

Required Report: Required - Public Distribution

Date: September 01, 2021

Report Number: TU2021-0033

Report Name: Livestock and Products Annual

Country: Turkey

Post: Ankara

Report Category: Livestock and Products

Prepared By: Sinem Duyum

Approved By: Michael Conlon

Report Highlights:

The cattle number forecast for 2022 is expected to be 18.8 million head. This three percent increase in the cattle estimate is a result of the Ministry of Agriculture and Forestry (MinAF) subsidies for calf production and projected feeder cattle imports for 2022. Feed costs are also a major concern for the livestock industry in Turkey, accounting for 80 percent of total expenditures. Raw milk prices set by the National Milk Council are too low and don't account for all increased production costs. Traditionally, Turkey mostly imports feeder cattle from Brazil, Uruguay, and the Czech Republic and breeding cattle from Germany, Austria, and Czech Republic. Thus far in 2021, however, Denmark has been the most successful breeding cattle exporter, increasing exports to Turkey because of low Jersey prices. In 2022, meat production is forecast to be slightly higher than 2021 at 1.2 million MT. In 2020, within Turkey's scope of free trade agreements, Turkey imported 6,223 CWT of meat.

Production:

The cattle number forecast for 2022 is expected to be 18.8 million head. This three percent increase in the cattle estimate is a result of MinAF subsidies for calf production and projected feeder cattle imports for 2022. MinAF subsidies for livestock production, especially for calves, and other grant programs for new construction of livestock barns, encourage farmers to continue their operations despite economic fluctuations, especially high production costs that are depended on imports.

In 2021, the cattle population is expected to reach 18.3 million head, which is only 0.5 percent higher than 2020. This stagnant growth in the cattle population is due to the increase in the number of cows sent to slaughter, unsustainable breeding incentives, and feeder cattle import restrictions imposed in late 2019. In addition, calf losses due to poor animal health conditions are still a big concern among producers. It is believed that approximately 400,000 calves die per year.

Feed costs are also a major concern for the livestock industry in Turkey, accounting for 80 percent of total expenditures. According to livestock producers, sufficient integration between livestock producers and feed producers have not been well established and thus feed markets are unsteady. To obtain more information about the recent feed prices in Turkey, please click [here](#).

The weakness of the Turkish lira (TL) against the U.S. dollar is the biggest problem for livestock producers since most of production inputs are depended on imports such as fuel, raw feed materials, fertilizers etc. Half of livestock feed in Turkey is imported and the strengthening dollar against the Turkish lira has negatively impacting production. Within the last year, for example, feed prices have increased more than 50 percent. Another major concern in the industry is a lack of breeding strategies implemented by MinAF that could contribute to improved carcass and milk yield of animals.

On June 2021, MinAF announced that the Turkish Grain Board (TMO) would provide inexpensive corn and barley for livestock producers to offset the increase in feed prices and the decline in the profit margins for meat and milk producers. The announced price for corn and barley for Turkish producers is 1950 TL per ton.

According to the Turkish Statistical Institute (TurkSTAT), the sheep population was 42 million head in 2020, a 13 percent increase from 2019. The goat population increased from 11.2 million head to 11.9 million head in 2020. There are 1,353,135 cattle operators and 453,342 sheep and goat operators registered in the national database as of 2021.

Turkey started a cattle identification/ registration in 2001 and sheep identification/ registration in 2010. According to the Breeders Association, 30 percent of the total cattle and sheep/goat population do not have ear-tags, which means that they are not registered in the national database. To see the Turkey cattle herd numbers compared with total beef production, please click [here](#).

Turkey aims to increase sheep meat consumption as an alternative to beef since Turkey has had a beef deficiency for years. To achieve this, MinAF grants some subsidies for sheep and goat producers. However, people continue to prefer beef instead of sheep meat because of the very limited sales of sheep meat at supermarkets where most urban consumers shop. To encourage sheep and goat producers, MinAF has begun the reclamation of marginal crop land to be used for sheep and goat production.

In 2020, even with the Covid-19 pandemic, there was some growth in the sheep and goat sectors because of Turkish government subsidies. However, feed prices and the lack of shepherds are still the main negative factors impacting growth.

