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Report Highlights:

Despite the rapidly growing demand for chicken meat in Turkey, in 2021, chicken meat production is expected to increase only 5 percent compared to 2020, less than industry expectations. Production remains lower than demand due to unstable exchange rates in 2020. In 2019, Turkey produced 2.13 MMT of chicken meat and 59,000 MT of turkey meat, totaling 2.19 million metric tons of poultry meat. Feed costs account for 70 percent of the total expenditure in poultry operations. In 2019, 10 million MT of poultry feed was used for poultry production. The main inputs for feed production are corn and soy. In 2020, chicken meat exports are estimated 456,607 MT which is 12 percent higher than the previous year. In 2019, exports reached 407,685 MT and were valued at \$540 million.

Commodities:

Meat, Chicken

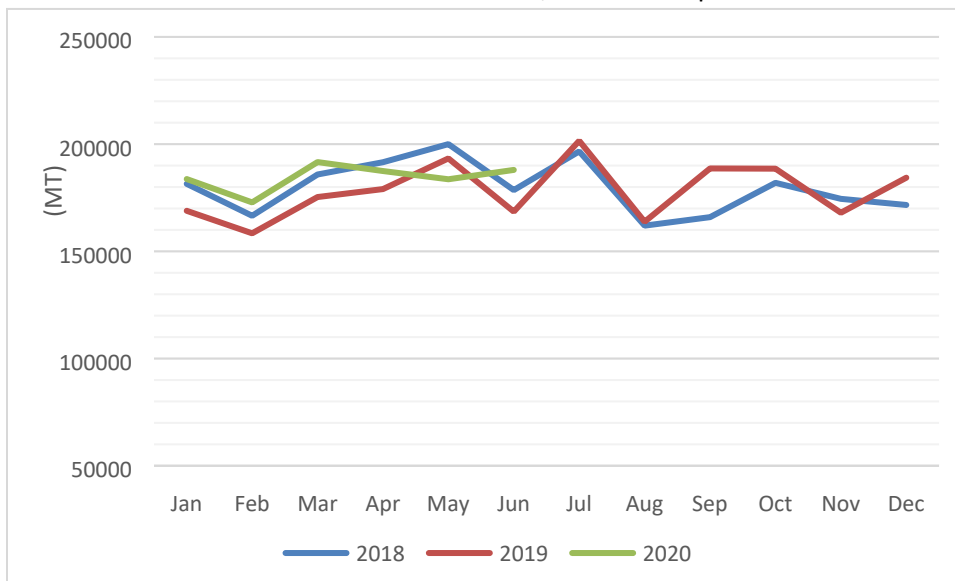
Production:

Despite the rapidly growing demand for chicken meat in Turkey, in 2021, chicken meat production is expected to increase only 5 percent compared to 2020, less than industry expectations. The production remains lower than demand due to unstable exchange rates in 2020. Currency depreciation in the country affects imported feed prices which artificially limits production. In 2020, chicken meat production in Turkey is expected to grow 2.8 percent to 2.2 million metric tons (MMT) due to high feed prices, which are dependent on exchange currency rates, and the closing of fast food restaurants and hotels due to Covid-19 restrictions.

In 2019, Turkey produced 2.13 MMT of chicken meat and 59,000 MT of turkey meat, totaling 2.19 million metric tons of poultry meat. In 2019, the Turkish poultry sector could also not reach its production target due to the economic turmoil in the country and unstable exchange rates which started in 2018. In normal circumstances, Turkey had an average yearly 8 percent production growth rate in the poultry sector. For the last three years, the normal growth rate has been only 5 percent and is expected to be the same for the future projections. The stagnation in production growth is caused by high feed prices and lack of additional capacity in slaughterhouses.

As of 2020, Turkey has 7,807 broiler production facilities. Turkish poultry producers generally increase their production in March and April due to picnic season and the Ramadan Holiday. In 2020, Turkish producers faced the COVID-19 pandemic during the high-capacity months, which resulted in overstocks in production as a result of measures taken by the government such as lockdowns, closing hotels and restaurants etc. As a result, seen in Chart 1, producers started to slow production.

