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Report Highlights:

Since the beginning of 2023, the Turkish Lira (TL) has weakened by around 20 percent against the U.S. dollar. Despite the economic turmoil, demand for chicken meat is relatively stable, even with expected increased poultry market prices in correlation with increasing inflation. This is due primarily to the fact that chicken meat is the cheapest protein source for the Turkish population. Production is forecast at 2.3 million metric tons (MMT) in calendar year (CY) 2024, just 2 percent higher than in 2023 due to forecast high feed prices, severe drought expectations, and struggles with supplies of breeding materials due to high import costs and/or HPAI cases which cause reduced production capacity. Türkiye does not import poultry meat since the sector is one the most well-established in the country. Exports in 2024 are forecast at 490,000 MT , assuming demand increases (especially from Iran). Despite increasing market prices, chicken consumption is forecast at 1.8 MMT in 2024.

Executive Summary

Since the beginning of 2023, the Turkish Lira (TL) has weakened by around 20 percent against the U.S. dollar. Despite the economic turmoil, demand for chicken meat is relatively stable, even with expected increased poultry market prices in correlation with increasing inflation. This is due primarily to the fact that chicken meat is the cheapest protein source for the Turkish population.

Production is forecast at 2.3 million metric tons (MMT) in calendar year (CY) 2024, just 2 percent higher than in 2023 due to forecast high feed prices, ongoing uncertainties related to the Black Sea Grain Initiative (BSGI), severe drought expectations, and struggles with supplies of breeding materials due to high import costs and/or HPAI cases which cause reduced production capacity. Türkiye does not import poultry meat since the sector is one the most well-established in the country. Exports in 2024 are forecast at 490,000 MT, assuming demand increases (especially from Iran). As poultry meat will remain the cheapest protein source, despite increasing market prices, chicken consumption is forecast at 1.8 MMT in 2024.

Commodities:

Meat, Chicken

Production:

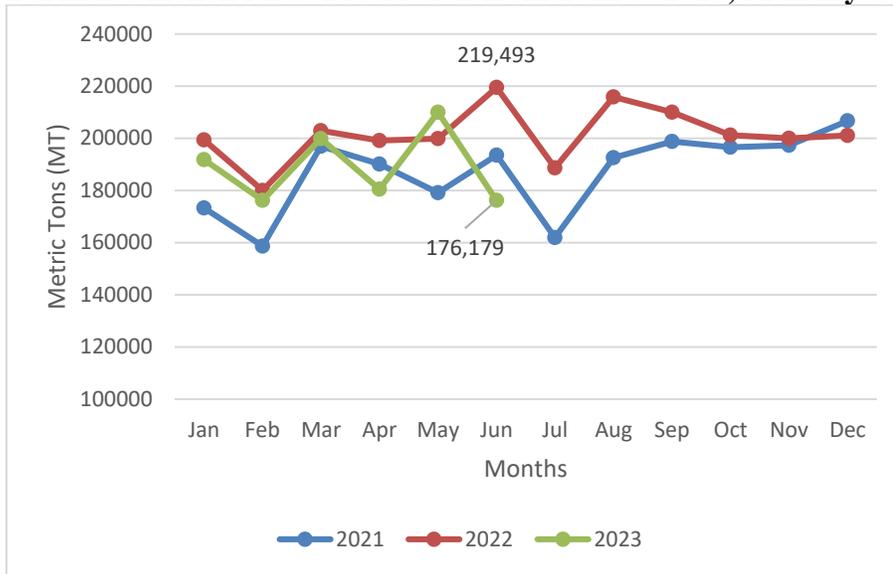
In CY 2024, chicken meat production is estimated to increase slightly (2 percent) to 2.3 MMT due to expected high feed prices, ongoing uncertainties related to BSGI, severe drought expectations, and struggles with supplies of breeding materials due to high import costs and/or HPAI cases.

In 2023, chicken meat production is estimated to decrease 7 percent to 2.25 MMT due to especially high production costs, reduced production capacity, and decreases in domestic consumption and export demand. The expectations on decreased production are based on uncertainties related to BSGI, added customs taxes on some imported feed ingredients (from 0 to 130 percent), and restrictions on the Inward Processing Regime for grains.

According to Turkish poultry sector contacts, the most important factor affecting reduced production in 2023 was uncertainty before the general elections, which were held in May 2023. The uncertainty also caused Turkish producers to reduce their production capacity due to economic instability. Increases in feed prices are expected to continue, along with other increasing input prices, especially energy costs.

