

**Voluntary Report** – Voluntary - Public Distribution

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**Report Name:** Livestock Semi-annual Report Turkey

**Country:** Turkey

**Post:** Ankara

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**Report Highlights:**

The number of cattle in Turkey is estimated to grow 1.2 percent in 2020 to 18.1 million animals due to favorable government subsidies and continuing feeder cattle imports albeit at a lower volume. The Turkish livestock sector has been facing many challenges such as a lack of cohesive planning, marketing difficulties, and high input costs dependent on imports. Feed is the major cost for Turkish livestock operations accounting for almost 60 percent of total production costs.

## Executive Summary

Turkey imported 689,076 head of cattle in 2019, which is a decrease of 52 percent from the previous year. The Turkish Ministry of Agriculture and Forestry (MinAF) restricted feeder cattle, breeding cattle, and cattle for slaughter imports in late 2019 since Turkish cattle producers had been struggling to compete with low prices of imported cattle in the domestic market. Turkey didn't import any cattle from the U.S. in 2019, compared to 4,281 head in 2018. High U.S. cattle prices compared to the European Union and transport costs have led Turkish cattle importers to import breeding cattle from European countries.

Turkey produced 1 million metric tons (MT) of beef in 2019, which is similar to 2018. The stagnation in beef production is due to fewer feeder cattle imports in 2019. Slaughter prices are too low, and producers cannot break even on their expenses of raising animals. Also, the carcass yield of the animals is very low, approximately 270-300 kilograms (kg).

Red meat consumption is expected to remain at 15 kg per capita in 2020 due to continuing food inflation, high red meat prices, and weak consumer purchasing power.

Turkey imported 6,552 carcass weight (CWT) of meat in 2019, which is 89 percent less than 2018, because of pressure from domestic producers to limit imports.

***Update on Covid-19 measures:** Up to this report's publication date, the Turkish Ministry of Agriculture and Forestry (MinAF) has not imposed any restriction on live animals and animal products imports except imports from China. However, imports of pets and exotic animals to Turkey have been prohibited from all countries due to Covid-19. Travel of animal selection committees from MinAF to exporting countries, which is one of the steps for breeding cattle import to Turkey, has been cancelled since official travel is restricted due to Covid-19. As of this time, there is no official information as to when the travel restrictions will be lifted.*

### Commodities:

Animal Number, Cattle

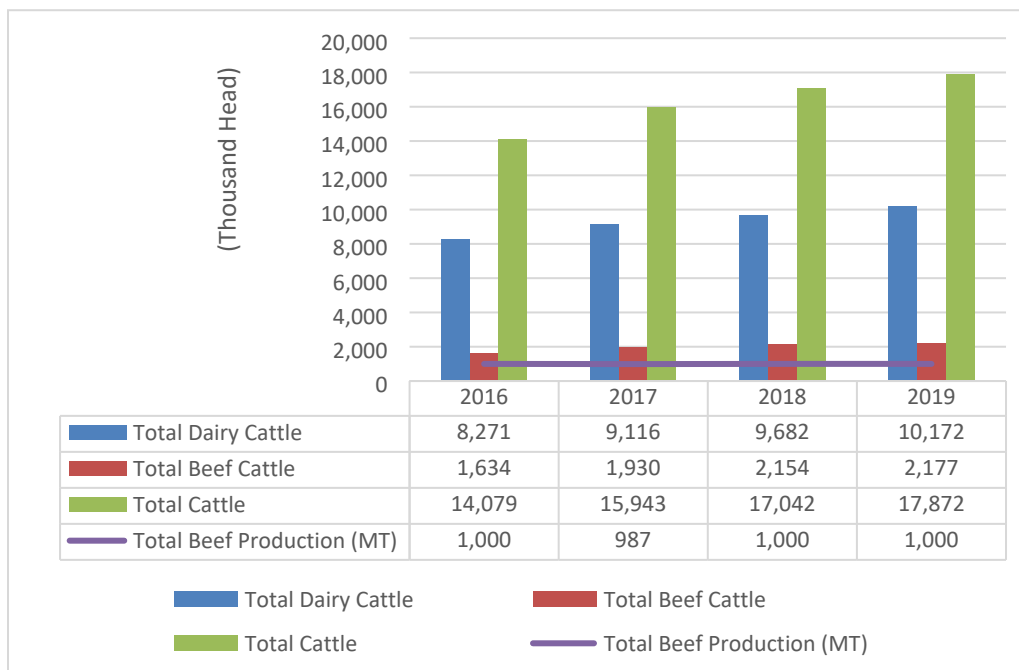
### Production:

