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Report Highlights:
Turkey is the world's 9th largest poultry producer. Poultry sector revenue in 2014 was $ 4.5 billion in Turkey and there was increase in domestic poultry production, consumption and especially exportation. In 2015, exports reached over $450 million despite avian influenza outbreaks and turmoil in the region. The number of broilers in 2015 reached 214 million with 6.8 percent increase compared with the previous year. The number of laying hens in 2015 reached 99 million with 5.2 percent increase compared with the previous year. Insufficient feed available has been a problematic issue for poultry production and targeted production in the future, as well. The poultry sector has encountered many problems in raw material importation for feed due to the Biosafety Law and its regulation. According to the Turkish Poultry Meat Producers and Breeders Association (BESD-BIR), sector increased by 8.8 percent in 2014. However Turkish poultry exports have declined 17 percent in quantity in 2015 because of the geopolitical problems and avian influenza outbreaks.

Poultry Production

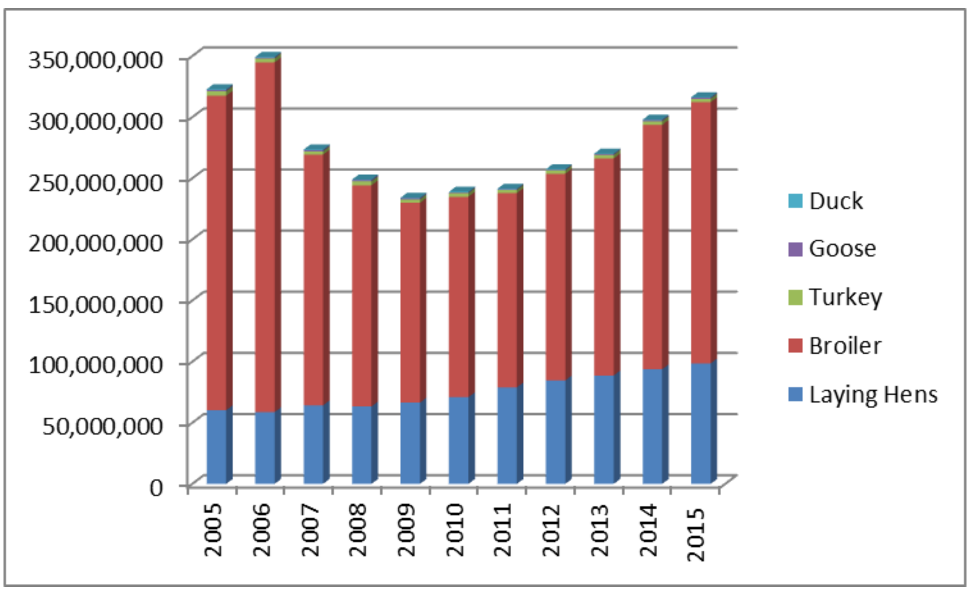
Turkey is the world's 9th largest poultry producer. Poultry sector revenue in 2014 was $ 4.5 billion in Turkey and there was increase in domestic poultry production, consumption and especially for exportation. In 2015 it has reached to over $450 million despite of avian influenza outbreaks and turmoil in the region.

Table 1. Turkey poultry animal data by species

Year	Laying Hens	Broiler	Turkey	Goose	Duck
2005	60,275,674	257,221,440	3,697,103	1,066,581	656,409
2006	58,698,485	286,121,360	3,226,941	830,081	525,250
2007	64,286,383	205,082,159	2,675,407	1,022,711	481,829
2008	63,364,818	180,915,558	3,230,318	1,062,887	470,158
2009	66,500,461	163,468,942	2,755,349	944,731	412,723
2010	70,933,660	163,984,725	2,942,170	715,555	396,851
2011	78,956,861	158,916,608	2,563,330	679,516	382,223
2012	84,677,290	169,034,283	2,760,859	676,179	356,730
2013	88,720,709	177,432,745	2,925,473	755,286	367,821
2014	93,751,470	199,976,150	2,990,304	911,990	399,820
2015	98,597,340	213,658,294	2,827,731	850,694	398,387

Source: Turkish Statistical Institute (TUIK), 2016

Figure 1. Number of Poultry in Turkey



Source: Turkish Statistical Institute (TUIK), 2016

In Figure 1 above, the decrease is seen in the number of poultry after 2006 is due to the first Highly Pathogenic Avian Influenza (HPAI) case which was in the northwest of Turkey, Balikesir Province, in October 2005. The number of broilers in 2015 reached approximately 214 million with a 6.8 percent increase compared with the previous year. The number of laying hens in 2015 reached 99 million with

5.2 percent increase compared with the previous year. The number of turkeys in 2015 reached to 2.8 million with 5.4 percent decrease compared with the previous year.

