

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT
POLICY

Required Report - public distribution

Date: 3/1/2016

GAIN Report Number: TR6010

Turkey

Oilseeds and Products Annual

Turkey Oilseeds and Products Annual Report

Approved By:

Elizabeth Leonardi, Agricultural Attaché

Prepared By:

Ibrahim Sirtioglu, Sr. Agricultural Specialist

Report Highlights:

MY 2015 oilseeds production in Turkey is expected to be about 2.1MMT, down about eight percent compared to a year ago. No significant change in production support payments and better returns of other crops adversely affected planting decision of farmers despite large domestic use and exports of oilseeds products. Despite the efforts of the government to increase oilseeds production, Turkey continues to be import dependent due to a net deficit of oilseeds and products. Even though Turkey gradually approved seven biotech soybean varieties for feed use, contamination of unapproved varieties continues to be a major concern in imports. Turkey continues to import large quantities of soybeans and meal, with combined imports reaching a record 2.65 MMT in MY 2014 despite seasonal problems in the poultry sector. Total imports of soybeans and meal are expected continue to increase in MY 2015, reaching 2.75 MMT.

Commodities:

Oilseed, Soybean
Oil, Sunflowerseed
Oil, Olive
Oilseed, Cottonseed
Oil, Soybean
Oilseed, Sunflowerseed
Oil, Cottonseed

Executive Summary

Turkey's total production of oilseeds covered in this report (soy, sunflower and cottonseed) in MY 2016 is projected to increase about seven percent to 2.07 MMT. While sunflowerseed production is expected to remain roughly the same, soybean will be up about twenty percent and cottonseed about ten percent.

The disappointment for farmers on corn returns in MY 2015 will support a planting increase of cotton in MY 2016. Precipitation during winter months will provide adequate soil moisture for the sunflowerseed crop. The government's continuing production premiums for oilseeds and support of quasi-governmental producers' cooperatives to persuade farmers to plant more oilseeds has had limited success.

In spite of the projected moderate increase in soybean production, the domestic crop remains only a fraction of domestic consumption, which will be about 2.3 MMT in MY 2015 and about 2.4 MMT in 2016. Over the years, the GOT has supported local production of oilseeds with higher production bonuses, but for the 2015 crop, seed cotton was the only crop that received an increase. This will provide some incentive for planting additional cotton in the coming season. This report also covers olive oil, production of which was down in MY2015 but is expected to increase in MY 2016.

Oilseeds Production

MY 2015 sunflowerseed area and production declined to 505,000 hectares and 1 MMT due to dissatisfaction of farmers on returns in MY 2014. Planting in MY 2016 is projected to be about the same: 500,000 hectares and 1 MMT. Some of the fields in the Thrace region planted wheat for crop rotation purposes. Planting increases in the Central Anatolian and Cukurova regions will be offset by the foreseen decline in the Thrace region. In the Central Anatolian region, lower returns on corn and sugar beet will spark increases in sunflowerseed planting. Though there was country-wide precipitation during the late winter which caused higher sub soil moisture, the yields for winter and summer crops in Turkey are still dependent on the rains during the spring and summer.

Soy planting will increase marginally in the Cukurova region. Lower returns on corn will cause a small increase overall soybean planting. Production is expected to be about 30,000 hectares and 105,000 MT for MY 2016.

Cottonseed production is expected to increase in MY 2016 as well, due to lower returns than expected on corn in the Cukurova and other regions. Total planting area is projected to be about 420,000 hectares and production 960,000 MT, which is compared to 370,000 hectares and 870,000 MT last year.

The GOT has changed the bio-diesel component of the controversial bio-fuels program, which required utilization of biofuels beginning in 2014 at a required one percent, to increase annually to 3 percent. 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 then increase planting of oilseeds and income of farmers. An additional 180,000 MT of vegetable oil was needed to meet the demand for bio-diesel, but the vegetable oil industry pointed out that Turkey is already in deficit of oilseeds, fats, and oils and such move will increase the cost of these products and also increase import dependence. The industry proposed that a larger amount of *used* vegetable oil should be collected from households and utilized as fuel. The government then changed the regulations and required that bio-diesel that is produced from locally-produced oilseeds can be used up to two percent in bio-diesel but the incentive to use bio-diesel was limited to a two percent discount on the consumption tax. Since the new regulation does not have any compulsory measures, issues related with used oils have not been solved, and lastly, tax incentives were not attractive for producers, the total registered bio-diesel production remained only at about 32,000 MT in 2014. Market acceptance increased in 2015 and production doubled to 64,000 MT. Sector leaders indicate that market conditions, such as price of petroleum, will affect production in 2016. If global petroleum prices remain low, local bio-diesel production is expected to decline to previous years' levels.

Meal and Feed

Total meal production of Turkey that is subject to this report is down about eight percent in MY 2015 due decline in all three main meals. Sun and soy meals production declined about five percent and cotton meal production declined about twenty percent. While cottonseed meal is down due to lower domestic crop, soybean meal production will go down due to shrinking profit margins as a result of decline in local soy oil demand. Total meal production is projected to go up about four percent in MY 2016 due to the moderate increases in production for all three major meals.

