

Voluntary Report – Voluntary - Public Distribution

Date: March 26, 2021

Report Number: TU2021-0015

Report Name: Turkey Livestock and Products Semiannual

Country: Turkey

Post: Ankara

Report Category: Livestock and Products

Prepared By: Sinem Duyum

Approved By: Christine Mumma

Report Highlights:

Post estimates cattle numbers to increase 1 percent in 2021 to 18.3 million head, which aligns with recent average growth rate in the industry, due to government incentives for newborn calves. An increasing number of cows sent to slaughter, fewer breeding incentives, and feeder cattle import restrictions imposed by late 2019 are the main factors limiting additional production. In 2021, cattle imports are estimated to be 50 percent lower than 2020 as a result of the restriction on feeder cattle imports established in 2019. The Ministry of Agriculture and Forestry (MinAF) announced in early 2020 that feeder cattle imports will be completely stopped by 2022. Post has revised meat production in 2021 to be slightly higher than 2020, with a total of 1.1 MMT, despite the stagnate feeder cattle population. In 2021, beef imports are forecast to decline 10 percent to 5,600 CWT due to the Ministry's policy to drastically limit imports through high tariffs to protect domestic producers.

Commodities:

Animal Number, Cattle

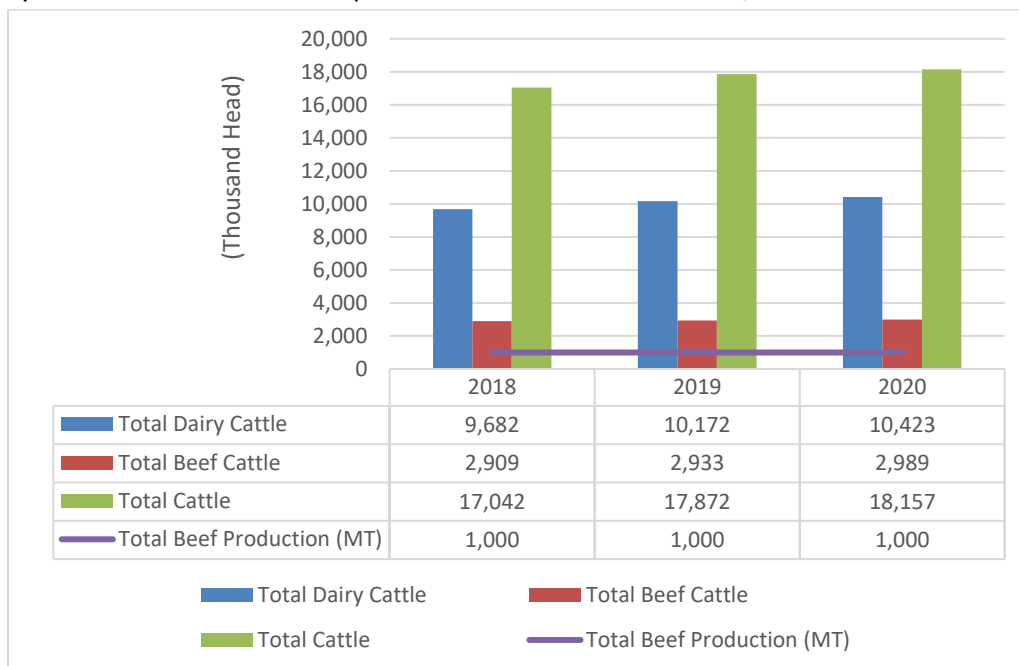
Production:

Post estimates cattle numbers to increase 1 percent in 2021 to 18.3 million head, which aligns with recent average growth rate in the industry, due to government incentives for newborn calves. An increasing number of cows sent to slaughter, fewer breeding incentives, and feeder cattle import restrictions imposed in late 2019 are the main factors limiting additional production.

In 2020, the Turkish Statistical Institute (TurkSTAT) announced that the total number of cattle, including buffaloes, were 18,157,971 head, which was 1.6 percent higher than 2019. The increase was due to the subsidy policies for calves and other grant programs for new construction of livestock barns to encourage farmers to continue their operations in spite of economic fluctuations.