Table 2. Turkey: Number of establishments (unit) in poultry sector in Turkey

Year		Hatcheries	Breeding	Broiler	Laying Hens	Total
2006	Holdings	82	238	8,899	1,304	10,523
	Pens	-	1,445	11,020	3,284	15,749
2007	Holdings	81	248	8,919	1,195	10,443
	Pens	-	1,507	11,263	3,289	16,059
2008	Holdings	81	247	8,948	1,075	10,351
	Pens	-	1,548	11,543	3,059	16,150
2009	Holdings	90	274	8,827	1,078	10,269
	Pens	-	1,586	11,350	3,120	16,056
2010	Holdings	79	277	8,908	1,072	10,410
	Pens	-	1,657	11,623	3,162	16,442
2011	Holdings	79	276	9,164	1,042	10,561
	Pens	-	1,769	12,227	3,044	17,040
2012	Holdings	78	302	9,403	1,050	10,900
	Pens	-	1,949	12,852	3,243	18,044
2013	Holdings	80	322	9,444	994	10,840
	Pens	-	2,086	13,505	3,103	18,694
2014	Holdings	80	341	9,782	1,046	11,328
	Pens	-	2,237	14,360	3,141	19,738
2015	Holdings	75	354	9,676	1,113	11,296
	Pens	-	2,390	14,415	3,229	20,034

Source: General Directorate of Food and Control, 2016

As seen from the table 2, there have been no significant changes on the number of holdings and pens since 2006; however the sector believes that demands of consumer and export have been efficiently provided with this number.

Poultry Meat Production

Poultry production facilities are mainly located in the north-west and west of Turkey, which is close to the concentration of consumers, as well as to the customs gates where the raw feed materials are imported.

According to the Turkish Poultry Meat Producers and Breeders Association (BESD-BIR), total poultry meat production including broiler, turkey and the other poultry meat (backyard poultry and meat from laying hens) in 2014 was about 2 million MT and the sector increased by 8.8 percent.

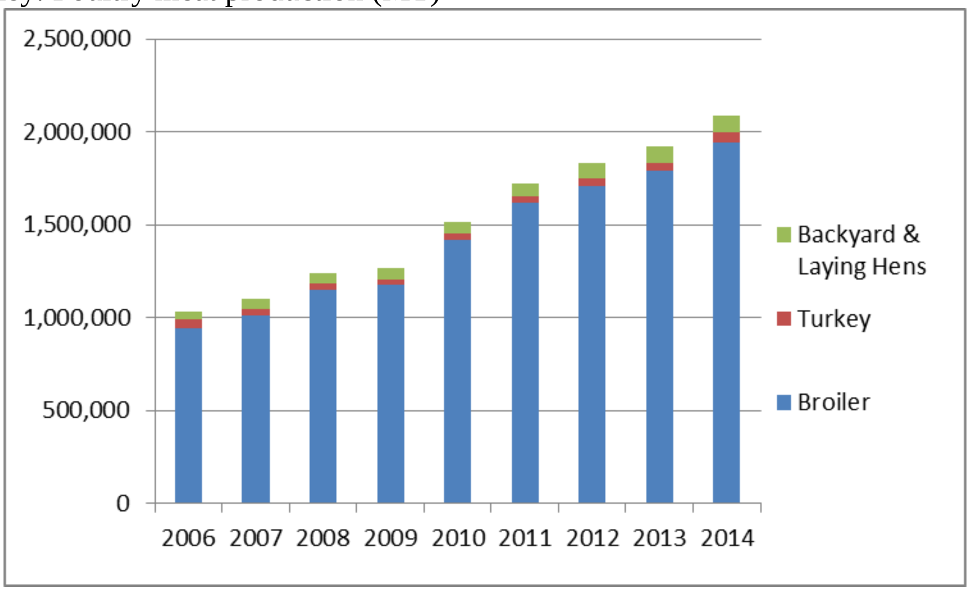
Table 3. Turkey: Poultry meat production (MT)

