

Voluntary Report – Voluntary - Public Distribution

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Report Name: Poultry and Poultry Products Semi Annual Turkey

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Post: Ankara

Report Category: Poultry and Products

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Report Highlights:

According to the Turkish poultry sector, chicken meat production in Turkey in 2021 is expected to grow 1.5 percent to 2.16 million metric tons (MMT) as demand for affordable protein sources to a growing population increases and the industry focuses on exporting to new markets. This growth forecast is lower than previous sector expectations due to the negative impacts of Covid-19 on domestic consumption and exports, and high feed prices, which limit production. In 2021, Turkish chicken meat exports are expected to grow 4 percent to 457,000 metric tons (MT) with growth in new export markets such as the Philippines, China, and Libya, despite continuing challenges with exports to neighboring countries (particularly Iraq), high production costs in correlation with high feed prices, and Covid-19 logistic difficulties. Despite these struggles, Turkey aims to increase its exports, especially to China and Lebanon in 2021.

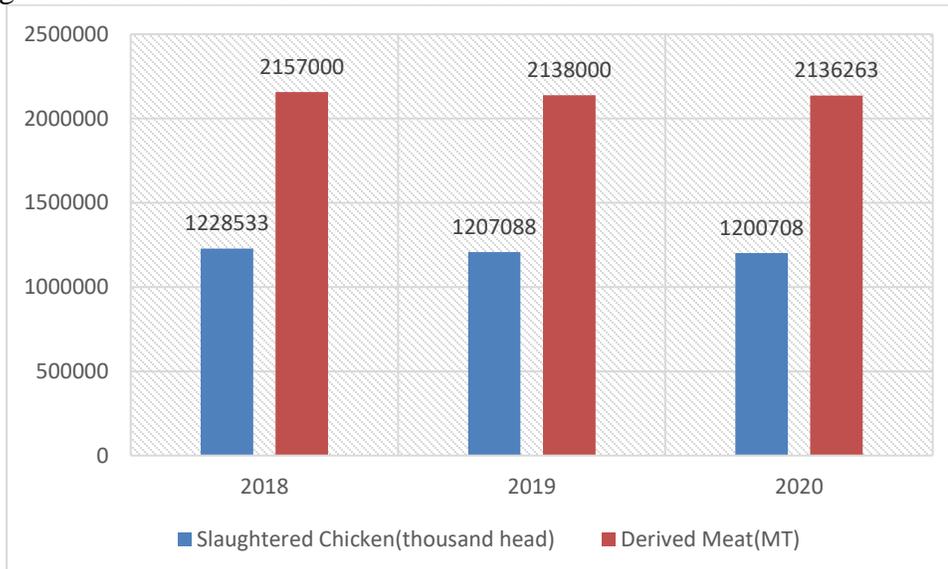
Production:

According to the Turkish poultry sector, chicken meat production in Turkey in 2021 is expected to grow 1.5 percent to 2.16 million metric tons (MMT) as demand for affordable protein sources to a growing population increases and the industry focuses on exporting to new markets. This growth forecast is lower than previous sector expectations due to the negative impacts of Covid-19 on domestic consumption and exports, and high feed prices, which limit production.

The Turkish poultry sector is dependent on foreign supplies for feed, which is the main input cost for poultry operations (70 percent of the total expenditure). On February 27, 2021, the Ministry of Agriculture and Forestry (MinAF) approved four soybean events and one corn event for feed as a result of the applications of the Turkish Poultry Meat Producers and Breeders Association (Besd-Bir) to approve those genes. For more information, please click [here](#). Although approval of GE soybeans and corn events for feed is welcomed by the Turkish poultry industry, the high cost of feed imports will continue to be a main concern of the sector.

The poultry production growth rate, which averaged 6-10 percent per year for the last 15 years, is also hampered by the lack of supply of imported breeding stocks (day old chicks and hatching eggs). Turkish poultry producers are currently facing higher prices for imported breeding stocks due to greater demand from Russia and Middle Eastern countries, which increases global prices. While Turkey is self-sufficient for poultry meat and egg production, almost all of its breeding stocks are imported from the UK, Canada, and the U.S., especially for broilers and turkey stock. Turkey has been attempting to create its own pure-line broiler breeding stock by cross-breeding 5 (five) imported broiler pure-lines with the resulting Anatolian-T for use as a domestic broiler pure-line stock to reduce import demand, but this plan is still in development.

