

Required Report: Required - Public Distribution

Date: September 07, 2022

Report Number: TU2022-0040

Report Name: Poultry and Products Annual

Country: Turkey

Post: Ankara

Report Category: Poultry and Products

Prepared By: Sinem Duyum

Approved By: Christine Mumma

Report Highlights:

In 2023, chicken meat production in Turkey is estimated to increase 9 percent to 2.68 million metric tons (MMT) due to continuing export demands and slightly higher domestic consumption. In 2023, domestic chicken meat consumption is forecast at 1.7 MMT which is 5 percent higher than 2022 but under sector hopes, mostly due to expected continued high poultry meat prices at retail outlets that are unlikely to change in the lead-up to the 2023 presidential election. In 2023, Turkish chicken meat exports are estimated to increase by 15 percent to 989,000 MT despite issues with the export markets of Iran, China, and Libya.

Commodities:

Meat, Chicken

Production:

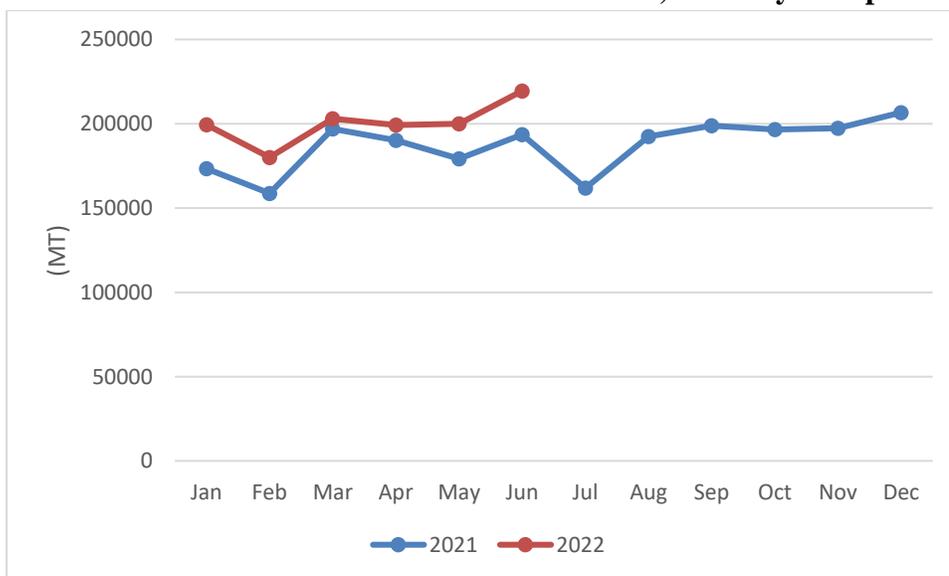
In 2023, chicken meat production in Turkey is estimated to increase 9 percent to 2.68 million metric tons (MMT) due to relatively stable export demands and slightly higher domestic consumption expected.

Turkey had averaged an 11-12 percent annual poultry production growth rate for decades until 2018; however, the sector's growth has slowed slightly since 2018 since the Turkish Lira (TL) has significantly weakened against major foreign currencies, causing high imported inputs prices, especially raw feed materials. According to the sector, a decline in exports to Iran after the Iranian Government's decision to prioritize support for domestic production will also negatively affect poultry production.

In 2022, chicken meat production is estimated to increase 10 percent to 2.46 MMT, which is primarily due to a more efficient supply of breeding stock (hatching eggs and day-old chicks) and stronger foreign demand for Turkish chicken products, despite increasing feed prices in Turkey. In 2022, imports of breeding stock to Turkey increased 12 percent. Although most were used in the domestic poultry industry, two percent of the increase was re-exported as hatching eggs to Iraq and Russia.

Increases in feed prices are expected to continue, along with other input prices, especially energy costs. In the first six months of 2022, poultry meat production has increased 10 percent when compared with the same period of 2021, in line with total year projections.