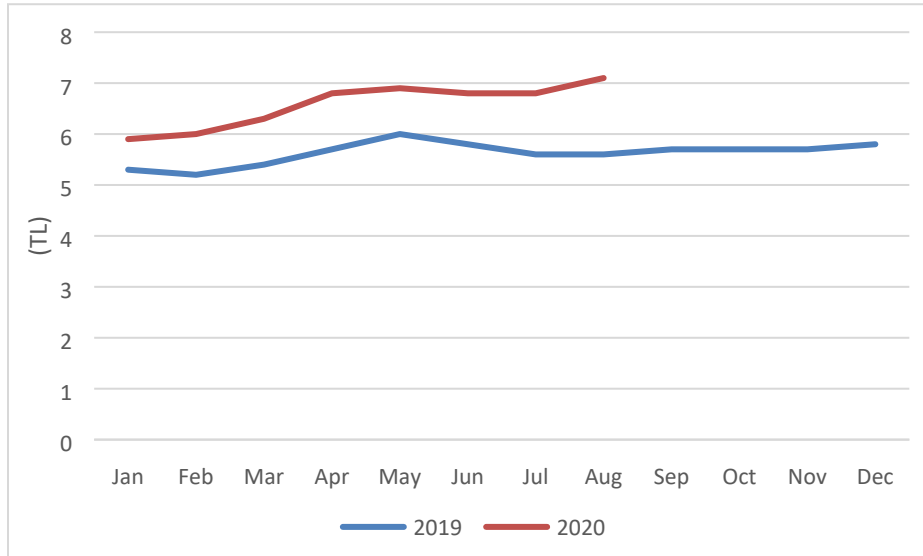
Chart 1. Turkish Chicken Meat Production from 2018 to 2020, Month Comparisons



Source: Ministry of Agriculture, 2020

In 2019, production decreased 0.8 percent from 2018 (2.1 MMT) due to high feed prices. Feed is the main input for poultry operations. Feed prices are dependent on import and exchange rates which have been continuing to increase during the beginning of 2020.

Chart 2. Turkish Lira against 1 \$, 2018-2019 Monthly Comparison



Source: Turkish Central Bank, 2020

Feed costs account for 70 percent of the total expenditure in poultry operations. In 2019, 10 million MT of poultry feed was used for poultry production and only 2.1 percent of that was used for turkey production. The main inputs for feed production are corn and soy. In 2019, 37.4 percent of corn and 94.6 percent of soy used for poultry production were imported. In 2019, corn imports increased 69 percent over 2018 and half of the total corn imports in 2019 were from Ukraine. Romania and Russia are the top exporters after Ukraine, while Russia was the biggest corn exporter to Turkey in 2018.

Turkey imports soybeans mostly from Brazil and Ukraine. As of June 2020, Turkey imported 60 percent more soybeans from Brazil than compared with the same period of the previous year. The dependency on imports for corn, soy and fish meal to be used for production and the necessity of imported breeding materials such as hatching eggs and day-old chicks makes the Turkish poultry sector less competitive than other countries' poultry operations.

Table 1. Chicken Meat Prices and Feed Prices, Comparison 2015-2019

	2015	2016	2017	2018	2019
Chicken Meat(TL/kg)	5,09	5,37	6,04	6,27	7,88
Broiler Meat Feed(TL/kg)	1,21	1,19	1,38	1,79	2,08
Full Fat Soy(TL/kg)	1,34	1,39	1,61	2,32	2,38
Corn(TL/kg)	0,71	0,73	0,84	0,95	1,17

Source: MinAF, 2020

Turkish importers will no longer import U.S. soy because newer biotech events that are grown in the U.S. have not been approved in Turkey. 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](#).

In 2020 egg production is estimated to reach 2 billion units which is almost the same as 2019's 1.98 billion units in 2019. The Turkish egg sector is also struggling with high feed input prices and export problems with Iraq, their main market. At the beginning of May 2019, the Iraqi government stopped all egg imports from Turkey in order to protect its domestic production. Eggs that could no longer be exported to Iraq were released into the domestic market and, as a result of oversupply, egg prices in the domestic market have sharply decreased.