Available information indicated total compound feed production is about 20 million, up eleven percent compared to a year ago. The increase, despite the avian influenza outbreak that caused millions of layers to be stamped out in the eradication effort, is attributed to increasing amount of on farm production coming into the registered system, as it did in 2014. The large increase of about thirteen percent that available statistics show in 2015, was also attributed to some of the livestock feed operations coming into the registered economy. Turkey's poultry meat and egg exports in the summer months were interrupted following the avian influenza outbreak when but production and domestic consumption was not affected. Replacement of some of the productive feed items in the rations, such as soymeal, with less productive ones, such as sun meal, also increased total feed production and usage. According to available data, poultry feed production increased about twenty seven percent to 9 MMT, livestock remain the same at 10 MMT and other (fish feed and other) was up thirty-two percent to 0.57 MMT. Sources indicate that stagnation in livestock feed production in beef and dairy during the year was due to some farmers' decision to slaughter cattle to take advantage of high local meat prices and dissatisfaction of dairy farmers on local milk prices. There are reports that this is currently taking place and predictions that slaughtering of dairy cattle for meat may increase in the future. Aquaculture feed production however continues to increase due increase in local and export demand of fish.

Poultry & Livestock Industry

Broiler and egg production have increased, with an average of seven percent annually during the last ten years. This comes as a result of increasing domestic consumption and exports, which are mostly to neighboring countries. In an effort to lower the high local red meat prices, the GOT has been offering support programs to maintain and increase domestic livestock production as well.

The growth in broiler meat production in 2014 was about six percent and total poultry meat (broiler, turkey, village and old layer) is estimated to be about 2.08 MMT. Despite the industry's earlier plans of six percent growth for broiler meat in 2015, the actual growth for the year was two percent and total production remained about 2.1MMT. The major problems for the industry this year were the effects of avian influenza, which affected production of eggs, exports of eggs and poultry meat, and poultry meat production. Additionally, there was negative publicity about GMO-fed poultry and unscientific accusations of antibiotic use. Domestic consumption of eggs and consumption of poultry meat increased, but less than expected.

Despite all the difficulties in 2015 for the industry, per capita consumption of total poultry meat increased to 22.8 kilogram. The industry aims to reach 30 kilogram consumption level by 2023. In recent years, since growth of domestic consumption is moderate, the industry is dependent on growth in exports for over all higher growth rates.

Egg production in modern farms has doubled between 2006 and 2013, as a result of increases in both domestic consumption and exports. The industry has grown about seven percent in 2013 and about six percent in 2014 and total production reached 17.6 billion pieces (eggs). In 2015 however production could not reach its target of 18 billion but declined to 17.2 billion pieces. Despite the current turbulence, the Turkish poultry meat and eggs industries rank among the world's top ten producers and are the country's largest consumer of protein meal and its demand is projected to continue to grow in coming years. Turkey continues to export about twenty-five percent of its egg and broiler production mostly to neighboring countries. The avian influenza outbreak stopped exports but domestic consumption of eggs was estimated to have increased to 195 pieces per person in 2015. The industry members are continuing promotion programs to reach the European average consumption of 250 pieces.

The broiler and eggs industries will be facing major challenges in 2016, such as problems in export markets due to ongoing conflicts in Syria and Iraq and also the speedy devaluation of the Turkish Lira, which dropped 21 percent in 2015 against the major world currencies, increasing the cost of imported feed items and production. Additionally, in 2017 there will be a prohibition on using mechanical separated meat, and prohibition of poultry-meal products as feed.

Although the poultry industry has been growing steadily despite the setbacks, the Turkish livestock sector has been up and down over the last several years along with local milk and meat price fluctuations. Since 2010, the Turkish government introduced many incentive programs to increase domestic livestock production and lower local red meat prices with limited success.

In 2015, both red meat and milk production have increased: red meat production was up about 14 percent and milk production about one percent. But in recent months, low local wholesale milk prices

are hurting production, and due to high red meat prices, some farmers have reportedly slaughtered their stocks, causing growth expectations to decline.

DDGS and CGFP

Turkish market for U.S. exports of corn-based feed ingredients such as distiller's dried grains with solubles (DDGS) and corn gluten feed pellets (CGFP) continued to be significant in 2015, in spite of market access problems during the year. Market access problems were a result of Turkey's 2010 biosafety law, which bans imports of commodities with genetically engineered varieties (events) that have not been approved for use in Turkey. Due to very strict liability terms in the legislation, few organizations are willing to take the risk to register new events, thus and up until summer of 2015, Turkey had approved only 14 varieties of genetically engineered corn. Currently there are 25 genetically engineered corn events approved for feed use in Turkey. Despite the market access problems, importers were continuing to import both products. However, starting from 2016, the GOT made changes in the value added tax (VAT) of compound feed and some feed items and lowered the VAT to 0 percent from 18 percent with the exception of DDGS and CGFP. The new regulation will affect demand for both products adversely. Sources indicate that the new regulation will not completely stop imports of both commodities, but it will significantly reduce demand. Prior to the recent regulation change, both products were enjoying an advantage of lower customs tax of 4.3 percent compared to 11.5 percent for other meals, such as sunflowerseed meal. But now both products face an 18 percent VAT and 11.5 percent customs duty, demand for both items will be dependent on their international prices.