Table 1. Turkey Mixed Feed Production by Years (MT), 2018-2020

Years	Feeder Cattle Feed	Dairy Cows Feed	Broiler Feed	Laying Hens Feed	Other Mixed Feed*	Total
2018	5,072,549	6,481,999	5,306,118	3,600,843	3,682,980	24,144,489
2019	5,406,167	6,550,258	5,363,210	3,828,441	3,791,041	24,939,117
2020	5,732,941	7,016,824	5,397,526	3,716,754	4,408,221	26,272,266

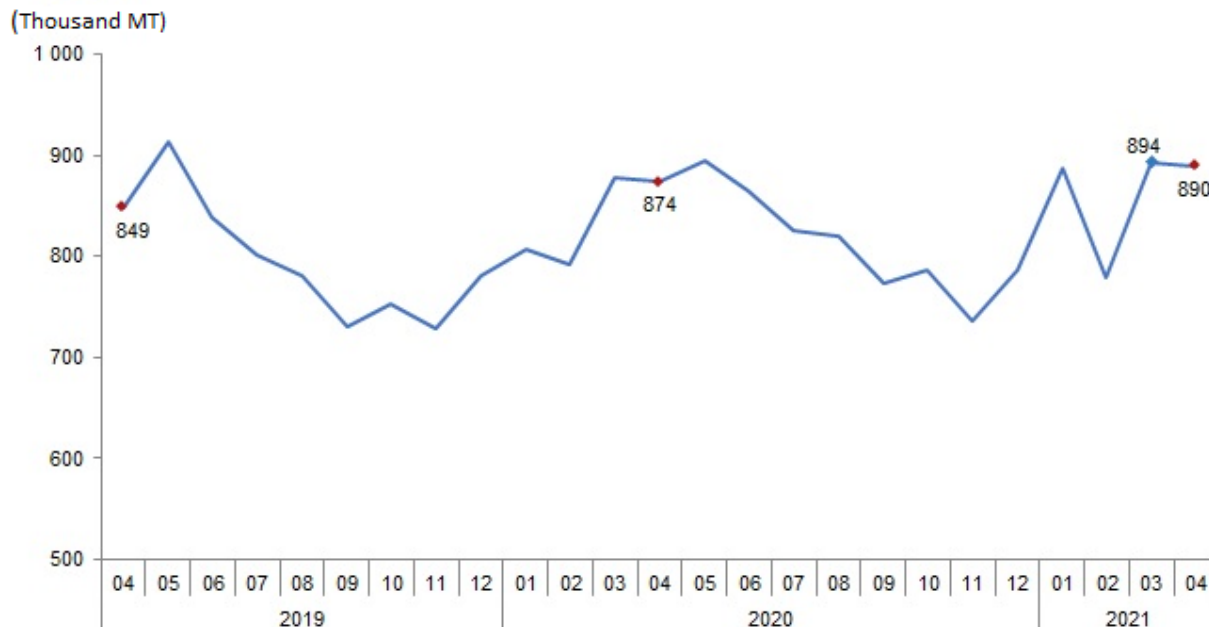
Source: MinAF, 2021. * *Other mixed feed includes feed for small ruminants, fishes, horses, pet animals and pulp for bees.*

For Turkish livestock subsidies in 2020, please click [here](#).

Raw milk prices set by the National Milk Council are too low and don't account for all increased production costs. Raw milk prices are set by milk quality including protein and fat content. Producers want raw milk prices to reflect current feed prices, which are dependent on expensive imports. While raw milk prices only increased 22 percent in 2020, feed prices have jumped by more than 50 percent within the last year. According to TurkSTAT, as of April 2021 the average fat content for milk is 3.4 percent, and the average of protein content is 3.2 percent in the collected milks in Turkey.

Regarding the milking cow population, the annual growth rate until 2018 was approximately 8-10 percent per year, but it has been steadily decreasing to a current three percent per year. The collected milk amount, which was approximately 20 million metric tons (MMT) in 2019, was the same in 2020 due to an increased number of dairy cows sent to slaughter. However, processed milk amounts by the industry increased to 9.8 MMT in 2020, which is 3.5 percent higher than 2019.

Chart 1. Processed Milk Amount, Thousand MT, 2019-2021



Source: Turkish Statistical Institute (Turk Stat), 2021

Turkey has been implementing artificial insemination mostly for dairy animals to improve genetic traits of the animal population. MinAF controls much of this process. The highest cattle populations in Turkey are in Konya, Erzurum, Izmir, Diyarbakir and Balikesir. These provinces have 20 percent of the total cattle population in Turkey.