In the first six months of 2023, poultry meat production has decreased 5 percent and slaughtered chickens have decreased 9 percent, though egg production has increased 3.6 percent when compared with the same period of 2022 due to increasing export demand (especially to the U.S. and Middle East) because of reasonable export price offers. On the other hand, turkey meat production has decreased 30 percent within the same period year on year due to low consumption. In 2023, integrated poultry facility numbers decreased 16 percent, and poultry producing facility numbers decreased 30 percent when compared with the previous year.

Figure 1. Turkish Chicken Meat Production from 2021 to 2023, Monthly Comparison

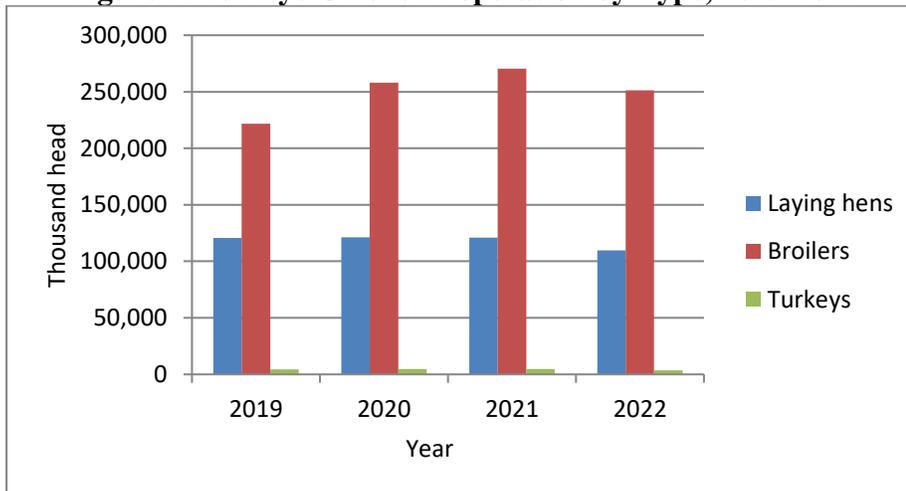


Source: Ministry of Agriculture and Forestry (MinAF), 2023.

Until 2018, Türkiye saw an 11-12 percent growth rate in chicken meat production, however due to the TL’s instability, the sector has not been able to maintain pace due to increasing imported input prices, specifically feed. The other factors complicating growth are a lack of slaughterhouse capacity (deliberately or not, depending on the economic situation and export demand), the recent drought in Türkiye, and the Covid-19 pandemic. All these factors caused economic disruptions in the agriculture sector.

Broilers are the dominant chicken meat produced in Türkiye and have 99 percent market share. More than half of total Broiler meat production occurs in *Manisa*, *Balikesir*, *Sakarya* and *Mersin* provinces. In 2022, Türkiye produced 2.4 MMT of chicken meat and 19.8 million eggs.

Figure 2. Türkiye Chicken Population by Type, 2019-2022



Source: Turkish Statistical Institute (TurkSTAT), 2023

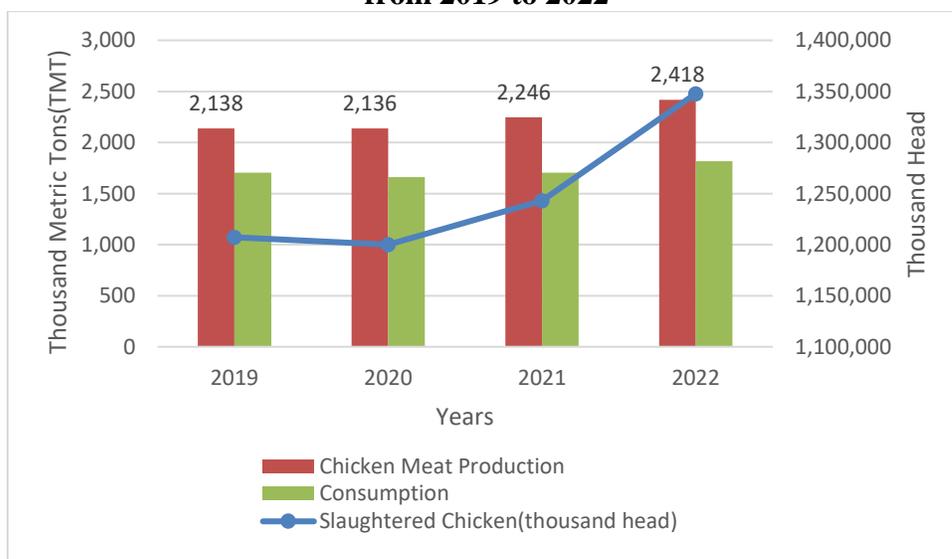
The poultry meat sector in Türkiye has been rapidly developing since the 1990`s since poultry meat is the main protein source, and especially with current high beef prices and a domestic beef shortage. However, the main problems in the poultry sector are high production costs and a heavy dependency on foreign countries for input supplies, such as raw feed materials or breeding materials like hatching eggs and day-old chicks.