Chart 1. Turkish Chicken Meat Production from 2021 to 2022, Monthly Comparison



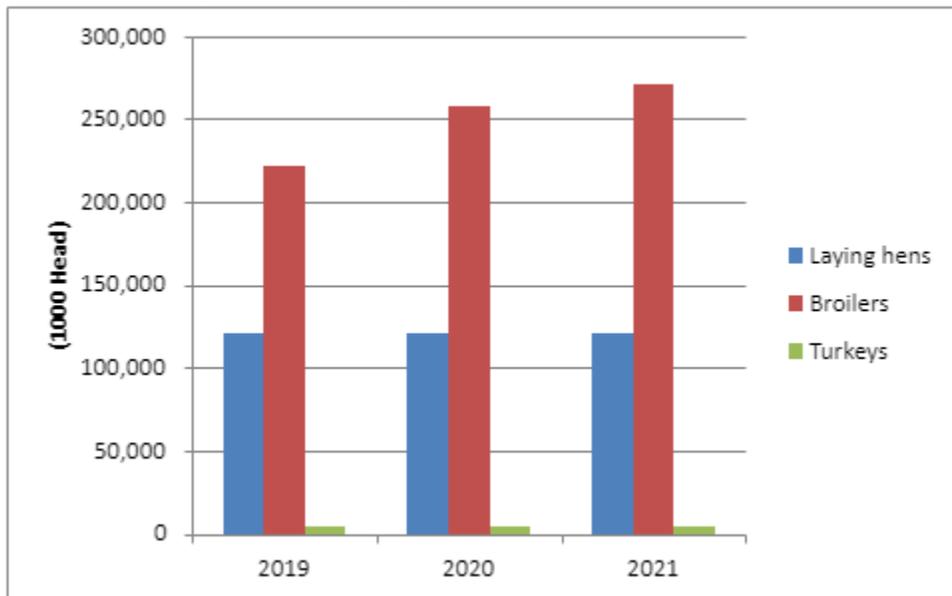
Source: Ministry of Agriculture and Forestry (MinAF), 2022

In 2021, Turkey produced 2.25 MMT of chicken meat. In 2021, Turkey produced 19.3 billion eggs, which is 2.4 percent less than the previous year due high feed prices and the culling of flocks after the closure of the Iraq export market in April 2019.

In 2019, after Iraq and Saudi Arabia closed their markets to table eggs from Turkey, domestic egg prices dropped, and egg producers were forced to sell an oversupply of eggs in the domestic market below the production price. Although the Iraqi market has re-opened for Turkish eggs for as of mid-2022, this sudden change has not helped producers to plan or compensate for their overall production costs.

Moreover, the Turkish Competition Board conducted an investigation of the Turkish Egg Producers Association and 13 affiliated companies after egg prices began increasing again in the beginning of 2022 with accusations of unfair competition and collusion, ignoring the high input prices driving the consumer prices higher.

Chart 2. Turkey Chicken Population by Types, 2019-2021



Source: Turkish Statistical Institute (TurkSTAT), 2022

The poultry meat sector in Turkey has rapidly developed since the 1990`s. Poultry meat is the main protein source in Turkey, especially with current high beef prices and a domestic beef shortage. However, the main problems in the poultry sector remain: high production costs and a heavy dependency on foreign countries for input supplies such as raw feed materials or breeding materials such as hatching eggs and day-old chicks. The production of breeding materials in Turkey has not developed since the costs for the necessary scientific research for breeding strategies and production are too high. According to the sector, a major European investor is planning to establish a breeding facility for the production of day-old chicks and hatching eggs in Turkey in order to avoid the increasingly negative impacts of the Turkish Lira (TL)/dollar exchange rate, which is exacerbating high import costs.

