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## Turkey

### Livestock and Products

### Annual

### 2005

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**Report Highlights:**

Turkish livestock sector is still struggling with its problems even though the GOT tries to overcome the problems with some support programs. Turkey continues to maintain a very restricting import policy for live animal. There is a growing demand for high quality of beef, particularly from the tourism sector; however, the GOT does not permit the importation of beef as way of protecting its domestic industry. U.S. exports of breeding cattle were halted since December 2003 due to BSE.

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Annual Report  
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**Executive Summary**

The Turkish livestock sector continues to struggle despite government programs to assist producers. Cattle inventories continue to decline, while the government restricts imports. At the same time, high feed costs increase the cost of production. Each new Turkish government announces some type of support program although most were social rather than economic programs.

Declining meat supplies have significantly increased meat prices in recent years. Higher profits in this sector have attracted investments in the sector. Large private sector entities have tried to establish commercial farms primarily for dairy production along with some feedlots in the western parts of the country. These investments have increased interest in U.S. livestock genetics in recent years.

Turkey maintains very restrictive import regulations for live animals, allowing only imports of dairy and beef breeding cattle. Turkey does not permit imports of breeding cattle from the United States due to the BSE incidents in the states of Washington and Texas. Turkey hopes to become a member of the European Union and has begun adopting EU regulations. Since imports of live animals from the European Union are also banned due to BSE, Turkey is having difficulty finding high-quality breeding cattle to import. In order to import breeding cattle from Uruguay, Turkish officials had to change its requirements for milk yields. Turkey imported 967 pregnant heifers were imported from Uruguay in August 2005. A second sale of 1000 animals is expected soon.

Animal nutrition is one of the primary problems of the Turkish livestock sector. Rations are usually inadequate because of high feed costs. Livestock are grazed traditionally on public meadows, which were provide poor nutrition and are used on a first-come first-serve basis. Little or no additional supplements are provided because feed costs are extremely high due government policies to support local grain prices.

Turkey is a major importer of tallow primarily for soap production. The United States has been a major supplier of tallow providing 60% of demand. U.S. exports have been affected by the recent Turkish ban on imports from Texas.



### **Cattle Production**

Turkey's cattle inventories are will continue to decrease in MY 2006. Government support programs are not expected to positively change this trend in the short run. However, the programs may encourage individual farmers and larger companies to invest in the sector in order to improve yields.

The majority of cattle in Turkey are low yielding local breeds, which are grazed on pastures and meadows. The average farm size (about 6 Ha) and herd size (about 5 cows) have also limited improvements. A growing population and economic development, especially in the tourism sector, have increased the demand for meat and milk during the last decade. This has encouraged investment in modern dairy farms and feedlots. Larger investors have established larger commercial farms mostly in the western and central regions. Most dairy and beef production (estimated about 75 percent) is still done on small farms. Per capita consumption of milk and milk products is estimated around 140 liters and beef consumption is estimated about nine kilograms in Turkey.

In recent years, Turkish government has encouraged larger farmers to import breeding cattle. However, only those farmers who have at least 100 head can receive import permission. Milk and meat yields on these farms are generally higher than the norm since they can provide better management and health care. Average milk yield is estimated about 1.9 MT per cow and carcass beef yield is estimated about 160 kilograms per cattle in Turkey. Milk yields are estimated around 4 MT and carcass beef yield is estimated around 300 kilograms on more modern farms.

Investments in the dairy sector have increased in recent years due to higher milk prices on average. The government also provided support for well-established commercial farms. These farmers received around YTL .60 (around U.S. 40 cents) per liter, including premiums for fat, protein, and low bacteria levels. Smaller farmers receive lower prices due to the lower milk quality on their farms. Smaller farmers usually sell mostly local yogurt and cheese processors since larger processors are not interested in collecting milk from these farms. The prices producers receive vary a lot depending upon the quality and amount supplied. Small producers are currently receiving about YTL 0.35 per liter while large commercial farms are receiving YTL 0.45 per liter because they can produce high quality milk with steadily larger quantities. Those producers who sell their milk to modern processing facilities also receive additional support, which is given in Table 1 in detail, for their milk. Milk prices also vary a lot throughout the year. They are relatively low in the spring and summer but high in the fall and winter.

Turkey's beef sector has not developed as well as its dairy sector. Specialized beef breeds popular in Turkey yet. Although Angus, Hereford and Simmental breeds were imported under USDA's Quality Sample Program several years ago, they have not gained in popularity. Dual-purpose animals are very common. Beef quality is not considered high and supplies are inadequate particularly for Turkey's five star hotels and its burgeoning tourist sector.

