Required Report: Required - Public Distribution **Date:** September 27,2019

Report Number: TU2019-0015

Report Name: Food Service - Hotel Restaurant Institutional

Country: Turkey

Post: Ankara

Report Category: Food Service - Hotel Restaurant Institutional

Prepared By: Caglar Erdogan

Approved By: Christine Mumma

Report Highlights:

Tourism continued to recover in 2018 from the low hit in 2016 when domestic and geopolitical security issues nearly halted tourism. Full-service and fine dining restaurants also started to slowly recover in 2018. Fast food restaurants have been performing well, too, thanks to young consumers and double income families, although recent economic issues have limited discretionary spending by consumers with less disposable income. Coffee shops are trendy in large cities. There are over 140,000 food service outlets in Turkey in all categories.

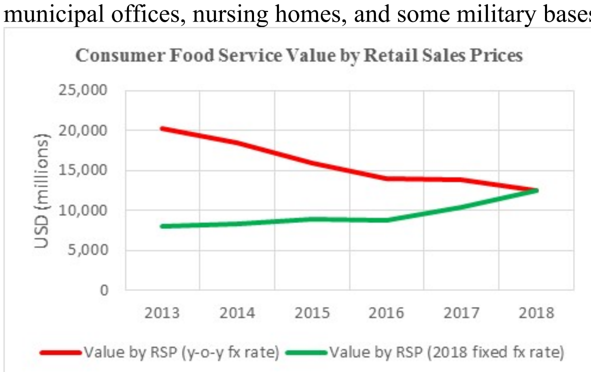
MARKET FACT SHEET: TURKEY

Executive Summary

The Republic of Turkey has a young population of 82 million people fueling consumption. The country is in a Customs Union with the European Union (EU) and is the 18th largest economy in the world. Though the Turkish economy stagnated recently, an annual average GDP growth rate of 1.9 percent is forecasted by the IMF between 2019 and 2023. Geopolitical challenges continue simultaneously with increasing inflation and a significant depreciation of the Turkish Lira over the past year. Nevertheless, there are opportunities in the food sector.

Food Service: Hotel, Restaurant & Institutional

Tourism continued to recover in 2018 from the bottom hit in 2016 when domestic and geopolitical security issues nearly halted tourism. Full-service and fine dining restaurants also started to slowly recover in 2018. Fast food restaurants have been performing well, too, thanks to young consumers and double income families. Coffee shops are trendy in large cities. There are over 140,000 food service outlets in Turkey in all segments. The industry is very fragmented with mostly small stand-alone restaurants. Five thousand institutional food service companies serve corporations, hospitals, schools, universities, state and municipal offices, nursing homes, and some military bases.



Source: Euromonitor International. See Table 1 for data.

Tourism Industry in Turkey

Tourism is an important industry for Turkey. As of 2018, 11 percent of GDP is from the tourism industry which employs about two million people. On the Mediterranean coast around the province of Antalya, all-inclusive resorts of varying size and quality dominate the market. The restaurant sector is not well-developed in that area, as the resorts largely cater to foreign tourists. However, on the Aegean coast, where domestic tourists constitute the majority of visitors, accommodations vary in size from hostels to large-size luxury hotels. Food service in these towns such as Bodrum, Datca, Cesme, Kas, Kusadasi is more developed than on the Mediterranean coast. Business hotels can be found in large cities where industry and trade are well-developed.

Imports of Consumer-Oriented Agricultural Products

EU contries are the major suppliers of consumer-oriented agricultural products to Turkey, having the advantage of proximity and Customs Union duty rates. Turkey imports some consumer-oriented products such as rice, dried beans, walnuts, almonds, bananas, coffee, cocoa, meat, fish, and different kinds of processed/packaged food items.

Quick Facts on Turkey's Food Sector

Consumer Food Service, 2018

US$ 12.5 billion (retail sales)

List of Top 10 Foreign Fast Food Chain Brands in Turkey (by market share in 2018)

1. Burger King (USA)
2. Mc Donald's (USA)
3. Popeye's (USA)
4. Kentucky Fried Chick. (USA)
5. Subway (USA)
6. Arby's (USA)
7. Carl's Jr. (USA)
8. Sbarro (USA)
9. Krispy Kreme (USA)
10. Duran Sandwiches (USA)

List of Top 10 Domestic Fast Food Chain Brands in Turkey (by market share in 2018)

1. Tavuk Dunyasi
2. Oses Cigkofte
3. Simit Sarayi
4. Bay Doner
5. Usta Doner
6. Kofteci Ramiz
7. Sultanahmet Koftecisi
8. Kahta Cigkofte
9. Komagene Cigkofte
10. Cig Koftem

Top 10 Retailers (by market share in 2017)