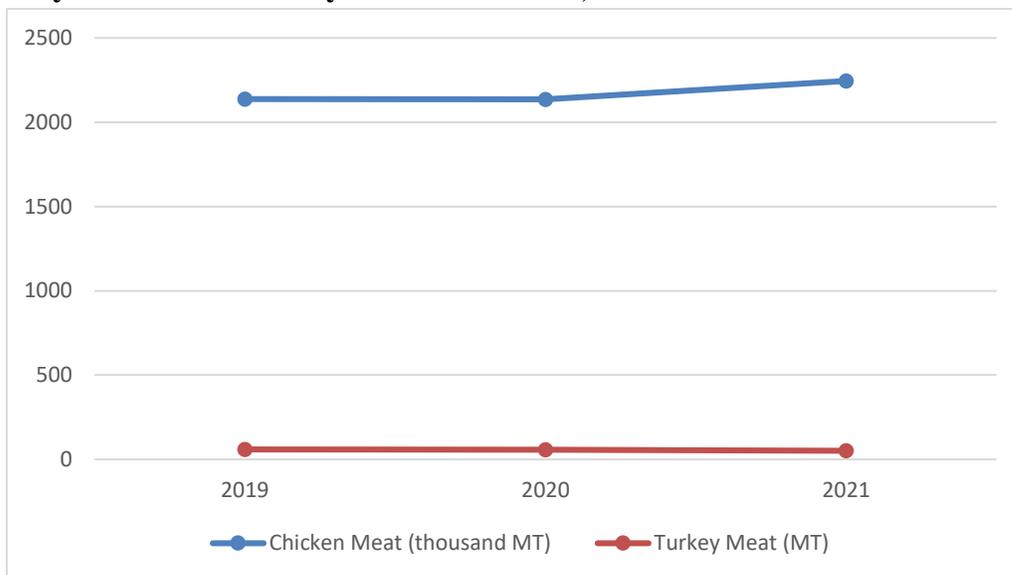
The other factors hampering the growth of the sector are the lower per capita consumption levels compared to other developed countries and problematic issues with exports due to political and economic turmoil in neighboring countries.

The expensive costs of importing large amounts of corn, soy, and fish meal causes the Turkish poultry sector to be less competitive with similar large poultry exporting countries. The poultry sector hopes to eliminate the dependency to the import of feed material and breeding materials through domestic alternatives with the support of the government.

Still, the poultry sector is one of the most well-integrated sectors in Turkey and has power to compete with the neighboring exporting countries, including the European Union. The sector also contributes to national labor employment even during the turbulent economic conditions of the last five years.

While broiler production has been steadily increasing, turkey meat production has not been effectively growing for years due to low domestic demand. Turkey meat is traditionally only consumed during New Year's Eve dinners.

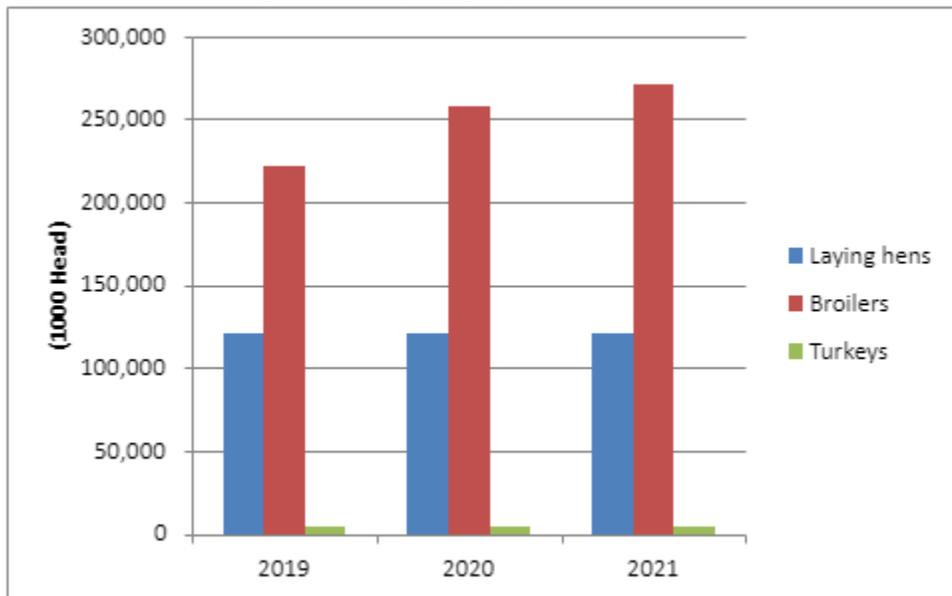
Chart 3. Turkey Broiler and Turkey Meat Production, 2019-2021



