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Report Highlights:

The GOT, which has maintained a ban for 3 years, appears to be on the verge of allowing imports of 20,000-30,000 breeding cattle by government tender and some private firms. Imports of 19,000 MT beef may also be authorized to fulfill Turkey's commitment to the EU. The livestock industry continues in poor condition, with both the cattle and sheep sectors experiencing serious problems. The soap industry, which imported over \$50 million in U.S. tallow last year, is also suffering from the global economic recession and shrunken export markets.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Annual Report
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Executive Summary

Turkey's livestock industry has continued to encounter substantial problems due to a combination of inefficient production practices and high grain prices, both attributable to government policy. Industry observers are hopeful that the decline in cattle numbers will stabilize. On the other hand, a decline in sheep numbers continues with no apparent end in sight.

Turkey's ongoing ban on livestock and meat imports was announced in August 1996 and has been extended every three months since. The ban is expected to continue, although breeding cattle imports are expected to be permitted under certain conditions. In December 1998, the Ministry of Agriculture and Rural Affairs (MARA) Livestock Development Project (LDP) was adopted by the Council of Ministers. MARA officials estimate that about 20,000 cattle will be imported in 1999 from countries offering mid-term international financing facilities. Tender formalities are expected to be announced soon. Some private farmers will also be allowed to import about 5,000 breeding cattle. Implementation of the project was delayed due to April elections and formation of the new three party coalition government afterwards.

Current duties are 40 percent for feeder cattle, 115 percent for slaughter cattle and feeder and slaughter sheep, and 200 percent for beef and veal and lamb and mutton. There are no import duties on breeding cattle or sheep.

In recent years, the demand for imported hides and skins and tallow has increased due to higher exports of Turkish leather and soap products, but the industries are experiencing a contraction in 1999 due to the global economic crises. A relative recovery is forecast for both in 2000. There appears to be an opportunity for increased imports of U.S. hides and skins, as the quantity of hides and skins supplied by traditional suppliers decreases. The United States has been and is expected to continue to be the primary source for Turkey for tallow imports. There is also a potential for increased yellow grease imports, although the market continues to be constrained by concerns about the composition of the product.

Production

Turkey traditionally maintains large numbers of cattle and sheep--about 16 million cattle and 50 million sheep two decades ago. However, since this period, there have been significant declines in numbers. The primary reason is the unsettled situation in eastern Turkey, where the bulk of the beef, veal, lamb and mutton are produced. Political, economic and social problems in this area have led to large scale urban migration and significant disruption to livestock production.

There are several other reasons for the decline of animal numbers and/or yields. Although most domestic breeds are well-adapted to local conditions, and are considered dual purpose animals, the genetic base of domestic breeds cannot compete with the meat and milk yields of western breeds. Some sources estimate the meat yield of Turkish cattle, at about 150 kilograms, and sheep at about 16 kilograms, are about half of the yields for western breeds, while average cow milk yield is estimated at about 2,000 MT, about one-third of the yields for western breeds. Yield loss is further aggravated by financial difficulties which cause farmers to sell and/or slaughter calves and lambs at a very early age, despite government incentives.

The Turkish herd experiences a high incidence of disease and mortality, and a low fertility rate. Because of its geographical location, Turkey is very susceptible to a variety of the more contagious animal diseases due to the contact with imported cattle from neighboring countries, with Foot and Mouth (FMD) the most prevalent. One of the GOT's justifications for banning livestock imports was an outbreak of FMD in the Thrace area in the spring of 1996, which increased the vulnerability and potential for spread of disease by other importer cattle. Although the FMD outbreak in Thrace was brought under control by December 1996, the ban was extended and still remains in effect. Industry observers believe that the ban may also have been perpetuated for political reasons, as successive governments tried to recruit voters (who were skeptical about the economic benefits of an open market) during frequent elections. Plans on the part of the previous governments to introduce a massive (\$1.3 billion) government project aimed at revitalizing the livestock sector (Livestock Development Project-LDP) was finally adopted, and may begin soon, although full application of the project appears to be unlikely due its large financing requirements.

Animal nutrition in Turkey is generally poor. Unless fed in a commercial feedlots (most cattle and sheep are not), rations often are inadequate. Most cattle and sheep generally are grazed on public lands on a first-come first-serve basis, and provided with little or no additional supplements. Supplemental feeding of forages is limited because government production policy favors field crop production. Because grazing is unregulated, public lands tend to be severely over grazed which only further aggravates the problem. The GOT, however, is trying to control the problem by passing a law two years ago which regulates and is (slowly) improving public pastures and meadows for grazing. In recent years, there has been a significant trend toward raising cattle in open-air, commercial feedlots. Lamb and mutton production increased in response to reduced demand for cattle products after the European BSE outbreak.

The Turkish livestock industry as a whole continues to face a combination of natural and man made challenges. GOT price support policies have led to higher prices for grain, thus increasing input prices for the livestock sector. Also, until the last decade, Turkey's import policy did not encourage the introduction of new technology. As a result, the industry has been slow to modernize and currently suffers from low meat and milk yields, a high incidence of disease and mortality, a low fertility rate, and poor nutrition.

One of the aims of Turkey's massive Southeastern Anatolia Project (GAP) is to reverse this situation by improving economic conditions and bring stability to Eastern and Southeastern Turkey. The livestock industry is expected to be one of the major beneficiaries of the project. However, the project is behind schedule and the extent of implementation and the timing of its livestock sector components are difficult to determine.

