	2007/2008			2008/2009			2009/2010		
	Market Year Begin: Sept 2007			Market Year Begin: Sept 2008			Market Year Begin: Sept 2009		
	Annual Data Displayed		New Post	Annual Data Displayed		New Post	Annual Data Displayed		Jan
			Data			Data			Data
Area Planted	580	470	480	580		500			520
Area Harvested	470	470	480	500		500			520
Beginning Stocks	56	15	56	38		15			15
Production	700	700	700	850		830			850
MY Imports	529	200	507	550		450			500
MY Imp. from U.S.	0	0	0	0		0			0
MY Imp. from EU	0	0	426	0		350			400
Total Supply	1,285	915	1,263	1,438		1,295			1,365
MY Exports	0	0	0	3		0			0
MY Exp. to EU	0	0	0	0		0			0
Crush	1,240	890	1,240	1,290		1,270			1,340
Food Use Dom. Cons.	4	4	3	4		5			5
Feed Waste Dom. Cons.	3	5	5	3		5			5
Total Dom. Cons.	1,247	899	1,248	1,297		1,280			1,350
Ending Stocks	38	16	15	138		15			15
Total Distribution	1,285	915	1,263	1,438		1,295			1,365
CY Imports	370	400	570	500		435			500
CY Imp. from U.S.	0	0	0	0		0			0
CY Exports	4	0	0	4		0			0
CY Exp. to U.S.	0	0	0	0		0			0
TS=TD			0			0			0

Production**Sunflower seed**

Following MY 2007's poor crop, high prices and favorable weather conditions during the season increased sunflower seed planted area to 500,000 hectares and production to 830,000 MT in MY 2008. While sunflower seed competes with canola, malt barley and wheat in the Thrace region, production in other regions such as Cukurova, Black Sea and Marmara is continuing to increase. Cukurova region in particular is in advantageous position since the crop matures about a month earlier than in Thrace region and farmers benefit from higher prices. Production in Thrace region declined from 80 percent to 70 percent of the total. The rainy winter in all regions expected to give a good start to MY 2009 sunflower seed crop and production is expected to be about 850,000 MT.

The biggest Agricultural Sales Cooperative Union, Trakya Birlik, bought about 310,000 MT of sunflower from its members at a price of 875 TL per ton (about USD 625) compared to 825 YTL (about USD 680) in November 2007.

Drought across the Black Sea region in MY 2007 drove world prices of sunflower seed and oil to record levels. Prices then declined drastically with the MY 2008 harvest. For example, imported sunflower seed prices declined from USD 900 in July 2008 to USD 350 per ton CIF Turkey in February 2009.

Soybean PSD

Oilseed, Soybean Turkey	2007			2008			2009		
	2007/2008			2008/2009			2009/2010		
	Market Year Begin: Sept 2007			Market Year Begin: Sept 2008			Market Year Begin: Sept 2009		
	Annual Data Displayed	New Post		Annual Data Displayed	New Post		Annual Data Displayed	Jan	
			Data			Data			Data
Area Planted	7	7	7	7		8			16
Area Harvested	7	7	7	7		8			16
Beginning Stocks	171	180	171	125		175			155
Production	20	20	25	20		30			60
MY Imports	973	1,200	1,340	1,050		1,100			1,150
MY Imp. from U.S.	350	580	397	350		400			425
MY Imp. from EU	25	0	0	25		0			0
Total Supply	1,164	1,400	1,536	1,195		1,305			1,365
MY Exports	0	0	0	0		0			0
MY Exp. to EU	0	0	0	0		0			0
Crush	380	440	450	400		300			330
Food Use Dom. Cons.	15	15	11	15		10			10
Feed Waste Dom. Cons.	644	770	900	659		840			870
Total Dom. Cons.	1,039	1,225	1,361	1,074		1,150			1,210
Ending Stocks	125	175	175	121		155			155
Total Distribution	1,164	1,400	1,536	1,195		1,305			1,365
CY Imports	1,150	1,200	1,230	1,200		1,240			1,250
CY Imp. from U.S.	400	600	456	400		456			450
CY Exports	0	0	0	0		0			0
CY Exp. to U.S.	0	0	0	0		0			0

Soybean**Production**

MY 2008 domestic soybean area and production is now estimated at about 8,000 hectares and 25,000 MT. Planting area and production in MY 2009 is estimated to double due to better returns on soybeans compared to corn and cotton in the Cukurova region, where more than 90 percent of Turkey's soy crop is grown. High domestic fertilizer prices also encouraged farmer in the region to plant soybean. Yields are high where soy is planted, as growers are likely to be technically proficient and the crop is irrigated.