1. Bim
2. A 101
3. Şok
4. Migros
5. CarrefourSA
6. M- Jet (a Migros Brand)
7. Kipa
8. Ekomini
9. Hakmar
10. Yunus

GDP/Population

Population: 82 million (2018)
GDP, PPP: U.S. $2,186 billion (2017)
GDP Per Capita, PPP: U.S. $28,000 (2017)

Sources: CIA World Fact Book; Euromonitor International; Turkish Statistical Institute; Global Trade Atlas

Strengths/Weaknesses/Opportunities/Threats

Strengths	Weaknesses
Growth of GDP and disposable income in the last decade	Domestic and international political challenges
Large population base: young and growing	Economic instabilities such as exchange rate fluctuations
Opportunities	**Threats**
Unsaturated market, open for new items	Complex and time consuming import procedures
Growing demand for high value packed food, ready to-eat/cook meals as the share of working women increases	Strong traditional food and cuisine affecting consumption habits

Sources: CIA World Fact Book; Euromonitor International; Turkish Statistical Institute; Economist Intelligence Unit

Contact: USDA FAS Ankara Office of Agricultural Affairs
Telephone: +90 312 457 7393
E-mail: agankara@usda.gov

I. MARKET SUMMARY

Due to economic difficulties, in 2018, Turkey registered its lowest real Gross Domestic Product (GDP) growth rate in ten years at 2.6 percent. The record high GDP growth in 2017 was due to short term fiscal stimulus. Although the International Monetary Fund (IMF) forecasts 2.5 percent economic contraction for 2019, the GDP is expected to rebound and grow by 2.5 percent in 2020. The record high GDP growth in 2017 was due to short term fiscal stimulus and was not sustainable as forecasted in our earlier reports. IMF expects 2.5 percent real growth for 2020. Concurrently, inflation rose to double digits in 2018, (20.30 percent measured by CPI[1] at the end of the year) causing a stagflationary[2] trend in the economy. The value of the Turkish lira (TL) has depreciated against major currencies like the U.S. dollar and the euro. The ability of the Central Bank of Turkey to fight inflation and currency instability were undermined by political interventions. The lira-dollar exchange rate has fluctuated from 3.76 TL/USD on January 2, 2018; to 6.86 TL/USD on August 13, 2018; and stabilized somewhat at 5.70 TL/USD by July 09, 2019. Rising inflation and depreciating currency increased the operational costs of food service outlets, resulting in slower growth.

Tourism continued to recover in 2018 from its low in 2016 when domestic security issues arising from several terrorist attacks and a coup attempt nearly halted tourism. The real value of tourist receipts rose by 9.4 percent in 2018 after a 23.9 percent increase in 2017 and is forecasted to increase by 5 percent more in 2019. The return of significant numbers of western European tourists who are known to spend more (compared to Middle Eastern tourists) in full service restaurants, cafes, and bars began in 2018, as seen in the chart on page 4, and is expected to continue to increase in 2019 as the security situation in Turkey improves. Depreciation of the Turkish lira is also attractive to European tourists as vacationing in Turkey now, compared to a few years ago or alternative destinations on the Mediterranean coast, is much more affordable. The majority of visitors to Istanbul are still Middle Eastern tourists who like to spend more time in shopping malls and populate food and beverage outlets through retail, e.g. food courts in the shopping malls. Russian, German and British tourists generally choose to stay at beach resorts and all-inclusive hotels in Antalya and the surrounding Mediterranean coast. Tourism associations expect an increase in the number of western European tourists in Istanbul, too, which should affect the food service business in a positive way.

According to the Government of Turkey (GoT), there have been about 39 million foreign national entrants to Turkey in 2018 which is a 22 percent increase compared to previous year. Among the foreign nationals entering Turkey, a large number were from Germany. Due to the historical migration from Turkey to Germany, a large portion of German nationals visiting Turkey are second and third generation Turkish migrants to Germany carrying German passports. Some of these may be considered tourists but the majority are in the country to visit friends and family. Likewise, there may be similar travelers of Turkish descent from other western European countries, such as, but not limited to, France, Switzerland and Austria. Statistics also indicate that there is a notable increase in the number of Chinese tourists, though they are still make up a minor part of the annual tourists to Turkey.