The Government of Turkey (GOT) adopted the Livestock Development Project (LDP), which supports all forms of livestock development, at the end of 1998. Its implementation was delayed until July, 1999, because of the uncertainties surrounding elections and a delay in formation of the new government. Production of cattle, for dairy and beef, using locally available and imported animals, is the most important component of the project. If this five year program is funded sufficiently, the LDP can reverse the declining trend of the livestock production. However, the financial resources which were allocated in the GOT's 1999 budget fall far short of needs. To decrease the financial requirements from Treasury, the GOT is planning to only import LDP breeding cattle from countries which can provide financing through long term international loans, such as GSM-103. MARA officials are currently estimating about 20,000 breeding cattle will be imported in 1999. To support their dairy activities, MARA will also consider import applications from large farms which want to import a minimum of 200 breeding cattle for their own needs. These types of independent purchases may reach 5,000 head in 1999.

Cattle production occurs throughout Turkey. Even though most cattle are dual purpose animals, cattle in eastern Turkey generally are grazed on public rangeland and tend to be raised for beef production (with milk production used mainly for home consumption), while cattle in western Turkey (where the bulk of the grain is grown) are fed more grains and mixed feeds and tend to be raised for milk production. Less than half the herd consists of native breeds, about fifteen percent are imported purebred cattle and the remainders comprise a variety of crossbred cattle. There is a trend towards increased numbers of purebred and crossbred cattle.

Although the state-owned (TIGEM) farms account for a small proportion of the total dairy population (less than one percent), they serve as a kind of model for dairy production under good management conditions. These farms use modern production techniques, high energy and protein feed mixes that take advantage of locally produced and imported products, and track each animal's performance. Should the government follow through on its frequently announced plans to privatize or semi-privatize these farms, they may offer the best platform for bringing Turkish private sector dairy production up to Western norms.

About 98 percent of the sheep in Turkey are native breeds and the remaining two percent consist of merino and merino crossbreeds. Most are fat-tailed sheep and produce thick, coarse wool. Sheep are raised throughout Turkey, with about half of the flock concentrated in eastern Turkey and another quarter located in central Anatolia. The average flock consists of about fifty sheep.

Livestock statistics are the subject of much debate in Turkey. Even though the statistics may be in doubt, the trend towards declining herd size, particularly for sheep, is clear. Given the recent interest in rebuilding the industry, many observers now believe the decline in cattle numbers will soon be arrested and that herd size has almost stabilized. It is generally assumed that official statistics (registered slaughter from the large commercial processing facilities) account for about seventy percent of total production and thirty percent for unregistered production. However, since commercial operations have an incentive to under-report slaughter to avoid taxes, an even larger percent of meat production may go unregistered. Beef and veal and lamb and mutton production statistics are equally uncertain. Most sources believe that about seventy percent of beef and veal production and fifty percent of lamb and mutton

production occurs at large commercial slaughterhouses and packing plants and the remainder is unregistered. Production estimates used in this report are based on the above assumptions.

Official data on skin and tallow production are not available. Instead, hides and skin production is derived from the slaughter cattle data including registered and unregistered slaughter, and tallow production is estimated from the number of cattle slaughtered in commercial packing plants and municipal slaughter houses. Byproducts from the other thirty percent of cattle slaughtered on farms or in small village slaughter houses are assumed not to be utilized for tallow production. In general, the quality of domestic tallow is considered to be poor and the supply unreliable.

Consumption

Lamb and mutton consumption, which increased in 1996 due to the consumer response to the European BSE problem, is expected to decline parallel to the continuing reduction in the rural population in Turkey. According to the 1997 census, 65 percent of the total population now lives in the urban areas and the remaining 35 percent lives in the rural areas. The meat consumption pattern is shifting from lamb, mutton, and goat to greater consumption of beef, veal and poultry due to the rural-urban migration, particularly from the main sheep-raising areas in eastern Turkey to the large urban areas of western Turkey, including Istanbul, Ankara, and Izmir. However, estimated domestic per capita beef consumption increased only parallel to the population rate of increase in 1998. Domestic consumption is estimated to increase at about the same rate as the population growth for 1999 and the same rate is forecast in 2000. Most of Turkey's commercial slaughter houses and packing plants are now privately owned. The one public sector company, the Meat and Fish Corporation (EBK), was a major player in the past, but now handle less than five percent of production. Most of EBK's plants have been privatized and the remainder are expected to be privatized in the near future.

Beef prices increased by about seventy percent this year, about the same as the rate of inflation. The retail price of deboned beef is about TL 3,300,000 per kg (USD 1.00= TL 432,000 as of 7/29/99), chopped beef is about TL 3,650,000 per kg, and tenderloin and other higher grades of beef are about TL 4,000,000 or higher per kg. Current nominal lamb and mutton prices are also about seventy percent higher than last year's prices. Bone-in mutton currently retails for about TL 2,500,000 per kilogram. Prices for lamb chops and other higher grades of mutton currently are around TL 3,000,000 per kilogram or higher. Sources indicate that meat prices did not increase more in recent years because of the large numbers (believed to be hundreds of thousands) of smuggled feeder and slaughter cattle coming to Turkey from Iran.

The leather industry is becoming increasingly important in Turkey. For the past ten years, consumption of hides and skins was increasing at an average annual rate of more than five percent, with higher growth in more recent years. This growth was fueled largely by the increase in exports of finished leather goods, particularly leather apparel to CIS countries. This trend, however, was reversed in 1998 due to the major economic crises in the world, particularly in Russia. If the world economy strengthens, the Turkish leather export market should begin to recover.

