



MILK AND MILK PRODUCTS



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INTRODUCTION



Milk sector is important in Turkey:

- as the provider of traditional consumption goods
- for a balanced and healthy nutrition
- for the development of animal husbandry
- for the development process of regions with priority (as a household consumption and income generating activity)
- in creation of employment opportunities in rural and less developed areas

Main problems of the dairy sector are;

- small and dispersed structure of milk holdings
- lack of efficient farmer organizations
- inefficiency of existing cooperatives
- cyclical (seasonal) production changes affecting producers
- problems in milk collection



BASIC INDICATORS



Number of Livestock Milked and Milk Production (2004)

	Number	Milk Production (Ton)
Cattle	3,875,721	9,609,325
Sheep	9,919,191	771,716
Goat	2,476,574	259,087
<u>Buffalo</u>	<u>39,362</u>	<u>39,279</u>
TOTAL	16,310,848	10,679,407

Source: TURKSTAT



Milk Yield for the Animals Registered In the Herd Book (kg)

	<u>2002</u>	<u>2003</u>
Holstein	5,771	5,762
Brown Swiss	4,927	4,807
Simmental	4,420	4,236

Source: Cattle Breeders' Association of Turkey



Distribution of Milk:

Modern Dairy Factories	27%
Medium Size Establishments and Dairies	33%
Direct Sales (Street Milk)	20%
Milk Consumed by Farmers	20%

Source: MARA



Milk Price

- Average milk price in 2002 was 0.21 €/L
- Average milk price in 2003 was 0.22 €/L
- Average milk price in 2004 was 0.24 €/L

Source: MARA



Distribution of Milk Products (2004)

LIQUID MILK	14%
BUTTER/MILK POWDERS	19%
YOGHURT	20%
CHEESE	44%
OTHERS	3%

Source: MARA



MARKETING



Rules and Standards (Turkish Food Codex)

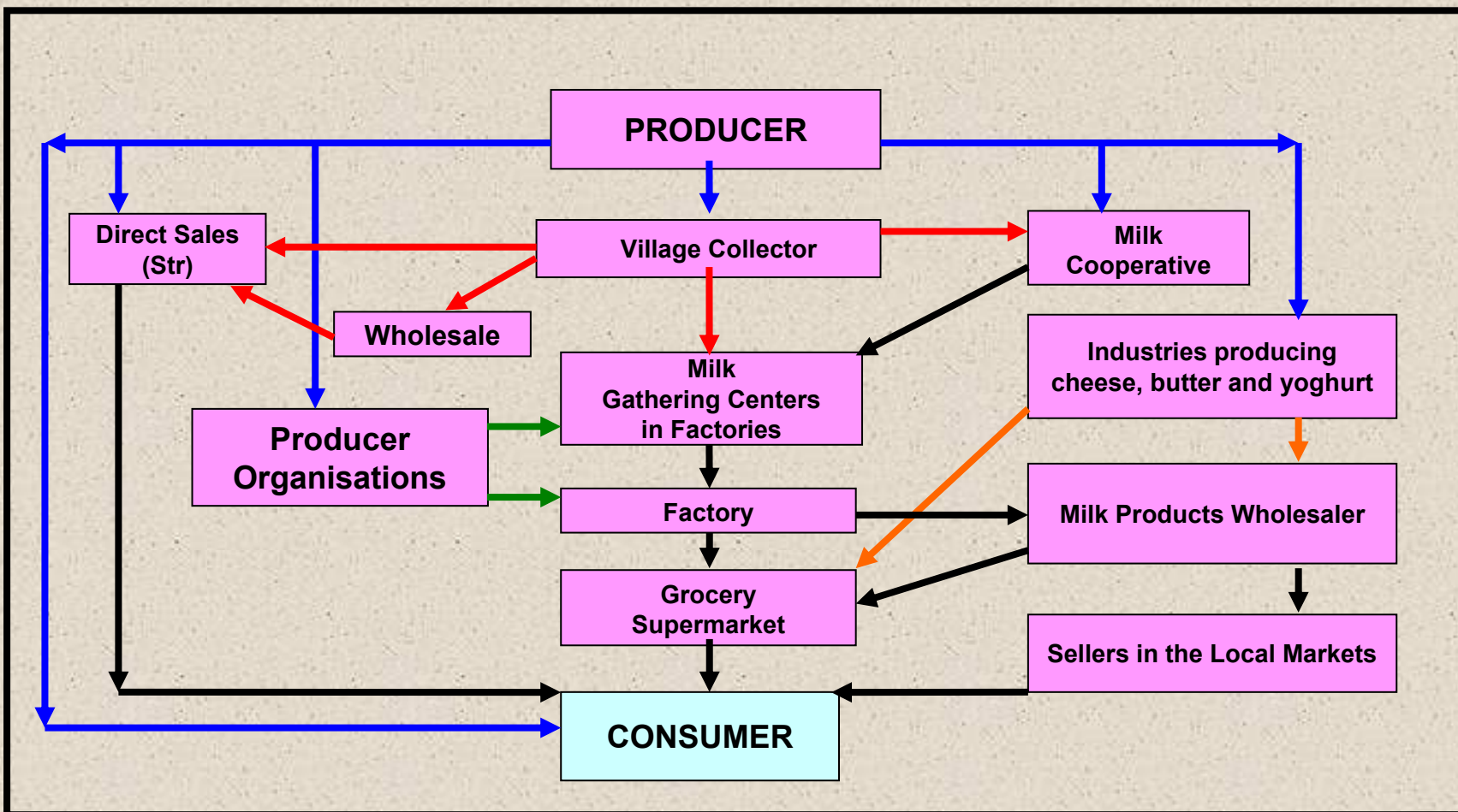
- Communiqué on Raw Milk and Heat Processed Drinking Milk
- Communiqué on Fermented Milks
- Communiqué on Edible Casein and Caseinats