Chart 1. Slaughtered Chicken and Chicken Meat Production from 2018 to 2020



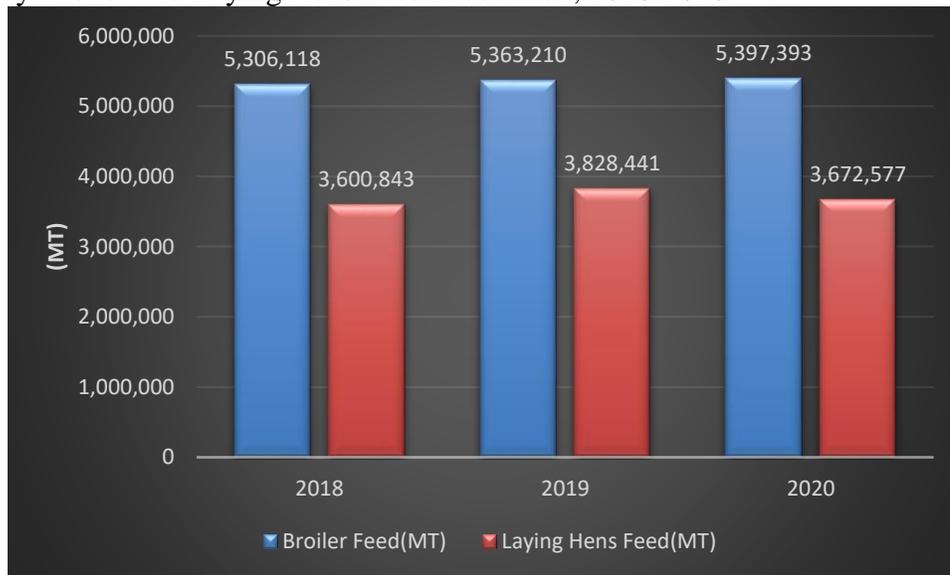
Source: TurkSTAT, 2021

In 2020, Turkey produced 2.14 MMT of chicken meat, almost the same as 2019. Growth has been stymied by high feed prices dependent on imports and the depreciation of the Turkish lira, which makes

imported feed raw materials and breeding inputs more expensive. The Covid-19 pandemic, economic instability, and export restrictions of poultry products to Iraq have caused poultry operations to limit their production capacity. Following the same trend, slaughtered broiler numbers reduced only 0.5 percent in 2020 when compared with the previous year.

Broiler feed prices have been steadily increasing while broiler meat production has been stagnating for the past two years. In 2020, broiler feed prices were 60 percent greater than the previous year's prices. Turkey produced 5.4 MMT of broiler feed in 2020 for poultry meat production. The main inputs for poultry feed are corn and soybeans, which are both imported products. Turkey grows soybeans, corn, and a significant amount of wheat but not enough to meet the demands for the poultry sector.

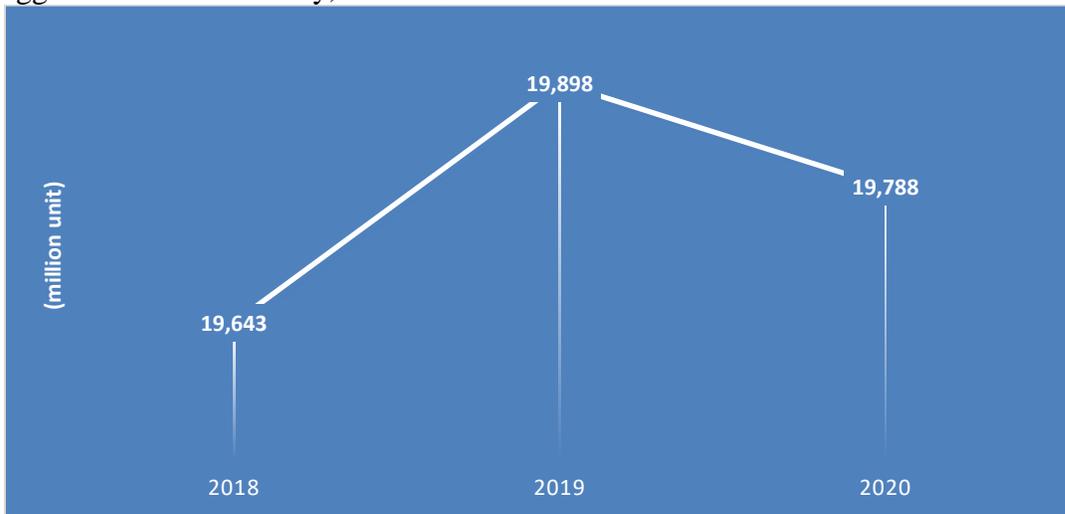
Chart 2. Turkey Broiler and Laying Hens Feed Production, 2018-2020



