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2010 Turkey Livestock Products Report

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Livestock and Products

Agricultural Situation

Dairy and Products

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Agriculture in the Economy

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Report Highlights:

Although demand for meat products is increasing, the Turkish livestock and dairy sectors suffer from low yields, extreme price fluctuation, and an unpredictable government support system. High feed prices and low dairy prices in 2008 led to reductions in live cattle inventories, while declining herd sizes and restrictive biotech legislation led to rising red meat prices in late 2009 and the first half of 2010.

Executive Summary:

The livestock sector, a traditional and important sector in Turkey, is facing a decrease in cattle numbers, sheep and goat herds, and in production of beef and veal despite growth in domestic demand, demand, There was a milk crisis in 2008 caused by high feed prices and low milk prices, leading to the slaughter of diary herds and a meat crisis beginning in mid -2009 caused by skyrocketing red meat prices, which continues today. Sheep meat prices increased 50% in 2009 compared to 2008.

The Turkish livestock sector is characterized by small-scale farms and domestic breeds, which are better able to adapt to the harsh climate of eastern Turkey but are less productive. More than half of the nations' herds are in eastern Turkey, despite less suitable topographical and climatic conditions. According to Turkish government policy, the east and southeast regions of Turkey should be livestock producing regions, and a new support system announced at the end of 2009 pays for 30% of construction costs and 40% of equipment and breeding cattle purchase costs for new livestock farms with over 50 head in East and Southeast Anatolia.

Turkey maintains a very restrictive livestock product import policy, allowing only imports of dairy and and beef breeding stock

The recent high meat prices have attracted investments in the sector. Large companies have tried to establish commercial farms in the western parts of the country, primarily for dairy production, along with some feedlots. In the west part of Turkey former textile factory owners are also investing in the livestock sector. These investments have increased demand for quality live cattle and livestock genetics in recent years. According to the State Planning Organization there will be a deficit of 164,000 MT of meat and 2.5 MMT of milk in 2013 if Turkey does not increase its livestock population by 2% each year starting from 2008. Dairy breeding cattle imports are expected to reach 20,000 head in 2010. Not only private sector but also government farms such as TIGEM (state farm) and Agriculture Credit Co-operatives are trying to import dairy breeding cattle, especially Holsteins. There has been some demand for Angus as well.

Turkey's BSE regulations had allowed imports of dairy and beef breeding cattle from only three countries, Uruguay, Australia and New Zealand. The U.S. cattle imports were banned in December 2003 due to BSE. In July 2007, however, the Turkish Ministry of Agriculture (MARA) and USDA/APHIS negotiated and signed a health protocol that permitted imports of breeding cattle from the United States. Turkish needs for breeding heifers are substantial and Turkish investors are aware of the high quality of U.S. breeding cattle; however, high prices, lack of enough vessels and lack of suppliers are limiting the number of cattle being imported. In 2009, Turkey also signed an agreement to import breeding bull from the United States and at the moment Turkey and U.S are negotiating a breeding sheep and goat import protocol. If signed in the next few months, Turkey is forecasted to import 5,000 head of Saanen goats in 2010**.** Turkey recently announced that it lifted the ban on Estonian breeding cattle and Germany, Norway, Denmark and Sweden are trying to gain access as well.

The government does not permit imports of beef or veal, despite rising demand for high quality beef, particularly from the tourism industry. There have recently been calls for imports of red meat as prices reached unprecedented levels, and a limited time import quota allowing slaughter cattle and red meat was announced in May 2010. This is meant to be a one-time market opening, through tightly controlled tenders, and the government says it will close the market again once prices drop sufficiently.

Turkey's beef sector has not progressed as much as its dairy sector. Specialized beef breeds are rare in Turkey. Although Angus, Hereford and Simmental breeds were imported under USDA's Quality Sample Program in 2001, they have not gained popularity. Dual-purpose animals, such as Brown Swiss, are very common. Beef quality is not particularly high nor are supplies adequate, particularly for Turkey's five star hotels and its growing tourism sector. Recently three large Angus farms were established in western Turkey and importers show increasing interest compared to past years.

The sheep and goat population decreased dramatically since 1990. In 2009, the sheep population is estimated at around 20 Million head and cattle population is estimated at around 10 million head. The decrease in the sheep population was reflected in a jump in mutton prices. There was a 125% increase in the mutton price in 2010 compared to 2008.

Konya, Karahman and East and Southeast Anatolia are the main sheep raising regions. Due to the increased cost of feed in decreased demand for their products, producers were greatly reduced sheep herds in 2008 and 2009. Sheep and goat stocks are even more depleted than cattle stocks.

Cattle and sheep producers are now reluctant to slaughter their animals with the expectation of an even greater increase in the red meat price. The Feast of the Sacrifice (Eid al-fitr) will take place in November 2010, so some producers are keeping their animals until that time. In early 2010 the Ministry of Agriculture ordered an inventory of all livestock under fattening in Turkey. The results of the survey showed that there are 2,066,000 head of cattle being fattened. According to MARA calculations, this is equal to 1 MMT of red meat production. Although the publication of the survey results led to a stabilization of prices in February 2010, prices began creeping up again in March and April. It is forecast that red meat price will remain high in 2010, however the government is trying to intervene in order to bring prices down immediately.

Cattle production

Turkey's cattle inventories had been decreasing for many years. The decline slowed in MY 2007 with the help of government support programs supporting the meat and milk sector but cattle inventories have yet to increase. A dairy cattle breeding program has been successful in terms of creating a registration system for cattle. The Dairy Cattle Breeders Association works to improve gene resources and manages the registry system. The main problem facing dairy farms is milk price fluctuation.

Bull semen imports have been allowed since 1994. Turkey started a project in 2001 to improve breeding cattle inventories. Through this project the domestic cattle breed population decreased while the purebred cattle population, particularly Holstein, increased. However, high feed prices and traditional management techniques restrict the milk yield high value Holstein cattle.

There are many small-scale farms in the livestock sector. Low-yielding local breeds are grazed on pastures and meadows. The small-scale livestock sector is characterized by high production costs and low yields. Carcass productivity of cattle is 187 kg and average annual milk yield per dairy cow is approximately 2,000 liters. There is great interest in investing in the livestock sector, especially from outside the traditional livestock business.

The livestock population decreased 1.58% in 2008 and the total cattle and buffalo population decreased 3.6% in 2009. In 2008, the milk price dropped to the level of 0.47 TL/Liter which was barely enough to buy 1 kg of feed. According to TUSEDAD (All Milk, Meat and Cattle Breeders' Association) 30,000 head of milking cows in 2007, 155,000 head of milking cows in 2008 and 200,000 head of milking cows in 2009 were sent to the slaughterhouse.

The government announced a new support program which targets East and South East Anatolia of Turkey in 2010. For this purpose a total budget of 20 million TL was allocated for the East Anatolia Region and 40 million TL for the South East Anatolia region, to support new establishments with more than 50 head of animals between 2010 and 2012.

