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Turkey

Food Processing Ingredients

Turkey Food Processing Ingredients Report

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Report Highlights:

Lifestyle changes due to high levels of urbanization and the increase in income levels have been affecting the consumption patterns of Turkish consumers towards processed and ready-to-eat products. The shift towards organized retailing has also paved the way for imported brands. There is a growing demand for specialized products such as diabetic and diet products, as well as functional and frozen foods. Significant depreciation of the Turkish Lira against the USD and the Euro led to a rise in the cost of all imports. Economic stagnation continues, as politics and the threat of terrorism affected the Turkish tourism sector as well as the food service sector in general.

Turkey Food Processing Ingredients Report 2017

I. MARKET SUMMARY

Turkey is among the world's top 20 largest economies with a population of 80 million. Food expenditures in Turkey account for about 20 percent of household consumption, compared to 10 percent in developed countries. Throughout 2016, Turkey suffered some major events that affected the economy negatively. The first half of the year was marked with terrorist attacks and Russia's ban on Turkish imports as well as prevention of Russian tourists from going to Turkey. These factors hit the tourism sector and led to a 35 percent decrease in the number of tourists and revenues. Then in July 2016, an attempted coup d'état further worsened the conditions as instability concerned the business community and many citizens. The ambiguity still continues in the first quarter of 2017 as the country is headed towards a fundamental change in the political system after the referendum on April 16 regarding changing the constitution. In the light of these events, IMF lowered its economic growth projection for Turkey from 2.9 to 2.5 percent for 2017.

The rate of urbanization has slowed but urbanization continues to increase and more than 73 percent of the total population lives in cities. The most populated province in the country is Istanbul, hosting over 18 percent of the total population with 14.7 million people. Istanbul is followed by Ankara with 5.3 million and İzmir with 4.2 million people. Urbanization also leads to a decrease in household sizes and young Turks in major cities positively affect the processed food market as shopping habits shift from open farmers' markets to packaged and processed foods sold in supermarkets. The share of working women has increased to 30 percent of the total workforce and as a result, cooking at home has decreased while the demand for pre-packaged, easy to cook meals has increased.

Major changes in lifestyles, income, and consumption patterns of Turks in the last decade have increased the tendency to dine and socialize over food outside the home. A new and faster pace of life has led people to find quicker meal solutions for their shortened lunch hours. An increasing number of fast food chains and restaurants in shopping centers and hypermarket complexes are growing evidence of newly emerging demand which positively affects the processed food market.

Increased income coupled with higher education levels in large cities also boosts the demand for "healthy" products. Manufacturers of packaged and processed foods responded to this demand with new product lines such as less fat, no-added-sugar and all-natural processed products aimed specifically at this group of health conscious consumers.

According to the Turkish Federation of Food and Beverage Industry Associations, there are 41,000 registered producers operating in the Turkish food and beverage sector. Roughly 95 percent of these companies are small or medium sized companies. When we look at the distribution of the number of food processing companies in different sub-sectors: 80 percent are in the flour, milling and bakery sector, 4 percent are in the fruit and vegetable processing sector, 5 percent are in the milk and dairy processing sector, 3 percent are in the vegetable oils and margarine sector, 4 percent are in sugar confectionary, 2 percent are in the fish and meat processing sector, and 2 percent are in beverages.

Despite all the turmoil of 2016 and the depreciation of Turkish Lira against the US Dollar, Turkish imports of food and agricultural products from the United States increased 3.2 percent to US\$1.37

billion in 2016, up from US\$1.32 billion in 2015. Turkey's exports to the United States, on the other hand, reached a record high level of \$990 million in 2016, up 28 percent from US\$772.6 million in 2015.

The food and beverage sector is one of the few sectors where exports exceed imports and the Turkish government tends to keep the net exporter status. However, Turkey is very import dependent in terms of food additives (such as enzymes, processing aids, etc.) due to the lack of necessary technology and high-end R&D studies.

Advantages and Challenges Facing U.S. Exporters of Processed Food Products & Ingredients to Turkey	
Advantages	Challenges
High export potential due to Turkey's position as a hub with geographic proximity to the EU, Russian and Middle East markets.	Competition from EU exporters who enjoy import tax advantages, lower transportation costs, better cold-chain infrastructure, and faster market access due to geographical proximity.
A young and urban population is open to try novel tastes, which creates demand for and welcomes new products. Also consuming imported products is regarded as trendy.	Laws governing the food sector are mostly focused on protecting local production rather than promoting trade, which can be overwhelming for both the importer and the exporter. In addition, regulations can be unclear, complex and they can be changed without much notice.
U.S. food products have a reputation of high quality and reliable supply in the Turkish market.	Depreciation of the Turkish Lira has made imported products more expensive in the Turkish market.
Change in retailing structure has opened new areas for branded import items.	Turkey has a well-developed food-processing sector with good quality products and competitive pricing. There is also a rich base of agricultural production, providing raw ingredients at cheaper prices for this sector.
Some U.S. products (mainly bulk and intermediate commodities) are better priced than local products.	Customs Union with the European Union creates an advantage for EU exports to Turkey, both in terms of price due to lower import duties and regulatory advantage due to harmonization of regulations within the member/candidate states
As the processed food market continues to grow, so does the demand for food ingredients and they are mostly imported.	There is significant tariff and non-tariff protection for locally produced foods and agricultural products, and very high import duties are imposed on some bulk and processed products.
International retailers that market a wide range of imported products in the sector have great influence on purchasing patterns.	No genetically engineered (GE) food has been approved for use in Turkey so no GE products for human consumption can enter Turkey. Certain traits have been approved for animal feed and are being imported to Turkey. The Biosafety Law even affects many products with ingredients that may have a possibility of being GE.