Source: Turkish Statistical Institute (TurkSTAT), 2022

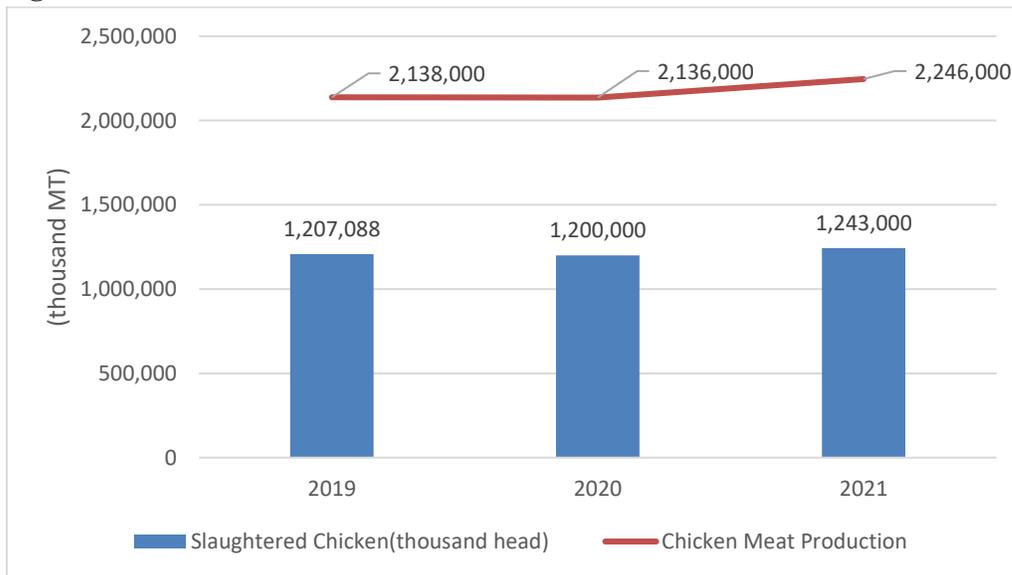
Broiler meat is the dominant chicken meat produced in Turkey and accounts for 99 percent of total production. More than half of the broiler meat production in Turkey is located in Manisa, Balikesir, Sakarya and Mersin provinces.

Chart 4. Turkey and Chicken Population by Types, 2019-2021



Source: Turkish Statistical Institute (TurkSTAT), 2022

Chart 5. Slaughtered Chickens and Chicken Meat Production from 2019 to 2021



Source: Turkish Statistical Institute (TurkSTAT), 2022

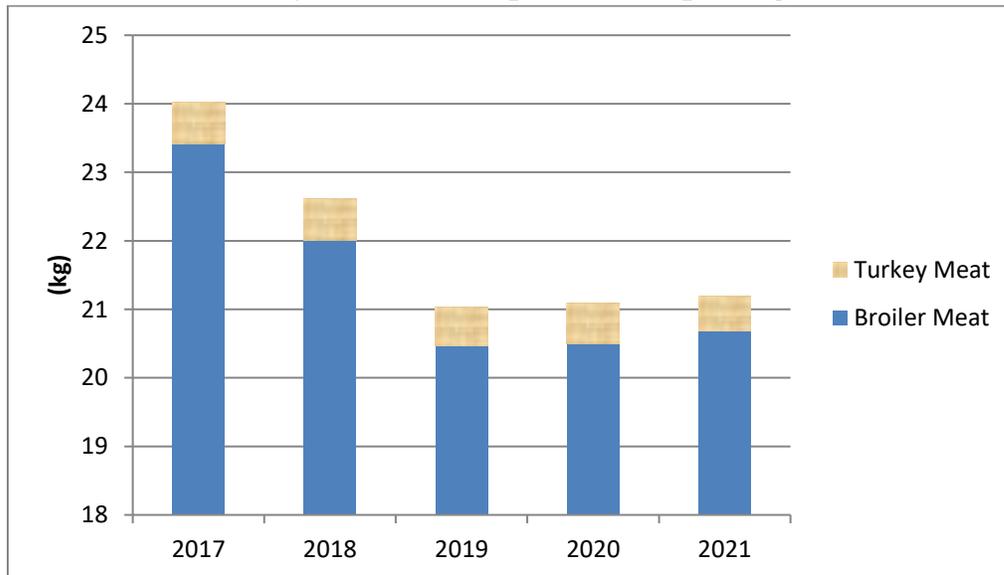
In 2021, Turkey produced 5.5 MMT of broiler feed and 3.7 MMT of feed for layers. The main ingredients used in local broiler feed rations are corn and soybeans. While Turkey grows both crops, a sizeable portion is imported to meet the demands of the country's poultry sector. Recently, the drop in grain prices and the relative decrease on corn prices has made poultry sector more comfortable; however, soy prices are still majorly dependent on imports, and high soy prices are pressuring the poultry sector to improve their feed mix efficiency.