Post estimates cattle numbers to increase 1.2 percent in 2020 to 18.1 million head due to favorable government subsidies and continuing feeder cattle imports, despite the decrease in the overall number of imported animals in 2019. Although there are contradictory estimates given by Turkish livestock producers on the number of cattle in the country, the total number has been announced by the Turkish Statistical Institute (TurkSTAT) as 17,872,331 head of cattle, including buffaloes in 2019, which is 1 percent higher than 2018.

Turkey has been struggling with meat production deficiency for years, and feeder cattle production has not been adequate for supplying enough meat to the domestic market. According to TurkSTAT data, the feeder

cattle population only increased 1 percent in 2019, despite an increase of 11 percent in 2018. This is an indication that Turkey is still dependent on feeder cattle imports to meet demand.

**Chart 1.** Turkey Cattle Herd Numbers Compared with total Beef Production, 2016-2019



Source: TurkSTAT, 2020

The Ministry of Agriculture and Forestry (MinAF) has been taking initiatives for almost 10 years to increase cattle numbers in the country in order to keep meat prices stable in the domestic market. Meat prices have historically been high and affect the high food inflation rate.

MinAF has been implementing projects to increase cattle numbers such as: supports to build livestock farms located in 41 provinces suitable for livestock production; EU-funded projects focused on increasing the capacity of livestock businesses within the scope of its Rural Development Program (IPARD); a 'young farmers project' which was carried out between 2016-2018 and provided subsidies to farmers who were willing to purchase cattle and raise them in the farmer's home village; and government subsidies given for increasing the sheep and goat population, in order to switch consumer preference from beef to sheep meat to reduce beef demand in the domestic market.

2019 Livestock Subsidies are given below;

- Note: As of March 16, 2020, \$1 \$= 6.3 TL

Table 1. Calf Subsidies, Comparison 2018-2019

No	Calf Subsidy	Units for Support (TL/head)	
		2018	2019
1	Calf at 4 months old and older	350	350

2	Calf born by artificial insemination	-	600
3	Calf born by artificial insemination with feeder cattle semen	-	600
4	Calf born in 22 specific provinces(Additionally)	200	100
5	Herd-booked calf (for 81 provinces) (Additionally)	500	175
6	Progeny tested calf (Additionally)	50	50

Table 2. Buffalo Subsidies, Comparison 2018-2019

No	Buffalo Subsidy	Units for Support (TL/head)	
		2018	2019
1	Females	250	250
2	Herd-booked females(Additionally)	-	200
3	Calf at 4 months old and older	150	250
4	Herd-booked calf (Additionally)	400	200

Table 3. Heifer Subsidies, Comparison 2018-2019

No	Heifer Subsidy	Units for Support (%)	
		2018	2019
1	For purchase of maximum 10 head of heifer	-	40
2	For purchase of maximum 100 head of heifer	30	-

Table 4. Feeder Cattle Subsidies, Comparison 2018-2019

No	Feeder Cattle Subsidy	Units for Support (TL/head)	
		2018	2019
1	Finished Male Cattle including Buffalo	250	250