MY 2008 broiler production is expected to decline and no fast recovery is expected for MY 2009 unless the EU approves the import of Turkish poultry meat. However egg production is expected to continue to grow due to increasing exports. Domestic egg consumption showed significant increase in recent years, reaching an estimated 160 pieces per person annually in 2008 compared to 120 in 2004. Domestic consumption of eggs is also expected to grow in 2009 yet slower pace than early years. The egg industry association is undertaking a promotion campaign to increase consumption of eggs to 200 pieces per person per year. Egg exports in the meantime have reached 1 billion pieces in 2008 compared to 150 million pieces in 2006. Neighboring countries are the main buyers of Turkish eggs; northern Iraq is the leading market.

Cotton seed PSD

Oilseed, Cottonseed Turkey	2007			2008			2009		
	2007/2008			2008/2009			2009/2010		
	Market Year Begin: Sept 2007			Market Year Begin: Sept 2008			Market Year Begin: Sept 2009		
	Annual Data Displayed		New Post	Annual Data Displayed		New Post	Annual Data Displayed	Jan	
			Data			Data			Data
Area Planted (Cotton)	650		520	650		350			300
Area Harvested (Cotton)	550		520	450		345			300
Seed to Lint Ratio	0			0					
Beginning Stocks	15		15	5		5			5
Production	1,150		1,016	900		720			600
MY Imports	5		14	10		20			30
MY Imp. from U.S.	0		0	0		0			0
MY Imp. from EU	5		13	10		15			25
Total Supply	1,170		1,045	915		745			635
MY Exports	1		0	1		0			0
MY Exp. to EU	1		0	1		0			0
Crush	1,140		1,010	892		720			610
Food Use Dom. Cons.	0		0	0		0			0
Feed Waste Dom. Cons.	24		30	17		20			20
Total Dom. Cons.	1,164		1,040	909		740			630
Ending Stocks	5		5	5		5			5
Total Distribution	1,170		1,045	915		745			635
CY Imports	98		7	65		20			25
CY Imp. from U.S.	0		0	0		0			0
CY Exports	1		0	1		0			0
CY Exp. to U.S.	0		0	0		0			0

Cotton seed**Production**

Following a 30 percent decline in MY 2008, cotton area is expected to decline another 20 percent in MY 2009 to the lowest level in recent memory. Low world and domestic prices, decline in domestic textile production in short low returns and high production cost are the main reasons for the decline. Accordingly cotton seed production is expected to decline to 600,000 MT in MY 2009 compared to 720,000 MT in MY 2008 and 1,016 MT in MY 2007. Farmers are expected to plant corn, wheat and soybeans in place of seed cotton. (See Cotton Reports at fas.usda.gov)

Canola

Lack of local oil seeds and availability of a very large crushing capacity has inspired more farmers to plant canola in recent years. MY 2008 canola planted area and production now are estimated about 11,000 hectares and 27,000 MT. In MY 2009 canola area and production are expected to rise to 20,000 hectares and 50,000 MT. Turkey also imports significant amount of canola seed for crushing.

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 purchase 312,000 MT and Karadeniz Birlik's 51,000 MT of sunflower seed from their members in MY 2008. The combined purchases of the two coops represent about 44 percent of MY 2008's crop and about twice as much as last year's.

Production support

The Turkish government continues to support oilseed production with production premium programs. Accordingly the government has announced that MY 2008 sunflower seed premium will be TL 189 (about US\$ 110) per ton. The GOT also announced production bonuses for the other oilseeds as well such as TL 324 (US\$ 185) per ton for seed cotton, TL 247 (US\$ 141) per ton for soybean, TL 207 (US\$ 118) per ton for canola. (1 US\$= 1.75 TL)

These production bonus payments on old crop usually are made in August, just before the new crop harvest, but due to upcoming local elections there is a possibility of an early payment. Industry sources say that for the future of domestic oil seed production it is crucial that coops and the government announce adequate domestic price and bonus payment, and pay promptly.

