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Report Highlights:

Turkey's food sector is diverse and growing, after a brief period of recession in 2018. Effects of COVID-19 are yet to be seen; however, currently the food processing industry appears to be meeting the challenges well. U.S. processed food and food processing ingredients face strong competition from local suppliers and from European countries benefiting from proximity to the market and a customs union. While import regulations can be complex, there are opportunities for innovative ingredients and additives, including aromas and flavorings. Consumers in Turkey have an increasing taste for international flavors, particularly the young and growing middle class.

MARKET FACT SHEET: TURKEY

Executive Summary

The Republic of Turkey has a young population of 82.6 million people fueling consumption. It is in a Customs Union with the EU and is the 17th largest economy in the world. Annual average GDP growth of 3 percent is forecast for 2020-2024. There has been a slight decrease (in USD terms), in processed food imports to Turkey from 2018 to 2019. In general, there are opportunities for U.S. food exporters, and they should utilize importers in Turkey to penetrate the market.

Food Processing Industry

There are 48,949 food processing and 627 beverage producing enterprises in Turkey as of 2018, according to the latest statistics published by TurkStat. Turkey has a modern and developed food processing industry supplying the domestic population and exporting, which represents about 14 percent of all manufacturing activities. As of the end of 2018, there were 611 foreign direct investments in food and beverage production: 101 of these were German, 44 Dutch, 33 French, 31 from the United States, 30 from Italy, 26 from Russia, 26 from Iran and 25 Swiss.

FOOD MANUFACTURING INDUSTRY in TURKEY	2018
Processing and Preserving of Fruit and Vegetables	15.5%
Other Food Products**	15.3%
Dairy Products	12.8%
Bakery and Farinaceous Products	12.0%
Processing, Preserving, Production of Meat and Meat Products	11.6%
Flour, Starches and Starch Products	10.5%
Vegetable Oils and Fats	8.7%
Prepared Animal Feeds	6.8%
Beverages	4.9%
Processing and Preserving of Sea Food	1.8%

**Other food products include manufacture of sugar, manufacture of cocoa, chocolate and sugar confectionery, processing of tea and coffee, manufacture of other food products

Food Retail Industry

Grocery sales were USD 69 billion in 2019, and the inflation/seasonally adjusted Real Retail Sales Index has been increasing between 2010 and 2018, although it registered a small decrease in 2019. Despite the recent political and economic challenges, due to a young and urban population and a growing middle class, the food retail industry is on the rise. Several foreign players in grocery retailing have left the market, but the domestic industry, especially organized and modern retailers in the hard discount segment, are expanding with fast-paced investments.

Imports of Consumer-Oriented Agricultural Products

EU countries are the major suppliers of consumer-oriented agricultural products, with the advantage of proximity and the Customs Union. 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

Imports of Processed Foods, 2019

USD 3.1 billion

List of Top 10 Growth Products in Turkey (Imported Processed Food Ingredients) 2017-2019

1. Olive oil, virgin	**6.** Coffee Subs. Cont. Coffee
2. Bulgur Wheat, pre-cooked	**7.** Beans, prepared/preserved
3. Tomatoes, prep./preserved	**8.** Cucumbers, preserved
4. Honey, natural	**9.** Other frozen fish
5. Other mollusks, frozen	**10.** Peas, frozen

Top 10 Imported Food Processing Ingredients to Turkey (from all origins) 2019

1. Food Preparations nesoi	**6.** Fish Fats & Oils
2. Palm Oil, refined	**7.** Preparations for Infant Use
3. Sunflower Seed/Safflower Oil	**8.** Dog & Cat Food for Retail
4. Cocoa Butter/Paste/Powder	**9.** Waters/Mineral Waters
5. Coffee Extracts, Essences etc.	**10.** Palm Kernel/Babassu Oil

Top 10 Retailers (by Market Share in 2018)

1. Bim	**6.** Ekomini
2. A 101	**7.** Hakmar
3. Migros	**8.** Sec
4. Şok	**9.** Onur
5. CarrefourSA	**10.** Yunus

GDP/Population

Population: 82.6 million (TurkStat, Year-end 2019)

GDP: USD 753 billion (TurkStat, 2019)

