



The logo for Agritrade features a blue circle containing a white teardrop shape. To the right of this icon, the word "agritrade" is written in a grey, lowercase, sans-serif font.

***TURKEY: LEADING IMPORTER
AND CONSUMER OF
MALAYSIAN PALM OIL***

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Agenda

- **TURKISH ECONOMIC OUTLOOK**
- **UPDATES ON OILS AND FATS IN TURKEY**
- **MAJOR ISSUES OF PALM IN TURKEY**

Updates on Turkish Economy

- **Turkey has been facing a significant economic crisis.**
- **Devaluation of TRY in addition to the domestic reflections of bullish trend in all commodities globally boosts further the inflation. The USD/TRY exchange rate is around 7.44.**
- **Pandemic creates further overburden on Turkish economy.**
- **GDP per capita is projected to decrease by 10% in 2020 compared to 2019.**
- **Lockdown for almost 2 months negatively affected Horeca and tourism industry, with an estimated reduction of 80% in total revenues compared to previous year.**
- **All these factors will be a great and negative impact on purchasing power of consumers.**

Updates on Oils and Fats

Key Figures of Turkish Market

Vegetable Oil Imports to Turkey

COMMODITY	2019 (FIRST 7 MONTHS)		2020 (FIRST 7 MONTHS)	
	QUANTITY - MT	VALUE (USD)	QUANTITY - MT	VALUE (USD)
SOYBEAN OIL	0	\$290,00	110	\$75.831,00
PALM OIL & KERNEL OIL	387.038	\$226.654.316,00	444.514	\$285.344.889,00
SUNFLOWER OIL (REFINED &	353.770	\$252.547.470,00	653.672	\$485.230.110,00
COTTON OIL	39.979	\$35.134.438,00	49.560	\$41.051.158,00
RAPESEED OIL	50	\$84.266,00	62	\$206.191,00
FLAX SEED OIL			1.009	\$994.057,00
CORN OIL	21.651	\$16.910.076,00	24.700	\$22.866.379,00
OTHER	19.505	\$24.536.420,00	20.213	\$24.382.999,00
TOTAL	821.994	\$555.867.276,00	1.193.840	\$860.151.614,00

Source: BYSD - Vegetable Oil Industry Association / Turkish Statistical Institute

Updates on Oils and Fats

- **Sunflower oil is the leading oil produced and consumed in Turkey. Recently, the total SFO production has been insufficient that Turkey is also a net importer of SFO from mainly Russia and Ukraine.**
- **In the first 7 months of 2020, palm oil has constituted around 37% of Turkey's whole oil import, as being the 2nd imported oil following imports of leading vegetable oil of SFO with the share of 54.7%.**
- **As of 31st of August, CIF Mersin Price of Leading 2 Oils consumed in Turkey:**

SFO: \$850.00

Palm Olein: \$797.50
- **Despite the government's involvement to prevent the prices to increase further, the global bullish price trend of the vegetable oils due to the pandemic and devaluation of USD will reflect on the consumer prices. In addition to inflation and lower purchasing power, this will probably cause a change in consumer behaviors in favor of more affordable products.**

Updates on Oils and Fats

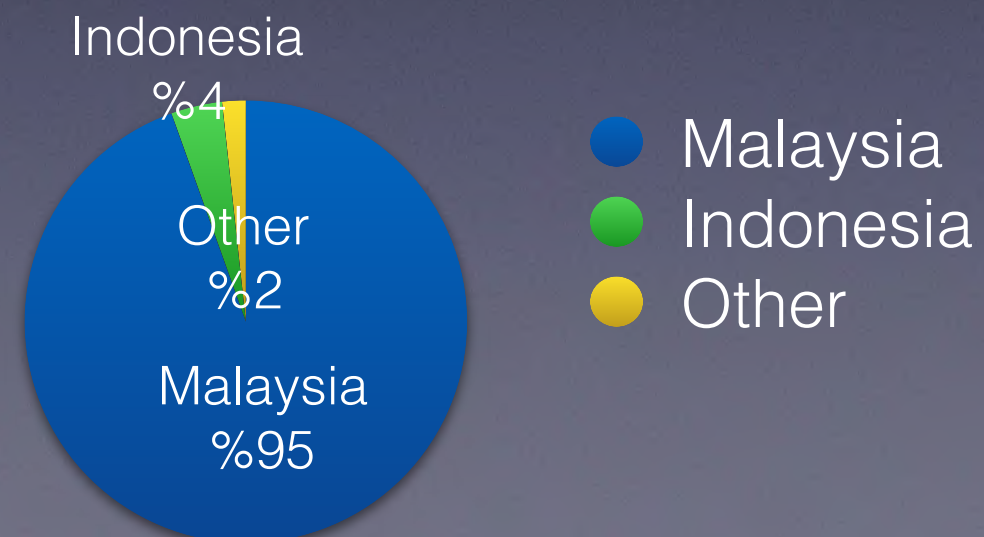
Key Figures of Turkish Market

- Turkey has been 5th biggest palm oil importer from Malaysia in 2019 with a share of 4% in Malaysia's total export. In the 1st 7 months of 2020, the share is around 4.2% in Malaysian total palm exports.
- In 2019, 701 thousand MTS palm oil was imported and mainly used for margarine industry.
- Palm oil is used for the following industries: Oil (liquid), margarine, animal feed, soap & chemical.
- Imports from Malaysia constitute 95% of total palm oil imports of Turkey.

