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Turkey

Poultry and Products Annual

Poultry and Products Annual Report for Turkey

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Report Highlights:
Turkish poultry production is expected to stagnate in 2016 because of export difficulties within the region and is expected to slightly increase in 2017. Domestic consumption would be the similar as it was before, since high beef prices are expected to continue. Turkish poultry sector is seeking new export markets in collaboration with the Turkish Ministry of Food, Agriculture and Livestock (MinFAL).

Executive Summary:

Broiler production is forecast to grow by 5 percent in 2017 to nearly 2 million metric tons because of improving relationships with neighbor countries, especially with Russia, assuming no additional Avian Influenza (AI) outbreaks occur. In 2016, broiler production is expected to stagnate at 1.9 million metric tons (it was 1,909,276 metric tons in 2015) since poultry sector has been struggling with export problems to the main markets of Turkey, particularly Iraq.

Turkey produced 20 million MT of compound feed in 2015 which included the use of 9 million MT imported feed raw material. Soybean is the main imported raw material. Turkey produced only 160 thousand MT soybeans in 2015 while 2.7 million MT soy and soybean meal were imported.

Domestic consumption of broiler meat in 2016 and 2017 is projected to increase since consumers are preferring broilers instead of beef due the high beef prices.

Turkey's poultry meat exports are expected to increase slightly in 2017 because of the poultry sector attempts with Ministry of Food, Agriculture and Livestock (MinFAL) to open new and previously closed foreign markets. In 2015 poultry meat exports went down 16 percent to 321 thousand MT ($400 million) from 378 thousand MT ($620 million) when compared with 2014; it is expected to slightly increase in 2016.Turkish poultry exports peaked in 2014 and declined in 2015 after the AI outbreaks in some regions of Turkey, decrease of global demand, turmoil in neighboring countries (particularly Iraq and Syria) and their effects which disrupted transportation availability. Related to transshipments, Turkey lifted the avian influenza related ban for U.S. poultry products on June, 2016 from all banned states excluding Indiana and Missouri. Post estimates that transshipped poultry products quantity will gradually increase in 2016 and 2017.

Commodities:

Poultry, Meat, Broiler

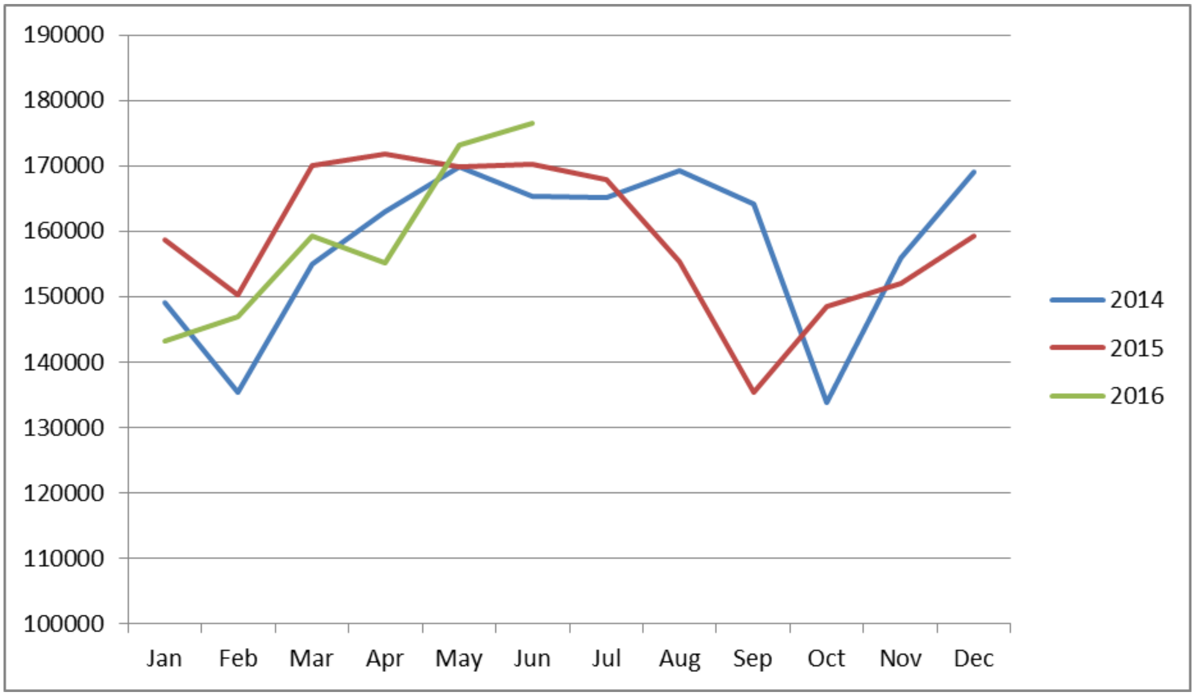
Production:

Broiler production is forecast to grow by 5 percent in 2017 to nearly 2 million metric tons because of improving relationships with neighbor countries, especially with Russia, assuming no additional Avian Influenza (AI) outbreaks occur. In 2016, broiler production is expected to stagnate at 1.9 million metric tons (it was 1,909,276 metric tons in 2015) since poultry sector has been struggling with export problems to the main markets of Turkey, particularly Iraq.

