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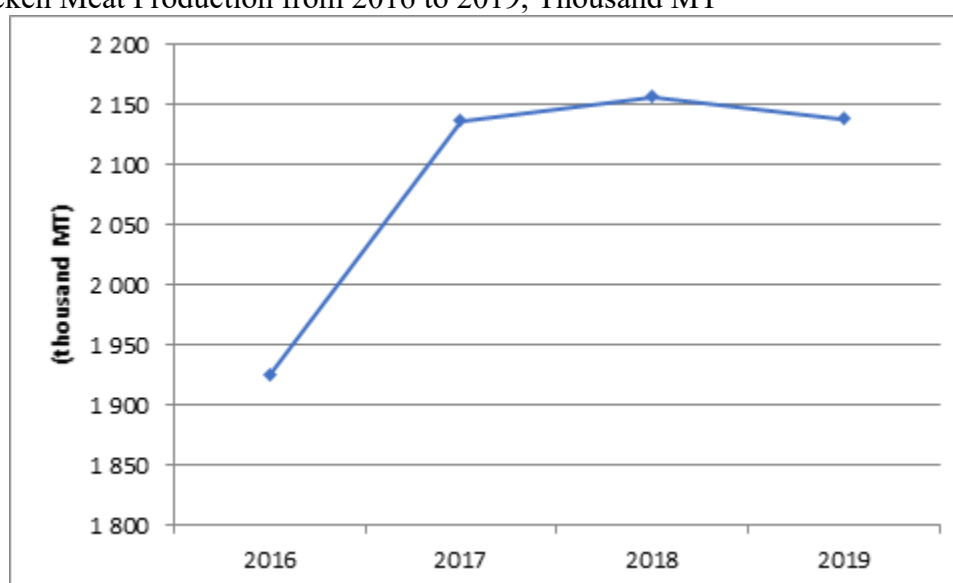
Report Highlights:

In 2020, chicken meat production in Turkey is expected to grow 2 percent to 2.2 million metric tons (MT). The expectation is lower than pre-recession average growth rates due to high feed prices which limit production. Turkey produced 2.1 million MT of chicken meat in 2019, which is almost the same as the previous year. The Turkish poultry sector is dependent on foreign suppliers for feed, which is the main input cost for poultry operations. Consumption stagnated in 2019 and it is expected to be slightly higher in 2020 due to increased at home consumption. In 2020, chicken meat exports are expected to grow only 3 percent to 420,000 metric tons (MT) since there are continuing challenges with neighboring countries and transportation issues.

Production:

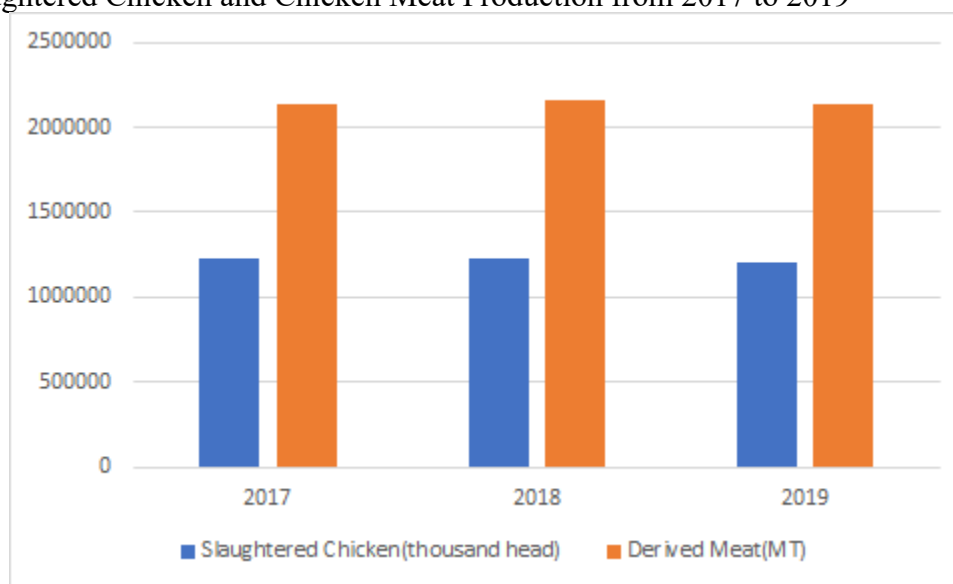
In 2020, chicken meat production in Turkey is expected to grow 2 percent to 2.2 million metric tons (MT). Even though the Turkish economy returned to positive growth in 2019 and the beginning of 2020, the production expectation is below average growth rates prior to the 2018/2019 recession due to high feed prices, which limit production. Turkey produced 2.1 million MT of chicken meat in 2019, which is almost the same as the previous year as Turkey's economy emerged from the recession. The Turkish poultry sector is dependent on foreign supplies for feed, which is the main input cost for poultry operations. The main factors that affect poultry production are high feed prices and lack of additional capacity in slaughterhouses. Pressure on the poultry sector in 2019 to not increase retail prices in the face of high food inflation also affected the sector production capacity. Turkey has \$5 billion revenue from the poultry sector.