Chart 3. Egg Producer Prices and Customer Price Comparison, 2017-2020



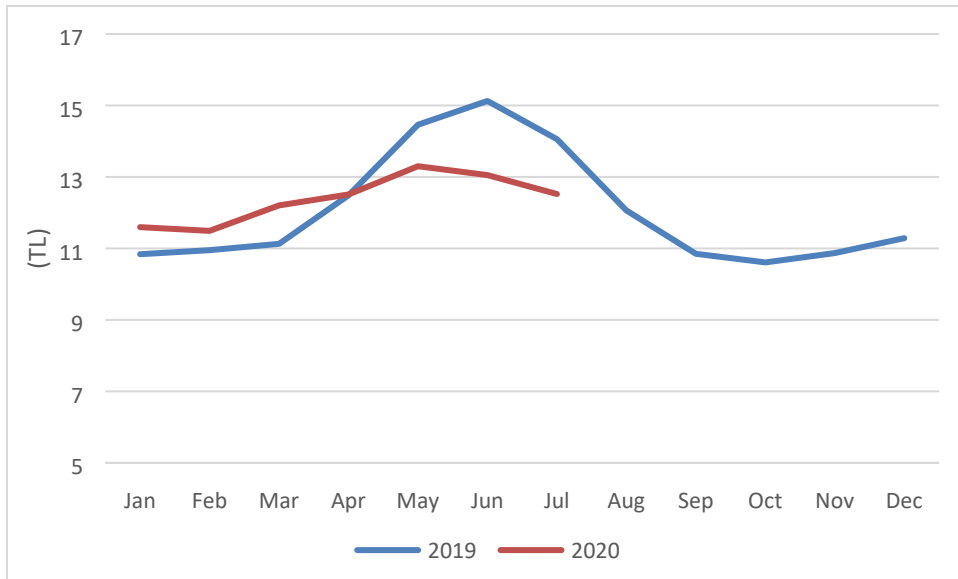
Source: TurkSTAT, 2020. (Note: As of August 24, 2020, \$1 = 7.4 TL). 2020 includes data until August.

Consumption:

In 2021, chicken meat consumption is estimated to be 1.8 MMT, an increase of 3 percent more than 2020 which will reach 1.74 million MT. In 2019, chicken meat consumption per capita reached 1.73 MMT, or 21.3 kg per capita.

Chicken is the most popular meat in Turkey. It also is the most affordable meat, particularly compared to beef and lamb - the high prices of which have still been hot topics in the country. During COVID-19 measures the only product which has not seen price increases is poultry meat, despite the high input costs. Although poultry meat prices were trending to increase 11 percent over the previous year until April 2020 in correlation with the high inflation, prices have decreased after Covid-19 pandemic. As seen in Chart 3, poultry meat prices at markets started to decrease in March due to the sector's high stocks during the Covid-19 pandemic.

Chart 4. Broiler Meat Price at Retails (TL/kg)



Source: TurkSTAT, 2020. (Note: As of August 24, 2020, \$1 = 7.4 TL)

