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**Report Highlights:**

Many Turkish cattle farmers are struggling to make ends meet because input costs, especially feed, are increasing at a faster pace than farmgate prices for carcass meat and milk. As a result, many farmers are cutting their losses and sending their animals to slaughter earlier than normal. This trend is expected to continue into 2023 as economic conditions in the country remain bleak. For 2023, cattle production is forecast to increase a nominal 2 percent year-over-year, thanks in large part to the Ministry of Agriculture & Forestry's recent decision to permit 160,000 head of imported feeder cattle over the coming months. The Ministry hopes that these imported feeder cattle will help alleviate the rising cost of beef at a time when overall food inflation in Turkey is at record levels. Meantime, the Turkish government has instituted different measures to alleviate the rising prices for both livestock feed and food, but inflation remains a persistent problem.

**Note:** This report is qualitative text only and does not include PSDs.

### **Cattle Production:**

In 2023, cattle production in Turkey is forecast at 18.5 million head, up nearly two percent or 300,000 head year-over-year. This anticipated increase is mainly due to the Ministry of Agriculture & Forestry's (MinAF) decision in August 2022 to permit 160,000 head of imported feeder cattle to bolster domestic meat supplies and lower the rising cost of beef. Imports of authorized feeder cattle will likely start towards the end of 2022 and into early 2023.

At the same time, the forecasted uptick in cattle production in 2023 will be tempered by strong slaughter numbers and declining replacement rates as farmers continue grappling with high input prices, especially feed, and reduced profitability. The ratio of dairy and beef cattle is forecast to remain roughly the same at 70:30 in 2023.

For 2022, cattle production is expected to reach 18.2 million head, up by 1 percent or about 200,000 head year-over-year. The projected increase in production is limited because both dairy and beef cattle farmers continue to struggle in turning a profit amid the rising cost of inputs, such as feed and fuel, while the farmgate prices for milk and carcass meat are too low to compensate what farmers are spending on feed. As explained below, given these conditions, farmers are slaughtering their animals earlier than normal.

There were about 1.3 million cattle operations in Turkey as of June 2022, down a little more than 2 percent from the same time last year. This decline is likely due to the tough economic conditions that many farmers are facing. In addition, poor animal health conditions, which reportedly result in 400,000 dead calves each year, remains a major concern for cattle producers.

Meantime, for reference purposes, Turkey's sheep and goat population in 2021 was 57.5 million, which was 6 percent higher than the previous year, according to data from the Turkish Statistical Institute (TurkSTAT). About 80 percent of the total sheep and goat population is made up of sheep. As one way to encourage the herd expansion, MinAF has started the reclamation of marginal crop land for grazing goats and sheep.

### ***High Feed Costs Erode Cattle Farmers' Profitability***

According to the National Livestock Producers Association, the prices of compound feed for dairy cows and feeder cattle is up 138 percent and 160 percent, respectively, from last summer. In addition, feed barley prices have quadrupled, and hay prices have doubled during the same period. Both dairy and beef cattle farmers, especially small-holder farmers, are particularly sensitive to the cost of feed since it accounts for about 80 percent of total farm expenditures. In response to higher production costs, private feeder cattle operations are reportedly running at half capacity and monthly milk production is expected to continue trending downward during the second half of the year. As an aside, sheep and goat

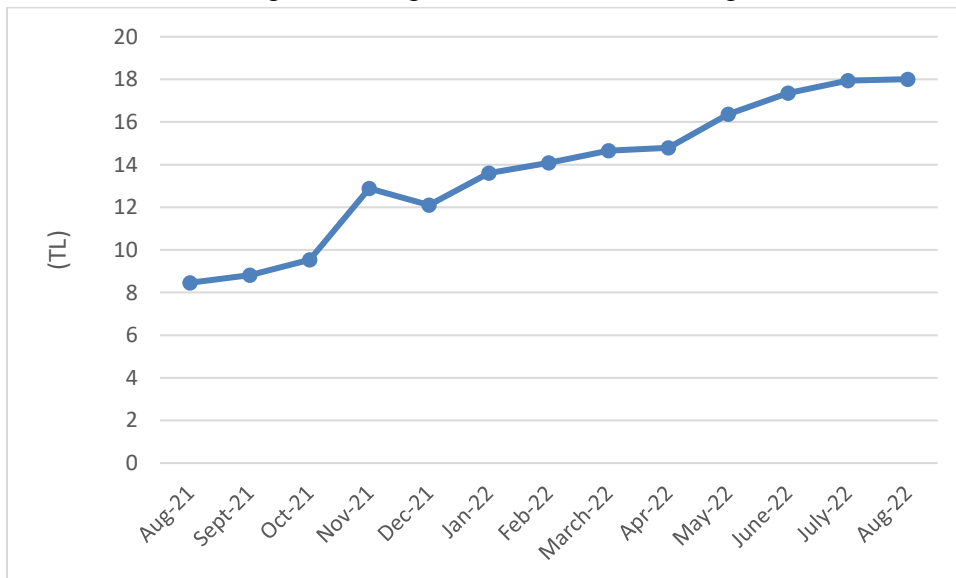
producers are less vulnerable to the rising price of compound feed since they mostly rely on pasture feeding.

