

**Required Report:** Required - Public Distribution

**Date:** September 07, 2023

**Report Number:** TU2023-0027

## **Report Name:** Livestock and Products Annual

**Country:** Turkey

**Post:** Ankara

**Report Category:** Livestock and Products

**Prepared By:** Sinem Duyum

**Approved By:** Michael Francom

### **Report Highlights:**

Türkiye's cattle inventories are forecast to contract in 2024 for the fourth straight year as farmers continue marketing their underweight animals ahead of schedule to minimize losses from rising input costs, especially feed. Higher slaughter numbers are projected to push beef production upward to nearly 1.7 million metric tons in 2024. However, even with this increase, beef demand will continue to outpace production, putting upward pressure on retail beef prices. Meantime, a kilogram of ground beef in August of this year is selling for 300 Turkish Lira per kilogram (\$11.35/kg), more than 2.5 times than last year. To alleviate high beef prices, the Turkish government has temporarily authorized imports of feeder cattle and beef. However, these interventions have not yet provided meaningful relief to consumers.

**Note:** This report is qualitative text only and does not include PSDs.

### **Cattle Inventories:**

In 2024, cattle inventories are forecast to continue their downward slide for the fourth straight year, bottoming out at 15.6 million head. Year-to-year inventories are down an estimated 500,000 head as farmers continue liquidating their herds, albeit at a slower pace than the last couple of years, because production costs are predicted to continue outstripping farmgate price for milk. To help partially offset the projected contraction in inventories, the government is expected to continue authorizing feeder cattle imports in 2024.

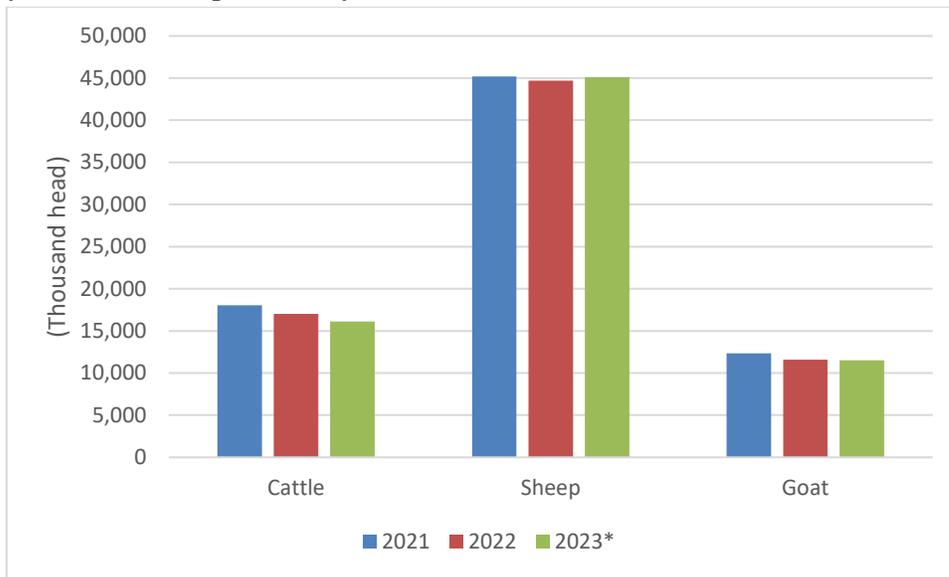
For 2023, cattle numbers are predicted to fall year-to-year by 4 percent or approximately 800,000 head to 16.2 million head. Farmers continue selling off their animals, most of which are dairy cows, to minimize financial losses resulting from higher on-farm input costs that exceed the farmgate price for milk. The price of livestock feed, which is the single largest on-farm expense, has doubled or even tripled in the last few years. By contrast, the farmgate price of milk during this period has only increased by 35 percent.

With cattle inventories plunging, retail prices for meat and milk have skyrocketed. To counteract this hike in retail beef prices and to help rebuild inventories, the government authorized feeder cattle imports in 2023. However, import numbers are too small to make a meaningful difference in tamping back on rising beef prices.