Total DDGS imports in 2015 went up to 545,000 MT from 427,000 MT a year ago as importers took advantage of low cost and relatively easier access. The U.S. was the leading supplier with 271,000 MT compared to 227,000 MT of last year. Other leading suppliers were Russia (90,000 MT), Hungary (65,000 MT) and Bulgaria (51,000 MT). CGFP imports however were down to 262,000 MT from 299,000 MT. The U.S. supplied 32,000 MT. Ukraine (56,000 MT), Bulgaria (54,000 MT) and Hungary (40,000 MT) were the other leading sources.

Vegetable oil production and trade

MY 2015 total vegetable oil production was estimated to decline about five percent to 1.05 MMT.

While oil will be the same as last year, soy oil and cotton seed oil will decline. Total MY 2016 oil production is projected to be about three percent higher due increase in cottonseed oil production while increases on other oils will be negligible.

Turkey has a large crushing and refining capacity and the industry is continuing to invest in new and modern factories with large capacities to meet the increasing domestic and export demand. Accordingly, in 2015 total crushing capacity reached 7.4 MMT and refining capacity 4 MMT.

Biotech policies

Starting in October 2009, when an initial biotech regulation was adopted in Turkey, and continuing until today, trade in genetically engineered varieties of commodities and products containing biotech ingredients have faced periodic bans and continuous uncertainty and risk for importers. During this time, the flow of feed ingredients was interrupted at various times, which inevitably led to higher prices for all feed ingredients, and raised food costs.

In March 2010, a new Biosafety Law was adopted and in January 2011, Turkey’s 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, disrupting their use for food. In MY 2014, due to contamination of unapproved biotech events in shipments, the industry and traders suffered rejection of cargo and had heavy financial losses. Rejection of cargo also caused shortage of the raw material in the domestic market and large price increases for these items. The Biosafety Board has started to approve some of the applications for biotech trait approvals, with a few more corn and soy event approvals coming in July and November (please refer to GAIN report number TR 5037, dated 21 July 2015 and TR 5055 dated 5 November 2015). Prior to the recent approvals in 2015, only three soy and 16 corn biotech events were approved in Turkey. After the approvals in 2015, currently there are seven soybeans and 25 corn events approved for feed use in Turkey. Recent approvals are viewed by the trade as not full but somewhat relief, and they expect to face fewer problems in the coming months during imports.

Negative and unscientific press coverage on biotechnology has caused a great amount of confusion in the public opinion on GE products and the safety of poultry fed by GE crops.

For detailed information, find the latest the reports on biotechnology policies in Turkey and the latest biotechnology annual report by searching at:

<http://gain.fas.usda.gov/Lists/Advanced%20Search/AllItems.aspx>

OILSEEDS

Sunflowerseed PSD

Oilseed, Sunflowerseed (MT 1000)	2014/2015		2015/2016		2016/2017	
Market Begin Year	Sep 2014		Sep 2015		Sep 2016	
Turkey	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	530	530	490	505	0	500
Area Harvested	530	530	490	505	0	500

Beginning Stocks	139	90	75	56	0	36
Production	1200	1200	1000	1000	0	1000
MY Imports	470	456	400	650	0	680
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	300	250	350	300	0	300
Total Supply	1809	1746	1475	1706	0	1716
MY Exports	28	3	20	4	0	4
MY Exp. to EU	10	0	10	0	0	0
Crush	1700	1682	1400	1660	0	1670
Food Use Dom. Cons.	4	3	4	4	0	4
Feed Waste Dom. Cons.	2	2	2	2	0	2
Total Dom. Cons.	1706	1687	1406	1666	0	1676
Ending Stocks	75	56	49	36	0	36
Total Distribution	1809	1746	1475	1706	0	1716
CY Imports	500	340	400	550	0	550
CY Imp. from U.S.	0	0	0	0	0	0
CY Exports	30	3	20	4	0	4
CY Exp. to U.S.	0	0	0	0	0	0

Production, Sunflowerseed

MY 2015 sunflowerseed planting area and production was about 505,000 hectares and 1 MMT. Farmers who were not happy with returns in the Thrace region have reportedly planted wheat this winter. During the coming season, the large decline in planting area in the Thrace region will be compensated by increases in the other regions. Central Anatolian region farmers who were unhappy with the returns on sunflowerseed two years ago, that then planted corn last summer, are now not happy with low local corn prices and are going back to sunflower seed. Planting increase is also projected in the Cukurova region. Consequently, MY 2016 sunflowerseed area and production is projected to be about 500,000 hectares and 1.0 MMT. Turkey has a net deficit in sunflowerseed production sustainability of production will be depending on farmer satisfaction on income. The GOT's has not increased production support for sunflowerseed for the 2015 crop, which will remain at 300 TL (US\$ 100) per ton and will not help to support planting increase.