In response to these challenging economic conditions, farmers are sending their animals for slaughter earlier than usual and slowing their herd replacement rates. Dairy animals are being slaughtered after reaching just two to three years of age instead of the customary five years, while beef cattle are being slaughtered at lighter weights, around 300 kilograms versus the historic average of 400 kilograms. Most of the cattle being slaughtered this year are dairy animals, whereas in the past feeder cattle accounted for the biggest share. While there is no reliable slaughter numbers available at this time, industry sources confirm that the pace of slaughter has increased year-over-year for the reasons mentioned above.

The main reasons for rising feed and other input costs are higher international commodity prices and the continued depreciation of the Turkish Lira (TL) against the U.S. dollar. In just the last year (Aug 2021-Aug 2022) alone, the TL has lost half of its value against the dollar. The price of compound feed is particularly vulnerable to these outside economic pressures since about half of the 27.0 million metric tons of compound feed made in Turkey during 2021 was produced from imported ingredients.

Other factors leading to higher feed prices are the lack of integration between feed and livestock producers and climate change. Drier weather conditions in certain parts of the country during the past couple of years has reduced the amount of available graze, leading to increased demand for compound feed and higher production costs. To obtain more information about recent feed prices in Turkey, please refer to our latest [Grain & Feed Report](#).

Chart 1. Turkish Lira (TL) Exchange Rates Against the US Dollar, August 2021-2022



Source: Turkish Central Bank, 2022. **Note:** Turkish Lira (TL) per U.S. dollar.

Table 1. Turkey Mixed Feed Production by Years (MT), 2018-2022

Years	Feeder Cattle Feed	Dairy Cows Feed	Broiler Feed	Laying Hens Feed	Other Mixed Feed*	Total
2018	5,072,549	6,481,999	5,306,118	3,600,843	3,682,980	<b>24,144,489</b>
2019	5,406,167	6,550,258	5,363,210	3,828,441	3,791,041	<b>24,939,117</b>
2020	5,732,941	7,016,824	5,397,526	3,716,754	4,408,221	<b>26,272,266</b>
2021	5,961,009	7,171,666	5,542,974	3,661,780	4,666,569	<b>27,003,998</b>
2022 (Jan-Jun)	1,806,611	2,465,726	2,091,998	1,133,953	1,643,556	<b>9,141,845</b>

Source: MinAF, 2022. \* *Other mixed feed includes items such as feed for small ruminants, horses, fish, and pets.*

### ***Government Interventions to Offset Rising Feed Prices Have Limited Effect***

The government has tried to intervene to stabilize domestic feed prices, but with little effect. The Turkish Grain Board (TMO), a government-affiliated entity, continues supplying subsidized feed ingredients, especially imported barley and corn to Turkish livestock producers. However, there are complaints from across the livestock sector that these discounted prices, while helpful, are still too high for most farmers to make a consistent profit.

The government has cut import tariffs to zero for major feed ingredients and has also pressured feed manufacturers to reduce compound feed prices. In February of this year, the government decreed that feed producers must lower their price for mixed feed by 12 percent. However, feed makers were unable to lower their prices amid rising input costs, and instead had to raise prices within a few days after the decree was issued.

In addition, to encourage cattle and other livestock production, the government provides annual support payments, though many farmers consider this support to be inadequate. For more details, please refer to our [2021 Livestock Subsidy Report](#).

### ***Investments in Better Cattle Genetics Aimed at Improving Yields***

Turkey is using artificial insemination (AI), mostly for dairy animals, to improve genetic traits and yields. Imported livestock genetics are mostly used for AI, though there is a growing pool of locally produced genetics. MinAF overregulates the use of AI, including the importation of livestock genetics.