Chart 1. Chicken Meat Production from 2016 to 2019, Thousand MT



Source: Ministry of Agriculture, 2020

Chart 2. Slaughtered Chicken and Chicken Meat Production from 2017 to 2019

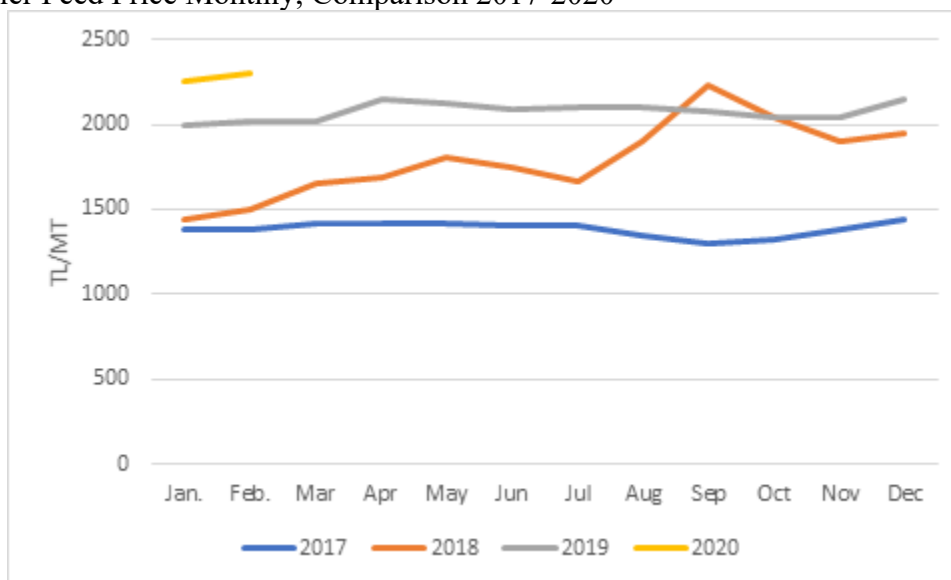


Source: TurkSTAT, 2020

The number of chickens slaughtered in 2019 decreased 1.7 percent to 1.2 billion head when compared with 2018. The Turkish poultry industry is located in the regions near where the country's population is also centered and 5 provinces (*Manisa, Sakarya, Balikesir, Mersin, and Bolu*) have intensively been producing poultry meat in Turkey. Turkey has 21 integrated poultry facilities and almost 5.5 million head of poultry is slaughtered per day. The five biggest facilities account for 50 percent of the total slaughtered poultry per day. Of the total amount of poultry meat, 97 percent is broiler meat and 3 percent is turkey meat.

The poultry sector in Turkey has been struggling with profit margins in recent years, given higher feed prices and the depreciation of the Turkish lira, which makes imported feed and breeding inputs more expensive.

Chart 3. Broiler Feed Price Monthly, Comparison 2017-2020



Source: Turkey Feed Industrialist Association, 2020. (Note: As of March 31, 2020, \$1 = 6.5 TL)

As seen in the above chart, broiler feed prices have been increasing while broiler meat production has been stagnating for the past two years. Turkish producers have struggled to retain adequate animal inventory to satisfy broiler production and have contended with high losses from animal diseases. The most expensive production cost is feed, accounting for 70 percent of production inputs. Turkey used 10 million MT of broiler feed in 2019 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, so additional soybeans and grains must be imported. Turkey's restrictive biosafety law limits imports of genetically engineered feed and puts financial responsibility and criminal and civil liability on importers. FAS Ankara's report about Turkey's biosafety law and regulations can be found here: gain.fas.usda.gov.

In 2019, feed parities have significantly increased and the biggest increase on parities is poultry meat/soy. The parity has indicated that producer's prices have not kept up with increases in feed raw materials.

Consumption:

Chicken is the most popular meat and the primary source of protein in Turkey. The biggest share of poultry meat consumption is broiler meat, as turkey meat is less preferable in the domestic market. Chicken is also the most affordable meat, particularly compared to beef and lamb - the high prices of which have recently been hot topics in the country.