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 competes with corn, sugar beet and vegetables, and in Cukurova region with wheat. In general, Cukurova region has an advantage to grow sunflowerseed as the crop matures about a month earlier than in Thrace, so farmers can take advantage of the early season higher prices. Increases in production in other regions in recent years have caused production in Thrace to decline from 80 percent to about less than 50 percent of the total domestic production.

Semi-government cooperatives continue to support production of sunflower seeds in Turkey. Accordingly, the largest Agricultural Sales Cooperative Union, Trakya Birlik, bought about 257,000 MT of 2015 crop with 1,650 TL (US\$ 600) per ton compared to 298,000 MT of 2014 crop, with TL

1,320 per ton (about US\$585). Sunflowerseed prices from the Black Sea neighbors of Turkey fluctuated during the first half of the MY2015. Accordingly C&F prices were US\$ 420 in August, US\$ 485 in November and US\$ 460 in January.

Soybean PSD

Oilseed, Soybean (1000 MT)	2014/2015		2015/2016		2016/2017	
Market Begin Year	Sep 2014		Sep 2015		Sep 2016	
Turkey	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	40	35	30	25	0	30
Area Harvested	35	35	25	25	0	30
Beginning Stocks	219	287	208	359	0	300
Production	135	135	90	90	0	110
MY Imports	2197	2197	2400	2200	0	2300
MY Imp. from U.S.	450	805	450	700	0	750
MY Imp. from EU	0	32	0	30	0	35
Total Supply	2551	2619	2698	2649	0	2710
MY Exports	93	10	50	14	0	15
MY Exp. to EU	0	0	0	0	0	0
Crush	1150	1150	1300	1100	0	1125
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	1100	1100	1150	1235	0	1260
Total Dom. Cons.	2250	2250	2450	2335	0	2285
Ending Stocks	208	359	198	300	0	310
Total Distribution	2551	2619	2698	2649	0	2710
CY Imports	2000	2255	2300	2300	0	2400
CY Imp. from U.S.	450	739	450	800	0	850
CY Exports	70	12	40	15	0	20
CY Exp. to U.S.	0	2	0	2	0	2

Production, Soybean

MY 2016 soybean planting and production is projected to be about 30,000 hectares and 110,000 MT. The small increase compared to last year is due to dissatisfaction of farmers in last season's corn returns, some of which are expected to convert to soy planting. MY 2015 Turkish soybean area and production was 25,000 hectares and 90,000 MT. The Cukurova region is the main soy growing area in Turkey, supplying about ninety percent of the total production. Small, trial plantings are also seen in the GAP region.

The GOT has been encouraging the increase of oilseeds by higher production bonus payments. Soybean production bonus however has not been increased in recent years hence local planting is fluctuating in accordance with soybeans profitably compared to other crops, such as corn, cotton and peanuts, in the Cukurova region. Since the production bonus for soybeans has been the same during the last six years, TL 500 per ton (US\$ 170) despite more than eighty percent devaluation of Turkish Lira

against the dollar during the same period it is not serving the purpose of affecting planting decisions of farmers. In addition to the production bonus, GOT also provides about TL 200 per ton (US\$ 70) if farmer uses certified seeds while planting, which most do. Yields are high in the region as growers are likely to be technically proficient and the crop is irrigated.

Consumption, Soybean

Domestic consumption of soy will be dependent of the usage in the feed industries and mostly in poultry. MY 2015 consumption is expected to remain about 2.3 MMT and in MY 2016 it is expected to be 2.4 MMT. Both layer and broiler industries are expected to grow moderately in coming years in the view of growing domestic and export markets.

Cotton seed

Cottonseed PSD

Oilseed, Cottonseed (1000 MT)	2014/2015		2015/2016		2016/2017	
	Oct 2014		Oct 2015		Oct 2016	
Turkey	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (Cotton)	430	430	370	370	0	420
Area Harvested (Cotton)	430	430	370	370	0	420
Seed to Lint Ratio	0	0	0	0	0	0
Beginning Stocks	16	5	10	10	0	10
Production	1030	1050	853	870	0	960

MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	1046	1055	863	880	0	970
MY Exports	1	0	0	0	0	0
MY Exp. to EU	0	0	0	0	0	0
Crush	1020	1035	840	860	0	950
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	15	10	13	10	0	10
Total Dom. Cons.	1035	1045	853	870	0	960
Ending Stocks	10	10	10	10	0	10
Total Distribution	1046	1055	863	880	0	970
CY Imports	0	0	0	0	0	0
CY Imp. from U.S.	0	0	0	0	0	0
CY Exports	1	0	0	0	0	0
CY Exp. to U.S.	0	0	0	0	0	0

Production, Cottonseed

Turkish cottonseed area and production is projected to increase about ten percent in MY 2016. Planting in the cotton seed areas will be shifting from corn due to disappointment on returns. Total area and production for MY 2016 projected about 420,000 hectares and 960,000 MT.

Production support: 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 ASCU's includes TARIS (cotton and olive oil), Cukobirlik (cotton and soybean) and Antbirlik (cotton and cottonseed). All of the ASCU's have thousands of members to whom they provide seeds, fertilizer and low-cost financing prior to planting. The ASCU's then offer attractive prices after the harvest.