The establishment of a breeding materials market in Türkiye has not developed since the costs for the necessary scientific research for breeding strategies and production are too high. According to the sector, a European investor is planning to establish a breeding facility to produce day-old chicks and hatching eggs in Türkiye to avoid the increasingly negative impacts of the TL/USD exchange rate, which is exacerbating high import costs. Moreover, investment preparation has been accelerated following several HPAI cases in Europe.

Other factors hampering the growth of the sector are lower consumption levels compared to other developed countries and issues with exports due to political and economic turmoil in the region.

The expensive costs of importing large amounts of corn, soy, and fish meal causes the Turkish poultry sector to be less competitive with similar, large poultry exporting countries. However, the poultry sector is hoping to eliminate the dependency on the import of feed material and breeding materials. Still, the poultry sector is one of the most well-integrated sectors in Türkiye and has the power to compete with neighboring exporters, including the European Union. The sector also contributes to national employment figures, even during the turbulent economic conditions of the last five years. However, it is reported that the sector is struggling with labor shortages, especially for slaughterhouses and production cages, following economic turmoil in second quarter of 2023.

Figure 3. Slaughtered Chickens and Chicken Meat Production versus Chicken Meat Consumption from 2019 to 2022



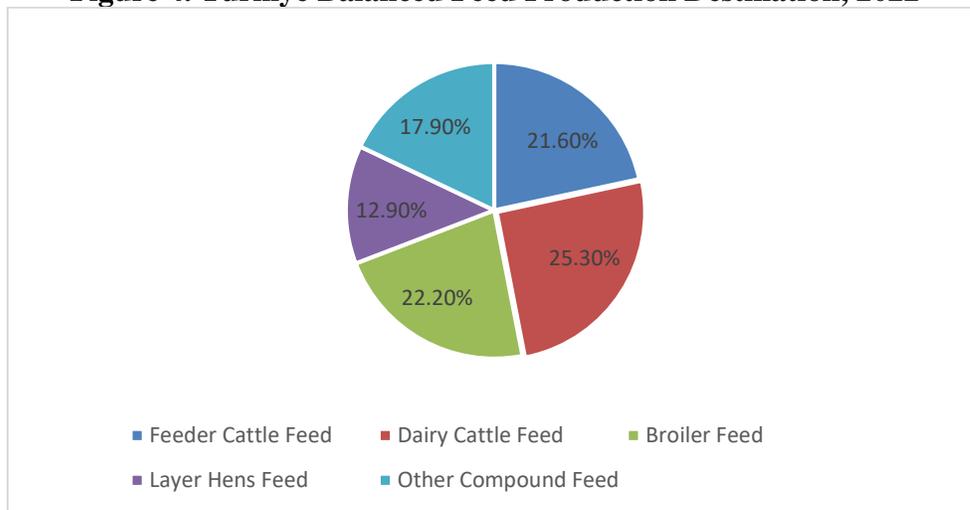
Source: Turkish Statistical Institute (TurkSTAT), 2023

In 2022, Türkiye produced 5.6 MMT of Broiler feed and 3.5 MMT of feed for Layers, which was almost the same as the previous year. The main ingredients used in local Broiler feed rations are corn and soybeans. While Türkiye grows both crops, a sizeable portion is imported to meet the demands of the country’s poultry sector.

Grain prices so far in 2023, including corn, have been relatively stable, and are not expected to further complicate the poultry sector.

Feed constitutes about 70 percent of total production costs, and raw materials for feed are mostly imported. Türkiye is dependent on imports for 96 percent of its soybeans, which is one of the most used inputs in chicken feed (4 kg per 1 kg of poultry meat). According to the poultry sector, retail prices are difficult to control due to the devaluation of the TL, though the Turkish government continues to work toward reining in prices.

