Required Report: Required - Public Distribution **Date:** March 03,2020

Report Number: TU2020-0003

Report Name: Oilseeds and Products Annual

Country: Turkey

Post: Ankara

Report Category: Oilseeds and Products

Prepared By: Kubilay Karabina

Approved By: Christine Strossman

Report Highlights:

Turkey's total production of oilseeds in Marketing Year (MY) 2020/21 is projected to decrease about five percent compared to MY 2019/20, totaling 3.04 million metric tons (MMT). Turkey continues to be import dependent for cooking oil and meal for the feed sector. Accordingly, in MY 2019/20 Turkey's sunflowerseed import forecast is 950,000 MT of oilseed sunflowerseed, 1.1 MMT of sunflowerseed meal, and 550,000 MT of sunflowerseed oil to meet domestic and re-export demands. Turkey's MY 2019/20 soybean imports are forecast to reach 2.8 MMT.

Executive Summary

Oilseeds

Turkey's total production of oilseeds covered in this report (soybeans, sunflowerseed and cottonseed) in MY 2020/21 is projected to decrease about five percent compared to MY 2019/2020: 3.04 MMT. Sunflowerseed production is expected to decrease about four percent, while cottonseed production is expected to decrease seven percent. Although soybeans are a minor oilseed crop in Turkey, domestic soy production is also expected to decrease marginally.

A significant drought during winter months created concerns for the upcoming sunflowerseed crop, particularly in the Thrace region, where about fifty percent of the local sunflowerseed crop is grown. Average rainfall in Turkey from October 2019 through January 2020 was 40 percent lower than the same period last year.

Meal and Feed

Total meal production (from oilseeds subject to this report) in MY 2019/20 is expected to increase three percent to 3.2 MMT due to the projected increase in soybean and cottonseed meal production. Total meal production in MY 2020/21 is expected to decrease slightly to 3.15 MMT, assuming a decrease in cottonseed meal.

Consumption - Feed Industry

While the negative economic situation has impacted the agriculture and food sectors in Turkey in 2019, in the medium and long term, increasing population will increase the demand for livestock, poultry and aquaculture products, ensuring continued demand for protein meals for feed. Simultaneously, consumers will demand higher-quality vegetable oils. The GOT continues to support oilseed production and also has ambitious irrigation projects throughout Turkey that will help them meet a larger portion of the demand for some of the oilseeds, such as sunflowerseed and cottonseed. However, demand for soybeans and meal is unlikely to be met by local production. Therefore, Turkey's demand for imported oilseeds, meal, and oils will remain for years to come.

Vegetable Oil

MY 2019/20 total domestic production of vegetable oils subject to this report (sunflowerseed, cottonseed, and soybean, excluding olive oil) is estimated at about 1.54 MMT, up about three percent compared to last marketing year, due to increases in soybean and cottonseed oils.
MY 2020/21 total oil production is expected to decrease marginally to 1.52 MMT, due to a decrease in cottonseed oil.

Olive Oil

Olive oil is an important product for many regions in Turkey. MY 2019/20 was an "on year" for olive oil production. Total production is estimated to be about 250,000 MT. An increase in the number of fruit-bearing trees is helping production to increase in off years as well. Production for MY 2020/21, an off year, is expected to be about 200,000 MT.

Oilseeds Policy and Support

The Turkish government provides production premiums for many agricultural products. The Turkish government also provides fuel and fertilizer support. In MY 2018/19, no crop received any additional increases in production support (though the premiums prices carried over from the previous year remained unchanged), but fuel support was increased about ten percent.
https://www.tarimorman.gov.tr/Konular/Tarimsal-Destekler/
See the most recent Grain and Feed Turkey Reports for additional details regarding supports.

OILSEEDS

Sunflowerseed

Sunflowerseed PSD (1000 Hectares, 1000 MT)

Oilseed, Sunflowerseed	2018/2019		2019/2020		2020/2021	
Market Begin Year	Sep 2018		Sep 2019		Sep 2020	
Turkey	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	750	750	730	730	0	700
Area Harvested	715	715	730	730	0	700
Beginning Stocks	91	91	340	95	0	133
Production	1800	1510	1750	1660	0	1590
MY Imports	1027	1027	750	950	0	910
Total Supply	2918	2628	2840	2705	0	2633
MY Exports	51	51	75	75	0	55
Crush	2350	2350	2250	2350	0	2350
Food Use Dom. Cons.	175	130	145	145	0	145
Feed Waste Dom. Cons.	2	2	2	2	0	2
Total Dom. Cons.	2527	2482	2397	2497	0	2497
Ending Stocks	340	95	368	133	0	81
Total Distribution	2918	2628	2840	2705	0	2633
Yield	2.5175	2.1119	2.3973	2.274	0	2.271
(1000 HA) ,(1000 MT) ,(MT/HA)						

Production - Sunflowerseed

In MY 2020/21, total sunflowerseed planting area is projected to decrease to 700,000 hectares. Of that, 620,000 hectares are for oilseeds, 50,000 hectares are for confection sunflowerseed and 30,000 hectares are sunflowerseeds for planting. Accordingly, oilseed sunflowerseed production is expected to be about 1.43 MMT, confection seeds about 105,000 MT, and planting seeds 55,000 MT, for a total of 1.59 MMT. Despite the fact that there was a country-wide winter drought during recent months, which caused poor sub soil moisture, the yields for winter and summer crops in Turkey will still depend on the amount of rainfall during the spring and summer.

