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## **Turkey**

### **Oilseeds and Products Annual**

#### **2014 Turkey Oilseeds and Products Annual**

**Approved By:**

Kimberly Sawatzki, Agriculture Counselor

**Prepared By:**

Ibrahim Sirtioglu, Sr. Marketing Specialist

**Report Highlights:**

Turkish marketing year (MY) 2014 oilseeds production is expected to be about 2.2 million metric tons (MMT), which is about the same level as the last crop year. Low precipitation throughout Turkey during the winter months has resulted in low subsoil moisture for the summer crops. Farmers planting decision will be dependent on the availability of water along with prices and production support payments.

Despite the efforts by the government to increase oilseeds production, Turkey continues to be import dependent due to a net deficit of oilseeds and products. Although Turkey approved three biotech soybean varieties in January 2011 for feed use, zero tolerance for contamination of unapproved varieties continues to raise problems in imports. Turkey continues to import large quantities of soybeans and meal in MY2013, with total imports projected to reach 2.1 MMT.

**Executive Summary:**

Turkey's total production of oilseeds covered by this report (soy, sunflower and cottonseed) in MY 2014 expected to remain the same as last year, about 2.2 MMT.

While cottonseed production is projected to increase about twenty-two percent and soybean production will go up twelve percent, sunflower seed production will decline about fifteen percent. Higher returns in cotton during MY 2013 and an increase in the production bonus for the coming year will attract farmers to plant more cotton. Lack of precipitation during winter that adversely affected soil moisture and lower returns in MY 2013 will lower sunflower seed planting.

The government's continuing production premiums for oilseeds and support of quasi-governmental producer coops to persuade farmers to plant more oilseeds has had limited success.

Despite the projected ten-percent increase in soybean production, the domestic crop remains only a fraction of domestic consumption, which will be about 1.5 MMT in MY 2014. Over the years, the government of Turkey (GOT) has supported local production of oilseeds with higher production bonuses. According to unofficial announcements MY 2014 production bonuses for sunflower seed will be up about twenty-five percent, cottonseed will be up about ten percent but soybean will remain the same.

**Commodities:**

Oilseed, Soybean

Oilseed, Cottonseed

Oilseed, Sunflowerseed

**Author Defined:****Production**

MY 2013 sunseed production was a record 690,000 hectares and 1.4 MMT. Sunflowerseed planting is expected to decline about fifteen percent for MY 2014 year to 600,000 hectares due to farmer dissatisfaction with returns, particularly during the first half of the last season when local prices declined due to abundant local supply and low priced imports. Also, better returns on other crops such as sugar beet and potatoes in the Central Anatolian region will cause planting to drop in this region. Yields are also expected to decline this year due to lower than usual country-wide precipitation during the winter causing lower subsoil moisture levels. The yields for winter and summer crops in Turkey will be heavily dependent on the rains during the spring and summer. MY 2014 sunflowerseed crop is expected to be about 1.15 MMT.

Rains in coming weeks will play a critical role in farmers' decisions among the competing crops in the Cukurova region, but overall soybean planting and production is expected to go up to 40,000 hectares and 140,000 metric tons (MT).

Cottonseed production is expected to go up in MY 2014 after two years of decline due to good returns and the nature of the plant that requires less irrigation water than corn, which is a concern in the Cukurova region. Total planting area is projected about 420,000 hectares and production at 900,000 MT.

Canola production is continuing to increase due to the increasing demand for oilseeds and the production bonus. Planting is increasing with new regions in addition to Thrace, the largest producing region. Planting in 2013 was almost doubled to 40,000 hectares and production reached 110,000 MT. Farmer cooperatives are expecting production to go up to 50,000 hectares and production to reach 125,000 MT in 2014.

Turkey continued to imports large quantities of canola seed for oil and meal extraction from Black Sea countries. Canola seed and meal imports in 2013 were about 134,000 MT and 36,500 MT respectively.

The GOT has canceled the bio-diesel part of the controversial biofuels program which required utilization of biofuels in fuels. According to the program, the ration was to increase annually to 3 percent, starting at 1 percent in 2014. The aim of the government was to meet some of the demand for imported fuels with locally produced bio-ethanol and bio-diesel products. This would eventually increase the demand and prices of raw materials, and hence income of farmers. An additional 180,000 MT of vegetable oil was needed to meet the demand for bio diesel. The vegetable oil industry and the ministry pointed out that Turkey is already in deficit of oil seeds, fats and oils and such a move will increase the demand and cost of these products and also import dependence. The vegetable industry representatives proposed that a larger amount of used vegetable oil should be collected from households and utilized as fuel.

### **Meal and feed**

Total Turkish meal production is projected to go up about twelve percent in MY 2013. Decline in cottonseed meal will be offset by increases in sun and soy meals. Sun meal production will be up due to a large domestic crop and imported seeds. Soybean meal production will also go up due favorable margins in the beginning of the marketing year. MY 2014 total meal production is expected to about the same as the previous year, as the decline in sun meal will be compensated by the increase in cottonseed meal and soy meal.

Following a minor downturn in 2009, domestic compound feed production and consumption continued healthy growth during the last four years and increased about ten percent in 2012. During 2013, however, total production grow only three percent due to a decline in livestock feed. Layer, broiler and aquaculture feed all increased in 2013 fourteen, eight and twenty-five percent, respectively. Livestock feed production has declined about two percent due to low milk prices. Total production is expected to continue to increase, about eight percent, in 2014 due to increases in all categories; poultry (broiler and layer) and livestock (dairy and beef) and aqua culture.