The Turkish Statistical Institute (TUIK) is the government agency responsible for publishing livestock data. The Ministry of Agriculture and Rural Affairs collects data from their provincial and county level organizations and sends it to TUIK for evaluation and publication. The reliability of livestock statistics is doubtful. Cattle population tagging was done in Turkey, however due to a support system which is based on payments per head, some farmers fail to notify slaughter of cattle to the system. Consequently, official cattle population numbers are overstated. In 2007, 2008 and 2009, due to the low milk price and high feed price, some 400,000 head of breeding cattle were sent to slaughter and some farms closed.

Table 1: Cattle and Buffalo stocks

Turkey: Cattle and Buffalo numbers					
YEAR	CATTLE PUREBRED	CATTLE CROSS BRED	CATTLE DOMESTIC	BUFFALO (head)	TOTAL

	(head)	(head)	(head)		(head)
1999	1,782,000	4,826,000	4,446,000	165,000	11,219,000
2000	1,806,000	4,738,000	4,217,000	146,000	10,907,000
2001	1,854,000	4,620,000	4,074,000	138,000	10,686,000
2002	1,859,786	4,357,549	3,586,163	121,077	9,924,575
2003	1,940,506	4,284,890	3,562,706	113,356	9,901,458
2004	2,109,393	4,395,090	3,564,863	103,900	10,173,246
2005	2,354,957	4,537,998	3,633,485	104,965	10,631,405
2006	2,771,818	4,694,197	3,405,349	100,516	10,971,880
2007	3,295,678	4,465,350	3,275,725	84,705	11,121,458
2008	3,554,585	4,454,647	2,850,710	86,297	10,946,239
2009*	3,522,000	4,406,946	2,533,483	81,646	10,544,075

Source: TUIK

*estimate

Trade sources state that the cattle population has fallen below 10 Million head. FAS Ankara estimates the cattle population at 9.8 million in 2009 and forecasts it at 10.1 million head in 2010.

Fodder planting is limited and pasture is not properly managed. Most pasture areas in Anatolia are in poor condition or already invaded by squatters. Most animals are fed with a high portion of straw in the diet, which restricts growth rates especially for high genetic value imported animals. Animal welfare conditions are primitive and unhealthy in traditional barns. There is some progress observed in barn management especially in western parts of Turkey where big farms are developing. The cattle breeds, mainly indigenous breeds, Holstein and some Brown Swiss, are not appropriate for high quality beef production. The small-scale farmer does not have the knowledge or resources to increase production in response to growing demand for red meat. Usually Holstein males are the main source of beef production.

The livestock sector is also beset with animal health and public health problems. Foot and mouth disease is endemic, occurring in every province in Turkey during the last year. There is also reported to be a high incidence of both tuberculosis and brucellosis in livestock. The Ministry of Agriculture has several projects in cooperation with the EU to combat animal diseases. The primary target of these projects are the Thrace region which adjoins EU-members Bulgaria and Greece. The objective is to make Thrace a certified animal disease-free region in the near future. Animal movements to Thrace are restricted. The U.S. government plans to give a $1.5 million grant to MARA to purchase lyophilization equipment for brucellosis vaccine manufacturing, and to provide epidemiology training to MARA central and provincial veterinary services.

The Cattle Breeders Association of Turkey was established by 16 provincial cattle breeders associations in February 1998. The Association has responsibility for the registry system. According to the Cattle Breeders Association of Turkey 60% of cattle are registered to the herdbook. There are 1,021,776 farms registered in the herdbook. Total registered cattle has reached 6,133,687 head.

Table 2: Registered cattle stocks

Turkey: Statistics from herdbook			
	Herdbook	**Pre-herdbook**	**Total**
Number of farms	87,233	934,543	1,021,776
Number of cows	1,033,196	2,502,775	3,535,971
Number of Heifers	462,850	609,613	1,072,463
Total	2,287,534	3,846,153	6,133,687

Source: CBAT

Table 3: Types of breed registered to herdbook

Turkey: Types of breed registered to herdbook			
Purebred breeds		**Native breeds**	
Breed	Number of cattle (head)	Breed	Number of cattle (head)
Aberden Angus and crossbreds	2,863	Turkish Grey and crossbreds	153
Belgian Blue and crossbreds	36	East Anatolian Red and crossbreds	3,063
Black&White and crossbreds	1,855,304	South Anatolian Red and crossbreds	342
Brangus and crossbreds	15	South Anatolian Yellow and crossbreds	100
Brown Swiss and crossbreds	227,338	Anatolian Black and crossbreds	20,503
Charolais and crossbreds	660	Zavot and crossbreds	550
Hereford and crossbreds	262	TOTAL	**24,711**
Jersey and crossbreds	4,813		
Limousin and crossbreds	67		
Marchigiana and crossbreds	12		
Montbeliard and crossbreds	2,659		
Piemontese and crossbreds	16		
Red Angus and crossbreds	5		

Red &White and crossbreds	5,338		
Simmental and crossbreds	162,733		
Swiss Red and crossbreds	702		
TOTAL	**2,262,823**		

Sheep & Goat production

Sheep are the main livestock of nomadic people in Turkey. Turkish sheep inventories decreased dramatically in 1995-2009. A steady decline in the nomadic and rural populations and constantly shrinking pasture areas are the main reasons for this decrease. Pastures in the high plateaus are the main feed source for sheep. In addition, competition from artificial fiber for bedding has decreased the demand for sheep wool, traditionally the main source of bedding in Turkey. Although official statistics show 24 million head of sheep we estimate that the actual number is below 20 million head. Moreover, recently the Butchers Federation claimed that sheep inventories are below 10 million head. This estimate seems too low.

In Turkey, there is general preference for meat and milk products from sheep than from cattle and goats and this consumer attitude will affect to a large extent the future of sheep production in the country. Within the last 10 years, there was a decline in supply and a sharp increase in the prices of sheep milk products. Presumably lamb and mutton prices will continue to increase in the near future; this probably will lead to a shift in the nature of sheep husbandry to more intensive production systems.

The sheep and goat industry has been shrinking for the last 20 years due mainly to the following reasons, according to a study done by the University of Cukurova: (a) conversion of rangelands and pastures to crop production (cereals and pulses); (b) low productivity (milk, meat, fiber) of most indigenous breeds; (c) more profitable alternative livestock and crop farming; (d) high migration from rural to urban areas where there are more attractive job opportunities, higher standards of living, and better education opportunities for children; (e) the low input–output production system that characterizes the small ruminant sector is not in line with current economic and social welfare preferences; (f) unfavorable market conditions associated with the seasonality of small ruminant products (milk, milk products, lamb/kid, hair, mohair and wool; (g) negative attitudes towards innovation and adoption of new techniques; (h) lack of cooperation among producers; (i) herding is no longer attractive to young people; (j) adverse climatic conditions during summer and winter; (k) high incidents of theft and terrorist activities in remote highlands, especially in the Southeast and Eastern Anatolia; (l) continuous reduction of state support policies (high interest rates, high input costs, poor infrastructure, etc.) (m) Less favorable trends in exports to Middle East countries

Konya, Karaman, East Anatolia and South East Anatolia are the main sheep producing region. Nearly 90% of sheep are fat-tailed. Akkaraman and Morkaraman sheep are the most numerous and make up nearly 65% of the total sheep population.