To increase demand for U.S. livestock animal genetics, FAS/Ankara partnered with Beefmaster Breeding United (BBU) and DBL D-BAR Beefmaster Ranch in Texas to facilitate the donation of 67 Beefmaster embryos to Kafkas University located in Kars, Turkey in January 2021. The embryos will be used to develop the foundation for a Turkish Beefmaster herd. As of August 2022, the first calves from the gestational carrier cows were born and more 12 calves are expected to be born during the rest

of this calendar year. Please click [here](#) to get more information about Beefmaster market access to Turkey.

### ***Livestock Slaughter Declines During Major Sacrifice Holiday***

Turkey celebrated the Sacrifice Holiday (Eid al-Adha) this year from July 9-12, 2022. While MinAF has not yet announced the official slaughter figures for this period, Turkish livestock producer associations estimate that the total number of animals slaughtered decreased by 25 percent to about 2.8 million – 800,000 cattle and 2 million sheep/goats – compared to last year’s holiday. The decrease in cattle slaughter was mainly attributed to fewer available feeder cattle and higher live cattle prices, which have doubled since last year. By comparison, according to MinAF, there were 3.7 million livestock slaughtered during last year’s holiday, including 2.7 million head of sheep and 950,000 head of cattle.

The state-controlled Meat and Milk Board (ESK), which is responsible for regulating the meat market in Turkey, purchased animals that farmers were unable to sell during the holiday. However, producers were reportedly reluctant to sell because ESK’s offer price was considered too low and inadequate to cover high production costs.

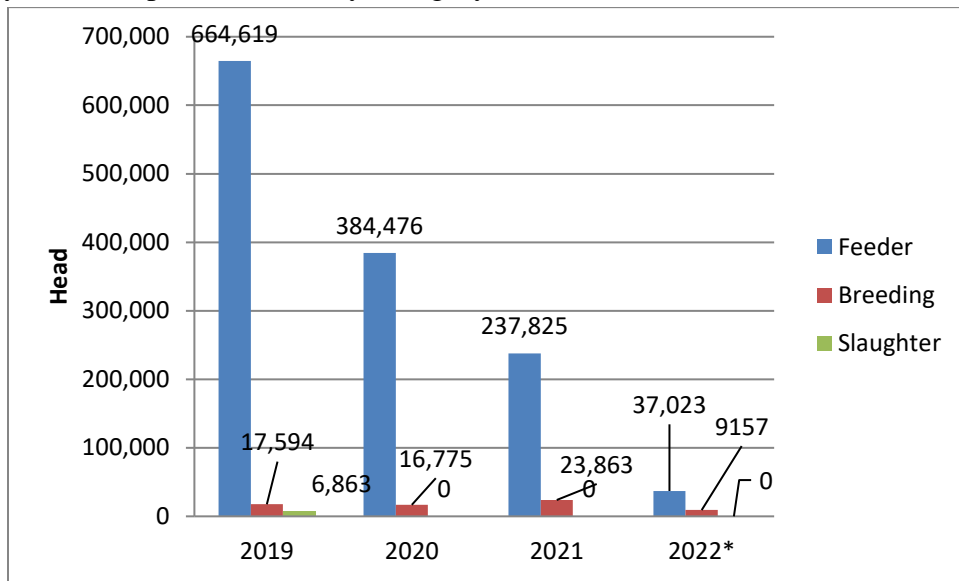
### **Cattle Trade:**

In 2023, Turkey’s cattle imports are forecast to increase 130,000 year-over-year to 280,000 head, based on the need to backfill some of the projected slowdown in local cattle production. In line with historic trends, most of these imported cattle will be feeder cattle for beef production.

Cattle imports in 2022 are estimated at 150,000 head, down nearly 100,000 from the previous year. This projected decline is attributed to MinAF’s restrictions on feeder cattle imports up until August 2022. The high cost of breeding cattle and the weakness of the Turkish Lira are also responsible for lower cattle import numbers. In August 2022, MinAF announced that it would authorize 160,000 head of feeder cattle imports to address the domestic beef shortages and high beef prices. According to the local cattle industry, the imported feeder cattle will be purchased under a contracted production model, whereby producers will receive a government-guaranteed price when selling their finished animals for slaughter. The hope is that this model will help reduce some of the price volatility in the marketplace and relieve some of the upward pressure on beef prices.