Year	Broiler	Turkey	Backyard and Laying Hens	Total
2006	945,779	45,750	40,250	1,031,779
2007	1,012,000	33,000	55,000	1,100,000

2008	1,150,000	35,000	57,000	1,242,000
2009	1,180,000	28,000	60,000	1,268,000
2010	1,420,000	33,000	62,000	1,515,000
2011	1,619,000	32,000	72,000	1,723,000
2012	1,707,000	43,000	80,000	1,830,000
2013	1,791,000	44,000	88,500	1,923,500
2014	1,942,000	52,800	94,000	2,088,800

Source: Turkish Poultry Meat Producers and Breeders Association (BESDBIR), 2015

Figure 2. Turkey: Poultry meat production (MT)

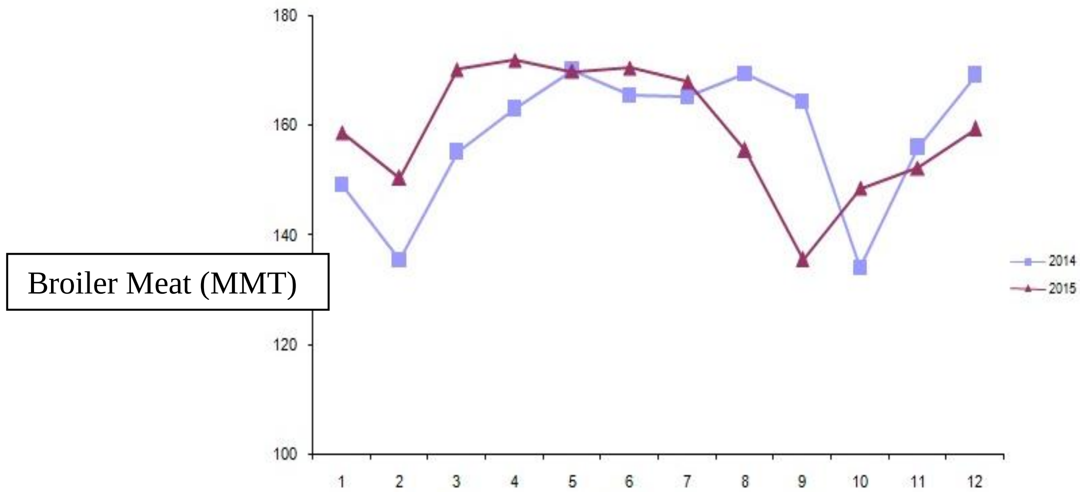


Source: Turkish Poultry Meat Producers and Breeders Association (BESDBIR), 2015

According to Turkish Statistical Institute (TurkSTAT), broiler meat production was 1,895 MMT and turkey production was 48,663 MT in 2014. In 2015, broiler meat production has stagnated and realized 1,910 MMT. Broiler meat has 93 percent share in Turkey`s total poultry meat production.

Shortages of affordable feed inputs has been problematic issue for poultry production and the sector anticipates it will continue to be an issue to reach their goals for increased production in the future, as well. Each problem encountered in supplying feed material to the sector has caused production costs to increase and it might be impossible to compete with other exporting countries. The poultry sector has encountered many problems in raw material importation for feed due to the Biosafety Law and its regulation. On the other hand, Turkish Biosafety Board has recently approved a few more corn and soybean events and their products for feed use in Turkey. The new implementation has relieved the Turkish poultry sector some and given hope they can continue production targets, though import problems still remain due to the law. More detailed information on the biotechnology situation is available in recent FAS Turkey GAIN Reports searchable on the FAS website and also here.

Figure 3. Poultry Meat Production, 2014 and 2015 Comparison, by month



Source: Turkish Statistical Institute (TUIK), 2016

The new implementation period for a la y 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. 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 also here:

Table 4. Table of price comparison of broiler meat and inputs

	2008	2009	2010	2011	2012	2013	2014
Total Production (MMT)	1,070	1,277	1,444	1,613	1,724	1,758	1,894
Price of Broiler Meat (TL/kg)	3.02	3.77	4.05	4.08	4.65	4.85	5.10
Broiler Feed Price (TL/kg)	0.78	0.82	0.89	1.02	1.12	1.16	1.35
Ratio of prices of broiler meat to feed							
Broiler Meat/ Feed	3.85	4.60	4.52	4.00	4.03	4.18	3.8

Source: The Ministry of Food, Agriculture and Livestock, 2015

While the price of meat is at an all-time high, so too is the price of feed. As seen from the table, in 2014, the price of feed rose more compared to the rise in price of meat, showing that the poultry sector has been struggling with economic issues even more than the previous years, and added to this high feed price is upcoming policy changes and trouble in export markets.