Sacrifice Holiday:

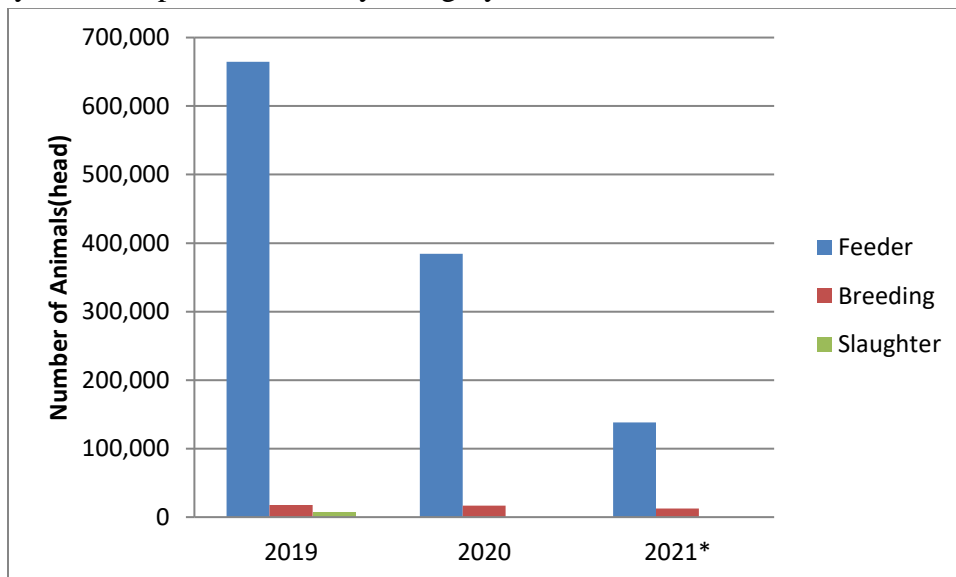
This year, Turkey celebrated the Sacrifice Holiday between July 19 – 23, 2021. According to MinAF, there were 3.7 million head of animals slaughtered in Turkey for the sacrifice holiday, including 2.7 million head of sheep and 950,000 head of cattle. The state-controlled Meat and Milk Board (ESK), which is responsible for regulating the meat market in Turkey, and the only entity granted authority to import beef, will purchase the animals that were not sold during the sacrifice holiday from producers to support the industry. However, producers are not keen on ESK's prices since they believe that the prices do not fairly compensate producers for production costs.

Trade:

In 2022, Turkey's livestock imports are expected to stagnate due to low production and MinAF's announcement in late 2019 that feeder cattle imports will be completely stopped by 2022. In 2021, Turkish cattle imports are expected to decrease 45 percent from 2020 to 220,000 head. This is the result of the restriction on feeder cattle imports established in late 2019. Turkey imported 401,000 head of cattle in 2020, which was down 42 percent from the previous year.

Turkey mostly imports feeder cattle from Brazil, Uruguay, and the Czech Republic and breeding cattle from Germany, Austria, and Czech Republic. In 2021, however, Denmark increased its breeding cattle exports to Turkey because of low Jersey prices. Turkey has mainly imported Jersey and Holstein cattle from Denmark. MinAF has implemented EU health standards on imported veterinary health certificates. As of June 2021, Turkey has imported 13 percent less cattle than during the same period of 2020, however breeding cattle imports have increased 116 percent. MinAF’s technical criteria for imports of breeding and feeder cattle to Turkey are attached. However, according to Turkish producers, despite these policies to limit imports, the cattle population and beef production are not sufficient for the human population, including up to 50 million tourists a year, because of low feed production and high feed input prices. For this reason, Turkish producers are projecting to increase cattle imports in the coming years.

Chart 2. Turkey Cattle Import Numbers by Category, 2018-2021



Source: Trade Data Monitor, LLC. *: 2021 data includes June-January.

Feeder cattle imports: In 2021, feeder cattle imports are estimated at 180,000 head due to MinAF’s restricted import policy to protect domestic producers. MinAF has announced the requirements for feeder cattle imports and the quota is only 20 percent of the total animals that are already housed at an importer’s facility where the capacity is under 5,000 head of cattle. If the capacity is over 5,000 head of cattle, a 15 percent quota is applied.

In 2020, Turkey imported 384,476 head of feeder cattle. Uruguay and Brazil are the top exporting countries for feeder cattle to Turkey since Turkish importers are seeking the cheapest animals, regardless of the meat quality.

Breeding cattle imports: In 2021, breeding cattle imports are estimated to slightly higher than 2020 due to high demand on Jersey. However, MinAF has been restrictively granting only some import permits in

correlation with the domestic milk market situation. Turkey imported 16,775 head of breeding cattle in 2020 mostly from Germany, Austria, and the Czech Republic, which is 5 percent lower than the previous year. Denmark has also recently increased exports to Turkey because of lower Jersey prices have spurred on demand.