The number of cattle operations has been shrinking for the past several years because of tough market conditions. As of June 2023, the number of cattle farms fell by 10 percent year-to-year to 1.1 million. More consolidation is expected heading into 2024. The livestock sector has also faced setbacks over the last year resulting from sporadic outbreaks of foot and mouth disease (FMD) and the devastating earthquakes that killed thousands of farm animals and destroyed farm infrastructure in the southeastern part of the country. For more information on FMD outbreaks, please see [our report](#) on this topic. In addition, the sector has struggled for years with poor livestock health conditions, which result in 400,000 dead calves each year.

For reference purposes, according to data from the Turkish Statistical Institute (TurkSTAT), Türkiye's sheep and goat population in 2022 was estimated at 56.2 million, which was 2 percent lower than the previous year.

**Chart 1.** Türkiye Ruminant Population by Years, 2021-2023



Source: TurkSTAT, 2023. *Cattle numbers include buffalos.*

***Livestock Sector Continues to Battle Skyrocketing Production Costs, Especially Feed***

Livestock farmers continue to struggle with ballooning production costs due to rising input prices for feed, fertilizer, labor, electricity, and fuel. Both dairy and beef cattle farmers, especially small-holder farmers, are particularly sensitive to the cost of feed since it accounts for about 80 percent of total farm expenditures. The price of animal feed has more than doubled this year, according to TurkStat.

One of the main reasons for rising feed costs is the continued depreciation of the TL against the U.S. dollar and Türkiye’s dependence on imported feed. From August of last year, the TL has lost half its value against the dollar. The price of compound feed is particularly vulnerable to these outside economic pressures since about half of the 27.0 million metric tons of compound feed made in Türkiye last year was made from imported ingredients.

**Table 1.** Türkiye Compound Feed Production by Years (MT), 2018-2023

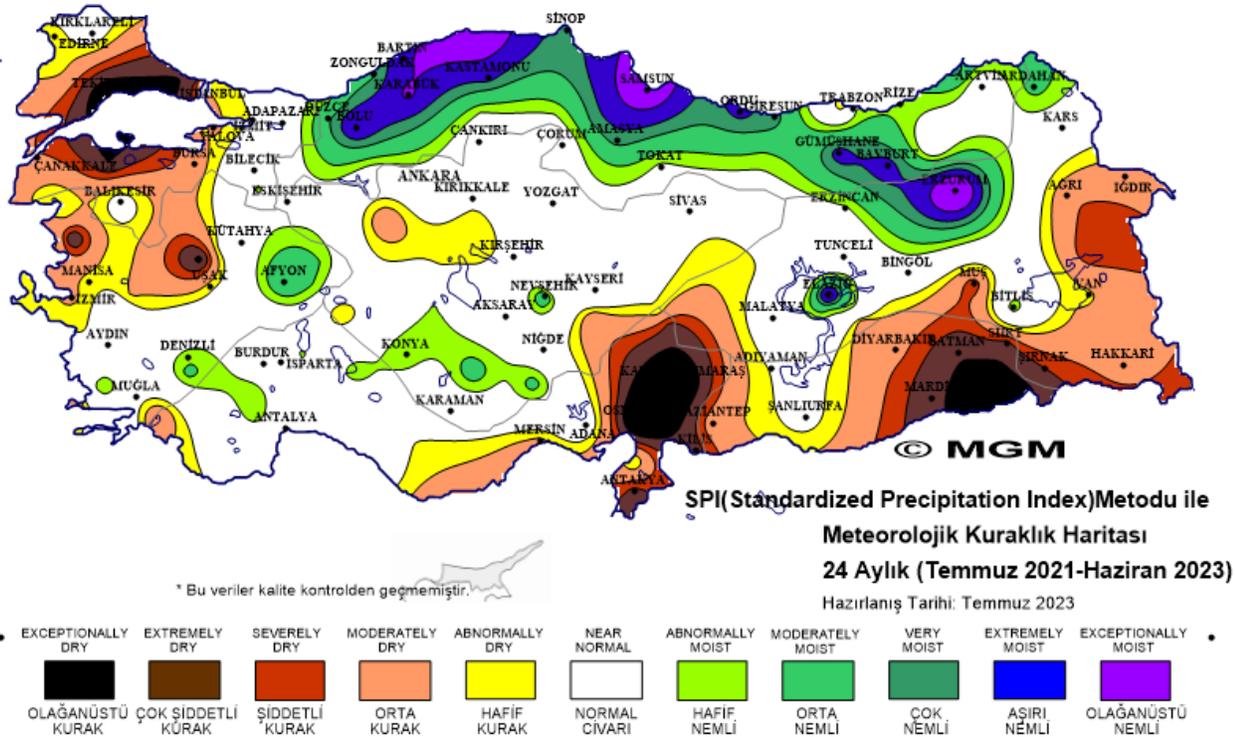
Years	Feeder Cattle Feed	Dairy Cows Feed	Broiler Feed	Laying Hens Feed	Other Mixed Feed*	Total
2018	5,072,549	6,481,999	5,306,118	3,600,843	3,682,980	<b>24,144,489</b>
2019	5,406,167	6,550,258	5,363,210	3,828,441	3,791,041	<b>24,939,117</b>
2020	5,732,941	7,016,824	5,397,526	3,716,754	4,408,221	<b>26,272,266</b>
2021	5,961,009	7,171,666	5,542,974	3,661,780	4,666,569	<b>27,003,998</b>
2022	5,876,345	6,870,374	6,022,932	3,501,499	4,858,498	<b>27,129,648</b>
2023 (Jan.-June)	1,734,249	2,226,048	1,524,406	930,048	1,567,261	<b>7,982,012</b>