Typically, small ruminant systems are comprised of small-sized flocks that are managed with family labor. Indigenous breeds are the main components of these systems.
There are 4,068,432 enterprises engaged in small ruminant production with an average of 12 head. Landless farmers are 2.5%, keeping 4.5% of small ruminants. The remaining 97.5% are engaged in crop/livestock mixed farming. The farming enterprises possessing less than 10 ha of arable land including the landless) are 3,372,887 (85.31%) and hold 33,539,352 heads that is around 66.8% of the small ruminant population.

Turkey sacrifices 2 million sheep each year during it's sacrifice holiday. TUIK statistics show that there are 24 million sheep in Turkey.

Goat stock also decreased dramatically during the last 10 years to the level of 5 million head. There has been increased criticism of goat producers in the last four years, due to environmental concerns. This primarily affected goat herders in Ankara, Mersin, Antalya and Adana. In addition to environmental concerns, government policy also affected goat stocks. The Ministry of Environment and Forestry allocated 450 Million TL to a program aimed at decreasing the goat population by 50% by 2012. Under this program, forest villagers will be directed away from raising goats toward other endeavors such as raising sheep, cattle or bees. The government is also trying to support introduction of saanen goats instead of domestic breeds, as they are seen as more productive and less destructive to forests.

Table 4: Sheep and goat stocks

Turkey: Sheep and Goat numbers						
YEAR	**SHEEP DOMESTIC (heads)**	**SHEEP MERINO (heads)**	**SHEEP TOTAL (heads)**	**GOATS ORDINARY (heads)**	**GOATS ANGORA (heads)**	**GOAT TOTAL (heads)**
1999	29,425,000	831,000	30,256,000	7,284,000	490,000	7,774,000
2000	27,719,000	773,000	28,492,000	6,828,000	373,000	7,201,000
2001	26,213,000	759,000	26,972,000	6,676,000	346,000	7,022,000
2002	24,473,826	699,880	25,173,706	6,519,332	260,762	6,780,094
2003	24,689,169	742,370	25,431,539	6,516,088	255,587	6,771,675
2004	24,438,459	762,696	25,201,155	6,379,900	230,037	6,609,937
2005	24,551,972	752,353	25,304,325	6,284,498	232,966	6,517,464

2006	24,801,481	815,431	25,616,912	6,433,744	209,550	6,643,294
2007	24,491,211	971,082	25,462,293	6,095,292	191,066	6,286,358
2008	22,955,941	1,018,650	23,974,591	5,435,393	158,168	5,593,561
2009*	20,638,865	862,410	21,501,275	5,227,755	156,774	5,384,529

Source: TUI

*USDA FAS post estimate

Meat production

Meat smuggling is a serious problem in Turkey. The east and southeast border is subject to both live animal and meat smuggling. Beef meat is the preferred meat in Central Anatolia and lamb is preferred in the Mediterranean, East and Southeast of Turkey.

Holstein is the major purebred breeding cattle in Turkey. Male Holsteins are usually put in separate feeding programs and are the main source of beef. Beef animal breeds such as Angus are not common in Turkey, although they more popular in recent years due to demand from high quality restaurants and five-star hotels.

It is estimated that approximately 40% of the livestock slaughtering in Turkey is not registered or controlled (in slaughterhouses, in farms, in butcher shops). Uncontrolled slaughter is permitted only for home consumption. The annual Festival of Sacrifice holiday in Turkey, which is not controlled by public health authorities, concerns 40% of sheep (1,000,000) slaughtered in a period of two to three days. The capacity of the slaughterhouses is too small to accommodate this level of slaughter, so temporary premises are organized in large cities, and many people also slaughter animals in their backyards. Besides this festival, in rural areas there is a lot of unregistered slaughtering throughout the year. This is partly due to a custom called 'adak' which is a sacrificial offering that is distributed to the needy and is believed to help wishes come true.

Declining meat supplies have significantly increased meat prices in recent years. Higher profits have attracted investments in the sector. Large private sector entities have tried to establish commercial farms primarily for dairy production along with some feedlots in the western parts of the country. These investments have increased interest in U.S. live cattle and livestock genetics in recent years. Red meat consumption is estimated at 12 kg/person/year

There are more than 1200 touristic facilities in Turkey. Food consumption in the tourism sector is more than 1 MMT. Tourists consume 60,000 MT of red meat every year in Turkey, increasing demand for high quality meat, particularly during the high tourist season between May and October.

The Meat and Fish Institute (EBK) which is part of the Ministry of Agriculture, was established in 1952. In 1992, the government included EBK in a privatization program that resulted in the privitizatin of 19 of its combined meat processing facilities and closure of 3 facilities. In 2005, EBK was taken out of this privatization program and the remaining 8 meat facilities were transferred to the Ministry of Agriculture. Then in 2008 the parliament made changes on the public tender law taking the Meat and Fish Institute out of the law and allowing the Institute instead to help supply red and white meat to public agencies, including the military. In 2009 EBK supplied 20,000 MT of the Turksih Military's annual 60,000 MT demand for red meat. Other government agencies excluding the military consume an additional 50,000 MT of red meat each year. Because of this large impact, the private sector accused EBK of disturbing the market, however EBK claims to only supply 2% of the entire market. It also emphasizes its role as a market intervention agency.

Table 5: Small ruminant meat production

TURKEY: Meat production from small ruminants						
	SHEEP		GOAT		TOTAL	
YEAR	Slaughtered Animals (heads)	Meat Production (tons)	Slaughtered Animals (heads)	Meat Production (tons)	Slaughtered Animals (heads)	Meat Production (tons)
1999	7,104,853	132,476	1,309,055	23,693	8,413,908	156,169
2000	6,110,853	111,139	1,166,169	21,395	7,277,022	132,534
2001	4,747,268	85,661	879,127	16,138	5,626,395	101,799
2002	3,935,393	75,828	757,465	15,454	4,692,858	91,282
2003	3,554,078	63,006	607,006	11,487	4,161,084	74,493
2004	3,933,973	69,715	570,512	10,300	4,504,485	80,015
2005	4,145,343	73,743	688,704	12,390	4,834,047	86,133
2006	4,763,394	81,899	803,063	14,133	5,566,457	96,032
2007	6,428,866	117,524	1,256,348	24,136	7,685,214	141,660
2008	5,588,906	96,738	767,522	13,753	6,356,428	110,491
2009*	4,743,955	80,406	810,255	14,731	5,554,210	**95,137**

Source: TUIK

*USDA FAS post estimate

Table 6: Cattle meat production

Turkey: Meat production from cattle						
	CATTLE		BUFFALOE		TOTAL	
YEAR	Slaughtered Animals (heads)	Meat Production (tons)	Slaughtered Animals (heads)	Meat Production (tons)	Slaughtered Animals (heads)	Meat Production (tons)
1999	2,006,758	349,681	28,240	5,196	2,034,998	354,877
2000	2,101,583	354,636	23,518	4,047	2,125,101	358,684
2001	1,843,320	331,589	12,514	2,295	1,855,834	333,884
2002	1,774,107	327,629	10,110	1,630	1,784,217	329,259
2003	1,591,045	290,454	9,521	1,709	1,600,566	292,163
2004	1,856,549	365,000	9,858	1,950	1,866,407	366,950
2005	1,630,471	321,681	8,920	1,577	1,639,391	323,259

2006	1,750,997	340,705	9,658	1,774	1,760,655	342,479
2007	2,003,991	431,963	9,532	1,988	2,013,523	433,951
2008	1,736,107	370,619	7,251	1,334	1,743,358	371,953
2009*	1,707,592	341,511	6,786	1,131	1,714,378	**342,642**

Source: TUIK

* USDA FAS post estimate

Total registered red meat production was 437,779 MT in 2009. However, according to the estimates of CBAT, red meat production reached 896,092 MT in 2009. This is a more realistic estimate than official figures. The Agriculture Association of Turkey claimed that meat production reached 1.2 MMT in 2009. FAS Ankara forecasts 900,000 MMT of red meat production in 2009 and 920,000 MT in 2010.