The price of chicken at supermarkets has sharply increased in 2019 to cover higher costs of production, as seen in the chart below. Producers' costs have increased 26 percent and retail prices have increased 23 percent in 2019 despite the sector's effort not to increase retail prices. According to producers, domestic consumption has started to increase after the recent measures taken by the Turkish Government to combat the Covid-19 virus since people are advised to stay home.

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



Source: Meat and Milk Board (ESK), 2020. (Note: As of March 31, 2020, \$1 = 6.5 TL)

Poultry meat consumption in Turkey is usually high during summer due to the popularity of barbecuing. Consumption stagnated in 2019 due to economic conditions and it is expected to be slightly higher in 2020 due to more at home consumption.

Trade:

Imports and Transshipments:

There is no import of poultry meat to Turkey because of its self-sufficient industry. The Turkish Statistical Institute's data showing poultry imports is related to rejected or cancelled poultry shipments from Turkey. Additionally, there is a high custom tariff rate of 65 percent 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. Since 2018, Turkey has been applying avian influenza (AI) and Newcastle related bans on U.S. poultry and poultry products from California transiting through Turkish territory. However, poultry products processed or heat treated according to the World Organization for Animal Health (OIE) recommendations are allowed to pass through. 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 transit poultry meat shipments 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 very crucial for the sustainability of the domestic sector. Although hatching egg imports have been increasing for the last few years, imports from the U.S. have been decreasing even though only California is still prohibited from exporting hatching eggs due to AI. FAS continues to press the Turkish government to lift these restrictions, in compliance with OIE standards.

Although day-old chick imports to Turkey have overall been decreasing for the last several years, imports from the U.S. have increased 66 percent in 2019 after bans implemented for AI for several states were lifted.

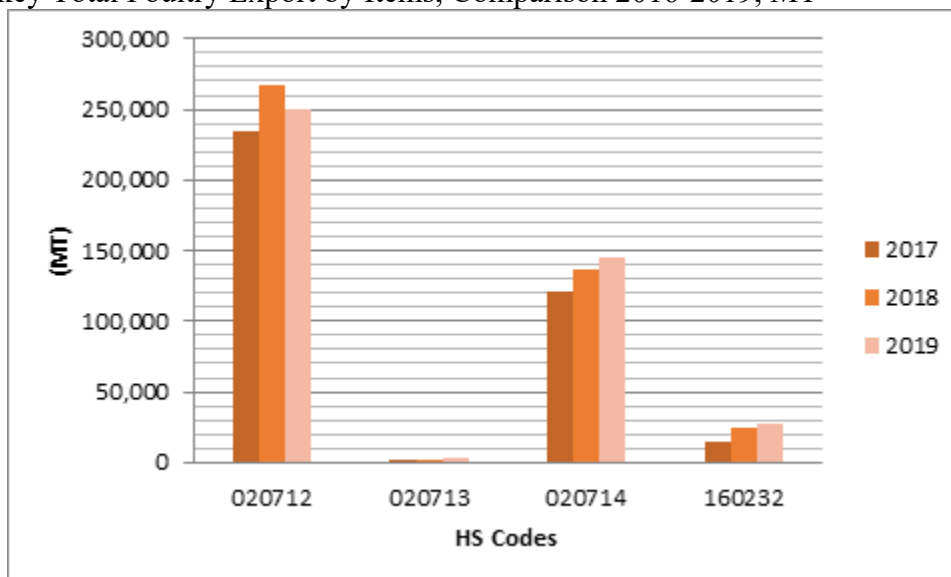
Exports:

In 2020, chicken meat exports are expected to grow only 3 percent to 420,000 metric tons (MT) since there are continuing challenges with neighboring countries and transportation issues. The sector was expecting to expand its exports to China for 2020. However, slower official procedures have limited expectations for poultry exports to China due to the Covid-19 pandemic.

Turkey exported 407,685 MT of chicken meat (excluding paws exported to Hong Kong and China and broiler meat to China) in 2019, which is 2 percent less than 2018. Political and economic issues in neighboring countries, unforeseen decisions on tariffs by the Iraqi government, and transport problems to Syria and Iraq negatively impacted Turkish poultry exports.

Turkey exports poultry meat and poultry products to nearly 81 countries including Japan, Iraq, Morocco, Georgia, the Philippines, and members of the Eurasian Economic Union. Since the Turkish poultry sector has faced difficulties exporting to neighboring countries due to fluctuating regional turmoil, Turkish exporters have been searching for other, more stable market opportunities and are especially focused on Japan and China.