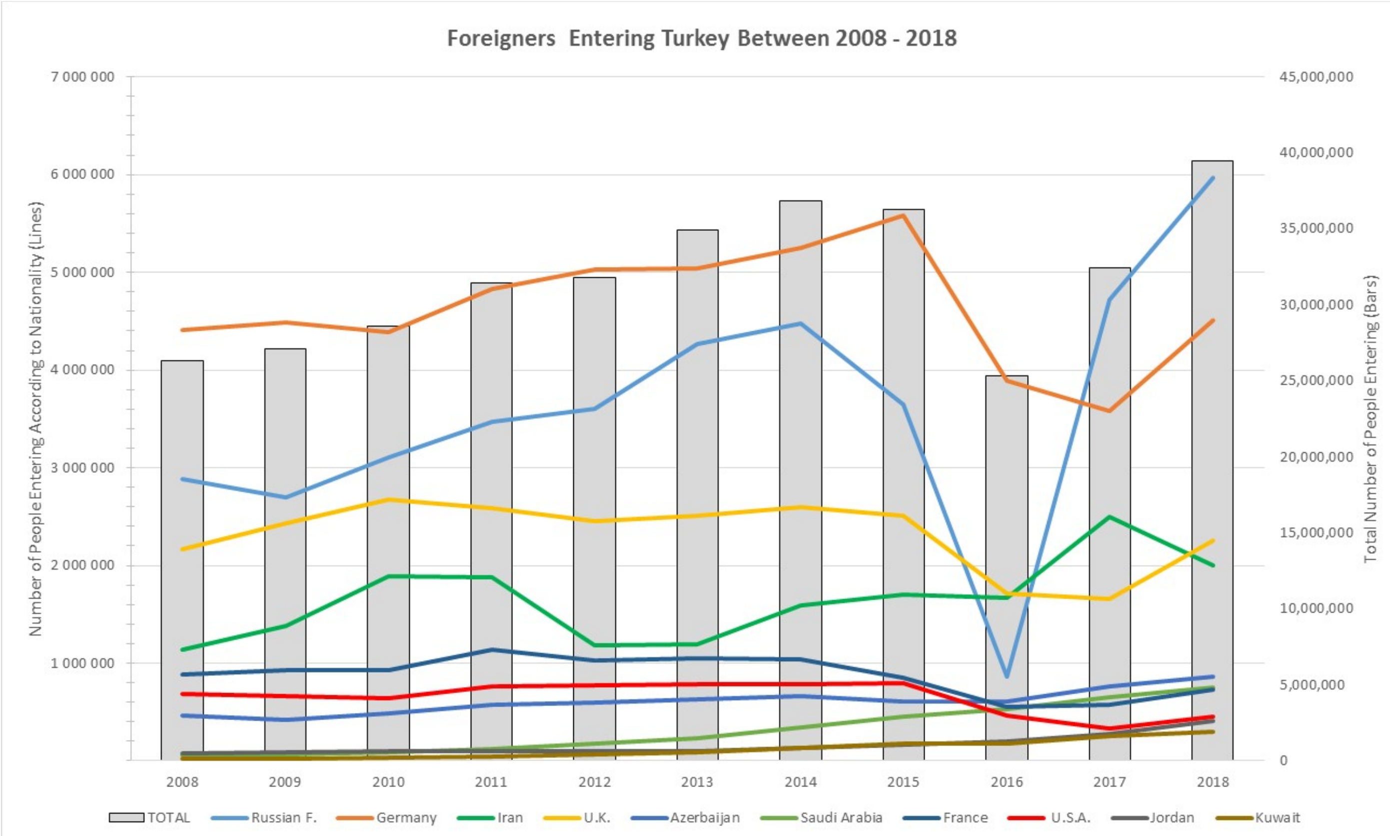
Table 1: Consumer Food Service Value, Number of Outlets and Number of Transactions

Consumer Food Service	Unit	2013	2014	2015	2016	2017	2018
Value by Retail Sales Price (RSP)	USD (mill.) with y-o-y FX rates	20,251	18,512	15,864	14,047	13,879	12,512
Value by Retail Sales Price (RSP)	USD (mill.) with 2018 fixed FX rates	7,972	8,365	8,927	8,779	10,460	12,512
Number of Outlets	count	138,025	138,079	139,859	138,723	142,117	143,706
Number of Transactions	millions	3,338	3,376	3,374	3,085	3,138	3,155

Source: Euromonitor International.

[1] Inflation by CPI rose to 25.24 percent as of October 2018 and fell to 15.72 as of June 2019. Food inflation is considered one of the main causes of the inflation and drastic measures such as opening 'regulatory sales stands' were taken by Government of Turkey (GoT) intervening with free market to sell subsidized fresh produce and pulses in winter 2018. Please see our 'Retail Foods Report' for details.

[2] Stagflation, or recession-inflation, is a situation in which the inflation rate is high, the economic growth rate slows, and unemployment remains steadily high. It presents a dilemma for economic policy, since actions intended to lower inflation may exacerbate unemployment, and vice versa.



Source: Turkish Border Police via Turkish Statistical Institute.

