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POLICY

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Turkey

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Tender Results and Privatization of Slaughter Cattle Imports

Report Categories:

Promotion Opportunities

Agricultural Situation

Policy and Program Announcements

Livestock and Products

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Report Highlights:

The Turkish government announced duty free imports for fattening cattle would be extended to the private sector and also reduced interest rates to zero on loans for certain types of investments in the livestock sector. The Jordanian company, Khaled Hjjazi, won the 6th and 7th government tenders for slaughter cattle.

Result of Sixth and Seventh Tender:

After a new import quota (100,000 MT) was announced in the Official Gazette on June 29, 2010 The Turkish Meat and Fish Institute (EBK) held its sixth live cattle import tender on July 15, 2010 for 50,000 MT of slaughter cattle. In the sixth tender a Jordan based company called Khaled Hjjazi offered to sell 50,000 MT of live cattle for 200,297,500 USD; a German based company called Hacilar offered to sell 9,000 MT for 27,925,000 Euro; a Slovakia based company called Dituria offered to sell 3,000 MT for 9,675,000 Euro; and an Austrian based company called Altinstern offered 9,000 MT of cattle for 35,428,000 USD. EKB approved Khaled Hijazi's offer for 46,500 MT of live cattle, but cancelled 3,500 MT of their offer due to paperwork problems.

Then on July 30, 2010, EBK held a tender for the remaining 3,500 MT of live slaughter cattle which was cancelled earlier. This tender was only 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), Chili, Latvia, Lithuania, Estonia, Hungary, Norway, Iceland, New Zealand and Australia.

Three companies bid in the tenders, which was held in two rounds. The offers are given in the table below. The winner of the tender was Khaled Hijazi.

Table 1: Result of seventh tender

Turkey: The result of seventh EBK tender (3,500 MT of live slaughter cattle)		
Name of company	FIRST OFFER	SECOND OFFER
Khaled Hijazi and Ghosheh LTD. Co.	16,975,000 USD	14,315,000 USD
Hacilar halal meat	17,150,000 USD	14,640,000 USD
Altinstern	12,390,000 Euro	14,541,400 USD

The cattle will be delivered to the EBK facility in Izmir within 110 days.

Turkish Agriculture Minister Eker announced that a new tender will be opened during the holy month of Ramadan, which starts on August 10, 2010. Due to the increased demand for red meat during this period, the meat price is expected to increase. In order to counteract this price increase, EBK is planning to open one or two tenders in August 2010.

Two More Policy Changes:

Reduced Import Duty for Fattening Cattle:

Moreover a new import regime was published in the Official Gazette on August 7, 2010. According to this new regime the customs duty for imported live fattening cattle was decreased to 40% from 135% until 04/01/2011. Private companies owning more than 250 cattle will be able to import fattening cattle and should feed them for 120 days. After 120 days of fattening importers will be able to slaughter cattle imported under this regime.

Table 2: New customs duty for live fattening cattle

Turkey: New custom tax for live fattening cattle				
HS CODE	NAME OF PRODUCT	CUSTOM TAX LEVEL (%)		
		EU&EFTA	Bosnia Herzegovina	Other Countries
0102.90.49.00.00	Others	40 ⁽¹⁾	40 ⁽¹⁾	40 ⁽¹⁾

⁽¹⁾ Customs duty will return to 135% after April 2011

Reduced Interest Rate on Loans for Investment in Livestock Sector:

Due to continued high meat prices the Turkish government allocated an import quota to EBK but red meat prices remain high. A new cabinet decision published in the Official Gazette dated August 1, 2010 replaced the cabinet decision published on January 29,2010. Both relate to support payments for institutions investing in livestock operations in Turkey. The Turkish Agriculture Bank (Turkiye Ziraat Bankasi) has been giving subsidized credit to livestock investors. The table below shows the amount of reduction in the interest rate which is given to livestock operations. According to the new cabinet decision, the interest rate on loans for certain investments was reduced to zero. These categories include investment in dairy cattle, breeding and fattening cattle, cattle and buffalo husbandry, small ruminants husbandry and fattening cattle. It is expected that because of this new policy, demand for U.S. genetics, live dairy and fattening cattle, sheep and goat will increase. This is significant as demand has already increased due to earlier government incentives. Turkey and the United States are currently negotiating protocols for imports of fattening and slaughter cattle as well as live sheep and goat.

Table 3: Cabinet decision about subsidization of livestock credit published in June 29,2010

Turkey: Percent reductions in the interest rate for loans given by Turkish Agriculture Bank (published in January 29,2010)	
Types of operations	% reductions
Dairy cattle (operation and investment)	60
Breeding fattening cattle (operation and investment)	50
Breeding dairy cattle (operation and investment)	60
Raising cattle and buffalo (operation and investment)	50
Raising small ruminants (Sheep and Goat) (operation and investment)	50
Biosafety for poultry (operation and investment)	60
Bee operations (operation and investment)	50

In the new cabinet decision the government announced reductions in the interest rate for certain types of livestock investments. According to the decision, the Turkish Agriculture Bank will give credit at zero interest rate to new livestock investments. This credit will have seven years of installment plan. In the first two years there will be no payment back to bank. Credit limit is 7.5 million TL.

Table 4: New Cabinet decision about subsidization of livestock credit published on August 1, 2010

Turkey: Further reductions in the interest rate for loans given by the Turkish Agriculture Bank (published in August 1,2010)	
Types of operations	% reductions
Dairy cattle operation credit	60
Dairy cattle investment credit	100
Breeding fattening cattle operation credit	50
Breeding fattening cattle investment credit	100
Breeding dairy cattle operation credit operation	60
Breeding dairy cattle operation credit investment	60
Raising cattle and buffalo operation credit	50
Raising cattle and buffalo investment credit	100
Raising small ruminants (Sheep and Goat) operation credit	50
Raising small ruminants (Sheep and Goat) investment credit	100
Biosafety for poultry (operation and investment)	60
Bee operations (operation and investment)	50
Fattening cattle and buffalo operation credit	100
Fattening cattle and buffalo investment credit	50
Fattening small ruminants (operation and investment)	50