Turkey vaccinates for Foot and Mouth disease in all parts of the country except the Thrace region. Turkey's geographic location and uncontrolled animal movement, especially during the religious holidays are the primary reasons of the livestock health problems and contribute to the spread of diseases. The Thrace Region has been declared free of Brucellosis and Tuberculosis and the government provides support for farmers to maintain that status.

### **Cattle Production Policy**

The Turkish government issued a decree (2005/8503) on February 21, 2005 to support its livestock sector. The main objective of the decree was to increase inventories, to create jobs



and income for producers, and to increase the availability of quality meat at reasonable prices for consumers. Most of these programs are very similar to those announced in previous years. This support covers the period 2005-2010. The provisions of the decree are:

1. Producers of fodder crops and certified seeds for fodder crops can receive up to 40 percent of their project costs, including rent for the land procurement of machinery and equipment and all other inputs, for producing multi-year fodder crop and their certified seeds and up to 30 percent of their project costs for annual fodder crops and certified seed. The payments are provided for machinery and equipment, but exclude transportation and chemical expenditures. Fodder crops, receiving support include but not restricted to alfalfa, sainfoin, vetch, Hungarian vetch, corn for silage, sorghum, fodder beets, triticale, mixture of triticale and vetch, mixtures of triticale and Hungarian vetch. Producers, who establish pastures and meadows on their own land, will also be receiving this support.
2. Support will be given for purchases of pregnant heifers, which are born in Turkey and have breeding or purebred certificate provided by the Ministry of Agriculture or an authorized agency.
3. Calves, which were born through artificial insemination (A.I.), will be supported if they are pedigreed or pre-pedigreed, which means that their parents and milk yields are recorded.
4. Artificial Insemination applicants will be given support for every animal they inseminate.
5. Milk producers will receive support if they sell their milk to those processing facilities having high standards and hygienic conditions.
6. Milk producers, who invest in a milking parlor and cooling tank, will be given 40 percent of their investment cost.
7. Those meat producers will be given support if they slaughter their feeder cattle at registered slaughterhouses and if their carcass weight is above 190 kilograms at a time determined by the Ministry of Agriculture.
8. Producers will be given support to establish a disease-free zone in the Thrace Region if they establish criteria as required by the Ministry of Agriculture. The Ministry of Agriculture may extend the disease-free zone to other regions beyond Thrace Region beginning in 2006.
9. Producers will be given support to establish a system for identification and registration of their cattle.
10. Producers will be given support for vaccinating animals in those regions determined by the Ministry of Agriculture.
11. Meat processors located in those regions determined by the Ministry of Agriculture will be given support for hiring veterinarians to improve food safety conditions.
12. Producers, participating in the protection of animal gene programs, will be given support.

The Ministry of Agriculture also announced the amounts of support for these activities in 2005, which are provided in the following table.

Table 1. The Amount of Support by the Activity in 2005

Type of Support	Beneficiary	Amount (YTL)/Unit
Pedigreed Livestock	Producers having cattle with pedigrees	500/Head
	Producers having cattle certified as purebred	250/Head
Calves were born	Producers with pre-registration	40/Head



through A. I.	Producers with registration	80/Head
Artificial Insemination (A.I.)	Producers in less developed regions with registered farms	35/Head
	Producers in other provinces	25/Head
Milk	Nat'l Breeders Assoc. member producers with free of disease farms	0.075/Liter
	Ag. Coop. member prod. with disease free farms	0.06/Liter
	Nat'l Breeders Association member producers	0.06/Liter
	Ag. Coop. member producers	0.04/Liter
	Other producers	0.03/Liter
	Milk produced from small ruminants	0.03/Liter
To Establish Disease Free Zones	--- Producers are reimbursed for their milking parlor and cooling tank investments	80,000 Max. Per Invest.
	Producers with disease (Brucellosis and Tuberculosis) free farms in the Thrace Region	50/Head
Vaccinating Against Foot and Mouth Disease According to the Program	Firms that vaccinate large ruminants at least 80 % of a village level	0.75/Head
	Firms that vaccinate small ruminants at least 80 % of a village level	0.50/Head
	Firms that vaccinate large ruminants less than 80 % of a village level	0.50/Head
	Firms that vaccinate small ruminants less than 80 % of a village level	0.25/Head
Vaccinating Against Other Livestock Diseases According to the Program	Firms vaccinating cattle for Brucellosis	1/Head
	Firms vaccinating sheep for Brucellosis	0.50/Head
	Firms vaccinating sheep and goat for PPR, Sheep & Goat Pox, or Anthrax	0.25/Head
Livestock Identification System	Producers for having their cattle registered and ear tagged	2/Head
Protection of Livestock Gene Sources	Producers for keeping the original breed of large ruminants on their farms (7 breeds x 200 head each breed = 2,800 head maximum for Turkey)	250/Head
	Producers for keeping the original breed of small ruminants on their farms (14 breeds x 150 head each breed = 1,050 head maximum for Turkey)	30/Head
Bee Keeping	Union member producers for buying queen bee	15/A Piece
	Other producers for buying queen bee	7.50/A Piece
	Union member producers for honey	0.40/Kg.
	Other producers for honey	0.30/Kg.
	Greenhouse producers for buying and using Bombus bee for pollination	20/Colony
Fisheries	Sea Bass, Sea Bream	0.80/Kg.
	Trout	0.60/Kg.
	New Species	1/Kg.
	Baby Fish	0.05/Kg.

