



# A moving landscape

Türkiye's dairy production has dropped as its industry struggles with inflation and the depreciating currency, **Paul Cochrane** reports

**T**ürkiye is one of the top 10 milk producers worldwide, according to the Turkish National Dairy Council (Ulusal Süt Konseyi, USK) but the country's dairy sector has been impacted over the past two years by high inflation and the depreciation of the Turkish lira. Production is slowly rebounding, with demand driven by the country's growing population and new export markets.

"Until the Covid-19 pandemic, the dairy sector was growing really well, then it started to decrease due to inflation and other issues, and has not really recovered," says Shirley Kaston, co-founder of the Kök Projekt, a food start-up accelerator and consultancy in Istanbul.

Raw milk production has declined significantly over the past four years, with total output dropping from 25.3 million tonnes in 2020, to 23.2 million in 2021, before falling by a further 7.1 per cent to 21.6 million tonnes in 2022. Production was 21.5 million tonnes in 2023, according to the Turkish Statistical Institute (Turkstat) figures.

Türkiye is the ninth largest producer of cow milk in the world and the third largest in the European region after Germany and France, according to Ankara-based Gıda Sanayicileri ve Üreticileri Birliği Derneği (Setbir, Union

of Dairy, Beef, Food Industrialists and Producers of Türkiye). Key production areas include the Aegean coast, north-western regions and central Anatolia. Cow milk accounts for 92.9 per cent of overall Turkish dairy production, sheep milk 4.35, goat milk 2.5 per cent and buffalo milk 0.2 per cent, according to Setbir.

Production decline has been most pronounced in cow and buffalo milk. Cow milk was 21.7 million tonnes in 2020, then dropped to 21.37 million tonnes in 2021, and fell to 19.91 million tonnes in 2022, before recovering slightly to 19.96 million tonnes in 2023.

Buffalo milk has dipped from 63,767 tonnes in 2020, to 43,025 tonnes in 2023. For sheep milk, production marginally increased in 2021 to 1.14 million tonnes, then dropped to 1.067 million tonnes in 2022, and to 933,576 tonnes in 2023.

Goat milk production has declined marginally compared to other segments, increasing from 589,617 tonnes in 2020 to 622,785 tonnes in 2021, then declining in 2022 and 2023, at 540,426 tonnes and 543,058 tonnes respectively, says Turkstat. This decline is attributed to reduced animal numbers and productivity, plus the increased production costs, especially for feed, affecting both small and large businesses, said a Turkish agricultural analyst, who requested anonymity.

The total number of milk-producing

animals in Türkiye has declined from 31.9 million in 2019, to 25.75 million in 2022, although numbers did rise marginally last year to 25.91 million in 2023, according to Turkstat.

Producers as well as consumers have struggled with rising inflation, which has surged from 12.3 per cent in 2020 to 75.5 per cent in May 2024, Turkstat figures report. Meanwhile, the Turkish lira has lost more than 80 per cent of its value against the US dollar over the last five years, according to World Bank figures. In June 2019, US\$1 bought Turkish Lira TRY5.90; in June 2024, it buys TRY32.10. Annual inflation hit an eye-watering 75 per cent in May 2024. "The economic pressures have increased production costs, particularly for feed, energy, and other inputs. Consequently, many dairy farmers have struggled to maintain profitability, leading to a reduction in herd sizes and milk production. Political instability and fluctuating market conditions have compounded these issues, making it difficult for the industry to stabilise and grow," the analyst says.

Over the past decade there has been a shift towards larger, higher yielding dairy producers, away from family-owned farms with fewer than 10 cows, says Setbir. Türkiye has 2,464 approved dairy enterprises, according to Turkish ministry of agriculture and forestry figures.

Inflation has hit consumers particularly hard, with Turkish unions estimating the hunger threshold for a family of four to be about TRY19,000 (US\$590) a month, more than the minimum wage of TRY17,000, according to the Turkish Deep Poverty Network.

Kaston says there had been a downward shift in purchasing as a result: “On average, everyone is cutting back on whatever they can,” she notes.

### Cheaper brands

This has put a dent in wider consumption of speciality products such as organic produce, which had been increasing. It has also strained smaller sized manufacturers, which had been selling online since the pandemic.