The sector believes that Turkey is not able to be competitive within global markets since they believe there is lack of governmental subsidies to support production and exports. Companies have been working with low profit margins and this causes foreign investors to avoid investing in Turkey. In 2016, two major poultry producing companies (*Aytac and Mudurnu*) closed their businesses because of economic burdens.

Turkey produced 20 million MT of compound feed in 2015 which included the use of 9 million MT imported feed raw material. Soybean is the main imported raw material. Turkey produced only 160 thousand MT soybeans in 2015 while 2.7 million MT soy and soybean meal were imported. The poultry sector believes that soybean production needs to be subsidized in order to increase availability of soybeans in Turkey without having to go through import channels, which have been problematic because of Turkey's Biosafety law.

Chart 1. Broiler Meat Production from 2014 to June, 2016 month by month comparison, MT



Source: Turkish Statistical Institute (TUIK), 2016

Additionally, the new implementation period for a law on poultry feeding which would impact the Turkish poultry sector will come into force on January 1, 2017. The Turkish poultry sector is still concerned that if the use of poultry by-products as feed is not allowed, they won't be able to import a sufficient amount of soybeans as a substitute because of Turkey's current Biosafety Legislation, further information on this issue here. More detailed information on the feeding rules is available in the recent FAS Turkey GAIN Report published January 7, 2016, available on the FAS website and here.

Consumption:

Domestic consumption of broiler meat in 2016 and 2017 is projected to increase since consumers are preferring broilers instead of beef, due the high beef prices. Broiler meat consumption has a 60 percent share of the total consumed meat in Turkey. Poultry meat consumption in Turkey has been at a similar level for many years, the consumption per capita was 21.81 kg in 2015. Poultry meat preference is mostly drumstick, which has a 40 percent market share of poultry meat consumption. According to poultry sector analysts in Turkey, they did not experience a decrease of domestic consumption after the HPAI outbreaks in Turkey during the spring months of 2015. For further information please see GAIN report 3/23/2016 No: 6014 here.

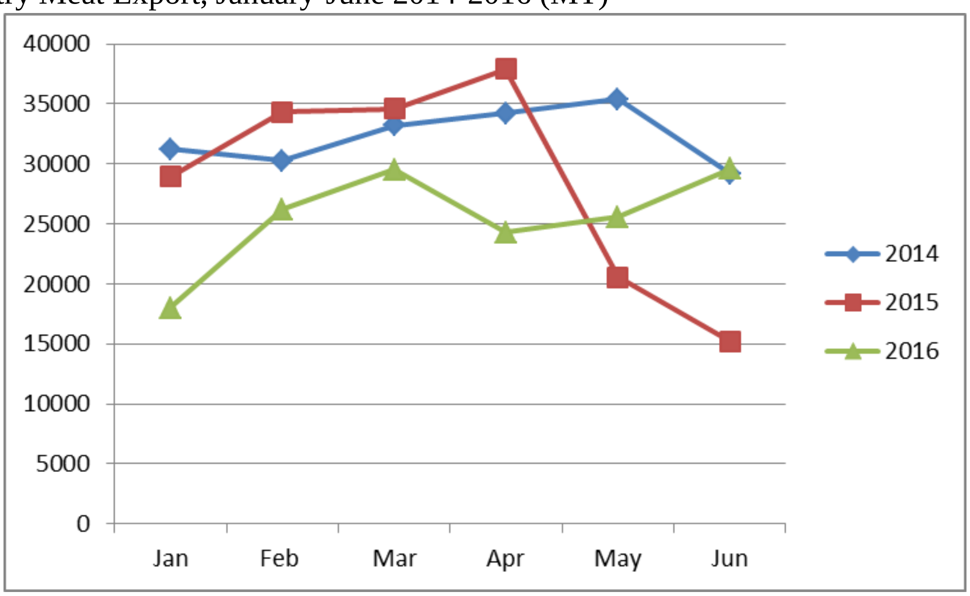
Trade:

Import
Turkey has a high tariff on poultry meat which discourages imports from any country, though it is a transshipment hub for poultry to other countries in the Middle East. Turkey only imports breeding grandparent day old chicks, some quantity of parent stock day old chicks, and breeding hatching eggs as well. Commercial poultry meat and egg production is being operated in the country. In 2015, Turkey imported at nearly 3 million head of day-old chick (392,000 head from the US) worth $16 million, and 25.6 million units of hatching eggs (164,000 units from the US) worth $34 million. The UK, France and Germany are the main suppliers of hatching eggs and day-old chicks to Turkey.