Consumption

The majority of oilseeds and products are utilized for meal and oil. Growth in domestic soybean and meal consumption was strong in MY 2007 but it is projected to decline in MY 2008 due to decline in broiler and dairy production, lowering feed demand.

In MY 2008 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 2009 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 will also decline due to decline both in domestic production and availability of cottonseed in the neighboring countries Syria and Greece.

Total crushing capacity has reached about 5 million MT/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 continues to be one of the leading markets for U.S. in-shell confectionary sunflower seed exports. In CY 2008 U.S. exports of confectionary sunflower reached 14,000 MT.

Trade

Because widespread drought severely damaged domestic production, Turkey imported 507,000 MT of sunflower seed in MY 2007. Neighboring Black Sea countries were the main source. Bulgaria and Romania were the leading suppliers with 240,000 MT and 165,000 MT respectively supplying about eighty percent of the imports. Ukraine (58,000 MT), Hungary (22,000 MT) and Moldova (5,000 MT) were the other suppliers. In MY 2008 large domestic production and trends in the first half of the season indicate that total imports will remain at 450,000 MT.

According to official sources Turkey imported a record quantity of soybeans during MY 2007: total imports reached 1.34 MMT. Argentina was the leading supplier with 662,000 MT followed by the U.S. and Brazil with 397,000 MT and 130,000 MT respectively. Ukraine (55,000 MT), Uruguay (59,000 MT) Paraguay (20,746 MT) and Canada (14,000 MT) were the other sources. During MY 2007 the United States lost its position as number one soy supplier and its share of imports declined to 30 percent from 53 percent the previous year, mostly due to late and limited announcement of USDA's GSM-102 export credit guarantee program for FY 2008. MY 2009 soybean imports are expected to decline to 1.1 MMT due to decline in broiler production.

USDA's GSM-102 Export Credit Guarantee Program continues to facilitate exports of U.S. agricultural commodities to Turkey, especially soybeans and products. During fiscal Year 2007 Turkish importers utilized a total of USD 483 million of the program of which USD 102 million was used to import soybean and soybean meal. A small and delayed FY 2008 program had an adverse affect on U.S. soybean purchases. Trade sources indicated that many cargoes were switched from U.S. to South American origin, and at least one cargo was cancelled.

Cottonseed imports showed a very sharp decline in recent years due to reduced supplies in Greece and Syria, the traditional sources. MY 2007 cotton seed imports were only about 14,000 MT compared to 146,000 MT in MY 2005. Reasons for the decline were the reduction in EU production support that adversely effected Greek cotton production and increase in domestic crushing capacity 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 190,000 MT of canola seed for crushing. Ukraine and Canada were the major sources supplying 106,000 MT and 52,000 MT respectively. Black Sea countries Romania (12,000 MT), Moldova (9,000 MT), and Bulgaria (9,000 MT) were the other suppliers.

In the medium and long term, rising household incomes will increase demand for livestock, poultry and aquaculture products, ensuring rising 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.

Policy

According to the 2009 customs regime sunflower seed imports are subject to 27 percent with minimum price of US\$ 750 per ton. Soybean is subject to 8 percent, cottonseed and canola seeds are subject to 10 percent tariff.

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, in the region.

OIL MEALS

Production

Total meal production in MY 2008 is estimated projected to decline to 1.3 MMT due to a drop in cottonseed meal and also in soybean meal production. Further decline is projected in MY 2009 down to 1.2 MMT due to repeated decline in cotton meal production. In addition to traditional meals Turkey also produced about 200,000 MT of canola meal in CY 2008.

According to the industry sources, there are some 661 feed mills in Turkey with an estimated total capacity of 16MMT. 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 low capacity are idle. Turkish total compound feed production has increased rapidly in recent years. The total production reached 7.5 MMT in CY 2006 and 9.2 MMT in CY 2007. Growth in CY 2008 was about 18 percent during the first eight months but started to decline towards end of the year; overall growth for the year is estimated at about 15 percent with 10.5 MMT total production. The reasons for the growth for the recent years are; the increased production in all sectors, the trend of moving from feed on farm to compound feed and larger percentage of the feed sector moving in to the registered economy. CY 2009 production however is expected to decline about ten percent as result of drop in demand particularly for broiler and dairy feed.