The soap industry remains the largest consumer of tallow by far in Turkey. Turkey's soap industry comprises about 200 firms, mainly small operations. About forty percent of soap production is based on traditional methods, using soap stock and inedible olive oil byproducts, rather than tallow. The remaining sixty percent uses tallow. Domestic tallow is generally used in the production of lower grades of soap, while imported tallow is used to produce higher grades for the domestic and export markets.

Tallow consumption increased fairly rapidly during the late 1980's, due largely to a boom in soap exports. In the early 1990's, consumption grew more slowly and erratically. During the last couple of years, however, consumption increased rapidly again due to the boom in soap exports. Fluctuations in tallow consumption have been due to changes in export demand for soap and to competition from tallow substitutes (mainly soap stock and palm oil) and from soap substitutes (detergents). Due to the economic crises in the world and in particular in Russia and Ukraine, tallow consumption fell. (The industry is also sensitive to the relative prices of competing products and Turkey's major soap producer recently purchased a significant quantity of palm stearin for the first time in several years.) The soap industry is running well below capacity and had large carryover stocks of both tallow and soap at the end of 1998. Export demand has not yet significantly improved, although demand from Ukraine has started to recuperate. The tallow consumption forecast for 2000 is more optimistic.

Yellow grease consumption by the feed industry has good potential, but a lack of understanding of the product and some (unfounded) concerns about adulteration by pork products has discouraged demand. It is assumed that, when these concerns are resolved, Turkish producers will begin to incorporate yellow grease in feed rations.

Health and Food Safety Factors:

Almost all livestock drugs are available in Turkey and are used by commercial producers. Smaller producers also use drugs, but do not always follow dosage recommendations. Drugs are reported to be over applied, in the hope that a larger than normal dose will cure a disease. Most vaccines are available, but acceptance by growers is limited. Use of some, like FMD vaccine, are very popular. Hormones are generally available. Both artificial and natural hormones (male and female) are available. Use of anabolic hormones, like zeranol, are prohibited, but a few growers may use it illegally. In the last year, growth hormones like bovine somatotropin, have been imported but are still not commonly used. While some feed additives which aid digestion are available, their use is still not common.

Consumer interest in food safety issues has been expanding in recent years and both the government and press have taken notice of this. As mentioned previously, the BSE outbreak in Europe adversely affected consumption of meat and contributed to the establishment of the import bans. Imports of egg, meat, and milk and their products and feed derived from animals were banned or severely restricted from several European countries recently in response to dioxin contamination of feed. The Ministry of Agriculture is studying looking closely at both the European and U.S. positions on use of hormones and antibiotics and is said to be considering new regulations which would limit their use.

Trade

In the first half of the 1990's, Turkey was a major cattle importer, as domestic cattle numbers declined while demand remained strong. Turkey continued to import cattle and beef until the August 1996 when the GOT announced a ban which brought both livestock and beef imports to a halt and has been renewed every three months.

Although all signs point to a continuation of the overall ban, the GOT appears poised to allow limited but sizeable numbers of imports as exceptions. The last Turkish government passed a decree authorizing implementation of the long-discussed Livestock Development Project which features domestic and imported breeding cattle as the primary component of the project and the new Government appears ready to implement it. According to the decree, the GOT will only allow imports from countries which offer mid or long term international financing (including the U.S., Germany and others) and will reject offers from countries with BSE. Ministry of Agriculture officials estimate imports of nearly 20,000 head in 1999 although release of the tender has been slow, as a new government was formed in the period since the LDP was ratified. In addition to the LDP imports by the Ministry of Agriculture, large farms may be authorized to import another 5,000 breeding cattle. Four farmers have already been provided licences to import a total of 2,400 head cattle. There are some other large farm applications waiting at the Ministry of Agriculture for evaluation.

Because the cattle import ban is still in effect, PS&D cattle import estimates for 1998 and 1999 were reduced. It is assumed in the PS&D that the tenders will be announced soon for breeding cattle and some imports will take place later in the year. The forecast for cattle imports for MY 2000 is larger than the estimate for 1999 due to the assumption that the import market for breeding cattle will be open the entire year. If the overall ban on breeder cattle was lifted and both dairy and meat breeder cattle freely imported (there seems to be little chance that feeder cattle will also be allowed), Turkey would become a major importer and our import projections would rise substantially.

The EU has been putting heavy pressure on Turkey to lift the import ban on beef (as well as cattle) so that it can capitalize on a bilateral agreement implemented in May 1998 that included a 19,000 MT reduced duty quota for EU beef sales to Turkey. Little progress was made on the issue until recently, when the EU levied stronger trade sanctions and rumors of a plan began to circulate that allows 19,000 MT meat imports over the next year. Turkey has also signed agreements with Romania (1,000 MT reduced duty TRQ for beef, 5,500 head reduced duty TRQ for feeder cattle) and Hungary (500 MT TRQ for beef, 4000 head TRQ for feeder cattle), but the concessions were not yet been implemented.