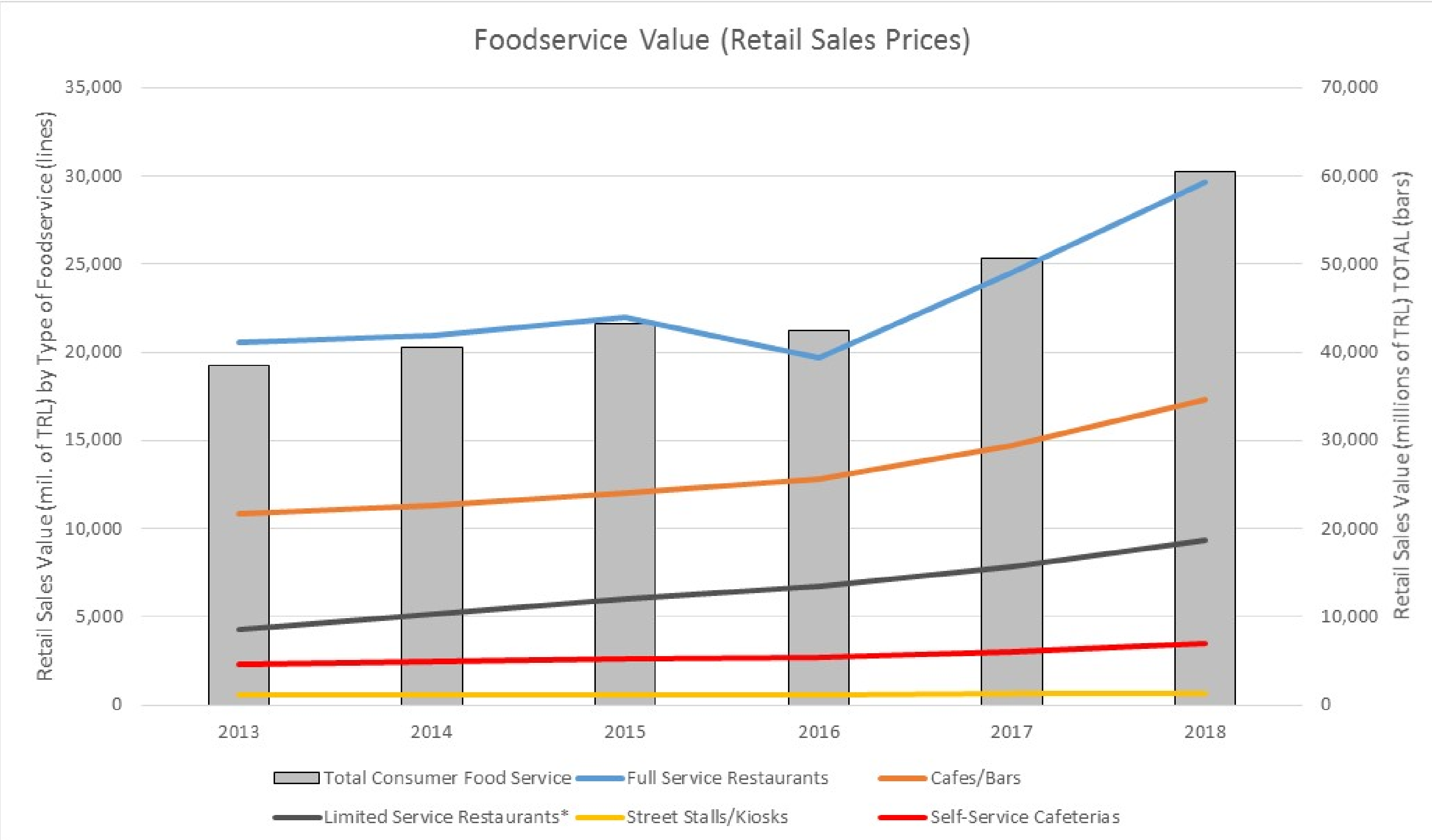
The Turkish food service sector is large and highly fragmented; it can be divided into two categories: commercial and institutional food service. Commercial food service consists of full-service restaurants, self-service restaurants (mostly restaurants called *esnaf lokantasi* serving Turkish home-style cooking), limited service restaurants (mainly fast-food restaurants but also includes some home-delivery-only outlets), cafes/bars, and street stalls/kiosks. Altogether, in 2018, there were over 140,000 commercial food service locations throughout the country

Table 2: Number of Outlets per Type of Foodservice

Number of Outlets	2013	2014	2015	2016	2017	2018
Full Service Restaurants	43,870	44,016	44,452	44,324	46,105	46,482
Cafes/Bars	44,782	43,761	44,553	44,770	45,746	46,160
Limited Service Restaurants (a.k.a. Fast Food)	7,949	8,770	9,313	9,847	10,296	10,712
Street Stalls/Kiosks	36,934	37,033	37,036	35,292	35,463	35,804
Self-Service Cafeterias	4,490	4,499	4,505	4,490	4,507	4,548
Total Consumer Food Service	**138,025**	**138,079**	**139,859**	**138,723**	**142,117**	**143,706**

Source: Euromonitor International.

* Limited service restaurants include fast food outlets and Home Delivery/Takeaway only outlets



Source: Euromonitor International. Total retail sales value (RSP) is shown on the right axis via the bars.