GDP Per Capita: USD 9,115

Sources: CIA World Fact Book; Euromonitor International (EMI); Turkish Statistical Institute (TurkStat); Trade Data Monitor (TDM)

Strengths/Weaknesses/Opportunities/Threats

Strengths	Weaknesses
Long term GDP and disposable income growth, despite the recent downturn.	Domestic and international political challenges
Large population base: young and growing	Economic instabilities such as exchange rate fluctuations and increasing inflation
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 (EMI); Turkish Statistical Institute (TurkStat), Economist Intelligence Unit (EIU), Trade Data Monitor (TDM)

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I. MARKET SUMMARY

The average real Gross Domestic Product (GDP) growth between 2015 and 2019 was about 4 percent, and annual average projected GDP growth is about 3 percent between 2020 and 2024, according to Euro Monitor International (EMI). The GDP Growth rate for 2019 was 0.9 percent, better than market expectations of negative growth. 2019 has been considered a recovery year by the market after a brief period of recession in 2018. The Turkish Lira (TL) was relatively stable in 2019 despite a heavy loss of value, more than 40%, against the U.S. dollar in 2018. In spite of the growth expectation in the long run, Turkey's macroeconomic outlook is facing challenges. Geopolitical developments in the region, tensions in international relations, and investors' perceptions of risks make the economy fragile. The unknown impact of coronavirus imposes additional risks in 2020 for Turkey, as well as the rest of Europe. A continued stagnation in the economy is expected for 2020, with various institutions forecasting between -3.5 percent and 1.4 percent annual real growth rates for GDP in Turkey.

The annual inflation rate, which hovered around 20 percent in the first quarter of 2019, gradually declined and Turkey ended the year with an annual inflation rate of 11.8 percent[1]. The quick drop was mainly due to already high consumer price index (CPI) in the last quarter of 2018; the high CPI in the base year leads to slower rise in the CPI. As of March/April 2019, Turkey is struggling with COVID-19 like many other countries, which is expected to affect the economy and the food price level adversely in 2020. Increases in food and beverage prices seem to be a persistent problem in recent years, even before the coronavirus epidemic in 2020. Although there are some increases in certain food and beverage prices due to the pandemic causing increases in demand for food supplies at private homes, no scarcity in any food items has been observed. Please see our Exporter Guide for more on macro-economic issues and the concordat trend among Turkish companies, including food processors.

Turkey remains a net exporter in the processed foods both to the world and the United States in 2019, as they have been for the past five years. The international trade surplus is slowly but persistently increasing in Turkey's favor in USD terms for this particular industry, whereas there is a trade deficit overall. The country has a developed food processing industry with good quality products and the pricing is competitive compared to Europe and the United States, especially considering the weakness of the TL in comparison to the dollar and euro. Turkey is home to a rich base of agricultural production and is able to supply labor with relatively competitive prices to the industry.

Table 1: Advantages & Challenges facing U.S. Food Processing Ingredients in Turkey

ADVANTAGES	CHALLENGES
A large and developed food processing industry is requiring a wide range of ingredients and is open to innovative ones, like additives and processing aids.	Importing can be complex: There is 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
Strong and steady retail market and GDP growth, as well as more dual income households, drives new demand for processed, frozen, prepared food and ingredients.	Artisan domestic products such as bakery and cheese utilize domestic ingredients and have strong existing relationships with ingredient suppliers.
For U.S. companies already exporting to Europe, expansion to Turkey can be easier as many regulations are similar to those of the EU.	The depreciation of the TL means that imported food ingredients for use in the domestic market are more expensive than domestic ones, and many EU products benefit from the Customs Union and proximity.
There is positive perception among the food processing industry for innovative new food processing ingredients from the United States.	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.

Based on Post analysis of the market, it is expected that demand for imported higher-value processed food products will increase in the medium to long term, especially in Turkey's urban western centers where consumers are relatively wealthier. With a growing young middle class that travels more than their parents, taste for international flavors will increase. Turkey's geographical position facilitates food imports and exports as well.