The Ministry of Agriculture announced that the total support for the livestock sector in MY 2005 estimated at about YTL 622,000,000 (About USD 500,000,000). The breakdown of this support by category is also provided in the following table.



Table 2. The GOT Support by the Activity for the Livestock Sector in Turkey in 2005

The Subject for the Support	Amount (YTL)
Registered breeding cattle	5,000,000
Calves were born through A. I.	34,000,000
Artificial Insemination (A. I.)	36,000,000
Milk	85,000,000
Milking Hygiene and milk quality	6,000,000
Fodder crop production	145,500,000
Livestock gene sources	255,000
Have farms with free of diseases	70,800,000
Market regulation	75,000,000
Fight against diseases	14,700,000
Food safety-official veterinarianship	10,800,000
Fisheries	19,000,000
Beekeeping	12,000,000
Debt from meat support in 2004	106,000,000
The commission for the Ag. Bank	2,190,000
Total	622,245,000

The largest amount of the support (YTL 145,500,000) is for fodder crop production. The second largest support (YTL 106,000,000) is to the growers as debts for meat support, which was supposed to be paid in 2004, but not paid. These are followed by the milk support (YTL 85 million), market regulation (YTL 75 million), to have farms with free of diseases (YTL 70.8 million), artificial insemination (YTL 36 million), and calves were born through an artificial insemination (YTL 34 million). In the list there are also supports for fisheries (YTL 19 million) and beekeeping (YTL 12 million).

### Cattle Trade

The Turkish Ministry of Agriculture permits only imports of breeding dairy or beef cattle as well as animal genetics. Only farmers, who have an established farm and need at least 100 head of breeding cattle, can receive permission to import. Turkey recently imported 967 pregnant heifers from Uruguay only after they reduced their requirements for milk yields. It is likely that another shipment of 1,000 head will be bought and shipped in the fall. Another commercial farm bought and brought 104 head of pregnant heifer from Sweden, which is the only BSE free country in Europe, recently. The same company is planning to import another group of heifers (around 140) in the near future. Since December 2003, imports of U.S. breeding cattle were halted due to the BSE incident in the United States.

Exports of livestock are also generally prohibited. Only slaughter male or infertile female cattle (weighing at least 225 kilograms for local breeds and 300 kilograms for crossbreeds) may be exported with a license from the Ministry of Agriculture.

### Cattle Marketing

There are no specialized beef breeds in Turkey despite increasing demand for high quality beef. U.S. beef breeds were introduced to Turkey under a Quality Samples Program (QSP) five years ago. Most Turks are familiar with the genetic superiority of the U.S. cattle and growing number of producers are interested in U.S. livestock and genetics. U.S. cattle exporters have been active in promoting sales of U.S. cattle to Turkey in the past. The U.S. Grain Council, American Soybean Association, and National Renderers' Association have visited Turkey and organized seminars and training programs to assist the livestock sector.



### Cattle Tariff Quotas

The EU and Turkey signed a bilateral agreement in May 1998, under which Turkey would provide the EU access for cattle, beef, and dairy products. Under the agreement, Turkey granted the European Union access for breeding cattle with zero duties. The Ministry of Agriculture has continued to refuse to issue import permits for beef for various reasons, including the BSE outbreak in Europe. The EU has retaliated by not honoring its TRQ with Turkey for some products and has created obstacles on other agricultural imports. This issue remains, as one of the problems that needs to be solved before Turkey can progress in the EU membership negotiations.

The official import duties for breeding, feeder, and slaughter cattle, as announced in the 2005 Import Regime, follow:

Tariff Number	Description	Import Duty	Other Information
0102.10	Breeding cattle	0	For all origins
0102.90 (*)	Feeder and slaughter cattle	135 percent of the CIF value	For all origins

(\*) However, no permits are issued since feeder and slaughter cattle imports are banned.