Domestic feeder cattle production and carcass yields are not adequate to supply enough meat to the domestic market, which drives up beef prices at supermarkets. The high consumer prices are exacerbated by the restriction on feeder cattle imports and high production costs, especially feed prices.

Chart 1. Turkey Cattle Herd Numbers Compared with total Beef Production, 2018-2020



Source: TurkSTAT, 2021. (Note: Beef production in 2020 has not been officially announced by TurkSTAT; the data for beef production is the sector's estimation)

In 2020, the dairy cattle population increased 2.4 percent when compared with the previous year, while the feeder cattle population increased 1.9 percent. On the other hand, the sheep population increased to 42 million head, 13 percent higher than 2019, and the goat population increased to 12 million head, 7 percent

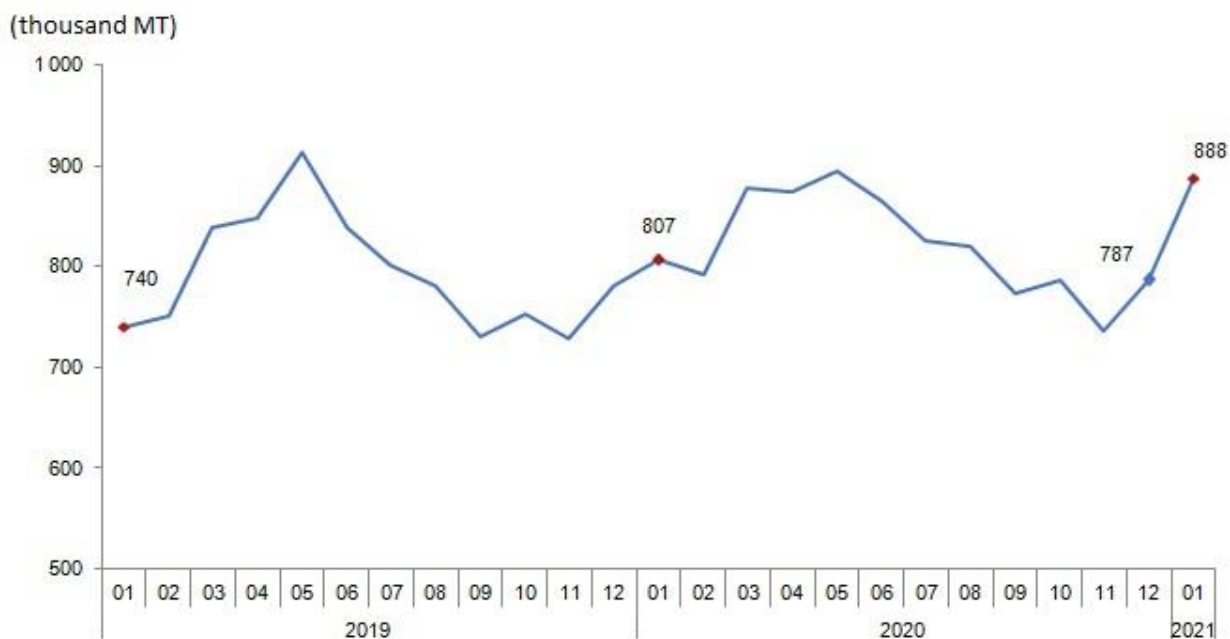
higher than 2019. These large, sudden increases are attributable to the government subsidies to sheep and goat producers in order to encourage sheep meat consumption instead of beef. For Turkish livestock subsidies in 2020, please click [here](#).

Regarding the milking cow population, the previous annual growth rate of 8-10 percent per year since 2010 has been steadily decreasing since 2018, and the collected milk amount, which was approximately 20 million metric tons (MMT) in 2019 was the same in 2020 due to an increased number of dairy cows sent to slaughter.

However, processed milk amounts by the industry increased to 9.8 MMT, which is 3.5 percent higher than 2019.

The Ministry of Agriculture and Forestry (MinAF) has announced March 25 that the Meat and Milk Board (ESK), an affiliated government entity that regulates meat and milk prices domestically, will buy raw milk directly from producers to guarantee a minimum price. According to MinAF, milk producers are struggling with selling their excess milk stocks to industry. ESK will collect milk through associations and process that milk into milk powder to export to abroad.