	In the retail stores, competition for shelf space has led to higher costs for introducing new products.
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II. ROAD MAP FOR MARKET ENTRY

A. Entry Strategy

Distribution channels are of crucial importance in Turkey, as the country is much larger in area than most other European countries. Also, geographical areas show different consumption trends. The three major cities Istanbul, Izmir and Ankara, - especially Istanbul with a population close to 15 million - comprise the largest areas of consumption. This trend changes in the summer, however, as both local and foreign tourists flock to the coasts in Southern and Western Turkey.

Investors must carefully analyze where to sell and promote their products due to vast income disparity among the regions. As a result of poor city planning in major cities, the economically disadvantaged and the prosperous can live very close to each other, yet their lifestyles, purchasing, and consumption patterns are sharply different. It is crucial to understand the Turkish market and its internal dynamics before entering. In this respect, partnering with a Turkish importer/distributor would be a safe entry strategy for the U.S. exporter of processed products.

U.S. products are well received in Turkey for their perceived high quality, however after the imposed duties and taxes, they might end up being higher priced than their local competitors. A young population represents great consumption growth potential once the economy improves. This is an important advantage for the processed food sector as about half of the population is below the age of 30.

One of the most important regulations that U.S. exporters should watch for is the Biosafety Law in Turkey. No genetically engineered (GE) foods are approved for human consumption, and trace amounts in products will result in rejection of the imported product at the border. Import of some GE soy and corn traits are currently allowed only for animal feed use. No GE traits are approved for food use nor for cultivation in Turkey. For more information about the Biosafety Law in Turkey, please refer to the [Biotechnology Annual GAIN report](#).

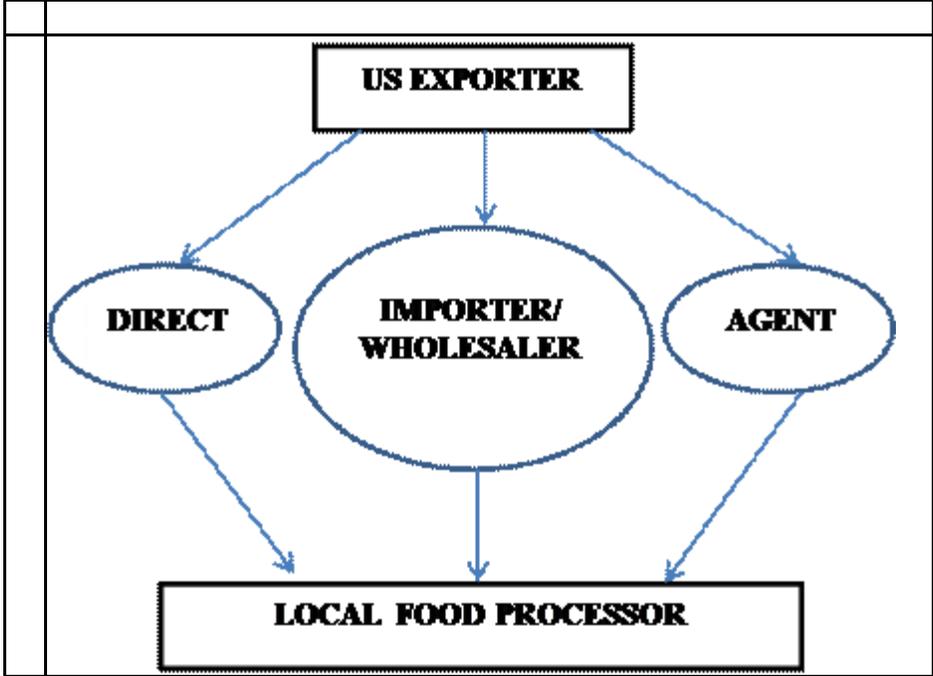
Another important regulation is the labeling regulation. Current legislation in Turkey prohibits statements on packages that would imply a health benefit of the product. Also, there cannot be any wording which would state superiority over the competition. This restriction sometimes forces the importer to ask for different packaging from the producer, and in cases where that is not possible, the importer might find alternative solutions such as covering the unpermitted phrases with a sticker.