Figure 4. Türkiye Balanced Feed Production Destination, 2022



Source: Ministry of Agriculture and Forestry (MinAF), 2023

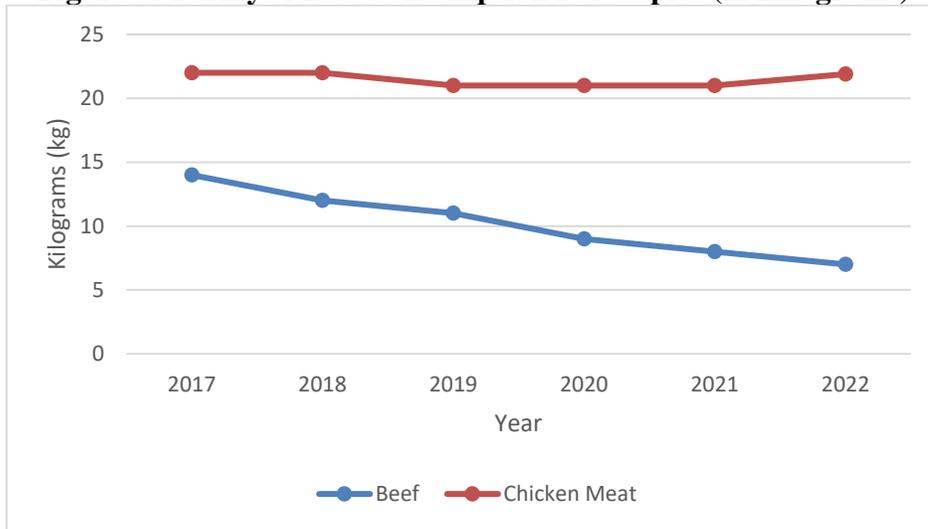
Consumption:

In 2024, chicken meat consumption is estimated to stagnate at 1.81 MMT in correlation with slowed production and expected high market prices.

In 2023, chicken meat consumption is forecast at 1.8 MMT, only one percent higher than the previous year, mostly due to expected production shortages, continued high poultry meat prices at retail outlets, and low domestic/foreign tourist circulation in summer 2023. Since the beginning of the year, poultry meat prices at retail outlets have increased 30 percent, and chicken wing prices have increased 133 percent.

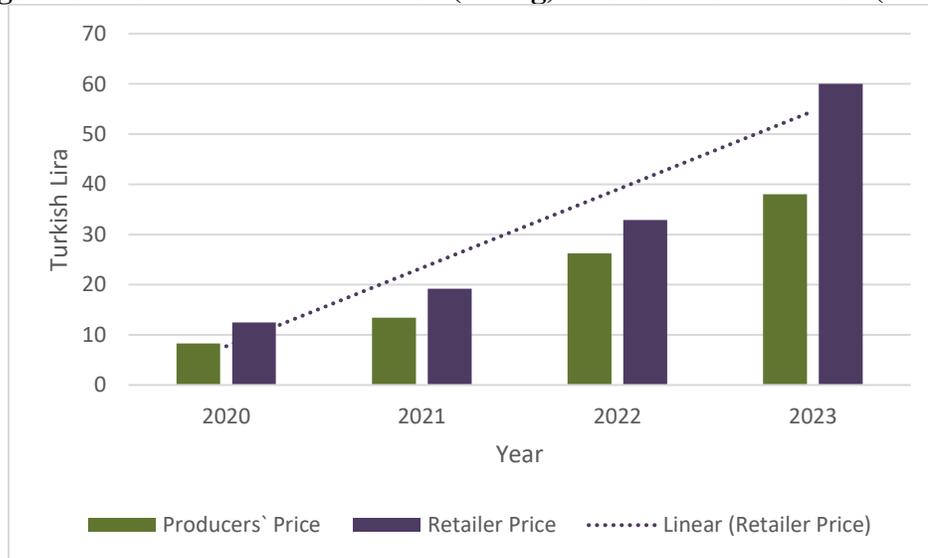
In 2022, chicken meat consumption was at 1.7 MMT, or 21.9 kg per capita. As a protein source, chicken meat is the cheapest animal product for Turkish citizens, since Türkiye does not generally consume pork meat.

Figure 5. Turkiye Meat Consumption Per Capita (in Kilograms)



Source: Turkish Red Meat Producers Association and Turkish Poultry Industrialist Associations, 2023

Figure 6. Broiler Meat Retail Price (TL/kg) versus Producer Price (TL/kg)



Source: Turkish Statistical Institute (TurkSTAT), 2023.