Chart 2. Processed Milk Amount, Thousand MT, 2019-2021



Source: TurkSTAT, 2021.

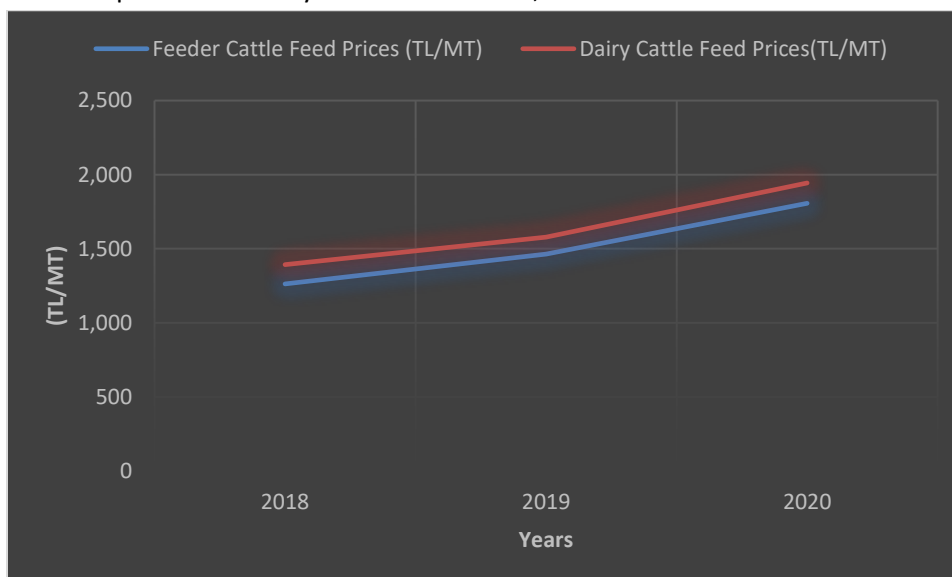
Although there is no official data about the types and percentage of cows sent to slaughter, Turkish producers believe that nearly 50 percent of the annual total slaughtered cattle is dairy cattle, which hampers the growth rate of cattle population.

A lack of cohesive planning, marketing difficulties, and high input costs dependent, which are dependent on expensive imports, are still the main negative factors for the Turkish livestock industry. Feed is the major cost for Turkish livestock operations, accounting for almost 60 percent of total production costs. Turkey doesn't

produce enough forage for animals, and there is a shortage of seed production for feed crops. The biggest problem among producers is finding qualified dry forage during wintertime.

According to the Turkish feed sector, while raw feed material prices increased 60 percent and feed prices increased 46 percent, raw milk prices and beef carcass prices increased only 22 percent in 2020, which means that Turkish milk and meat producers are struggling to make a profit under the high feed prices.

Chart 3. Feed Prices Comparison for Dairy and Feeder Cattle, 2018-2020



Source: Turkey Feed Industrialist Association, 2021. (Note: As of March 25, 2021, \$1 \$= 7.8 TL)

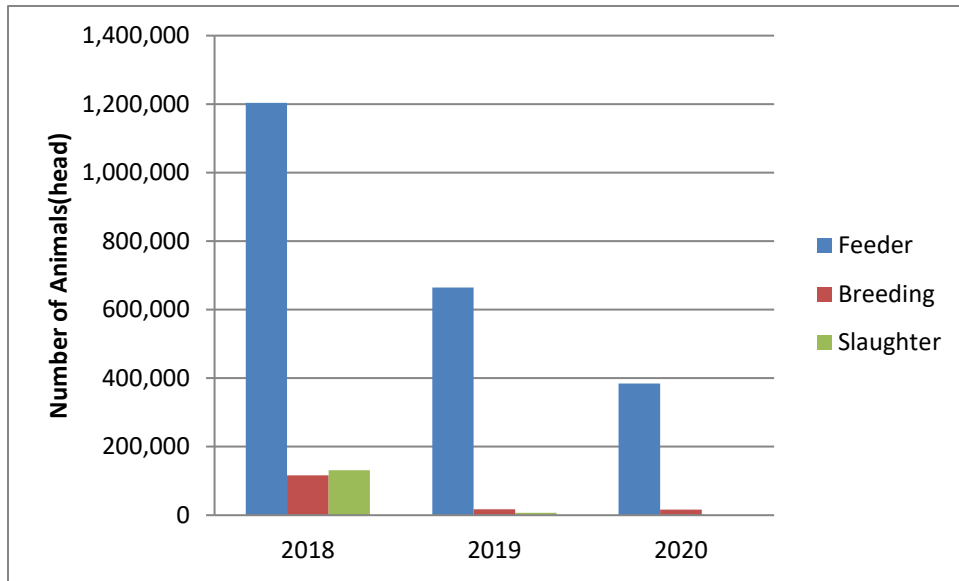
While feed prices have been steadily increasing, Turkish producers have been contending with low meat and milk supplier prices, which are lower than production cost. In Turkey, cattle, especially high-quality imported cattle, are not allowed to graze due to a lack of available grassland, and cattle producers need to feed animals with mixed fabricated feed, which is dependent on imports.