Table 7: CBAT Meat production estimate

Turkey: Unofficial Meat production estimates					
Year	**Sheep**	**Goat**	**Cattle**	**Buffalo**	**Total**
1999	242,584	45,026	577,853	6,376	871,839
2000	222,820	42,276	544,767	5,276	815,139
2001	209,277	41,249	569,235	5,314	825,075
2002	208,573	44,264	543,131	4,100	800,068
2003	193,863	41,009	536,062	4,273	775,207
2004	192,035	38,187	593,894	4,316	828,432
2005	193,564	37,520	623,039	3,898	858,021
2006	189,390	37,413	634,598	3,877	865,278
2007	200,151	38,646	713,696	3,710	956,203
2008	178,439	32,073	695,505	3,334	909,351
2009*	170,660	33,631	688,701	3,100	**896,092**

Source: CBAT

*FAS USDA estimate

Milk production

The Turkish milk processing industry is very fragmented and has a dual structure. There are around 3300 dairies, of which only 1320 (40%) have a capacity of more than 1,000 MT/year. There are around 1,000 farms with more than 50 cattle and there are several new investments in large modern farm operations with more than 100 dairy cattle. The average milk yield in the modern farm is 27 kg/day and 8000 kg/lactation.

Table 8: Small ruminants milk production

Turkey: Milk production from small ruminants					
YEARS	**TOTAL SHEEP**	**SHEEP MILK**	**TOTAL**	**GOAT**	**TOTAL**

	(HEADS)	(MT)	GOAT (HEADS)	MILK (MT)	MILK
1999	16,473,339	804,696	4,086,263	236,581	1,041,276
2000	15,920,159	774,380	3,792,708	220,211	994,591
2001	14,846,753	723,346	3,773,466	219,795	943,141
2002	13,637,193	657,388	3,553,438	209,622	867,009
2003	12,477,217	769,959	3,126,656	278,136	1,048,095
2004	9,919,191	771,715	2,476,574	259,087	1,030,802
2005	10,166,091	789,878	2,426,993	253,759	1,043,637
2006	10,245,894	794,681	2,420,642	253,759	1,048,440
2007	10,109,987	782,587	2,263,629	237,487	1,020,074
2008	9,642,170	746,872	1,997,689	209,570	956,442
2009	7,609,091	634,090	1,702,847	189,205	823,295

The government applied a milk incentive premium in 1987 in order to increase the ratio of processed milk, discourage unregistered street sales and promote raw milk production. This premium is paid for every liter of raw milk delivered to specified dairy processing plants.

The top three milk producing regions are Balikesir, Konya and Izmir. These regions contain some large modern farms and in these Western provinces a cold supply chain system has been established.

The main problem in the milk sector is price fluctuation. Milk producers accuse milk processors of forming a monopoly and setting very low prices. In Turkey reference prices are set about three months in advance via negotiations between major producers and processors. Biga and Burdur are the main provinces where milk processors and producers negotiate milk prices.

Although Turkish per capita annual milk consumption is very low (27 lt) yogurt (25 kg) and cheese consumption (13 kg) is high.

Table 9: Cattle milk production

Turkey: Milk production from cattle					
YEARS	CATTLE MILKED	CATTLE MILK	BUFFALOES MILKED	BUFFALO MILK	TOTAL MILK
1999	5,537,892	8,965,489	79,973	75,243	9,040,733
2000	5,279,569	8,732,041	69,602	67,330	8,799,371
2001	5,085,814	8,489,082	65,356	63,327	8,552,409
2002	4,392,568	7,490,634	51,626	50,925	7,541,559
2003	5,040,362	9,514,138	57,378	48,778	9,562,916
2004	3,875,722	9,609,326	39,362	39,279	9,648,604
2005	3,998,097	10,026,202	38,205	38,058	10,064,260
2006	4,187,931	10,867,302	36,353	36,358	10,903,660
2007	4,229,440	11,279,340	30,460	30,375	11,309,715
2008	4,080,243	11,255,176	31,440	31,422	11,286,598
2009	3,879,209	10,861,785	32,516	32,000	10,893,785

Milk yield is 3850 kg/lactation period for pure breeds, 2700 kg/lactation period for cross breeds and 1350 kg/lactation period for domestic breeds. Average milk yield is 2000 kg/lactation period. According to industry, the share of milk produced in big farms does not exceed 7% of total market share.

Official total milk production was 11,717,080 MT in 2009. The Ministry of Agriculture claimed that milk production reached 12.3 MMT, however traders estimate it dropped to the level of 10 MMT in 2009. FAS Ankara estimated that total milk production decreased to 10.3 MMT in 2009.

Price

The average price of a pure breed heifer is 3500-4500 TL/head and of a registered Holstein heifer is 4500-6500 TL/head.

In January 2009 the milk price dropped to 470 TL/MT ($US 313/MT) and in some regions to 400 TL/MT. Although the farm gate milk price dropped there wasn't any drop in the retail milk price. Most farmers accused processors of being a monopoly. The large number of independent industry associations and co-operatives instead of a large unified cooperative or association restricted the farmers' ability to protest. In January 2010, milk processors and producers agreed on a price of 840 TL/MT but after one month, this price started to decrease and in March 2010, the new price for raw milk was set at 720 TL/MT.

The golden ratio of milk production, according to most producers, is to buy 2 kg of feed for the price of one kg of milk. In CY 2009 producers couldn't afford to buy 1 kg of feed with the price of 1 kg of milk, so they lost money on milk production. This prompted ranchers to send some of their milking cows to the slaughterhouse. According to TUSEDAD, 30,000 head of milking cows in 2007, 155,000 heads of milking cows in 2008 and 200,000 heads of milking cows in 2009 were sent to the slaughterhouse.