Imports from the United States: In 2021, Post expects that breeding cattle from the United States will total 1,500 head due to the increase in demand for U.S. cattle by a few Turkish dairy cattle producers. Turkey generally does not import cattle from the United States due to high U.S. cattle prices and the transport costs compared to the EU. However, with decreasing cattle prices, 1,950 head of breeding cattle were imported from the United States in December, 2020. This was the first import of U.S. cattle in three years. The shipment consisted of Holstein, Jersey, Brown Swiss, and Guernsey breeds. Turkish producers are aware of the quality of U.S. beef and genetics and the good reputation and health of U.S. dairy cattle. Potential buyers are closely following U.S. cattle prices.

In addition, Turkey imported 71,811 head of breeding sheep and goats in 2020, which is 13 percent less than 2019. Nearly 90 percent of total breeding sheep and goats was imported from Hungary.

Exports: According to MinAF, in 2020 Turkey exported 1,481 head of cattle to Azerbaijan, Iraq and Turkmenistan, consisting of all breeding cattle.

Commodities:

Meat, Beef and Veal

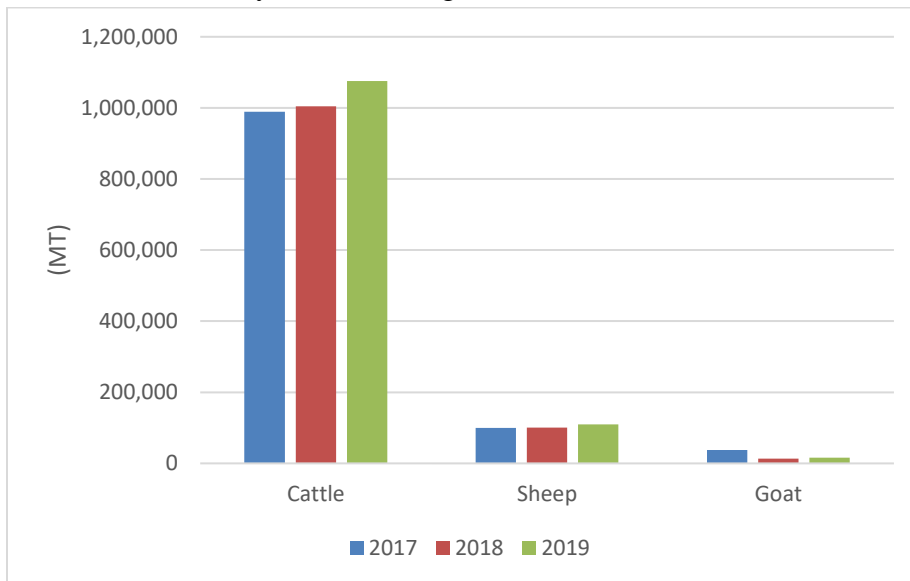
Production:

In 2022, meat production is forecast to be slightly higher than 2021 at 1.2 million MT. This is within the range of normal growth. Continuing dairy cow slaughters due to high feed prices and low raw milk prices set by the National Milk Council have had a negatively impact on the growth of the feeder cattle population.

In 2021, meat production is estimated at 1.1 MMT, which is slightly higher than 2020, due to a shortage of quality feed supply because of high prices, restrictive policies on feeder cattle imports, and insufficient production policies that causes low carcass yields. Turkey produced 1 MMT of meat in 2020, which included buffalo meat.

According to Turkish cattle producers, the main problem is slowing production because of high feed prices and unsustainable government policies. Slaughter prices are too low, and producers cannot meet the overhead expenses of raising animals. Also, the carcass yield for animals is very low, approximately 270-300 kg.

Chart 3. Turkey Meat Production by Animal Categories, 2017-2019



Source: TurkSTAT, 2021. (*TurkSTAT has not officially announced red meat statistics since 2019*)

According to Turkish feeder cattle producers, they are having difficulty profitably raising beef cattle with slaughter prices that are mostly under the cost of production. The Turkish beef industry has not developed organized slaughtering standards, or a carcass classifying and grading system, even within the scope of EU harmonization. This issue causes insufficient quality/price standards on beef consumption. According to Turkish producers, it also causes unfair competition between beef producing facilities.

TurkSTAT stated that red meat production statistics was going to be announced yearly instead of quarterly because of methodology changes, so official government information on the red meat production for 2020 was going to be published in February 2021. However, TurkSTAT has not yet officially announced red meat statistics.