Requirements and standards for some imported foods may be more strict than those currently applied in the EU (biotechnology legislation, for instance). For a more detailed description of Turkey's food regulatory system and import process, please refer to the annually updated Food and Agricultural Import Regulations ([FAIRS Certificate](#) and [FAIRS Narrative](#)) reports and [Exporter Guide](#) report, available from the USDA/FAS website.

B. Market Structure

Large food processors in Turkey have direct access to ingredient suppliers, and they are generally direct

importers. On the other hand, small and medium sized processors, as well as the food service sector (i.e. hotels, restaurants, catering companies) receive their products/ingredients from importers who are also the wholesalers/distributors of these products. These importers prefer to make exclusive distributorship agreements with foreign brands, and act as the representatives or agents of such international companies in Turkey and sometimes in the Middle East as well.



Retail is one of the fastest developing sectors in the Turkish economy. In recent years, the substantial increase in the number of supermarkets, hypermarkets, and wholesale markets has increased the sales of packaged and processed food products. The number of stores belonging to the top 100 supermarket chains throughout Turkey increased from 22,045 in February 2016 to 25,037 stores in February 2017.

Traditional food retailers (mainly open-air bazaars and mom & pop stores) are losing market share to modern supermarkets every year. Roughly 50 percent of the fast moving consumer goods (FMCG) are sold through supermarkets. The increased popularity of large-scale supermarkets allows greater variety of products at lower prices for the consumers and thus drives the processed food market forward. For a more detailed description of the retail sector, please refer to the latest [“Turkey Retail Sector Market”](#) report available on the FAS website.

Due to extensive import procedures, processed and packaged food products (i.e. high value items) are imported by some specialized importers and then distributed to hotels, restaurants and high-end supermarket chains. Major importers of high value items are listed below. Such products are priced higher than their local competitors and therefore appeal to A and B+ customer profiles.

Turkish Importers of High Value Food Products

Company & Contact Name	Distribution Channel	Location
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Dolfin Food		
Mrs. Selin Yavuz		
Tel: 90-212-612 47 00	HRI, Retail	ISTANBUL
Fax: 90-212-612 47 57		
selin.yavuz@dolfin.com.tr		
Demak Trade		
Mr. Nikola Marincic		
Tel: 90-212-289-0033	Retail	ISTANBUL
Fax: 90-212-289-8033		
info@demaktrade.com		
Koza Food		
Mr. Kerem Sezer		
Tel: 90-212-332-2040	HRI, Retail	ISTANBUL
Fax: 90-212-332-0700		
info@kozagida.com.tr		
ADCO Food Ind. & Trade		
Mr. Randolph Mays		
Tel: 90-212-322-0400	HRI, Retail	ISTANBUL
Fax: 90-212-322-0419		
randy@kemergida.com		
Foody & Lami Food Company		
Mr. Beri Benarolya		
Tel: 90-212-451-1622	HRI, Retail	ISTANBUL
Fax: 90-212-451-1379		
beri@fudi.com.tr		
Impeks Food		
Mr. Ogunc Yuncu		
Tel: 90-232-422-2622	Retail	IZMIR
Fax: 90-232-463-3370		
ogunc@impekscomp.com		
Ekol Food		
Mr Onder Bilen		
Tel: 90-212-321-3171	HRI, Retail	ISTANBUL
Fax: 90-212-321-4977		
onder@ekolfood.com.tr		

C. Company Profiles

Turkey has a developed food processing industry but only 20 percent of the raw material of additives used in the food processing sector are locally produced (such as calcium carbonate and citric acid). The remaining 80 percent are imported.

The food additives sector volume is estimated as 900 million Euros (based on annual turnover) including dough improver and yeast producer companies. There are approximately 250 food additive

producers in Turkey, ranging from agents of multinational giants to very small operations. Most of these, however, do not manufacture these additives themselves. They import raw materials of the additives and mix these to produce formulas to be used in food processing. There are also companies that produce processing aids such as enzymes and yeast (especially for the bakery, cheese, and beer sectors).

In recent years, new production industries have started to emerge such as bovine gelatin, aromas, and colorings. There are around 30 companies that produce starch, milk powder, gelatin and whey which are regarded as ingredients rather than additives.

The majority of the food additives industry is intensified in flour processing products due to the high demand. Industry sources estimate that the total annual turnover of companies producing additives for the bakery sector is around 120 million Euros, those producing additives for the meat sector is around 50 million Euros and the aroma sector value is around 250 million Euros. Turkey consumes 9.2 million tons of bread annually, roughly a baguette/loaf per person per day, and there are around 15,000 companies in this sector, 300 of which are industrial and/or packaged bread producers.

The developed nature of the industry shows a potential for export of end products to neighboring countries. The table below lists the major food processors in various sectors.

