

AGRICULTURE & LIVESTOCK IN TURKEY

April 2019



Thanks to its wide geographic territory and its varied climates, Turkey is a country with an agricultural tradition, which is the 1st European producer and the 7th on the global scale. In order to modernise and stimulate the sector, the Turkish government is continuing to put in place various incentives and subsidies cooperating with numerous European programs, the most important of which is the IPARD - Part of the instrument for pre-accession assistance (IPA), and for rural development (RD). The farming sector, except the poultry's one, remains less developed and is based on the imports of live animals, raw materials, meats, fertilisers and animal feeds. Therefore, Turkey offers many investment opportunities for foreign companies especially the ones that are specialised in value-added technologies and products which can stimulate the sector.

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Accompagnement opérationnel en Turquie

1st European producer
7th in the world

4.6%
growth rate 2018

6.3%
of the GDP, for a total of
\$57B

21%
of total jobs

6th
world's exporter,
1st in the EU

23.7M hectares of farmland: **3.4% for vegetables cultivation and 2.1% for fruits**



FRUITS & VEGETABLES

In Turkey, the trade of fruits and vegetables was about **€100B** representing **\$28.5B** in 2016 with a potential of **\$40-50B** of turnover (according to the Turkish Farming Union of Chamber, TZOB).

An increasing production:



44.3MT in 2016 to 51.6MT in 2017 = +11.5%

Turkey is among the **TOP 10** countries for **55** products regarding the production

- 1 → Hazelnuts, cherries, figs, apricots
- 2 → Morello cherries, chestnuts, melons, watermelons
- 3 → Chickpeas, pistachios, peppers, apples
- 4 → Walnuts, olives, tomatoes, green beans, lentils
- 5 → Dried tea, eggplants

SUCCESS STORY: BOYHAN GIDA
40% of the global walnut oil production on **8,000** hectares.

Exports represent **\$2.2B**
+12.5% in 1 year

 **+1416%**  **+45%**  **+4,5%**



2023's target:
\$150B of agricultural crops
\$40B of exports



MACHINES

Annual average growth of **+10%** since 15 years

4th market after China, India and the US in terms of sales

1st European manufacturer of tractors (**30%** of market share)

5th global manufacturer of agricultural machines

\$319M of tractors manufactured in 2017, about **30%** exported

Exports of agricultural machines to **120** countries for an amount of **+\$616M**

Which represents a **86%** growth of exports in 5 years

About **1,000** firms with **90%** in farm mechanisation and the rest in the irrigation sector

Various foreign manufacturers have plants in Turkey:



The agriculture sector is productive, however it relies on archaic methods and is few automated because of affordable workforce. But imports costs of seeds, fertilisers, pesticides, fuel, etc. quickly affect on prices and production's quality, creating important price differences on the domestic market. To solve this problem, Turkey needs to invest upstream on sectors like: biotechnologies, land technology, biochemistry, and also on organic farming which is increasingly popular with consumers. Various key actors -aware of the opportunities- are already established in Turkey.

Some French and Belgian examples:



REFORMS & INVESTMENT GRANTS

- ✓ **IPARD** programme provides grants for up to 75% on various activities: fruits and vegetables transformation, milk production, etc.
- ✓ **2017: Reorganisation of farmlands:** creation of 941 agricultural watersheds specialised by product: barley, wheat, rye, rice, corn, triticale, oat, beans, lentils, sunflowers, cotton, etc.
- ✓ VAT exemption applied on fertiliser's purchase
- ✓ 50% of subsidies on oil purchases
- ✓ 40% of subsidies on seeds and fertiliser's purchase
- ✓ Subsidies on land analysis
- ✓ EU support on organic farming and permaculture
- ✓ **66.7%** of the Ministry of Agriculture budget's and livestock's dedicated to agricultural supports in 2017

The average age of agricultural machines' fleet in Turkey is 22 years, compared with the 10-years fleet of the EU. The country needs major renewals to revitalise its machines. Turkish companies remain open to partnerships such as TÜRK TRAKTÖR with CNH. Therefore, Turkey provides opportunities regarding exports but also concerning technological partnerships where innovative EU firms are privileged.

The Smart-Connected agriculture is soaring thanks to the farm structures' change, where managers need more autonomy. BOSCH Turkey and Middle-East showed the example with its DEEPFIELD ROBOTIS technology, which allows to control and track by phone the lands' irrigation and much more.

Despite the technological weaknesses and a dependence on imports, Turkey is a key player and is among the world's and European's largest producers of milk, poultry meat, and eggs. The country aims to show the same consolidate results for cattle breeding which has suffered from dairy crisis of 2008 (1M milk cows slaughtered). In order to remedy the weaknesses of the sector and regulate meat prices, the Government often imports and has putted in place some aids programme to support farmers. Turkey is ranked 3rd world's biggest importer of live animals, just after the US and Italy. In 2018, imports have reached 1,200,000 weanlings (mainly beef cattle).



CATTLE & SHEEP BREEDING

Total number of livestock: **55.8M** in 2018

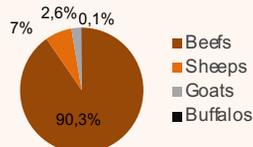
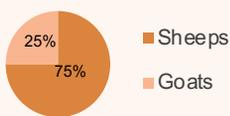
Meat production: **+1.17MT**

17.3M cattle

47.3M sheep

+22% between 2016 & 2018

+14% in 3 years



Meat consumption:

Turkey	25.3 kg/year/capita
USA	120.2 kg/year/capita



- **Top 10 world's producer**
- **+21MT** produced in 2018 (+13% in 2 years)
- **\$302.5M** exported in 2017 (288M in 2016)

In order to reach its goals, Turkey needs to improve its technology and reduce its dependence on imports, especially for animal health and nutrition matters. As the cost of imported feed is high, many investors have seen the opportunity to settle in Turkey to have an access to the domestic and the growing surrounding markets (Turkish Republics, Eastern Europe, Middle-East...).



REFORMS & FINANCIAL GRANTS

\$1.08B of granted aid in 2016

2017: Organisation by region and introduction of subsidies from 30 to 50% for equipment purchases, construction tools, cattle... Financial support for each 4-months vaccinated calf, etc.



POULTRY FARMING

10th world's producer of poultry meat and eggs in 2016 (8th in 2013)

2.1MT produced including: **1.9MT** chicken meat **50,000T** turkey meat

\$664.3M of poultry meat exported in 2016: -8% compared to 2015 due to world's food stuffs decline of prices



Turkey is ranked **3th** world's eggs exporter

18.6B eggs produced in 2018

+30% of the production is exported

21kg/year/capita is the current domestic consumption that takes advantage of the increase of the middle-class and of the overall income. The regional demand is also an important factor that encourages the Turkish poultry industry (with 95% integrated sites) to ensure a level of quality and a continuity in production. However, the production still shows some weaknesses: buildings (infrastructures), nutrition, bio contaminants... The sector is still attracting foreign investors in the form of M&A investments or Greenfields.



Acquisition of BANVIT by the Brazilian company BRF in Jan. 2017



FISHERIES & AQUACULTURE

30th world's and **6th** European producer of fishes

Average production's annual growth of **8%** (99% of growth these **10** last years. About

633,000T of aquatic products generated in 2017

Including **170,000T** exported.

Despite rich waters, Turkey's fishing industry is insufficiently developed and is depending on imports. There is a range of opportunities for foreign investors: nutrition, reproduction, machines and equipment, sites management, safety & hygiene and much more.



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