

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT POLICY

Voluntary - Public

Date: 5/7/2010

Turkey

Post: Ankara

Turkey Will Re-Issue Tenders for Live Slaughter Cattle

Report Categories:

Agricultural Situation

Livestock and Products

Trade Policy Incident Report

Halal

Promotion Opportunities

Approved By:

Rachel Nelson, Agricultural Attache

Prepared By:

Samet Serttas, Agricultural Specialist

Report Highlights:

The Ministry of Agriculture declared on May 6, 2010 that it would cancel the first and second tenders for live slaughter cattle issued under the tariff quota, due to the lack of sufficient bids. The Meat and Fish Institute will announce a new tender by May 10 which will take place on or around May 20, 2010. The new tenders will not be allocated by region as the first tenders were, and instead they will be open to all qualified countries and they will be for smaller amounts. Once the quota of 16,000 MT of live slaughter cattle is allocated the Meat and Fish Institute will announce a tender for chilled beef.

General Information:

The Ministry of Agriculture declared on May 6, 2010 that it would cancel the first and second tenders for live slaughter cattle issued under the tariff quota, which took place on May 4 and May 6, 2010. Due to the lack of sufficient bids, the competition for tenders was not deemed sufficient. The Meat and Fish Institute believed that the very short delivery time requirements of the May 4 and May 6 tender prevented more companies from making offers, so future tenders will be adjusted accordingly.

The Meat and Fish Institute will announce a new tender on May 7 or 10, 2010. The new tenders will not be allocated by region as the first tenders were, and instead they will be open to all qualified countries and they will be for smaller amounts, such as 500 MT, each time. The new tender will be held around May 20, 2010, which the Meat and Fish Institute stated would give companies more time to prepare their offers. Once the quota of 16,000 MT of live slaughter cattle is allocated the Meat and Fish Institute will announce a tender for chilled beef. The Meat and Fish Institute stated it would like to buy this beef from EU countries. The reason given for this decision is that frozen beef is not accepted by Turkish consumers, and the Institute believes the EU is the most acceptable region for providing chilled beef. The U.S. Embassy is appealing to the Institute to also open any beef tenders to U.S. companies.

On April 30, a Turkish Council of Ministers' decree establishing a tariff quota for livestock and meat imports was published in the Official Gazette. The Decree established a quota with a 10 percent duty for 16,000 MT of livestock imports and a 25 percent duty for 7,500 MT of beef imports, valid until December 31, 2010. The Meat and Fish Institute (a government agency) is the importer authorized to use this quota.

The Meat and Fish Institute held the first import tender under this quota on May 4, 2010 in Ankara for 4,025 MT of live slaughter. This quota was open to cattle from Latvia, Lithuania, Estonia and Hungary. Three companies submitted bids during this tender: Hacilar Turkische Fleischgosshandels GMBH based in Germany, Dituria SRO based in Slovakia; and SC. Agrohilal SRL, based in Romania and belonging to Turkish businessmen.

In this first tender offers were submitted for just 500 MT. The bids were 1,350,000 Euro from Hacilar Turkische Fleischgosshandel, 1,650,000 Euro from Dituria SRO and 1,750,000 Euro from SC. Agrohilal SRL for cattle to be delivered to the Ankara EBK slaughterhouse. Then in the second round of bidding, Hacilar Turkische Fleischgosshandels reduced its offer to 1,299,950 Euro and Dituria SRO reduced its offer to 1,340,000 Euro. Bidders complained about the short delivery time (10 days) and because of this constraint, didn't offer to fulfill the entire tender, which could have gone up to 4,025 MT of live slaughter cattle. At the end of the first tender Hacilar Turkische Fleischgosshandels was announced as the winner.

Turkey's Meat & Fish Institute (EBK) held a second auction for procurement of 5,000 tons of slaughter cattle from the United States, Brazil, Uruguay, Argentine and Chili on May 6, 2010 in Ankara. Four companies paid the fee to receive tender documents and be able to bid; Jordan based Khaled Hijazi, United States based Atlantic Halal meat, Uruguay based Rozada CIA S.A and Germany based Safak Fleisch Lebensmitteln GmbH. All of these companies except Safak Fleisch Lebensmitteln GmbH attended the tender, although only one of them actually submitted a bid. Jordan-centered Khaled Hijazi offered 21.3 million USD in the first round and lowered its bid to 20.9 million USD in the second round. The auction committee said it would evaluate the offer, but later that day announced that none of the bids from the previous two auctions would be accepted.

Instead a new tender will be announced by May 10, 2010, for an auction that will take place on or around May 20, 2010.