TURKEY: COMPANY PROFILES OF LEADING PROCESSORS				
Sector and Company Name	End-use Channel (Retail, HRI, Wholesale)	Plant/Company Location	Procurement Channels	
DAIRY PRODUCTS				
Pinar Sut Mamulleri San A.S.	HRI / Retail	IZMIR	Importer/ Direct	
www.pinarsut.com.tr				
Tel: 90-232-436-1515				
Ak Gida San ve Tic A.S. (Ulker Group)	HRI / Retail	SAKARYA	Importer/ Direct	
www.akgida.ulker.com.tr				
Tel: 90-264-554-0000				
Sutas Sut Urunleri A.S.	HRI / Retail	ISTANBUL	Importer/ Direct	
www.sutas.com.tr				
Tel: 90-216-572-3050				
Danone Sut	HRI / Retail	ISTANBUL	Importer/ Direct	
www.danone.com.tr				

Tel: 90-216-425-5690				
SEK Milk www.sek.com.tr Tel: 90-216-430-0000	HRI / Retail	ISTANBUL& BURSA	Importer/ Direct	
BEVERAGES				
Aroma Fruit Juices www.aroma.com.tr Tel: 90-224-371-3939/ 90-212-542-9348	HRI / Retail	BURSA	Importer/ Direct	
Dimes Gıda San ve Tic A.S. www.dimes.com.tr Tel: 90-232-877-1400	HRI / Retail	IZMIR	Importer/ Direct	
Coca-Cola İçecek A.S. www.coca-colaturkiye.com www.anadolugrubu.com.tr Tel: 90- 216-578-8517	HRI / Retail	ISTANBUL	Importer/ Direct	
Tamek Food www.tamek.com.tr Tel: 90-212-284-7766	HRI / Retail	ISTANBUL	Importer/ Direct	
Anadolu Efes www.efespilsen.com.tr www.anadolugrubu.com.tr Tel: 90-216-578-8517	HRI / Retail	ISTANBUL	Importer/ Direct	
Türk Tuborg/Carlsberg www.turktuborg.com.tr www.carlsberg.com.tr	HRI / Retail	ISTANBUL	Importer/ Direct	
MEY İÇKİ A.S. www.mey.com.tr Tel: 90-212-373-4400	HRI / Retail	ISTANBUL	Importer/ Direct	

Kavaklıdere Wines	HRI / Retail	ANKARA	Importer/ Direct	
www.kavaklıdere.com				
Tel:90-312-847-5073				
Doluca Wines	HRI / Retail	İSTANBUL	Importer/ Direct	
www.doluca.com				
Tel: 90-212-213-4000				
SUGAR & CONFECTIONARY				
ETI	Wholesale / HRI / Retail	ESKİSEHIR	Direct	
www.etigida.com.tr				
www.etigrup.com.tr Tel: 90-222-221-2000				
Mondelez International / Kent Gıda	Wholesale / HRI / Retail	KOCAELI	Direct	
http://tr.mondelezinternational.com				
Tel: 90-262-648-7400				
Ulker Gıda San ve Tic A.S.	Wholesale / HRI / Retail	İSTANBUL	Direct	
www.ulker.com.tr				
Tel: 90-216-524-2489				
Nestle	Wholesale / HRI / Retail	İSTANBUL	Direct	
www.nestle.com.tr				
Tel: 90-212-329-6000				
Ferrero	Wholesale / HRI / Retail	İSTANBUL	Direct	
Tel: 90-212-215-6222				
www.ferrero.com.tr				
SEA FOOD				
Dardanel Gıda San A.S.	Wholesale / HRI / Retail	İSTANBUL	Direct	
www.dardanel.com.tr				
Tel: 90-286-263-6666				
Kerevitas	HRI, Retail	İSTANBUL	Direct	
www.kerevitas.com.tr				

Tel: 90-224-600-2000				
Pinar Sea Food				
www.pinar.com.tr	HRI, Retail	IZMIR	Direct	
www.pinarbalik.com.tr				
Tel: 90-232-726-0265				
CANNED FOOD				
Penguen Gida A.S.	Wholesale / HRI / Retail	BURSA	Importer/ Direct	
www.penguen.com.tr				
Tel: 90-224-324-2424				
Tamek Gida	Wholesale / HRI / Retail	ISTANBUL	Importer/ Direct	
www.tamek.com.tr				
Tel: 90-212-284-7766				
Tukas	Wholesale / HRI / Retail	IZMIR	Importer/ Direct	
www.tukas.com.tr				
Tel: 90- 232 865 15 55				
Tat Cannery	Wholesale / HRI / Retail	ISTANBUL	Importer/ Direct	
www.tat.com.tr				
www.tatgida.com				
Tel: 90- 216-430-0000				
Kerevitas	Wholesale / HRI / Retail	ISTANBUL	Importer/ Direct	
www.kerevitas.com.tr				
Tel: 90-224-600-2000				
SNACK FOODS				
Tadim	Retail	KOCAELI	Direct	
Mr. Gurol Kaya				
Tel: 90-262-672-7200				
Fax: 90-262-672-7297				
Gurol.kaya@tadim.com.tr				
Peyman	Retail	ISTANBUL	Direct	
Mr. Ali Murat Sonmez				
Tel: 90-216-420-0373				
Fax: 90-216-420-0372				
trading@peyman.com.tr				

