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## **Turkey**

**Post:** Ankara

### **Update on Turkish Tenders for Live Fattening and Slaughter Cattle**

**Report Categories:**

Agriculture in the News

Livestock and Products

Promotion Opportunities

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**Report Highlights:**

An additional quota allocation for duty free live cattle imports was issued and a sixth tender was held. Also, the Turkish government will begin to allow private companies to import live fattening and slaughtering cattle, and a related amendment to the current duty free quota is expected.

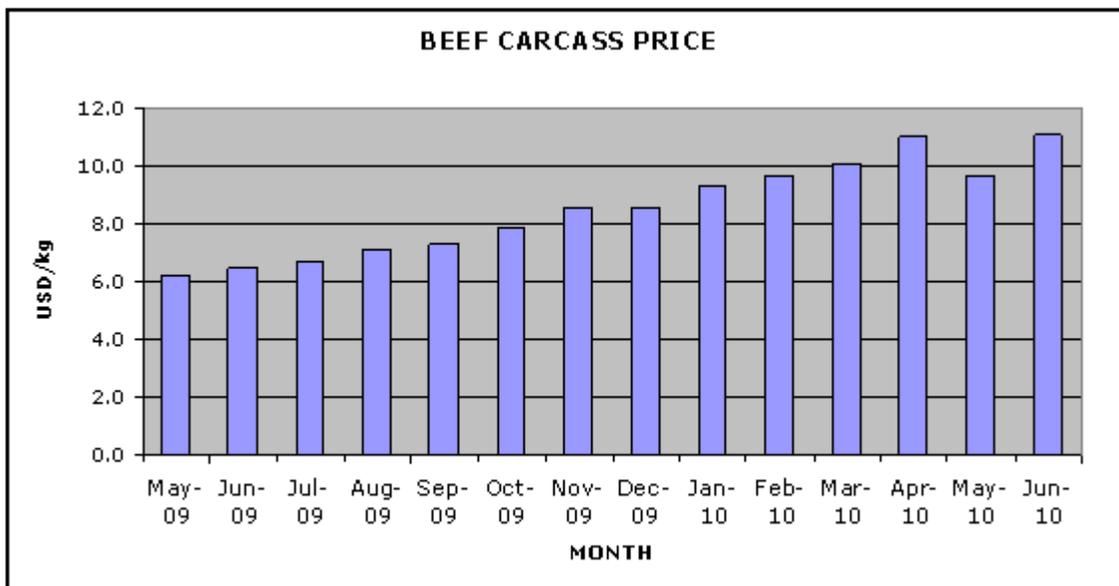
**Executive Summary:**

Due to continued high meat prices, the Turkish government will allow private companies to import live fattening and slaughtering cattle to Turkey, and a related amendment to the current duty free quota is expected. Previously, private companies were only eligible to import live breeding cattle to Turkey and the quota for slaughter and fattening cattle issued on April 30 could only be used by the Meat and Fish Institute (EKB). Under the new policy, private companies with a facility large enough for 250 head or more will be allowed to import fattening cattle.

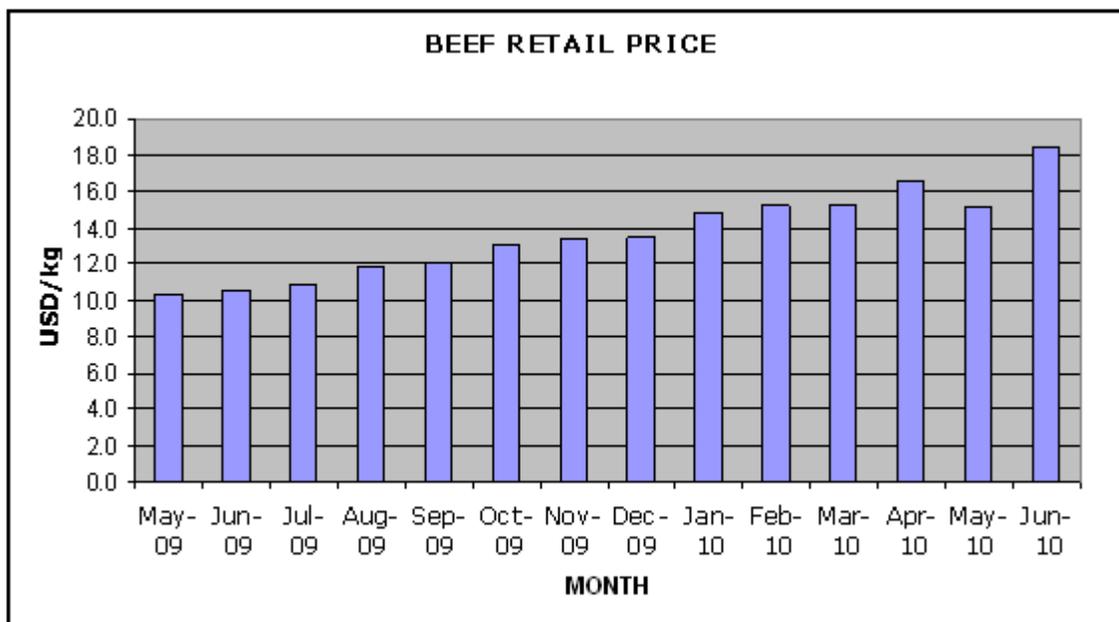
**Background:**

Falling animal numbers and rising feed costs have reduced the meat supply in Turkey, resulting in high domestic red meat prices in CY 2010. Retail prices for beef and sheep meat exceeded \$15/kg in some areas. These high prices have become an enormous economic and political problem in Turkey, and prices continue to rise despite intervention by the government.