### Cattle Stocks

The number of cattle, which has been declining in recent decades, is also projected to continue to decline in 2006 due to higher consumption compared to production.

### Beef and Veal Production

Beef production is expected to continue to decline in 2006 parallel to the reduced cattle inventories. The beef industry traditionally uses dual-purpose cattle, most of which are grass fed. Feedlots have not been traditionally utilized in Turkey since most herds are small. However, the number of feedlots has been increasing because high beef prices are attracting investments from large private companies particularly in recent years. Since imports of feeder and slaughter cattle are not allowed, investors must meet their needs with low-quality feed from the domestic market. It is expected that the demand for higher quality beef breeds will increase given the growth in incomes and tourism.

Nearly all of Turkey's commercial slaughterhouses and packing plants are now either owned privately or by the municipalities. The only public organization is the Meat and Fish Corporation (EBK), which was a major player in the market in the past, now handles less than three percent of production.

### Beef and Veal Production Policy

The government announced a program for meat producers in 2004 from May 15 through November 15. Only male animals with a minimum 190-kilogram of carcass weight were eligible for the support. The amount of support was announced as YTL 1 (.66 cents) per kilogram of carcass weight, but later this amount was reduced to YTL .5 (about .33 cents) per kilogram. The government also announced that support for meat production will be continue between 2005 –2010, but the amount of support has not yet announced.

### Beef and Veal Consumption

There is a high rate of migration from rural to the urban areas in Turkey and about two thirds of the population lives in the urban areas now. As a result, meat consumption has shifted from lamb, mutton, and goat to beef, veal and poultry due to changing tastes and costs. Domestic beef consumption decreased in recent years due to reduced animal supply, high rate of inflation, increased beef prices, reduced incomes due to the economic crisis in the



near past, and the BSE outbreak. Beef consumption is estimated at nearly 9 kilograms per capita in Turkey.

Total beef consumption is projected to decrease slightly parallel to a decrease in cattle inventories. This implies that there will be further increases in beef prices. The retail prices of deboned beef are about YTL 13.00 (about USD 10.00) a kilogram, chopped beef are about YTL 16.00 (about USD 12.30) per kilogram, and tender loin and higher grades are YTL 22.00 (about USD 17.00) per kilogram. A year ago, these prices were around USD 10.00, USD 11.40, and USD 14.70, respectively. The value of USD 1.00 is currently around YTL 1.30.

The tourism industry is the fastest growing sector in Turkey. Expectations for 2005 and afterwards are even more promising. The economy is also showing signs of growth. As a result, meat prices are expected to continue to increase. Smuggled cattle, which were meeting part of the increased demand, have been taken under control in recent months. However, it is difficult to keep a tight control on this for a long term due to the geographical and political nature on the borders in the east and southeast.

### Beef and Veal Trade

The government protects its meat and dairy sectors by maintaining non-tariff barriers and very high import duties on meat and dairy products. Turkey has had a ban on imports of meat and meat products since 1996. As a result, even there is no regulation exists on meat and meat products imports. Turkey does not issue import licenses (control certificates) for these products. The Trade Matrix was not provided since there was not significant beef and veal trade in MY 2004.

### Beef Tariff Quota

The EU and Turkey implemented a bilateral agreement in May 1998, under which Turkey would provide the EU access for beef, and dairy products. Under the agreement, Turkey granted the European Union a 19,000 MT beef tariff rate quota at an eventual duty of 42 percent, and small tariff rate quotas for various dairy products. However, the Ministry of Agriculture has refused to issue import permits for various reasons, including the BSE outbreak in Europe. The EU has retaliated by not honoring its TRQ with Turkey for tomato paste and has created obstacles on other agricultural imports. This issue is one of the many that will need to be resolved before EU membership negotiations progress.

The official import duties for fresh, chilled, or frozen beef, as announced in the 2005 Import Regime, follow:

Tariff Number	Description	Import Duty	Other Information
0201 & 0202 (*)	Fresh, chilled, or frozen bovine meat	225 % of the CIF value	For all origins

(\*) However, no permits are issued since all meat imports are banned.

### Beef and Veal Stocks

Official beef and veal stock data are not available. Beef and veal stock levels are limited because of Turkish preference for fresh meat.

### Livestock Genetics

Since Turkey has not imported live breeding cattle, importing livestock genetics became more important in recent years. Several U.S. livestock genetics suppliers are already in the market and their share in the market is growing. The following table indicates the value of



Turkey's semen and embryo imports from major suppliers in recent years. It is expected that these imports will continue with a growing rate.