Table 5. Sheep and Goat Subsidies, Comparison 2018-2019

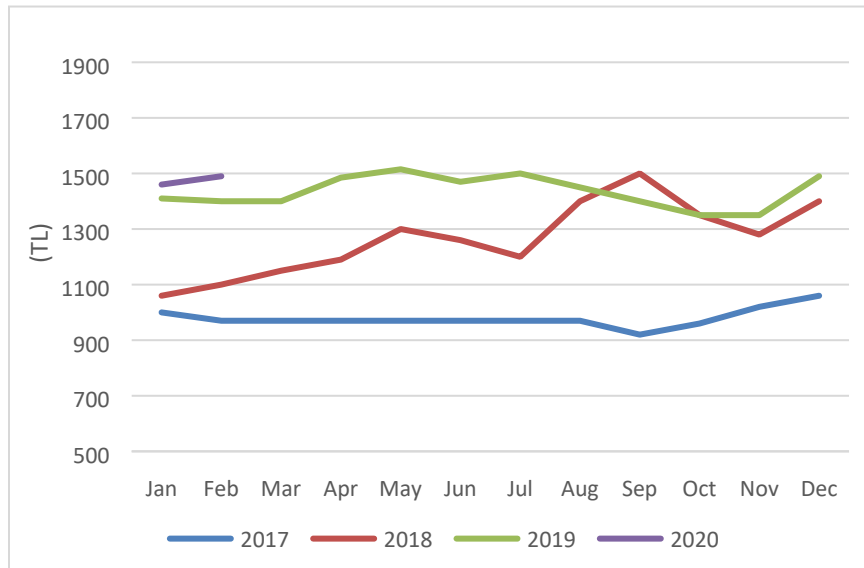
No	Sheep and Goat Subsidy	Units for Support (TL)	
		2018	2019
1	Shepherd subsidy for farms having 100 heads or more breeding sheep and goat	5.000/year	5.000/year
2	Breeding sheep/goat	25/ head	25/ head
3	Herd-booked sheep/goat	-	100/head

All these efforts have so far not met domestic demand to supply enough animal protein to consumers. The Turkish livestock sector has been facing many challenges such as a lack of cohesive planning, marketing difficulties, and high input costs dependent on imports. MinAF currently aims to encourage producers to contract with authorized producers` organizations/associations and buy some of their input items for production, such as feed, through those organizations/associations. This helps cattle producers weather



Source: Turkey Feed Industrialist Association, 2020. (Note: As of March 16, 2020, \$1 \$= 6.3 TL)

**Chart 3.** Mixed Feed Prices for Beef cows (TL/MT), 2017-2020



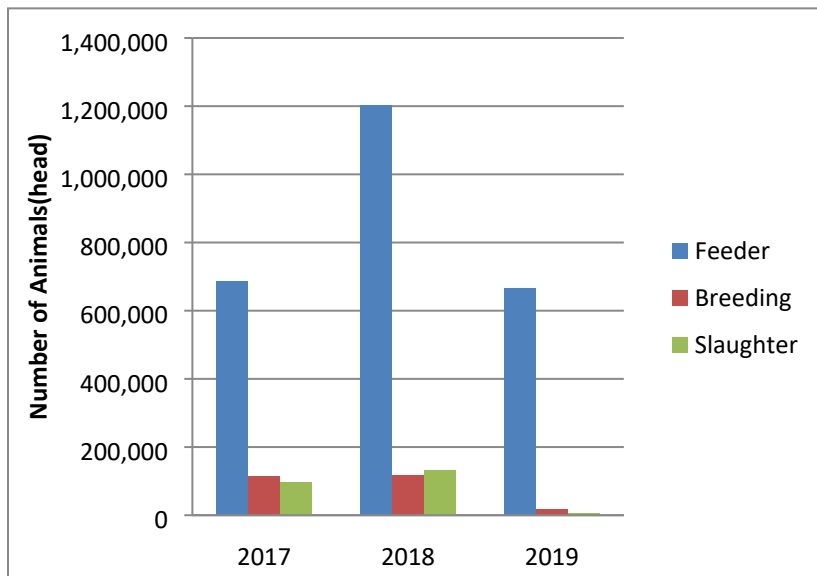
Source: Turkey Feed Industrialist Association, 2020. (Note: As of March 16, 2020, \$1 \$= 6.3 TL)

**Trade:**

In 2020, cattle imports are estimated to be slightly higher than 2019 to compensate for a feeder cattle population shortage as a result of the restriction on feeder cattle imports in 2019. Turkey imported 689,076 head of cattle in 2019, which is down 52 percent down from the previous year. As mentioned, MinAF restricted imports of feeder cattle, breeding cattle, and cattle for slaughter in late 2019 since Turkish cattle producers could not compete with imported cattle prices in the domestic market. After the large amount of cattle imports in 2018, the domestic cattle market had collapsed. The Meat and Milk Board (ESK), which is an affiliated body of the MinAF, started offering higher prices to producers than those given by domestic slaughterhouses. Many domestic cattle producers took advantage of the beneficial prices offered by ESK and sent their cattle to the slaughterhouses.