**Chart 1: Average Price of Beef Carcass in Turkey**



**Chart 2: Average Retail Price of Beef in Turkey**



In response to high red meat prices, the Turkish Council of Ministers announced import quotas for live slaughter cattle and beef on April 30, 2010. These quotas were to be administered by the Meat and Fish Institute via public tenders.

**Table 1: Live slaughter cattle and red meat import tariff quota**

<b>Turkey: Live cattle and red meat import quota allocated in April 30, 2010</b>				
<b>HS Codes</b>	<b>Product</b>	<b>Quantity (MT)</b>	<b>Tariff</b>	<b>Expiration of Tariff Quota</b>
02.01				
Cattle meat (Fresh or chilled)	7,500	25	December 31, 2010	
0202				
Cattle meat (Frozen)				
0102.90				
Live cattle, Other	16,000	10	December 31, 2010	

The first public tender, for live slaughtering cattle only, took place on May 4, 2010. This tender was for 4,025 MT of live slaughter cattle only from Estonia, Latvia, Lithuania and Hungary.

Turkey's Meat & Fish Institute (EBK) held a second auction for procurement of 5,000 tons of live

slaughter cattle from the United States, Brazil, Uruguay, Argentine and Chile on May 6, 2010 in Ankara

Then, the Ministry of Agriculture declared on May 6, 2010 that they cancelled the first and second tenders for live slaughter cattle issued under the tariff quota, which took place on May 4 and May 6, 2010. The competition for tenders was not deemed sufficient due to the lack of sufficient bids.

The Turkish Meat and Fish Institute held another tender on May 20, 2010 in Ankara. The tender, for 8,000 MT of live slaughter cattle, was open to offers for animals from the United States (except the states of Texas, Alabama, and Washington), Brazil (except the Paraná region), Uruguay, Argentina (except the Corrientes and Misiones regions), Latvia, Lithuania, Estonia, Hungary, Norway and Iceland.

The fourth tender, for 4,000 MT of live fattening cattle, took place on June 14 in Ankara. This tender was open to animals from the United States (except Texas, Alabama Washington states), Brazil (except the Paraná region), Uruguay, Argentina (except the Corrientes and Misiones regions), New Zealand, Australia, Latvia, Lithuania, Estonia, Hungary, Norway and Iceland.

A fifth tender, for 4,000 MT of live fattening cattle, was held on July 1, 2010. This tender was open to animals from the United States (except the states of Texas, Alabama, and Washington), Brazil (except the Paraná region), Uruguay, Argentina (except the Corrientes and Misiones regions), Latvia, Lithuania, Estonia, Hungary, Norway, Iceland, New Zealand and Australia. This tender used up the remaining portion of the quota for the year.

However, because red meat prices dropped only 17% in June 2010 after the entire quota for live animals was allocated, and prices rose again in July, the government published an additional duty free quota allocation of 100,000 MT of live cattle for import through the EBK at zero custom duty. The decision was published in the official gazette dated June 29, 2010. After new import quota was announced, EBK held its sixth live cattle import tender on July 15, 2010 for 50,000 MT of slaughter cattle.

Demand for meat generally increases greatly when the Ramadan holiday starts, and this year that begins in mid-August. Private companies have criticized the government for controlling imports, claiming that current attempts to reduce prices are not working. Private companies also complain that there are a lot of meat smuggling in Turkey, which is said to be around 30-40 MT of red meat per day. Because of this pressure, the government will soon allow private companies to import live fattening and slaughtering cattle to Turkey. Currently, private companies are only eligible to import

live dairy breeding cattle to Turkey, but the government announced that private companies with a have facility for 250 or more live cattle fattening will be able to import cattle.

Until the April quota was announced, Turkey had not imported any live cattle except breeding animals since 1996. Then after April, only EKB was allowed to import animals for fattening and slaughter. However, a new cabinet decision published in the Official Gazette dated July 16, 2010, allows control certificates to be issued to private companies with a facility large enough to keep at least 250 animals, and also decreases the quarantine period from 160 days to 120 days. However there is still a high customs duty (130%) for live cattle imports, because the April duty free quota was only granted for imports done through EKB. Therefore, a new cabinet decision is expected in the next few weeks that will allocate a duty free quota for the private sector imports as well.

<b>Turkey: EBK Live cattle import tenders results</b>			
<b>Date of tenders</b>	<b>Quantity (MT)</b>	<b>Type</b>	<b>Result of tenders (Quantity-Price-Name of company)</b>
05/04/2010	4,025	Live slaughter cattle	Cancelled
05/06/2010	5,000	Live slaughter cattle	Cancelled
05/20/2010	8,000	Live slaughter cattle	5,500 MT-20,075,000 USD-Khaled Hijazi&Ghosheh 1,000 MT-2,700,000 Euro- Hacilar helal meat 1,000 MT-2,740,000 Euro-Altintern Handels Gmbh 500 MT-1,272,500 Euro-Dituria S.SRO
06/14/2010	4,000	Live fattening cattle	4,000 MT-16,750,000 USD-Khaled Hijazi&Ghosheh
07/01/2010	4,000	Live slaughter cattle	4,000 MT-14,550,000 USD-Khaled Hijazi&Ghosheh
07/15/2010	50,000	Live slaughter cattle	50,000 MT-200,297,500 USD-Khaled Hijazi&Ghosheh

There is additional pressure from the private sector to allow imports of sheep and goats, as the Turkish sheep and goat herd populations are low and demand always increases significantly during the sacrifice festival (Eid Al Adha). Therefore, it is expected that government will import small ruminants sometime in late July or early August.