- Communiqué on Concentrated Milk and Milk Powder
- Communiqué on Butter, Other Milk Fat Based Spreadable Products and Concentrated Butter
- The Communiqué on Ice Cream
- Regulation on Determining the Special qualities of the equipment and materials that are related to food products and public health



Milk and Milk Products Marketing Channels in Turkey





SUPPORT AND AID MEASURES



Compared to EU:

- No quantitative restriction in milk production
- No public intervention
- No public storage mechanism
- Incentives focus on promoting high quality milk production.



Milk producing farmers are supported with both income support and structural support in accordance with the applicable provisions of the Communique on Livestock Support Schemes.

This legislation has been put into effect to implement the Council of Ministers' Decree No. 2005/8503.



Income Support

Paid to natural or legal persons producing raw milk. Producers delivering milk to milk processing plants licensed by the MARA are eligible to obtain this support.

Conditions:

- have a double-wall tank;
- sell milk they produce to milk processing facilities with a pasteurization or UHT system;
- operate facilities free of diseases,
- be registered in the pedigree and pre-pedigree,
- be registered in an agricultural cooperative, or
- own small ruminant husbandry farms

Farmers are required to fulfill at least one of those requirements.



Structural Support

Beneficiaries include enterprises registered with the pedigree or prepedigree.

Conditions:

- must be registered with the pedigree or prepedigree
- must have minimum 10 cows
- must establish milking and refrigeration systems
- milking units purchased must be brand new and comply with TSE standards

40 % of the invoiced cost of milking units and refrigerating tanks up to € 47,930.00 is paid to respective producers



The following premia are given (raw milk per liter)

Milk Supports	Income (€ Cent/liter)	Structural (€ Cent/liter)
Members of CBATs in regions free of disease	1.80	2.70
The members of ADC and others in regions free of disease	1.80	1.80
The members of ADC registered with DSYB + receive services from an agricultural adviser	1.80	2.10
The members of ADC + receive services from an agricultural adviser	1.80	1.50
The members of CBATs	3.60	-
The members of ADC and milk producers' unions	1.80	0.60
Other producers.	1.80	-
Producers of small ruminants milk	1.80	-



TRADE WITH THIRD COUNTRIES

Import/Export

- No import licenses (except for tariff quotas arising from bilateral agreements)

SPS controls by MARA

- No export licence for milk and milk products exportation



WTO Milk and Milk Products Commitments

	Milk and Milk Products	Annual Outlay Commitment (US \$)	Annual Quantity Commitment(Tonnes)
0401 01	Creams	9904.3	155.7
0401 30	Milk	1171.2	19.8
0403	Yogurt. Yogurt processed with water	6042.0	227.9
0405 00	Butter	42137.4	143.6
0406	Cheese	351509.9	2634.2

But in reality no export refund is given



Preferential Trade

EU COUNTRIES

- Turkey has export arrangement for feta, kashkaval and tulum cheese within a duty free quota of 2.300 tonnes.
- Turkey has import arrangements within tariff quotas for milk powder (5.000 tonnes with 0% duty, inward processing only), whey (700 tonnes, 30% ad valorem), butter 3.700 tonnes 0% duty) and various cheeses (3.300 tonnes, 0% duty).



CANDIDATE COUNTRIES

- Under FTA with Bulgaria, Turkey has 100 tonnes export tariff quota for cheeses with 21% duty and granted Bulgaria 150 tonnes of tariff quota with 50% MFN duty reduction.
- Under FTA with Romania, Turkey has an export arrangements for yoghurts on unlimited basis with 17 % duty.
- Under FTA with Croatia, Turkey has 150 tonnes import quota for cheeses with 50% MFN duty reduction.

THIRD COUNTRIES

- Under Turkey- Bosnia and Herzegovina FTA, all milk products are reciprocally subject to a concession of 0% duty on unlimited basis.
- Under FTA with Morocco, Turkey has 100 tonnes export tariff quota for feta, tulum and kashkaval cheeses with 50% duty.



FUTURE PLANS



- Improve the milk and milk products registration system
- Increase high quality milk production
- Increase consumer awareness
- Organizing a Schoolmilk programme
- Promoting milk and milk products producers organization (i.e. Cooperatives)



**THANK YOU FOR
YOUR ATTENTION**