However, ESK has reportedly not had enough storage capacity to be able to store the large number of carcasses after the unplanned imported cattle slaughters at the end of 2019. ESK has come under criticism from the livestock sector for these import policies and releasing these carcasses onto the domestic market to the detriment of domestic producers. In the beginning of 2020, ESK began to market those carcasses for domestic consumption mostly to restaurants.

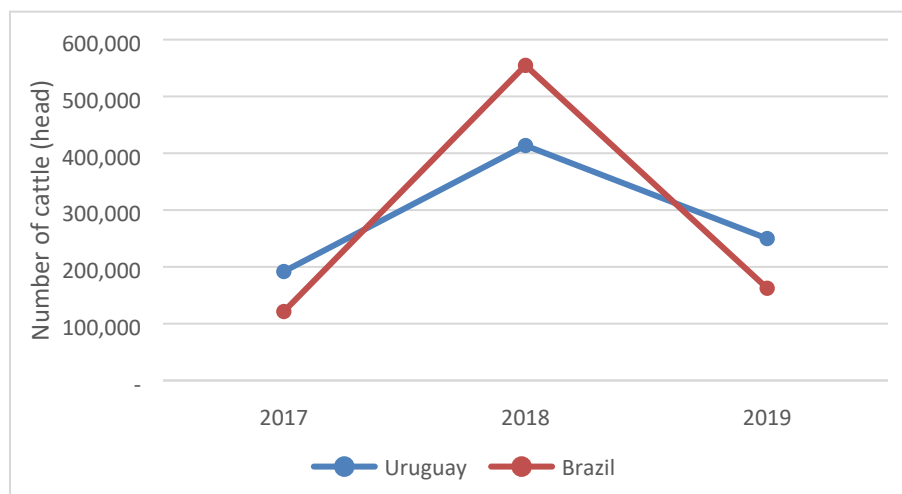
**Chart 4.** Turkey Cattle Import Numbers by Category, 2017-2019



Source: Trade Data Monitor, LLC

*Feeder cattle imports:* In 2019, Turkey imported 664,619 head of feeder cattle. Uruguay and Brazil are the top exporting countries for feeder cattle to Turkey. However, the total number of animals went down due to the MinAF's import restrictions in late 2019. MinAF has imposed a quota on animal vessels from Uruguay and Brazil in order to keep the imported animal number stable. Also, the quota requires a minimum time period between two vessels if MinAF feels the number of imported cattle are adequate at a given time.

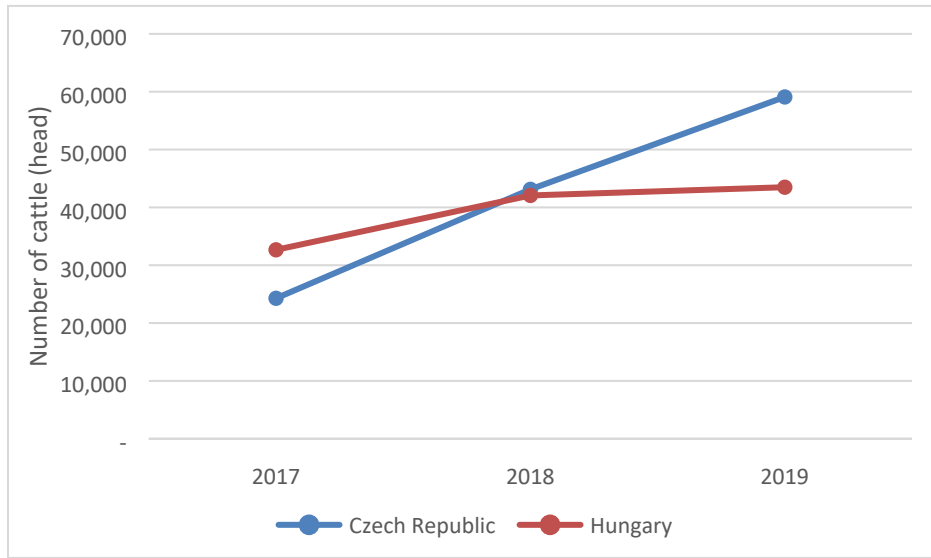
**Chart 5.** Turkey Feeder Cattle Import Numbers from Uruguay and Brazil, 2017-2019



Source: Trade Data Monitor, LLC

On the other hand, despite the MinAF's restriction on feeder cattle imports, the number of feeder cattle imported from EU countries, mostly the Czech Republic and Hungary, went up in 2019. The data indicate that some of these feeder cattle imports were actually female Simmental cattle for breeding. MinAF prohibited cattle import from France in 2019 due to Bluetongue disease.