Note: Retailer Price in 2023 is taken from average of poultry meat prices at mid-come level grocery stores since TurkSTAT has not announced this data since April 2022. (Note: As of August 25, 2023, \$1 = 27 TL). 2023 reflect January-June data.

According to Turkish poultry producers, there is no expectation that there will be a drop in poultry retail prices due to currently tight economic policies. Rapid increases in retail prices continue due to high feed and other production costs, as does domestic demand because of high beef prices.

Trade:

Exports for 2021 have been revised based on a new methodology.

Imports and Transshipments

Türkiye does not import chicken meat for domestic consumption but serves as a major transshipment point to the Middle East because of the country's central location. Most transshipments go to neighboring countries, such as Iraq and Syria.

Türkiye restricts transshipments from countries where commercial cases of Highly Pathogenic Avian Influenza (HPAI) have occurred. On February 25, 2022, Türkiye implemented transit bans on non-heat-treated poultry and poultry products originating from 22 U.S. states where HPAI was detected in commercial flocks.

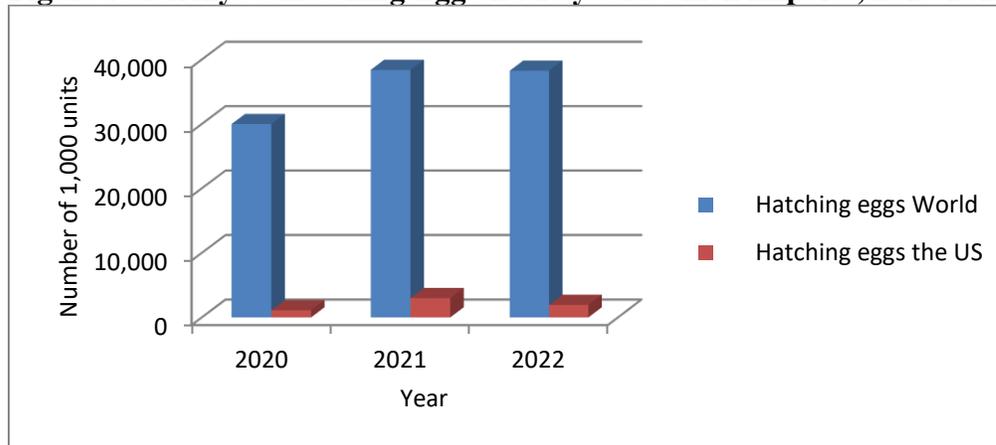
Currently, seven states remain restricted for the transit of non-heat-treated poultry and poultry products through Türkiye. Most of the U.S. chicken transiting through Türkiye goes to Iraq and Syria (80 and 20 percent, respectively). Imports of untreated poultry products destined for U.S. military commissaries in Türkiye are restricted from entering if the product has transited through a third country where a commercial HPAI outbreak has occurred.

Regarding transit certificates, a wet signature, the origin and shipping locations, and the container numbers of the shipment are required. If shipments are originated and shipped or re-shipped from a HPAI-affected region that Türkiye has implemented a ban on, the transit is rejected. Transit certificates must be signed prior to shipping and the accompanying information written on certificates must comply with the physical state of products.

Türkiye has been implementing EU health standards for the importation requirements of most animal products. However, Türkiye may implement the oldest version of the EU standards and does not require a specific transit health certificate for poultry and poultry products to transit Türkiye, even though the EU does.

High import costs and HPAI restrictions by MinAF are the main cause for decreased breeding materials (hatching eggs and day-old chicks) being imported into Türkiye. These imports are crucial for the sustainability of a well-diversified genetic poultry population, although import prices have been increasing in line with the increasing global demand. Türkiye imports hatching eggs, mostly from the UK, Hungary, and the United States, and day-old chicks mostly from Spain, Thailand, and the United States.

Figure 7. Türkiye's Hatching Egg and Day-Old Chick Imports, 2019-2022



Source: Trade Data Monitor, LLC.

However, exports of hatching eggs and day-old chicks from the U.S. to Türkiye decreased 85 percent during the first six months of 2023 due to HPAI cases throughout the U.S.

On the other hand, Hungarian and French exports of hatching eggs to Türkiye also decreased during the first six months of 2023 due to HPAI cases, however day-old chick imports increased 17 percent due to their advantageous location.