In recent years, an increasing number of Turkish mills have not separated the hulls from the meals while producing sunflower seed meal. This practice actually increases the amount of meal produced but lowers the protein content and the quality of the meal. Due to the low protein content, locally produced sunflower meal is not used in poultry rations but in livestock rations. As a result, farmers are required to use either larger amounts of sunflower meal or alternative meals such as DDGS and CGFP to obtain the protein amounts needed in their rations. Accordingly, Post is adjusting extraction rates to 52 percent, from 38 percent, to better reflect the change in practices.

Sunflower seed meal PSD

Meal, Sunflower seed Turkey	2007			2008			2009		
	2007/2008			2008/2009			2009/2010		
	Market Year Begin: Sept 2007			Market Year Begin: Sept 2008			Market Year Begin: Sept 2009		
	Annual Data Displayed		New Post	Annual Data Displayed		New Post	Annual Data Displayed		Jan
			Data			Data			Data
Crush	1,270	890	1,240	1,290		1,270			1,340
Extr. Rate, 999.9999	0.	1.	0.5226	0.		0.5315			0.5224
Beginning Stocks	0	20	20	0		30			45
Production	483	450	648	491		675			700
MY Imports	222	400	222	430		250			300
MY Imp. from U.S.	0	0	0	0		0			0
MY Imp. from EU	0	0	4	0		0			0
Total Supply	705	870	890	921		955			1,045
MY Exports	0	0	0	0		0			0
MY Exp. to EU	0	0	0	0		0			0
Industrial Dom. Cons.	0	0	0	0		0			0
Food Use Dom. Cons.	0	0	0	0		0			0
Feed Waste Dom. Cons.	705	860	860	921		910			995
Total Dom. Cons.	705	860	860	921		910			995
Ending Stocks	0	10	30	0		45			50
Total Distribution	705	870	890	921		955			1,045
CY Imports	320	250	374	370		204			250
CY Imp. from U.S.	0	0	0	0		0			0
CY Exports	0	0	0	0		0			0
CY Exp. to U.S.	0	0	0	0		0			0
SME	666	812	812	870		859			939

Consumption

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 MY 2008 however, poultry meat production is expected to decline about ten percent due to fall in domestic consumption and insufficient exports. The layer industry, on the other hand, is projected to expand during the marketing year due to continuing exports, although at slower pace. The dairy sector is in decline as well due to sudden, about 30 percent, drop in domestic milk prices due to lack of demand.

Utilization of soy meal to produce pasteurized soy flour is fairly new in Turkey. Soy flour is utilized in bakery products to extend the shelf life and in confection industries to add flavor. Soy flour is also used in the meat industry as filler and as a low cost substitute for meat. Local consumption of pasteurized soy flour is gradually increasing despite some sensitivity to the use of transgenic products.

Turkey consumed about 170,000 MT of canola meal in CY 2007 and 200,000 MT in CY 2008 some of which were produced from locally produced and imported seeds.

Consumption of DDGS and CGFP had increased with enormous speed in recent years and total consumption of the two items estimated to increase from 250,000 MT in CY 2006 to 1 MMT in CY 2008 due to its price and nutritional qualities. Turkish sunflower seed crushers complained last year about competition with imported DDGS and CGFP. Crushers indicated that both items were creating pressure on prices of locally produced sunflower seed meal. Consequently the GOT increased the VAT on both DDGS and CGFP from 8 percent to 18 percent. The recent increases in world prices of both items and the devaluation of the Turkish lira will have adverse affects on imports of these items in MY 2008.

Trade

Sunflower seed meal

Turkey's sunflower seed meal imports fall to 222,000 MT in MY 2007 from 402,000 MT in MY 2006 as a result of improved local availability and reduced demand due to competition from other feed items such as DDGS and CGFP. MY 2008 imports are expected to remain about 250,000 MT due to increased domestic seed production and crush.

Turkey sourced its sunflower seed meal imports in MY 2007 from neighboring Black Sea countries such as Russia (126,000 MT), Ukraine (90,000 MT) and Romania (4,000 MT) due to increased availability as a result of increased crushing capacities in these countries.