Turkey has traditionally has been an important supplier of live sheep as well as lamb and mutton to the Middle East, but the factors discussed earlier in the production section have also led to a significant decline in exports. Today, sheep exports are about five percent of the amount exported just a decade ago. Lamb and mutton exports have suffered an even more dramatic decline. Most observers believe that the real price of meat will increase in the long run and, as a result, more sheep will remain on the domestic market and less will be exported. Processors indicate that as long as prices remain attractive, they will place priority on servicing the domestic market. Growing demand for leather goods, especially for the export market, has resulted in increasing imports of raw hides and skins. Since 1990, imports have increased more than 600 percent from less than 10,000 MT to 68,000 MT in 1997. The global economic crises effected the Turkish leather exports and, as a result, imports were significantly lower in 1998. Somewhat of a recovery is forecast for the longer term, fed mostly by expectations of increasing export demand.

Turkey's tallow imports have more than quadrupled since the mid 1980's level of about 35,000 MT. The increase in imports was fueled largely by a boom in soap exports mainly to the FSU and other regional markets. The global economic crises effected the Turkish soap exports as well. The soap industry had large stocks of tallow and soap at the start of 1999. As a result, Turkish tallow imports are estimated to be significantly low in 1999. A gradual recovery is expected in the longer term, fed mostly by increasing export demand. Almost all tallow is supplied by the United States due to the quality and reliability of supply. Very little tallow is thought to be transshipped.

Stocks

Stock levels are limited by Turkish preference for fresh meat. Official statistics are not available and were therefore derived from the "best" estimates from a wide variety of sources.

Policy

Production Policy

Over the last four years, meat marketing in Turkey has been in transition and new government programs and regulations were phased in, aimed at increasing private sector involvement in marketing and pricing. Some of the newer programs designed to address basic production problems include subsidized production credit for improving animal nutrition and genetics, as well as encouraging joint ventures and technology transfer through various incentives. The government has also continued to facilitate efforts to eradicate disease and is directly involved in subsidizing artificial insemination.

The GOT efforts to play a more expansive role in assisting the development of the industry have been hampered by funding problems. Recent governments have tried hard to find funding for the massive Livestock Development Project. Initially announced as a \$1.3 billion project over five years, GOT funding for the project will be limited and the government is expected to require prospective livestock suppliers to provide technical assistance to producers to ensure that the livestock thrive in Turkish conditions. The tenders may also include a requirement that about two percent of the proceeds from the sales be deposited in a fund which will support the development of the industry. The Ministry of Agriculture is planning to import most of the breeding cattle and will subsidize the animals by Agricultural Bank credits at reduced rates of interest and Treasury will cover the foreign exchange risks of the international loans. Delivery costs to farmers will also be minimized. It will be interesting to see how the program develops under the auspices of the new government. The MARA has also, with German aid, been working to organize and expand livestock breed associations and is currently developing a program which will computerize the registration of pedigreed cattle throughout the country.

Recent Turkish governments are also pursuing possibilities of joint operation and privatization of state owned (TIGEM) dairy farms--the use of these farms as a "staging center" for cattle imported from the U.S. and Europe has also received support from the recent governments. However, preparations for a legal basis of renting the farms as joint ventures operations with private industry have not been completed. The farms would serve both as production centers designed to adapt imported cattle to the Turkish environment, as well as distribution points for the subsequent sale of cattle to farmers in the surrounding areas. Since TIGEM farms (despite their problems) are among the more efficient dairy operations in Turkey, the implementation of such a program would be a positive step in the redevelopment of the Turkish dairy sector.

Trade Policy

GOT trade policy has historically “encouraged” the development of the domestic meat and dairy product sectors by maintaining very high duties on the import of meat (200 percent for all fresh, chilled and frozen beef, lamb and mutton) and dairy products (45-140 percent). Turkey charges much lower duties on inputs that are vital to these industries, such as cattle, genetics and feed ingredients. The duty on feeder cattle is 40 percent and slaughter cattle and feeder and slaughter sheep is 115 percent. The import duty on breeding cattle and sheep remains at zero.

The EU and Turkey implemented a bilateral agreement in May 1998 under which Turkey would provide the EU with improved access for cattle, beef and dairy products. Under the agreement, Turkey would provide the EU with permanent zero duty access for breeding cattle, 19,000 MT in beef tariff rate quotas at an eventual duty of 42 percent, and small tariff rate quotas for various dairy products. However, under pressure from Turkish private sector interests, the Ministry of Agriculture refused to issue licenses for the import of beef under the agreement. Turkish agribusiness leaders have expressed concern that these will be the first of the further concessions that Turkey will have to make to the EU in coming years as part of its effort to get full membership in the European Union. The GOT may soon allow imports of 19,000 MT of beef in order to avoid retaliation by the EU and in exchange for lower tariffs on imports of Turkish agricultural products.

With most of the attention focused on import policy, the government’s policy on cattle and sheep exports remains generally the same. Slaughter male or infertile female cattle (local breeds weighing an average of 225 kilograms and crossbreeds weighing an average of 300 kilograms) may be exported any time with an export license from the Ministry of Agriculture. The main restriction on sheep exports is that, in order to maintain the breeding stock, only mature (45 kilos), male or infertile female sheep may be exported. The GOT maintains a number of export regulations to support domestic sheep production but does not subsidize (or tax) either cattle or sheep or their meat exports. The GOT encourages leather production by exempting imports of raw hides and skins from import duties, while setting steep charges for the importation of processed skins. There are no export subsidies or taxes for leather and leather products. Import duties for hides and skins for EU and EFTA countries and for other countries are given in Table 11.