### **Poultry & Livestock industry**

Broiler and egg production increased at an average of seven percent annually during the last ten years as a result of increasing domestic consumption and exports to mostly neighboring countries. The GOT, in an effort to lower high local red meat prices, had been offering support programs to maintain and increase domestic livestock production as well.

The Turkish poultry industry, which ranks among the world's top ten producers, is the country's largest consumer of protein meal and its demand is expected to continue to grow. The Turkish broiler industry grew about five percent in 2013 and total poultry meat production reached 1.92 MMT. Even though the production increase was predicted by the industry for 2013 was about eight percent, the negative publicity about GMO-fed poultry and unscientific accusations of antibiotic use in poultry adversely affected domestic consumption but an increase in exports helped the industry grow. The growth trend is projected to continue in 2014 and about five-percent growth is foreseen and total production of poultry meat will reach 2 MMT. As a result of increasing production, per capita consumption reached 21 kilogram in 2013. The industry aims to reach 25 kilogram consumption level of by 2025.

The layer industry grew about fifty percent between 2008 and 2012 as a result of both domestic consumption and an increase in exports. The industry grew about seven percent in 2013 and additional seven percent growth is projected for 2014. Turkey is ranked as one of the top ten largest egg producer of the world. In 2013 total egg exports reached 4.3 billion, with about twenty-five percent of total production going mostly to neighboring countries.

Domestic consumption of eggs is also increasing, reaching 170 eggs per person, but the industry is working on promotion programs to reach the European average consumption of 250 eggs.

Both industries have the possibility of even higher growth, but are constrained by high feed material prices due to the higher commodity prices and problems caused by the new Biosafety Law, which limits the availability of imported feed ingredients.

Although the poultry industry has been growing steadily, the Turkish livestock sector been up and down over the last several years as local milk and meat prices have fluctuated. Since 2010, the Turkish government introduced many incentive programs to increase domestic livestock production and lower local red meat prices.

### **Vegetable oil production and trade**

MY 2013 total vegetable oil production is projected to increase about eleven percent to 1.1 MMT. A fifteen-percent increase in sunflowerseed oil production drove this growth. While soybean oil production will be up marginally, cotton seed production will decline. Total MY 2014 oil production is projected to be about the same, as the decline in sun oil will be compensated by increases in soy and cotton oil.

**Important note:** PSD export figures for sun oil reflect total sun oil exports, refined and sun oil in mixed vegetable oil combined to reflect the realistic number of exports.

Domestic consumption of corn oil has declined as a result of negative press about biotechnology. Accordingly, calendar year (CY) 2013 corn oil consumption was about 60,000 MT compared the usual 110,000 MT. Total Turkish corn oil imports in CY 2013 remained about 38,000 MT. U.S. corn oil imports constitute about forty-five percent of total corn oil import, or 17,000 MT in 2013. Consumption is expected to recover gradually in coming years if fears surrounding biotech products fade.

The Turkish market for U.S. exports of corn-based feed ingredients such as distillers dried grains and solubles (DDGS) and corn gluten feed palates (CGFP) continued to be significant following the downturn in 2011 due to slow progress in approval of biotech corn varieties. Due to the recent flexibilities in import practices, imports of DDGS were up about seventy-seven percent to 490,000 MT. Imports from the US have increased significantly reaching 340,000 MT. Other leading suppliers were Russia (50,000 MT), Hungary (37,000 MT) and Bulgaria (33,000 MT).

CGFP imports however declined somewhat to 256,000 MT. The US supplied 110,000 MT. Ukraine (53,000 MT), Bulgaria (41,000 MT) and Russia (26,000 MT) were the other sources.

Increase in local demand and high internal feed ingredient prices will continue to encourage demand for these relatively low-cost corn products in coming years but imports will be depending on the developments in approval process.

## **Trade**

### Biotech policies

Some South American countries planted the new Intacta RR2 Pro genetically engineered (GE) soybean this season that is not approved in Turkey. As a result, Turkish importers are understandably concerned about liability risks if low levels of the soybean are detected in imports. Although industry has been aware of the new soybean for some time, no one has been willing to submit an application for approval.

Since October 2009, Turkey's biotechnology regulations have had a significant impact on trade. Products containing biotech ingredients have faced periodic bans and continuous uncertainty and risk for importers. In the months following implementation of the regulation, the flow of feed ingredients was interrupted at various times, which inevitably led to higher prices for all feed ingredients. In September 2010 a new Biosafety Law was adopted and in January 2011 the Biosafety Board approved the first biotech applications, which were for three biotech soybean varieties for feed use only. Under the regulations, soy oil produced from the imported biotech soybeans could only be used for feed use and limited industrial use, prohibiting their use for food.

Despite the approval, soybean importers are very cautious and found soybean imports risky due to the Ministry of Agriculture's zero tolerance for any low level presence of unapproved biotech varieties.

The Feed Millers Association that applied and received approval for GE soybeans for feed use has also applied for all EU approved corn events for feed purpose. The Biosafety commission so far has approved sixteen corn events. Another six events were rejected. However, approvals for two corn

events were recently rescinded due to a court decision in December 2013. Normal flow of trade for corn and corn products will be difficult until all corn events in production in the U.S. are approved.

