

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Turkey

## Oilseeds and Products Update

## Soybean and products update

**Approved By:**

Clay Hamilton, Ag Counselor

**Prepared By:**

Ibrahim Sirtioglu, Agricultural Specialist

**Report Highlights:**

Imports of biotech soybeans were blocked as of September 26<sup>th</sup> with the implementation of the new bio-safety law.

However, the industry prepositioned large stocks in expectation of the ban. Imports of soybean reached 1.37 MMT during the first eleven months of MY 2009 of which 786,000 MT were US origin. Total imports at the end of the year are expected to reach 1.6 MMT with US soybean constituting sixty-five percent. While soybean imports increased soybean meal imports remained about 195,000 MT during the first ten months of the marketing year due higher utilization of full fat soya in rations.

**Post:**  
Ankara

## **Production**

MY 2010 Turkish soybean area and production is expected to reach 17 hectares and 60,000 MT. A fifty percent increase in planting and production compared to last year is due to the GOT's production support and lower than expected returns on corn in the region. The great majority of local soy bean acreage is planted in the Cukurova region despite the efforts of the GOT to increase and spread planting throughout the country.

## **Policy**

MY 2009 was marked by turmoil as a result of the new draft and final bio-technology laws. During the course of events imports of GM products were stopped and re-opened many times causing uncertainties in the market, interrupting flow of imported feed items and eventually caused prices of all feed commodities to rise in the domestic market. The new law which became effective on September 26 requires that the gene owners or importers should apply for approval and only approved GMO events will be allowed to be imported. Biotech events that have been approved earlier this year are no longer valid with the implementation of this new law. Also, it is unclear when the events will be registered and approved. Therefore, trade in soybeans and soy products from the United States are effectively blocked for the time being. While the USG and Turkish importers are working to resolve this situation, end-users are not significantly impacted as there are apparently 2-3 months of stocks on hand due to increased imports prior to the law's implementation.

Background: Turkey did not have a specific law dealing with this technology until October 26, 2009 when Turkey's Ministry of Agriculture (MARA) published the "Regulation on the Import, Processing, Export, Control and Inspection of Food and Feed Products Bearing GMO's and GMO Components" in the Official Gazette (No: 27388). This regulation, which was formulated behind closed doors and was implemented almost overnight, banned the import of all transgenic crops and/or products that contain any transgenic ingredient and implemented a strict testing policy for products potentially containing biotech ingredients. Feed prices rose immediately as stocks and imports stopped. In a response to the desperate poultry and beef industry that rely on U.S. imports, especially soybeans, the regulation was amended several times, and eventually, in April, 2010, an amendment established a Scientific Committee to assess genetic events approved in the EU. In May, 2010 the Committee approved all soybean events and all but one EU approved corn event (T25) for feed use, but with limitations on some of these events for use in food.

In March, 2010, the Turkish Grand National Assembly approved a Biosafety Law (No: 5977) which was implemented on September 26, 2010. It is clear that the existing approvals will not be valid once the law goes into effect. MARA, as well as many importers, was pressuring the seed companies (Monsanto and Pioneer) to register their products prior to the 26<sup>th</sup> with the implication that approval will be quick and almost automatic. However, these companies are reluctant to apply due to severe penalties (including jail terms) for non-compliance with as-yet-unspecified handling requirements, as well as concerns with handling of proprietary information and a lack of clarity on the approval process. Importers may apply for approval after the law goes into effect,

but it is unclear what approval process those applications would follow.

## **Consumption**

Domestic consumption of soybean as full fat soya and soy meal continue to increase during MY 2009. Increases in local poultry meat and eggs production were the main reasons for local soy products consumption. The high cost of local corn also persuaded millers to utilize higher percentage of full fat soybean along with feed wheat in rations.

Domestic consumption of poultry meat and egg continued to increase in 2009 reaching 17 kg and 175 pieces per person respectively. White meat consumption continues to increase in 2010 due to the high local red meat prices. Both industries continue to export to the Iraqi market which provides additional cash flow during the seasonal fluctuation in the domestic market.

Egg production and exports are also in an upward trend due to increased domestic consumption and exports. Domestic egg consumption showed significant increase during the last a few years and estimated to reach 175 pieces per person annually compared to 120 in 2004. The industry is aiming to increase domestic consumption to 200 pieces per person per year. Turkey continuing to exports eggs as well in 2010. Neighboring countries and Saudi Arabia are the main buyers of Turkish eggs.

Consumption in the aquaculture industry also increased contributing total soybean domestic consumption.

Soy oil consumption has also gone up due to small increases in all areas of consumption.

## **Trade**

According to the available information soybean imports during the first eleven months of the MY 2010 were 1.37 MMT of which 786,000 MT, about sixty percent, was supplied from the United States. Marketing year end imports are expected to reach 1.5 MMT due to the importers and industry's desire to stock before the new biosafety law becomes effective on 27 September.

Other leading exporters for the same period are, Paraguay (363,263 MT), Brazil (93,914 MT) Ukraine (49,187 MT), Uruguay (17,978 MT) and Italy (13,714 MT). Imports from Argentina declined to 49,815 MT compared to 187,571 MT the same period last year.

Soybean meal imports during the first ten months of MY 2009 remained about 195,000 MT. Significantly less than amount imported during the same period a year ago due to the increased local crush and import irregularities caused by the draft biotech law. The US was the leading supplier despite the decline in market share with 81,690 MT. Other suppliers are Argentina (70,191 MT), India (12,706 MT), Spain (13,290 MT) Brazil (7,979 MT) and Romania (5,750 MT).

GSM-102 continues to play an important role for the U.S. exports of agricultural commodities to Turkey in general and soybean and products in particular. During FY 2010 Turkish importers utilized a total of USD 495 million of the program of which about thirty-one percent of total allocation was used to import soybean (USD 138 million) and soybean meal (USD 17 million). According to the trade sources the program still provides attractive terms for importers and potential is exist for further utilization in FY 2011 as well.

Turkish soybean oil imports during the first ten months of the MY 2009 were 9,000 MT of which

6,300 MT were Brazil origin and 2,039 MT Ukraine. Marketing year end imports are expected to remain about 10,000 MT. High world soy oil prices since then and competition of other oils such as palm and canola, as well as the end of local bio-diesel production due high consumption tax were the reasons for the decline.