Figure 1: Milk price

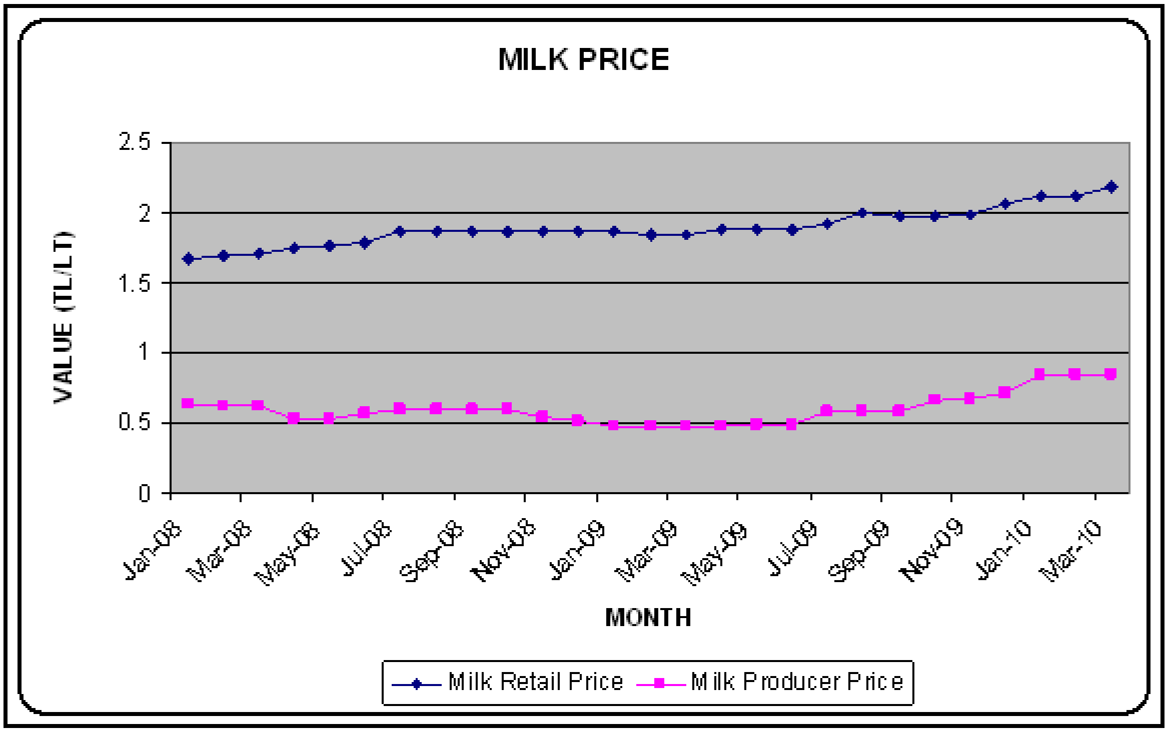
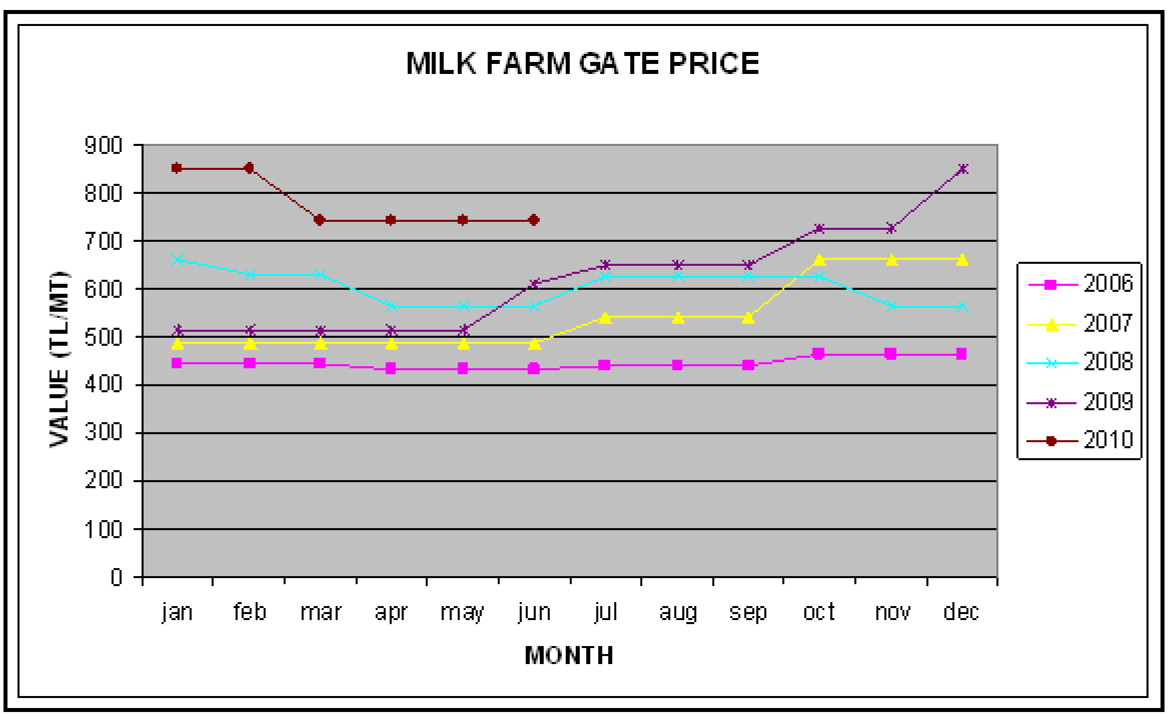


Figure 2: Milk farm gate price



Red meat price started to increase in 2009 and peaked at the end of 2009. The largest increase was observed in mutton prices. According to the Chamber of Agriculture, te veal price increased 35.5% and mutton price increased 52.5% from January 2009 to January 2010. Official price statistics showed a 31.35% increase in the veal price and a 35% increase in the mutton price between January 2009 and March 2010.