Trakya Birlik is reported to have purchased about 257,000 MT of 2015 crop sunflowerseed compared 298,000 MT of 2014 crop and 260,000 MT of 2013 crop. Karadeniz Birlik however had increased its purchases to 25,000 MT compared to 17,000 MT of last year. Generally farmers deliver only enough amounts to meet their obligations as they prefer to sell more to traders and crushers due to higher offers. The combined purchases of the two coops represent about twenty-eight percent of the total crops of MY 2015, which is slightly higher than last year.

Production support bonuses

The Turkish government continues to support oilseed production with production premium programs. According to 2015 production bonus announcements, the GOT has only increased the seed cotton production bonus level despite the expectations of farmers in the view of elections in last June. Below is the list of bonuses for the recent years. These production bonus payments on the previous crop have been made in August, just before the following year's 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.

Turkey: Oilseed Production Premiums (TL/MT)				
Crop	2013	2014	2015	% increase
Sunflower seed	240	300	300	0 %
Soybean	500	500	500	0 %
Canola	400	400	400	0 %
Seed cotton	500	550	650	18 %

Consumption

The majority of oilseeds and products are utilized for oil, meal and full fat. Growth in domestic soybean and meal consumption will be moderate in MY 2015 due to slower growth in poultry and livestock. Lower crush margins in MY 2015 for soy will adversely affect the domestic crush due to relatively lower industrial use of soy oil. Utilization of full fat soy will also increase, but only modestly. Aquaculture also contributed to the growth in soybean meal consumption although to a lesser degree.

Cottonseed consumption fluctuates along with the local production, since there is no import and export activity. Consumption will be lower in MY 2015 but expected to increase in MY 2016 along with the projected increase in seed production.

Total crushing capacity has reached about 7.4 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 also has about 4 million MT per year refining capacity and capacity utilization is estimated about 75 percent. Turkey traditionally exports oils and fats to neighboring countries, such as sunflowerseed oil and margarine.

Trade

Sunflowerseed imports in MY 2014 were 470,000 MT down about eighteen percent compared to last marketing year. Increasing crushing facilities in the Black Sea region are forcing Turkey to import more oil rather than seeds. Moldova (220,000 MT), Romania (134,000 MT), Bulgaria (80,000 MT) and Russia (21,000 MT) were the main suppliers of sunflowerseed for Turkey. During the first four months of MY 2015, total sun seed imports were 68,000 MT. Moldova and Romania both supplied 27,000 MT.

Total soybean imports during the MY 2014 were about 2.2 MMT up about thirty-eight percent compared to last year. The United States was the leading supplier with 805,000 MT, closely followed by Ukraine with 800,000 MT. Imports from Ukraine increased more than three-fold due geographical proximity and benefiting from the obstacles created during imports for biotech soy. Brazil (200,500 MT) and Paraguay (314,000 MT) were the other suppliers.

Turkey also imported 732,000 MT of soybean in the first four months of MY 2015. Ukraine and Paraguay were the leading suppliers with 375,000 MT and 125,000 MT respectively. The U.S. supplied

94,000 MT during the same period. Soy exports were about 10,300 MT during MY 2014. Holland (3,800 MT) and Slovenia (2,600 MT) were main destination. Turkey also exported about 515 MT to the U.S. Turkey exported about 1,700 MT of soy bean in the first three month as of MY 2015. In 2015, the U.S. was the leading market with 1,000 MT, which according to the trade sources, was organic soybeans.

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 an 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 the local production. Therefore Turkey's demand for imported oilseeds, meal and oils will remain for years to come despite relatively high tariffs.

Policy

According to the 2016 customs regime, sunflowerseed imports are subject to a tariff of 27 percent with observation price of US\$ 640 per ton, soybeans are subject to zero percent and cottonseed are subject to a 10 percent tariff.

OIL MEALS

Production

Total meal production (subject to this report) in MY 2015 was about 2.18 MMT. In MY 2016, total meal production will be up about six percent, 2.32MMT, due to increases in all seeds but mostly in cotton meal, about ten percent. Turkey continues to utilize a significant amount of full-fat soybeans in poultry rations. In MY 2015 and MY 2016, about the half of the soy supplies will be crushed and the rest will be used for full-fat production.

According to industry sources, as of 2015 there are about 508 active feed mills in Turkey with an estimated total capacity of 17 MMT at one shift. There are also on farm feed mills that total production is estimated about 3 MMT per year. The feed sector has been growing at a remarkable speed; 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 an average of eight percent per year during the last ten years. Presently Turkish feed industry is among the world's top ten producers and in top five of Europe. The sector is projected to grow in coming years and reach 30 MMT by 2023.

The main reasons for the growth are 1) the increase in production in all sectors: broiler, layer, dairy, beef, and aqua feed, 2) the trend of moving from feed on farm to compound feed and 3) a larger percentage of the feed sector moving into the registered economy. In CY 2014, compound feed production was estimated to increase about seven percent; while poultry and fish feed production increased about four percent and livestock feed production was up about ten percent. During CY 2015 an overall increase of seven percent is also projected. Turkey's compound feed export is only a fraction of its capacity and production due to high raw material cost. Annual exports were down to 134,000 MT in 2015 compared to 225,000 MT in 2014. Neighboring countries and Northern Cyprus are the main export destinations for Turkish feed.