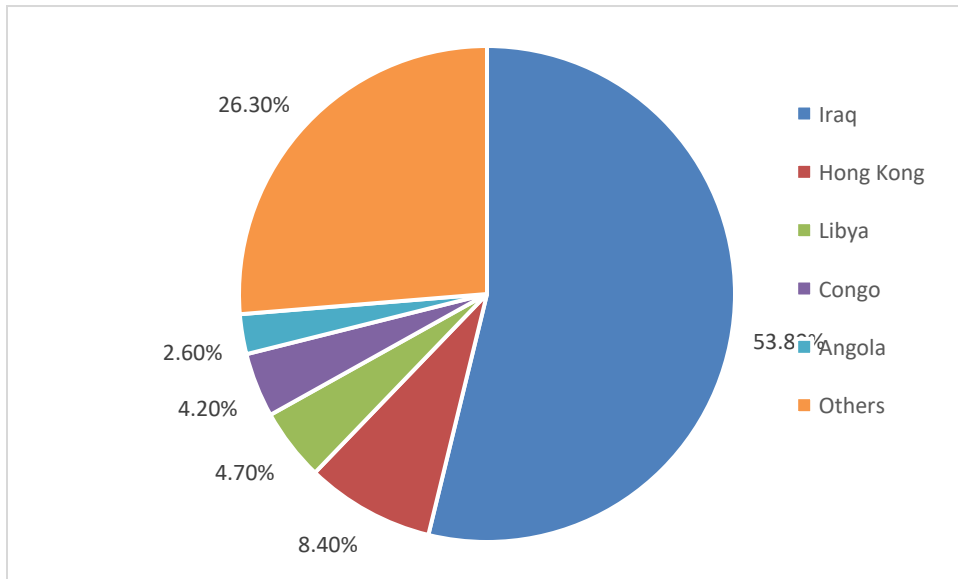
According to Turkish poultry producers, wholesale markets were the most affected sector during the 13-week lockdown period due to the Covid-19 pandemic measures, and in-home consumption has increased. However, picnics were restricted and hotels were closed within the scope of the COVID-19 pandemic measures, and those measures have negatively affected total consumption, especially consumption of breast chicken meat which is widely used at fast food restaurants. Despite these factors, producers believe that there would be no significant change in total overall domestic poultry consumption in Turkey for 2020.

Trade:

Exports:

In 2021, chicken meat exports are expected to increase 10 percent compared to 2020, in line with the normal export rate, despite high feed input prices. In 2020, chicken meat exports are estimated 456,607 MT which is 12 percent higher than the previous year. In 2019, exports reached 407,685 MT and were valued at \$540 million. Ninety-six percent of the total chicken exports from Turkey was broiler meat in 2019, and Iraq is the biggest export market for Turkey. Half of total chicken exports are sent to Iraq. The other important export markets are Hong Kong, Libya, the Congo, and Angola.

Chart 5. Turkish Chicken Meat Export Markets, Percentages by Top Countries

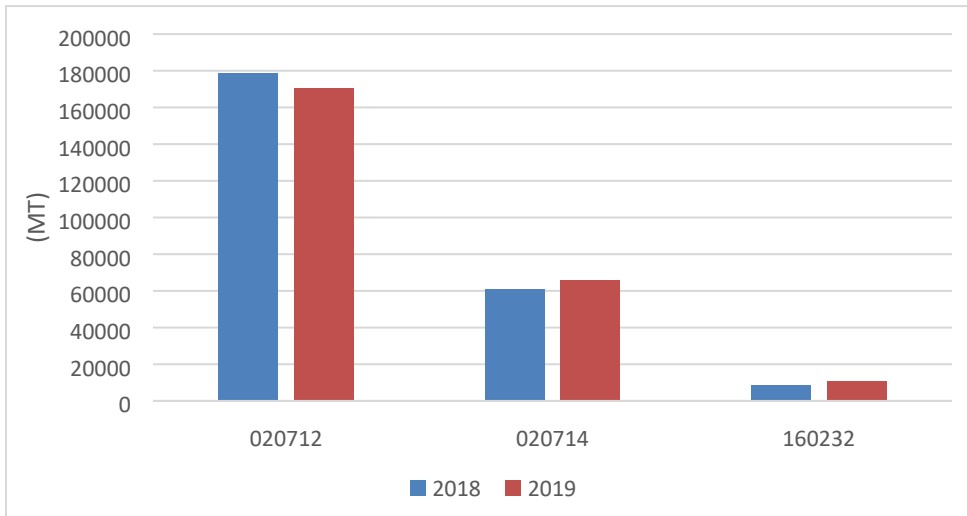


Source: MinAF, 2020

While Iraq has been the biggest chicken meat export market for Turkey, exports to other countries have been changing due to political and economic reasons. In 2018, Libya was the second biggest chicken meat export market; however, Hong Kong has risen to second place in 2019. With regard to other countries; Turkey has increased its chicken meat exports to Uzbekistan, Laos, and Congo while it has decreased for Libya, Vietnam, and the United Arab Emirates.