From January-June of this year, Turkey imported approximately 46,000 cattle. Imports were made up of feeder cattle mostly from Uruguay, the Czech Republic and Brazil, while breeding cattle – mostly Jersey and Holstein breeds – primarily came from Germany, the United States and the Czech Republic. The pace of imports is expected to pick up in the remaining months of 2022 and into 2023 following MinAF’s recent announcement that Turkey would once again resume imports of feeder cattle.

Chart 2. Turkey Cattle Import Numbers by Category, 2019-2022



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

Turkey uses outdated EU health certificates for live cattle imports, but does not allow imports from all countries authorized by the EU. Instead, MinAF determines its own authorized countries and regions from which to import live cattle, according to World Organization of Animal Health (WOAH) standards. To see the official link of MinAF-authorized countries and regions, please click [here](#).

### ***Steady Demand for Cattle Imports from the United States***

In 2023, cattle imports from the United States are expected to remain unchanged from the previous year at 3,000 head, all of which will likely be dairy breeding cattle. Given Turkey’s animal health import requirements, the United States is only eligible to supply animals for breeding purposes. Imports will depend on U.S. cattle prices vis-a-vis competitors, like Europe, as well as transport costs.

For 2022, cattle imports from the United States are estimated at 3,000 head, down almost 30 percent due to strong U.S. prices for breeding animals. As of June 2022, imports of U.S. breeding cattle reached nearly 1,730 head. Imports of U.S. and other origin breeding cattle face overly restrictive technical requirements, such as the requirement to provide three generations of pedigree information.

In 2021, Turkey imported nearly 4,280 head of breeding cattle from the United States, valued at \$10.8 million. These imported cattle consisted of Holstein, Jersey, Brown Swiss, and Guernsey breeds. Turkish farmers are aware of the quality and good reputation of U.S. dairy cattle. Potential buyers closely follow U.S. cattle prices to determine when best to buy.

### ***Cattle Exports***

Cattle exports for 2023 are projected to remain unchanged from the previous year at 2,000 head. In 2021, cattle and other livestock exports fell sharply year-over-year because of MinAF measures to

restrict exports to stabilize live cattle prices and reduce price speculation. Major export markets are neighboring countries, such as Iraq, Syria, and Azerbaijan.

**Commodities:**

Meat, Beef and Veal

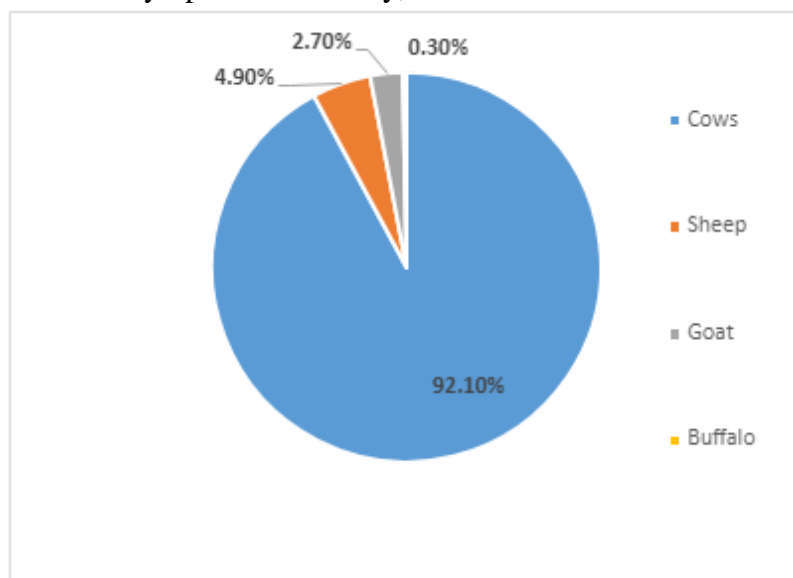
**Beef Production:**

In 2023, meat production is forecast to increase year-on-year to 1.5 million metric tons (MMT), up 200,000 MT from the previous year. The projected increase is based on the expectation that cattle slaughter numbers will remain robust as well as MinAF’s earlier-mentioned decision to allow a sizeable number of feeder cattle imports.