Consumption:

In 2023, chicken meat consumption is forecast at 1.7 MMT which is 5 percent higher than 2022 but under sector hopes, mostly due to expected continued high poultry meat prices at retail outlets given Turkey's high food inflation that is unlikely to change in the lead-up to the 2023 election.

In 2022, chicken meat consumption is forecast at 1.6 MMT, which is lower than 2021 due to increasing exports, high market prices, and outdoor barbecuing restrictions after major forest fires in 2021. The sector believes that the widely enjoyed practice of outdoor picnic barbecuing in Turkey, especially during the summer, has been decreasing since last year, not only because of the recreational restrictions, but also because of the increasing price of coal. In 2021, chicken meat consumption was similar to 2020 levels due to a lack of growth because of 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.

Chart 6. Broiler Meat and Turkey Meat Consumption Per Capita (kg), 2017-2021



Source: BESDBIR (Poultry Meat Industrialists Association), 2022

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 7. Broiler Meat Price at Retails (TL/kg) versus Producers` Price (TL/kg)



Source: Turkish Statistical Institute (TurkSTAT), 2022. (Note: As of August 25, 2022, \$1 = 18.1 TL). * 2022 includes Jan-June.

Trade:

Imports and Transshipments

Turkey does not import chicken meat for domestic consumption but serves as a major transshipment point to the Middle East because of the country's central location and major ports. Most transshipments arriving in Turkey are bound for the neighboring countries of Iraq (80 percent) and Syria (20 percent).

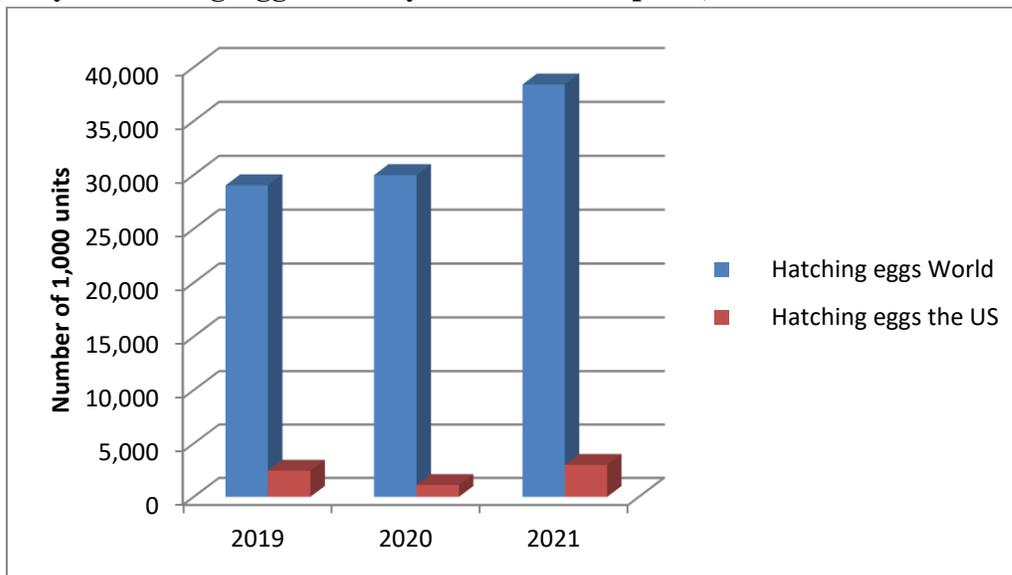
Turkey restricts transshipments from countries where commercial cases of Highly Pathogenic Avian Influenza (HPAI) have occurred. On February 25, 2022, Turkey implemented transit bans on non-heat-treated poultry and poultry products originating from several U.S. states where HPAI was detected in commercial flocks. Currently there are 21 states under restriction for the transit of non-heat-treated poultry and poultry products through Turkey. Imports of untreated poultry products destined for U.S. commissaries in Turkey are also restricted from entering if the product has transited through a third country where a commercial HPAI outbreak has occurred. For transit certificates, a wet signature, the origin and shipping places, and the container numbers of the shipments are required. If shipments originate from, or are re-shipped from, a warehouse in an HPAI-affected region that Turkey has implemented a ban on, the transit certificate will be rejected. Transit certificates must be signed prior to shipping and the accompanying information written on certificates must comply with the physical state of products.