Despite the political and economic difficulties, including depreciation of the lira, packaged food continued to register volume and current value growth (both in TL and USD terms) in 2019 compared to 2018, but it is still below the volume and sales value seen in 2013 in USD terms. It will take more time to resume the volumes and USD sales due to the reasons mentioned above in the first three paragraphs. Post estimates that there will a short term increase in consumption of packaged food in Turkey in 2020 due to the COVID-19 quarantine and curfews.

Mainly due to fast expansion of discounters and hard-discounters, modern market chains are becoming so widely available to consumers that now a big portion of urban consumers are able to obtain packaged goods very easily and have become less likely to visit small shops to purchase artisanal foods.

Sales of organic packaged food is increasing in Turkey; sales have increased about 16 percent in USD terms in 2019 compared to 2018 (37 percent in TL terms). Both in USD terms and TL terms, sales of packaged organic food have been increasing for the last five years. The main reason for the expansion of the organic packaged food market in Turkey is due to parents who wish to feed food that is perceived as healthier/safer to babies and kids. Organic olive oil, flour, milk, yogurt, eggs, and nuts are getting more popular among adults too. It is expected that the growth trend will continue.

“Functional/fortified” packaged goods are gaining ground in the market due to increased health consciousness of mainly urban middle, upper middle, and higher income consumers. Stronger growth in real terms is expected when compared with regular packaged food. The media has focused on the harmful effects of sugar and saturated fats in recent years, and obesity and diabetes are a growing problem in Turkey. In addition, urbanized, better-educated parents with more disposable income, give high importance to the nutritional content of the food they give to their children. This is creating an increasing demand for functional/fortified baby and children’s food. Overall demand for “better for you” packaged food is also an increasing trend. Urban professionals are more concerned with appearance; therefore low-fat, low-carb, and low-sugar, “better for you”, packaged food is getting more popular. Low-fat milk and yogurt are early examples of this kind of food; baked potato chips instead of fried is getting more popular even though they are more expensive. “Naturally healthy” packaged food such as nuts, seeds, and dried fruits; high fiber bread (instead of white regular bread); sourdough bread; kefir for probiotics; high probiotic yogurts; and cold pressed olive oil also continue to gain market share and observe real sales growth. Low-salt options are also common. Newly-developed products and innovative ideas are expected to continue coming into the market, prompting more sales in all of these three categories, i.e. “functional/fortified”, “better for you” and “naturally healthy” packaged food.

There are 48,949 food processing and 627 beverage producing enterprises in Turkey as of 2018, according to the latest statistics published by TurkStat. Calculated on the basis of sales values, the food production industry constitutes 13.29 percent of all production industries as of 2018, and beverage manufacturing industry is 0.68 percent of all manufacturing industries in Turkey. This makes food and beverage production the largest manufacturing industry in Turkey for 2018.

The number of companies in food production has slowly and steadily been increasing over the past five years, except in 2015. Also, revenue of these companies has been steadily increasing between 2014 and 2018 in terms of TL, but foreign exchange rate depreciation caused the sales numbers in USD terms to deteriorate since 2014.

Table 2: Number of Enterprises and Turnover Values of Food Manufacturing Industry in Turkey