TABLE 11: IMPORT DUTIES ON BOVINE HIDES 1/

TARIFF NO	DESCRIPTION	EU/EFTA	OTHERS
4101	Raw Bovine Skins	Exempt	Exempt
4104	Bovine & Horse Leather (Except the Following)	0	6.5
4104.10.10		Exempt	Exempt
4104.10.30		Exempt	Exempt
4104.22.10		Exempt	Exempt
4104.29.00		0	5.5
4104.31.30		0	5.5

1/ Import duty on CIF basis

Source: 1999 Import Regime published in the Official Gazette on 7 February 1999

The use of ruminant to ruminant feeding of rendered products (bone and blood meal) is prohibited. Some tallow, however, is being used by feed manufacturers, particularly for poultry. There is a four percent of import duty on tallow imports for all origins. There are no subsidies or taxes on tallow exports.

Market Opportunities

Livestock industry demand could be strong for the next three to five years. If the LDP is implemented and other imports allowed, market opportunities for cattle, genetics and feed would be much improved. Although the ban is still going on, the GOT as well as a number of private companies, continue to be interested in utilizing GSM-103 (and in some cases GSM-102) credit guarantees to import U.S. cattle (mainly breeding) as soon as the ban is over. In FY 1999 the GSM-103 program for Turkey was announced as US\$40 million.

In FY 1998, Turkey used about \$21.9 in GSM credits for tallow imports, and \$1.5 million for sheepskin and lamb imports. In FY 1999, through June, Turkey used \$14.6 million for tallow and \$.9 million for hides and skins. In addition, a U.S. exporter registered a \$500,000 supplier credit guarantee program (SCGP) export of lambskins in April--the first use of this credit program in Turkey.

Should the import ban be lifted, observers view the GSM-103 program as offering a significant competitive advantage to the U.S., although other supplier countries, in particular Germany's Hermes credits, have similar programs available. As always, the Germans, Dutch and other potential EU suppliers benefit from the use of EU subsidies and restitutions that are expected to make the delivered price of their breeding cattle \$USD 300-500 cheaper than those from the U.S. Turks are generally familiar with the quality of U.S. cattle, and growing numbers of producers are becoming increasingly interested in U.S. livestock, not only because of their genetic superiority, but also due to concern over BSE problems in Europe. One Turkish company has consistently imported U.S. bulls over the years, including one in the last twelve months via an exception to the ban, and has been a strong promoter of the value of U.S. genetics. A few U.S. genetic (semen) exporters are also active in Turkey and U.S. bull semen is fairly popular. For cattle, however, a better understanding needs to be developed on several issues, however, including shipping logistics, and how performance can be improved under Turkish conditions. Given the inherent price disadvantage for U.S. cattle relative to subsidized sales from the EU, particular emphasis must be placed on demonstrating a higher performance capability of U.S. cattle, even in the difficult Turkish environment. United States technical assistance to the Turkish livestock sector will be an important component of any attempt to compete with Europe for sales of high quality cattle to this market.

A number of activities are planned or have already taken place during the year aimed at increasing U.S. cattle sales to Turkey. These include visits and seminars by cattle exporters and associations, the continuing development of demonstration feedlots, and sales servicing in the form of local consultants who advise importers on animal nutrition and health issues. The U.S. Grains Council has been instrumental in organizing training programs for extension personnel as well as farmers. The American Soybean Association has organized a Dairy Club in the Aegean region that seems to be growing in popularity. The American Turkish Council, in cooperation with MacDonald's, has sponsored a number of seminars on beef production which are ultimately aimed at finding ways to lower the cost of beef. They also developed and coordinated a "reverse" trade mission to the United States. A large number of Turkish officials and importers are interested in touring the States and visiting livestock producers, either through the Cochran Program or through market development activities on the part of FAS cooperators. "Magnet" dairy farms could be

supported in various regions of Turkey using Emerging Market, cooperator, or U.S. private sector funds when the import ban is lifted. These farms can demonstrate the productivity of U.S. cattle under good management conditions.

At this time, only very limited market opportunities for U.S. sheep genetics appear realistic in the western part of the country. Longer-term market opportunities will depend largely on the success of the GOT's policy reforms and production incentive programs. During the past several years, the bulk of Turkey's hide and skin import requirement was met by countries of the Former Soviet Union (FSU) and Central Europe as they reduced their livestock herds, due to feed shortages. However, continuing import demand from Turkey and slower growth of cattle populations in the FSU and Central Europe may create additional market opportunities for U.S. suppliers, who should consider trips to Turkey to acquaint themselves with possible marketing opportunities and to meet importers.

The National Renderers Association (NRA) continues to actively promote U.S. tallow and yellow grease trade with Turkey by promoting the benefits of increased consumption by the soap and feed industries. Improved public relations and advertising campaigns are needed, however, as some soap producers are trying to take advantage of adverse consumer sentiments towards meat by-products, in order to expand the market for palm and other oil based soaps. In addition to the growing soap industry, tallow is now being used fairly extensively in animal feeds, particularly poultry feed rations. Long run potential for the use of imported tallow or yellow grease in Turkish feed rations appears to be good, although yellow grease usage is currently constrained by a lack of knowledge of the product and factors cited previously.