The biotechnology regulation, the Biosafety Law, and the resulting negative press coverage have caused a great amount of confusion in public opinion about GE products, uncertainty on imports of feed items, and also jeopardized developments in the feed industry and related sectors.

Limited supplies due to the trade disruptions caused by the biotech law and international price increases of feed commodities pushed local feed ingredient prices to high levels.

2013 domestic price changes of feed ingredients (US\$ per ton)						
	Jan	April	June	Aug.	Oct.	Dec.
Full fat soy	670	660	795	720	670	660
Soy meal	640	620	710	680	640	640
Canola Meal	430	410	420	360	345	400
CGF	370	340	310	285	300	310
Sun meal 28	328	292	297	230	196	218
Sun Meal 36	430	390	425	365	330	420
DDGS	430	410	400	360	355	400

**OILSEEDS**

Sunflowerseed PSD

<b>Oilseed, Sunflowerseed</b>	<b>2012/2013</b>		<b>2013/2014</b>		<b>2014/2015</b>	
<b>Turkey</b>	<b>Market Year</b>		<b>Market Year</b>		<b>Market Year</b>	
	<b>Begin: Sep 2012</b>		<b>Begin: Sep 2013</b>		<b>Begin: Sep 2014</b>	
	<b>USDA</b>	<b>New</b>	<b>USDA</b>	<b>New</b>	<b>USDA</b>	<b>New</b>

	Official	Post	Official	Post	Official	Post
Area Planted	600	600	700	690		600
Area Harvested	600	600	700	690		600
Beginning Stocks	269	80	177	75		80
Production	1,125	1,125	1,400	1,400		1,150
MY Imports	628	620	850	700		820
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	350	330	350	400		450
Total Supply	2,022	1,825	2,427	2,175		2,050
MY Exports	38	5	40	5		5
MY Exp. to EU	0	0	0	0		0
Crush	1,800	1,740	2,150	2,085		1,960
Food Use Dom. Cons.	4	3	4	3		3
Feed Waste Dom. Cons.	3	2	3	2		2
Total Dom. Cons.	1,807	1,745	2,157	2,090		1,965
Ending Stocks	177	75	230	80		80
Total Distribution	2,022	1,825	2,427	2,175		2,050
CY Imports	550	701	600	750		770
CY Imp. from U.S.	0	0	0	0		0
CY Exports	35	4	30	5		5
CY Exp. to U.S.	0	0	0	0		0

## Production

### Sunflowerseed

MY 2013 sunflowerseed area and production were 690,000 hectares and 1.4 MMT, a record production.

Despite the replanting in the Thrace region, large plantings and favorable condition in the other areas helped boost the crop. In MY 2014, planting is projected to go down about fifteen percent to 600,000 hectares and production about 1.25 MMT due to low precipitation and farmers' dissatisfaction on returns due to low local prices following the large crop in MY 2013.

Sunflowerseed planting has been shifting from traditional areas such as Thrace and South Marmara region where it is dependent on precipitation to new regions such as Central Anatolia and Southeast Anatolia Project (GAP) region where irrigation water is available, providing higher yields and income. But during the winter of 2014, the Thrace region is the least affected area by the drought and planting is expected to remain at last year's level.

In Central Anatolian region, farmers are reportedly moving away from planting sunflowerseed due to low precipitation and higher returns on other crops such as potatoes and sugar beets. Low precipitation in Cukurova region will cause sunflowerseed planting to go down as well. GOT's recent effort to increase production support fees for sunflowerseed about twenty-five percent to 300 TL per ton will help prevent further decline.

While sunflowerseed competes for land with canola, malting barley and wheat in the Thrace region, production of sunseed in other regions such as Central Anatolia and Cukurova competes with sugar beet and vegetables. In general, Cukurova region has an advantage in growing sunflowerseed as the crop matures about a month earlier than in Thrace so farmers are able to take advantage of the higher prices. Increase in production in other regions in recent years caused production in Thrace to decline from 80 percent to about 55 percent of the total.

Sunflower oilseed prices were about US\$ 512 per MT in August 2013 and increased to US\$566 in October. Prices were supported by the increase in observation price and remained strong during first half of the MY 2013 about US\$600 in February due to continuing demand from Turkish crushers.

The largest Agricultural Sales Cooperative Union, Trakya Birlik, bought about 260,000 MT of 2013 crop, with Turkish Lira (TL) 1,200 per ton (about US\$600) compared to 207,000 MT of 2012 crop with 1,699 TL (US\$889) per ton.

**Soybean**

Soybean PSD

<b>Oilseed, Soybean Turkey</b>	<b>2012/2013</b>	<b>2013/2014</b>	<b>2014/2015</b>
	<b>Market Year Begin: Sep 2012</b>	<b>Market Year Begin: Sep 2013</b>	<b>Market Year Begin: Sep 2014</b>



	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	20	20	30	35		40
Area Harvested	20	20	30	35		40
Beginning Stocks	398	185	462	203		198
Production	70	70	110	125		140
MY Imports	1,249	1,249	1,200	1,350		1,400
MY Imp. from U.S.	503	503	500	525		550
MY Imp. from EU	0	0	0	0		0
Total Supply	1,717	1,504	1,772	1,678		1,738
MY Exports	21	21	10	20		25
MY Exp. to EU	0	0	0	0		0
Crush	335	380	370	500		520
Food Use Dom. Cons.	0	0	0	0		0
Feed Waste Dom. Cons.	899	900	950	960		985
Total Dom. Cons.	1,234	1,280	1,320	1,460		1,505
Ending Stocks	462	203	442	198		208
Total Distribution	1,717	1,504	1,772	1,678		1,738
CY Imports	1,175	1,073	1,100	1,150		1,200
CY Imp. from U.S.	415	346	415	450		500
CY Exports	0	17	0	20		25
CY Exp. to U.S.	0	5	0	0		0