Source: The Ministry of Agriculture and Forestry, 2021

As seen in the above chart, broiler feed production in Turkey has seen a slight increase since 2018, in line with a similar trend in overall production. On the other hand, feed production for laying hens corresponds with the trend line for overall egg production: a small upward trend in 2019 and down again in 2020 (See Charts 2 and 3). Turkey produced 19.9 billion eggs in 2019, but the total decreased 3 percent to 19.7 billion eggs in 2020 due to the high input prices, especially feed prices, and Iraq's market closure in April 2020. Egg producers mostly use corn (60 percent) and soybean and sunflower meal (40 percent) for laying hens, and the prices of those feed components increased 25 percent when compared with the previous year. After Iraq and Saudi Arabia's market closures, domestic egg prices dropped in 2019, and egg producers were under pressure to sell an oversupply of eggs domestically under the production price.

Chart 3. Egg Production in Turkey, 2018-2020

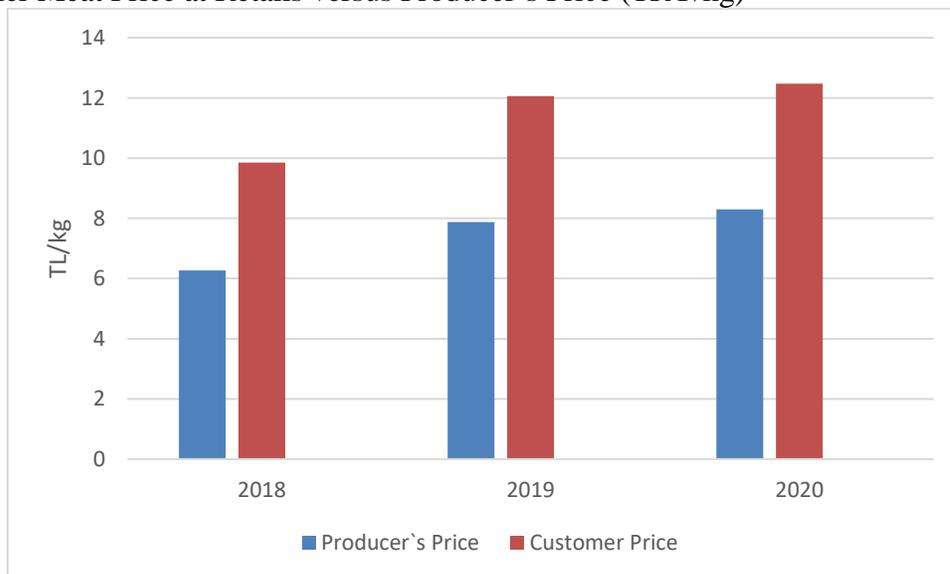


Source: The Ministry of Agriculture and Forestry, 2021

Consumption:

In 2021, chicken meat consumption per capita is estimated at 20.6 kg which is barely higher than 2020, which was at 20.5 kg. per capita. While chicken is the most popular meat and the primary and cheapest source of protein in Turkey, consumption per capita in 2020 was the same as the previous year due to Covid-19 measures such as curfews in the spring and movement restrictions in the summer, two seasons during which poultry meat consumption in Turkey is usually high due to the popularity of barbecuing. In 2019 and 2020, chicken meat consumption growth expectations were not met due to high market prices. Consumer poultry prices in 2020 were 30 percent more than 2019, and the consumer price index increased to 25 percent in 2020. For more information about the struggles against systemic food inflation in the last year in Turkey, please read FAS Turkey’s GAIN report on Food Inflation [here](#).