After a temporary decline in spending in full service restaurants in 2016 due to a decreasing number of tourists, domestic economic difficulties, and security issues including terrorist attacks and a coup attempt, the sector started to recover slowly in 2017 and spending in full service restaurants bounced back in 2018. High food inflation and increasing prices in full service outlets is one reason total spending in TL has increased since 2016 (as seen in the chart above), but the strong recovery in the sector cannot be attributed only to that. The economic crisis forced an increasing number of women to seek jobs outside the house in order to contribute a second income to their families. With less time for cooking, cheaper options such as fast food outlets, home delivery, and street stalls also became more attractive. Upper-middle and middle class consumers are expected to remain price-sensitive in the near term.

During the last decade, foreign full-service restaurants/brands that entered the Turkish market (including US origin), such as El Torito, TGI Friday's, Chili's, Jamie Oliver, Tom's Kitchen, Spice Market, Hakkasan, Benihana, Armani Café, Ciprani, Bice, Nando's, Laduree, De Silvano, and Hard Rock Café, have exited Turkey. While some of these chains, such as TGI Friday's, stayed for longer periods, others, like Chili's, exited after just a short trial period. Some of the chains, such as Zuma and P.F. Chang's, shrank their operations in Turkey. Foreign cafés such as Paul's and Baskin Robbins also left Turkey. The Cheesecake Factory has decided not to enter the Turkish market[3] reportedly due to import restrictions on some ingredients. Turkey has not authorized the use of any GE products in food and maintains a zero tolerance policy. Many local fine dining restaurants also closed or reduced their number of outlets in the last few years. This can be partly attributed to the decreasing number of western tourists in large cities. Additionally, the shrinking purchasing power of the upper-middle class has caused foreign restaurant brands, especially fine dining locations, to close or downsize. On the other hand, foreign fast food chains such as McDonalds, Arby's, and Popeye's, and café chains such as Starbucks continued opening new locations, although outlet expansion slowed in 2018 due to the economic recession.

[3] Hurriyet Daily Newspaper, June 23, 2016. Cheesecake Factory'e Turkiye Izini Cikmadi.

A significant number of food service companies serving institutional needs have been established in Turkey since the late 1970s. These catering companies serve corporate canteens, schools, hospitals, nursing homes, events in different venues, and more recently even some military facilities. According to the Federation of Food Industrialist Associations (YESIDEF), there are 5,000 companies in Turkey in the institutional food service field as of 2017, and this number has remained stable for the last few years. Although some companies have exited the marketplace in 2018 due to the economic slowdown and increasing food inflation, the number of companies is still around 5,000. According to the same Federation, the sales volume of these 5,000 firms was approximately $6 billion in 2017. YESIDEF announced that the average food costs for these companies increased 40 percent in course of a year (June 2019). The federation also noted that, due to the economic slowdown, many companies which contract with the food service industry, especially in factories, downsized, which decreased the business volume for 2018 and 2019 for the institutional food service. The federation estimated that this resulted in a 5 to 10 percent decrease in volume in sales all around Turkey, affecting some regions more than others[4]. The size of institutional food service companies varies significantly from small local firms to large international ones such as ISS and Sodexo. These companies either cook at their facilities and deliver the food to the respective institution or cook on the premises of the institution. The institutional food service companies in general do not use imported ingredients except some bulk commodity agricultural items such as rice, pulses and vegetable oils.

Table 2: Advantages & Challenges of the Turkish Food Service Market

ADVANTAGES	CHALLENGES
Large population; young and growing; middle and upper middle classes are increasing. Consumers are quality-conscious.	Importing can be complex: Lack of transparency in rules and regulations, time consuming import procedures, and a zero tolerance for genetically engineered products or ingredients for food use in Turkey.
Recent strong and steady GDP growth, as well as more dual income households, drives new demand for food service. Key markets are fast-food, self-service food service and casual full-service as well as home delivery/takeaway.	The depreciation of the TL and high food inflation is increasing the costs of operating restaurants, resulting in increased prices for consumers. In addition, consumers with less disposable income are becoming more price-conscious due to the same economic conditions. Therefore fast-food, street stalls/kiosks, and self service restaurants where consumers with less disposable income generally dine are not growing as quickly as in the recent past.
With many Turks traveling abroad compared to a decade ago, people are more aware of new cuisines and new ingredients.	There is strong demand for local cuisine. Foreign restaurant brands have faced difficulty succeeding in the market.
Some local casual full-service restaurants are updating and improving menus with new tastes every season. This is an opportunity for new ingredients to enter the market.	There is misinformation among higher end consumers and bad publicity in the media about processed food ingredients and additives.

Source: Market observations of FAS Istanbul Office.