### **Production**

MY 2013 soybean planting and production were 35,000 hectares and 125,000 MT, at the highest level in many years. Farmers in the Cukurova region are projected to increase planting due to limited water and lower cost of production compared with other crops such as cotton and corn. MY 2014 Turkish soybean area and production will be about 40,000 hectares and 140,000 MT. The Cukurova region is the main soy growing area in Turkey, supplying about ninety percent of the total production. Small but increasing planting is also seen in the GAP region.

Over the years the government has been encouraging the increase of oilseeds through higher production bonus payments. Even though the soybean production bonus has not been increased in recent years, local planting is increasing due to production cost advantages and strong domestic demand. The production bonus for soybean has been the same during the last three years at TL 500 per ton (US\$ 227) and according to unofficial information 2014 crop year bonus will be the same despite the recent ten-percent devaluation of Turkish Lira against the dollar. Yields are relatively high in the region as growers are likely to be technically proficient and the crop is irrigated.

### **Consumption (soy)**

The Turkish broiler industry had a good start in 2013 but negative press aimed at GE-fed chicken caused consumption to slow down during the second half of the year. The industry targeted eight percent growth for the year, but it only realized about five percent growth. An additional five percent

growth is also foreseen for 2014 with total production reaching 2.02 MMT. Increases in domestic demand caused by high red meat prices and exports to Middle Eastern countries were the main reasons for the increase.

Presently per capita poultry meat consumption is about 21 kilograms and the goal of the industry is to reach 30 kilogram in the near future. Iraq continues to be the main market for Turkish poultry exports but producers are targeting new markets such as Saudi Arabia for further increases in exports.

Egg production continued to increase as well, reaching 16.7 billion eggs in 2013 compared to 15.7 billion eggs in 2012 and 14 billion in 2011. Production of eggs projected to continue to increase in 2014 and reach 17.5 billion. Domestic egg consumption per person increased in recent years, reaching an estimated 170 in 2013 compared to 120 in 2004. YUMBIR, the egg industry association, is continuing promotional campaigns to increase consumption of eggs to 250 eggs per person per year. Egg exports are increasing as well in 2013, with exports of 4.2 billion eggs compared to 150 million eggs in 2006. Neighboring Middle Eastern countries are the main buyers of Turkish eggs.

**Cotton seed**

Cottonseed PSD

Oilseed, Cottonseed Turkey	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Oct 2012		Market Year Begin: Oct 2013		Market Year Begin: Oct 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (Cotton)	500	410	500	330		420
Area Harvested (Cotton)	400	410	330	330		420

Seed to Lint Ratio	0		0		
Beginning Stocks	131	10	48	15	20
Production	846	870	740	740	900
MY Imports	20	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0
Total Supply	997	880	788	755	920
MY Exports	1	0	2	0	0
MY Exp. to EU	0	0	0	0	0
Crush	870	855	720	725	890
Food Use Dom. Cons.	0	0	0	0	0
Feed Waste Dom. Cons.	78	10	55	10	10
Total Dom. Cons.	948	865	775	735	900
Ending Stocks	48	15	11	20	20
Total Distribution	997	880	788	755	920
CY Imports	20	0	0	0	0
CY Imp. from U.S.	0	0	0	0	0
CY Exports	1	0	2	0	0
CY Exp. to U.S.	0	0	0	0	0

### **Production**

Turkish cottonseed area and production is projected to rebound in MY 2014 after two years of decline.

Planting in the cotton seed areas will be shifting from wheat and corn to cotton seed partly due to lack of irrigation water and good returns. Total area and production are projected to be 420,000 hectares and 900,000 MT. Cottonseed MY 2013 production area and production were at 330,000 hectares and 740,000 MT.

### **Canola**

#### **Production**

The deficit of local oilseeds and the availability of excess crushing capacity have inspired more farmers to plant canola in recent years. In 2013 planting was 40,000 hectares and domestic production was 110,000 MT. MY 2014 planting projected to go up to 50,000 hectares and 135,000 MT.

### **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 sunflowerseed production 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.

Trakya Birlik reportedly purchased 260,000 MT of the 2013 crop compared to 206,000 MT in MY 2012, and 232,000 MT in MY 2011. Karadeniz Birlik also increased its purchases buying 55,000 MT from its members compared to 36,600 MT of last year.

Generally farmers deliver only enough to meet their obligations as they prefer to sell more to traders and crushers due to higher offers but this year both coops gave better price and support to members while prices declined during the season due to the large crop. The combined purchases of the two coops represent about twenty-three percent of the total crops, slightly higher than last year.

### **Production support**

The Turkish government continues to support oilseed production with production premium programs. GOT has not announced 2014 crop premiums officially but it has been released unofficially subject to last minute changes. Below is the list of bonuses for the recent years. These production bonus payments on old crop harvests have been made in August, just before the harvest. 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 promptly.