Meat production for 2022 is estimated at 1.3 MMT, which is up 100,000 MT from the previous year due to the growing number of cows being sent to slaughter. Meantime, carcass yields have reportedly dropped to 270-300 kilograms as farmers sell their animals ahead of schedule to avoid paying rising input costs. The is drop in yields limits increases in beef production despite strong slaughter numbers.

Post’s beef production figures for 2022 and 2023 are based on estimates from the Turkish meat sector. In May of this year, after a two-year hiatus, TurkStat resumed publishing beef production data, releasing data for 2020 and 2021. Production in 2021 was estimated at 1.5 MMT, up nearly 9 percent from the previous year. The livestock industry believes these newly published production data are too high and do not match the reality on the ground.

Chart 3. Red Meat Production by Species in Turkey, 2021.



Source: TurkSTAT, 2022

### Beef Consumption:

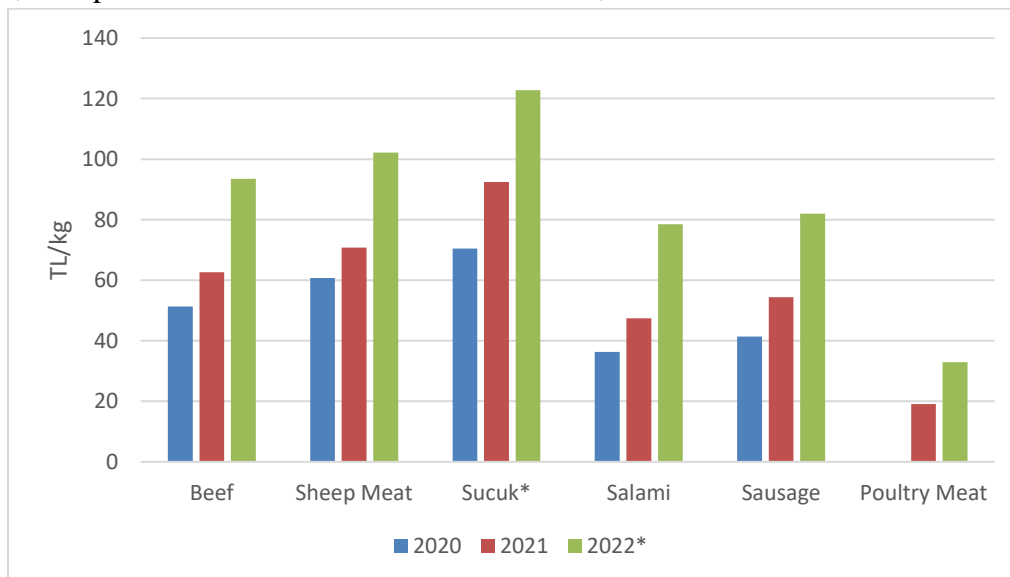
In line with rising production, beef consumption in 2023 is forecasted to increase slightly above the previous year’s estimated amount of 14.5 kilograms per capita. This projected increase assumes the added production volumes will help alleviate some of the upward price pressure on beef, making it more affordable to local consumers.

In 2022, beef consumption is expected to remain largely unchanged at 14.5 kilograms per capita, despite a growing population that wants to eat more beef. High beef prices are constricting greater consumption. This month (August), 1 kilogram of beef is being sold for 150 TL, which is 130 percent more than the same time last year.

Turkey continues to grapple with the effects of inflation. As of July, yearly inflation was nearly 80 percent. Food inflation for this period was about 95 percent. The government has instituted various measures to curb food inflation, among which are discounts on certain food and household products at the 1,300 Agricultural Cooperative Markets (ACM) across the country. These latest discounts kicked in August and MinAF-affiliated ACMs are said to be 15-50 percent cheaper than the private supermarkets, which the government alleges is “gouging” customers with high prices. The discount on beef and other meat products is 30 percent. However, supplies of the discounted beef are likely limited.

For more than a decade, MinAF has encouraged consumers to eat more mutton, which was cheaper at the time, to reduce the upward price pressure on beef. The Ministry also introduced incentives to support the production of sheep meat. However, in recent years, sheep meat prices have surpassed those for beef, as shown below.

Chart 4. Beef, Sheep Meat and Other Meat Products Prices, 2020-2022\*



Source: TurkSTAT, 2022. (Note: As of August 25, 2022, \$1 \$= 18.1 TL) \*Sucuk is a traditional fermented sausage-like beef product with spices. 2022\* data includes average price of January-June.