Source: MinAF, 2023. \* *Other mixed feed includes items such as feed for small ruminants, horses, fish, and pets.*

There are several other factors contributing to rising feed costs, such as the shortage in local forage production. Annual forage production is estimated at 60 million metric tons (MT), while local experts peg demand at around 72 million metric tons. The expansion of forage production is one of the top priorities of the livestock sector, but increasing production is difficult because food crops compete for some of the same acreage. The most important forage products are alfalfa, silage corn, common vetch, trefoil, and oats.

In addition, forage production has also been hampered by dry weather conditions, the lack of improved forage seeds, and the poor management of existing pastureland. The largest pasture areas are in East and Central Anatolian regions as well as the Black Sea region. Part of this region, especially East Anatolia on the east side of the country is battling drought conditions, as shown in the map below. The quality of the graze in these drought regions is considered poor, which contributes to lower carcass yields. According to local experts, the development of high-yielding, drought-tolerant forage crops is crucial to sustain the country’s livestock sector in the future.

**Chart 2.** Drought Map for the Last 24 Months.



Source: Turkish Meteorological Service, 2023

**Government Interventions to Offset Rising Feed Prices Have Limited Effect**

The Turkish Grain Board (TMO), a government-affiliated entity, continues supplying subsidized feed ingredients, especially imported barley. However, there are complaints from across the livestock sector that these discounted prices, while helpful, are still too high for most farmers to make a consistent profit.

### ***Farmers Complain Milk Reference Price Too Low***

In July 2023, the National Milk Council (NMC) raised the reference price for raw milk by 35 percent, from 8.5 Turkish Lira (TL) per liter (\$0.31/liter) to 11.5 TL (\$0.43). Despite this increase, farmers continue to complain that the reference price is too low since it doesn't even cover the cost to produce one liter of milk at 12 TL (\$0.43). This continued disparity is the main reason why farmers continue to sell off their herds to reduce their financial losses.

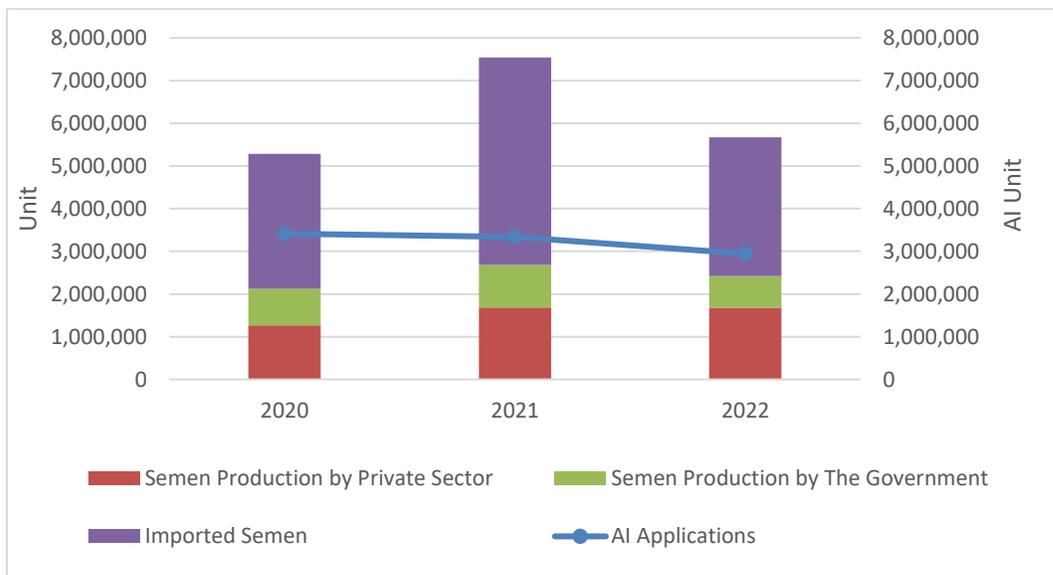
The contraction in the number of dairy cows has pushed milk production down, causing the price of milk and other dairy products to climb higher. In 2023 alone, milk production is estimated to have dropped by 15 percent from the previous year.