The MY 2019/20 total sunflowerseed production area estimate is 730,000 hectares with production at about 1.66 million MT (MMT). The breakdown was 1.5 MMT oilseed sunflowerseed production, 100,000 MT confection sunflowerseed, and 60,000 MT planting seeds.

Turkey annually produces between 70,000 MT to 120,000 MT of confection sunflowerseed in addition to the oilseed sunflowerseed. MY 2019/20 production was about 100,000 MT, which is projected to increase slightly to 105,000 MT during MY 2020/21 due to possible concerns regarding the supply of imported confection sunflowerseed from China due to coronavirus-related import restrictions.

Turkey has a net deficit in sunflowerseed production, and sustainability of production will depend on farmer satisfaction with income. While sunflowerseed competes for planting area with wheat, malting barley, and canola in the Thrace region, production of sunflowerseed in other regions, such as Central Anatolia, competes with corn, sugar beet, and vegetables. In the Cukurova region it also competes with peanuts and wheat. Relatively good returns for wheat are persuading farmers to plant that crop instead of sunflowerseed in the Thrace region. While sunflower seed planting will start in March, decisions to grow alternative crops, farmers' financial concerns and the increased costs of inputs, orchard and greenhouse development, and increased vegetable production due to new irrigation areas account for the reduced planting acreage in the following marketing year.

Consumption – Sunflowerseed

Turkey's domestic consumption of sunflowerseed in MY 2020/21 is projected to be about the same as last year: 2.35 MMT in due to similar consumption expectations of both oilseeds sunflowerseed and confection sunflowerseed.

Soybeans

Soybean PSD (1000 Hectares, 1000 MT)

Oilseed, Soybean	2018/2019		2019/2020		2020/2021	
Market Begin Year	Sep 2018		Sep 2019		Sep 2020	
Turkey	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	30	30	30	30	0	29
Area Harvested	25	25	27	27	0	29
Beginning Stocks	460	460	380	280	0	310
Production	95	95	105	105	0	100
MY Imports	2600	2400	2800	2800	0	2800
Total Supply	3155	2955	3285	3185	0	3210
MY Exports	25	25	25	25	0	25
Crush	1400	1300	1450	1450	0	1450
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	1350	1350	1400	1400	0	1450
Total Dom. Cons.	2750	2650	2850	2850	0	2900
Ending Stocks	380	280	410	310	0	285
Total Distribution	3155	2955	3285	3185	0	3210
Yield	3.8	3.8	3.8889	3.8889	0	3.3333
(1000 HA) ,(1000 MT) ,(MT/HA)						

Production - Soybeans

MY 2020/21 soybean planting and production is expected to be about 29,000 hectares and 100,000 MT, down slightly compared to a year ago, due to competition from other crops like peanuts as a second crop.

The Cukurova region is the main soybean growing area in Turkey, supplying about ninety-five percent of the total production. Yields are high in the region as growers are technically proficient and the crop is irrigated. Small trial plantings are also seen in the GAP (Guneydogu Anadolu Projesi) region, in Eastern Turkey.

Consumption - Soybeans

Domestic consumption of soybeans is dependent on the usage in the feed industries, especially in poultry. According to the Turkish official data, In CY 2019, the feed sector grew at a slower rate than in the past, at about three percent. The feed sector expects similar growth in the following year. The industry utilizes a large amount of full fat soy in rations that are produced at their farms. In addition, favorable crush margins will increase soybean utilization. Accordingly, MY 2019/20 total consumption of soybeans is projected to be about 2.85 MMT and is forecast to marginally increase to 2.9 MMT in MY 2020/21.