**Trade:**

Beef imports in 2023 are forecast to remain unchanged from the previous year at 500 CWE. For 2022, beef imports are estimated at 500 CWE, which is three-times smaller than the year before. This expected decline is largely due to government limits on beef imports. The state-controlled Meat & Milk Board (ESK) controls the amount of imported beef, which is only allowed as a means of addressing inflation and helps protect the domestic industry. In the last couple years, imported beef is mainly coming from Bosnia and Herzegovina, and to a lesser extent from Brazil and Uruguay.

Turkey's beef export volumes are insignificant. Nonetheless, starting from March of this year, MinAF [banned](#) beef exports to stabilize domestic supplies and keep local prices from running higher. For reference, Turkey exports sizeable volumes of sheep and goat carcasses, especially to Iraq. Like the ban on beef exports, the government also stopped exports of sheep and goat meat. Sheep and goat producers complained that these restrictions reduced their profitability amid surging input costs. In August, owing to these concerns, MinAF decided to allow sheep and goat meat exports once again.

**Table 2.** Turkey's Tariffs for all Countries for Cattle and Beef Products, 2022

HS Code	Commodity	Tariff Rate
Live Cattle		
010229	Cattle, live, other than purebred breeding	26%
010221	Cattle, live, purebred breeding	zero
010231	Buffalo, live, purebred breeding	zero
Carcass Meat and Beef		
020110	Bovine carcasses and half carcasses, fresh or chilled	40%
020120	Bovine cuts bone in, fresh or chilled	40%
020130	Bovine cuts boneless, fresh or chilled	225%
020210	Bovine carcasses and half carcasses, frozen	40%
020220	Bovine cuts bone in, frozen	40%
020230	Bovine cuts boneless, frozen	225%
021020	Bovine meat salted, dried or smoked	114.3%
160250	Bovine meat, offal nesoi, not livers, prepared/preserve	121.5%

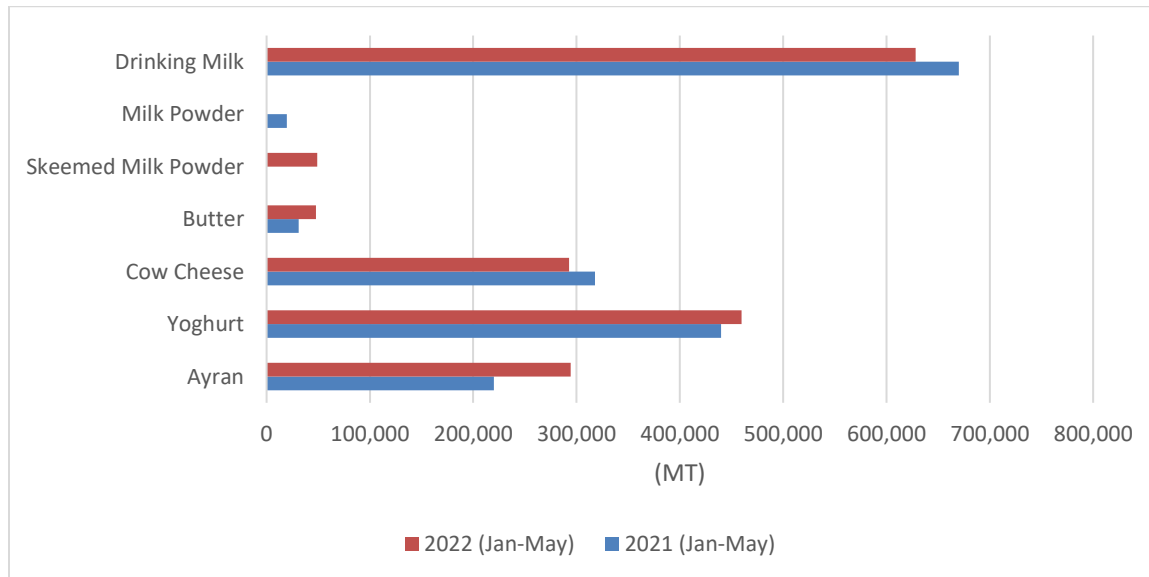
Source: Ministry of Trade, 2022

## Milk Production

Turkey produced 23.2 MMT of milk in 2021. Production in 2022 is expected to decline as dairy farmers liquidate some of their cattle inventories because of rising input costs and low raw milk prices. From January-June 2022, milk and cheese production each dropped about 6 percent compared to the same period last year. In contrast, butter production increased nearly 34 percent in response to strong export demand. MinAF temporarily banned butter exports from April-June fearing that these outbound shipments were effectively reducing domestic milk supplies and driving retail milk prices higher. The butter export ban has since been replaced with a monthly quota of 7,000 MT from July-September. Meantime, the retail price of milk, cheese, and butter have all increased due to milk shortages and overall inflation.