Figure 3: Retail meat price

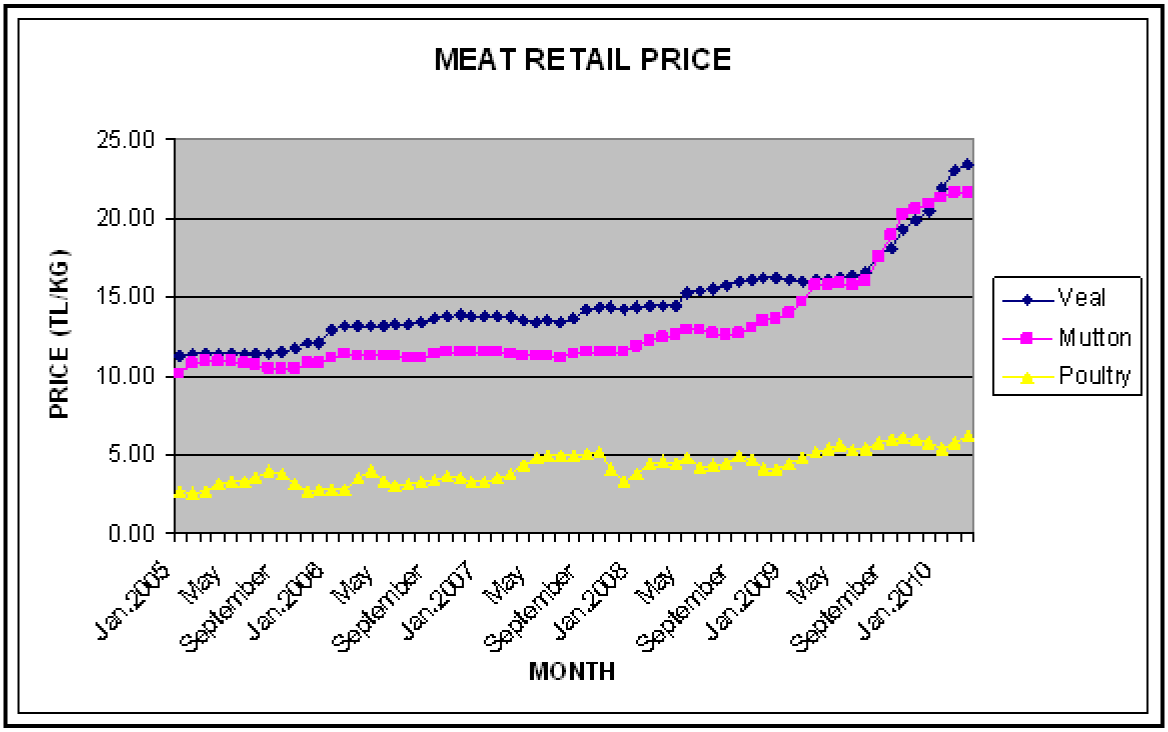


Table 10: Feed, Livestock and Livestock products price

Turkey: Feed, Livestock and Livestock products price			
	2008	2009	2010
Farm gate milk price ($US/MT)	412	324	500
Milk price ($US/MT)	441	348	521
UHT milk price ($US/lt)	1,411	1,167	1381
Yogurt price ($US/MT)	2,264	1,933	2105
Turkish white, fresh cheese price ($US/MT)	8,453	7,080	8750
Turkish yellow, aged cheese price ($US/MT)	11,789	10,053	11776
Butter price ($US/MT)	11,584	10,387	11315
Milk price/Feed price ratio	0.90	1.05	1.26
UHT milk price/milk price ratio	3.42	3.35	2.65
Dairy feed price ($US/MT)	456	340	412
Corn ($US/MT)	382	343	305

Barley ($US/MT)	412	265	245
Wheat ($US/MT)	382	281	309
Wheat bran ($US/MT)	309	174	161
Soybean meal ($US/MT)	573	563	532
Cotton seed meal ($US/MT)	368	283	309
Sunflower seed meal ($US/MT)	309	186	183
Beet pulp ($US/MT) fresh	74	97	100
Alfalfa hay ($US/MT)	279	183	250
Wheat hay ($US/MT)	191	111	80
Barley hay ($US/MT)	191	113	80
Corn silage ($US/MT)	103	79	120
10 days old male calf sold for fattening ($US/head)	423	366	838
Black&White Holstein pure bred heifer ($US/head)	2,071	1,861	2659
Brown-Swiss pure bred heifer ($US/head)	1,985	1,874	N/A
Simmental pure bred heifer ($US/head)	2,374	2,189	N/A
Black&White Holstein pedigree heifer ($US/head)	2,465	2,117	3659
Brown-Swiss pedigree heifer ($US/head)	2,384	2,037	N/A
Simmental pedigree heifer ($US/head)	2,708	2,471	N/A
Carcass-Veal ($US/MT)	7,218	6,800	11,184
Carcass-Heifer ($US/MT)	6,703	6,133	11,131
Carcass-Cow ($US/MT)	5,733	5,333	9,736

According to today's prices, EBK is selling beef for 26.15 TL/kg (US$ 17/kg) and buying it for 13.50-14.50 TL/kg (US$ 9.12-9.79/kg).

Feed

There are 692 feed factories in Turkey with a capacity of 8,772 MT/hr. The capacity usage in the sector is 71.1% in 2009. Mixed feed production decreased to 9.4 million MT in 2009 from 9.56 MMT in 2008. The decrease was due to reduced livestock demand.

Feed costs in the livestock sector represent 70% of total production costs. In CY 2009 Turkey imported 3.703 MMT of feed ingredients, compared to 4.96 MMT in CY 2008. Corn imports decreased due to a high tariff and high domestic production. Soybean meal represented 10% of total feed raw material imports in CY 2009, up from 7% in 2008, and corn gluten feed (CGF) imports represented 9% in 2009, down from 11% in 2008 and dried distillers grains (DDGS) represented 12% in 2009, up from 1% in 2008.

The Ministry of Agriculture issued a new Biotechnology Regulation in late October 2009 that shut down imports of transgenic food and feed ingredients, including soybeans, soy meal, corn, CGF, DDGS and other products. Following court challenges the import regime changed several times between October 26 and January 25. The market re-opened to certain products between January 25 and March 1, but currently no product with transgenic content, from soybeans to feed ingredients to foodstuffs, can enter Turkey.

On March 19, a National Biosafety Law was approved by the Parliament. According to the National Biosafety Law, the Ministry of Agriculture must prepare and issue implementation regulations. At this time, it is unknown how restrictive these measures might prove to be. It also is unknown how the October 2009 Biotechnology regulation will be enforced after the National Biosafety Law is enforced in late September. The Biotechnology regulation and the Biosafety Law have caused a great amount of confusion in the public opinion and uncertainty in the marketplace.

As the situation regarding biotech legislation is changing rapidly, please contact AgAnkara@fas.usda.gov for up-to-date information.

Table 11: Mixed feed production

Turkey: Mixed feed production (MT)				
Year	Poultry Feed	Cattle Feed	Others	Total
2005	3,054,349	3,718,610	61,314	6,834,273
2006	2,872,860	4,516,646	77,575	7,467,081
2007	3,529,359	5,447,210	175,863	9,152,432
2008	4,017,631	5,378,060	164,926	9,560,617
2009	4,127,349	5,110,492	181,355	9,419,196

The mixed feed price increased dramatically in 2007 and reached record levels in 2008. Due to lower demand the price began to decrease in 2009. However, when biotechnology regulations banned many feed raw material imports the price jumped to record levels again in December 2009.

Table 12: Mixed feed average price

Turkey: Mixed feed average price (TL/MT)				
Year	Broiler Feed	Layer feed	Dairy cattle feed	Beef cattle feed
2005	489	401	314	300
2006	495	415	326	313
2007	590	495	412	400
2008	708	594	497	478
2009	735	585	445	426

Table 13: Feed imports

Turkey: Feed imports (MT)						
	2004	**2005**	**2006**	**2007**	**2008**	**2009**
Mixed feed	17,447	19,529	32,583	31,023	34,028	23,811
Feed additives	80,233	118,102	84,772	103,794	108,576	110,650
Corn	1,028,065	111,733	18,349	1,102,147	1,133,464	464,479
Barley	226,232	660	0	52,180	0	11,434
Fish flour	50,278	39,180	49,870	56,225	55,167	52,282
Bran	831,417	458,245	330,069	308,200	363,101	348,725
Soybean meal	456,529	501,262	268,715	341,540	359,556	351,832
Sunflower meal	348,018	268,140	422,950	374,174	203,768	322,288