Post has been using extraction rates of 55 percent 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 sunflower meal is not used in poultry rations but in livestock rations. As a result, farmers are required to use either larger amounts of sunflower meal or alternative meals such as DDGS and CGFP to obtain the protein amounts needed in their rations.

Sunflowerseed meal PSD

Consumption

Meal, Sunflower seed (1000 MT)	2014/2015		2015/2016		2016/2017	
	Market Begin Year		Market Begin Year		Market Begin Year	
	Sep 2014	Sep 2014	Sep 2015	Sep 2015	Sep 2016	Sep 2016
Turkey	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	1700	1682	1400	1660	0	1670
Extr. Rate, 999.9999	0.3806	0.55	0.3821	0.55	0	0.55
Beginning Stocks	20	151	18	153	0	160
Production	647	926	535	880	0	920
MY Imports	773	773	850	910	0	925
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	1440	1850	1403	1943	0	2005
MY Exports	7	7	0	13	0	15
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	1415	1690	1385	1770	0	1825
Total Dom. Cons.	1415	1690	1385	1770	0	1825
Ending Stocks	18	153	18	160	0	165
Total Distribution	1440	1850	1403	1943	0	2005
CY Imports	750	800	900	900	0	950
CY Imp. from U.S.	0	0	0	0	0	0
CY Exports	5	7	0	10	0	12
CY Exp. to U.S.	0	0	0	0	0	0

Production

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 despite the recent problems.

In 2016 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 six percent during the year, for the same reasons. The livestock sector, beef and dairy and also aquaculture is expected to continue to grow as well.

Trade

Turkey's sunflowerseed meal imports continue to be strong reaching 773,000 MT in MY 2014 due to abundant supplies in the Black Sea region. Turkey continued to source its sunflowerseed meal from Russia (408,000 MT), and Ukraine (253,000 MT) due to increased availability as a result of increased crushing capacities in these countries. Strong imports trend continued in first four months of MY 2015 reaching 269,000 MT. Ukraine (148,000 MT) and Russia 96,000 MT were the main sources.

Soybean meal PSD

Meal, Soybean(1000 MT)	2014/2015		2015/2016		2016/2017	
Market Begin Year	Oct 2014		Oct 2015		Oct 2016	
Turkey	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	1150	1150	1300	1100	0	1125
Extr. Rate, 999.9999	0.7678	0.76	0.7692	0.77	0	0.77
Beginning Stocks	206	191	139	219	0	205
Production	883	875	1000	836	0	866
MY Imports	465	450	600	550	0	600
MY Imp. from U.S.	140	47	140	150	0	160
MY Imp. from EU	240	15	240	20	0	20
Total Supply	1554	1516	1739	1605	0	1671
MY Exports	115	52	70	50	0	50
MY Exp. to EU	0	2	0	2	0	2
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	1300	1320	1540	1360	0	1400
Total Dom. Cons.	1300	1320	1540	1360	0	1400
Ending Stocks	139	219	129	205	0	221
Total Distribution	1554	1516	1739	1605	0	1671
CY Imports	600	417	600	550	0	600
CY Imp. from U.S.	140	49	140	150	0	170
CY Exports	100	45	70	50	0	50
CY Exp. to U.S.	0	0	0	0	0	0

Production, Soy Meal

Domestic production of soy meal in MY 2015 projected to decline about five percent to 836,000 MT due to narrowing crushing margins as a result of decline in industrial use of soybean oil. MY 2016 production is expected to be slightly up due to increase in demand.

Trade

Turkey has imported a total of 450,000 MT of soybean meal during MY 2014 down about thirty-seven percent compared to the last marketing year. The reason for the decline was the increases in domestic

production as a result of favorable domestic crushing margins fueled by increase industrial use of soy oil. Argentina (196,000 MT), Brazil (90,000 MT) and Ukraine (60,000 MT) were the leading suppliers. The U.S. also supplied 47,000 MT of soy meal during the same period.

Soy meal imports during the first three months of MY 2015 were 92,000 MT compared to 157,000 MT of last marketing year. Argentina 59,000 MT and Brazil 21,000 MT were the main sources while US exports were 540 MT.

Turkey exported about 52,000 MT of soy meal during MY 2014, which is the same as the previous marketing year. Iraq (33,000 MT), N. Cyprus (12,000 MT), and Syria (2,500 MT) were the main destination. MY 2015 first three months total exports were 8,000 MT, Iraq (4,000 MT) and N. Cyprus (3,000 MT) were the main buyers.