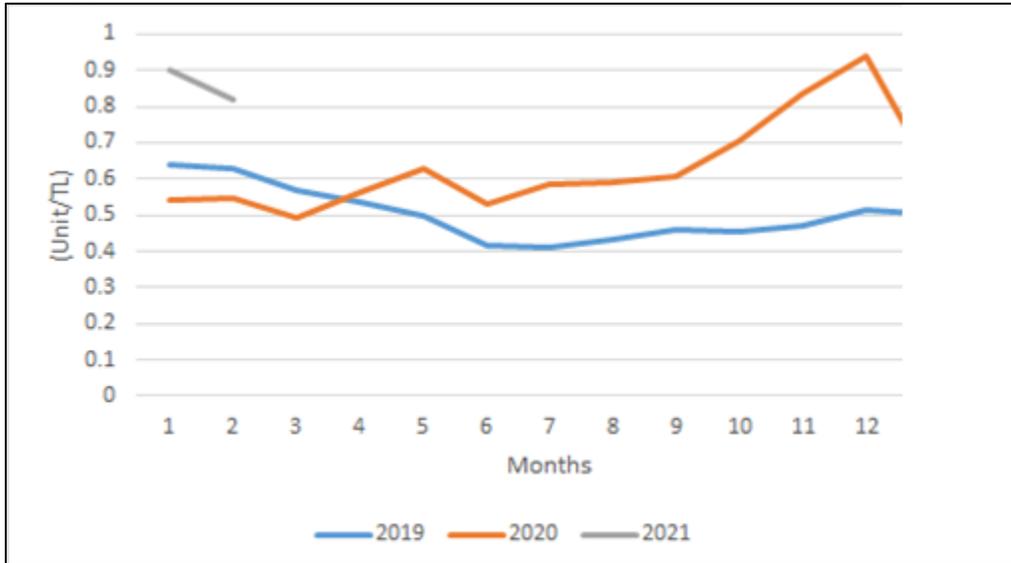
Chart 4. Broiler Meat Price at Retails versus Producer`s Price (TRY/kg)



Source: Meat and Milk Board (ESK), 2021. (Note: As of March 10, 2021, \$1 = 7.6 TL)

Post expects egg consumption per capita will remain the same in 2021 as retail prices are decreasing from the dramatic high price point (82% year-over-year price inflation) reached at the end of December 2020. Egg consumption per capita was 214 units in 2020.

Chart 5. Retail Egg Prices in Turkey by Months, 2019-2021



Source: TurkSTAT, 2021. (Note: As of March 10, 2021, \$1 = 7.6 TL)

Trade:

Imports and Transshipments:

Turkey’s domestic industry produces enough poultry meat for domestic needs. Additionally, there is a high custom tariff rate of 100 percent for poultry meats (50 percent for livers under HS code 020713) and 135 percent for poultry products under 160232 in order to discourage poultry meat import to Turkey and protect the domestic industry.

However, due to the country’s location, Turkey serves as a transshipment hub for poultry meat to other countries in the Middle East. Currently, there are no bans on products from any U.S. states related to the export or transit of poultry and poultry products to Turkey. According to the custom agencies in Turkey, transit poultry shipments may be stored at custom warehouses in Turkey for a certain time of period according to the terms of the buyer’s contract and transportation arrangements; otherwise, most of the poultry meat shipments that transit Turkey are being shipped to Iraq or Afghanistan. Turkey imports hatching eggs mostly from the UK, U.S., and Canada, and day-old chicks mostly from Germany, the UK, and the U.S., which is crucial for the sustainability of the domestic sector.