Trade:

In 2021, cattle imports are estimated to be 50 percent lower than 2020 as a result of the restriction on feeder cattle imports established in 2019. The Ministry of Agriculture and Forestry (MinAF) announced in early 2020 that feeder cattle imports will be completely stopped by 2022.

Turkey imported 401,251,076 head of cattle in 2020, which is down 42 percent from the previous year. Turkey mostly imports from Brazil, Uruguay, and the Czech Republic for feeder cattle and from Germany, Austria, and Czech Republic for breeding cattle. MinAF has implemented EU health standards on import veterinary health certificates.

Chart 4. Turkey Cattle Import Numbers by Category, 2018-2020



Source: Trade Data Monitor, LLC

Feeder cattle imports: In 2021, feeder cattle imports are estimated at 170,000 head due to the Ministry of Agriculture and Forestry (MinAF)'s restricted import policy to protect domestic producers. MinAF has announced the requirements for feeder cattle imports and the quota is only 20 percent of the total animals which are already housed at an importer's facility where the capacity is under 5,000 head of cattle. If the capacity is over 5,000 head of cattle, a 15 percent quota is applied.

In 2020, Turkey imported 384,476 head of feeder cattle. Uruguay and Brazil are the top exporting countries for feeder cattle to Turkey since Turkish importers are seeking the cheapest animals, regardless the meat quality.

Breeding cattle imports: In 2021, breeding cattle imports are estimated to remain the same due to stable demand from Turkish producers in order to keep their herd genetically diverse. However, MinAF has been restrictively granting only some import permits in correlation with the domestic milk market situation. Turkey imported 16,775 head of breeding cattle mostly from Germany, Austria, and the Czech Republic in 2020, which is 5 percent lower than the previous year.

Imports from the U.S.: In 2021, Post expects that breeding cattle from the U.S will total 1,500 head due to increasing demand for U.S. cattle by some Turkish dairy cattle producers. Turkey didn't import cattle from the U.S. until December 2020 due to high cattle prices in the U.S. and the transport costs compared to the EU. With decreasing cattle prices in the U.S., 1,950 head of breeding cattle were imported from the U.S. on December, 2020 after a 3 years interval. The shipment consisted of Holstein, Jersey, Brown Swiss, and Guernsey breeds.

Commodities:

Beef, Cattle

Production:

Post has revised meat production in 2021 to be slightly higher than 2020, with a total of 1.1 MMT, despite the stagnate feeder cattle population. The increase is driven by the continuing slaughter of dairy cows due to high feed prices and low raw milk prices.

