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Turkey

Poultry and Products Annual

Poultry and Products Annual 2019

Approved By:

Christine Mumma, Agricultural Attaché

Prepared By:

Sinem Duyum, Agricultural Specialist

Report Highlights:

In 2020, chicken meat production in Turkey is expected to grow 3 percent to 2.45 million MT. Turkey's poultry sector continues to grow by a slower pace in 2019. The price of chicken has sharply increased in 2019 to cover higher costs of production. Turkish poultry producers have been struggling with high feed prices dependent on imported inputs and limited supply of domestically produced feed materials. In 2018, Turkey exported 439,142 MT of poultry meat worth \$582 million, an increase of 17 percent in quantity. In 2020, poultry meat exports are expected to maintain the growth trend, but at a lower rate of about 10 percent, due to uncertainty about feed prices and the poultry sector maintaining and finding new market opportunities.

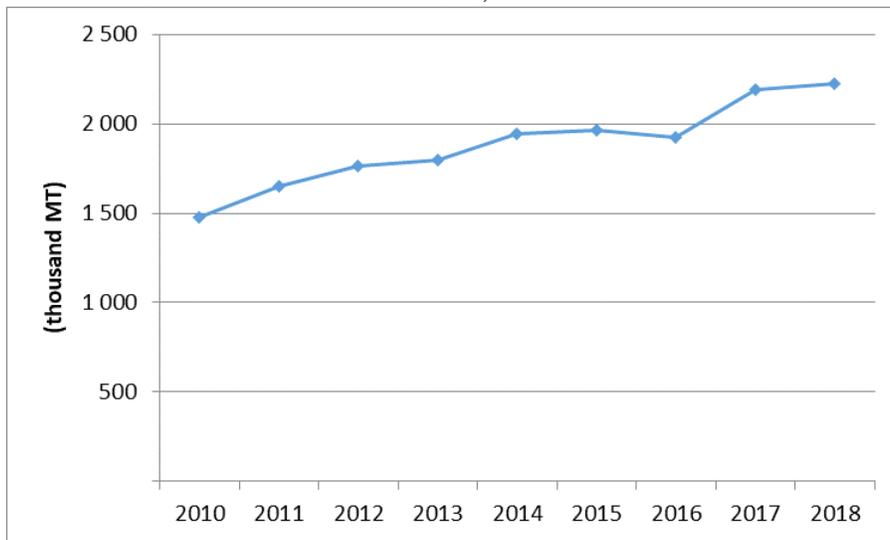
Commodities:

- Poultry, Meat, Broiler
- Poultry, Meat, Turkey
- Poultry, Eggs
- Select

Production:

In 2020, chicken meat production in Turkey is expected to grow 3 percent to 2.45 million MT.

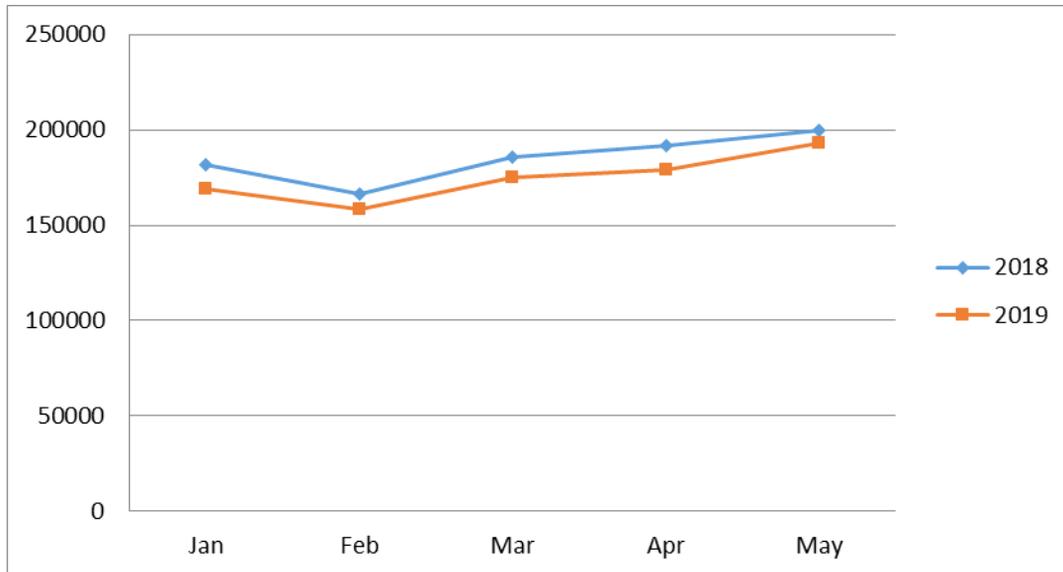
Chart 1. Chicken Meat Production from 2010 to 2018, Thousand MT



Source: Ministry of Agriculture, 2019

Chicken meat production in 2019 is expected to be higher than 2018 production at 2.3 million metric tons (MT). In 2018, chicken meat production reached 2.2 million MT, which is 1.6 percent higher than 2017. Growth in Turkish poultry production has slowed since 2017 because of poultry feed sector supply problems due to difficulty accessing imported raw materials for feed.