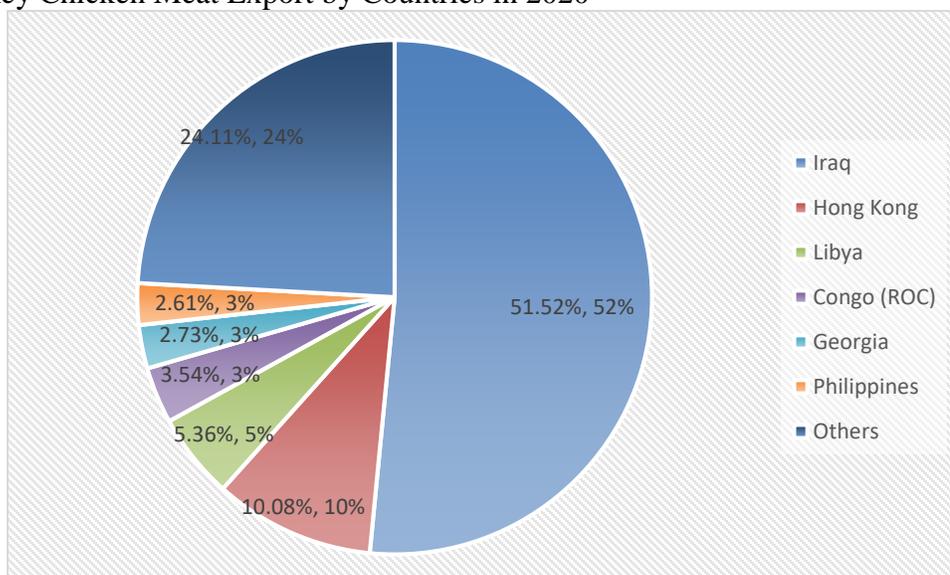
Exports:

In 2021, Turkish chicken meat exports are expected to grow 4 percent to 457,000 metric tons (MT) with growth in new export markets such as the Philippines, China, and Libya, despite continuing challenges with exports to neighboring countries (particularly Iraq), high production costs in correlation with high feed prices, and Covid-19 logistic difficulties. Despite these struggles, Turkey aims to increase its exports, especially to China and Lebanon, in 2021.

In 2020, Turkey exported 440,000 MT of chicken meat, which is 9.5 percent higher in than 2019, due to new market opportunities in the Philippines and Libya. However, export revenue in 2020 decreased 8 percent to \$532 million due to low export selling prices, a result of the depreciation of the Turkish lira exchange rates and selling products at low margins in order to maintain export market customers through the Covid-19 pandemic. In 2019, Turkey exported 401,528 MT of chicken meat mostly to Iraq, Hong Kong, and Libya.

Turkish poultry exporters are keen on growth in new export markets. Turkey exported 13,187 MT of chicken meat to the Philippines in 2020, which is 300 percent more than the previous year and 1,471 MT of chicken meat (mostly paws) to China, which has been the biggest amount of exports to that market in years. With a new veterinary health certificate agreement, Turkish poultry products just received market access to China at the end of 2020, and the first direct exports to China were made at the end of the year. Turkish industry expects to export mostly paws, wings, and baguettes to China. Turkish exporters believe that shipments to the Philippines, Libya, and China in 2020 would have been higher if the Covid-19 pandemic had not negatively affected logistics and are optimistic about the potential of those markets in coming years. Additionally, Turkish poultry exporters also believe that the UK’s Brexit from the EU will provide a big opportunity for Turkish poultry exports to access the UK market.

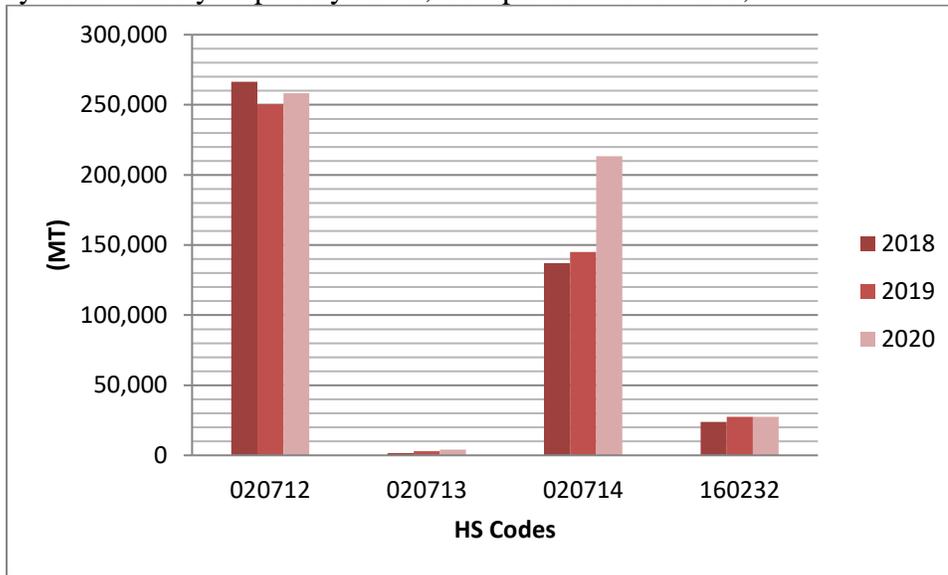
Chart 6. Turkey Chicken Meat Export by Countries in 2020