Statistical Tables**Cattle and Meat, Beef and Veal**

PSD Table						
Country	Turkey					
Commodity	Animal Numbers, Cattle				(1000 HEAD)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1998		01/1999		01/2000
Total Cattle Beg. Stks	11600	11600	11600	11600	0	11550
Dairy Cows Beg. Stocks	4150	4150	4150	4150	0	4150
Beef Cows Beg. Stocks	3250	3250	3250	3250	0	3200
Production (Calf Crop)	4300	4300	4300	4300	0	4250
Intra EC Imports	0	0	0	0	0	0
Other Imports	10	0	100	25	0	50
TOTAL Imports	10	0	100	25	0	50
TOTAL SUPPLY	15910	15900	16000	15925	0	15850
Intra EC Exports	0	0	0	0	0	0
Other Exports	0	0	0	0	0	0
TOTAL Exports	0	0	0	0	0	0
Cow Slaughter	0	0	0	0	0	0
Calf Slaughter	2050	2100	2050	2100	0	2100
Other Slaughter	2050	2000	2100	2050	0	2000
Total Slaughter	4100	4100	4150	4150	0	4100
Loss	210	200	250	225	0	200
Ending Inventories	11600	11600	11600	11550	0	11550
TOTAL DISTRIBUTION	15910	15900	16000	15925	0	15850
Calendar Yr. Imp. from U.S.	0	0	0	5	0	10
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

PSD Table						
Country	Turkey					
Commodity	Meat, Beef and Veal				(1000 MT CWE)(1000 HEAD)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1998		01/1999		01/2000
Slaughter (Reference)	4100	4150	4150	4150	0	4100
Beginning Stocks	62	62	57	57	0	71
Production	600	605	615	615	0	615
Intra EC Imports	0	0	0	0	0	0
Other Imports	0	0	20	19	0	0
TOTAL Imports	0	0	20	19	0	0
TOTAL SUPPLY	662	667	692	691	0	686
Intra EC Exports	0	0	0	0	0	0
Other Exports	0	0	0	0	0	0
TOTAL Exports	0	0	0	0	0	0
Human Dom. Consumption	605	610	615	620	0	630
Other Use, Losses	0	0	0	0	0	0
TOTAL Dom. Consumption	605	610	615	620	0	630
Ending Stocks	57	57	77	71	0	56
TOTAL DISTRIBUTION	662	667	692	691	0	686
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

Export Trade Matrix				
Country	Turkey		Units:	Head
Commodity	Animal Numbers, Cattle		Partial Begin	
			Partial End	
Exports for:	1997	1998	1998	1999
	Full	Full	Partial	Partial
U.S.				
Others				
Total for Others	0	0	0	0
Others not Listed				
Grand Total	0	0	0	0

Import Trade Matrix				
Country	Turkey		Units:	Head
Commodity	Animal Numbers, Cattle		Partial Begin	
			Partial End	
Exports for:	1997	1998	1998	1999
	Full	Full	Partial	Partial
U.S.		5		
Others				
Netherlands		30		
Germany		16		
Total for Others	0	46	0	0
Others not Listed				
Grand Total	0	51	0	0

Export Trade Matrix				
Country	Turkey		Units:	Metric Tons
Commodity	Meat, Beef and Veal		Partial Begin	
			Partial End	
Exports for:	1997	1998	1998	1999
	Full	Full	Partial	Partial
U.S.		8		
Others				
Azerbaijan	3			
Georgia		2		
Kuwait	2			
Uzbekistan	1	1		
Canada		1		
United Arab Emir.		1		
Total for Others	6	5	0	0
Others not Listed	28			
Grand Total	34	13	0	0

Import Trade Matrix				
Country	Turkey		Units:	Metric Tons
Commodity	Meat, Beef and Veal		Partial Begin	
			Partial End	
Exports for:	1997	1998	1998	1999
	Full	Full	Partial	Partial
U.S.				
Others				
Total for Others	0	0	0	0
Others not Listed				
Grand Total	0	0	0	0

Sheep and Meat, Lamb, Mutton and Goat

PSD Table						
Country	Turkey					
Commodity	Animal Numbers, Sheep				(1000 HEAD)	
	Revised	1997	Preliminary	1998	Forecast	1999
	Old	New	Old	New	Old	New
Market Year Begin		01/1997		01/1998		01/1999
TOTAL Beginning Stocks	41100	41100	39500	39500	37400	37300
Ewes, Beginning Stocks	0	0	0	0	0	0
Production (Lamb Crop)	23100	23100	22200	22200	21000	20950
Intra EC Imports	0	0	0	0	0	0
Other Imports	10	6	10	0	20	0
TOTAL Imports	10	6	10	0	20	0
TOTAL SUPPLY	64210	64206	61710	61700	58420	58250
Intra EC Exports	0	0	0	0	0	0
Other Exports	300	377	300	229	300	250
TOTAL Exports	300	377	300	229	300	250
Ewe Slaughter	0	0	0	0	0	0
Lamb Slaughter	12100	12100	11900	12000	11700	11700
Other Slaughter	12000	12000	11800	11900	11600	11600
TOTAL Slaughter	24100	24100	23700	23900	23300	23300
Loss	310	229	310	271	320	300
Ending Inventories	39500	39500	37400	37300	34500	34400
TOTAL DISTRIBUTION	64210	64206	61710	61700	58420	58250
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

PSD Table						
Country	Turkey					
Commodity	Animal Numbers, Sheep				(1000 HEAD)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1998		01/1999		01/2000
TOTAL Beginning Stocks	39500	39500	37400	37400	0	34400
Ewes, Beginning Stocks	0	0	0	0	0	0
Production (Lamb Crop)	22200	22200	21000	20950	0	19600
Intra EC Imports	0	0	0	0	0	0
Other Imports	10	0	20	0	0	0
TOTAL Imports	10	0	20	0	0	0
TOTAL SUPPLY	61710	61700	58420	58250	0	54000
Intra EC Exports	0	0	0	0	0	0
Other Exports	300	229	300	250	0	200
TOTAL Exports	300	229	300	250	0	200
Ewe Slaughter	0	0	0	0	0	0
Lamb Slaughter	11900	12000	11700	11700	0	11300
Other Slaughter	11800	11900	11600	11600	0	11200
TOTAL Slaughter	23700	23900	23300	23300	0	22500
Loss	310	271	320	300	0	300
Ending Inventories	37400	37030	34500	34400	0	31000
TOTAL DISTRIBUTION	61710	61700	58420	58250	0	54000
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