Chart 2. Broiler Meat Production 2018-2019 January-May Comparison, MT



Source: Turkish Statistical Institute, 2019; this chart excludes hens and turkey meat

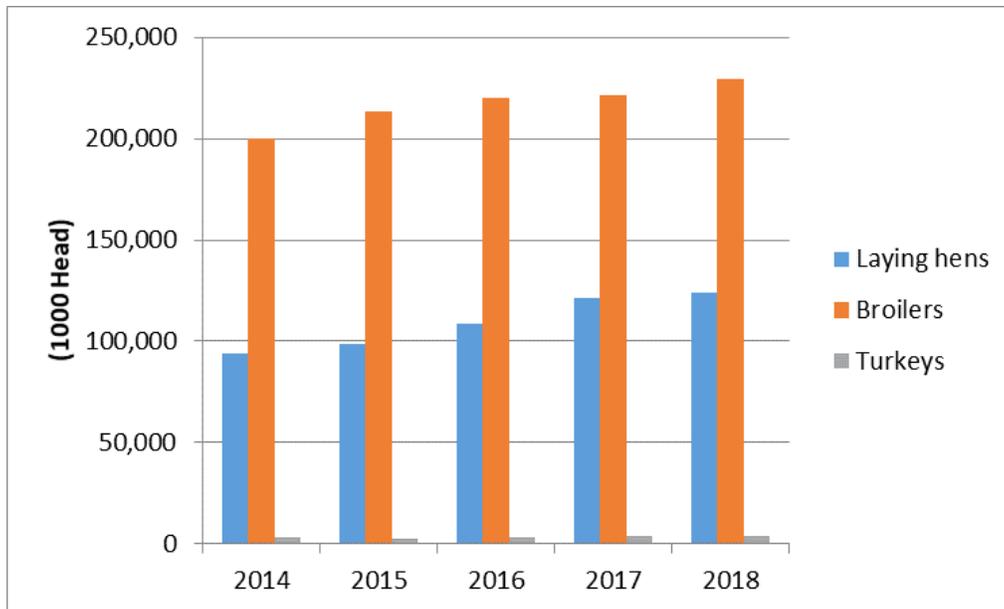
Generally in Turkey, Broiler meat has a 95 percent share of the total poultry meat production. However, the growth rate of broiler meat production for the first 5 months of 2019 was less than the growth experienced during the same time period in 2018. The levelling off in production growth is caused by high feed prices and lack of additional capacity in slaughterhouses. If slaughterhouses` capacities do not increase in the near-term, production may not reach expected growth targets in 2020.

According to the Turkish Ministry of Agriculture and Forestry, there are 896 registered poultry facilities and 15,000 registered poultry breeding cages in Turkey. Poultry facilities in Turkey are well organized and integrated. The integration model generally consists of breeding flocks, hatcheries, broiler flocks, feed silos, slaughterhouses, rendering, clean-up systems and marketing. The most important item of the integration is feed silos. Facilities which are dependent on feed from other suppliers and which are not able to produce their own feed are not surviving in current market conditions.

The poultry sector in Turkey has struggled with profit margins in recent years, given higher feed prices and the depreciation of the Turkish lira, which makes imported feed and breeding inputs more expensive. Production in 2018 did not meet Turkish government expectations.

Likewise, there is no significant growth in broiler and laying hens animal numbers in 2019. Facing serious export problems with Iraq, Turkish egg producers are sending some hens to slaughter or disposal since egg prices are decreasing and the government is not providing compensation to feed animals. For this reason, poultry inventory might again fail to meet Turkish government projections and industry predictions in 2019.

