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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.

The Turkish Lira depreciated significantly against the U.S. Dollar and the Euro since the beginning of 2015, which led to a rise in the cost of imports. The increased prices of ingredients such as cocoa, milk and nuts have led to increased prices in processed products.

I. MARKET SUMMARY

Turkey is among the world's top 20 largest economies with a population of 78.7 million and an expected growth rate of 3.4% in 2016. 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% decrease in the number of tourists and revenues. Then in July 2016, an attempted coup d'état further worsened the conditions as instability and ambiguity were prevalent among businesses as well as citizens.

The rate of 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 with 14.7 million people. Istanbul is followed by Ankara with 5.3 million and İzmir with 4.2 million people. Rapid 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. Food manufacturers are now using sophisticated marketing methods in order to rapidly take advantage of changing consumption patterns.

Increased income coupled with higher education levels in large cities also boosted the demand for "healthy" products. Manufacturers of packaged and processed food answered this demand with new product lines aimed specifically at this group of health conscious customers.

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 food processing companies to 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.

Turkish imports of food and agricultural products from the United States have been US\$1.50 billion in 2015, down from US\$2.25 billion in imports in 2014. Turkey's exports to the United States were US\$808 million in 2014 and US\$798 in 2015.

The food and beverage sector is one of the few sectors where exports exceed imports. However, Turkey is very import dependent in terms of food additives (such as enzymes, processing aids, etc.) due to lack

of such high-end R&D studies and the necessary technology. The government tends to keep the net exporter status by causing difficulties for imports in the form of high duty taxes, extensive customs procedures and lengthy bureaucratic requirements.

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 EU, Russian and Middle East markets.	EU exporters 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 overnight.
The good reputation of U.S. food products is the main reason for increasing demand as economic conditions and purchasing power improve.	Depreciation of the Turkish Lira made imported products more expensive in the Turkish market. There are some very high import duties on both bulk and processed products.
Change in retailing structure has opened new areas for branded import items.	Turkey has a well-developed food-processing sector with qualified 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
U.S. products have mica high quality image in Turkey and Turkish consumers welcome U.S. style products.	There is significant tariff and non-tariff protection for locally produced foods and agricultural 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 yet for use in Turkey so no GE products can enter Turkey meant for human consumption. 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. Additionally, Ministry of Food Agriculture and Livestock (MinFAL) requires a government attestation that imports of microorganisms, and products that utilize them, are not obtained from genetic engineering.
As the processed food market	In the retail stores, competition for shelf space has led to

continues to grow, so does the demand for food ingredients and they are mostly imported.	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 of 14.7 million - comprise the largest areas of consumption. This trend changes in the summer, however, as both local and foreign tourists flood into 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. Even though most U.S. exporters do not see Turkey as an important market, a young population represents great consumption growth potential as 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.

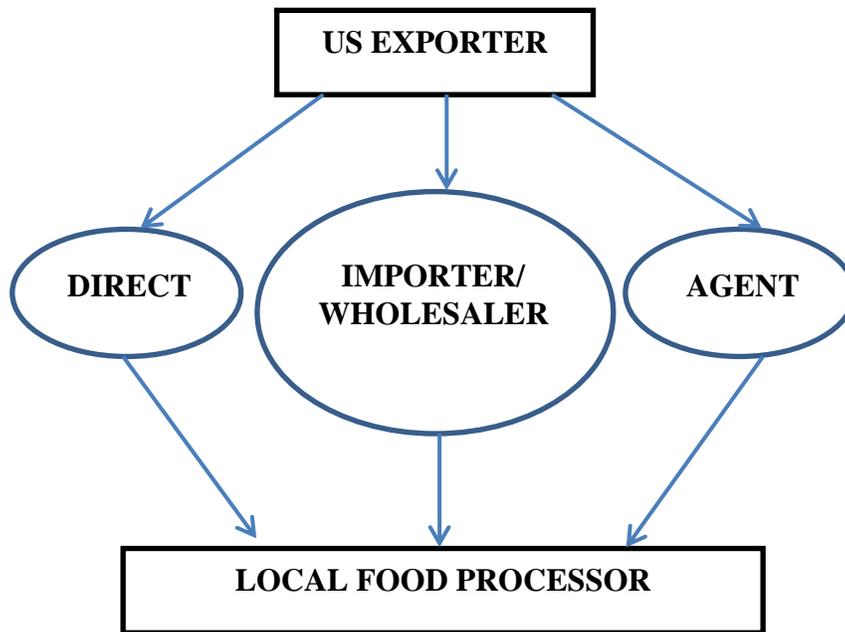
One of the most important regulations that U.S. exporters should watch for is the Biosafety Law in Turkey. No genetically engineered (GE) foods are approved for human consumption. Import of some GE soy and corn traits are currently allowed only for feed use. No GE traits are approved for food use nor cultivation in Turkey. For more information about the Biosafety Law in Turkey, please refer to the [Biotechnology Update 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 (biosafety legislation for instance, which affects many products both genetically engineered and not). For a more detailed description of Turkey's food regulatory system and import process, please refer to the Food and Agricultural Import Regulations ([FAIRS](#)) report and [Exporter Guide](#) available on the 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 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 and industry sources estimate the retail food market size to exceed US\$125 billion in 2016. In recent years, the substantial increase in the number of supermarkets, hypermarkets, and wholesale markets has increased sales of packaged and processed food.