#### Turkey' Semen Imports in Recent Years

Country	2004 (USD)	2003 (USD)	2002 (USD)
USA	674,333	311,939	203,813
Germany	405,869	183,634	184,942
Canada	358,762	125,444	105,666
Total of Others	471,136	229,075	128,905
Total	1,910,100	850,092	623,326

Turkey imported semen a total value of USD 906,866 during the first four months in 2005. Of this total, USD 408,873 were from the United States.

#### Turkey's Embryo Imports in Recent Years

Country	2004 (USD)	2003 (USD)	2002 (USD)
USA	486,316	896,714	531,170
Thailand	499,010	278,782	--
Total of Others	25,962	144,980	134,164
Total	1,011,288	1,320,476	665,334

It is also expected that embryo imports will increase in the near future.

#### Tallow

Turkey is a major importer of tallow, primarily for soap production. About 90 percent of Turkey's soap production is exported. The United States has been a major supplier of tallow for a number of years. Since 2003, imports have been limited by the BSE incident in the state of Washington. However, exports have been significantly affected due to the 2<sup>nd</sup> case of BSE in Texas. Many processing and loading facilities are located in Texas and are currently affected by the ban. Tallow prices are around USD 420 per MT for the top quality and USD 370 per MT for the second quality, all CIF.



## Statistical Tables

## PSD Table for Cattle

Turkey Animal Numbers, Cattle							
	2004 USDA Official [Old]	Revised Post Estimate [New]	2005 USDA Official [Old]	Estimate Post Estimate [New]	2006 USDA Official [Old]	Forecast Post Estimate [New]	UOM
Market Year Begin		01/2004		01/2005		01/2006	MM/YYYY
Total Cattle Beg. Stks	10700	10700	10500	10500	10300	10300	1000 HEAD
Dairy Cows Beg. Stks	3900	3900	3850	3850	0	3750	1000 HEAD
Beef Cows Beg. Stocks	3000	3000	2900	2900	0	2850	1000 HEAD
Production (Calf Crop)	3900	3900	3800	3800	0	3700	1000 HEAD
Intra EC Imports	0	0	0	0	0	0	1000 HEAD
Total Imports	3	0	0	2	0	0	1000 HEAD
TOTAL Imports	3	0	0	2	0	0	1000 HEAD
TOTAL SUPPLY	14603	14600	14300	14302	10300	14000	1000 HEAD
Intra EC Exports	0	0	0	0	0	0	1000 HEAD
Total Exports	0	0	0	0	0	0	1000 HEAD
TOTAL Exports	0	0	0	0	0	0	1000 HEAD
Cow Slaughter	0	0	0	0	0	0	1000 HEAD
Calf Slaughter	2000	2000	1950	1950	0	1900	1000 HEAD
Other Slaughter	1950	1950	1900	1900	0	1850	1000 HEAD
Total Slaughter	3950	3950	3850	3850	0	3750	1000 HEAD
Loss	153	150	150	152	0	150	1000 HEAD
Ending Inventories	10500	10500	10300	10300	0	10100	1000 HEAD
TOTAL DISTRIBUTION	14603	14600	14300	14302	0	14000	1000 HEAD
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0	1000 HEAD
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0	1000 HEAD



## PSD Table for Beef and Veal

Turkey Meat, Beef and Veal							
	2004	Revised	2005	Estimate	2006	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		01/2004		01/2005		01/2006	MM/YYYY
Slaughter (Reference)	3950	3950	3850	3850	0	3750	1000 HEAD
Beginning Stocks	53	48	43	38	23	33	1000 MT CWE
Production	625	625	615	620	0	615	1000 MT CWE
Intra EC Imports	0	0	0	0	0	0	1000 MT CWE
Total Imports	0	0	0	0	0	0	1000 MT CWE
TOTAL Imports	0	0	0	0	0	0	1000 MT CWE
TOTAL SUPPLY	678	673	658	658	23	648	1000 MT CWE
Intra EC Exports	0	0	0	0	0	0	1000 MT CWE
Total Exports	0	0	0	0	0	0	1000 MT CWE
TOTAL Exports	0	0	0	0	0	0	1000 MT CWE
Human Dom. Consumption	635	635	635	625	0	620	1000 MT CWE
Other Use, Losses	0	0	0	0	0	0	1000 MT CWE
TOTAL Dom. Consumption	635	635	635	625	0	620	1000 MT CWE
Ending Stocks	43	38	23	33	0	28	1000 MT CWE
TOTAL DISTRIBUTION	678	673	658	658	0	648	1000 MT CWE
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0	1000 MT CWE
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0	1000 MT CWE