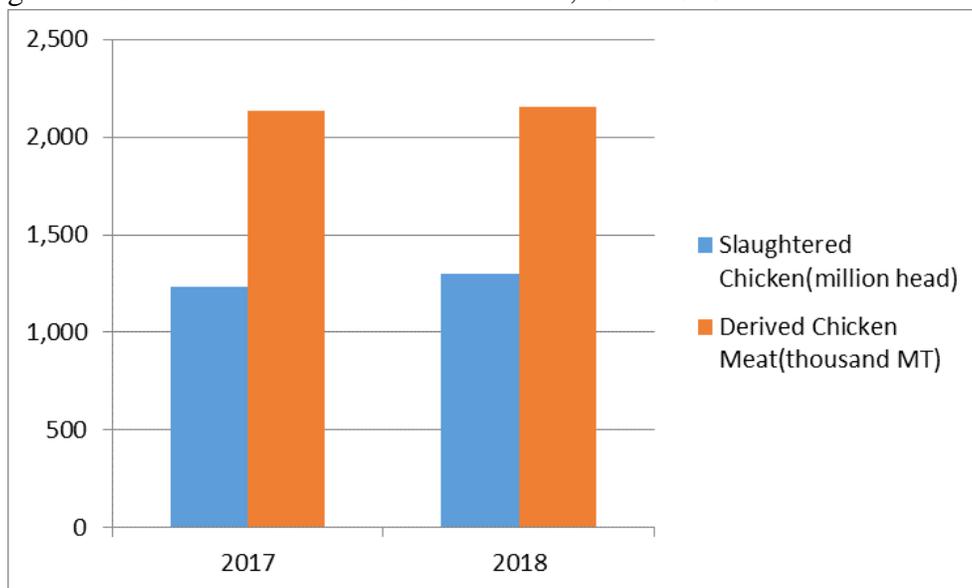
Chart 3. Broiler, Laying Hens and Turkey numbers, Comparison 2014-2018



Source: Ministry of Agriculture, 2019

Poultry meat producers are facing other challenges. The first is false claims made by the Turkish press regarding using antibiotics in poultry production, causing some consumers to avoid poultry meat. Additionally, the government is pressuring the poultry sector not to increase poultry prices since red meat prices have already increased significantly due to the currency depreciation. At the beginning of this year, 10 Turkish poultry companies and the Turkish Poultry Meat Producers Association (BESDBIR) were given fines by the `Turkish Competition Agency` (<https://www.rekabet.gov.tr/>) for colluding on pricing schemes in the domestic market.

Chart 4. Slaughtered Chicken and Derived Chicken Meat, 2017-2018



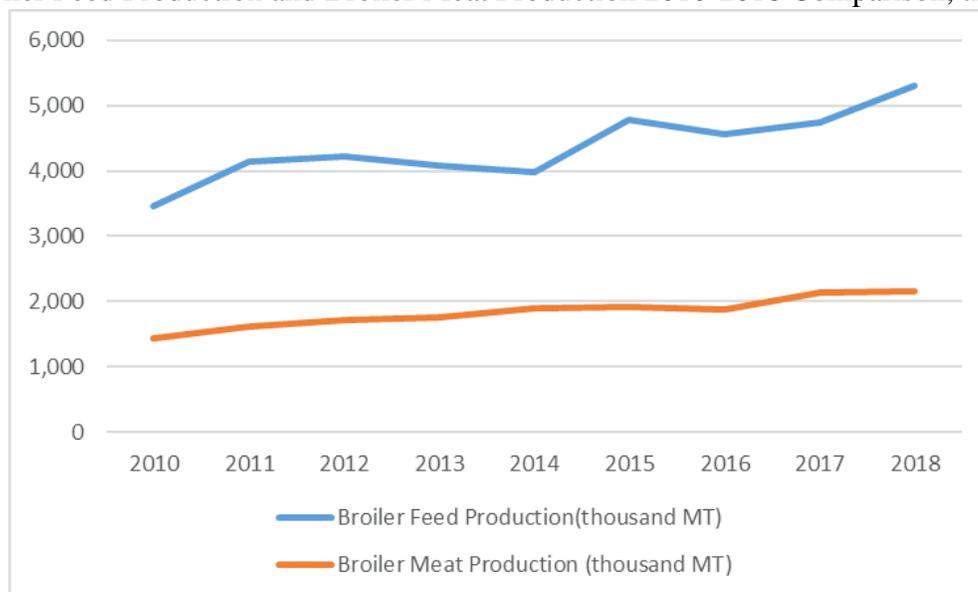
Source: Turkish Statistical Institute, 2019

However, the main difficulties of the Turkish poultry sector continue to be feed prices, as they are dependent on many imported inputs, and that Turkey’s currency has lost significant value since 2016. While the depreciation of the Turkish lira seems to have stabilized in the last 3 months, the extra costs incurred for feed prices that began during the depreciation period has continued.

Although U.S. soybean prices are extremely competitive in the Turkish market, the Turkish poultry sector is not able to import soybeans from the United States because of the lack of approvals of biotech varieties which have been approved in other major importing countries and have begun to be planted in the United States. The sector mostly imports soy from South American countries where soy prices over the past year have been higher than those in the United States.