Türkiye recognized the UK and Ireland's HPAI compartmentalization procedures. Türkiye has not yet recognized the United States' request for similar acknowledgement of U.S. regionalization/compartmentalization procedures.

Chicken imports are discouraged through high customs duties. The tariff on imported chicken is 65 percent and 121 percent for chicken products under HTS 160232 (prepared or preserved chicken meat). These higher duties end up protecting the domestic industry from outside competition.

Exports:

In 2024, Turkish chicken meat exports are estimated to increase 9 percent to 490,000 MT if export demands increase, especially from Iran. The Turkish poultry sector hopes that exports to Iran will increase due to their growing domestic demand, since Russia is not able to export poultry products sufficiently at quantity.

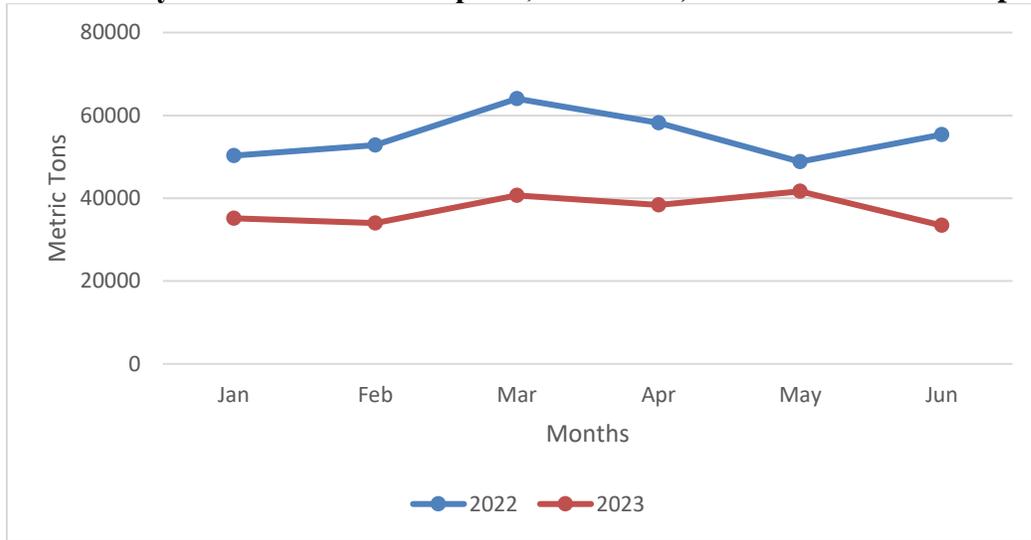
In 2023, Turkish chicken meat exports are estimated to decrease by 31 percent to 450,000 MT due to reduced shipments to top export markets like Iraq, China, Philippines, and Japan due to several HPAI cases seen in the first four months of 2023. Another cause of reduced export demand was the economic uncertainty in the country during the lead up to the general election in May. Moreover, export demand decreased in May 2023 since the Ministry of Trade added poultry meat and edible offal to the list of commodities which must be registered before export.

In 2022, chicken meat exports reached 646,232 MT (excluding chicken paws), valued at \$1 million. This was due to strong export demand, especially from Iraq and Iran (until May 2022), the slow pace of

negotiating market access to China, and decreasing exports to Libya. In 2022, Türkiye exported 27.5 percent of its total poultry production, with Broiler meat consisting of 98.2 percent of total exports.

Restrictions of Turkish export markets due to HPAI cases in Türkiye is one of the main negative factors affecting Turkish poultry exports. The other factor hampering exports is political and economic turmoil in neighboring countries, causing uncertainty for exporters seeking to establish contracts with importers.