Traditional food retailers are (mainly open-air bazaars and mom & pop stores) losing market share to modern supermarkets increased each year. Roughly 50 percent of the fast moving consumer goods (FMCG) are sold through supermarkets. The number of stores belonging to the top 150 supermarket chains throughout Turkey increased from 19,371 in January 2015 to 22,071 stores in January 2016. 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.

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

C. Company Profiles

Turkey has a developed food processing industry but only 15 percent of the raw material of additives used in the food processing sector are locally produced (such as calcium carbonate and citric acid) and the remaining 85 percent are imported. However, recently new production industries have started to emerge such as bovine gelatin, aromas, and colorings. 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. www.pinarsut.com.tr Tel: 90-232-436-1515	HRI / Retail	IZMIR	Importer/ Direct
Ak Gida San ve Tic A.S. (Ulker Group) www.akgida.ulker.com.tr Tel: 90-264-554-0000	HRI / Retail	SAKARYA	Importer/ Direct
Sutas Sut Urunleri A.S. www.sutas.com.tr Tel: 90-216-572-3050	HRI / Retail	ISTANBUL	Importer/ Direct
Danone Sut www.danone.com.tr Tel: 90-216-425-5690	HRI / Retail	ISTANBUL	Importer/ Direct
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 Gida San ve Tic A.S. www.dimes.com.tr Tel: 90-232-877-1400	HRI / Retail	IZMIR	Importer/ Direct

Coca-Cola Icecek 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
Turk Tuborg/Carlsberg www.turktuborg.com.tr www.carlsberg.com.tr	HRI / Retail	ISTANBUL	Importer/ Direct
MEY ICKI A.S. www.mey.com.tr Tel: 90-212-373-4400	HRI / Retail	ISTANBUL	Importer/ Direct
Kavaklidere Wines www.kavaklidere.com Tel:90-312-847-5073	HRI / Retail	ANKARA	Importer/ Direct
Doluca Wines www.doluca.com Tel: 90-212-213-4000	HRI / Retail	ISTANBUL	Importer/ Direct
SUGAR & CONFECTIONARY			
ETI www.etigida.com.tr www.etigrup.com.tr Tel: 90-222-221-2000	Wholesale / HRI / Retail	ESKISEHIR	Direct
Mondelez International / Kent Gida http://tr.mondelezinternational.com Tel: 90-262-648-7400	Wholesale / HRI / Retail	KOCAELI	Direct
Ulker Gida San ve Tic A.S.	Wholesale /	ISTANBUL	Direct