Cottonseed

Cottonseed PSD (1000 Hectares, 1000 MT)

Oilseed, Cottonseed	2018/2019		2019/2020		2020/2021	
Market Begin Year	Oct 2018		Oct 2019		Oct 2020	
Turkey	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (Cotton)	520	520	540	570	0	520
Area Harvested (Cotton)	520	520	560	570	0	520
Seed to Lint Ratio	0	0	0	0	0	0
Beginning Stocks	8	8	16	16	0	16
Production	1350	1350	1110	1450	0	1350
MY Imports	2	1	2	3	0	3
Total Supply	1360	1359	1128	1469	0	1369
MY Exports	4	3	3	3	0	3
Crush	1330	1330	1100	1440	0	1340
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	10	10	10	10	0	10
Total Dom. Cons.	1340	1340	1110	1450	0	1350
Ending Stocks	16	16	15	16	0	16
Total Distribution	1360	1359	1128	1469	0	1369
Yield	2.5962	2.5962	1.9821	2.5439	0	2.5962
(1000 HA) ,(RATIO) ,(1000 MT) ,(MT/HA)						

Production – Cottonseed

MY 2020/21 Turkish cottonseed planting and production are projected at about 520,000 hectares and 1.35 MMT, down compared to a year ago, due to disappointing returns and competition with other crops like wheat.

Consumption

Cottonseed consumption fluctuates along with local production, since there is not significant import and export activity. Although consumption is about 1.45 MMT in MY 2019/20, it will be moderately lower in MY 2020/21 (1.35 MMT), coinciding with the projected decrease in cottonseed production.

<u>Oilseeds Production Policy and Support</u>

Production support: Agricultural Sales Cooperative Unions

Agricultural Sales Cooperative Unions (ASCU) play a prominent role in the oilseed sector. Trakya Birlik and Karadeniz Birlik, two of the leading ASCUs, continue to dominate providing support to the sunflowerseed sector in Turkey. Other ASCUs include TARIS (cotton and olive oil), Cukobirlik (cotton and soybean) and Antbirlik (cotton and cottonseed). All of the ASCUs have thousands of members to whom they provide seeds, fertilizer, and low-cost financing prior to planting. The ASCUs then offer attractive prices after the harvest. Almost all of these groups have crushing and refining facilities that they use to produce and market refined oils (sun, soy, and cotton oils) in wholesale and retail markets.

Trakya Birlik has purchased about 330,000 MT of the MY 2019/20 crop from its members, compared to 280,000 MT of the MY 2018/19 crop and 350,000 MT of the MY 2017/18 crop. Karadeniz Birlik usually buys about 30,000 MT annually. The combined purchases of the two coops represent about twenty percent of the total sunflowerseed crop of MY 2019/20, which is similar to last year.

Production premiums

In general, the Turkish government continued to support oilseed producers with production premium programs and fuel and fertilizer support. According to the 2019/20 program, the GOT has not increased production bonus and fertilizer support compared to the previous year, but has increased fuel support by about 25 percent. Accordingly, seed cotton producers will receive 660 Turkish Lira (TL; approx. $110) per hectare in fuel and fertilizer support, while sunflowerseed and soybean producers will receive 300 TL ($50) per hectare in fuel and fertilizer support, and olive oil producers will receive 190 TL ($32) per hectare in fuel and fertilizer support. As of February 2020, the MY 2020/21 crop support program had not been announced.

Below is the list of production premiums for recent years. Industry sources insist that for the future of domestic oilseed production, it is crucial that sales cooperatives and the government announce adequate domestic price and bonus payments in advance and pay producers promptly. For instance, in MY 2019/20 supports were announced in October 2019 which was after the harvest of most of the products.

Turkey: Oilseed Production Premiums (TL/MT) (Exchange rate: US$ 1= TL 6- Feb 2020)			
Crop	**2017**	**2018**	**2019**
Sunflowerseed	400	400	400
Soybean	600	600	600
Canola	500	500	500
Seed cotton	800	800	800
Olive Oil	800	800	800

<u>Oilseeds - Trade</u>

Total sunflowerseed imports in MY 2018/19 were about 1 MMT, of which 935,000 were oilseed, which is up about 28 percent compared to 720,000 MT the previous marketing year. The remaining 83,000 MT were confection seeds. Moldova (357,000 MT) was the leading supplier of oilseed sunflowerseed, followed by Romania (213,000 MT), and Russia (191,000 MT). Despite the increase in seed imports during last marketing year, an increase in crushing facilities in soy-growing countries in the Black Sea region will force Turkey to import more meal and oil rather than whole oilseeds in the future.

During the first four months of MY 2019/20, which is September to December 2019, total sunflowerseed imports were about 203,000 MT, of which 180,000 MT were oilseeds. Romania and Russia were the main suppliers, with 97,000 MT and 34,000 MT respectively. Total imports are expected to reach over 900,000 MT in MY 2020/21 as well, due to demand for similar amounts for crushing.