As part of Turkey's EU harmonization process, in 2012 the use of mechanical separated meat (MSM) became prohibited to be used in restaurants, hotels and catering companies. It is also prohibited to sell MSM directly to customers within the country. This is according to national legislation (Turkish Food Codex- Meat and Meat Preparation Communique, No: 2012/74). MSMs are derived from chest cage, neck and back part of poultry and account for 40 percent of a total poultry carcass. Turkey produced 121,827 MT of this type of meat in 2012, worth $122 million, and the value was crucial for the poultry sector. The share of MSMs in the total poultry production was 7 percent and the prohibition of selling this meat domestically has severely impacted to poultry sector. However, shipping of MSM produced for the purpose of export between approved establishments within the country is allowed. The majority of this type of meat is exported to Iraq.

Manure derived from the last stage of poultry production is considered an important issue by the sector however there is no improved model for utilizing manure in Turkey. Sector believes that the issue in question would be solved with the subsidies by giving supports to possible investors to establish new facilities to utilize the manure for another purpose such as for bioenergy. The sector would like to utilize manure as an energy source however the Ministry of Environment considers manure as a waste while the MinFAL considers it as a fertilizer.

According to the sector, the number of hen coops should be under control for operating the system more efficiently, raw materials for feed should be available and sector profits should be sustainable in order to reach future production targets.

Consumption:

Turkey surpasses the European Union in per capita consumption of broiler meat, with 19.39 kg per capita consumed in 2013 and 21 kg per capita in 2014. Broiler meat has the biggest share of total poultry consumption. Turkey meat consumption has been at certain level for many years, the consumption per capita was 0.9 kg in 2014. Poultry meat preference is mostly drumstick, which has a 40 percent market share.

According to poultry sector in Turkey, there is no decrease of domestic consumption because of the HPAI outbreaks seen in spring months 2015. However consumers confuse on poultry meat consumption since there has been media news about GM fed and rapidly growing chickens. For this reason, revival of interest to free range raised or organic chickens has been increased.
Poultry consumption varies according to geographical region of Turkey, income level, marital status, living areas as urban/rural and life style. While the highest per capita consumption amount is calculated for Aegean Region, the lowest is calculated for Eastern Anatolia Region since feeder cattle breeding/ consumption is most popular in there.

Export:

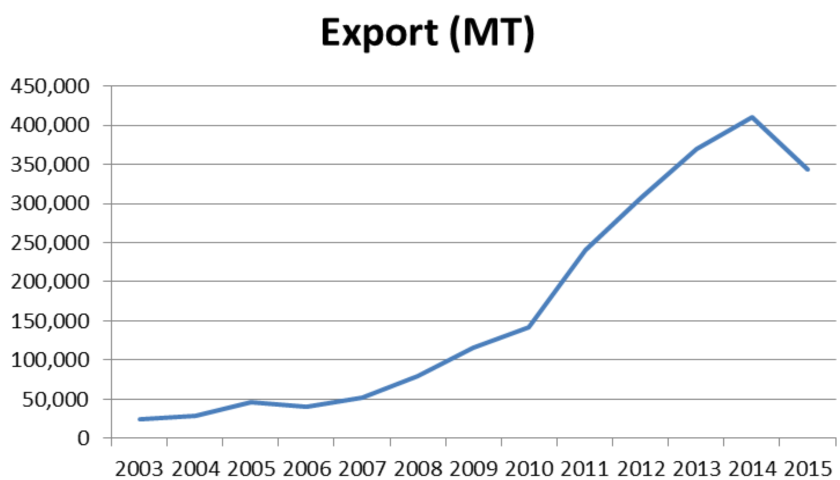
Turkish poultry exports have declined 17 percent in quantity in 2015 because of the geopolitical problems and avian influenza outbreaks. The rapid devaluation of Turkey's currency by 21 percent drop in 2015 against many foreign currencies has had a major impact on feed costs for poultry producers. This has increased the cost of imported feed items and production. Additionally there have been serious problems on raw material import because of genetically engineered (GE) product contamination, whereby low levels or dust of GE corn or soy varieties which aren't approved for use in Turkey are found in shipments and can cause rejection of the entire shipment. These rejections increase the risk to feed importers, disrupt a steady supply of feed for the poultry sector, and eventually increase the cost of feed inputs for the sector. Although the avian influenza outbreaks were not seen in the commercial broiler flocks, the Turkish poultry export came to a stopping point in 2015 because Iraq banned Turkish poultry imports following the HPAI outbreaks.