Turkey exported 247,183 MT of chicken meat to Iraq in 2019, which is the same amount as 2018. The most popular exported products to Iraq in 2019 were whole and cut-pieced frozen chickens at 170,000 MT. In 2019, the export of cut-pieced frozen chickens and prepared or preserved chicken meat increased due to Iraqi customer preferences, but Turkish poultry exporters think that the unit prices were still too low. For the first seven months of 2020, Turkey increased its chicken meat export to Iraq by 10 percent more in quantity but 10 percent less in U.S. dollar value when compared to the same period of the previous year. Turkish exporters are willing to selling for lower prices in order to maintain their market share.

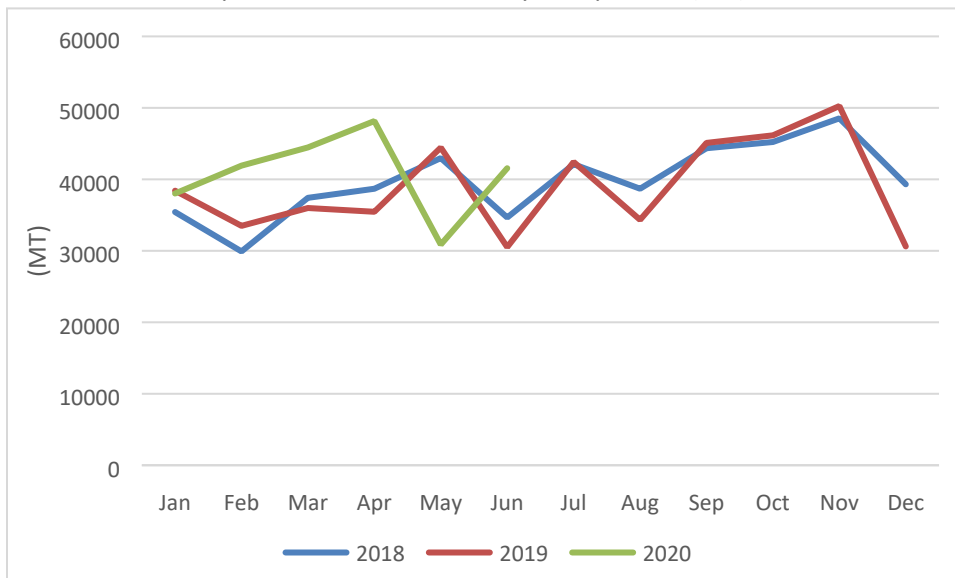
Chart 6. Turkey Poultry Exports to Iraq by Items, Comparison 2018-2019, MT



Source: Trade Data Monitor, LLC

In Turkey, the main problems affecting chicken meat exports are turmoil in neighboring countries, on-going economic crises in Middle Eastern countries, and logistics issues with Syria and Iraq. Unforeseen decisions on tariffs by the Iraqi government have especially negatively affected the potential of Turkish poultry exports. Despite those problems, Turkey exported 12 percent more chicken meat during January-June in 2020 when compared with the same period of the previous year. However, Turkish chicken meat exports significantly decreased in April and May after the Covid-19 pandemic complicated transport logistics to importing countries.

Chart 7. Turkey's Chicken Meat Exports, 2018-2020 Monthly Comparison (MT)



Source: Trade Data Monitor, LLC

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. However, export permission procedures to China have stagnated due to the Covid-19 pandemic which has delayed official negotiations.