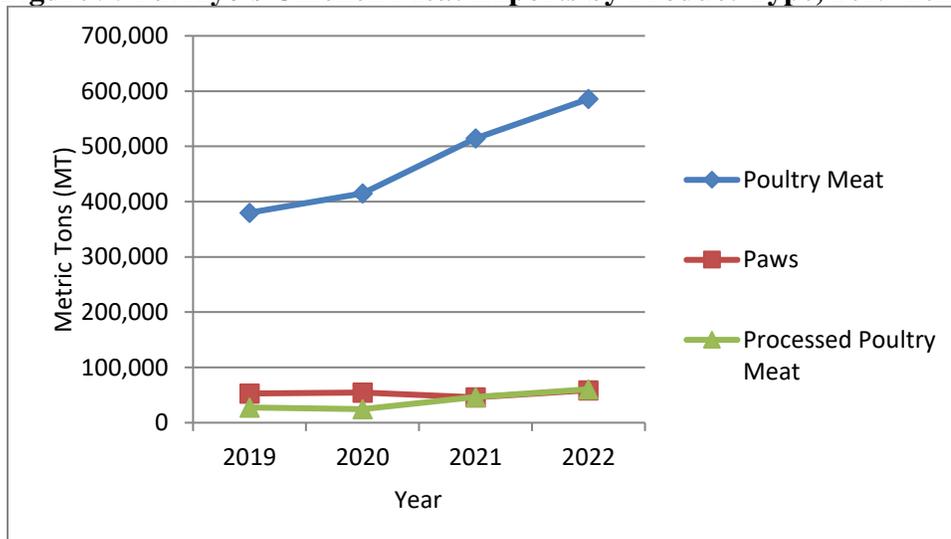
Figure 8. Türkiye’s Chicken Meat Exports, 2022-2023, First Six Months Comparison



Source: Trade Data Monitor, LLC.

Poultry meat is among the top three exported animal products in Türkiye, along with sheep and lamb skins, milk cream and trout. Even though Türkiye exported more poultry meat, lower export prices and the depreciation of the Turkish Lira decreased the value of exports.

Figure 9. Türkiye’s Chicken Meat Exports by Product Type, 2019-2022

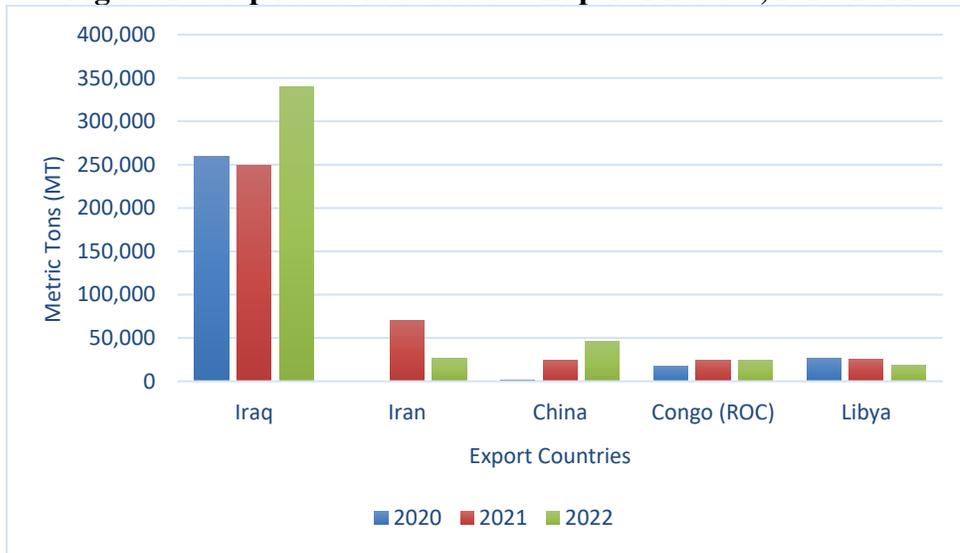


Source: Trade Data Monitor, LLC.

Note: Chicken paw export numbers were taken from Turkish Association of Poultry Meat Producers and Breeders.