### ***Drop Off in Production and Imports of Livestock Genetics***

Coinciding with the liquidation of livestock inventories, both the production and import of livestock genetics used in artificial insemination (AI) has fallen sharply in the last couple of years. The production of bull semen in 2022 fell 11 percent year-to-year to 2.4 million doses. For the same period, because of the devaluation of the Turkish Lira and the government's overregulation of livestock genetics, semen imports fell 33 percent to 3.2 million doses. To rebuild livestock inventories in the future, Türkiye will need to increase its use of domestic and imported livestock genetics.

The United States is the leading supplier of bovine genetics to Türkiye on a value basis, but the second biggest on a unit basis. Imports of bull semen from the United States on a unit basis dropped 26 percent during the first half of 2023 compared to last year. In 2022, imports of U.S. livestock genetics totaled \$7.9 million.

**Chart 3.** Semen Production, Imports, and Number of Artificial Insemination (AI) Applications, 2020-2022



Source: The Ministry of Agriculture and Forestry and Trade Data Monitor, LLC.

### ***Slaughter Numbers Remain Unchanged from Last Year's Sacrifice Holiday***

Türkiye celebrated the Sacrifice Holiday (Eid al-Adha) this year from June 28 to July 1. Surprisingly, despite tough economic conditions and smaller cattle inventories, the number of animals slaughtered during the holiday period remained largely unchanged from the previous year, according to contacts. An estimated 2.8 million livestock were butchered, of which there were 800,000 cattle and 2 million sheep and goats. By comparison, though, the number slaughtered this year was about one-quarter smaller than in 2021 when there were larger cattle inventories and live cattle prices were lower.

The state-controlled Meat and Milk Board (ESK), which is responsible for regulating the meat market in Türkiye, purchased animals that farmers were unable to sell during the holiday. However, producers were reportedly reluctant to sell because ESK's offer price was considered too low to cover farmers' production costs.

### **Cattle Trade:**

In 2024, Türkiye's cattle imports are forecast to remain unchanged from the previous year at 470,000 head to offset the projected contraction in domestic cattle inventories. In line with historic trends, most of these imported animals will be feeder cattle for beef production.