Soybean meal PSD

Meal, Soybean Turkey	2007			2008			2009		
	2007/2008			2008/2009			2009/2010		
	Market Year Begin: Sept 2007			Market Year Begin: Sept 2008			Market Year Begin: Sept 2009		
	Annual Data Displayed		New Post	Annual Data Displayed		New Post	Annual Data Displayed		Jan
			Data			Data			Data
Crush	380	440	450	400		300			330
Extr. Rate, 999.9999	1.	1.	0.8	1.		0.8			0.803
Beginning Stocks	27	45	27	12		70			65
Production	303	355	360	319		240			265
MY Imports	374	350	320	400		350			370
MY Imp. from U.S.	125	140	112	135		150			160
MY Imp. from EU	2	0	3	2		3			5
Total Supply	704	750	707	731		660			700
MY Exports	0	15	11	0		15			15
MY Exp. to EU	0	0	0	0		0			0
Industrial Dom. Cons.	0	0	0	0		0			0
Food Use Dom. Cons.	0	10	6	0		10			10
Feed Waste Dom. Cons.	692	660	620	695		570			600
Total Dom. Cons.	692	670	626	695		580			610
Ending Stocks	12	65	70	36		65			75
Total Distribution	704	750	707	731		660			700
CY Imports	365	280	342	350		360			375
CY Imp. from U.S.	125	150	133	125		114			125
CY Exports	0	0	7	0		10			10
CY Exp. to U.S.	0	0	0	0		0			0
SME	692	670	626	695		580			610

Soybean meal

Because of low local demand for soy oil MY 2008 crushing margins fell, reducing estimates of soy bean crush and increasing utilization of full-fat soy in rations. With no major change in margins expected, the trend to use full fat soy is expected to continue in MY 2009 as well. Because of declining domestic production, MY 2008 and MY 2009 soybean meal imports are expected to increase to 350,000 MT and 370,000 MT respectively compared to 320,000 MT in MY 2007.

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.

Cotton seed meal PSD

Meal, Cottonseed Turkey	2007			2008			2009		
	2007/2008			2008/2009			2009/2010		
	Market Year Begin: Sept 2007			Market Year Begin: Sept 2008			Market Year Begin: Sept 2009		
	Annual Data Displayed	New Post		Annual Data Displayed	New Post		Annual Data Displayed	Jan	
			Data			Data			Data
Crush	1,140		1,040	892		740			630
Extr. Rate, 999.9999	0.		0.5529	0.		0.5541			0.5556
Beginning Stocks	0		0	0		0			0
Production	510		575	400		410			350
MY Imports	4		0	4		0			0
MY Imp. from U.S.	0		0	0		0			0
MY Imp. from EU	0		0	0		0			0
Total Supply	514		575	404		410			350
MY Exports	0		9	0		10			12
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.	514		566	404		400			338
Total Dom. Cons.	514		566	404		400			338
Ending Stocks	0		0	0		0			0
Total Distribution	514		575	404		410			350
CY Imports	4		0	4		0			0
CY Imp. from U.S.	0		0	0		0			0
CY Exports	4		8	4		9			10
CY Exp. to U.S.	0		0	0		0			0
SME	416		459	327		324			274

Other

Turkey imported about 72,500 MT of canola meal in CY 2008. Ukraine (28,000 MT), India (16,000 MT) and Russia (14,000 MT) were the leading suppliers. The US (8,400 MT) and Romania (5,400 MT) were the other suppliers.

Turkey also imported about 522,000 MT of DDGS and 555,000 MT of CGFP in CY 2008. The about 95 percent of each item was from the United States, making turkey the #1 U.S. market outside of North America.

Policy

Sunflower seed meal and cottonseed meal imports 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 responded to local producers' complaints and raised the value-added tax on imports of DDGS from 8 percent to 18 percent.

OILS

Production

Total domestic oil production is estimated to decline about ten percent to 700,000 MT in MY 2008 due to significant production drops in cotton and soy oil. MY 2009 production is forecast to increase only marginally to 715,000 MT due to projected increase in sunflower oil. Turkey also produced about 85,000 MT of canola oil in CY 2008.

Turkey has a refining capacity of about 3.5 MMT, of which about 2.4 MMT is used to produce liquid oils and the remaining 1.1 MMT is used to produce margarine.