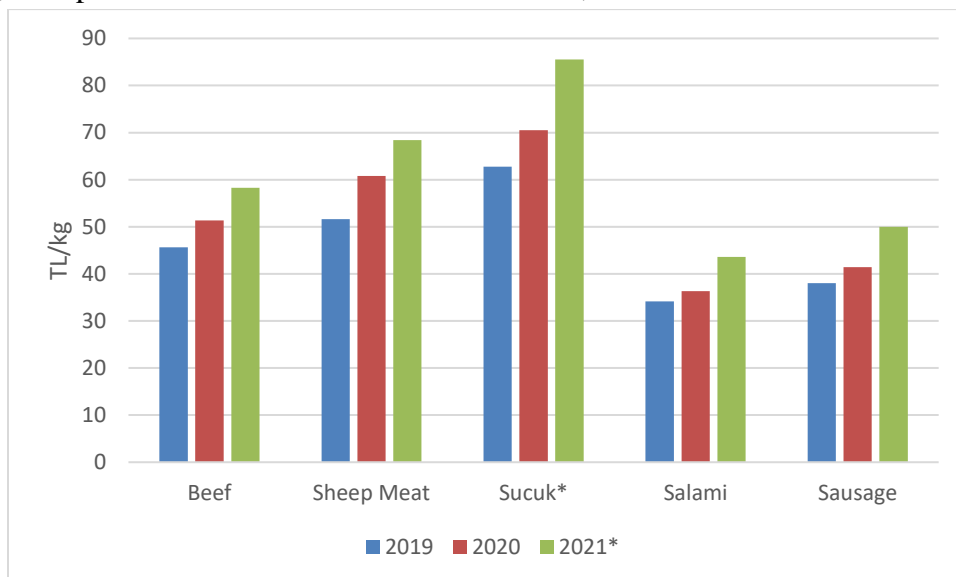
The other challenge for feeder cattle producers is the presence of animal diseases, especially foot and mouth disease (FMD), Brucellosis and Tuberculosis. Those diseases negatively affect sustainable beef production.

Consumption:

In 2022, beef consumption is forecast to be stagnate because of the unchanging beef herds population. In 2021, beef consumption is expected to be lower in correlation with lower production, continuing food inflation, and lower in-house consumption due to Covid-19 precautions. In 2020, beef consumption remained stable at 14.5 kg per capita, despite a growing human population. Increased food inflation,

high red meat prices, and weak purchasing power kept beef consumption unchanged. For Turkey` food inflation information please click [here](#).

Chart 4. Beef, Sheep Meat and Other Meat Products Prices, 2019-2021



Source: TurkSTAT, 2021. (Note: As of August 17, 2021, \$1 \$= 8.4 TL) *Sucuk is a traditional fermented sausage-like beef product with spices. 2021* data includes January-June.

MinAF has encouraged consumers to eat more sheep meat instead of beef to reduce the demand for beef in the domestic market by advertisements and supporting sheep meat production with incentives. The efforts include additional substantial subsidies to sheep producers. Still, sheep meat prices have been gradually increasing since 2018, following the general meat price inflation trend.

Although MinAF aims to increase sheep meat consumption as an alternative to beef, consumers still prefer beef. Likewise, most of the local markets and supermarkets prefer to sell beef instead of sheep meat.

Trade:

In 2022, beef imports are forecast to be stagnate due to the Ministry`s policy to drastically limit imports to protect domestic producers. As of June 2021, Turkey didn`t import beef and we are forecasting imports to only reach 2,000 CWT at the end of 2021 due to low import demands as a result of low consumption.

In 2020, Turkey imported 6,223 CWT of meat, mostly from Bosnia and Herzegovina and Serbia, which was within Turkey`s scope of free trade agreements.

Meat imports are considered a measure to reduce beef prices in Turkey and the state-controlled Meat and Milk Board (ESK) is the only entity granted authorization to import beef. In 2020, most fresh or chilled meat was imported from Bosnia Herzegovina and Serbia with zero duty.

Table 2. Turkey’s Customs Taxes for all Countries for Cattle and Beef, 2019-2021

	2020		2021	
	For government	For private sector	For government	For private sector
Dairy Breeding Cattle	0%	0%	0%	0%
Feeder Cattle / Beef Breeding Cattle	0%	10%	0%	0%
Cattle for Slaughter	0%	26%	0%	26%
Carcass Meat	0%	40%	0%	40%
Beef	0%	40%	0%	40%

Source: Ministry of Economy, 2021

Attachments: [Breeding Cattle Import Requirements.docx](#)

[Technical criteria for beef cattle imports-March 2021.docx](#)