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Turkey

Oilseeds and Products Update

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Report Highlights:

Turkish soybean area and production for MY 2018/19 are now estimated at about 26,000 hectares and 95,000 MT, respectively. In the Cukurova region, which is the main soybean planting region, increase in cotton planting in recent years had an adverse effect on soybean planting. Reduction in domestic production and an increase in consumption continue to make Turkey one of the leading importers in the world for soybeans and soybean meal. Accordingly, Turkey imported 1.6MMT of soybeans during the first eight months of MY 2017/18. Ukraine and the United States were the leading suppliers with 520,000 MT and 410,000 MT respectively. Turkey also imported 380,000 MT of soybean meal during the first seven months of the marketing year, of which 330,000 MT was from Argentina.

Turkey Oilseeds and Products Update

SOYBEANS

Soybean PSD

Oilseed, Soybean (1000 Hectares, 1000 MT)	2016/2017		2017/2018		2018/2019	
Market Begin Year	Sep 2016		Sep 2017		Sep 2018	
Turkey	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	30	30	25	24	30	26
Area Harvested	30	30	22	24	22	26
Beginning Stocks	274	274	313	313	343	333
Production	100	100	85	90	85	95
MY Imports	2271	2271	2300	2350	2500	2500
Total Supply	2645	2645	2698	2753	2928	2928
MY Exports	132	132	25	20	25	25
Crush	1000	1000	1050	1200	1200	1275
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	1200	1200	1280	1200	1350	1275
Total Dom. Cons.	2200	2200	2330	2400	2550	2550
Ending Stocks	313	313	343	333	353	353
Total Distribution	2645	2645	2698	2753	2928	2928

Production

In the Cukurova region, where ninety-five percent of the local soybean crop is planted, soybeans have to compete with wheat, corn, and cotton. Farmers in the Cukurova region are planting more cotton due to attractive returns, which consequently reduced soybean planted area. Attractive returns on peanuts also created an alternative to soybean planting in the region. In recent years, crop rotation has become the main reason for soybean planting.

Accordingly, MY 2018/19 domestic soybean planting is estimated at 26,000 hectares and production estimated at 95,000 MT, up slightly compared to early season estimates. While the planting area is shrinking over the years, yields are increasing due to better seed quality.

The government encourages oilseed production by increasing production bonus payments annually, but no announcement has been made for the MY 2018/19 crop yet. In general, late announcements do not affect the first crop soybean planting and have limited effects for second crop soybean planting in the

region.

Consumption

Turkey's poultry meat and egg industries enjoyed high growth during the first half of MY 2017/18, but starting in the spring, major issues began to impact both industries adversely. Turkey's biosafety law and slow approval process for genetically engineered (GE) soy and corn varieties significantly impacted feed prices. Turkish importers faced market access problems importing soybeans, due to delays in the domestic approval process for GE varieties that have already been approved in many other countries, including the EU. This prevented the domestic poultry industry from accessing affordable raw materials needed for feed and caused soybean prices in Turkey to increase significantly, increasing the cost of production for poultry and meat industries.

This was coupled with a twenty percent devaluation of the Turkish Lira against the major currencies during the months of April and May, and the currency has not rebounded yet. This devaluation also put a burden on companies who have debt in dollars or other foreign currencies, when domestic sales are in Turkish Lira. Moreover, changes in consumption patterns during the month of Ramadan affect domestic demand for poultry products. These developments are reported to have put major financial pressure on some local operations. One of the leading poultry producers in Turkey is reported to have filed for bankruptcy protection in mid-June 2018 to help them reschedule their debt repayments. They cited increased raw material prices and the recent currency devaluation as reasons for the bankruptcy.

Despite the difficulties of the currency devaluation, it has also assisted the poultry and egg industries with prospects to increase exports. Additionally, an increase in the number of tourists visiting Turkey during the summer months will assist somewhat in the recovery of domestic consumption. All in all, domestic consumption of soybeans is expected to be about 2.4 MMT during MY 2017/18, up about nine percent compared to last marketing year. Large crushing margins in recent months have also contributed to the soybean usage increase.