Export:
Turkey's poultry meat exports are expected to increase slightly in 2017 because of the poultry sector attempts with Ministry of Food, Agriculture and Livestock (MinFAL) to open new and previously closed foreign markets. In 2015 poultry meat exports went down to 321 thousand MT ($400 million) from 378 thousand MT ($620 million) when compared with 2014, which is a 16 percent decrease and it is expected to slightly increase in 2016.Turkish poultry exports peaked in 2014. The reasons for the sharp drop in exports in 2015 were the AI outbreaks occurred in some regions of Turkey, decrease of global demand, turmoil in neighboring countries (particularly Iraq and Syria) and their effects which disrupted transportation availability.

As can be seen in Chart 2, poultry meat export in 2016 started low in light of continuous security concerns at the regions/borders with neighboring countries from 2015. The first six months of each year are shown as a point of comparison of the year-to-year changes.

Chart 2. Poultry Meat Export, January-June 2014-2016 (MT)



Source: Turkish Poultry Meat Producers and Breeders Association (BESDBIR), 2016. (The commodities included are HS codes; 020711,020712,020713,020714 and 160232)

The rapid devaluation of Turkey's currency by 21 percent drop in 2015 against many foreign currencies has had a major impact on feed costs for poultry producers. This has increased the cost of imported feed items and production. For the first six months of 2016, poultry export quantity is 11 percent lower than for the same period of 2015. The decrease in poultry export value in 2016 is calculated 28 percent lower for the same period, as well. Additionally, broiler meat export value has dropped to $1,140 per MT in 2016 which is an 18 percent decrease – it was $1,383 per MT in 2015 and $1,692 in 2014.

Iraq has been Turkey's main market for poultry exports, however it dropped sharply in 2015 because of turmoil in neighboring countries, and the impact to transportation availability. Exports also dropped dramatically in 2015 following avian influenza outbreaks in Turkey when Iraq and other countries banned Turkey's exports, as is visible in Chart 3 and 4.

U.S. poultry products transiting through Turkey:
Though Turkey basically restricts any poultry meat imports from the United States through high tariffs and "control certificates" for permission to import, it is the main hub for commercial U.S. poultry meat shipments transiting to the Middle East, particularly to Iraq, which is the destination for about 90 percent of total transshipments through Turkey. In 2014, 61,439 metric tons (MT), or $54 million, of U.S. poultry products transited through Turkey to Iraq. In 2015, this number dropped to 38,698 MT, or $26 million, as a result of the 2014-2015 high pathogenic avian influenza (HPAI) outbreak in the United States and the subsequent U.S. state-level bans enacted by the Turkish Government.

Chart 3. poultry meat export to Iraq from Turkey (including turkey meat and processed poultry meat products)