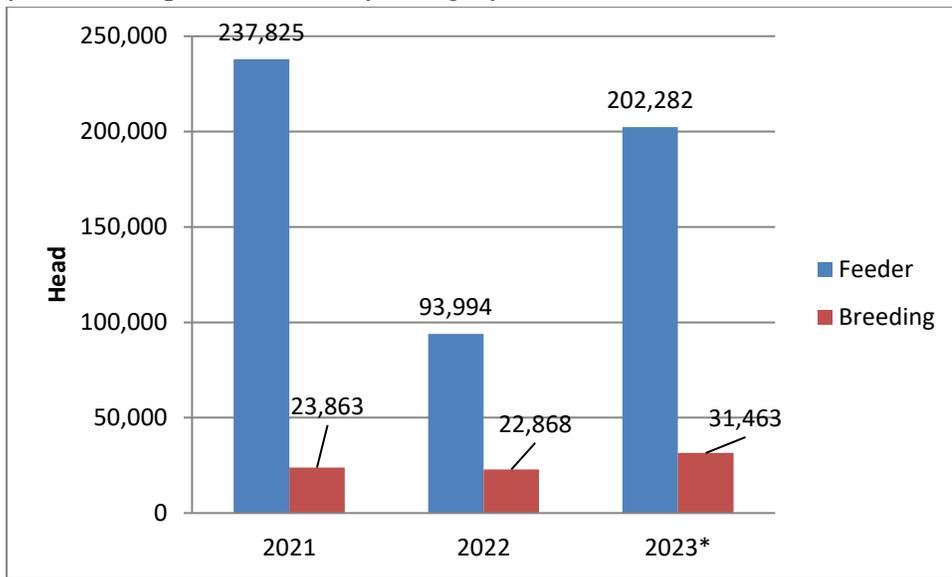
Cattle imports in 2023 are estimated at 470,000 head, almost quadruple the number from the previous year. This anticipated increase is based on the need to rebuild domestic inventories and reduce skyrocketing retail beef prices. In the early part of the year, to alleviate the upward pressure on beef prices and to stabilize domestic supplies ahead of Ramadan and the busy tourist season, the Ministry of Agriculture & Forestry (MinAF) re-opened the door for imports of feeder cattle. Over the last decade, the Ministry has temporarily allowed imports of feeders to stabilize local market conditions.

From January-June of this year, Türkiye imported about 234,000 head of cattle (\$361.4 million), which is 400 percent more than the same period last year. Imports were mostly feeder cattle from Uruguay, the Czech Republic and Hungary, with a smaller amount of dairy breeding animals from Germany, Denmark, and the Czech Republic. The pace of imports is expected to pick up in the remaining months of 2023 and into 2024 given current market conditions.

According to industry contacts, livestock producers who buy imported feeder cattle will receive a government-guaranteed price when selling their finished animals for slaughter. This price guarantee is supposed to encourage the expansion of feeder cattle operations and increase beef production. However, according to cattle producers, the price guarantee has not helped to offset their production costs. In the meantime, beef prices have continued to climb higher.

MinAF uses outdated EU health certificates for live cattle imports but does not allow imports from all EU-approved countries. Instead, the Ministry authorizes imports from [countries](#), based on its own evaluation of the country's livestock health system and interpretation of World Organization of Animal Health (WOAH) standards.

**Chart 4.** Türkiye Cattle Import Numbers by Category, 2021-2023\*



Source: Trade Data Monitor, LLC \* 2023 data includes January- June.

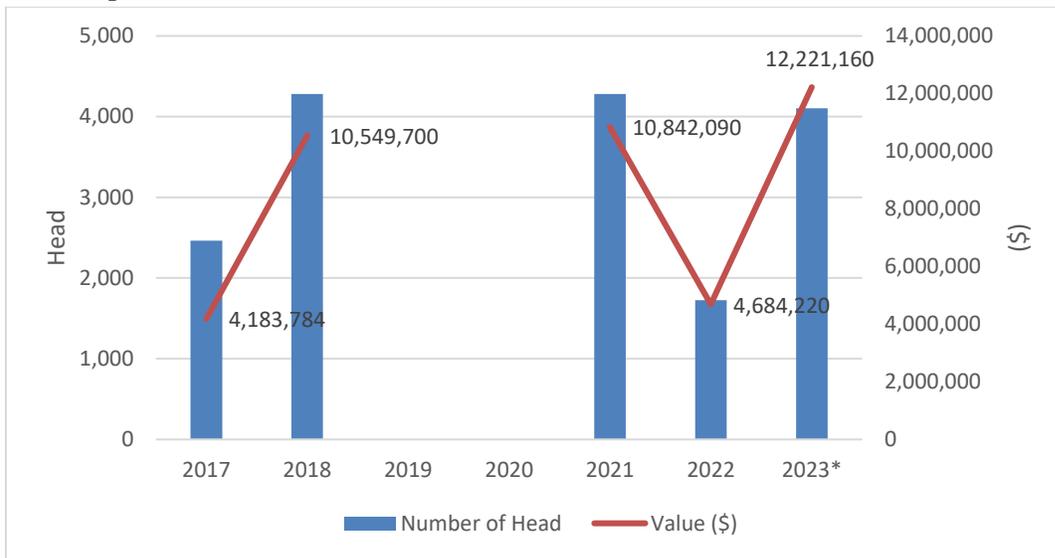
#### ***Increasing Demand for Cattle Imports from the United States***

In 2024, cattle imports from the United States are forecast higher year-to-year at 10,000 head, all of which are expected to be dairy breeding cattle based on Türkiye’s existing import requirements for U.S. cattle. Realizing this forecast will depend on whether the Ministry is willing to revise some of its overly strict import requirements and the level of continued competition from EU suppliers.