Total soybean imports during MY 2018/19 (September 2018-August 2019) were 2.4 MMT, down about eleven percent compared to the previous marketing year because domestic crushing margins were not as lucrative as the previous year. Brazil and Ukraine were the main suppliers with 1.3 MMT and 900,000 MT, respectively. Turkey became the leading buyer of Ukrainian soybeans in recent years due to geographical proximity and favorable pricing. Imports from the U.S. were just 30,000 MT in MY 2018/19 due to the continuing concerns that trace amounts of biotech soy varieties not yet approved in Turkey could lead to shipments being rejected. There have been no new approvals of biotech soy varieties in Turkey since August 2, 2017, leading to a situation where some varieties approved in other major markets, such as the EU, are not yet approved in Turkey. This approval lag in Turkey can affect imports from any country, but Turkish importers looked to other sources, such as Brazil for soy and Argentina for meal, despite the higher prices. As long as market access problems related to delayed biotech approvals continue, market access issues may arise for soybean and meal imports from all sources.

Turkey imported a total of 807,000 MT of soybeans during the first four months of MY 2019/20 (September-December). Ukraine and Brazil were the leading suppliers with 591,000 MT and 144,000 MT, respectively. Total MY 2019/2020 exports are forecast at 2.8 MMT.

Soybean exports were about 25,000 MT during MY 2018/19. The United States was the main destination with about 20,000 MT. Exports to the United States were likely transshipped organic soybeans from other countries in the region, as there is no significant organic production of soybeans in Turkey. Syria (3,400 MT) was the other soybean export destination. According to data during the first four months of the MY 2019/20, total exports of soybeans were about 4,600 MT of which 3,200 MT were to the U.S. and 1,400 MT to Syria.

Oilseeds Policy
Sunflowerseed imports are subject to a tariff of 20 percent with a fluctuating observation price. Generally, The GOT increases the observation price on imports temporarily when the new crop comes in August of each year, and then lowers it a few months later. Soybeans are subject to zero percent tariffs and cottonseed is subject to a 10 percent tariff.

OIL MEALS

Production - Oilseed Meals

Total meal production (from oilseeds subject to this report) in MY 2019/20 is expected to increase three percent to 3.2 MMT due to the projected an increase soybean and cottonseed meal production. See additional production information below following each table.

Turkey continues to utilize a significant amount of full-fat soybeans in feed rations. Accordingly, in MY 2019/20 and MY 2020/21, an estimated 1.40 MMT and 1.45 MMT of soybeans will be used to produce full-fat soy meals.

Consumption – Oilseed Meals
According to industry sources, as of 2018, there are about 525 active feed mills in Turkey with an estimated total capacity of 18.2 MMT at one shift. There are also on-farm feed mills where total production is estimated at about 3 MMT per year.

The feed sector has been growing at a remarkable speed with new modern mills investment in recent years which doubled capacity over the last decade, although growth slowed in 2019. Total feed production for CY 2019 is estimated at about 25 MMT, up about three percent compared to CY2018. According to industry sources in CY 2019, poultry, broiler, and layer feed production was about 10 MMT, livestock feed production was about 14 MMT and other feed (fish feed and other) was 0.8 MMT. Feed demand for aquaculture products increased considerably in CY 2019.

Compound Feed Production in Turkey by Sectors (Thousand MT)

Feed Production	2014	2015	2016	2017	2018	2019	%19/18
Broiler Feed	3,980	4,780	4,566	4,754	5,306	5,363	1.1
Layer Feed	2,481	3,417	2,958	3,370	3,600	3,828	6.3
Other Broiler Feed	672	912	785	759	859	843	-2
Broiler Sector Total	7,133	9,109	8,309	8,883	9,767	10,034	2.7
Ruminant Feed	10,442	10,427	11,502	12,906	13,751	14,076	2.4
Fish Feed and Other	429	569	591	630	635	828	30
Total	18,004	20,105	20,402	22,419	24,144	24,939	3.3

Source: Turkiyembir, www.yem.org.tr

Presently the Turkish feed industry is among the world's top twelve producers and in the top four in Europe. The sector is projected to grow in the coming years and reach 30 MMT by 2023.

Meal Consumption in Turkey by Soybean Meal Equivalent Conversion

SME TABLE (1000 MT)			
	2018/19	**2019/20***	**2020/21***
Soybean meal	1,750	1,950	2,000
Cottonseed meal	592	641	598
Sunflowerseed meal	1,454	1,567	1,634
Soybean full-fat	1,000	1,040	1,120
TOTAL	**4,796**	**5,198**	**5,352**

*These are forecasts based on PSD tables in this report.

Trade – Oilseed Meals

Imports of sunflowerseed meal during the 2018/19 marketing year decreased slightly at 910,000 MT, down about 20,000 MT from last marketing year's level. Turkey continued to source its sunflowerseed meal from Russia (437,000 MT), Ukraine (304,000 MT), and Bulgaria (103,000 MT) due to increased availability as a result of increased crushing capacities in these countries. Imports from these neighboring countries continued in the first four months of MY 2019/20, reaching about 330,000 MT. Russia (134,000 MT), Ukraine (98,000 MT), and Bulgaria (68,000 MT) were the main sources. Strong imports are expected to continue in MY 2020/21 as well due to growing domestic consumption and insufficient local production.