Exportation is mainly to Iraq with almost 50 percent of total export value, and to Israel, Saudi Arabia, Azerbaijan and Uzbekistan. The main good of exportation is poultry meat and according to Turkish Statistic Institute (TUIK), the export value of poultry meat (fresh/chilled or frozen) was $607 million in 2013. In 2014, Turkey exported 411 MMT of poultry and poultry products mostly to Iraq, and foreign currency inflow was $668 million. In 2015, Turkey exported 339 MMT poultry worth with $441 million.

Turkish poultry sector believes that poultry products export will resume at their previous pace in 2016 if Turkey does not face any HPAI cases.

Exporters of poultry are able to utilize Turkey's inward processing regime to import feed inputs without taxes, or purchase them from the Turkish Grain Board at world prices, up to a certain amount dependent upon how much they have exported.

Figure 4. Turkey poultry meat export including turkey meat and processed poultry meat products



Source: Turkish Statistical Institute (TUIK), 2015

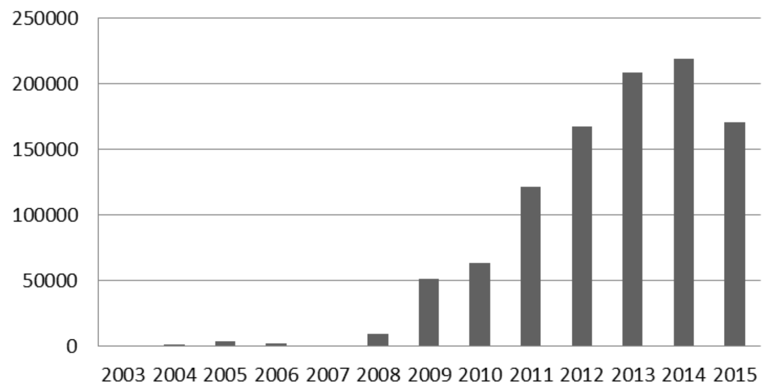
Avian Influenza in Turkey

The first Highly Pathogenic Avian Influenza (HPAI) case was seen in a turkey breeding establishment in the northwest of Turkey, Balikesir Province, on October 2005. Turkey also confronted HPAI cases mostly in the Western part of Black sea region and Marmara region in 2007 and 2008. The final report was published in 2009 at World Organization of Animal Health (OIE) declaring Turkey free from HPAI. However after the notifications of HPAI outbreaks from May 2015, Iraq and Israel stopped importing poultry and poultry products from Turkey. Half of Turkey's poultry product exports are to Iraq, and the economic losses resulting from the recent 2015 avian influenza outbreaks is estimated to be $410 million for Turkey. For more detailed information, see the GAIN report date: 6/29/2015 No: 5033.

After the negotiations with Iraq following the HPAI outbreak ended, Turkish poultry export resumed, however then avian influenza outbreaks began in North Iraq (Iraqi Kurdistan Region). On January 25, 2016, the Iraq Council of Ministers in Bagdad announced a ban on the "import" of poultry and poultry products from, *or transported through*, the Iraqi Kurdistan Region (IKR) due to avian influenza outbreaks. The ban includes all poultry products originating in the IKR as well as those passing through the Ibrahim Khalil border gate from Turkey into Iraq. Turkish poultry sector has started negotiations with Iraq Government in Bagdad to allow Turkish poultry passing through the Ibrahim Khalil border gate into Iraq as they don't want to lose the Iraq market again in 2016. In February 2016, North Iraq gate (Habur) has been opened and Turkish poultry export has again been initiated to Iraq. However the sector believes that the situation will be remain uncertain.