<b>Turkey: Oilseed Production Premiums (TL/MT)</b>				
<b>Crop</b>	<b>2012</b>	<b>2013</b>	<b>2014*</b>	<b>% increase</b>
Sunflower seed	240	240	300	25 %
Soybean	500	500	500	0 %
Canola	400	400	400	0 %
Seed cotton	460	500	550	10 %

\*Officially proposed but not announced yet

### **Consumption**

The majority of oilseeds and products are utilized for oil, meal and full fat. Growth in domestic soybean and meal consumption will continue to be strong in MY 2014 due to growth in poultry and aquaculture.

In MY 2013, favorable crushing margins due to relatively higher industrial use of soy oil expected to cause the local crush to increase. Utilization of full fat soy will also increase, but modestly. Relatively higher crush compared to earlier years is expected to continue in MY 2014 if the conditions do not change. Aquaculture also contributed to the growth in soybean meal consumption although to a lesser degree.

Cottonseed consumption will reduce for the second year in a row in MY 2013 as a result of lower local production.

Total crushing capacity has reached about 5.4 million MT per 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. Turkey traditionally exports oils and fats to neighboring countries, such as sunflowerseed oil, mixed vegetable oil, corn oil and margarine.

## **Trade**

Turkey's total imports of sunflowerseed for crushing for MY 2012 was 620,000 MT Down about twenty-five percent compared to the previous year. Despite the large domestic consumption of sun oil and exports, lack of supplies and high prices in the Black Sea region caused the imports to decline. Bulgaria (180,000 MT), Moldova (179,000 MT), Romania (150,000 MT) and Ukraine (87,000 MT) were the main suppliers of sunflowerseed to Turkey.

During the first four months of MY 2013, total sunseed imports were 217,000 MT. Romania (75,000MT), Bulgaria (71,000 MT) and Moldova (45,000 MT) were the main suppliers of Turkey.

Total soybean imports during the MY 2012 were 1.25 MMT compared to 1.05 MMT of a year ago due to demand shift to soybean full fat soy because of crushing problems. United States (502,000 MT) and Paraguay (355,000 MT) were the leading supplier of soybeans, followed by Ukraine (143,000 MT) and Argentina (127,000 MT).

Turkey also imported a total of 273,000 MT of soybean during the first four months of MY 2013. The Paraguay was the leading supplier (90,000 MT), followed by Argentina (55,000MT) and Ukraine (48,000MT). Paraguayan beans are preferred by the importers due to higher protein levels.

Canola seed imports for crushing were 134,000 MT in 2013 compared to 150,000 MT in 2012. Bulgaria (63,000 MT), Russia (45,000 MT) and Ukraine (15,000 MT) were the sources.

In the medium and long term, rising household incomes 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 some of the oilseeds such as sunflowerseed and cotton seed. But demand for imported soybeans and meal is unlikely to be met by domestic production. Therefore Turkey's demand for imported oilseeds, meal and oils will remain despite relatively high tariffs.

## **Policy**

According to the 2014 customs regime, sunflowerseed imports are subject to a tariff of 27 percent with observation price of US\$650 per ton, soybeans are subject to zero percent, and cottonseed and canola seeds are subject to a 10-percent tariff.

## OIL MEALS

### Production

Total meal production in MY 2013 is projected to increase to 1.9 MMT due to increases in sunflower meal and soybean meal. In 2014 total meal production will be about the same, as the decline in sun meal will be compensated by cotton and soy meals.

Turkey utilizes a significant amount of full-fat beans, in general one-third of the soy supply is crushed and the rest is used for full-fat production.

In addition to traditional meals, Turkey also produced about 150, 000 MT of canola meal in CY 2013.

According to industry sources, as of 2013 there are about 492 active feed mills in Turkey with an estimated total capacity of 16 MMT at one shift. The feed sector has been growing at a remarkable speed, and new modern mills with large production capacities are pushing smaller ones out of business. It is estimated that presently about 247 factories with old technology and lower capacities are idle. Total Turkish compound feed production has increased rapidly in recent years. The main reasons for the growth in recent years are the increase in production in all sectors; broiler, layer, dairy, beef and aqua feed; the trend of moving from feed on farm to compound feed; and lastly a larger percentage of the feed sector moving into the registered economy. In CY 2013 compound feed production increased by about three percent with poultry and fish feed production increasing while there was limited decline in livestock feed. During CY 2014, an increase of five percent is also projected.

In recent years, an increasing number of Turkish mills had not separated 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 sunflower meal is not used in poultry rations but is for 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 has been adjusting extraction rates to 55 percent, from 38 percent, to better reflect the change in practices.

### Sunflowerseed meal PSD

Meal, Sunflowerseed Turkey	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Sep 2012		Market Year Begin: Sep 2013		Market Year Begin: Sep 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	1,800	1,740	2,150	2,085		1,960
Extr. Rate, 999.9999	0.	0.5517	0.	0.5516		0.5612
Beginning Stocks	92	80	0	99		98
Production	685	960	819	1,150		1,100
MY Imports	432	430	620	500		600
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	9	0	40		40

Total Supply	1,209	1,470	1,439	1,749		1,798
MY Exports	1	1	0	1		1
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.	1,208	1,370	1,419	1,650		1,700
Total Dom. Cons.	1,208	1,370	1,419	1,650		1,700
Ending Stocks	0	99	20	98		97
Total Distribution	1,209	1,470	1,439	1,749		1,798
CY Imports	600	462	600	500		600
CY Imp. from U.S.	0	0	0	0		0
CY Exports	0	5	5	5		5
CY Exp. to U.S.	0	0	0	0		0
SME	1,141	1,294	1,340	1,558		1,605

## Consumption

In general, total oilseed meal consumption moves in line with developments in the domestic poultry, livestock and aquaculture sectors. Overall, Turkish poultry meat production tripled in the past ten years and another fifty-percent increase is foreseen in the coming ten years. In 2014, poultry meat production is expected to increase about five percent due to an increase in domestic consumption and exports. The layer industry is also projected to expand, about seven percent during the year for the same reasons. The livestock sector (beef is growing and dairy is expected to recover) and aquaculture are expected to continue to grow as well.