Turkey's sunflowerseed meal exports in MY 2018/19 were 23,000 MT, with the United Kingdom as the main destination at 12,300 MT, followed by Cyprus with 4,000 MT. Exports went down to 3,000 MT during the first four months of MY 2019/20. The United Kingdom was the main destination with 2,300 MT.

Imports of soybean meal during the 2018/19 marketing year increased to 701,000 MT, up about 150,000 MT from the previous marketing year's level. Argentina was the main supplier with 418,000 MT, followed by Ukraine with 141,000 MT. Imports of soybean meal for MY 2019/20 are expected to increase to 850,000 MT. Attractive prices in Argentina continued to fuel imports of soybean meal during the first three months of MY 2019/20, when total imports reached 171,000 MT, of which Argentina supplied 110,000 MT and Ukraine 21,000 MT. Similar import levels are expected to continue in MY 2020/21, as well, due to growing domestic consumption and insufficient local production.

Exports of soybean meal during the 2018/19 marketing year were about 56,000 MT. The United States was the main destination with 30,000 MT, followed by Iran with 21,000 MT. Exports to the United States were likely meal from organic soybeans transshipped from other countries in the region. Exports continued in first three month of MY 2019/20 reaching about 9,000 MT of which 5,000 MT were to the United States, compared to 13,000 MT during the same period last year.

Turkey imported about 25,000 MT of cottonseed meal in MY 2018/19. Azerbaijan (13,000 MT) and Benin (12,000 MT) were the main suppliers. Imports of cottonseed meal for MY 2019/20 are expected to decrease to 20,000 MT due to a slowdown in imports in first quarter of the marketing year. Turkey exported about 26,000 MT of cottonseed meal in MY 2018/19. Syria was the main destination with 22,000 MT. Exports slowed during the first three months of MY 2019/20 and were about 4,500 MT.

Policy – Oilseed Meals

According to the 2019 import regime, soybean meal imports are subject to zero percent import tariff from EU countries and five percent from other sources. Other meals, such as sunflowerseed meal and cottonseed meal are subject to zero percent import tariff from all sources.

Sunflowerseed Meal

Sunflowerseed Meal PSD (1000 MT)

Meal, Sunflowerseed	2018/2019		2019/2020		2020/2021	
Market Begin Year	Sep 2018		Sep 2019		Sep 2020	
Turkey	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	2350	2350	2250	2350	0	2350
Extr. Rate, 999.9999	0.5502	0.5502	0.5502	0.5502	0	0.5502
Beginning Stocks	203	203	203	203	0	226
Production	1293	1293	1238	1293	0	1293
MY Imports	910	910	1000	1100	0	1150
Total Supply	2406	2406	2441	2596	0	2669
MY Exports	23	23	20	20	0	20
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	2180	2180	2230	2350	0	2450
Total Dom. Cons.	2180	2180	2230	2350	0	2450
Ending Stocks	203	203	191	226	0	199
Total Distribution	2406	2406	2441	2596	0	2669
(1000 MT) ,(PERCENT)						

Production – Sunflowerseed Meal

MY 2020/21 sunflowerseed meal production will be remain at a high level at 1.29 MMT assuming sunflower imports continue in this manner for crushing. Post has been using extraction rates of 55 percent for sunflowerseed meal in place of 38 percent, to better reflect domestic extraction rates. The majority of Turkish mills are not separating the hulls from the meal while producing sunflowerseed meal. This practice increases the amount of meal produced but lowers the protein content and the quality of the meal. Due to the low protein content, locally produced sunflowerseed meal is not used in poultry rations, but it is used in livestock rations instead. As a result, farmers then need to use either larger amounts of sunflowerseed meal or alternative feed materials, such as DDGS (distiller's dried grain with solubles) and CGFP (corn gluten feed pellet), to obtain the protein amounts needed in their rations.

Soybean Meal

Soybean Meal PSD (1000 MT)

Meal, Soybean	2018/2019		2019/2020		2020/2021	
Market Begin Year	Oct 2018		Oct 2019		Oct 2020	
Turkey	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	1400	1300	1450	1450	0	1450
Extr. Rate, 999.9999	0.775	0.7769	0.7724	0.7724	0	0.7759
Beginning Stocks	331	331	328	236	0	201
Production	1085	1010	1120	1120	0	1125
MY Imports	724	701	850	850	0	910
Total Supply	2140	2042	2298	2206	0	2236
MY Exports	62	56	55	55	0	55
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	1750	1750	2050	1950	0	2000
Total Dom. Cons.	1750	1750	2050	1950	0	2000
Ending Stocks	328	236	193	201	0	181
Total Distribution	2140	2042	2298	2206	0	2236
(1000 MT) ,(PERCENT)						

Domestic production of soybean meal in MY 2019/20 is projected to reach 1.12 MMT, compared to 1.01 MMT in the previous marketing year, due to more favorable crushing margins and an increase in the usage in rations.