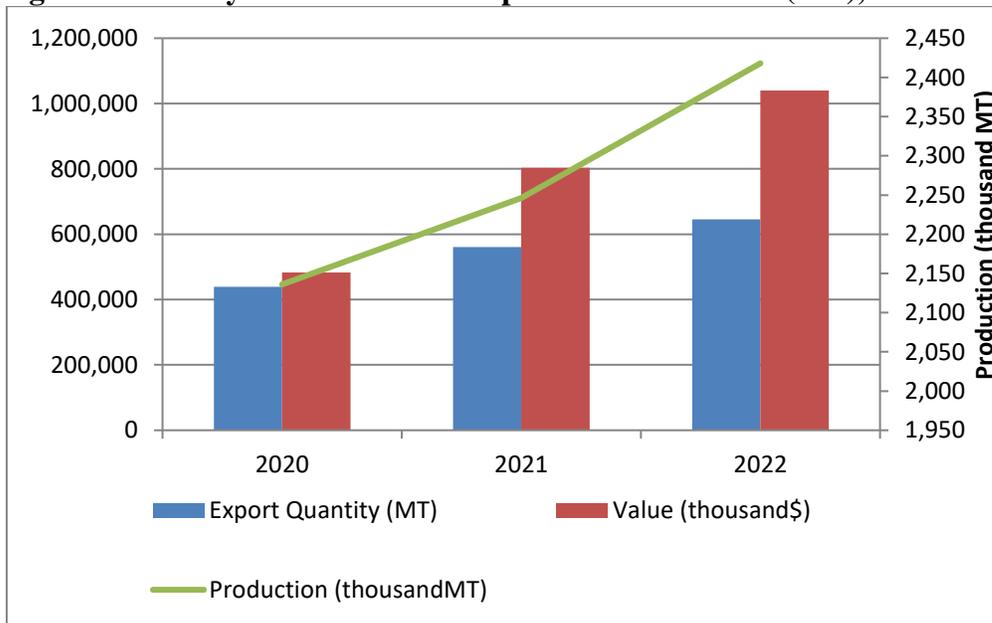
China recently opened its market to Türkiye following bilateral and technical negotiations. Many exporting companies have applied to MinAF to get approval for their facilities to be eligible for export, though currently, there is only one company authorized to export poultry meat to China. Turkish poultry exporters expect exports to China to increase significantly in 2024 as more companies are approved to export. China is already a large export market for Türkiye’s chicken paws.

Figure 10. Top Five Chicken Meat Export Markets, 2020-2022



Source: Trade Data Monitor, LLC.

Figure 11. Türkiye Chicken Meat Exports vs. Production (MT), 2020-2022



Source: Trade Data Monitor, LLC and TurkSTAT

Policy:

Turkish chicken meat producers do not directly receive production subsidies from the Turkish government. However, in 2022 the Government paid 430 TL/MT (\$16) for poultry meat and 550 TL/MT (\$20.33; \$1 = 27 TL as of August 2023) for processed and canned poultry products which were exported but rejected from export destinations due to technical reasons, not related to animal and public health concerns.

As is the case with other commodities in Türkiye, the Turkish Energy Market Regulatory Board has granted reduced electricity prices for Broilers, Layers, breeding, and hatching facilities. In addition, the Value Added Tax (VAT) for poultry eggs has been decreased from 8 percent to 1 percent.

Production, Supply and Distribution Data:

Although not included in PS&D estimates, chicken paw exports to China and Vietnam are also important to the Turkish Broiler meat industry.

Meat, Chicken	2022		2023		2024	
	Jan 2022		Jan 2023		Jan 2024	
Market Year Begins	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Türkiye						
Beginning Stocks (1000 MT)	0	0	0	0	0	0
Production (1000 MT)	2418	2418	2525	2250	0	2300
Total Imports (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	2418	2418	2525	2250	0	2300
Total Exports (1000 MT)	579	646	600	450	0	490
Human Consumption (1000 MT)	1839	1772	1925	1800	0	1810
Other Use, Losses (1000 MT)	0	0	0	0	0	0
Total Dom. Consumption (1000 MT)	1839	1772	1925	1800	0	1810
Total Use (1000 MT)	2418	2418	2525	2250	0	2300
Ending Stocks (1000 MT)	0	0	0	0	0	0
Total Distribution (1000 MT)	2418	2418	2525	2250	0	2300
(1000 MT)						

Turkish Egg Production Increased in Correlation with High Foreign Demands

Türkiye produced 19.8 billion chicken eggs in 2022, an increase of 2.6 percent over the previous year, due to expanding export markets because of Ukraine`s export obstacles during the war and HPAI cases seen in competing exporting countries. Within these conditions, Türkiye offers the cheapest and highest quality eggs to customers.

According to the Turkish egg sector, production capacity and exports will increase in 2023 as well. Turkish eggs are mostly exported to Middle Eastern countries. The U.S. and Taiwan are new export markets.

Egg exports to Iraq and the UAE have collapsed after their governments decided to support their domestic production and some of Turkish egg producers have invested egg facilities in Iraq and Dubai.

Türkiye significantly increased its egg exports to the U.S. in 2022 and for the first six months of 2023 as a result of HPAI cases in the U.S. Türkiye exports eggs to the U.S. for further processing to be used in the bakery industry under the condition of direct pasteurization at the entrance to processing facilities. According to Turkish egg exporters, egg exports to the U.S. intended for the bakery industry will continue to increase in 2023, as demand from the U.S. continues.

Attachments:

No Attachments