**Chart 6.** Turkey Feeder Cattle Import Numbers from Czech Republic and Hungary, 2017-2019



Source: Trade Data Monitor, LLC

*Breeding cattle imports:* Turkey imported 17,594 head of breeding cattle mostly from Germany, Austria, and the Czech Republic in 2019, which is 84 percent lower than the previous year.

Turkey didn't import cattle from the U.S. in 2019, although 4,281 head were imported in 2018. High cattle prices and transport costs compared to the EU have driven Turkish cattle importers to import breeding cattle from the European countries. However, importers expect to import breeding cattle from the U.S. in 2020 as a result of decreased prices.

**Commodities:**

Beef, Cattle

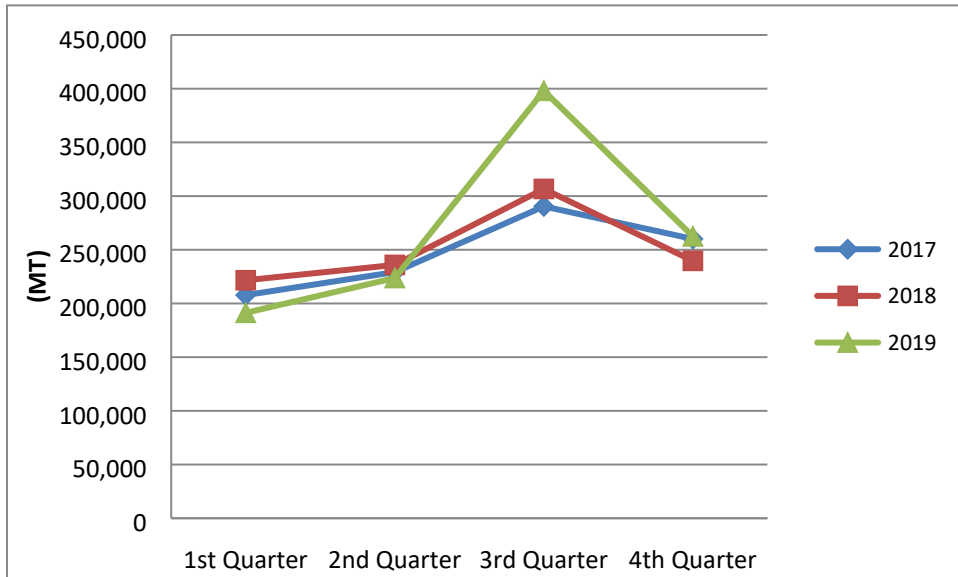
**Production:**

In 2020, meat production is estimated to be the same as 2019 due to restrictive policies on feeder cattle imports which were imposed at the end of 2019. Turkey produced 1 million MT of meat in 2019, which is similar to 2018, despite reduced feeder cattle imports. According to Turkish cattle producers, the main problem is slowing production in correlation with high feed prices and unsustainable government policies. Slaughter prices are too



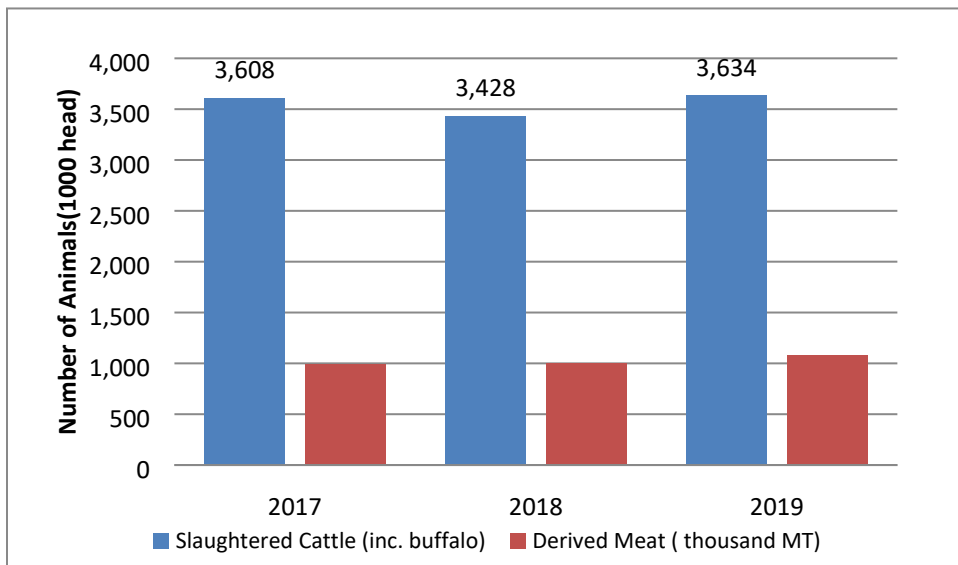
low, and producers cannot meet their expenses of raising animals. Also, the carcass yield of the animals is very low, approximately 270-300 kg.