www.ulker.com.tr Tel: 90-216-524-2489	HRI / Retail		
Nestle www.nestle.com.tr Tel: 90-212-329-6000	Wholesale / HRI / Retail	ISTANBUL	Direct
Ferrero Tel: 90-212-215-6222 www.ferrero.com.tr	Wholesale / HRI / Retail	ISTANBUL	Direct
SEA FOOD			
Dardanel Gida San A.S. www.dardanel.com.tr Tel: 90-286-263-6666	Wholesale / HRI / Retail	ISTANBUL	Direct
Kerevitas www.kerevitas.com.tr Tel: 90-224-600-2000	HRI, Retail	ISTANBUL	Direct
Pinar Sea Food www.pinar.com.tr www.pinarbalik.com.tr Tel: 90-232-726-0265	HRI, Retail	IZMIR	Direct
CANNED FOOD			
Penguen Gida A.S. www.penguen.com.tr Tel: 90-224-324-2424	Wholesale / HRI / Retail	BURSA	Importer/ Direct
Tamek Gida www.tamek.com.tr Tel: 90-212-284-7766	Wholesale / HRI / Retail	ISTANBUL	Importer/ Direct
Tukas www.tukas.com.tr Tel: 90- 232 865 15 55	Wholesale / HRI / Retail	IZMIR	Importer/ Direct
Tat Cannery www.tat.com.tr www.tatgida.com Tel: 90- 216-430-0000	Wholesale / HRI / Retail	ISTANBUL	Importer/ Direct
Kerevitas www.kerevitas.com.tr Tel: 90-224-600-2000	Wholesale / HRI / Retail	ISTANBUL	Importer/ Direct
SNACK FOODS			

Tadim Mr. Gurol Kaya Tel: 90-262-672-7200 Fax: 90-262-672-7297 Gurol.kaya@tadim.com.tr	Retail	KOCAELI	Direct
Peyman Mr. Ali Murat Sonmez Tel: 90-216-420-0373 Fax: 90-216-420-0372 trading@peyman.com.tr	Retail	ISTANBUL	Direct
Papagan Mr. Osman Basimeri Tel: 90-212-445-3324 Fax: 90-212-445-3330 osman@papagan.com.tr	Retail	ISTANBUL	Importer / Direct
Meraklilar Mr. Onur Balci Tel: 90-212-581-5530 Fax: 90-212-564-9574 onurbalci@hotmail.com	Wholesale / Retail / HRI	ISTANBUL	Direct
Elnut Mr. Tamer Kaya Tel: 90-212-437-2278 Fax: 90-212-437-2227 elnut@elnut.com.tr	Wholesale / Retail / HRI	ISTANBUL	Direct
Malatya Pazari Mr. Murat Palanci Tel: 90-212-863-0933 Fax: 90-212-863-4290 muratpalanci@malatyapazari.com.tr	Wholesale / Retail	ISTANBUL	Importer / Direct
MEAT & POULTRY PRODUCTS			
Pinar Entegre Et ve Un Sanayi A.Ş. www.pinaret.com.tr Tel: 90-232-877-0900	HRI, Retail	IZMIR	Importer / Direct
Maret www.maret.com.tr Tel: 90-216-593-0270	HRI, Retail	ISTANBUL	Direct
Banvit www.banvit.com Tel: 90-266-733-8600	HRI, Retail	BALIKESIR	Direct
Akseker	Wholesale	KONYA	Direct

www.akseker.com Tel: 90-332-355-0701			
Keskinoglu www.keskinoglu.com.tr Tel: 90-236-427-2572	HRI, Retail	MANISA	Direct

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 bakery, cheese, and beer sectors). There are also around 30 companies that produce starch, milk powder, gelatin and whey which are regarded as ingredients rather than additives. 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 volume is around 250 million Euros. The majority of the food additives industry is intensified in flour processing products due to the higher demand. Turkey consumes 9.2 million tons of bread annually and there are around 15,000 companies in this sector, 300 of which are industrial and/or packaged bread producers.

The food additives sector volume is estimated as 900 million Euros (based on annual turnovers) including dough improver and yeast producer companies.

D. Sector Trends

Turkey is the world's 7th largest agricultural economy and Europe's largest producer of agricultural products. 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 Turkish Lira exchange rate compared to the US Dollar has weakened rapidly since 2015 due to macroeconomic factors. The parity which had been 1 US\$ = 2.3 TL in January 2014 topped 1 US\$ = 2.9 TL in March 2016. 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 others, increased by around 45% in the last two years.