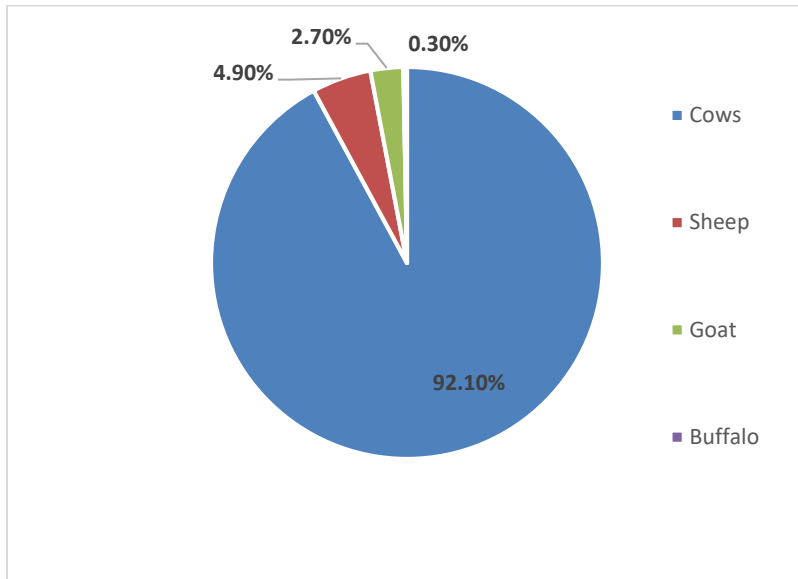
Raw milk prices are set by the National Milk Council (NMC). While the NMC has raised prices, dairy farmers complain that it is not enough to cover the rising cost of inputs. For example, raw milk prices have increased 134 percent since January of this year, while feed prices have shot up 150 percent. The price of raw milk is determined by milk quality, including protein and fat content.

Chart 5. Turkey Milk and Dairy Production (MT), Comparison January-May of 2021 and 2022



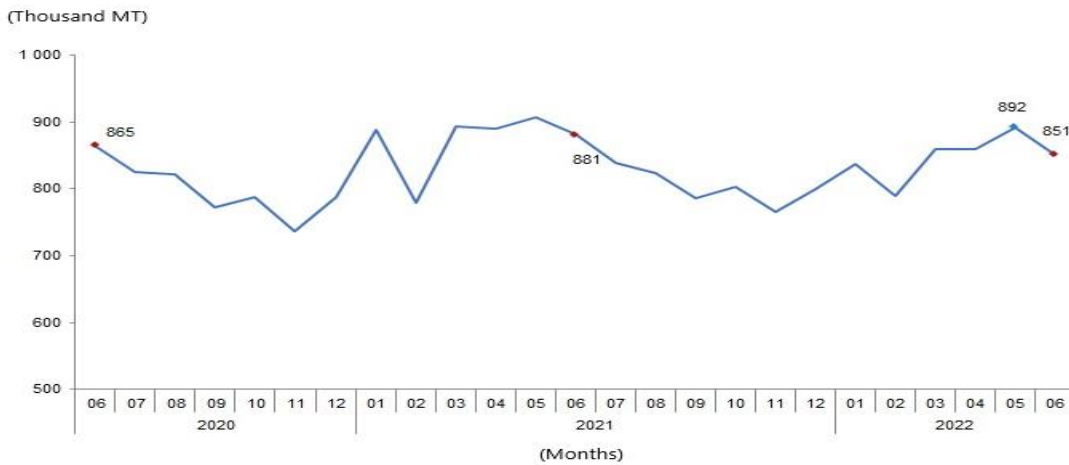
Source: TurkSTAT, 2022.

Chart 6. Distribution of Total Milk Production in Turkey by Species, 2021



Source: TurkSTAT, 2022.

Chart 7. Collected Milk Amount, Thousand MT, 2020-2022, Monthly



Source: Turk Stat, 2022

**Attachments:**

No Attachments