Papagan				
Mr. Osman Basimeri				
Tel: 90-212-445-3324	Retail	ISTANBUL	Importer / Direct	
Fax: 90-212-445-3330				
osman@papagan.com.tr				
Meraklilar				
Mr. Onur Balci				
Tel: 90-212-581-5530	Wholesale / Retail / HRI	ISTANBUL	Direct	
Fax: 90-212-564-9574				
onurbalci@hotmail.com				
Elnut				
Mr. Tamer Kaya				
Tel: 90-212-437-2278	Wholesale / Retail / HRI	ISTANBUL	Direct	
Fax: 90-212-437-2227				
elnut@elnut.com.tr				
Malatya Pazari				
Mr. Murat Palanci				
Tel: 90-212-863-0933	Wholesale / Retail	ISTANBUL	Importer / Direct	
Fax: 90-212-863-4290				
muratpalanci@malatyapazari.com.tr				
MEAT & POULTRY PRODUCTS				
Pinar Entegre Et ve Un Sanayi A.Ş.				
www.pinaret.com.tr	HRI, Retail	IZMIR	Importer / Direct	
Tel: 90-232-877-0900				
Maret				
www.maret.com.tr	HRI, Retail	ISTANBUL	Direct	
Tel: 90-216-593-0270				
Banvit				
www.banvit.com	HRI, Retail	BALIKESIR	Direct	
Tel: 90-266-733-8600				
Akseker				
www.akseker.com	Wholesale	KONYA	Direct	
Tel: 90-332-355-0701				
Keskinoglu				
www.keskinoglu.com.tr	HRI, Retail	MANISA	Direct	
Tel: 90-236-427-2572				

D. Sector Trends

According to the Turkish Exporters' Assembly (TIM) Turkey is the world's 18th largest economy and ranks 9th in terms of agricultural value added. According to FAO (Food and Agriculture Organization of the United Nations) data, Turkey is the world's leading producer of hazelnuts, apricots, figs, cherries, sour cherries, quinces, raisins and poppy seeds.

The food sector is the second largest sector that foreign investors prefer in Turkey. Generally, the international capital inflow is through mergers and acquisitions with Turkish companies. Entering the Turkish market with a local company is usually preferred because of the complex nature of the country, both geographically and culturally.

The Turkish Lira exchange rate compared to the US Dollar has weakened rapidly since the beginning of 2015. The parity which had been 1 US\$ = 2.9 TL in March 2016 topped 1 US\$ = 3.6 TL in April 2017. This poses an impediment for import items in general.

For example, the price of cocoa (which is all imported) used in the production of baked goods, confectionery and ice cream, among many others, more than doubled in the last two years.

Major Foreign Investors Operating in the Processed Food Sector in Turkey		
Name of Company	Food Sector	Origin
Coca-Cola	Beverages	USA
Pepsi Co.	Beverages	USA
Unilever	Sauces, margarine & vegetable oil, ice cream, spices, tea and soup	Netherlands/UK
Cargill	High fructose corn syrup	USA
Mondelez International	Biscuits, sugar confectionary, chocolate, chewing gum	USA
Nestlé	Confectionary, coffee, cereals, water, baby food	Switzerland
Danone	Dairy, water, mineral water	France
Cadbury Schweppes	Confectionary, chocolate, beverages	UK
Kraft Heinz	Cookies, sauces, pasta, frozen food, baby food and ready foods	USA
Carlsberg	Beer	Denmark
Frito-Lay	Snack food	USA
Haribo	Confectionary	Germany
CP	Poultry	Thailand
Perfetti van Melle	Chewing gum and candy	Italy
Ferrero	Chocolate products	Italy

Meat products also witnessed high unit price increases due to the depreciation of the Turkish lira and increasing imported input costs. According to the data of Turkish Statistics Institute, 37 percent of the raw materials used in the production of livestock feed were imported in 2016, which means that the cost of feed production increased significantly in addition to the price of petroleum. Even though there is a

surplus in milk production, this does not reflect as a decrease in market prices due to industry processing markups.

Depreciation of the Turkish Lira against the U.S. Dollar also fueled foreign direct investments. Turkish private companies who were faced with insolvency as a result of the currency fluctuations sought recovery in selling their stocks instead of borrowing more. The general stagnation in the economy worsened gradually in the last two years due to political turmoil as well as consecutive terrorist attacks. Many companies are having difficulties in collecting their receivables as people tend to hold on to their cash in unstable environments.