Cottonseed Meal

Cottonseed Meal PSD (1000 MT)

Meal, Cottonseed	2018/2019		2019/2020		2020/2021	
Market Begin Year	Oct 2018		Oct 2019		Oct 2020	
Turkey	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	1330	1330	1100	1440	0	1340
Extr. Rate, 999.9999	0.5504	0.5504	0.55	0.55	0	0.55
Beginning Stocks	0	0	0	0	0	0
Production	732	732	605	792	0	737
MY Imports	25	25	25	20	0	25
Total Supply	757	757	630	812	0	762
MY Exports	40	26	25	21	0	24
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	717	731	605	791	0	738
Total Dom. Cons.	717	731	605	791	0	738
Ending Stocks	0	0	0	0	0	0
Total Distribution	757	757	630	812	0	762
(1000 MT) ,(PERCENT)						

Production – Cottonseed Meal

Cottonseed meal production in MY 2020/21 is forecast at about 737,000 MT, compared to 792,000 MT of 2019/2020, assuming a reduction in local cottonseed production.

OILS

Production - Oils

MY 2019/20 total domestic production of vegetable oils subject to this report (sunflowerseed, cottonseed, and soybean, excluding olive oil) is estimated at about 1.54 MMT, up about three percent compared to last marketing year, due to increases in soybean and cottonseed oils.
MY 2020/21 total oil production is expected to decrease marginally to 1.52 MMT, due to decreases in cottonseed oil production.

The local industry is continuing to invest in new plants and accordingly, Turkey's crushing capacity has reached 9 MMT. Refining capacity for liquid oils also went up to 4 MMT. Turkey also has about an additional 1 MMT capacity for production of margarine, and produced an estimated 860,000 MT in 2019.

Sunflowerseed Oil

Sunflowerseed Oil PSD (1000 MT)

Oil, Sunflowerseed	2018/2019		2019/2020		2020/2021	
Market Begin Year	Sep 2018		Sep 2019		Sep 2020	
Turkey	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	2350	2350	2250	2350	0	2350
Extr. Rate, 999.9999	0.4349	0.4349	0.4351	0.4349	0	0.4349
Beginning Stocks	58	58	82	82	0	59
Production	1022	1022	979	1022	0	1022
MY Imports	533	533	550	550	0	570
Total Supply	1613	1613	1611	1654	0	1651
MY Exports	436	436	375	440	0	420
Industrial Dom. Cons.	20	20	20	20	0	20
Food Use Dom. Cons.	1065	1065	1125	1125	0	1150
Feed Waste Dom. Cons.	10	10	10	10	0	10
Total Dom. Cons.	1095	1095	1155	1155	0	1180
Ending Stocks	82	82	81	59	0	51
Total Distribution	1613	1613	1611	1654	0	1651
(1000 MT) ,(PERCENT)						

Production – Sunflowerseed oil

Local production of sunflowerseed oil in MY 2019/20 is projected to be over 1 MMT to meet the local food demand while oil imports increase consistently.

Consumption – Sunflowerseed Oil

Sunflowerseed oil is the most consumed oil in Turkey and food use consumption is continuing to increase. It is forecast to reach 1.18 MMT in MY 2020/21. The increase in population and foreign tourists are the main drivers of higher sunflowerseed oil consumption. Additionally, there is a lack of affordably-priced alternative oils because Turkey has not approved any genetically engineered corn or soybeans for food use.

Soybean Oil

Soybean oil PSD (1000 MT)

Oil, Soybean	2018/2019		2019/2020		2020/2021	
Market Begin Year	Oct 2018		Oct 2019		Oct 2020	
Turkey	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	1400	1300	1450	1450	0	1450
Extr. Rate, 999.9999	0.1786	0.1785	0.1786	0.1786	0	0.1786
Beginning Stocks	63	63	63	13	0	17
Production	250	232	259	259	0	259
MY Imports	0	0	0	0	0	0
Total Supply	313	295	322	272	0	276
MY Exports	85	132	90	90	0	90
Industrial Dom. Cons.	95	85	100	90	0	90
Food Use Dom. Cons.	0	5	0	5	0	5
Feed Waste Dom. Cons.	70	60	75	70	0	70
Total Dom. Cons.	165	150	175	165	0	165
Ending Stocks	63	13	57	17	0	21
Total Distribution	313	295	322	272	0	276
(1000 MT) ,(PERCENT)						

Production – Soybean Oil

Soybean oil production in MY 2020/21 are forecast to remain at 259,000 MT assuming continuing exports.