Turkey has slowly implemented EU health standards and documentation for its importation requirements for most animal products. However, Turkey does not apply its import requirements for poultry to the required health certificate for poultry and poultry products to transit Turkey, even though

the EU does. Rather, Turkey will allow the poultry to transit its territory if the exporting and destination country agree on the certificate, even if it doesn't comply with Turkish standards.

Turkey imports hatching eggs, mostly from the UK, the United States, and Canada, and day-old chicks mostly from Germany, the UK, and the United States. These imports are crucial for the sustainability of the domestic sector, although import prices have been increasing in line with the increasing global demand.

Chart 8. Turkey's Hatching Eggs and Day-Old Chicks Imports, 2019-2021



Source: Trade Data Monitor, LLC.

However, exports of hatching eggs and day-old chicks from the U.S. to Turkey has decreased 26 percent in 2022 due to the wide-spread HPAI cases throughout the United States. On the other hand, Hungary and France's exports of hatching eggs and day-old chicks to Turkey have significantly increased in 2022 after major HPAI outbreaks in the UK and Ireland. However, the UK and Ireland have recently regained their HPAI-free and are again exporting to Turkey after Turkey recognized their compartmentalization procedures. Turkey has not yet recognized the U.S.'s request for similar acknowledgement of U.S. regionalization/compartmentalization procedures.

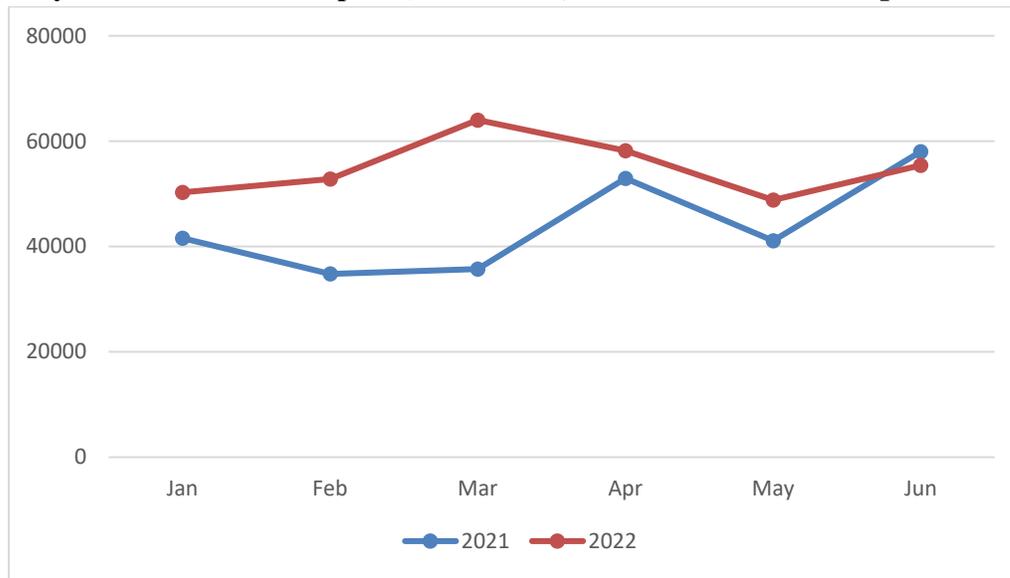
Chicken imports are discouraged through high customs duties. The tariff on imported chicken is 65 percent and 121 percent for chicken products under HTS 160232 (prepared or preserved chicken meat). These higher duties serve to protect the domestic industry from outside competition.