**Chart 7.** Meat Production Quarterly, 2017-2019



Source: TurkSTAT, 2020

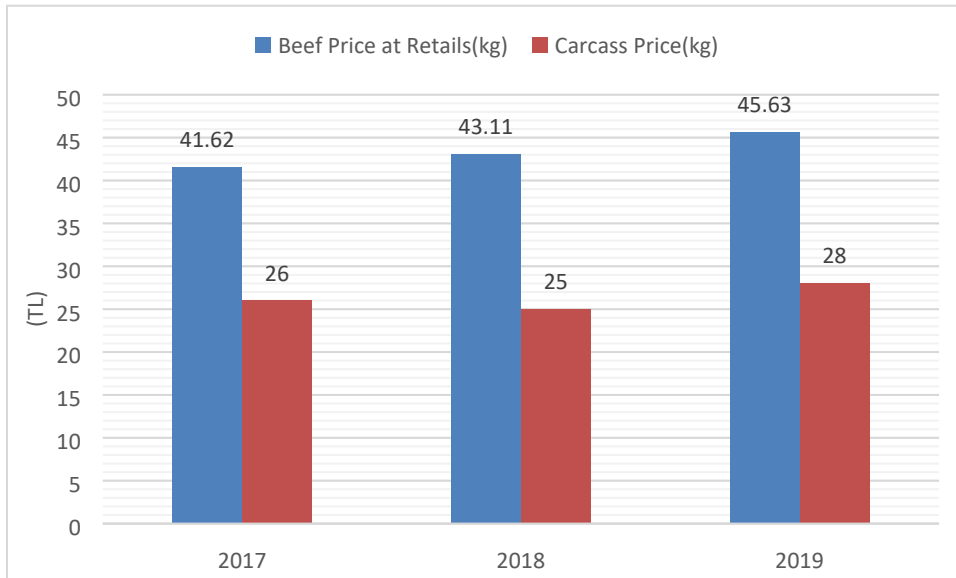
**Chart 8.** Slaughtered Cattle including Buffalo and Derived Meat Comparison, 2017-2019



Source: TurkSTAT, 2020

*Consumption:* Poultry is the more widely consumed animal protein in Turkey. In Turkey, red meat prices are relatively high at retail markets. This trend has continued with high prices at the beginning of 2020 as a result of insufficient production trends.