Sunflower seed oil PSD

Oil, Sunflowerseed Turkey	2007			2008			2009		
	2007/2008			2008/2009			2009/2010		
	Market Year Begin: Sept 2007			Market Year Begin: Sept 2008			Market Year Begin: Sept 2009		
	Annual Data Displayed	New Post		Annual Data Displayed	New Post		Annual Data Displayed	Jan	
			Data			Data			Data
Crush	1,270		1,240	1,290		1,270			1,340
Extr. Rate, 999.9999	0.		0.4113	0.		0.4134			0.4104
Beginning Stocks	40		40	86		83			82
Production	544		510	553		525			550
MY Imports	326		325	375		350			330
MY Imp. from U.S.	0		0	0		0			0
MY Imp. from EU	0		3	0		5			5
Total Supply	910		875	1,014		958			962
MY Exports	54		54	70		160			130
MY Exp. to EU	0		0	0		0			0
Industrial Dom. Cons.	21		21	21		24			20
Food Use Dom. Cons.	727		705	790		670			690
Feed Waste Dom. Cons.	22		12	22		22			27
Total Dom. Cons.	770		738	833		716			737
Ending Stocks	86		83	111		82			95
Total Distribution	910		875	1,014		958			962
CY Imports	400		163	430		412			350
CY Imp. from U.S.	0		0	0		0			0
CY Exports	80		32	80		100			150
CY Exp. to U.S.	0		0	0		0			0

Consumption

Domestic sunflower seed oil consumption is estimated at about 705,000 MT for MY 2007 but expected to decline to 670,000 MT in MY 2008 due to a decline in local purchasing power. Domestic consumption is expected to recover in MY 2009 with the expectations of economic recovery.

Soybean oil PSD

Oil, Soybean Turkey	2007			2008			2009		
	2007/2008			2008/2009			2009/2010		
	Market Year Begin: Sept 2007			Market Year Begin: Sept 2008			Market Year Begin: Sept 2009		
	Annual Data Displayed		New Post	Annual Data Displayed		New Post	Annual Data Displayed		Jan
			Data			Data			Data
Crush	380	420	450	400		300			330
Extr. Rate, 999.9999	0.	0.	0.1778	0.		0.18			0.1818
Beginning Stocks	14	10	14	12		9			20
Production	68	75	80	71		54			60
MY Imports	28	80	35	45		22			30
MY Imp. from U.S.	0	0	0	0		5			5
MY Imp. from EU	10	0	6	10		6			10
Total Supply	110	165	129	128		85			110
MY Exports	0	5	5	0		5			5
MY Exp. to EU	0	0	0	0		0			0
Industrial Dom. Cons.	20	115	70	20		40			60
Food Use Dom. Cons.	58	20	25	73		10			15
Feed Waste Dom. Cons.	20	15	20	21		10			15
Total Dom. Cons.	98	150	115	114		60			90
Ending Stocks	12	10	9	14		20			15
Total Distribution	110	165	129	128		85			110
CY Imports	40	200	50	45		18			40
CY Imp. from U.S.	0	0	2	0		0			5
CY Exports	0	5	9	0		5			5

Consumption of soybean oil has declined sharply in recent months. Cheaper palm oil reportedly has replaced soy oil in margarine, and a decline in paint production caused industrial use to decline as well. Additionally bio-diesel production has virtually ceased end due to high consumption tax and strict control of the government.

The continuing drop in domestic cotton production, along with declining cottonseed availability in Syria and Greece, is projected to cause local cotton oil production to decline about thirty percent in MY 2008 to 131,000 MT. An additional fifteen percent decline is foreseen for MY 2009 and total consumption will be about 105,000 MT.

While consumption of both soy oil and cotton seed oil is declining, canola oil is gaining popularity as an alternative. Accordingly canola oil imports and utilization has increased, particularly in mid-2008 when the gap between canola and sun oil prices reached an historical high. Almost all the leading vegetable oil brands now have retail packed canola oil available on market shelves. Turkey consumed about 100,000 MT mostly locally produced canola oil in CY 2008.