Local agricultural products are the main input for the food-processing sector. Turkey has a developed food processing industry and a rich agricultural base with diversified agricultural production. However, as the land sizes are relatively small and farmers are not financially strong enough to employ modern agriculture techniques, quality cannot always be sustained compared to U.S. products.

Turkish prices, compared to the European Union (EU-27), are lower for many food products, but more expensive for alcoholic drinks because of high taxes.

The biggest challenges of the food-processing sector in Turkey can be summarized as:

- Structural defects of agriculture as a major input
- Unsustainable access to raw materials
- Significant unregistered economy and insufficient monitoring
- Inconsistency in taxation; sales tax (VAT) rates differing between 1 to 18 percent
- The volatile nature of production and the lack of a consistent agriculture policy
- Unclear regulations that are subject to change overnight and bureaucratic obstacles to imports
- Volatile exchange rate and the depreciation of Turkish Lira against foreign currencies.

III. COMPETITION

U.S. exporters are facing two main competitors in the Turkish market: European Union exporters and domestic companies.

European exporters' competitive advantages include:

- Lower transportation costs due to their geographical proximity
- Turkey's engagement in a customs union with the EU gives EU suppliers price advantage due to lower import duties and regulatory advantage due to harmonization of regulations.
- Turks are also more familiar with European food products due to workers living in major European countries for more than three generations. These workers and their families frequently come to Turkey for holidays, regularly infusing the market with European trends.

Local producers' competitive advantages:

- Turkey has a well-developed food-processing sector with products manufactured for local taste at competitive prices.

- This sophisticated food processing sector is supported with a rich base of agricultural production, providing ingredients for this sector.
- In addition, there is significant tariff and non-tariff protection for locally produced foods and agricultural products.

U.S. exporters' competitive advantages:

- Changes in the retail structure have opened new areas for branded import items.
- There is a growing demand for specialized products such as diabetic and diet foods, ready-to-eat and frozen foods, which are mostly imported.
- Some U.S. products (mainly bulk and intermediate commodities) are lower priced than local products such as corn, soy, rice, lentils, walnuts, etc.
- U.S. products have a good image in Turkey and Turkish consumers welcome U.S. style products.
- International retailers that market a wide range of imported products in the sector have considerable influence on purchasing patterns.
- There is an opportunity to enter the market by partnering with or buying a local company at attractive terms due to the current economic situation.

U.S. exporters' competitive challenges:

- Even though certain U.S. brands are dominant in the sector such as Coca Cola or fast food chains like Burger King, their products are mainly all produced in Turkey. Imported U.S. food products are not promoted as strongly compared to local brands.
- Competition for shelf space at supermarkets has led to high costs for introducing new products.
- Specialized fancy food companies operate in niche markets to overcome these difficulties.
- A strong dollar makes imported U.S. products more expensive.

PRODUCT CATEGORY IMPORTS (CY 2016)	MAJOR SUPPLY SOURCES in 2016	STRENGTHS OF KEY SUPPLY COUNTRIES	ADVANTAGES AND DISADVANTAGES OF LOCAL SUPPLIERS
Beef: 6,074 MT US\$ 45 million	Beef: 1) Bosnia & Herz.: 99.8%	European countries benefit from proximity advantage and bilateral agreements. Meat imports increased drastically in 2015 due to shortage of domestic production and imports continued in 2016. The	Local red meat production is volatile due to increasing feed prices and inconsistent government policies. But the market is essentially protected from imports

<p>Poultry: 126 MT US\$ 365,259 (transshipments)</p>	<p>Poultry: Turkey does not import poultry meat due to its highly developed domestic production and high tariff rates (100%). All figures in poultry trade data are transshipments.</p>	<p>major supplier was Bosnia Herzegovina thanks to special agreements between Turkey and Bosnia.</p>	<p>(outside of those under the Bosnia agreement). Local poultry production is strong and well established.</p>
<p>Fish and Seafood Imports: 81.2 MT US\$ 172 million</p>	<p>1) Norway: 27.32% 2) Morocco: 18.45% 3) Spain: 9.19 % 4) US: 1.02%</p>	<p>The most imported item is salmon and Norway dominates the market, having even created a brand name in the market enjoying the zero percent duty advantage. Turkey applies 30% duty to imported salmon but the tax is zero percent for EFTA countries</p>	<p>Local production is not as high quality in salmon, but is strong and developed in other fish varieties such as bream, bass and trout. Almost half of Turkey's fish production is sea fish, 35% is farmed fish, 5% is lake and river fish, and the rest is other sea foods.</p>
<p>Processed fruits and vegetables Imports: 131,508 MT US\$ 134.58 million</p>	<p>1) Thailand: 52% 2) Hungary: 5% 3) China: 4.48% 5) US: 2.04%</p>	<p>European countries supply niche products whereas Asian countries supply tropical fruits that cannot be grown domestically</p>	<p>Turkey has a great amount of domestic production which creates a vast supply for processors and the imported varieties are mostly tropical fruits that are not grown domestically</p>
<p>Milk and Dairy products (including cheese)</p>	<p>1) Turkish Republic of Northern Cyprus: 24% 2) Ireland: 19%</p>	<p>Butter, non-fat dry milk, lactose, and cheddar cheese were the primary U.S. dairy exports to Turkey in 2014 with 13% market share, but U.S. exports have currently stopped due to</p>	<p>Turkey has increased local production of cheese</p>