II. ROAD MAP FOR MARKET ENTRY

a. ENTRY STRATEGY

After conducting market research and determining that there is a potential market in Turkey for a product that addresses the needs of the HRI industry, it is important to develop a good strategy for market entry. Turkey straddles southern European and Middle Eastern cultures, and relationships are very important for business. This makes already existing relations and connections in the country especially important. Finding a local agent is a safe approach for entry into the market, especially for medium and small enterprises that would like to start exporting to Turkey. Agents in Turkey are sometimes importers, distributors, wholesalers, commission-based traders or a combination thereof. Local representatives will have experience in market development and the

[4] Yemek Sektorune Cifte Kiskac. Dunya Newspaper. June 20, 2019.

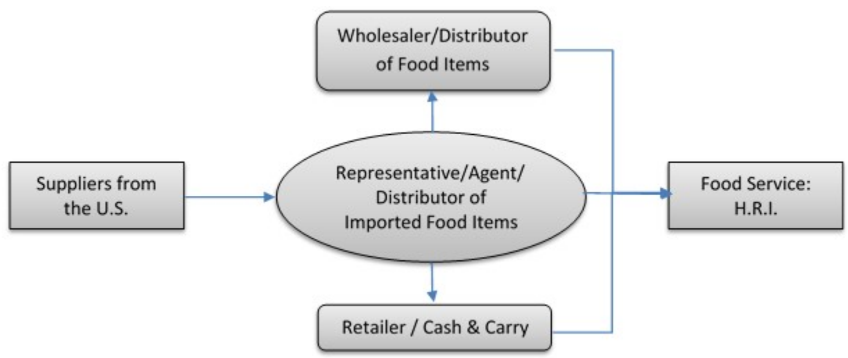
contact information of potential buyers, such as the food processors that are likely to use your products. A good representative can guide you in the market, including on import rules and regulations, which ports to utilize, local business practices, conducting market intelligence formally or informally, starting sales calls, etc. Before selecting any local agent, personally visiting them in Turkey is highly recommended. One should do meetings with several potential agents before selecting one. For larger companies with more resources, it might be an option to establish a company in Turkey and hire some local personnel.

Import procedures are complicated and burdensome in Turkey[5]. This makes a local business ally more essential. For details on the requirements, please refer to our Exporters Guide to Turkey and FAS Turkey reports on Food and Agricultural Import Regulations and Standards and Required Certificates. The U.S. Foreign Commercial Service also gives some general information on import procedures to Turkey, and on doing business in Turkey.

Local agent companies typically attend large shows such as Anuga in Germany, Sial in France, or Gulf Food in Dubai. Food trade shows in Turkey can be helpful to visit before deciding to enter the market. Anfas Food Product, World Food Istanbul, IbaTech and Food Ingredients Fi Istanbul are good shows to visit and meet importers. Travel Turkey Izmir Expo and Eastern Mediterranean International Tourism & Travel Exhibition are two local tourism related exhibitions.

Entering the Turkish market often requires a long-term perspective and persistence, as building trust is important. Correct market analysis must be done thoroughly before entry. Turkey is a large country and has a very diverse set of consumers and food processing entities. We recommend reviewing our other reports and contacting the FAS Turkey office with any questions.

b. MARKET STRUCTURE & DISTRIBUTION



There is a large, diverse and fragmented HRI sector in Turkey. The majority of the hotels and resorts are on the south and west coasts of Turkey and in large cities, but other cities have facilities too. Import procedures and reaching the diverse customer base is hard for an American company from a distance; therefore, a local agent is recommended. The HRI sector is known to buy imported food stuffs from local representative companies as it is much easier for them compared to importing it themselves. Less commonly, some smaller HRI facilities, such as small restaurants might buy their needs from a cash & carry or a retailer which buys the imported food from the representative company. In some cases, a wholesaler company, for example one that is distributing food items to hotels, might purchase the imported food items from a representative company and sell to the HRI sector.

c. SUB-SECTOR PROFILES

Important HRI companies in Turkey are listed below by sector, with links to their websites. Please note that the HRI industry is very large and fragmented in Turkey and most of the restaurants and hotels are standalone. The important chains are listed below, but the list is by no means complete.

[5] FINAL IMPORT APPROVAL OF ANY PRODUCT IS SUBJECT TO THE IMPORTING COUNTRY'S RULES AND REGULATIONS AS INTERPRETED BY BORDER OFFICIALS AT THE TIME OF PRODUCT ENTRY. Please verify the whole set of import requirements with the customer and officials.