Soybean	659,158	1,129,091	1,016,906	1,230,903	1,239,065	973,574

Figure 4: Feed price chart

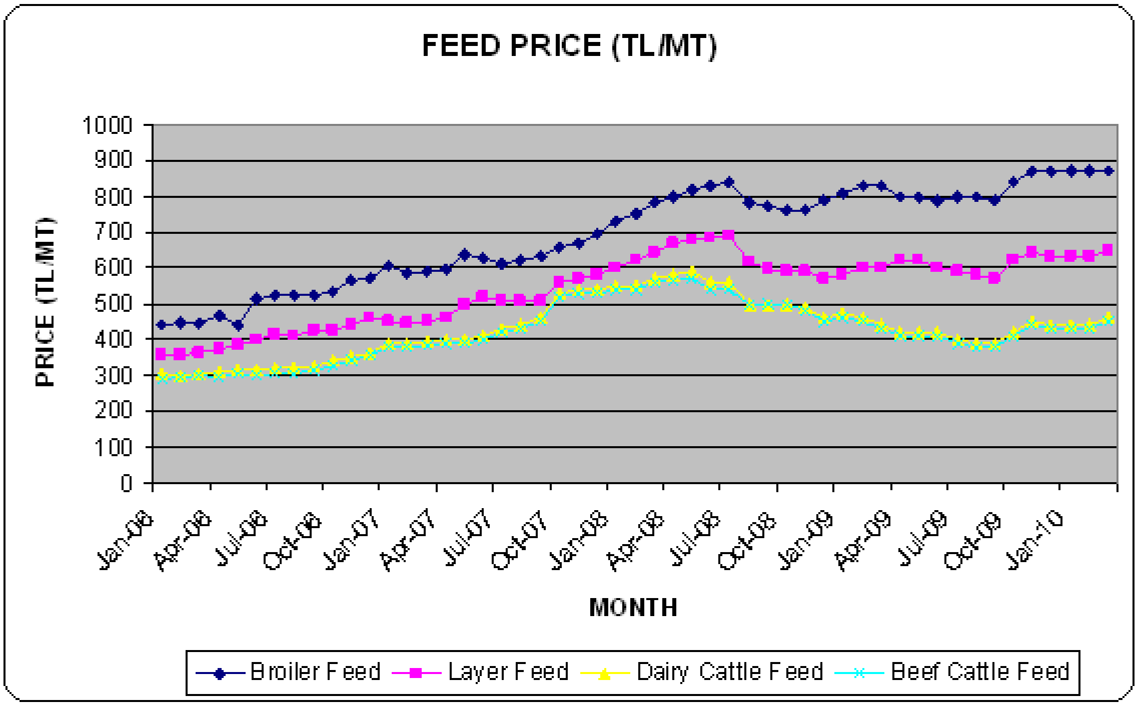
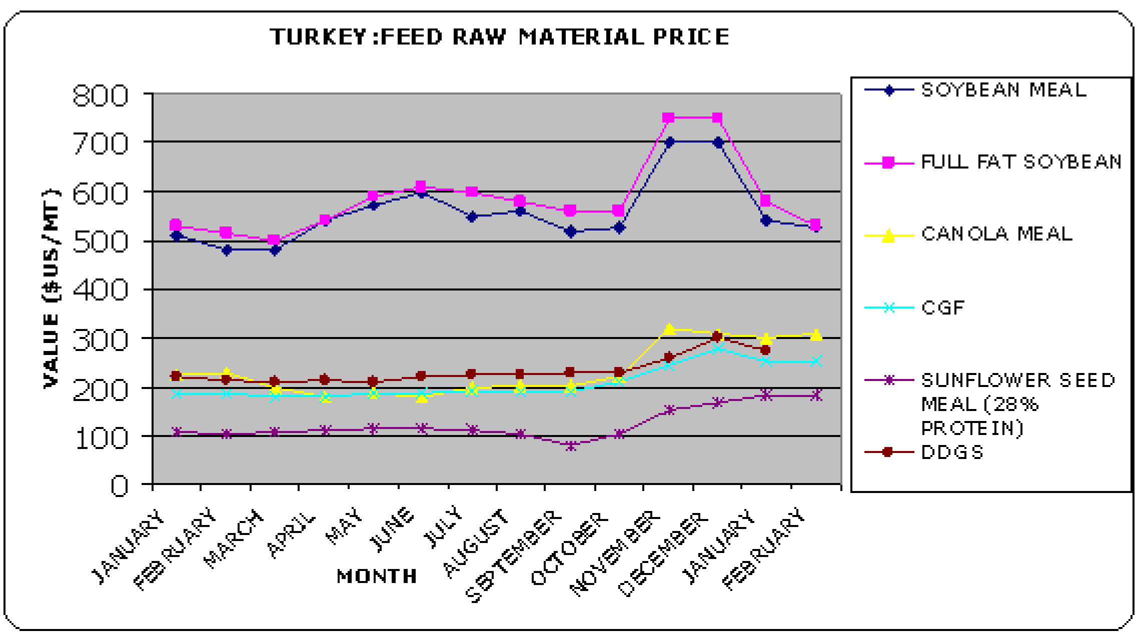


Figure 5: Feed raw material price chart



Trade:

Trade

Table 14: Bovine semen imports

Turkey: Bovine semen imports (Unit)							
	2004	**2005**	**2006**	**2007**	**2008**	**2009**	**2010***
Germany	246,816	336,220	734,537	1,070,763	750,340	960,049	92,400
United States	273,500	336,695	355,557	577,516	530,522	565,264	26,300
Canada	195,072	424,027	327,369	563,981	550,327	497,612	36,400
Others	282,738	496,125	621,944	960,952	502,693	1,229,066	75,497
Total	998,126	1,593,067	2,039,407	3,173,212	2,333,882	3,251,991	230,597

*January-February

Sheep & Goat exports increased 116% in 2009, although the actual number of sheep exports is higher than official numbers due to smuggling between neighboring countries in both directions. Live sheep smuggling increased in 2009 due to increased demand from Iraq and Syria.

Table 15: Small ruminant foreign trade

Turkey: Quantity of live sheep and goat foreign trade (MT)						
	2005	**2006**	**2007**	**2008**	**2009**	**2010***
Exports	0	32,190	0	37,351	80,750	0
Imports	0	0	0	0	55	0

Major markets for sheep and goat are Lebanon, Iraq and Azerbaijan. Turkey usually does not import sheep or goats, however in 2009 Turkey imported 55 heads of saanen goats from Australia after the two countries agreed on a protocol. There is currently strong demand for saanen goat imports and as a result the United States and Turkey are pursuing a sheep & goat protocol that would allow imports from the United States to Turkey. Turkish industry believes that 5,000 saanen goat could be imported from United States in 2010 if the protocol is signed.

Table 16: Live cattle foreign trade

Turkey: Quantity of live cattle trade (MT)						
	2005	**2006**	**2007**	**2008**	**2009**	**2010***
Export	0	0	0	0	0	0

Import	1,922	483	3,854	5,393	4,010	454

Due to the government supported cattle improvement programs, dairy breeding cattle imports reached record levels in 2008 at 5,393 heifers. The United States, Australia and Uruguay are the main suppliers of live dairy breeding cattle to Turkey. EU countries can not export live cattle due to BSE problems. In March 2010 Turkey allowed imports from Estonia and Norway, Denmark, Sweden and Germany are reportedly seeking permission to get permission to sell Turkey live dairy breeding cattle.