Consumption policy – Soybean Oil

Turkey's Biosafety law limits the utilization of soybean oil produced from genetically engineered (GE) soybeans. Accordingly, GE soy oil is only approved to be used in feed and industrial categories, mostly paint and ink production. GE soybean varieties have not yet been approved for use in food because no applications have been submitted or reviewed yet requesting food use approval. Therefore, only soybean oil that is made from locally-produced and imported non-GE soybeans are allowed for food use in Turkey. Since the great majority of imported and crushed soybeans are genetically engineered varieties for animal feed, this adversely effects domestic crushing and causes consumption of soy oil to be limited to soybeans that are locally produced.

Cottonseed Oil

Cottonseed oil PSD (1000 MT)

Oil, Cottonseed	2018/2019		2019/2020		2020/2021	
Market Begin Year	Oct 2018		Oct 2019		Oct 2020	
Turkey	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	1330	1330	1100	1440	0	1340
Extr. Rate, 999.9999	0.1805	0.1805	0.18	0.1806	0	0.1806
Beginning Stocks	2	2	10	10	0	15

Production	240	240	198	260	0	242
MY Imports	0	0	0	0	0	0
Total Supply	242	242	208	270	0	257
MY Exports	8	8	3	15	0	10
Industrial Dom. Cons.	14	14	13	15	0	15
Food Use Dom. Cons.	210	210	192	225	0	220
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	224	224	205	240	0	235
Ending Stocks	10	10	0	15	0	12
Total Distribution	242	242	208	270	0	257
(1000 MT) ,(PERCENT)						

Production – Cottonseed Oil

Cottonseed oil production in MY 2019/20 is forecast to increase to 260,000 MT and consumption to 240,000 MT. In MY 2020/21, production and consumption, mostly in food use for margarine production, are forecast to decline marginally to 242,000 MT and 235,000, respectively, in line with the decrease in cottonseed production.

Oils Consumption - Biodiesel

The government of Turkey issued a regulation (06/16/2017, 30098) imposing 0.5 percent mandatory inclusion of biodiesel into diesel fuel starting from January 2018. Domestic biodiesel production capacity is about 240,000 MT per year. According to market sources, 130,000 MT of biodiesel was produced in CY 2019, which was an increase from 110,000 MT in CY 2018. Approximately 43,000 MT of used vegetable oil was used for biodiesel production. The rest is made from various other oils such as cottonseed oil (about 30%), canola oil (about 30%), safflower oil, camelina oil, and small quantities of soybean oil. The motivation of the government is to create a new demand for local oilseeds production and make better use of used cooking oil. According to the regulations, oils obtained from locally produced oilseeds and used cooking oil will be utilized to produce biodiesel. Biodiesel production is expected to increase steadily in the following years in parallel with efforts for collecting used vegetable oils. The biodiesel sector aims to collect annually 120,000 MT of used vegetable oils by 2023.

<u>Olive Oil</u>

Olive Oil, PSD (1000 Trees, 1000 MT)

Oil, Olive	2018/2019		2019/2020		2020/2021	
Market Begin Year	Nov 2018		Nov 2019		Nov 2020	
Turkey	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0	0	0
Area Harvested	0	0	0	0	0	0
Trees	152500	152500	155000	153000	0	154500
Beginning Stocks	34	34	20	20	0	15

Production	183	183	250	250	0	200
MY Imports	24	24	10	25	0	25
Total Supply	241	241	280	295	0	240
MY Exports	58	58	75	65	0	55
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	163	163	175	210	0	170
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	163	163	175	210	0	170
Ending Stocks	20	20	30	15	0	15
Total Distribution	241	241	280	290	0	240
(1000 HA) ,(1000 TREES) ,(1000 MT)						

Production – Olive Oil

The GOT has been financially supporting olive tree orchards and olive oil production, and accordingly, the number of trees has reached 181 million in 2019, of which 153 million are estimated to be fruit bearing trees. The orchard planting trend is continuing; it is estimated that about 1.5 million new trees are planted annually.

Olive trees are mostly planted along the coastal regions in the Marmara, Aegean, and Mediterranean areas and in the Southeast Anatolian region. The former tobacco-producing fields in the Aegean region have become the center for olive and olive oil production during the last twelve years. Along with the increased planting, the Ministry of Agriculture and Forestry has expressed its intention to graft about 80 million wild olive trees, of which 40 million are said to be productive, to increase olive and olive oil production. According to the government's action plan, about 1.5 million trees were going to be grafted between 2015 and 2019, but the project is proceeding slower than expected. On the other hand, while planting is increasing in new areas, older olive tree orchards are under pressure from metal mining industries, tourism, and housing developments, though the rate of loss is much slower than the increase in plantings.

MY 2019/20 was an on year for olive oil production and early season estimates for production are about 250,000 MT, up about 35 percent. Even though production still varies during on and off years, the larger number of trees and better picking practices have caused a narrowing in the production gap between on and off years.