Turkey continued to consume large amounts of canola meal. In 2013, canola meal consumption was 150,000 MT including imports and production from locally produced and imported seeds. CY 2012 consumption was about 120,000 MT.

Consumption of corn-based feed ingredients, DDGS and CGFP, increased again in recent years following the decline caused by the biotech laws and regulations during 2010. In 2013, DDGS imports almost doubled, reaching 490,000 MT and CGFP imports remain about 255,000 MT. Imports of both items are expected to continue in 2014 due to their competitive prices and nutritional qualities.

## Trade

### Sunflowerseed meal

Turkey's sunflowerseed meal imports were down about forty percent during MY 2012 compared to a year ago due to lack of supplies in the Black Sea region suppliers. Imports remained about 432,000MT compared to 739,000 MT in MY 2011.

Turkey continued to source its sunflowerseed meal from Russia (298,000 MT), and Ukraine (125,000 MT) due to increased availability as a result of increased crushing capacities in these countries.

Imports continued to be strong in first four months of MY 2013 reaching 227,000 MT. Russia (143,000 MT), Ukraine (54,000 MT) and Moldova (3,300 MT) were the suppliers. However, Turkish importers have expressed anxiety over the liability risks of importing soybeans from South America where a new GE soybean that is not approved in Turkey has just been harvested.

Soybean meal PSD

<b>Meal, Soybean Turkey</b>	<b>2012/2013</b>		<b>2013/2014</b>		<b>2014/2015</b>	
	<b>Market Year Begin: Oct 2012</b>		<b>Market Year Begin: Oct 2013</b>		<b>Market Year Begin: Oct 2014</b>	
	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>
Crush	335	380	370	500		520
Extr. Rate, 999.9999	1.	0.7632	1.	0.76		0.7692
Beginning Stocks	368	300	368	308		298
Production	264	290	292	380		400
MY Imports	1,030	1,015	1,000	1,000		1,030
MY Imp. from U.S.	317	317	150	300		320
MY Imp. from EU	0	237	0	250		260
Total Supply	1,662	1,605	1,660	1,688		1,728
MY Exports	12	12	8	15		18
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.	1,282	1,285	1,378	1,375		1,420



Total Dom. Cons.	1,282	1,285	1,378	1,375		1,420
Ending Stocks	368	308	274	298		290
Total Distribution	1,662	1,605	1,660	1,688		1,728
CY Imports	900	1,087	750	975		1,000
CY Imp. from U.S.	150	374	150	325		330
CY Exports	8	13	8	15		17
CY Exp. to U.S.	0	0	0	0		0
SME	1,282	1,285	1,378	1,375		1,420

## Soybean meal

Domestic production of soy meal in MY 2013 is projected to go up to 380,000 MT due to good crushing margins as a result of increasing industrial use and exports of soybean oil. A recent decline in the import tax from 13.5 to 5 percent also fueled an increase in imports of soy meal from non-EU sources, particularly South America and the US.

In MY 2012, the US and Argentina were among the leading suppliers with 317,000 MT and 303,000 MT respectively. Turkey continued to import large amounts of EU-sourced soy meal as well due to an import tax advantage and lower shipping cost.

Imported soy meal from EU sources is subject to zero import tax as compared to 5 percent from other sources during the marketing year. Spain (142,000 MT), Germany (77,000 MT) and France (10,000 MT) and Italy (8,000 MT) were the sources of EU soy meal for Turkey.

Prior to the change, the import tax for soy meal was 13.8 percent from other sources while it was zero percent from the EU, which gave the EU an advantage over other sources.

Following the customs fee change, imports from the EU went down 236,000 TM in MY 2012 from 429,000 a year ago. Paraguay (102,000 MT) and India (45,000 MT) were other leading suppliers to Turkey.

Turkey exported about 12,000 MT of soy meal during the marketing year. Northern Cyprus was the main destination with 9,000 MT followed by Iraq with 2,000 MT.

Turkey also imported about 270,000 MT of soy meal during the first quarter of MY 2013. Paraguay (81,000 MT), Argentina (42,000 MT), and the US (72,000 MT) were the leading suppliers.