Trade

Total soybean imports during the first eight months of MY 2017/18 (September 2017-April 2018) were 1.6 MMT, up about twenty-eight percent compared to the same period last year due to lucrative domestic crushing margins. Ukraine is the leading supplier with 520,000 MT. The United States was the other leading supplier with 410,000 MT, up about fifty-five percent compared to last year due to attractive prices relative to other suppliers. Ukraine became the leading supplier of soybeans to Turkey in recent years benefiting from geographical proximity and favorable pricing. Brazil (273,000 MT), Paraguay (254,000 MT) and Canada (100,000 MT) were the other leading suppliers between September 2017 and April 2018.

Soybean exports have slowed and were about 19,000 MT during the October 2017-April 2018 period.

The United States was the main destination with 18,000 MT. Exports to the United States were likely organic soybeans and likely transshipped from other countries in the region, as there is no significant organic production of soybeans in Turkey according to official statistics. Syria (550 MT) was the other soybean export destination.

SOYBEAN MEAL

Soybean Meal PSD

Meal, Soybean (1000 MT)	2016/2017		2017/2018		2018/2019	
Market Begin Year	Oct 2016		Oct 2017		Oct 2018	
Turkey	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	1000	1000	1050	1200	1200	1275
Extr. Rate, 999.9999	0.77	0.77	0.7705	0.77	0.77	0.7686
Beginning Stocks	190	200	255	263	239	297
Production	770	770	809	924	924	980
MY Imports	790	787	670	600	730	650
Total Supply	1750	1757	1734	1787	1893	1927
MY Exports	45	44	45	40	45	50
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	1450	1450	1450	1450	1600	1550
Total Dom. Cons.	1450	1450	1450	1450	1600	1550
Ending Stocks	255	263	239	297	248	327
Total Distribution	1750	1757	1734	1787	1893	1927

Production

Increased world crushing margins fueled domestic production, and as a result, MY 2017/18 soybean meal production is expected to reach 924,000 MT, which is up about twenty percent compared to last marketing year. If crushing margins continue as they are, domestic soybean meal production is expected to go up in the coming season as well since crushers will continue to utilize the large capacity that they have.

Consumption

Domestic consumption of soybean meal is about 1.45 MMT for MY 2017/18 and expected to reach 1.55 MMT in MY 2018/19 due to the increase in poultry meat and egg production.

Trade

Turkey has imported a total of 352,000 MT of soybean meal during the first seven months of the MY 2017/18 (October 2017-April 2018), which is about twenty three percent less than the same period last year due to the increase in domestic production. The great majority of imports, 302,000 MT, were

supplied by Argentina. The United States (26,000 MT) and Germany (21,000 MT) were the other sources.

Turkey exported about 16,000 MT of soybean meal during the same period. The United States was the main destination with 8,000 MT, followed by the Northern Cyprus with 2,500 MT. Recent devaluation and continuing attractive crushing margins are expected to increase soybean meal exports during the second part of CY 2018, increasing MY 2018/19 exports.

SOYBEAN OIL

Soybean Oil PSD

Oil, Soybean (1000 MT)	2016/2017		2017/2018		2018/2019	
Market Begin Year	Oct 2016		Oct 2017		Oct 2018	
Turkey	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	1000	1000	1050	1200	1200	1275
Extr. Rate, 999.9999	0.17	0.17	0.1705	0.1792	0.17	0.1804
Beginning Stocks	47	47	14	14	8	19
Production	170	170	179	215	204	230
MY Imports	0	0	0	0	0	0
Total Supply	217	217	193	229	212	249
MY Exports	68	68	45	45	60	55
Industrial Dom. Cons.	80	80	90	90	95	90
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	55	55	50	75	50	80
Total Dom. Cons.	135	135	140	165	145	170
Ending Stocks	14	14	8	19	7	24
Total Distribution	217	217	193	229	212	249

Soybean oil production will increase in accordance with the larger domestic crushing in MY 2017/18 and reach 215,000 MT. Industrial and feed use continues to be the main usage areas for soybean oil in Turkey since no genetically engineered varieties of soybean are approved for human consumption, so the biosafety law forbids soybean oil usage in food when produced from biotech soybeans.

Due to large domestic crushing, Turkey did not import soybean oil during the first seven months of MY

2017/18. Exports during the same period however were about 19,000 MT. China was the leading buyer of Turkish soybean oil with 9,000 MT, followed by Algeria (7,400 MT) and Iraq (1,500 MT).