In MY 2020/21, which is an "off year," production is projected to be about 200,000 MT, though this is weather dependent of course. But overall, an increase in the number of fruit-bearing trees and better farming practices are all expected to contribute to higher levels of olive oil production in the coming years.

Following five years of lobbying by the producers, the production premium for olive oil was increased 14 percent to TL 0.80 per kilogram for the 2016 crop and then has remained the same since then, at about US $140 per MT(US$ 1 = TL 6 as of Feb 2020). Despite this subsidy, producers argue that they cannot compete with EU-sourced olive oil in international markets due to the higher EU financial supports, which they claim is 1.30 Euro per kilogram, or about US $1,430 per MT. Additionally, Turkish domestic support is provided in the Turkish currency, which depreciated about 40 percent in CY 2018 against the leading foreign currencies, and producers argue that the depreciation reduces the subsidies' effectiveness.

Consumption – Olive oil
Along with the increasing production, domestic consumption has also increased over the years among the health-conscious urban population. The amount of local production and the local economic situation impacts domestic consumption of olive oil since it is a premium oil and the market price is about five times higher than sunflowerseed oil.

It is estimated that the high domestic production in MY 2019/20 will pressure local prices and help domestic consumption to increase to about 210,000 MT, up from 163,000 MT in MY 2018/19. Consumption in MY 2020/21 is expected to decrease to 170,000 MT, in parallel with a decrease in production due to the off year growing cycle.

Trade, All Oils

Sunflowerseed oil imports of Turkey are up about 6 percent to 533,000 MT during MY 2018/19 due to an increase in re-exports. Russia was the main supplier with 375,000 MT, followed by Bosnia and Herzegovina at 65,000 MT.

Turkey's sunflowerseed oil exports were also up twelve percent during the same period to 436,000 MT. In the meantime, Syria became an important export market for Turkey with 66,000 MT, followed by Djibouti (62,000 MT), Iraq (59,000 MT), and Yemen (54,000 MT) in MY 2018/19.

This import and export trend continued during the first four months of MY 2019/20, during which Turkey imported about 154,000 MT of sunflowerseed oil and exported 178,000 MT. While Russia and Bosnia were the top suppliers with 22,000 MT and 43,000 MT, respectively, Djibouti and Yemen were the main export destinations with 51,000 MT and 23,000 MT.
In MY 2019/20 sunflower seed oil export is forecast at 440,000 MT. Although Turkey lost traditional market share in Iraq due to an increase in local production in that country, new markets in African countries offset these losses.

Turkey's sunflowerseed oil exports in MY 2020/21 are projected to decrease marginally to 420,000 MT in parallel with a decrease in domestic production, assuming demand from neighboring and African countries continues.

Turkey did not import soybean oil during MY 2018/19 due to large domestic crushing. Exports during the same period were 132,000 MT.
Iran (33,000 MT), Algeria (32,000 MT), and Tunisia (21,000 MT) were the main export destinations. Export trade for soybean oil during the first three months (Oct-Dec) of MY 2019/20 were down to 17,600 MT, compared to 33,000 MT during the same period in MY 2018/19. Leading destinations were Algeria (7,000 MT) and Iraq (6,000 MT).

Turkish olive oil exports decreased in MY 2018/19 to 58,000 MT, compared to 74,000 MT in MY 2017/18 in parallel with domestic production. The United States was the leading destination for Turkish olive oil with about 20,000 MT, followed by Spain with 7,700 MT. The export trend is expected to continue in accordance with domestic production in following off and on years. Meanwhile, Turkey continues to import olive oil from Syria, which reached 24,000 MT in MY 2018/19 and is expected to remain at a similar level for MY 2019/20.

Tariffs – All Oils

To comply with its Customs Union agreement with the EU, Turkey established tariff rate quotas (TRQs) for vegetable oils as listed below. However, Turkey does not always utilize these quotas, in order to maintain the value of Trakya Birlik's stocks.

Turkey: Vegetable Oil Import TRQ's			
Origin	Commodity	Quantity	Duty
EU	Crude Sunflower Oil	18,000 MT	0
EU	Crude Soybean Oil	60,000 MT	0
EU	Refined Soybean Oil	2,000 MT	0
EU	Crude Canola Oil	10,000 MT	0

According to the 2019 customs regime, sunflowerseed oil imports outside of the TRQ are subject to a tariff of 36 percent with a minimum price of $1,000 per ton. Refined sunflowerseed oil for human consumption is subject to a 67.5 percent import tariff and a minimum price of $1,100 per ton.

Soybean oil and cottonseed oil are subject to a 31.2 percent import tariff. Soybean oil imports from Bosnia and Herzegovina, however, are subject to zero percent import tariff for both crude and refined oils.

Attachments:

No Attachments