## Cottonseed meal PSD

Meal, Cottonseed Turkey	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Oct 2012		Market Year Begin: Oct 2013		Market Year Begin: Oct 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	870	855	720	725		890
Extr. Rate, 999.9999	0.	0.5497	0.	0.5517		0.5506

Beginning Stocks	0	0	0	0	0
Production	389	470	322	400	490
MY Imports	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0
Total Supply	389	470	322	400	490
MY Exports	3	1	5	0	0
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.	386	469	317	400	490
Total Dom. Cons.	386	469	317	400	490
Ending Stocks	0	0	0	0	0
Total Distribution	389	470	322	400	490
CY Imports	0	0	0	0	0
CY Imp. from U.S.	0	0	0	0	0
CY Exports	5	1	5	0	0
CY Exp. to U.S.	0	0	0	0	0
SME	313	380	257	324	397

## Other

Turkey's imports of canola meal continued in 2013 but dropped to about 35,500 MT compared to 55,000 MT in 2012. Lack of supply of alternative meals and import limitations caused by the new biotech safety law were the reason for the continuing demand for canola meal. India (18,000 MT), Russia (15,000 MT) and Bulgaria (3,000) were the suppliers of canola meal for Turkey.

Turkey's imports of DDGS and CGFP improved somewhat in 2013 despite the restrictions caused by the new Biosafety Law. According to the law, all GMO varieties need to receive an approval from the Biosafety Board for imports.

The board so far approved only fourteen corn events. Until all events utilized in the U.S. are approved, imports will carry the risk of rejection. But even with the limited approval of varieties, DDGS imports during 2013 from the US went up 130 percent to 340,000 MT, with 69 percent share of the market. CGFP imports however declined about 35 percent to 110,000 MT. Despite the decline, the US still has the 42 percent of the import market. Russia (50,000 MT), Hungary (37,000MT) and Bulgaria (33,000 MT) were the other leading suppliers for DDGS and Ukraine (53,000 MT), Bulgaria (42,000 MT) and Russia (26,000 MT) for CGFP.

## Policy

Sunflowerseed meal, cottonseed meal and canola meal import duties are 11.5 percent for EU and EFTA countries and 13.5 percent for all other sources. The soybean meal import tax is zero from EU sources

and Bosnia but 5 percent from the rest of the world. Both DDGS and CGF are subject to a 4.3 percent customs tax.

## OILS

### Production

MY 2013 total domestic production of vegetable oils covered in this report (sunflowerseed, cottonseed, and soybean) is estimated at about 1.08 MMT, about eleven-percent higher than MY 2012, due mostly to a large increase in sun oil and despite a decline in cotton seed oil. MY 2014 is forecast to remain about the same as MY 2013, as the increase in cotton oil and soy oil is expected to compensate for the loss in sun oil. Turkey also produced about 100,000 MT of canola oil in CY 2013.

Turkey has about 6.4 MMT of crushing capacity and about 3.2 MMT refining capacity for liquid oils and an additional 0.8 MMT for production of margarine.

### Sunflowerseed oil PSD

Oil, Sunflowerseed Turkey	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Sep 2012		Market Year Begin: Sep 2013		Market Year Begin: Sep 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	1,800	1,740	2,150	2,085		1,960
Extr. Rate, 999.9999	0.	0.431	0.	0.4125		0.4184
Beginning Stocks	237	160	380	140		160
Production	769	750	918	860		820
MY Imports	657	650	750	675		750
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	1	0	2		2
Total Supply	1,663	1,560	2,048	1,675		1,730
MY Exports	289	496	350	520		540
MY Exp. to EU	0	0	0	0		0
Industrial Dom. Cons.	25	38	25	40		40
Food Use Dom. Cons.	944	860	1,075	925		950
Feed Waste Dom. Cons.	25	26	30	30		30
Total Dom. Cons.	994	924	1,130	995		1,020
Ending Stocks	380	140	568	160		170

Total Distribution	1,663	1,560	2,048	1,675		1,730
CY Imports	700	626	650	700		750
CY Imp. from U.S.	0	0	0	0		0
CY Exports	300	530	300	550		575
CY Exp. to U.S.	0	0	0	0		0

### Consumption

Sunflowerseed oil is the most consumed oil in Turkey and consumption is continuing to increase, forecast to reach 925,000 MT in MY 2013 compared to 860,000 MT a year before. Sunflowerseed oil consumption benefited from the improving economy and negative press about biotechnology that adversely affected corn oil and soybean oil consumption. A moderate consumption increase for sunflower oil is also forecast for MY 2014, with consumption reaching 950,000 MT.

### Soybean oil PSD

Oil, Soybean Turkey	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Oct 2012		Market Year Begin: Oct 2013		Market Year Begin: Oct 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	335	380	370	500		520
Extr. Rate, 999.9999	0.	0.1895	0.	0.186		0.1865
Beginning Stocks	0	10	0	5		6
Production	60	72	66	93		97
MY Imports	3	3	0	5		7
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	2	0	2		2
Total Supply	63	85	66	103		110
MY Exports	10	10	3	12		15
MY Exp. to EU	0	0	0	0		0
Industrial Dom. Cons.	22	10	28	15		15
Food Use Dom. Cons.	16	5	20	10		10
Feed Waste Dom. Cons.	15	55	15	60		60
-	0		0			
Total Dom. Cons.	53	70	63	85		85
Ending Stocks	0	5	0	6		10

Total Distribution	63	85	66	103		110
CY Imports	0	6	0	5		7
CY Imp. from U.S.	0	0	0	0		0
CY Exports	3	10	3	12		14
CY Exp. to U.S.	0	0	0	0		0

The recent Biosafety Law limits the utilization of soy oil produced from biotech soybeans to be used only in feed and industry (mostly paint and ink production) and forbids its use in the food. Therefore, only soy oil that is produced from locally produced and imported non-GE soy beans is used in food. Since the majority of imported and crushed soybeans are biotech varieties domestic crushing margins are adversely affected and there has been a decline in food consumption of soy oil. Large amount of soy oil used to be utilized in domestic margarine production.