Cottonseed oil PSD

Oil, Cottonseed Turkey	2007			2008			2009		
	2007/2008			2008/2009			2009/2010		
	Market Year Begin: Sept 2007			Market Year Begin: Sept 2008			Market Year Begin: Sept 2009		
	Annual Data Displayed		New Post	Annual Data Displayed		New Post	Annual Data Displayed		Jan
			Data			Data			Data
Crush	1,140		1,040	892		740			630
Extr. Rate, 999.9999	0.		0.1683	0.		0.1689			0.1667
Beginning Stocks	15		15	15		10			5
Production	190		175	147		125			105
MY Imports	4		2	4		5			5
MY Imp. from U.S.	0		0	0		0			0
MY Imp. from EU	0		0	0		0			0
Total Supply	209		192	166		140			115
MY Exports	1		2	1		4			5
MY Exp. to EU	0		0	0		0			0
Industrial Dom. Cons.	30		20	25		16			15
Food Use Dom. Cons.	163		160	140		115			90
Feed Waste Dom. Cons.	0		0	0		0			0
Total Dom. Cons.	193		180	165		131			105
Ending Stocks	15		10	0		5			5
Total Distribution	209		192	166		140			115
CY Imports	4		0	4		2			4
CY Imp. from U.S.	0		0	0		0			0
CY Exports	1		2	1		4			4
CY Exp. to U.S.	0			0		0			0
TS=TD			0			0			0

Trade

Corn oil is one of the popular oils in Turkey; annual consumption reaches 125,000 MT which puts Turkey in number three position following US and 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 also exports refined corn oil; imports fluctuate according to the export contracts that local crushers hold.

Turkey is one of the leading markets for U.S. corn oil. The U.S. supplied an average of 70 percent of annual imports during the past three years. Turkey imported a total of 123,000 MT in CY 2006, 113,000 MT in CY 2007 and 83,000 MT in CY 2008. The United States supplied 89,000 MT, 90,000 MT and 57,000 MT respectively for these years. The sole reason for the decline in imports in CY 2008 was the end of a contract with the leading buyer of Turkish refined corn oil, Libya. Although the total quantity of corn oil imports declined, total value increased due to high world prices: the value of imports from the United States in CY 2008 increased to USD 96 million compared to USD 63 million in 2006. 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. Turkey imported a total of 325,000 MT of sunflower seed oil during MY 2007. Ukraine (187,000 MT), Argentina (98,000 MT) and Russia (31,000 MT) were the main suppliers,

followed by Paraguay (4,000 MT) and Bulgaria (3,000 MT). Despite increased domestic production, MY 2008 imports are expected to rise to 340,000 MT because of increased re-exports.

Historically high oil prices during the summer of 2008 and a sudden drop in the following months has reportedly created financial difficulties for refiners who had bought large sums of oil with the expectation of further price increases. Sunflower seed oil prices, for example, fell from USD 2,000 per MT CIF Turkey in June 2008 to USD 800 per MT in November 2008 as result of regional rebound in production.

Turkey also exported about 54,000 MT of sunflower seed oil in MY 2007. Syria was the leading export market with 30,000 MT, and Israel bought 4,000 MT. During the first five months of MY 2008 Iraq was the leading buyer; exports reached 70,000 MT. Total MY 2008 sunflower seed oil exports are expected to reach 160,000 MT, but then decline to 130,000 MT in MY 2009.

Soy oil imports declined to 35,000 MT in MY 2007 from 127,000 MT the previous year. The decline is expected to continue in MY 2008, but may recover somewhat in MY 2009 depending on the price of competing oils.

Turkey also imported about 10,000 MT of canola oil during CY 2008; Romania was the sole supplier.

Tariffs

According to the 2009 import regime, crude sunflower seed oil is subject to a 36 percent import duty with a minimum import price of USD 1,600 per MT. In other words, the minimum duty is $1,600 \times 0.36 =$ USD 576/MT.

Refined sunflower seed oil is subject to 50 percent customs tax from all sources.

Turkey: Tariffs on Cottonseed and Soybean Oil

Quality/Purpose	Tariff (%)
Crude	31.2
Refined for food use	35
Refined for industrial use	10
Refined for biodiesel	19.5

To comply with its Customs Union agreement with the EU, Turkey established tariff rate quotas (TRQ's) 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			
Country	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

Biotechnology

Turkey has ratified the Cartagena Biosafety Protocol but has no legislation in force to regulate biotechnology, operating under a "don't ask; don't tell" system. U.S. and South American soybeans and soy products enter freely as long as documentation does not specify that they contain transgenic material. A restrictive draft biosafety law has circulated within the government, but reportedly so far has been blocked by those who realize the risk to Turkish livestock and poultry producers of losing access to imported feed ingredients.