Other issues facing the sector are the prohibition on use of animal byproducts in poultry feeding, unreliable statistical data, requirements in the last few years to lower antibiotic use in production being implemented as part of Turkey’s harmonized regulation to the EU, low margins of farms which produce day-old chicks for the industry, and utilizing and disposing of manure. The effects of these issues can be seen in the slowing of the growth of poultry production in Turkey since 2018.

Chart 5. Broiler Feed Production and Broiler Meat Production 2010-2018 Comparison, thousand MT



Source: Ministry of Agriculture and TurkSTAT, 2019

As seen in the above chart, broiler feed production has been increasing while broiler meat production has been stagnating for years. Turkish producers have struggled to retain adequate animal inventory to satisfy broiler production and have contended with high losses from animal diseases. Some poultry facilities pulled out of the market in 2018 since they could not survive with the high feed prices. The Turkish poultry sector’s struggles with high input costs and unstable exchange rates have impacted a number of companies that have been working with low profit margins. In 2018, *Keskinoglu*, a leading poultry company which had been experiencing a liquidity shortage, announced that they applied for a “concordat” (bankruptcy protection) to continue their business activities. This exemption given to the company has been extended for one more year in 2019.

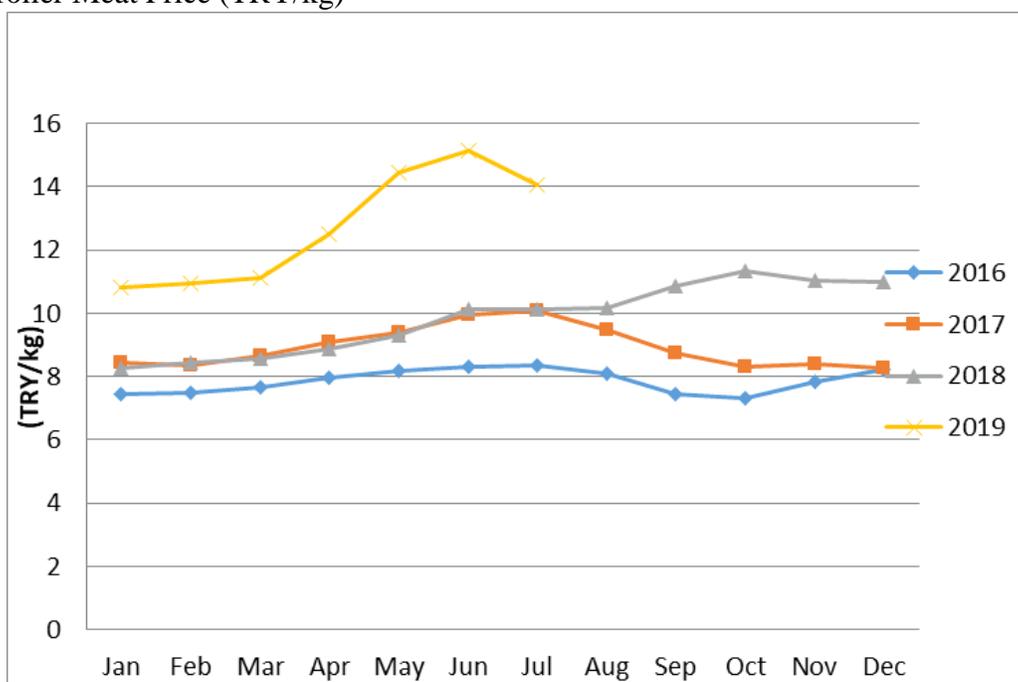
Consumption:

Chicken is the most popular meat and the primary source of protein in Turkey. The biggest share of poultry meat consumption is broiler meat, as turkey meat is less preferable in the domestic market. Chicken is also the most affordable meat, particularly compared to beef and lamb - the high prices of which have recently been hot topics in the country.

According to the Turkish poultry sector, poultry meat consumption is beginning to stagnate since the economic turbulence has impacted production and this has caused retail prices to increase.

The price of chicken has sharply increased in 2019 to cover higher costs of production, as seen in the chart below, despite the government's pressure not to increase the prices. Also, there were local elections on March 31, 2019 and producers kept their production low because of the uncertainty of political decisions to be implemented after the election. Beginning in June 2019, after the Ramadan holiday, prices have been decreasing.