Cottonseed oil production and consumption went down in MY 2013 to 120,000 MT. MY 2014 production is expected to recover to 145,000 MT in MY 2014 in line with the increase in cottonseed output.

While consumption of corn oil and soy oil are declining, canola oil is gaining popularity. Accordingly, canola oil utilization increases when the gap between canola and sunflower oil enlarges. Almost all the leading vegetable oil brands now have retail packed canola oil available on market shelves and some cheaper canola oil is said to be mixed with sunflower oil. Turkey is estimated to have consumed about 95,000 MT of locally produced canola oil in CY 2013.

#### Cottonseed oil PSD

Oil, Cottonseed Turkey	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Oct 2012		Market Year Begin: Oct 2013		Market Year Begin: Oct 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	870	855	720	725		890
Extr. Rate, 999.9999	0.	0.1801	0.	0.1793		0.1798
Beginning Stocks	6	4	6	7		5
Production	146	154	120	130		160
MY Imports	0	0	0	0		0
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	0	0	0		0
Total Supply	152	158	126	137		165
MY Exports	1	1	3	2		3
MY Exp. to EU	0	0	0	0		0
Industrial Dom. Cons.	25	10	23	10		10
Food Use Dom. Cons.	120	140	100	120		145
Feed Waste Dom. Cons.	0	0	0	0		0
Total Dom. Cons.	145	150	123	130		155

Ending Stocks	6	7	0	5		7
Total Distribution	152	158	126	137		165
CY Imports	4	0	3	0		0
CY Imp. from U.S.	0	0	0	0		0
CY Exports	2	1	0	2		3
CY Exp. to U.S.	0	0	0	0		0

## Trade

### Corn Oil

Turkish corn oil production remained about 35,000 MT in 2013. Corn oil was one of the popular oils in Turkey with consumption about 110,000 MT. Anti-GE campaigns adversely affected annual domestic consumption causing about a fifty-percent drop between 2010 and 2012. In 2013, however domestic consumption showed some increase, going up to 60,000 MT from 50,000MT a year ago.

Corn oil imports also went up to 38,000 MT in 2013 from 30,600 MT in 2012. The United States supplied about forty-five percent of 2013 imports or about 17,000 MT. Despite the recent problems, Turkey will likely continue to be a market for U.S. corn oil in the medium and long term. Increasing population and income levels will facilitate imports in the longer run.

Turkey exports refined corn oil mostly to Middle Eastern countries and Libya.

Exports peak when Turkish refiners win government tenders in Libya, with the US as their leading source for crude corn oil. Turkey's exports of refined corn oil went up in 2013 to 30,000 MT. Libya and Israel continue to be the leading export destinations.

#### Turkish exports of refined corn oil

CY	2010	2011	2012	2013
World	17,812	26,614	24,942	30,060
Libya	1,916	19,985	6,656	8,021
Israel	8,466	5,400	8,123	8,247

### Sunflowerseed oil

Turkish imports of crude sunflowerseed oil in MY 2012 remained exactly the same as a year before at 651,000 MT. Large imports were due to higher domestic consumption and exports and also biotech related restrictions with other vegetable oils. Russia (347,000 MT) and Ukraine (302,000MT) were the main sources.

Turkey's import of crude sun oil continued in first four months of MY 2013 with about 194,000 MT is imported. Russia, Ukraine and Bosnia were the sole suppliers with 140,000 MT, 52,000 MT, and 3,000 MT respectively.

Turkey's refined sunflowerseed oil exports continue to increase during MY 2012, reaching 289,000 MT. Iraq was the main buyer with 184,000 MT, distantly followed by neighboring Middle Eastern countries such as Syria (42,000 MT) and Lebanon (14,000MT).

Turkey's mixed vegetable oil exports were also high in MY 2012, reaching 246,000 MT of which about ninety-five percent is estimated to be sun oil and the rest is a combination of other vegetable oils. Iraq was again the main buyer of Turkish mixed oil with 222,000 MT followed by Syria (11,000 MT) and Ghana (2,000 MT).

Export of refined sun oil in both categories continued during the first four months of MY 2013 reaching 138,000 MT and 79,000 MT respectively.

**Important note:** PSD export figures for sun oil reflects total sun oil exports, refined and sun oil in mixed vegetable oil combined to reflect the real number of exports. While 151219 sunflowerseed oil category taken as it is ninety-five percent of the 151220 category of vegetable oil is added to the 151219 figure to reach the total sunflowerseed oil number on PSD.

Turkey did not import cottonseed oil in MY 2012 and soybean oil imports continued to be negligible at 2,600 MT. But exports of soy oil increased to 10,000 MT from 4,000 MT due to efforts of local crushers to find new markets to utilize their production.

Northern Cyprus and Iraq were the main destinations with 2,000 MT each.

## Tariffs

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

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 2014 customs regime, sunflowerseed imports outside of the new TRQ are subject to a tariff of 27 percent with a minimum price of US\$ 1,500 per ton. Crude and refined sun oils subject to 36 and 50 percent import taxes respectively. Crude Corn and canola oil import tax are 31.2 percent.

Quality/Purpose	Tariff (%)
Crude	31.2
Refined for food use	31.2
Refined for industrial use	5

Refined for biodiesel	19.5- 0
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