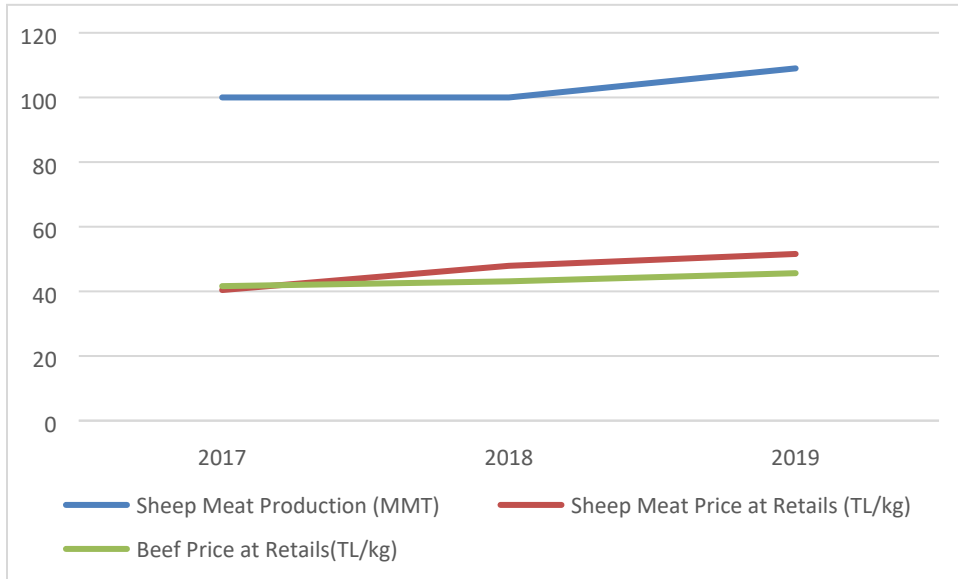
**Chart 9.** Beef Retail Price and Producers` Price Comparison, 2017-2019



Source: Ankara Trade Chamber Data and TurkSTAT, 2020

Red meat consumption is expected to stagnate at 15 kg per capita in 2020, the same as 2019, due to continuing food inflation, high red meat prices, and weak consumer purchasing power. MinAF encourages consumers to choose sheep meat instead of beef in order to reduce beef demand in the domestic market. The efforts include more subsidies to sheep producers. On the other hand, sheep meat prices have been increasing since 2018, as well.

**Chart 10.** Beef and Sheep Meat Retail Price and Sheep Meat Production Comparison, 2017-2019

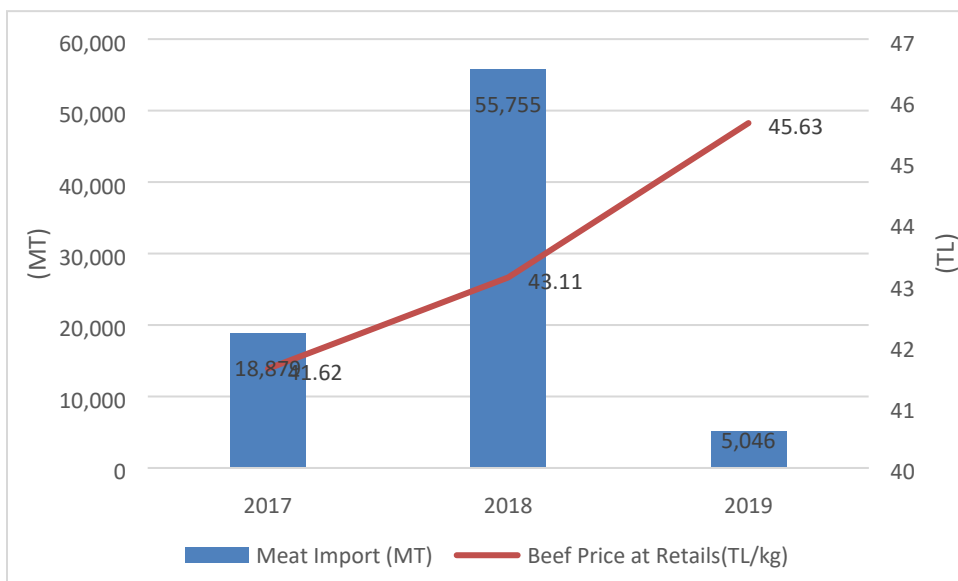


Source: TurkSTAT, 2020

**Trade:**

In 2020, meat imports are estimated to remain the same as 2019, since government policy and tariffs discourage the import of meat. The government sustains this policy because Turkish cattle producers' costs are high, and they are not able to compete with imported meat prices. Turkey imported 6,552 CWT of meat in 2019, which is 89 percent less than 2018 due to pressure from domestic producers to limit imports. 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.