Dairy and meat products also witnessed high unit price increases due to the depreciation of the Turkish lira and increasing import costs. Around 38% of the raw materials used in the production of livestock feed are imported, which means that the costs of feed production increased significantly. In addition, the price of petroleum used in the processing of feed also increased, leading to increased meat and milk prices. Consequently, average unit prices for meat and dairy products, as well as the prices of products that contain milk, such as confectionery and ice cream, increased.

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.

Depreciation of the Turkish Lira against Dollar since the beginning of 2015 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 after having two elections in 2015, and the following terrorist attacks. Since the beginning of 2015, Turkey's number one online food ordering web site Yemeksepeti was purchased by the German Delivery Hero company. Yıldız Holding's food distribution company Ak Gıda was sold to French Loctalis Company. Eighty percent of Yörsan, one of Turkey's biggest dairy companies, was bought by the Abraaj Group. Kükrer Gıda an established spice and sauce producer sold 50% of its shares to the Japanese Ajinomoto Company. One of Turkey's largest meat products producer Namet Gıda's partnership control was transferred to the Investors Company. Turkey's largest hazelnut exporter Oltan Gıda, was bought by the Italian chocolate company Ferrero Group, to name a few examples.

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	Margarine, Veg. Oil, Ice Cream	Netherlands/UK
Cargill	High Fructose Corn Syrup	USA
Nestlé	Confectionary, Coffee, Cereals, Water, Baby Food	Switzerland
Danone	Dairy, Water, Mineral Water	France
Cadbury Schweppes	Confectionary, Chocolate, Beverages	UK
Kraft	Snack food, Coffee, Chocolate, Vegetable oil	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

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, on par with the EU-27 for nonalcoholic beverages, and more expensive for alcoholic drinks.

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

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 US brands are dominant in the sector such as Coca Cola or fast food chains like Burger King, their products are 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.

PRODUCT CATEGORY IMPORTS	MAJOR SUPPLY SOURCES in 2015	STRENGTHS OF KEY SUPPLY COUNTRIES	ADVANTAGES AND DISADVANTAGES OF LOCAL SUPPLIERS
<p>Beef: 18,094 MT US\$ 109.5 million</p> <p>Poultry: 979 MT US\$ 1.6 million (transshipments)</p>	<p>Beef: 1) Bosnia & Herz.: 68% 2) Poland: 32%</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>European countries benefit from proximity advantage and bilateral agreements. Meat imports increased drastically in 2015 with special agreements between Turkey and Bosnia Herzegovina and Turkey's commitment to EU to import 19,500 MT meat from EU countries mainly because of the shortage of domestic meat production.</p>	<p>Local red meat production is volatile due to increasing feed prices and inconsistent government policies. Local poultry production is strong and well established.</p>
<p>Fish and Seafood Imports: 109.3 MT US\$ 229.7 million</p>	<p>1) Norway: 52.96% 2) Iceland: 8.86% 3) China: 5.06 % 4) US: 1.48%</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. Turkey produced 672,241 MT of seafood in 2015, up 25 % compared to the previous year. 51% of this production is sea fish, 36% is farmed fish, 5% is lake and river fish and 8% is other seafood</p>
<p>Processed fruits and vegetables Imports: 95,039 MT</p>	<p>1) Germany: 13.28% 2) Spain: 11.92% 3) Hungary: 7.78%</p>	<p>European countries supply niche products whereas Far East 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>

