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Turkey

Oilseeds and Products Update

Turkey Oilseeds and Products Update

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Report Highlights:

Turkish soybean area and production for MY 2015 are estimated at 25,000 hectares and 90,000 MT, respectively. Domestic soybean consumption is estimated at 1.9 MMT in MY 2014, down from early season estimates of 2 MMT, due to challenges facing the poultry sector including avian influenza outbreaks and import difficulties stemming from problems with the Biosafety Law.

Post:

Ankara

Executive Summary:

Turkish soybean area and production for MY 2015 are estimated at 25,000 hectares and 90,000 MT, respectively. Competition from other crops such as corn and peanut in the soy growing areas adverse affected farmers planting decisions for soy. Domestic consumption of both soybeans and meal will be lower than previously expected due a slowdown in poultry meat and egg production as result of lower domestic consumption and exports following the avian influenza cases.

Turkey imported 1.43 MMT of soybeans during the first eight months of the marketing year. While soybean imports increased significantly, soy meal imports declined and remained around 288,000 MT during the first seven months of the marketing year. Increases in crushing capacity and industrial use of soy oil were the reasons for soy imports increase. The United States supplied about 807,000 MT of soybeans and 10,000 MT of soybean meal. Turkish poultry meat and egg exports had a strong start in 2015, but have fallen since May due to import bans by the main destinations due to the avian influenza epidemic in some regions of Turkey.

Soybean

Soybean PSD

<i>Oilseed, Soybean</i>	2013/2014		2014/2015		2015/2016	
<i>Market Begin Year</i>	Sep 2013		Sep 2014		Sep 2015	
<i>Turkey</i>	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	35	35	40	35	40	25
Area Harvested	35	35	35	35	40	25
Beginning Stocks	206	203	237	284	272	309
Production	130	130	135	135	145	90
MY Imports	1,608	1,608	2,100	1,800	2,150	2,000
MY Imp. from U.S.	350	350	450	825	450	850
MY Imp. from EU	0	0	0	0	0	0
Total Supply	1,944	1,941	2,472	2,219	2,567	2,399
MY Exports	7	7	100	10	50	15
MY Exp. to EU	0	0	0	0	0	0
Crush	600	600	950	950	1,050	1,050
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	1,100	1,050	1,150	950	1,250	1,025
Total Dom. Cons.	1,700	1,650	2,100	1,900	2,300	2,075
Ending Stocks	237	284	272	309	217	309
Total Distribution	1,944	1,941	2,472	2,219	2,567	2,399
CY Imports	2,008	0	1,500	2,000	1,800	2,200
CY Imp. from U.S.	492	492	450	750	450	850
CY Exports	3	3	70	10	40	20
CY Exp. to U.S.	0	0	0	0	0	0

Production

MY2015 domestic soybean planting is now estimated at 25,000 hectares and 90,000 MT, down from 35,000 hectares and 135,000 MT last year. In Cukurova region where ninety-five percent of the local soybean crop is grown, many farmers switched to corn and peanut. High wheat and corn prices last year persuaded farmers to increase wheat and corn rotation this year. Also, a three-fold increase in local peanut prices convinced some farmers to plant peanuts in the region. Efforts to increase soybean planting in the GAP region have not been successful.

Consumption

During the last six months, Turkish poultry industry had to face two major challenges: biotechnology related feed items import issues and highly pathogenic avian influenza (HPAI) cases. Presently, there are only three biotech soybean events and 14 corn events approved in Turkey. Additionally, the Biosafety Law had a threshold of zero percent for contamination of unapproved events. Due to these reasons, importers faced rejections of many cargos of soybean and meal and endured large financial losses. Rejections of cargos also caused a shortage of the raw material in the domestic market and big price increases for these items. On May 11, Besd-Bir, the Poultry Meat Producers Association, applied for approval of 9 biotech soy events along with 14 corn, 10 cotton and 4 canola varieties under an accelerated simplified application regime. See recent GAIN reports on biotechnology for more information.

During the month of May, avian influenza cases affected the poultry and egg sector in several different regions of Turkey, mostly in layer operations. Following the outbreak, some major buyers of Turkish poultry meat and eggs such as Iraq, Azerbaijan and Israel stopped purchases. The Turkish Ministry of Food, Agriculture, and Livestock (MinFAL) has been carrying out the negotiations with Iraq, which accounts for half of Turkey's exports. Russia continues to import poultry and poultry products from Turkish establishments declared free from HPAI by MinFAL. The domestic market was slightly affected by the negative press. According to sources, Turkey was able to convince importing countries' officials that necessary precautionary steps on health issues have been taken and as a result exports are expected to return to normal in the near future.

Due to the above issues, domestic consumption of soybean is expected to remain about 1.9 MMT in MY 2014 compared to early season estimates of 2 MMT.