For 2023, cattle imports from the United States are estimated at 8,000 head, more than quadruple the amount from last year due to strong Turkish demand and limited supplies from European countries because of disease concerns. As of June, imports of breeding cattle were about 4,100 head, which is more than double the amount for same period last year.

Last year, Türkiye imported a little more than 1,700 U.S. breeding cattle, valued at \$4.7 million. These imported cattle consisted of Holstein, Jersey, Brown Swiss, and Guernsey breeds. U.S. dairy cattle have a good reputation among local producers and buyers closely follow the market to determine the best time to buy.

**Chart 5. Cattle Imports from the United States, 2017-2023\***



Source: Trade Data Monitor, LLC \* 2023 data includes January- June.

### ***Cattle Exports***

Cattle exports for 2024 are projected unchanged from the previous year at 2,000 head. Major export markets are likely to remain neighboring countries, such as Azerbaijan and Iraq.

### **Commodities:**

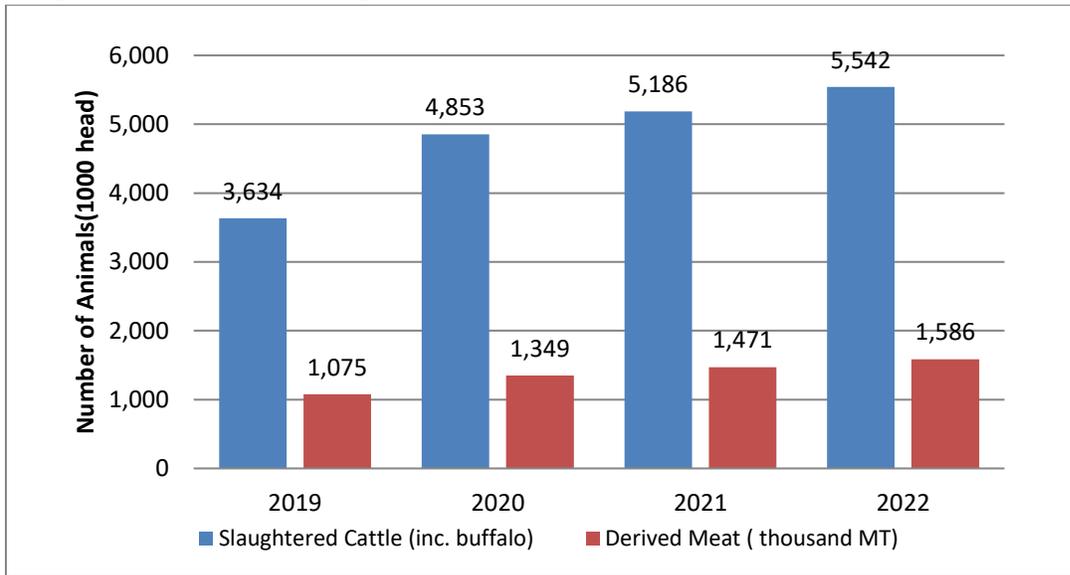
Meat, Beef and Veal

### **Beef Production:**

In 2024, beef production is forecast to increase for the fifth straight year to 1.7 million metric tons (MMT) as farmers continue to reduce cattle inventories. For the same reason, beef production in 2023 is expected to increase to 1.65 MMT. However, the growth in production has been limited because farmers are slaughtering underweight animals to minimize losses. Slaughter weights are currently between 270-300 kilograms compared to more than 400 kilograms in the past.