US\$ 164.6 million	4) China: 6.82% 5) US: 4.27%		
Milk and Dairy products (including cheese) Imports: 39,172 MT US\$ 130 million	1) New Zealand: 25% 2) Turkish Republic of Northern Cyprus: 19% 3) Ireland: 14% 4) US: 0.28%	Butter, non-fat dry milk, lactose, and cheddar cheese were the primary U.S. dairy exports in 2014 with 13% market share but lost it in 2015 due to higher prices in the U.S. and issues with dairy health certificate	Turkey has increased local production of cheese varieties in recent years but is still importing a large amount of specialty cheese
Wine and Beer Imports: 9,3 million liters US\$ 20.8 million	1) France: 29.55 % 2) Italy: 16.32 % 3) Belgium: 10.09 % 4) US: 3.10 %	France and Italy supply wine whereas Belgium, and Germany supplies beer, and U.S. supplies whiskey	Domestic wine production is improving substantially. Beer production is –limited- and dominated by the two big companies: Efes and Tuborg
Snack foods Imports: 30,440 MT US\$ 134.7 million	1) Germany: 25 % 2) Netherlands: 18 % 3) Italy: 11.69 % 4) US: 5.11 %	European countries benefit from proximity advantage and the customs union. Tariff rates vary between 8-10 % for US whereas they are zero for EU countries.	Domestic snack food production is dominated by two major brands Ulker and Eti. Multinationals like Frito-Lay, Kraft, 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. 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.

The change in wine and beer import and distribution regulations now allows imported products to be sold in the retail market, which have created new opportunities for U.S. wine and beer to be sold in the Turkish market, although taxes still remain high. However, Turkey's new 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](#).

Chocolate and sugar confectionary products, baby and toddler food, gums, and biscuits offer a good market opportunity.

Major products that have market potential are:

- **Non-alcoholic beverages:** The types of non-alcoholic beverages in Turkey are limited to fruit juices, sodas, 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 for the 'beauty from within' type. Products such as aloe vera drinks and other beverages with ingredients that promote healthy skin, hair, etc. can have a good demand. Consumers are ready for such products, so the demand is there, and there is a tremendous untapped potential in this segment. Having realized this, Far-Eastern 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 most other countries. Food items that have functional properties (probiotics, fibers, energy, etc.) remain as an untapped niche. 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 lose weight look for diet products on the shelves.
- **Wine and Beer:** Popularity of wine as an alcoholic beverage has increased in recent years. Consumers are becoming more knowledgeable about wine and French and Californian wines are held in high esteem. 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.
- **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 a high and niche opportunity for organic processed products to meet the growing demand of health conscious consumers.

- **Dairy products – in the future:** While specialty cheeses and butter have good market potential for U.S. suppliers, currently the market is closed to U.S. dairy as a new health certificate is being negotiated between the United States and the Turkish Government. Currently EU countries and New Zealand dominate the market but in the past the United States has enjoyed a good market share and still can after the health certificate issue is resolved.

US Exports of Agricultural Products to Turkey (in millions of dollars)	2013	2014	2015
Bulk Agricultural Products			
Wheat	107	0	0
Corn	0	0	5.9
Rice	62	139.8	68.5
Soy	155.9	340	184.7
Cotton	798	822.8	464.6
Pulses	20.2	22.1	18.3
Tobacco	28.8	24.2	41.9
TOTAL	1,189.2	1,365.8	794.2
Consumer-Oriented Agricultural Products			
Poultry Meat and Products	65.6	53.5	26
Dairy Products	29.2	17.7	2
Processed Fruit	3.1	3.7	4.6
Processed Vegetables (mainly tomato paste)	18.2	13.9	20.9
Tree Nuts (Total)	280	268.2	299.8
- Almonds	167.6	141.7	141.6
- Walnuts	101	109.1	153
- Others (Pistachios, pecans, etc.)	11.40	17.4	5.2
Snack Foods (NESOI)	2.9	1.9	1.2
Prepared Food	32.4	30.5	30.7
Condiments & Sauces	1.4	1.2	1.1
Wine & Beer	0.7	2.3	2.7
TOTAL	441.5	402.3	399.5
Other Agricultural Products			
Fish Products	4.1	8.1	5.4
Distilled Spirits	18	16.8	16.7

GRAND TOTAL	2,258	2,258	1,504
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*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/BICORreport.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.
- General information on investment and doing business in Turkey can be found from the U.S. Commercial Service at <http://2016.export.gov/turkey/>.

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, Fax: 90-312-467-0056
- FAS Istanbul:
Foreign Agricultural Service
Consulate General of the United States
Kaplicalar Mevkii No: 2
Istinye 34460

Istanbul, Turkey

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>.