Chart 5. Turkey Total Poultry Export by Items, Comparison 2016-2019, MT



Source: Trade Data Monitor, LLC (*Chicken paws to Hong Kong and Vietnam and all broiler meat to China were removed*)

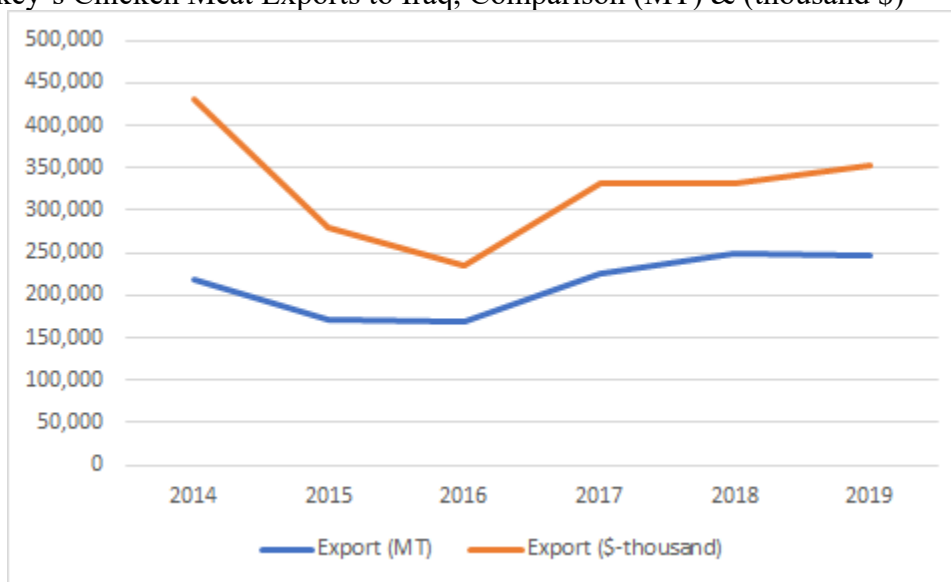
Turkish poultry sector exports have been affected by logistical problems during transport especially to Iraq, Iran, Azerbaijan, Kuwait, Qatar, and Syria due to the Covid-19 virus outbreaks. The most affected sector is the Turkish egg sector; there are shipments for export that are stuck at the borders which may expire before reaching their final destinations. There are reports of additional foreign market requirements due to the Covid-19 virus that must be addressed officially by the Turkish Ministry of

Agriculture and Forestry. At this time, the Turkish Government has not closed customs processing centers at the borders for commercial trade. *Gurbulak* gate to Iran had been closed for all movements including commercial trucks, however it has recently been opened for train transports. This border had been closed since February after the Covid-19 outbreak was recorded in Iran. Closing the *Gurbulak* gate makes other exit gates very busy with re-routed traffic. The time required at the border has also been increasing due to the health and safety measures for transportation workers taken by the Turkish Government because of the Covid-19 virus.

Iraq: Iraq is still the biggest market for Turkish poultry meat with a 61 percent share of total exports. In 2020, poultry meat exports to Iraq are expected to stagnate since additional border transit procedures taken by the Turkish Government to protect against the Covid-19 virus have slowed the amount of cargo able to pass through the customs checkpoints each day. Up to the date of this report, passengers are not allowed to pass *Habur* gate at the border with Iraq, but container traffic for commercial purposes is still allowed. However, shipments must be transferred to a different trailer with a driver who is a national of the importing country in the buffer zone, which delays commercial shipments.

In 2019, Turkey exported 247,000 MT of chicken meat to Iraq, the same as 2018. The export value slightly increased to \$354 million. The most popular exported product to Iraq in 2019 was whole frozen chickens at 170,000 MT. At the beginning of May 2019, the Iraqi government stopped all egg imports from Turkey in order to protect domestic production. Turkey exports one-third of its total domestic egg production to foreign markets, and 80 percent of total egg exports were sent to Iraq. After the Iraq ban for Turkish eggs, the Turkish egg exporters started to export eggs mostly to Syria and Kuwait.

Chart 6. Turkey's Chicken Meat Exports to Iraq, Comparison (MT) & (thousand \$)



Source: Trade Data Monitor, LLC

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.

Chicken Meat PS&D Table

Meat, Chicken	2018	2019	2020
Market Begin Year	Jan 2018	Jan 2019	Jan 2020
Turkey	New Post	New Post	New Post
Beginning Stocks	0	0	0
Production	2157	2138	2200
Total Imports	0	0	0
Total Supply	2157	2138	2200
Total Exports	418	408	420
Human Consumption	1739	1730	1780
Other Use, Losses	0	0	0
Total Dom. Consumption	1739	1730	1780
Total Use	2157	2138	2200
Ending Stocks	0	0	0
Total Distribution	2157	2138	2200
(1000 MT)			

Attachments:

No Attachments.