Russia continued to import poultry and poultry products from the establishments as being declared free from HPAI by the MinFAL. However, after Russian downed jet in November, 2015 Russia has since stopped importing poultry and poultry products from Turkey. Turkey has a minor market share (only 2 percent) for poultry meat exportation to Russia. Until October, they export 22,000 MT (8.5 million $) poultry meat to Russia in 2015. The sector and officials do not believe Turkish poultry sector will be affected Russian poultry ban.

Figure 5. Turkey's poultry meat export to Iraq (including turkey meat and processed poultry meat products)



Turkish poultry sector has required MinFAL to implement regionalization on animal diseases and to re-initiate the negotiations with European Union (EU) to export poultry meat and products to European countries. Eight facilities which are located in the West Black Sea and Western part of Turkey are authorized to export poultry products to EU however, Turkey does not meet the EU animal health criteria on raw poultry meat since Turkey has not completed its regionalization policy on poultry diseases. Since Turkey does not meet the animal health criteria for EU, poultry products even if they are processed are not able to export to EU. The authorized facilities can be found here: https://webgate.ec.europa.eu/sanco/traces/output/TR/RPM_TR_en.pdf

U.S. poultry products transiting through Turkey to Iraq:

Turkey has imposed partial bans on U.S. poultry and poultry imports since an outbreak of avian influenza (AI) was discovered in December. The banned states are Idaho, Oregon, Minnesota, Arkansas, Missouri, Kansas, South Dakota, North Dakota, Wisconsin, Iowa, Kentucky, Nebraska, Montana, Michigan and Indiana. Although U.S. has informed to MinFAL regarding AI close-out reports submitted to the OIE for the 15 states (excluding Indiana), Turkey has not yet lifted the ban on U.S. products for poultry products from those 14 states.

In 2014, 61,439 MT of U.S. poultry products transited through Turkey to Iraq, while in 2015 this number dropped to 38,698 MT. The Turkish companies operating transit from Mersin Port to Iraq have had difficulties since December 2014 when Turkish Ministry of Economy's new implementation regarding the ban on storing poultry meat in transit in the warehouses. There has been a 50 percent decrease on transit for all goods in trade. For poultry consignments to Iraq, the companies had 100-125 containers per day of poultry meat consignment (Each container has approximately 22-24 tons of meat) before the ban. The implementation has affected all poultry consignments transiting via Turkey. Currently, Warehouses Associations have been trying to change the implementation by negotiating with General Directorate of Customs in Turkey.

After the implementation of this ban on storing poultry in warehouses went into effect in December 2014, companies started to send products into Mersin free trade zone since they have difficulties to send the products in one shipment from the Mersin port to Iraq. The products are stored in the warehouses in the free zone. The other struggle is turmoil in the region, uncertainty on whether Iraq border gates will be closed or not, and high custom taxes (up to 150%). The companies believe that trade with Iraq is at a stagnation point because of the recent situation in the area.

Import:

Turkey doesn't import poultry meat from any country since the sector is self-sufficient. 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.

Subsidies:

Poultry Export Subsidies: These subsidies are given to the producers in order to increase Turkey`s poultry export and to give necessary supports to the sector.

- 143.5 TL/tonnage for poultry meat,
- 225 TL/tonnage for poultry products including cans
- 19.5 TL/1000 units for eggs, however if exported eggs are for breeding or hatching the payment is made 50 percent more.

Low Interest Loan Subsidies for investors: This subsidy is given to the investors who are willing to deal with poultry operation in the country.

- Working capital loan and investment credit to the tune of 7.5 million TL; 100 percent low interest to the investors who will be operating the breeding poultry facility.
- 50 percent low interest of investment credit and 25 percent low interest of working capital loan to the tune of 1 million TL; to the investors who will be operating the commercial poultry facility.

- 50 percent low interest of investment credit and 75 percent low interest of working capital loan to the tune of 1 million TL; to the investors who will be operating the commercial turkey facility.

  (1 TL: $ 2.9 as of 2/26/2016)

Subsidies within the scope of Rural Development Program (IPARD): The EU subsidies are given to the producers who are willing to operate commercial poultry meat, laying hens and goose breeding as well.

Insurance (TARSIM): Poultry animals have been included within the scope of TARSIM (Agricultural Insurance Pool) since 2005.