Source: Trade Data Monitor, LLC

Political and economic issues in neighboring countries, especially in the Middle East, high domestic protectionist tariffs by the Iraqi government, and transport problems to Syria and Iraq negatively impacted Turkish poultry exports. For this reason, Turkish poultry exporters have been searching new markets for Turkish poultry products outside of traditional regional trade partners.

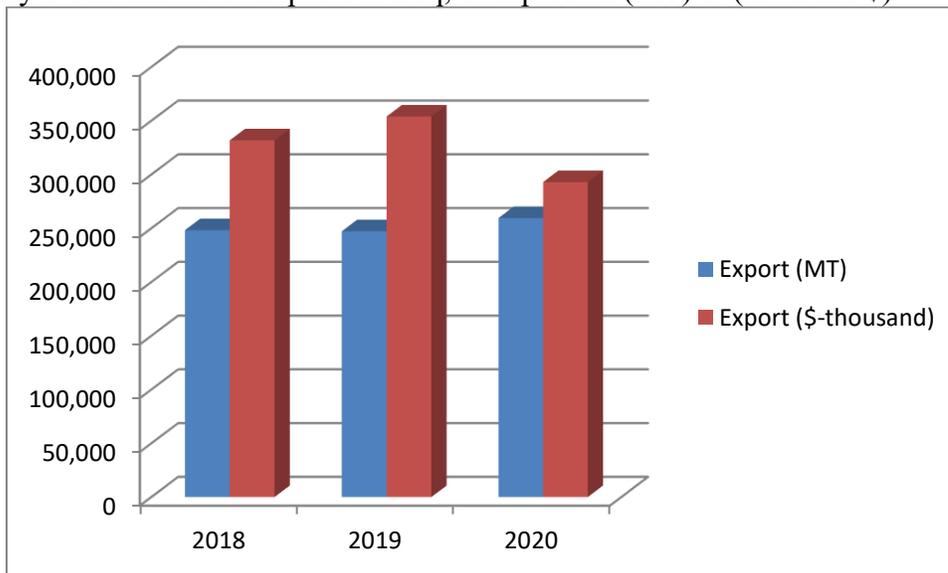
Chart 7. Turkey Total Poultry Export by Items, Comparison 2018-2020, MT



Source: Trade Data Monitor, LLC

Iraq: Iraq is still the biggest market for Turkish poultry meat with a 51 percent share of total exports in 2020. In 2020, Turkey exported 257,443 MT of chicken meat to Iraq, which is 4.9 percent higher than 2019. Although Turkish poultry exports increased on a quantity basis in 2020, the export revenue from Iraq decreased due to low selling prices in order to avoid losing market share despite the implementation of high tariffs by the Iraqi government.

Chart 8. Turkey's Chicken Meat Exports to Iraq, Comparison (MT) & (thousand \$)



Source: Trade Data Monitor, LLC

Production, Supply and Distribution Data:

Meat, Chicken	2019		2020		2021	
	Jan 2019		Jan 2020		Jan 2021	
Market Year Begins	Jan 2019		Jan 2020		Jan 2021	
Turkey	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks (1000 MT)	0	0	0	0	0	0
Production (1000 MT)	2138	2138	2200	2136	2250	2160
Total Imports (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	2138	2138	2200	2136	2250	2160
Total Exports (1000 MT)	408	402	456	440	470	457
Human Consumption (1000 MT)	1730	1736	1744	1696	1780	1703
Other Use, Losses (1000 MT)	0	0	0	0	0	0
Total Dom. Consumption (1000 MT)	1730	1736	1744	1696	1780	1703
Total Use (1000 MT)	2138	2138	2200	2136	2250	2160
Ending Stocks (1000 MT)	0	0	0	0	0	0
Total Distribution (1000 MT)	2138	2138	2200	2136	2250	2160
(1000 MT)						

Attachments:

No Attachments.