Trade

Issues caused by the Biosafety Law prevented the industry from receiving supplies in a timely fashion. Many shipments were rejected and redirected to different destinations, thereby causing significant losses for the Turkish industry. Presently, about 170,000 MT of soybeans, mostly South American origin, are reportedly waiting in warehouses to be cleared. Total soybean imports during the first eight months of MY 2014 were about 1,430,000 MT. The US was the leading supplier with 807,000 MT. Ukraine (450,000 MT), Brazil (145,000 MT) and Paraguay (128,000 MT) were the other suppliers.

Soybean exports were around 5,700 MT during the same period, with Slovenia (2,600 MT) and N. Cyprus (1,500 MT) as the main destinations. Turkey also exported 534 MT of organic soybeans to the United States.

Soybean meal PSD

Meal, Soybean	2013/2014		2014/2015		2015/2016	
Market Begin Year	Oct 2013		Oct 2014		Oct 2015	
Turkey	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	600	600	950	950	1,050	1,050
Extr. Rate, 999.9999	0.7917	0.7667	0.7895	0.7632	0.7905	0.7619
Beginning Stocks	292	292	259	191	194	146
Production	475	460	750	725	830	800
MY Imports	744	728	600	500	650	550
MY Imp. from U.S.	242	242	140	30	140	100
MY Imp. from EU	240	18	240	0	240	0
Total Supply	1,511	1,480	1,609	1,416	1,674	1,496
MY Exports	52	49	115	70	70	80
MY Exp. to EU	0	0	0	2	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.	1,200	1,240	1,300	1,200	1,400	1,275
Total Dom. Cons.	1,200	1,240	1,300	1,200	1,400	1,275
Ending Stocks	259	191	194	146	204	141
Total Distribution	1,511	1,480	1,609	1,416	1,674	1,496
CY Imports	634	616	600	450	650	550
CY Imp. from U.S.	139	169	140	75	140	125
CY Exports	63	64	65	80	70	85
CY Exp. to U.S.	0	0	0	0	0	0
SME	1,200	1,240	1,300	1,200	1,400	1,275

Soybean meal

Production

Favorable domestic crushing margins continued to fuel an increase in soymeal production. MY 2014 production expected to reach 725,000 MT, up about 55 percent compared to last year. Provided that favorable crushing margins continue, domestic soymeal production is expected to remain high since crushers will continue to utilize their large capacity.

Consumption

While domestic production is increasing, consumption stagnated and imports declined about thirty percent. Due to high domestic prices, as a result of shipment rejections, particularly egg producers looked for alternative protein sources in place of soymeal. Additionally, the Turkish High Court's re-approval of MON810 corn should facilitate imports of DDGS and CGFP in place of soymeal in coming months due to attractive prices.

Soymeal consumption in MY 2104 is projected to remain about 1.2 MMT compared to 1.3 MMT of early season estimates.

Trade

Turkey imported a total of 288,000 MT of soybean meal during the first seven months of MY 2014, down about 50 percent compared to the same period last marketing year. The reason for the decline was the increase in domestic production as a result of favorable domestic crushing margins fueled by increased industrial use of soy oil.

Argentina (157,000 MT), Brazil (72,000 MT), and Paraguay (29,000 MT) were the leading suppliers. The U.S. also supplied 10,000 MT of soymeal during the same period. Turkey's imports of European soymeal have gradually declined and finally stopped following the import taxes reduction to 5 percent from 13.5 percent two year ago.

Turkey exported about 42,000 MT of soy meal during the same period. Iraq (27,000 MT), N. Cyprus (10,500 MT), and Syria (2,000 MT) were the main destinations.

Soybean oil PSD

Oil, Soybean Market Begin Year	2013/2014		2014/2015		2015/2016	
	Oct 2013		Oct 2014		Oct 2015	
Turkey	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	600	600	950	950	1,050	1,050
Extr. Rate, 999.9999	0.1783	0.1783	0.1789	0.1789	0.1762	0.1810
Beginning Stocks	10	5	10	10	20	25
Production	107	107	170	170	185	190
MY Imports	8	8	0	0	0	2
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	5	0	0	0	0
Total Supply	125	120	180	180	205	217
MY Exports	3	3	15	5	20	10
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	37	32	80	75	100	95
Food Use Dom. Cons.	30	0	10	0	10	0
Feed Waste Dom. Cons.	45	75	55	75	55	85
-	0	0	0	0	0	0
Total Dom. Cons.	112	107	145	150	165	180
Ending Stocks	10	10	20	25	20	27
Total Distribution	125	120	180	180	205	217
CY Imports	5	5	8	0	2	0
CY Imp. from U.S.	0	0	0	0	0	0
CY Exports	3	3	3	0	5	5
CY Exp. to U.S.	0	0	0	0	0	0

Soybean oil

The main soy oil usage in Turkey is poultry feed and industrial use since the Biosafety Law forbids soy oil to be used in food if it is produced from biotech soybeans. Due to large domestic crushing for industrial use, Turkey has not imported soy oil in MY 2014. Exports were about 3,000 MT of which 1,400 MT were to N. Cyprus and 1,400 MT to Iraq.