Exports:

In 2023, Turkish chicken meat exports are estimated to increase by 15 percent to 989,000 MT, despite the closure of the Iranian market, the slow pace of negotiating market access to China, and decreasing exports to Libya.

In 2022, chicken meat exports are estimated to reach 860,000 MT, which is 52 percent more than 2021 due to strong export demands, especially from Iraq and Iran (until the market closure in May 2022). The prospect of limited supplies of Ukrainian chicken exports in some of these markets due to supply chain and production interruptions because of the Russia-Ukraine War, will lead to more export opportunities for Turkish products.

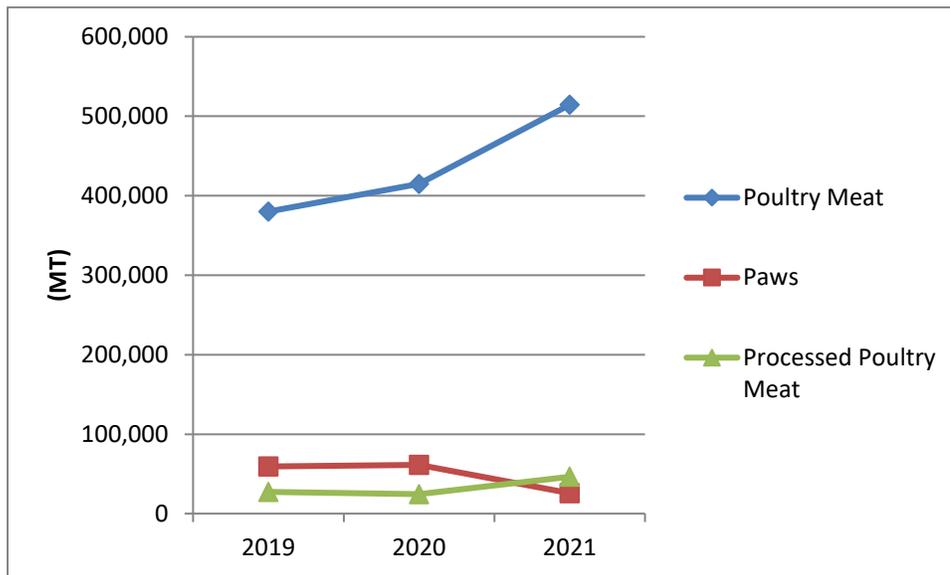
Chart 9. Turkey’s Chicken Meat Exports, 2021-2022, First Six Months Comparison



Source: Trade Data Monitor, LLC.

In 2021, chicken meat exports (excluding paws) reached 563,274 MT, valued at \$857 million. Poultry meat is among the top three exported animal products in Turkey, along with milk cream and seabass. In 2021, Turkey exported 26 percent of its total poultry production with broiler meat consisting of 98.2 percent of total exports while turkey meat accounted for 1.8 percent. Even though Turkey exported more poultry meat, lower export prices and the depreciation of the Turkish lira lowered the value of exports.