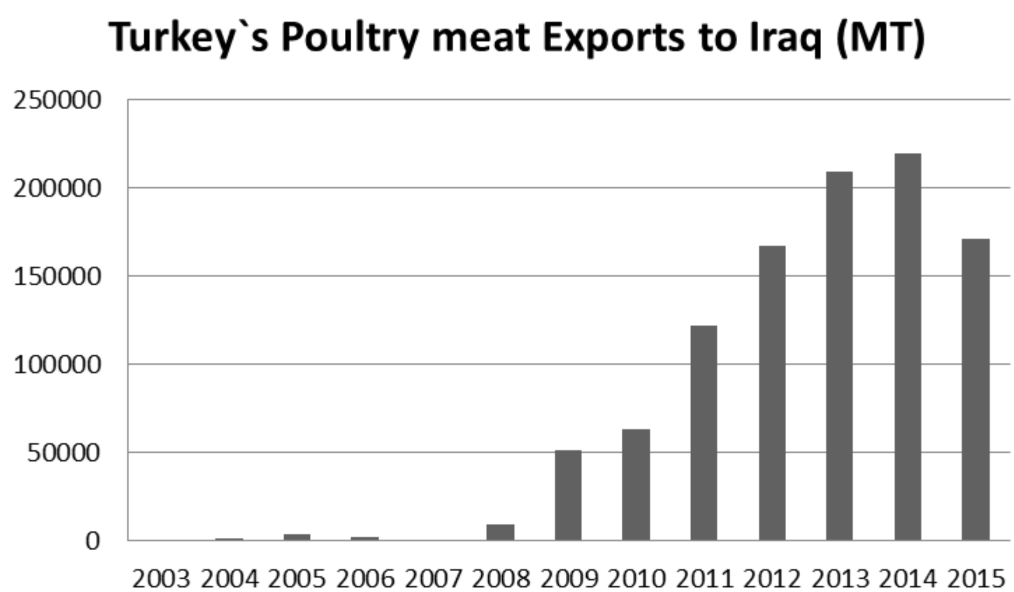
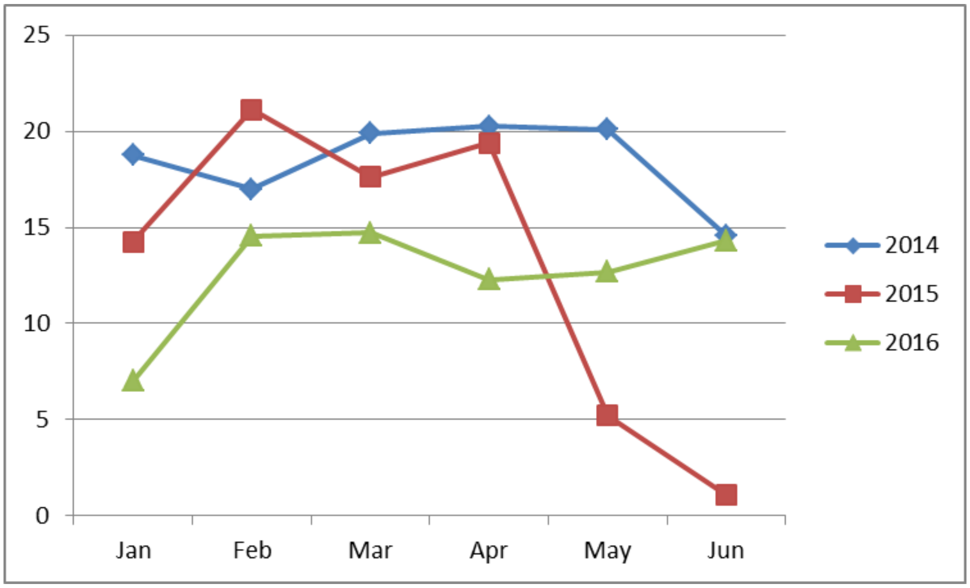


Chart 4. Turkish Poultry Meat Export to Iraq, January-June 2014-2016 (thousand MT)



Source: Turkish Poultry Meat Producers and Breeders Association (BESDBIR), 2016. *(The commodities included are HS codes; 020711,020712,020713,020714 and 160232)*

On June 17, 2016, Turkey lifted the AI bans on U.S. poultry and poultry products from the following fourteen states where outbreaks had occurred: AR, IA, ID KS, KY, MI, MN, MT, ND, NE, OR, SD, WA, and WI. The Turkish government has not lifted the ban on products from Indiana (which has been banned since January 20, 2016) or Missouri (which has been banned since March 19, 2015).

Post estimates that transshipped poultry products quantity will gradually increase in 2016 and 2017.

Russia was allowing imports of poultry and poultry products from the establishments which had been declared free from HPAI by MinFAL in 2014 and 2015. However, after Turkey downed a Russian jet in November 2015, Russia stopped importing poultry and poultry products from Turkey. Turkey has a minor market share (only 2 percent) for poultry meat exportation to Russia. Turkey exported 18,000 MT of broiler meat in 2014 and 21,168 MT of broiler meat in 2015. Until June 2016, Turkey has not been able to export poultry meat to Russia. Post estimates that export of poultry meat to Russia increase in 2017, to be around the same range of 2015. Recently, sixteen facilities producing poultry meat and products, as well as twenty facilities producing day-old chicks and hatching eggs were approved by Russian Ministry of Agriculture to export to Russia.

Saudi Arabia has become a new target export market for the Turkish poultry sector. Currently they export approximately 3,000 MT annually to Saudi Arabia, but they realize there is potential for much more if they are able to compete with Brazilian poultry. The sector has requested that MinFAL make further negotiations with Saudi Arabia to encourage buying of Turkish poultry meat. They are also requesting subsidies to reduce their production costs and logistical support for export.

Production, Supply and Demand Data Statistics:

Broiler Meat PSD Table, 1,000 MT*

Poultry, Meat, Broiler	2015		2016		2017	
Market Begin Year	Oct-15		Oct 2016		Oct 2017	
Turkey	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Production	1900	1909	2050	1900	0	2000
Total Imports	0	0	0	0	0	0
Total Supply	1900	1909	2050	1900	0	2000
Total Exports	321	321	340	340	0	360
Human Consumption	1579	1588	1710	1560	0	1640
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	1579	1588	1710	1560	0	1630
Total Use	1900	1909	2050	1900	0	2000
Ending Stocks	0	0	0	0	0	0
Total Distribution	1900	1909	2050	1900	0	2000