PSD Table						
Country	Turkey					
Commodity	Meat, Lamb, Mutton and Goat				(1000 MT CWE)(1000 HEAD)	
	Revised	1997	Preliminary	1998	Forecast	1999
	Old	New	Old	New	Old	New
Market Year Begin		01/1997		01/1998		01/1999
Slaughter (Reference)	24100	24100	23700	23900	23300	23300
Beginning Stocks	45	45	47	47	43	48
Production	378	378	372	375	365	368
Intra EC Imports	0	0	0	0	0	0
Other Imports	0	0	0	0	0	0
TOTAL Imports	0	0	0	0	0	0
TOTAL SUPPLY	423	423	419	422	408	416
Intra EC Exports	0	0	0	0	0	0
Other Exports	1	2	1	2	1	1
TOTAL Exports	1	2	1	2	1	1
Human Dom. Consumption	375	374	375	372	370	369
Other Use, Losses	0	0	0	0	0	0
TOTAL Dom. Consumption	375	374	375	372	370	369
Ending Stocks	47	47	43	48	37	46
TOTAL DISTRIBUTION	423	423	419	422	408	416
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

PSD Table						
Country	Turkey					
Commodity	Meat, Lamb, Mutton and Goat				(1000 MT CWE)(1000 HEAD)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1998		01/1999		01/2000
Slaughter (Reference)	11800	23900	11600	23300	0	22500
Beginning Stocks	47	47	43	48	0	46
Production	372	375	365	368	0	356
Intra EC Imports	0	0	0	0	0	0
Other Imports	0	0	0	0	0	0
TOTAL Imports	0	0	0	0	0	0
TOTAL SUPPLY	419	422	408	416	0	402
Intra EC Exports	0	0	0	0	0	0
Other Exports	1	2	1	1	0	0
TOTAL Exports	1	2	1	1	0	0
Human Dom. Consumption	375	372	370	369	0	366
Other Use, Losses	0	0	0	0	0	0
TOTAL Dom. Consumption	375	372	370	369	0	366
Ending Stocks	43	48	37	46	0	36
TOTAL DISTRIBUTION	419	422	408	416	0	402
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

Export Trade Matrix				
Country	Turkey		Units:	Head
Commodity	Animal Numbers, Sheep		Partial Begin	
			Partial End	
Exports for:	1997	1998	1998	1999
	Full	Full	Partial	Partial
U.S.				
Others				
Saudi Arabia	198917	166629		
Lebanon	174705	31900		
Kuwait		26986		
Qatar		3798		
France	3500			
Northern Cyprus	30			
Total for Others	377152	229313	0	0
Others not Listed				
Grand Total	377152	229313	0	0

Import Trade Matrix				
Country	Turkey		Units:	Head
Commodity	Animal Numbers, Sheep		Partial Begin	
			Partial End	
Exports for:	1997	1998	1998	1999
	Full	Full	Partial	Partial
U.S.				
Others				
Total for Others	0	0	0	0
Others not Listed	6368	8		
Grand Total	6368	8	0	0

Export Trade Matrix				
Country	Turkey		Units:	Metric Tons
Commodity	Meat, Lamb, Mutton and Goat		Partial Begin	
			Partial End	
Exports for:	1997	1998	1998	1999
	Full	Full	Partial	Partial
U.S.				
Others				
Saudi Arabia	1856	1849		
Kuwait	38	12		
France	9	8		
Germany		2		
Uzbekistan	1			
Total for Others	1904	1871	0	0
Others not Listed				
Grand Total	1904	1871	0	0

Import Trade Matrix				
Country	Turkey		Units:	Metric Tons
Commodity	Meat, Lamb, Mutton and Goat		Partial Begin	
			Partial End	
Exports for:	1997	1998	1998	1999
	Full	Full	Partial	Partial
U.S.				
Others				
Total for Others	0	0	0	0
Others not Listed				
Grand Total	0	0	0	0

Hides and Skins, Bovine

PSD Table						
Country	Turkey					
Commodity	Hides & Skins, Bovine				(1000 MT)	(1000 PCS)
	Revised	1997	Preliminary	1998	Forecast	1999
	Old	New	Old	New	Old	New
Market Year Begin		01/1997		01/1998		01/1999
Beginning Stocks	18	18	17	22	17	20
Production In MT	62	62	61	61	62	62
Production In Pieces	4150	4150	4100	4100	4150	4150
Intra EC Imports	0	0	0	0	0	0
Other Imports	60	68	65	45	70	55
TOTAL Imports	60	68	65	45	70	55
TOTAL SUPPLY	140	148	143	128	149	137
Intra EC Exports	0	0	0	0	0	0
Other Exports	3	6	3	8	3	5
TOTAL Exports	3	6	3	8	3	5
Domestic Consumption	120	120	123	100	126	110
Ending Stocks	17	22	17	20	20	22
TOTAL DISTRIBUTION	140	148	143	128	149	137
Calendar Yr. Imp. from U.S.	0	1	0	1	0	1
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