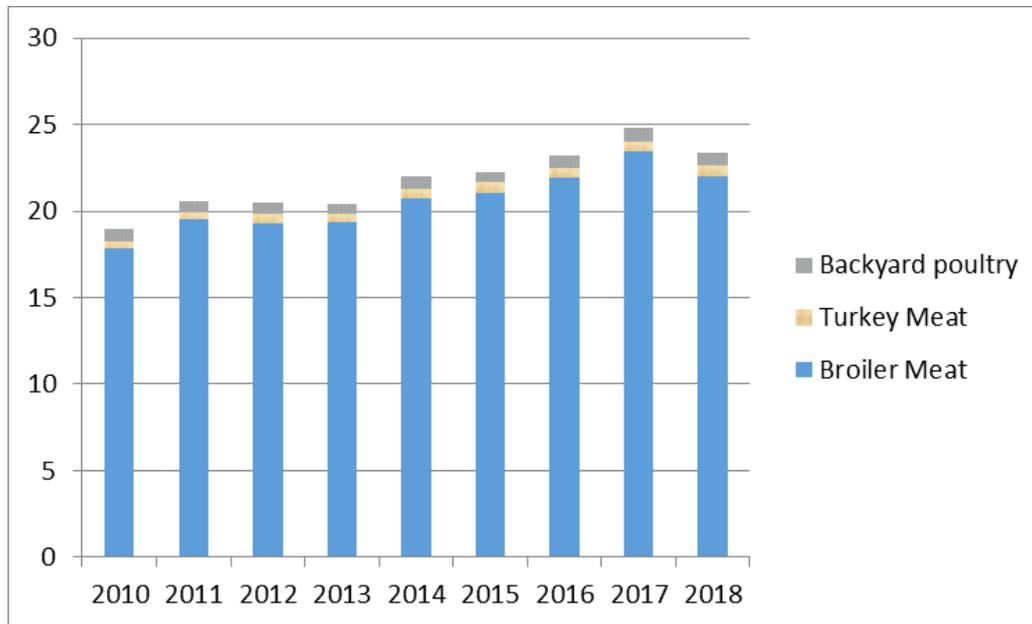
Chart 6. Broiler Meat Price (TRY/kg)



Source: Meat and Milk Board (ESK), 2019. (Note: As of August 2019, 1 \$= 5,6 TRY)

Poultry meat consumption in Turkey is usually high during summer due to the popularity of barbecuing. In 2018, poultry meat consumption decreased slightly to 23 kg. per capita, a drop of 4 percent when compared with 2017.. Consumption is expected to be higher in 2019 and 2020 as the currency stabilizes and lower prices return.

Chart 7. Chicken Meat Consumption, 2010-2018



Source: TurkSTAT, 2019

Trade:

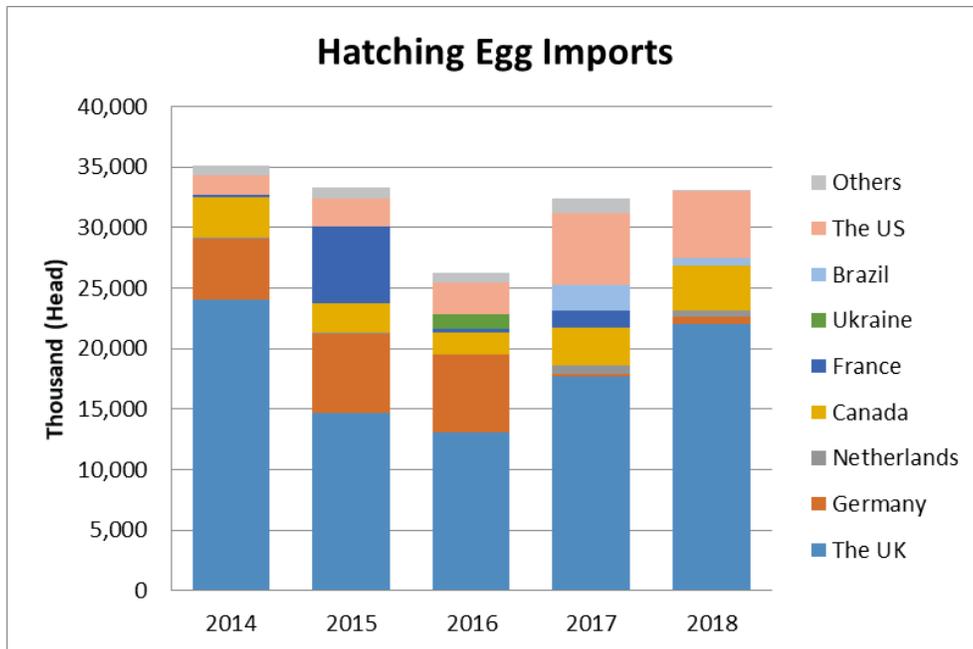
Imports and Transshipments:

There is no import of poultry meat to Turkey because of its self-sufficient industry. Tariffs on poultry meat entering Turkey are 65 percent, which also discourages imports.