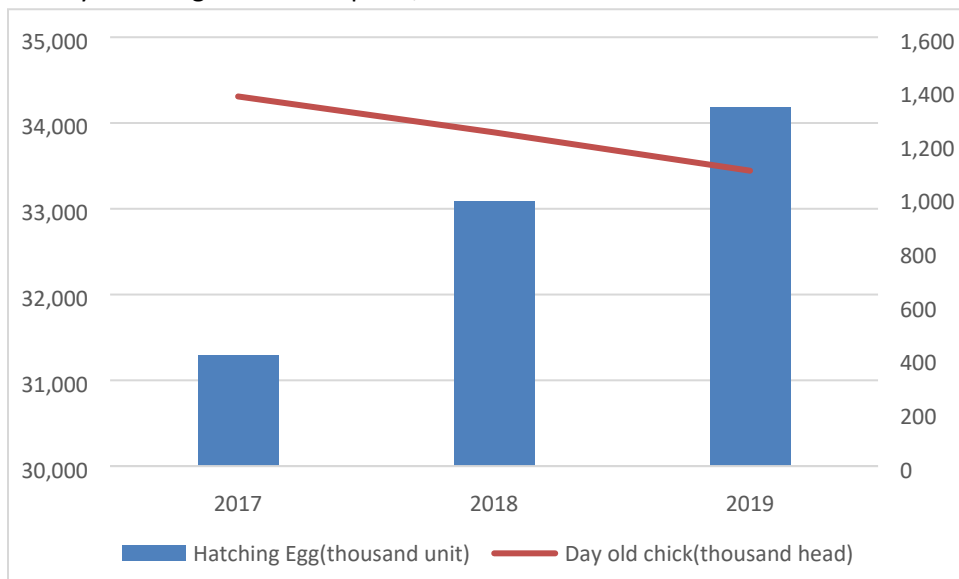
At the beginning of May 2019, the Iraqi government stopped all egg imports from Turkey in order to protect domestic production. Turkey exports one-third of its total domestic egg production to foreign markets, and 80 percent of total egg exports were sent to Iraq. After the Iraq ban for Turkish eggs, the Turkish egg exporters started to export eggs mostly to Syria and Kuwait.

Imports:

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 imports to Turkey and protect the domestic industry.

Turkey only imports breeding materials (hatching eggs and day-old chicks) from mainly the U.K. and Canada to keep stable animal stocks and yield. Turkey imports day-old chicks to improve its laying hen stock and imports hatching eggs for its broiler population. As seen Chart 8, day-old chick imports have been decreasing since due to the Iraq export restrictions and resulting oversupply in the domestic market.

Chart 8. Turkey Poultry Breeding Material Imports, 2017-2019



Source: Trade Data Monitor, LLC

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 had been applying avian influenza (AI) and Newcastle disease related bans on U.S. poultry and poultry products from California transiting through Turkish territory. However,

the ban for California due to AI and Newcastle disease was lifted on August 13, 2020. Currently, there are no banned states in the U.S. for the export or transit of poultry and poultry products to Turkey.

Policy:

Turkish chicken meat producers do not directly receive subsidies from the government.

Regarding export refunds, 430 Turkish Lira (TL) is paid per ton of poultry meat on 41 percent of the consignment, 550 TL is paid per ton of processed and canned products, up to 50 percent per consignment, and 40 TL/1000 units is paid for 65 percent of egg consignments. If eggs are intended for breeding or hatching, the refund is 50 percent more than the normal payment.

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, Value Added Tax (VAT) for poultry eggs on bulk purchases has been decreased from 8 percent to 1 percent.

As of August 2020, the exchange rate is 7.4 TL to \$1 USD.

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	2019		2020		2021	
	Jan 2019		Jan 2020		Jan 2021	
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)	2138	2138	2075	2200	0	2310
Total Imports (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	2138	2138	2075	2200	0	2310
Total Exports (1000 MT)	408	408	360	456	0	501
Human Consumption (1000 MT)	1730	1730	1715	1744	0	1809
Other Use, Losses (1000 MT)	0	0	0	0	0	0
Total Dom. Consumption (1000 MT)	1730	1730	1715	1744	0	1809
Total Use (1000 MT)	2138	2138	2075	2200	0	2310
Ending Stocks (1000 MT)	0	0	0	0	0	0
Total Distribution (1000 MT)	2138	2138	2075	2200	0	2310
(1000 MT)						

Attachments:

No Attachments