Imports: 39,172 MT US\$ 90 million	3) New Zealand: 17.58% 4) US: 0%	issues with dairy health certificate. New Zealand mainly exports butter and Ireland exports cheese and butter. Cheddar holds the predominant place among cheese varieties imported (main import item from Northern Cyprus).	varieties in recent years but is still importing a large amount of specialty cheese
Wine and Beer Imports: 9.15 million liters US\$16.3 million	1) Mexico: 20.37 % 2) France: 15.62 % 3) Italy: 15.04 % 4) US: 1.85 %	France and Italy supply wine whereas Mexico is the leading beer supplier followed by Germany, Netherlands and Belgium.	Domestic wine production is improving substantially. Beer production is limited and dominated by two big companies: Efes and Tuborg
Snack foods Imports: 31,038 MT US\$ 134.3 million	1) Germany: 32% 2) Netherlands: 12 % 3) Italy: 10.5 % 4) US: 3.16 %	European countries benefit from proximity advantage and the customs union. Tariff rates vary between 8-10 percent for U.S. products whereas they are zero for EU countries.	Domestic snack food production is dominated by two major brands Ulker and Eti. Multinationals like Frito-Lay and Pringles dominate the chips market with more than 90% market share in total.

IV. BEST MARKET PROSPECTS

Adopting products popular in the west is a large part of the modern Turkish life style. Internationally known brand names are well placed for this. Exporters should be particularly sensitive to brand positioning and be ready to invest in the necessary research and marketing support to assist their local partners for a successful entry.

Internationally recognized brands account for 30 percent of overall imported food items. These include cocoa and instant coffee, chocolate and confectionary goods, cookies and crackers, breakfast cereal, cheese, alcoholic beverages, sauces, seafood, and pet foods. Unannounced changes in regulations often make it difficult for importers and require flexibility from the exporters to adopt to changed conditions.

In addition to imposing very high taxes, Turkey's regulatory regime for alcoholic beverages strictly limits marketing and retail sales (retailers cannot sell alcoholic beverages after 10 pm and no alcoholic beverage commercials can be aired or printed in the media), which damages importers' ability to promote their products. For more information, please refer to USDA's report on [Alcohol Legislation](#)

[and Taxes in Turkey.](#)

Major product groups that have market potential are:

- **Baby and toddler food:** There are currently no fruit/vegetable pouches available in the supermarkets. The available options for baby or toddler food mostly contain salt or added sugars. Urban mothers would very much appreciate practical, easy to use and healthy snack options for their kids such as vegetable and/or fruit pouches. In this respect there is a big market opportunity in this segment.
- **Non-alcoholic beverages:** The types of non-alcoholic beverages in Turkey are limited to fruit juices, sodas, yogurt based drinks, and mineral waters. There is a vast void in health promoting beverage varieties such as digestive health, bone and joint health, brain and memory, cardiovascular health, etc. There are also no products in the market from the ‘beauty from within’ segment such as beverages with ingredients that promote healthy skin, hair, etc. Consumers are ready for such products, and there is a tremendous untapped opportunity in this segment. Having realized this, some Asian companies have been promoting aloe vera drinks at local food shows, and now they are in supermarket shelves.
- **Functional food** awareness is increasing in Turkey, as in other developed and developing countries. Food items that have functional properties (probiotics, fibers, energy, etc.) offer a good market potential. Food supplements and “sports drinks” also represent an opportunity for U.S. exports since it is a relatively new sub-sector with a rapid growth rate. Diabetes is an increasing problem in the Turkish population and specialized products for diabetics also provide good market potential. Also many women who are trying to loose weight look for diet products on the shelves, yet the options are still limited in terms of variety.
- **Wine and Beer:** Popularity of wine among alcoholic beverages has increased in recent years. Consumers are becoming more knowledgeable about wine and Californian wines are held in high esteem. Yet Chilean wines currently dominate the imported wine market due to their lower prices, followed by Italy and France. In recent years, Belgium and German beers have rocked the long reign of domestic beers. Many beer varieties are recently introduced into the market and the consumers who were condemned to lager for decades welcomed these new varieties with great joy.
- **Whiskey:** Blended scotch is the whiskey of choice. Two American bourbon brands in the market -Jack Daniels and Jim Beam- are targeting the younger generation through rock concerts and motor-rally sponsorships. There is a strict government policy on the advertisement and promotion of alcoholic beverages and all imported liqueurs are heavily taxed but the demand is still there.
- **Dairy products:** Specialty cheese varieties (especially cheddar and mozzarella) and butter have good market potential for U.S. suppliers, but currently the market is closed to U.S. dairy products as a new health certificate is being negotiated. Currently EU countries and New Zealand dominate the market (for butter and cheese – particularly cheddar cheese), but in the past the United States has enjoyed a good market share and still can once the health certificate issue is resolved.
- **Sauces:** Various brands of sauces for salads, meat, and international cuisines are increasing their popularity in recent years (such as balsamic vinegar, bbq sauce, salad dressings and soy sauce). Currently sauces are imported from Germany, the UK, France, Asian countries, and the United States.