However, due to Turkey’s location, it serves as a transshipment hub for poultry meat to other countries in the Middle East. In late 2018, Turkey applied avian influenza (AI) and Newcastle related bans on U.S. poultry and poultry products from California transiting throughout Turkish territory. However, poultry products processed or heat treated according to the World Organization for Animal Health (OIE) recommendations are allowed to pass through.

Turkey imports day-old chicks and hatching eggs mostly from the U.K, U.S. and Canada, which is very crucial for the sector. In 2018, hatching egg imports increased 5 percent to 33 million units from 31 million in 2017. Imports from the United States decreased 6 percent in 2018, as Turkey’s AI ban on U.S. products affected hatching and day-old chick imports. Turkey currently implements AI bans on a state-wide level for the United States, inhibiting imports of day-old chicks and hatching eggs from unaffected regions within a state.

Chart 8. Hatching Eggs Imports to Turkey, 2014-2018



Source: Turkish Statistical Institute, 2019

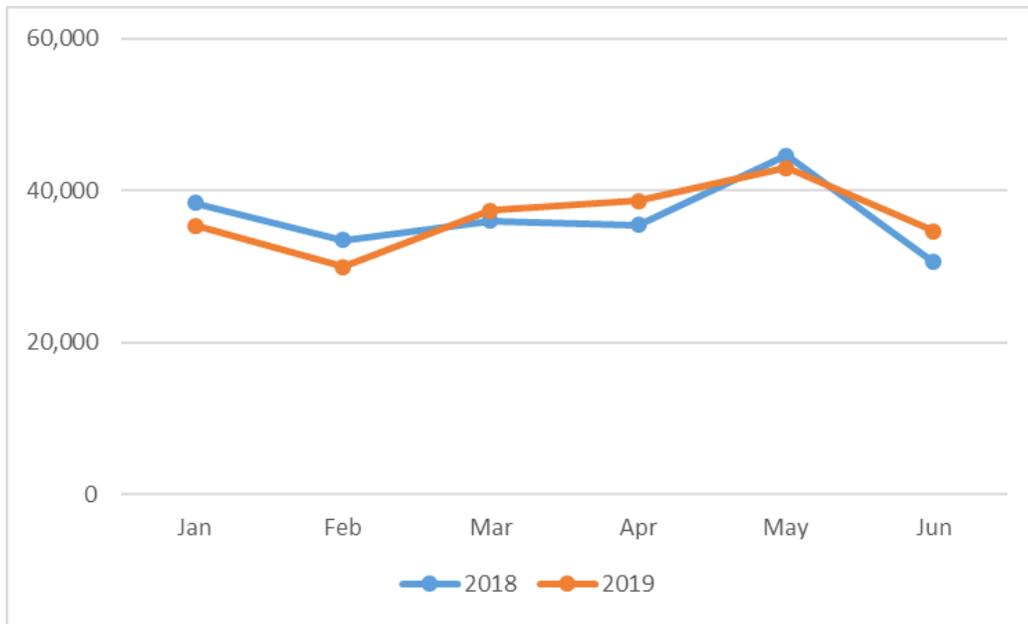
Exports:

Turkey exports poultry meat and poultry products to nearly 81 countries including Japan, Iraq, Morocco, Georgia, the Philippines and members of the Eurasian Economic Union. In 2018, Turkey exported 439,142 MT of poultry meat (excluding paws exported to Hong Kong and China and broiler meat to China) worth \$582 million, an increase of 17 percent in quantity. The export revenue in 2017 was \$537 million.

From the perspective of animal health, Salmonella is the biggest concern of Turkish producers, especially for egg exports.