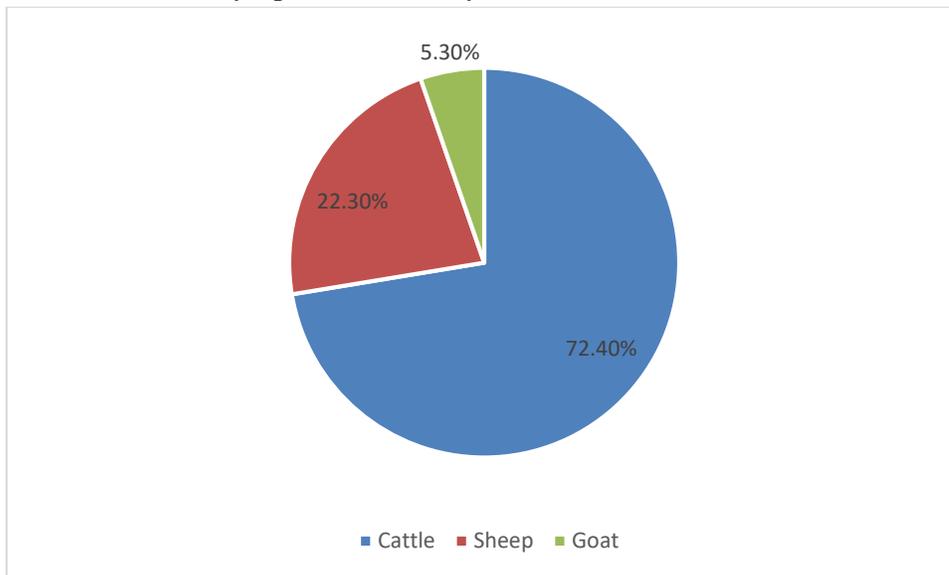
TurkSTAT revised the 2022 beef production numbers higher to 1.58 MMT, based on its interpretation of the latest market information. However, the livestock sector believes that the production number could even be higher.

**Chart 6.** Slaughtered Cattle (Including Buffalo) and Beef Production, 2019-2022



Source: TurkSTAT, 2023

**Chart 7.** Red Meat Production by Species in Türkiye, 2022.



Source: TurkSTAT, 2023. *Cattle includes buffalos.*

**Beef Consumption:**

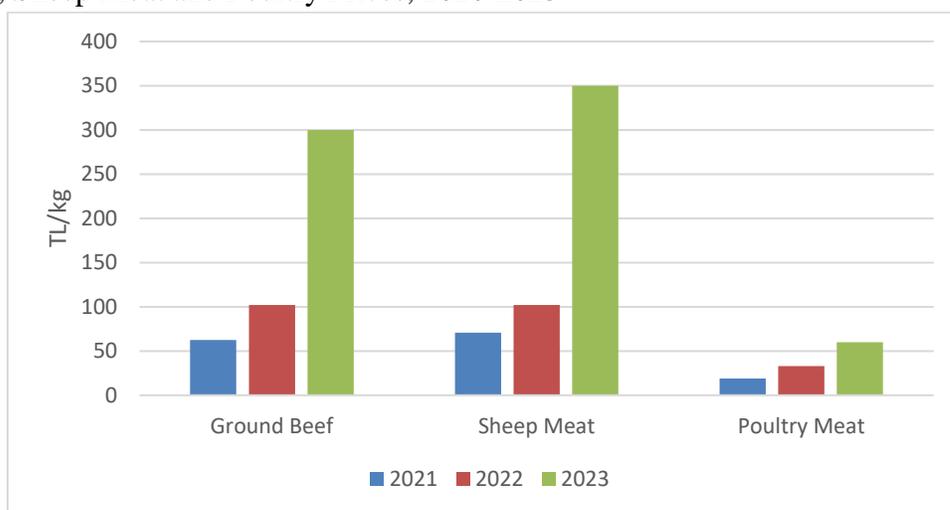
Beef consumption in 2024 is forecast to increase year-to-year by 3 percent to 1.7 MMT. The projected increase in consumption volumes is mostly based on higher slaughter numbers.

For 2023, beef consumption is forecasted slightly higher year-over-year at 1.65 MMT due to increased slaughter numbers and, to a lesser extent, a small amount of beef imports.

Beef consumption continues to outpace demand, causing retail beef prices to climb even higher. In addition, the rising production cost of carcass meat, which has more than doubled since last year is also contributing to higher retail beef prices. For example, in August of this year, 1 kilogram of ground beef is selling for 300 TL (\$11.35/kg), which is 172 percent more than the same time last year.