- **Organic processed products:** Even though Turkey has a considerable organic production, it is limited mostly to fresh produce, herbs, and other bulk commodities. In this respect there is an opportunity for organic processed products to meet the growing demand of health conscious consumers.

US Exports of Agricultural Products to Turkey (in millions of dollars)	2014	2015	2016
Bulk Agricultural Products			
Wheat	0	0	0
Corn	0	5.1	0.8
Rice	122	43.9	31.2
Soy	353.4	182.3	58.2
Cotton	822.7	462.7	495.1
Pulses	22.1	18.1	16.6
Tobacco	24.2	41.9	50.6
Other Bulk Commodities	17.1	10.3	5.6
TOTAL	1,361.5	764.3	658.1
Consumer-Oriented Agricultural Products			
Poultry Meat and Products	53.5	26	29.5
Dairy Products	17.7	2	0.8
Processed Fruit	3.7	4.6	6
Processed Vegetables (mainly tomato paste)	13.9	20.9	9
Tree Nuts (Total)	268.2	299.8	360.6
- Almonds	141.7	141.6	163.2
- Walnuts	109.1	153	188.3
- Others (Pistachios, pecans, etc.)	17.4	5.2	9.1
Snack Foods (NESOI)	1.9	1.2	3.1
Prepared Food	30.5	30.7	32.2
Condiments & Sauces	1.2	1.1	1.1
Wine & Beer	2.3	2.7	1.3
Others	9.4	9.9	11
TOTAL	402.3	398.9	454.6
Other Agricultural Products			
Fish Products	8.1	5.4	1.8
Distilled Spirits	16.8	16.7	10.6
GRAND TOTAL	2,262	1,474	1,479

Note: Some items have been removed from the list for the purposes of this report. For the full list please visit: <http://apps.fas.usda.gov/gats/BICOREport.aspx?type=bico-hs10>

V. POST CONTACT AND FURTHER INFORMATION

Please find below information about some organizations that can be contacted when exporting to Turkey.

TUGIDER - Turkish Food Importers Association is a non-governmental organization involved in trade facilitation for new entrants into the market. Roughly 140 companies active in the Turkish Food sector as importers, processors or as investors are members of this organization. TUGIDER can be contacted at Tel: 90-212-347-2560, Fax: 90-212-347-2570 or www.tugider.org.tr

TOBB - Turkish Union of Chambers and Commodity Exchanges, established a platform called “Gateway to Turkey” to help foreign investors gain a better understanding of the Turkish market. The website to the platform is: <http://gateway.tobb.org.tr/>

DEIK - Foreign Economic Relations Board’s (now taken over by the government) main target is “to find new fields of cooperation to foreign markets and to provide better utilization of existing business opportunities”. DEIK can be contacted at tel: 90-212-339-5000, fax: 90-212-270-3092, info@deik.org.tr.

USDA’s Foreign Agricultural Service has two offices in Turkey: the Ankara Embassy and the Consulate General in Istanbul.

- FAS Ankara:

Foreign Agricultural Service
Embassy of the United States
110 Ataturk Bulvari
Kavaklidere, 06100 Ankara, TURKEY

U.S. Mailing Address:
Office of Agricultural Affairs
Department of State (AGR)
7000 Ankara Place
Washington, DC 20521-7000
Tel: 90-312-455-5555 Ext: 7393
Direct: 90-312-457-7393
Fax: 90-312-467-0056

- FAS Istanbul:

Foreign Agricultural Service
Consulate General of the United States
Kaplıcalar Mevkii No: 2
İstinye 34460
Istanbul, Turkey
Tel: 301-985-8623
Direct: 90-212-335-9068

Fax: 90-212-335-9077

U.S. Mailing Address:
Office of Agricultural Affairs
Department of State (AGR)
5030 Istanbul Place
Washington, DC 20521-5030

For more information on high value food items, commodity and other reports for Turkey and other countries, please refer to the relevant GAIN reports available at FAS homepage:

<http://www.fas.usda.gov>.