Fast Food

1. McDonald's Turkey
2. Burger King Turkey
3. Arby's Turkey
4. Kentucky Fried Chicken Turkey
5. Popeye's Turkey
6. Carl's Jr. Turkey
7. Subway Turkey
8. Bereket Doner
9. Bay Doner
10. Usta Donerci
11. Tavuk Dunyasi
12. Kofteci Ramiz
13. Sultanahmet Koftecisi
14. Kasap Doner
15. Etiler Marmaris
16. Komagene
17. Kahta Cigkofte
18. Simit Sarayi
19. Sbarro Turkey

Pizza Chains

1. Pizza Hut
2. Papa John's
3. Domino's
4. Little Caesars
5. Pizza Pizza
6. Bafetto
7. Pizza Bulls
8. Panino Pizza
9. Pasaport Pizza
10. Pizza House
11. Pizza Raffaele
12. Tadim Pizza
13. Sampi Pide (Turkish style pizza, local concept very similar to pizza)
14. Neli Pide (Turkish style)
15. Bafra Pide (Turkish style)
16. Citir Usta (Turkish style)

Full Service Restaurants

1. Big Chefs (Casual)
2. Mid Point (Casual)
3. Kitchenette (Casual)
4. The House Café (Casual)
5. Leman Kultur (Casual)
6. Happy Moon's (Casual)
7. Cook Shop (Casual)
8. Kirinti (Casual)
9. SushiCo (Casual)
10. Eataly Turkey (Casual)
11. Mezalluna (Non-casual)
12. Paper Moon Turkey (Non-casual)
13. Nusret (Casual, Steak)
14. Gunaydin Et (Kebap, Steak)
15. Kosebasi Kebap
16. Develi Kebap
17. Kasibeyaz Kebap
18. Gelik (Kebap)
19. Tike (Kebap)
20. Hamdi Kebap

Coffee Shops

1. Starbucks Turkey
2. Kahve Dunyasi
3. Caffé Nero
4. Tchibo
5. Caribou Turkey
6. Gloria Jean's Turkey
7. Barnie's Coffee & Tea Turkey
8. Lavazza Turkey
9. Kahveci Hacibaba
10. Gonul Kahvesi
11. Kahve Duragi
12. Kahve Diyari
13. Kahve Deryasi
14. The Espresso Lab
15. Bayramefendi Osmanli Kahvecisi
16. Kocatepe Kahve Evi

Hotels & Resorts

1. Hilton Turkey
2. Marriott Turkey
3. Sheraton Hotels Turkey
4. Best Western Turkey
5. Radisson Blu Turkey
6. Holiday Inn Turkey
7. Dedeman Hotels
8. Rixos Hotels
9. Marmara Hotels
10. Kempinski Hotels Turkey
11. Swiss Otel Turkey
12. Wyndham Hotels Turkey
13. Four Seasons Hotels
14. Club Med Turkey
15. Movenpick Hotel Turkey
16. Voyage Hotels
17. Divan Hotels
18. Anemon Hotels
19. Accor Hotels Turkey
20. Crown Plaza Hotels
21. Intercontinental Hotels

Institutional Food Service

1. Sodexo Turkey
2. ISS Turkey
3. Sofra

4. Sardunya
5. Martas
6. Keyveni
7. Basak
8. Polesan
9. Uc Ogun Catering
10. Bortar
11. Tadin Yemek
12. Elchyn Catering

Table 3: Number of Accommodation Facilities per Type registered with the Ministry of Culture & Tourism (MinCulTou)

As of 12/31/2018

		With Tourism Investment License*		With Tourism Operation License	
Facility Type	Classification	Facilities	Beds	Facilities	Beds
Hotels	5 Stars	147	89,819	633	436,075
	4 Stars	237	54,688	810	232,463
	3 Stars	302	30,688	1,045	118,996
	1 & 2 Stars	101	4,185	453	30,477
	Total	**787**	**179,380**	**2,941**	**818,011**
Holiday Villages	1. Class	14	7,167	68	58,415
	2. Class	17	10,986	10	3,282
	Total	**31**	**18,153**	**78**	**61,697**
Thermal Hotels	5 Stars	12	12,027	39	20,169
	4 Stars	5	1,932	30	7,068
	3 Stars	4	931	19	2,476
	Total	**21**	**14,890**	**88**	**29,713**
Bed & Breakfast	**Total**	1	100	108	2,717
Apartment Hotels	**Total**	1	256	196	17,578
Boutique Hotels	**Total**	85	5,873	92	7,191
Special Purpose Tourism Facilities	**Total**	29	1,473	377	23,787
Complex Tourism Facility	**Total**	1	912	4	6,668
Others**	**Total**	24	4,724	42	7,522
TOTAL licensed with MinCulTou	**Total**	**980**	**225,761**	**3,926**	**974,884**

* Facilities with Tourism Investment License from the Ministry of Culture & Tourism are either under investment stage or are in trial stage (operating) before they can get the Tourism Operation license.
** Others include thermal apartment hotels, camping, golf facilities, type B holiday compounds, boutique villas, mountain houses, ranch houses/village houses, hostels, plateau houses, rural huts.