Holstein is the major cattle variety being imported, although it is expected that due to demand from high quality restaurants and five star hotels, Angus beef imports may increase in the near future.

Table 17: Milk and products foreign trade

Turkey: Quantity of milk and milk products foreign trade (MT)						
	2005	**2006**	**2007**	**2008**	**2009**	**2010**
Exports	36,941	50,020	54,883	55,956	57,009	7,440
Imports	22,755	29,570	26,477	30,437	38,818	5,558

The main export markets of Turkish milk powder are Iraq and Azerbaijan. The main suppliers of milk powder are Ukraine, France and Switzerland.

Table 18: Milk powder foreign trade

Turkey: Milk powder foreign trade (MT)						
	2005	**2006**	**2007**	**2008**	**2009**	**2010**
Exports	1,141	1,386	1,857	1,777	1,335	181
Imports	10,856	18,213	13,470	17,567	17,775	2,434

Meat imports are not allowed in Turkey. EU countries are banned because of BSE and other countries are banned through technical requirements due to political reasons. Red meat imports are a politically sensitive topic. Due to recent high prices, a quota for live slaughter cattle and red meat imports, expiring in December 2010, was announced. The quota will be distributed via tenders offered by the Meat and Fish Institute. They are first attempting to import live slaughter cattle only, but if prices do not decrease sufficiently they will consider opening tenders for frozen and chilled carcasses. See GAIN reports released in the first week of May for more details on this topic.

Table 19: Meat foreign trade

Turkey: Quantity of meat and meat products foreign trade (MT)						
	2005	**2006**	**2007**	**2008**	**2009**	**2010**

Export	1,003	2,910	2,067	1,900	5,684	1,095
Import	96	152	254	437	253	24

Policy

There is zero customs duty on breeding cattle, sheep and goat imports and a 225% customs duty on red meat imports.

Table 20: Custom tax in 2010

Turkey: Custom tax in CY 2010	
Products	**Custom tax (%)**
Live animals except breeding cattle & sheep	135
Meat and offal	225
Milk products	150
Yogurt and Ayran	170
Butter	140
Soybean	8
Corn	130
Sunflower seed	27
Canola	10
Meal (Cotton, Sunflower)	11.5 (EU) 13.5 (Others
Soybean meal	0 (EU) 13.5 (others)
DDGS&CGF	4.30

In 2009, Government allocated 900 million TL under livestock support program and projected to allocate 1.25 billion TL in 2010. The share of livestock sector in the total agricultural support gradually increased and reached to 22% in 2010.

Table 21: Livestock support budget

Turkey: Livestock support budget				
Year	**Livestock and Forage crops support Budget**		**Total Agricultural Support Budget**	
	Payment (million TL)	Share (%)	Payment (billion TL)	Share (%)
2004	248	8.1	3.048	100
2005	352	9.5	3.720	100
2006	679	14.3	4.744	100
2007	720	13.7	5.273	100
2008	975	18.1	5.376	100
2009	900	17.9	5.026	100
2010	1,250	22.3	5.600	100

One of the components of government support to the livestock sector is feed crop premiums, however these premiums were not very effective in increasing feed crop production.

Table 22: Feed crop premiums

Turkey : Feed crop production premium support (TL/MT)			
Beneficiary	**2007**	**2008**	**2009**
Alfalfa (irrigated fields)	1300	1150	1250
Alfalfa (rain fed fields)	800	750	700
Sainfoin	800	750	800
One year crops	500	300	300
One year crops for silage	550	450	450
Corn for Silage	600	450	500
Pasture and meadow	1000	750	750

In 2008, there was a dramatic change in the government support system for the livestock industry. Many items like artificial insemination support, milking hygiene and milk quality supports were removed and a direct support system was introduced. In 2009, the Ministry of Agriculture re-introduced a payment of 60 TL/head for calves born by artificial insemination and 20 TL/head for brucellosis vaccines.

Table 23: Parent stocks support

Turkey : Parent stock support		
Beneficiary	**2008**	**2009**
Parent cattle	225	225
Cattle in disease free farm	400	300
Buffalo	225	250
Sheep	9	10
Additional support to registered cattle	45	45

A new livestock support system was announced in the official gazette dated April 2, 2010. Due to the dramatic decrease in sheep stocks, a 100 TL/MT sheep milk support was introduced for the first time. Also the cattle milk support increased from 36 TL/MT IN 2008 to 40 TL/MT in 2009. Direct support to sheep & goat stocks increased from 9 TL in 2008 to 10 TL in 2009.

One of the new items in the livestock support program is a powdered milk support. Producers blame milk powder imports for the milk price decline. Producers say that by changing HS codes and using other tricks, a large amount of milk powder was imported in 2008. Because of this accusation the Ministry of Agriculture put pressure on milk powder importers and introduced a new support of 300 TL/MT to domestic milk powder producers. Companies who produce 1 kg of milk powder instead of importing it are eligible for this support.

In 2006, Ministry of Agriculture introduced the TARET project which targets 28 provinces; Adıyaman, Ağrı, Ardahan, Artvin, Batman, Bayburt, Bingöl, Bitlis, Diyarbakır, Elazığ, Erzincan, Erzurum, Gaziantep, Gümüşhane, Hakkari, Iğdır, Kars, Kahramanmaraş, Kilis, Malatya, Mardin, Muş, Siirt, Sivas, Şanlıurfa, Şırnak, Tunceli and Van. According to the project if beef cattle producers who have 190 kg or more of carcass weight cattle slaughter their cattle in a Meat and Fish Institute slaughterhouse they get 1 TL/kg extra payment. In 2009, this support increased to 1.5 TL/kg from 1 TL/kg. The government allocated 13 million TL budget to red meat producers under the TARET project.

Table 24: Support Payments for Protecting and Developing Animal Genetics

Turkey: Livestock genetic protection support				
Activity	**Type of Livestock**	**2007**	**2008**	**2009**
Gene Protection for Domestic Animals	Large Ruminant Small Ruminant	350 60	360 65	400 70
Gene Development for Domestic Animals	Small Ruminant Elite Herd Small Ruminant Ordinary Herd	35 30	35	45 40

Livestock import guidelines

The General Directorate of Agricultural Production and Development (TUGEM) is responsible for technical requirements of livestock and the General Directorate of Protection and Control (KKGM) is responsible for health requirements. Applicants who have 100 head or more of cattle are eligible to import dairy breeding cattle. In order to import dairy breeding cattle to Turkey, the documents listed below must be submitted to TUGEM and KKGM by the importer.

1. Application form
2. Proforma invoice
3. Origin certificate
4. Sample or proforma veterinary health certificate

5. Control certificate
6. Letter of undertaking that importers will keep dairy breeding animals at least five years at their farm
7. List of authorized signature of company representatives
8. Provincial directorate report that shows necessary investments are made in the farm
9. Application to assign one zootechnical agronomy engineer and one veterinarian for animal selection