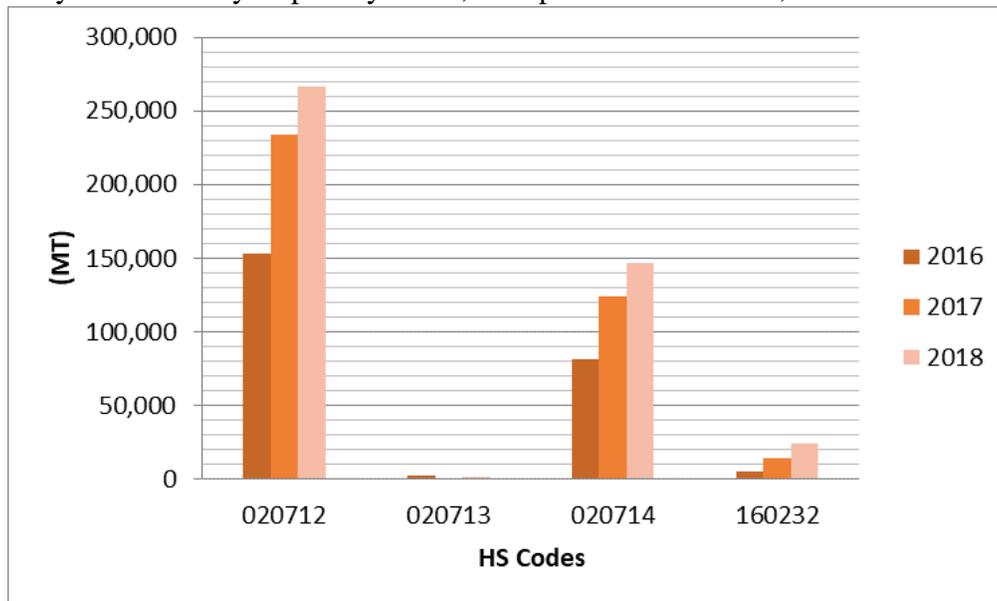
The chicken meat export growth rate in 2019 is similar to the 2018 rate over the first 5 months of the year. If exports continue at this rate, poultry meat exports are expected to again increase by a total of 13 percent in 2019. Political and economic issues in neighboring countries and unforeseen decisions on tariffs by the Iraqi government have the potential to negatively impact Turkish poultry exports, however. In 2020, poultry meat exports are expected to maintain the growth trend, but at a lower rate of about 10 percent, due to uncertainty about feed prices and the poultry sector maintaining and finding new market opportunities.

Chart 9. Chicken Meat Export 2018-2019 January-June Comparison, MT



Source: Turkish Statistical Institute, 2019 (Chicken paws to Hong Kong and Vietnam and all broiler meat to China were removed)

Chart 10. Turkey Total Poultry Export by Items, Comparison 2016-2018, MT

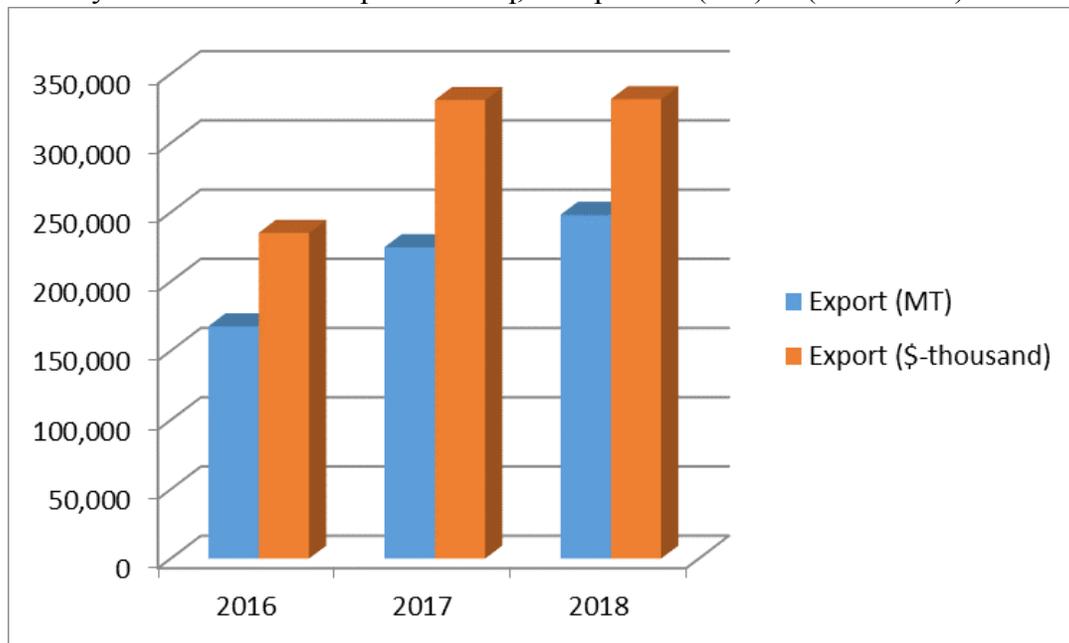


Source: Turkish Statistical Institute, 2019 (Chicken paws to Hong Kong and Vietnam and all broiler meat to China were removed)

Iraq: Iraq is still the biggest market for Turkish poultry meat with a 50 percent share of total Turkish exports. In 2018, Turkey exported 248,000 MT of chicken meat to Iraq which is 10 percent higher than 2017. However, the export revenue was \$331 million, the same total as 2017. Turkish exporters had to reduce their selling price 5 percent in order to maintain their share of the Iraqi market. The most exported products to Iraq in 2018 were whole frozen chickens and parts at 178,000 MT. In July 2018,

the Iraqi government announced an extra customs tax of up to 50 percent for some products, including chicken meat, starting August 5, 2018 in order to protect domestic production and develop the national industry. However, the new tax has not yet impacted Turkish poultry exports to Iraq.