PSD Table						
Country	Turkey					
Commodity	Hides & Skins, Bovine				(1000 MT)	(1000 PCS)
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1998		01/1999		01/2000
Beginning Stocks	17	22	17	20	0	22
Production In MT	61	61	62	62	0	61
Production In Pieces	4100	4100	4150	4150	0	4100
Intra EC Imports	0	0	0	0	0	0
Other Imports	65	45	70	55	0	60
TOTAL Imports	65	45	70	55	0	60
TOTAL SUPPLY	143	128	149	137	0	143
Intra EC Exports	0	0	0	0	0	0
Other Exports	3	8	3	5	0	5
TOTAL Exports	3	8	3	5	0	5
Domestic Consumption	123	100	126	110	0	120
Ending Stocks	17	20	20	22	0	18
TOTAL DISTRIBUTION	143	128	149	137	0	143
Calendar Yr. Imp. from U.S.	0	1	0	1	0	1
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

Export Trade Matrix			
Country	Turkey		
Commodity	Hides & Skins, Bovine		
Time period	Jan. - Dec.	Units:	Metric Tons
Exports for:	1997		1998
U.S.	101	U.S.	154
Others		Others	
Hong Kong	1261	Hong Kong	4362
Taiwan	1054	Italy	664
Spain	668	Spain	323
Italy	657	Bulgaria	224
Bulgaria	551	Greece	195
Germany	279	India	160
Greece	233	Germany	136
Malaysia	205	Portugal	112
Turkmenistan	156	Taiwan	94
Netherlands	129	Azerbaijan	75
Total for Others	5193		6345
Others not Listed	716		1215
Grand Total	6010		7714

Import Trade Matrix			
Country	Turkey		
Commodity	Hides & Skins, Bovine		
Time period	Jan. - Dec.	Units:	Metric Units
Imports for:	1997		1998
U.S.	1284	U.S.	534
Others		Others	
Russia	30449	Russia	18296
Ukraine	3324	Azerbaijan	6101
Italy	3027	Brazil	4024
Kazakhstan	2905	Italy	3003
Turkmenistan	2022	Kazakhstan	2306
Brazil	1872	Turkmenistan	1399
France	1584	France	1179
Romania	1296	Ukraine	823
Macedonia	1161	Netherlands	714
New Zealand	891	Canada	638
Total for Others	48531		38483
Others not Listed	18126		6380
Grand Total	67941		45397

By-Products, Tallow and Grease

PSD Table						
Country	Turkey					
Commodity	By-Products, Tallow & Grease				(1000 MT)	
	Revised	1997	Preliminary	1998	Forecast	1999
	Old	New	Old	New	Old	New
Market Year Begin		01/1997		01/1998		01/1999
Beginning Stocks	13	13	17	12	15	29
Production	10	10	10	10	10	10
Intra EC Imports	0	0	0	0	0	0
Other Imports	125	130	130	168	135	110
TOTAL Imports	125	130	130	168	135	110
TOTAL SUPPLY	148	153	157	190	160	149
Intra EC Exports	0	0	0	0	0	0
Other Exports	1	1	2	1	2	1
TOTAL Exports	1	1	2	1	2	1
Domestic Consumption	130	140	140	160	145	130
Ending Stocks	17	12	15	29	13	18
TOTAL DISTRIBUTION	148	153	157	190	160	149
Calendar Yr. Imp. from U.S.	0	111	0	109	0	100
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

PSD Table						
Country	Turkey					
Commodity	By-Products, Tallow & Grease				(1000 MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1998		01/1999		01/2000
Beginning Stocks	17	12	15	29	0	18
Production	10	10	10	10	0	10
Intra EC Imports	0	0	0	0	0	0
Other Imports	130	168	135	110	0	130
TOTAL Imports	130	168	135	110	0	130
TOTAL SUPPLY	157	190	160	149	0	158
Intra EC Exports	0	0	0	0	0	0
Other Exports	2	1	2	1	0	1
TOTAL Exports	2	1	2	1	0	1
Domestic Consumption	140	160	145	130	0	140
Ending Stocks	15	29	13	18	0	17
TOTAL DISTRIBUTION	157	190	160	149	0	158
Calendar Yr. Imp. from U.S.	0	109	0	100	0	110
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

Export Trade Matrix			
Country	Turkey		
Commodity	By-Products, Tallow & Grease		
Time period	Jan. - Dec.	Units:	Metric Tons
Exports for:	1997		1998
U.S.		U.S.	
Others		Others	
Kazakhstan	803	Iran	828
Iran	275	Romania	393
Romania	37	Uzbekistan	21
Kyrgyzstan	20	Azerbaijan	14
Uzbekistan	19		
Total for Others	1154		1256
Others not Listed			
Grand Total	1154		1256

Import Trade Matrix			
Country	Turkey		
Commodity	By-Products, Tallow & Grease		
Time period	Jan. - Dec.	Units:	Metric Tons
Imports for:	1997		1998
U.S.	110682	U.S.	109226
Others		Others	
France	8940	Germany	39679
Argentina	5922	Australia	14628
Australia	2226	France	1993
Germany	1619	Denmark	898
Denmark	288	Bulgaria	436
Austria	253	Finland	282
Netherlands	136	Sweden	232
Finland	57	Belgium	203
Iran	42	Austria	133
Northern Cyprus	1	Netherlands	98
Total for Others	19484		58582
Others not Listed			172
Grand Total	130166		167980