Cotton seed meal PSD

Meal, Cottonseed(1000 MT)	2014/2015		2015/2016		2016/2017	
	Oct 2014		Oct 2015		Oct 2016	
Turkey	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	1020	1035	840	860	0	950
Extr. Rate, 999.9999	0.4461	0.55	0.4464	0.55	0	0.55
Beginning Stocks	0	0	0	0	0	0
Production	455	570	375	473	0	525
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	455	570	375	473	0	525
MY Exports	15	10	0	3	0	5
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	440	560	375	470	0	520
Total Dom. Cons.	440	560	375	470	0	520
Ending Stocks	0	0	0	0	0	0
Total Distribution	455	570	375	473	0	525
CY Imports	0	0	0	0	0	0
CY Imp. from U.S.	0	0	0	0	0	0
CY Exports	8	6	1	3	0	5
CY Exp. to U.S.	0	0	0	0	0	0

Policy

Sunflowerseed meal and cottonseed 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 CGFP are subject to a 4.3 percent customs tax from all sources.

OILS

Production

MY 2015 total domestic production of vegetable oils subject to this report (sunflower seed, cottonseed and soybean) is estimated about 1.05 MMT, down about four percent compared last year, due mostly decline in soy oil and cottonseed oil. MY 2016 production is forecast to go up three percent due to minor increase in all three oils.

The local industry is continuing to invest in new plants accordingly Turkey's crushing capacity has reached 7 MM. 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 estimated to produce 800,000 MT in 2015.

Sunflowerseed oil PSD

Oil, Sunflowerseed (1000 MT)	2014/2015		2015/2016		2016/2017	
	Sep 2014		Sep 2015		Sep 2016	
Market Begin Year	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Turkey						
Crush	1700	1682	1400	1660	0	1670
Extr. Rate, 999.9999	0.4265	0.425	0.425	0.43	0	0.43
Beginning Stocks	392	187	267	124	0	139
Production	725	715	595	715	0	720
MY Imports	814	794	880	830	0	850
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	37	0	50	0	60
Total Supply	1931	1696	1742	1669	0	1709
MY Exports	634	632	600	600	0	620
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	20	20	20	20	0	20
Food Use Dom. Cons.	1000	910	950	920	0	925
Feed Waste Dom. Cons.	10	10	10	10	0	10
Total Dom. Cons.	1030	940	980	950	0	955
Ending Stocks	267	124	162	119	0	134
Total Distribution	1931	1696	1742	1669	0	1709
CY Imports	700	798	800	800	0	830
CY Imp. from U.S.	0	0	0	0	0	0

CY Exports	550	619	550	600	0	650
CY Exports to U.S.	0	0	0	0	0	0

Consumption

Sunflowerseed oil is the most consumed oil in Turkey and consumption is continuing to increase and forecasted to reach 910,000 MT in MY 2014. Higher sunflowerseed oil consumption is due to the improving economy, as well as negative press about biotechnology that adversely affected corn oil and soybean oil consumption. A moderate consumption increase for sunflower oil is also forecasted for MY 2015 reaching 920,000 MT.

Soybean oil PSD

Oil, Soybean(1000 MT)	2014/2015		2015/2016		2016/2017	
	Oct 2014		Oct 2015		Oct 2016	
Turkey	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	1150	1150	1300	1100	0	1125
Extr. Rate, 999.9999	0.1783	0.17	0.1785	0.17	0	0.17
Beginning Stocks	10	10	27	35	0	32
Production	205	205	232	187	0	191
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	215	215	259	222	0	223
MY Exports	18	7	20	15	0	18
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	95	95	120	90	0	100
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	75	78	85	85	0	80
Total Dom. Cons.	170	173	205	190	0	180
Ending Stocks	27	35	34	32	0	25
Total Distribution	215	215	259	222	0	223
CY Imports	0	0	0	0	0	0
CY Imp. from U.S.	0	0	0	0	0	0
CY Exports	20	8	20	12	0	15
CY Exp. to U.S.	0	0	0	0	0	0

The recent biosafety law limits the utilization of soy oil produced from biotech soybeans. Accordingly, biotech soy oil is only allowed to be used in feed and industry, mostly paint and ink production, but forbids its use in food. Therefore soy oil that is produced from locally produced and imported non-GM

soy beans are used in food. Since the great majority of imported and crush soybeans are biotech varieties which adversely effects domestic crushing margins hence causes consumption of soy oil to decline in food. Large amount of soy oil used to be utilized in domestic margarine production.

Cottonseed oil PSD

Oil, Cottonseed (1000 MT)	2014/2015		2015/2016		2016/2017	
Market Begin Year	Oct 2014		Oct 2015		Oct 2016	
Turkey	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	1020	1035	840	860	0	950
Extr. Rate, 999.9999	0.1765	0.18	0.1786	0.18	0	0.18
Beginning Stocks	7	7	11	8	0	4
Production	180	186	150	146	0	171
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	187	193	161	154	0	175
MY Exports	1	0	1	0	0	0
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	15	15	10	10	0	10
Food Use Dom. Cons.	160	170	150	140	0	165
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	175	185	160	150	0	170
Ending Stocks	11	8	0	4	0	5
Total Distribution	187	193	161	154	0	175
CY Imports	0	0	0	0	0	0
CY Imp. from U.S.	0	0	0	0	0	0
CY Exports	1	0	0	0	0	0
CY Exp. to U.S.	0	0	0	0	0	0

Production

Cottonseed oil production and consumption will decline in MY 2015 to 146,000 MT. In MY 2016 however production is expected to increase to 171,000 MT in line with the decrease in cottonseed output.