Table 4: Number of Accommodation Facilities per Type registered with the Municipalities

As of 12/31/2018

Facility Type	Facilities	Beds
Hotels	4,447	354,697
Bed and Breakfast	2,168	74,552
State owned Guesthouse	689	38,294
Motels	190	8,345
Camping	57	5,119
Thermal Hotels	79	15,757
Holiday Villages	41	14,312
TOTAL licenced with Municipalities	**7,671**	**511,076**

III. COMPETITION

According to Post's market observations, local processed food and agricultural products are the main competitor for U.S. origin processed food and agricultural products that would enter the food service industry. Turkey has a well-developed food processing sector that is producing good quality food items for the Turkish market and to export overseas. There is also a diverse production of a variety of agricultural products such as fruits, vegetables, tree nuts, grains, pulses, poultry, dairy, fish, and meat. Despite the fertile and diverse production base, demand in Turkey is above the supply for many agricultural items; therefore, the country imports all of the above-mentioned items except fruits (other than exotic fruits), vegetables, and poultry.

In addition to local production, products from European countries are also important, especially for processed food and processed food ingredients, but also for meat and fish. The EU's customs union with Turkey means many European food items have low or no customs tariffs upon import to Turkey. Furthermore, proximity to Europe is a major benefit for lower freight and shorter delivery times. Trucks are often used for transportation between Europe and Turkey. European Free Trade Association (EFTA) countries (Switzerland, Norway, Iceland, and Liechtenstein), also have a joint Free Trade Agreement (FTA) with Turkey, giving them preferential customs advantages as well. In addition, Turkey has FTAs with 19 other countries, with many including preferential tariff rates on food and agriculture products. In consumer-oriented agricultural products imports to Turkey (not including bulk products such as rice and pulses), 4 out of the top 5 countries were EU countries. After the Netherlands and Germany, the United States was the third largest supplier, followed by Poland and Italy in 2017. Please refer to our Retail Foods and Food Processing Ingredients reports for more detailed numbers on consumer oriented agricultural goods and processed products/ingredients exporting countries to Turkey. You can check our full set of reports for other agricultural commodities.

IV. BEST PRODUCT PROSPECTS CATEGORIES

Turkey is a highly competitive and very price sensitive market for many items. A thorough analysis should be done before prospective exporters consider Turkey as a long term market. Exporters should be sensitive in brand positioning and be prepared for sufficient marketing activities and advertising. Note that some products from the United States currently face additional tariffs, which affects competitiveness.

a. PRODUCTS PRESENT in the MARKET WHICH HAVE GOOD SALES POTENTIAL

1. Nuts: almonds, walnuts
2. Rice
3. Pulses
4. Sunflower seed (for oil and confectionary)
5. Sauces
6. Functional food
7. Gourmet/Ethnic food ingredients
8. Spices (some niche spices)
9. Dates, Cranberries and Dried Fruits
10. Beer, Wine, Whiskey, Bourbon, other alcoholic drinks
11. Non-alcoholic beverages
12. Food additives, food processing aids (especially innovative new ones)

b. PRODUCTS NOT PRESENT in the MARKET BUT WHICH HAVE GOOD SALES POTENTIAL

1. Pecans
2. Organic processed food
3. Organic coffee and different varieties of specialized coffee
4. Some dairy products like specialized cheese

c. **PRODUCTS NOT PRESENT in the MARKET BECAUSE THEY FACE SIGNIFICANT BARRIERS**

1. Food Items, ingredients from Genetic Engineered Crops (Please see Turkey Agricultural Biotechnology Annual Report)
2. Organic sugar
3. Beef and products

V. KEY CONTACTS AND FURTHER INFORMATION

Republic of Turkey, Ministry of Agriculture and Forestry (MinAF)

Federation of All Food and Drink Industry Associations of Turkey (TGDF)

Federation of Food Industrialists Associations (YESIDEF)

All Foods Foreign Trade Association (TUGIDER)

Turkish Restaurant and Entertainment Association (TURYID)

Istanbul Food Industrialists Association (IYSAD)

Out of House Consumption Association (ETUDER)

Turkish Tourism Investors Association (TTYD)

Hotel Association of Turkey (TUROB)

Turkish Small Hotels Association

All Restaurants and Restaurant Suppliers Association (TURES)

Association of Turkish Travel Agencies (TURSAB)

Turkish Statistics Institute (TurkStat)

Union of Chambers and Commodity Exchanges of Turkey (TOBB)

Foreign Economic Relations Board of Turkey (DEIK)

Investment Support and Promotion Agency of Turkey (ISPAT)

For other agricultural industry reports on Turkey and other countries in the world you may visit the Foreign Agricultural Service's (FAS) webpage. Contact our office via the information below:

Office of Agricultural Affairs Unites States Department of Agriculture U.S. Embassy Ankara 110 Ataturk Bulvari, Kavaklidere, 06100 Ankara, Turkey Telephone: +90 312 457 7393 E-mail: agankara@usda.gov	Office of Agricultural Affairs Unites States Department of Agriculture U.S. Consulate General Istanbul Ucsehitler Sokak No:2, Istinye, 34460 Istanbul, Turkey Telephone: +90 212 335 9068 E-mail: agistanbul@usda.gov

Attachments:

No Attachments