Further, there has been a shift away from larger supermarket chains, such as French supermarket Carrefour and Swiss food retailer Migros, towards discount stores that sell white label products without brand names, Kaston says. That said, imports of dairy products increased in 2023, to 16,627 tonnes with a value of US\$92.6 million, up from 11,526 tonnes, at \$53.3 million, in 2022. Volume however is still lower than 2020’s 18,399 tonnes (\$68.3 million), and 19,479 tonnes (\$80.33 million) in 2021, according to Turkstat figures.

Despite inflation, certain segments are holding up as a core part of the Turkish diet, such as ayran, a salty yogurt drink consumed with meals. Turkish ayran production increased from 766,278 tonnes in 2022, to 829,554 tonnes last year, says Turkstat. “Ayran is cheaper than cola, and a popular option. People are not cutting back on ayran,” Kaston observes.

Yogurt is another staple where demand has kept up, with production increasing from 1.16 million tonnes in 2022 to 1.21 million tonnes in 2023, according to Turkstat. There has also been more yogurt offerings in recent years, with different flavours supplementing more traditional, non-flavoured yogurts.

However, dairy products newer to the Turkish diet have not seen such strong demand, impacting production. Production of butter marginally declined from 95,655 tonnes in 2022, to 87,066 tonnes in 2023, Turkstat data shows. Skimmed milk powder has also dropped, from 89,227 tonnes to 67,628 tonnes in 2023, as has full fat milk powder, from 45,388 in 2022, to 45,288 in 2023.

Drinking milk output has, however, marginally increased, from 1.49 million



The white cheese Ezine Peyniri, a blend of cow, sheep, and goat milk, was awarded a protected designation of origin (PDO) by the European Union in 2023. Credit: Christopher

tonnes in 2022 to 1.52 million tonnes in 2023. Kaston says demand is driven by the popularity of American style coffee chains, which has come at the expense of the more traditional Turkish coffee and Turkish tea, both consumed without milk. “There has been a shift to have milk in coffee, or have a milkshake,” she says.

While Turkish dairy consumption has been impacted by inflation, overall production has been bolstered by the substantial number of tourists the country attracts, as well as exports. “Around 60 million tourists are expected to come to Türkiye in 2024, and we are hosting approximately four million immigrants. Considering Türkiye’s own population of 87.2 million, it is quite normal for the demand for milk and dairy products to increase,” Setbir said, in a statement to *Dairy Industries International*.

### Cheese stays

Cheese is also a staple of Turkish cuisine. As a result, cow cheese production increased from 702,868 tonnes to 773,082 tonnes in 2023, according to Turkstat figures. Türkiye produces over 200 types of cheese, including the local beyaz peynir (white cheese) and kaşar (medium hard yellow cheese). However, demand has increased for imported cheeses such as mozzarella, cheddar, and gouda. “The cheese market is diversifying with more options available in supermarkets, reflecting a broader taste profile among consumers,” said the analyst.

One variety of cheese has gained a high profile. Ezine Peyniri, made from a blend of cow, sheep, and goat milk that is primarily sourced from the Kaz Mountains in the north-west, near the site of Troy.

In 2022, high production costs and low prices for the cheese pushed farmers to slaughter animals, but in December 2023, the variety was awarded a protected designation of origin (PDO) by the European Union, the first Turkish food to gain such protection. This has opened more potential for exports, says Kaston. “Everybody that eats white cheese asks for Ezine Peyniri,” she states. Animal count is now improving in the Ezine Peyniri producing area, and the rest of Türkiye, with the government in 2022 allowing the import of 160,000 cattle, says the USDA Foreign Agricultural Service.

Türkiye’s dairy exports more than doubled from 2010 to 2020, to 182,091 tonnes, valued at US\$336.7 million, Turkstat says. In 2021, exports rose to 208,151 tonnes, at \$356.8 million. While export volumes declined in 2022, to 192,440 tonnes, the value increased to \$573.5 million, despite the fall in value of the Turkish Lira. Exports dropped to 123,307 tonnes, worth \$333.3 million in 2023, according to Turkstat figures.

The primary export destinations are the Middle East and central Asia, while emerging markets are the EU, Russia, and China, particularly for milk powder, whey powder, cheese and ice cream. Iraq, Saudi Arabia and the United Arab Emirates (UAE) are the top export destinations for Turkish cheese. China became an export market in 2020, following a bilateral agreement.

Kaston expects the dairy sector to start turning a corner over the next year as inflation is tamed and exports rise. “We are projecting that from 2025 onward, the sector will be better,” she concludes. [Dii](#)