Olive Oil, PSD

Oil, Olive Turkey (1000 trees & 1000 MT)						
	2014/2015		2015/2016		2016/2017	
Market Begin Year	Nov 2014		Nov 2015		Nov 2016	
	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	97500	142000	97500	145000	0	148000
Beginning Stocks	21	20	28	28	0	21
Production	170	170	145	143	0	175
MY Imports	3	3	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	194	193	173	171	0	196
MY Exports	16	15	20	15	0	25
MY Exp. to EU	2	2	2	2	0	2
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	150	150	140	135	0	150
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	150	150	140	135	0	150
Ending Stocks	28	28	13	21	0	21
Total Distribution	194	193	173	171	0	195
CY Imports	0	3	0	0	0	0
CY Imp. from U.S.	0	0	0	0	0	0
CY Exports	20	13	15	15	0	20
CY Exp. to U.S.	4	0	4	0	0	0

Production,

GOT has been supporting olive tree plantation and olive oil production. It is estimated that about 70 million new trees planted during the last ten years. Accordingly, the number of trees has reached 167 million in 2015, of which 145,000 million have matured and are fruit bearing trees. Plantation trend is expected to continue to in coming years. Olive trees are mostly planted all along the Aegean and Mediterranean areas and also in the South East Anatolian region. The old tobacco producing regions in the Aegean region have become the center for olive and olive oil production during the last ten years.

Along with the increasing planting, the Ministry of Agriculture is also showing an interest to support grafting more productive trees on about 80 million wild olive trees to increase olive and olive oil production. On the other hand, while planting is increasing in the new areas, old olive fields are under the pressure from the mining industry and housing developments. MY 2015 olive production was

adversely affected by the weather conditions, and olive oil production was about 143,000 MT – down sixteen percent compared to last year, despite that it was an “on” year for olives. Even though production varies during the on and off years, a larger number of trees, better picking practices, and weather changes have narrowed the production gap between on and off years. MY 2016 production is projected to be about 175,000 MT. The production premium for olive oil is TL 0.70 (US\$ 235 per MT) per kilogram, but producers argue that they cannot compete with EU sourced olive oil in international markets due to higher EU support of Euro 1.3 per kilogram.

Consumption

Along with the increasing production, domestic consumption has also increased over the years, particularly among the health-conscious city dwellers. Total domestic consumption has reached 150,000 MT. On the other hand, low production has increased local prices by about 100 percent in MY 2015 which is affecting domestic consumption adversely. Accordingly, MY 2015 domestic consumption is expected to decline to 135,000 MT.

Trade, oils

Turkish olive oil exports were about 15,000 MT in MY 2014. The U.S. was the leading market with 3,000 MT followed by Saudi Arabia (1,750 MT) and Japan (1,500 MT). Turkey also imported about 3,000 MT of olive oil during the year all from Tunisia. Low domestic production in MY 2015 and high local prices will prevent exports during the year.

In MY 2014 sunflowerseed imports continued to be high, 794,000 MT. Large imports were due to lower local production and higher exports and also biotech related restrictions with other vegetable oils. Russia (571,000 MT) and Ukraine (167,000 MT) were the main suppliers. Turkey’s import of crude sun oil continued to be strong in first four months of MY 2015 about 225,000 MT. Russia and Ukraine were the main suppliers with 124,000 MT and 66,000 MT respectively.

Turkey’s total refined sunflowerseed oil exports continue to increase during MY 2014 reaching 632,000 MT compared to 584,000 MT of MY 2013. Iraq was the main buyer with 388,000 MT (old 368,000 MT) distantly followed by neighboring Middle Eastern countries such as Syria (140,000 MT) and Lebanon (20,000 MT). Export of refined sun oil continued during the first four of MY 2015 reaching 205,000 MT. Iraq (126,000 MT) and Syria (42,000 MT) were main markets.

Due to large domestic crushing for industrial use, Turkey didn’t import soy oil in MY 2014. Exports were about 6,500 MT in Iraq (3,300 MT) and N. Cyprus (2,300 MT) in MY 2014. The export trend continues in MY 2015: Turkey exported 2,600 MT in the first quarter.

Iraq and N. Cyprus continue to be the leading destinations. Turkey did not import cottonseed oil in MY 2014.

Bio-diesel

Turkey also produced about 64,000 MT of bio-diesel in 2015. According to the present legislation, bio-diesel can only be mixed up to two percent, and it needs to be produced by locally produced seeds. Local producers mostly use local canola, safflower and soy oils to produce bio-diesel.

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.

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 2015 customs regime, sunflowerseed oil imports outside of the new TRQ are subject to a tariff of 36 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.

Turkey: Tariffs on Cottonseed and Soybean Oil	
Quality/Purpose	Tariff (%)
Crude	31.2
Refined for food use	31.2
Refined for industrial use	5
Refined for biodiesel	19.5- 0

Map of Turkey and Regions of Importance for Oilseeds