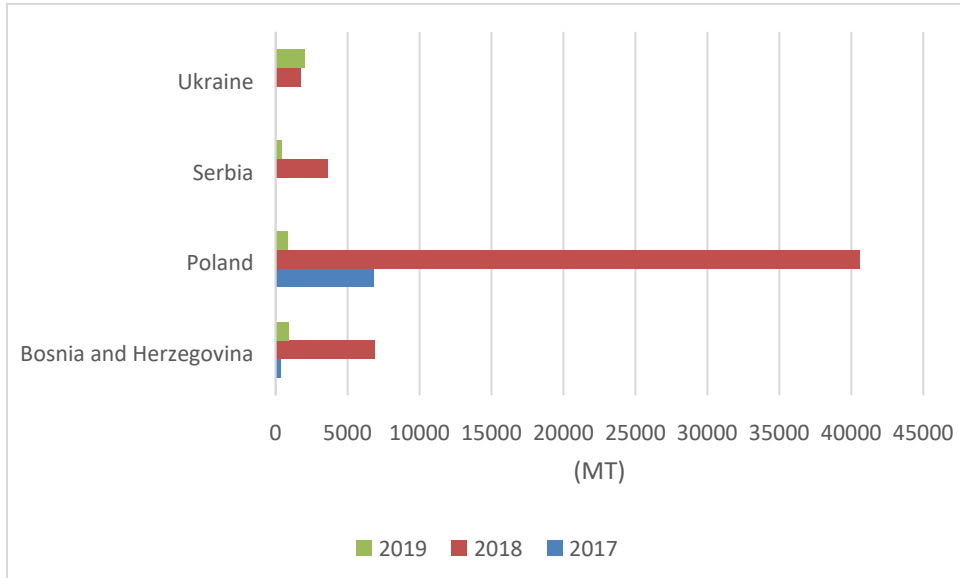
**Chart 11.** Meat Import\* and Domestic Beef Retail Prices Comparison, 2017-2020



Source: Trade Data Monitor, LLC and TurkSTAT, 2020. \* Including HS 0201, 0202 and 160250

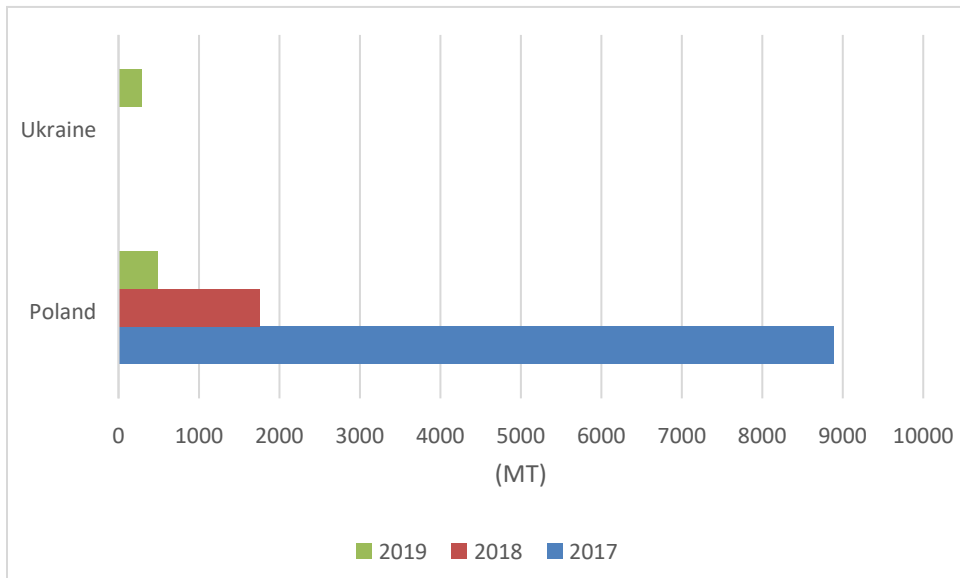
In 2019, most of fresh or chilled meat was imported from Ukraine, while frozen meat was imported mostly from Poland. Turkey made an agreement with Ukraine to import meat at the end of 2018.

**Chart 12.** Meat (HS 0201) Import by Countries, 2017-2019



Source: Trade Data Monitor, LLC. *HS 0201: Meat of Bovine Animals, Fresh or Chilled*

**Chart 13.** Meat (HS 0202) Import by Countries, 2017-2018



Source: Trade Data Monitor, LLC. *HS 0202: Meat of Bovine Animals, Frozen*

**Table 6.** Turkey's Customs Taxes for all Countries for Cattle and Beef, 2019-2020

	2019		2020	
	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, 2020

Note:

**This Report is qualitative text only, no PSD**

**Attachments:**

No Attachments.