Chart 11. Turkey’s Chicken Meat Exports to Iraq, Comparison (MT) & (thousand \$)



Source: Turkish Statistical Institute, 2019

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, with 80 percent of total egg exports sent to Iraq. Recently, Turkish egg producers have struggled to find new markets as an alternative to Iraq. Many have been forced to sell their eggs on the domestic market, resulting in a price drop of more than 50 percent because of surplus supply.

Turkish egg producers are expecting government interventions to improve egg producers’ operations. Turkish producers have stated that domestic production planning and foreign marketing planning should be in place by the government since they believe that there is uncontrolled growth in the domestic market and it is dependent on exports. According to information from the industry, some egg producers have been bankrupted and many laying hens have been sent to slaughter. It is reported that if the capacity of slaughterhouses is not sufficient in the near future, animals would be destroyed.

Russia: The Russian share of total Turkish poultry exports is still not significant. However, Turkish exports of poultry meat to Russia in 2018 increased to 187 MT from 40 MT in 2017. There are 16 approved Turkish poultry facilities and 20 day-old chicks and egg facilities on the Russian Ministry of Agriculture [website](#) authorized to export poultry products to Russia.

The EU: Turkey is still not able to export to EU countries since Turkey’s animal health standards and status are not compatible with the EU standards, especially due to the presence of Newcastle disease in Turkey. There are nine approved Turkish poultry establishments that can in theory export to the EU, however the raw material (poultry meat) must be EU compliant and originate from EU-approved

establishments, so Turkish products cannot be used because of Turkey's animal health status. The facilities that are EU compliant are shown at

https://webgate.ec.europa.eu/sanco/traces/output/TR/RPM_TR_en.pdf

Although the Turkish poultry sector believes their products reach the high standards of the EU, it is unlikely the EU market will be open to Turkish poultry meat in the near future.

Japan: Turkish poultry exporters have difficulties competing in the Japanese market, especially against Brazilian products on an at-cost basis. Japanese consumers prefer boneless meat, processed products and certain cuts which increase production costs. Thirty poultry facilities in Turkey which were found to comply with Japan's standards by the Turkish Ministry of Agriculture and Forestry are hoping to significantly increase exports to Japan within the next 2 years.

China: Turkish poultry producers and exporters have encouraged the Turkish government to sign an agreement with China to open its market to Turkish poultry exports. Since exporters have not been able to send poultry products to mainland China, they export to nearby markets, such as Vietnam and Hong Kong. The largest importer of chicken paws from Turkey is Hong Kong.

Policy:

Turkish chicken meat producers do not directly receive subsidies from the government. However, within the EU support program, IPARD (Instrument for Pre-Accession Assistance in Rural Development), selected Turkish companies are supported to invest in agricultural holdings to restructure and upgrade to the EU standards or to market their agriculture and fishery products to the EU standards. During the 2014-2020 IPARD period, egg production from geese and laying hens has been added to the support structure.

- Min. €5,000, max. €250,000 is granted for producers who have;
 - broiler (min. 5,000-max.50,000 head), or
 - turkey (min. 1,000-max. 8,000 head)
- Min. €5,000, max. €125,000 is granted for producers who have;
 - goose (min. 350-max. 3,000 head)
- Min. €5,000, max. €500,000 is granted for producers who have;
 - laying hens (min. 20,000-max. 100,000 head)

Regarding export refunds, 430 Turkish Lira (TL)/MT is paid per ton of poultry meat and it applies 41 percent of per consignment, 550 TL/MT is paid per ton of processed and canned products and it applies 50 percent of per consignment, and 40 TL/1000 unit is paid per thousand eggs and it applies 65 percent of per consignment. If eggs are intended for breeding or hatching, the refund is 50 percent more than the normal payment. As of August 2019, the exchange rate is 5.5 TL to \$1 USD.

Production, Supply and Demand Data Statistics:

Although not included in PSD estimates, chicken paw exports to China and Vietnam are also important to the Turkish broiler meat industry.

Chicken Meat PS&D Table

Meat, Chicken	2018	2019	2020
Market Begin Year	Jan 2017	Jan 2018	Jan 2019
Turkey	New Post	New Post	New Post
Beginning Stocks	0	0	0
Production	2225	2336	2444
Total Imports	0	0	0
Total Supply	2225	2380	2444
Total Exports	439	500	554
Human Consumption	1786	1836	1890
Other Use, Losses	0	0	0
Total Dom. Consumption	1786	1880	1890
Total Use	2225	2380	2444
Ending Stocks	0	0	0
Total Distribution	2225	2380	2444
(1000 MT)			