Chart 10. Turkey's Chicken Meat Exports, by Product Types, 2019-2021

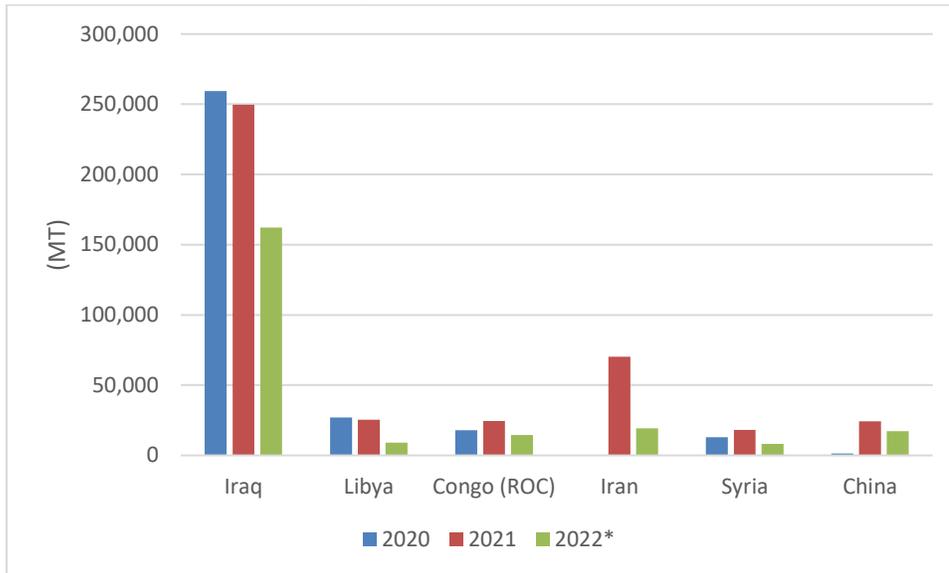


Source: Trade Data Monitor, LLC.

Exports to Iraq: Exports to Iraq have increased in 2022 after the zeroing of tariffs by the Iraqi government for poultry meat and eggs.

Exports to China: China has recently opened its market to Turkish poultry as a result of bilateral technical negotiations. Many Turkish companies have applied to the Ministry of Agriculture and Forestry (MinAF) to get approval for their facilities to be eligible for export; however China has not yet sent their technical committee to Turkey to inspect poultry facilities or grant export approvals. Currently, there is only one company authorized to export poultry meat to China. According to export associations, Turkish poultry exports to China increased 353 percent to \$61 million in June 2022 compared to \$13.5 million in the same month of 2021. Turkish poultry exporters expect exports to China to increase significantly next year with more companies approved for export. On the other hand, China is already a large export market for Turkey's chicken paws, along with Uzbekistan, Thailand, Syria, and Iraq.

Chart 11. Turkey Chicken Meat Top Export Markets, (MT), 2019-2021



Source: Trade Data Monitor, LLC. *2022 data includes January-June.

Restrictions by importing countries due to HPAI cases in Turkey is one of the main negative factors affecting the Turkish poultry export market. The other factor hampering exports is political and economic turmoil in neighboring countries which causes uncertainty for exporters making contracts with importing companies.

Policy:

Turkish chicken meat producers do not directly receive production subsidies from the Turkish government. However, in 2021, the Government paid 430 TL/MT (\$50.59) for poultry meat and 550 TL/MT (\$64.71; \$1 = 8.5 TL as of August 2021) for processed and canned poultry products which were exported but rejected from export destinations due to technical reasons, not related to animal and public health concerns. These rejections totaled at least 300 MT in 2021.

As is the case with other commodities in Turkey, the Turkish Energy Market Regulatory Board has granted reduced electricity prices for broiler, laying hens, breeding, and hatching facilities. In addition, the government decreased the Value Added Tax (VAT) on retail eggs from 8 percent to 1 percent this year to assist consumers with the higher egg prices.

Production, Supply and Distribution Data:

Although not included in PS&D estimates, chicken paw exports to China and Vietnam are also important to the Turkish broiler meat industry.

Meat, Chicken	2021		2022		2023	
	Jan 2021		Jan 2022		Jan 2023	
Market Year Begins						
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)	2246	2246	2390	2460	0	2680
Total Imports (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	2246	2246	2390	2460	0	2680
Total Exports (1000 MT)	563	563	650	860	0	989
Human Consumption (1000 MT)	1683	1683	1740	1600	0	1691
Other Use, Losses (1000 MT)	0	0	0	0	0	0
Total Dom. Consumption (1000 MT)	1683	1683	1740	1600	0	1691
Total Use (1000 MT)	2246	2246	2390	2460	0	2680
Ending Stocks (1000 MT)	0	0	0	0	0	0
Total Distribution (1000 MT)	2246	2246	2390	2460	0	2680
(1000 MT)						

Attachments:

No Attachments