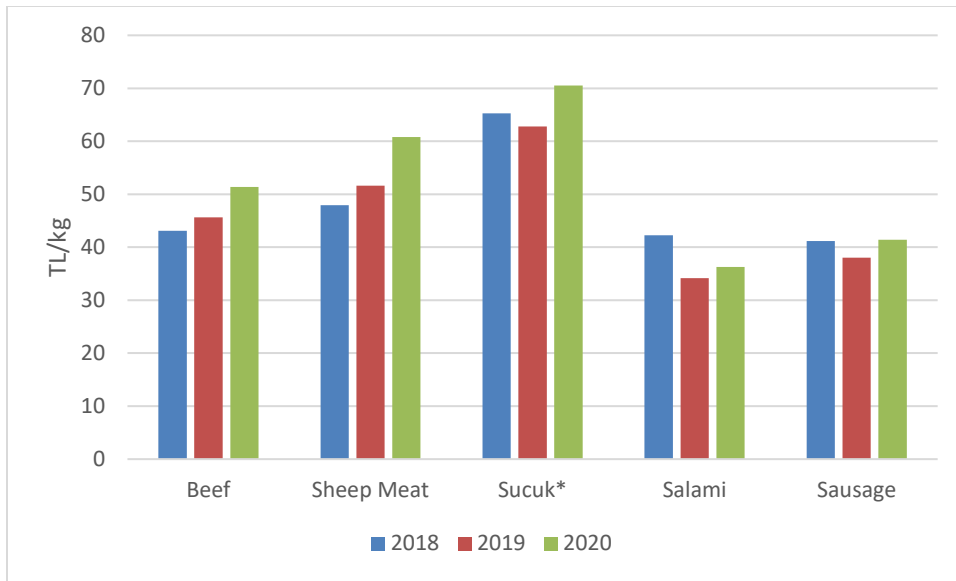
In 2020, meat production was estimated to be the same as 2019, which was 1 MMT. Again, the factors driving the stagnation in numbers are the shortage of quality feed supply due to high prices, restrictions on feeder cattle imports, , and insufficient production policies which cause low carcass yields.

Meat production figures in 2020 are estimates by the meat sector since TurkSTAT has decided not to announce meat production data for 2020 until further notice. The given reason is a changes on methodology; however producers are concerned that planning for production will be difficult without seeing official data.

According to Turkish cattle producers, the main problem slowing production is the high feed prices and unsustainable government policies. Slaughter prices are too low, and producers cannot meet the overhead expenses of raising animals. Also, the carcass yield of the animals is very low, approximately 270-300 kg.

Consumption: In 2021, Post's revised beef consumption is expected to be slightly lower in correlation with unexpected but stagnated production, continuing food inflation, and lower in-house consumption due to Covid-19 precautions. In 2020, beef consumption remained stable at 14.5 kg per capita, the same as 2019, despite a growing population. Increased food inflation, high red meat prices, and weak purchasing power kept beef consumption unchanged. According to the meat sector, the demand for beef decreased with the Covid-19 pandemic due to substantially less tourism, the closure of restaurants and other travel restrictions, high market retail prices, and customers' preference to consume healthier vegetables and meals when cooking at home.

Chart 5. Beef, Sheep Meat and Other Meat Products Prices, 2018-2020



Source: TurkSTAT, 2021. (Note: As of March 25, 2021, \$1 \$= 7.8 TL) *Sucuk is a traditional fermented sausage-like beef product with spices.

MinAF has encouraged consumers to choose sheep meat instead of beef in order to reduce the demand for beef in the domestic market by advertisements and supporting sheep meat production with incentives. The efforts include additional substantial subsidies to sheep producers. Still, sheep meat prices have been gradually increasing since 2018, following the general meat price inflation trend.

Trade:

In 2021, beef imports are forecast to decline 10 percent to 5,600 CWT due to the Ministry's policy to drastically limit imports through high tariffs to protect domestic producers. In 2020, Turkey imported 6,223 CWT of meat, mostly from Bosnia and Herzegovina and Serbia within the scope of free trade agreements. The total is 5 percent lower than 2019.

Meat imports are considered a measure to reduce beef prices in Turkey and the state-controlled Meat and Milk Board (ESK) is the only entity granted authorization to import beef. In 2020, most fresh or chilled meat was imported from Bosnia Herzegovina and Serbia.

Table 1. Turkey's Customs Taxes for all Countries for Cattle and Beef, 2019-2020

	2020		2021	
	For government	For private sector	For government	For private sector
Dairy Breeding Cattle	0%	0%	0%	0%
Feeder Cattle / Beef Breeding Cattle	0%	10%	0%	0%
Cattle for Slaughter	0%	26%	0%	26%
Carcass Meat	0%	40%	0%	40%
Beef	0%	40%	0%	40%

Source: Ministry of Economy, 2021

Note:

This Report is qualitative text only, no PSD

Attachments:

No Attachments.