High beef prices are causing price conscious consumers to turn to cheaper protein options, like chicken. The government has intervened in the market to curb rising meat prices. See the latest [FAS report](#) on this topic for more detail.

**Chart 8.** Beef, Sheep Meat and Poultry Prices, 2020-2023



Source: Price data from supermarkets (A101, Sok, Migros) for middle-income consumers. (Note: As of August 9, 2023, \$1 \$= 27 TL)

**Trade:**

***Beef Imports***

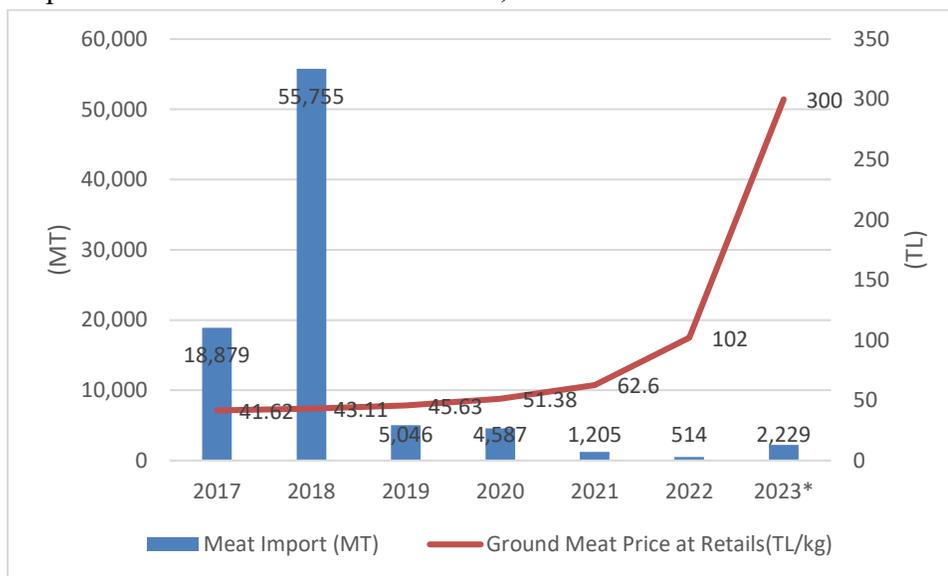
Beef imports in 2024 are forecast to contract year-to-year to 6,000 MT as the government will likely cut back on imports to protect domestic producers.

For 2023, beef imports are expected to nearly quadruple compared to the previous year to 9,100 MT. This anticipated increase in imports is due to the government’s decision to loosen its tight grip on beef imports. To avoid major increases in meat prices before the general elections and before the month of Ramadan, MinAF temporarily authorized imports of feeder cattle and beef. This market intervention was a bit unorthodox since the government typically discourages the importation of cattle (excluding breeding animals) and beef.

In the case of beef, the state-controlled eat and Milk Board (ESK) was authorized to import 85,000 MT of duty-free beef this year. Post does not expect ESK to import this amount due to contractual hurdles and prolonged technical negotiations with certain low-cost, beef-supplying countries in Europe, especially Poland.

The Turkish government regulates beef imports to protect its domestic industry and stabilize local market conditions. ESK purchases beef imports under the direction of MinAF. Because of this protectionist stance, historical beef import volumes have been very small, except for years when imports were deemed necessary to offset domestic shortages. In the last couple years, imported beef has mainly been sourced from Bosnia and Herzegovina, and to a lesser extent from Poland and Serbia.

**Chart 9.** Meat Import and Retail Ground Meat Prices, 2017-2023\*



Source: Trade Data Monitor, LLC. Price data from supermarkets (A101, Sok, Migros) for middle-income consumers. \*2023 import data includes January-June from TDM.

**Table 2.** Türkiye’s Tariffs for all Countries for Cattle and Beef Products, 2023

HS Code	Commodity	Tariff Rate
Live Cattle		
010229	Cattle, live, other than purebred breeding	26%
010221	Cattle, live, purebred breeding	zero
010231	Buffalo, live, purebred breeding	zero

Source: Ministry of Trade, 2023

### Beef Exports

Türkiye mostly exports very small volumes of prepared or preserved meat products (HS: 160250). In 2022, exports totaled about 2,200 MT, most of which went to Hong Kong, Cyprus, and Ukraine.

**Attachments:**

No Attachments