Palm Oil Imports to Turkey

Years	Imports (MT)
2015	701,809.341
2016	676,349.476
2017	687,586.951
2018	690,545.820
2019	701,232.848
2019 (first 7 Months)	430,415.272
2020 (first 7 Months)	391,371.696

Source: Turkish Statistical Institute



Updates on Oils and Fats

- **Palm Oil, Palm Olein, Palm Stearin and laurics are the leading palm oil types traded in Turkey.**
- **There is an increasing demand for RSPO certified cargoes...**
- **Palm oil is mainly used for producing margarine and specialty fats for pastry and confectionery.**
- **It is not traditionally used in households in liquid but kitchen use is limited to margarine.**
- **Given the fact that palm oil is highly used in manufacturing industry and Horeca, lockdown influenced palm oil more negatively than other edible oils.**
- **The demand of Horeca is estimated to have reduced by 15-20% during April - June.**
- **The fact that borders with Iran and Iraq were closed for around 2 months led to decrease in palm oil consumption especially in the Southern region, as margarine exports to these countries reduced largely.**
- **Because of the pandemic and rumors about the possibility of problems in global trade, companies increased their stocks on March - April. Then following a slow down in the domestic market and exports, they had to limit their new procurement between May and August.**
- **We expect a recovery beginning with October if increasing pandemic cases do not lead to another lockdown in Turkey.**

Black Campaign Against Palm Oil

2 MAJOR CHALLENGES



**Is Palm Oil
Sustainable?**



**Is Palm Oil Good
for Health?**

EU's New Legislation

Foodstuffs ⁽¹⁾		Maximum level (µg/kg)
4.1	3-monochloropropane diol (3-MCPD)	
4.1.1	Hydrolysed vegetable protein ⁽³⁰⁾	20
4.1.2	Soy sauce ⁽³⁰⁾	20
4.2	Glycidyl fatty acid esters, expressed as glycidol	
4.2.1.	Vegetable oils and fats, fish oils and oils from other marine organisms placed on the market for the final consumer or for use as an ingredient in food, with the exception of the foods referred to in 4.2.2 and of virgin olive oils ^(*)	1000 (***)
4.2.2.	Vegetable oils and fats, fish oils and oils from other marine organisms destined for the production of baby food and processed cereal-based food for infants and young children ⁽³⁾	500 (***), (*****)
4.2.3	Infant formula, follow-on formula and foods for special medical purposes intended for infants and young children ^{(3) (29)} and young-child formula ^{(29) (**)} (powder)	50 (***)
4.2.4	Infant formula, follow-on formula and foods for special medical purposes intended for infants and young children ^{(3) (29)} and young-child formula ^{(29) (**)} (liquid)	6.0 (***)
4.3	Sum of 3-monochloropropane diol (3-MCPD) and 3-MCPD fatty acid esters, expressed as 3-MCPD (****)	
4.3.1.	Vegetable oils and fats, fish oils and oils from other marine organisms placed on the market for the final consumer or for use as an ingredient in food falling within the following categories, with the exception of the foods referred to in 4.3.2 and of virgin olive oils ^(*) : - oils and fats from coconut, maize, rapeseed, sunflower, soybean, palm kernel and olive oils (composed of refined olive oil and virgin olive oil) ^(*) and mixtures of oils and fats with oils and fats only from this category; - other vegetable oils (including pomace olive oils ^(*)), fish oils and oils from other marine organisms and mixtures of oils and fats with oils and fats only from this category; - mixtures of oils and fats from the two above mentioned categories.	1250 2500 --- (*****)

EU's draft legislation about new standards will apply from 1st of January 2021 and as an accession country, Turkey will probably follow this legislation...

3MCPD:

Palms to be less than **2,5 ppm**
Laurics to be less than **1,25 ppm**

GE:

Palms to be less than 5

Will this affect Customs Standards???

- **There is an ambiguity whether the Ministry will apply this obligation during customs clearance or it will be only for final products to be introduced to the market.**
- **If it is not obligation for customs clearance but just for local market sales and EU exports, then we will have some more margin than the values mentioned in the legislation, as Turkish industry has the capacity to decrease both GE and 3MCPD values to some extent during processing (ie: GE 5 can be reduced to 1)**

Other Parameters

- **EU is also working on MOSH and MOAH values for all palm oils and CNO as follows:**

Total MOSH : 20 ppm

Total MOAH : 2 ppm

- **Chlorpyrifos and Chlorpyrifos-Methyl: The EU Commission (EC) published non-renewal regulations regarding these substances and in addition drafted a regulation to reduce the MRLs to 0.01 mg/kg. It is expected that these MRLs will be imposed upon raw material commodities and/or finished food products going into the EU market. This will also affect new procurement from Turkish market too.**



Thank you...

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