	Number of Enterprices					Turnover in Millons of USD*				
FOOD MANUFACTURING INDUSTRY in TURKEY	**2014**	**2015**	**2016**	**2017**	**2018**	**2014**	**2015**	**2016**	**2017**	**2018**
Manufacture of Food Products	**44,977**	**43,733**	**45,567**	**47,617**	**48,949**	**76,231**	**67,963**	**67,715**	**66,256**	**60,691**
Processing and preserving of meat and production of meat products	1,107	1,203	1,268	1,259	1,275	8,785	7,696	8,056	8,639	7,430
Processing and preserving of meat	325	360	378	383		2,283	2,272	2,815	**	
Processing and preserving of poultry meat	83	79	87	89		5,159	4,192	4,079	4,306	
Production of meat and poultry meat products	699	764	803	787		1,343	1,233	1,162	**	
Processing and preserving of fish, crustaceans and molluscs	181	190	225	245	251	1,026	1,002	1,114	1,060	1,174
Processing and preserving of fruit and vegetables	2,263	2,345	2,456	2,547	2,608	12,971	11,968	11,301	10,865	9,895
Processing and preserving of potatoes	39	33	63	73		275	262	266	284	
Manufacture of fruit and vegetable juice	193	198	219	228		1,220	1,059	1,022	1,115	
Other processing and preserving of fruit and vegetables	2,031	2,114	2,174	2,246		11,477	10,647	10,012	9,466	
Manufacture of Vegetable Oils and Fats	1,161	1,192	1,243	1,305	1,352	8,257	6,809	6,723	6,374	5,548
Manufacture of oils and fats	1,152	1,185	1,236	1,298		**	**	**	**	
Manufacture of margarine and similar edible fats	9	7	7	7		**	**	**	**	
Manufature of Dairy Products	2,038	2,066	2,156	2,248	2,301	10,346	9,205	9,079	8,613	8,181
Operation of dairies and cheese making	1,647	1,649	1,730	1,769		**	**	**	**	
Manufacture of ice cream	391	417	426	479		**	**	**	**	
Manufature of Grain Mill Products, Starches and Starch Products	3,313	3,469	3,386	3,319	3,128	8,885	8,152	7,958	7,690	6,689
Manufacture of grain mill products	3,286	3,443	3,353	3,291		8,096	7,447	7,265	6,866	
Manufacture of starches and starch products	27	26	33	28		789	704	693	824	
Manufacture of Bakery and Farinaceous Products	31,391	29,899	31,120	32,740	33,870	9,527	8,459	8,529	8,229	7,676
Manufacture of bread; manufacture of fresh pastry goods and cakes	27,350	25,659	26,659	28,026		4,921	4,356	4,413	4,119	
Manufacture of rusks and biscuits; manufacture of preserved pastry goods and cakes	3,951	4,160	4,360	4,589		3,206	2,930	2,795	2,748	
Manufacture of macaroni, noodles, couscous and similar farinaceous products	90	80	101	125		1,400	1,173	1,321	1,362	
Manufature of Other Food Products	2,769	2,835	3,149	3,363	3,582	11,930	10,685	10,834	10,424	9,773
Manufacture of sugar	10	10	10	10		2,965	2,603	2,490	2,286	
Manufacture of cocoa, chocolate and sugar confectionery	1,276	1,317	1,343	1,413		4,249	3,777	3,766	3,569	
Processing of tea and coffee	343	349	389	438		2,490	2,260	2,363	2,314	
Manufacture of condiments and seasonings	471	401	429	434		889	812	876	880	
Manufacture of prepared meals and dishes	337	382	480	497		281	276	**	391	
Manufacture of homogenised food preparations and dietetic food	30	36	45	56		58	44	**	41	
Manufacture of other food products n.e.c.	302	340	453	515		998	914	979	943	
Manufacture of Prepared Animal Feeds	754	534	564	591	582	4,504	3,988	4,122	4,362	4,326
Manufacture of prepared feeds for farm animals	723	503	524	543		4,430	3,916	4,049	4,280	
Manufacture of prepared pet foods	31	31	40	48		75	72	73	82	
Manufacture of Beverages	**564**	**557**	**560**	**595**	**627**	**3,812**	**3,410**	**3,293**	**3,262**	**3,111**
Distilling, rectifying and blending of spirits	12	11	14	17		**	**	**	**	
Manufacture of wine from grape	163	162	158	162		153	134	108	129	
Manufacture of beer	5	5	7	9		**	**	**	**	
Manufacture of soft drinks; production of mineral waters and other bottled waters	384	379	381	407		**	**	**	**	
TRL/USD*						**2.187**	**2.725**	**3.02**	**3.648**	**4.829**

Sources: Turkish Statistical Institute, 2018 is latest available year as of April 2019. Orange and Yellow lines are aggregates. TurkStat has not published the break downs of the industries for 2018 yet in April 2019. All the statistics in the table are revised by TurkStat retroactively in 2018 will not match with our previous report.
* The values are exchanged from current TL values to USD by using the average FX rate for that year, rates are indicated on the last line of the table for each year.
** The specific values are not revealed (but included in aggregates) by TurkStat to protect the confidentiality of companies if there are too few companies in the given industry or if a few large players are dominating the industry even if the number of companies are not too few.

Despite Turkey's strong agricultural production base, when it comes to food additives, such as coloring additives and artificial sweeteners, Turkish companies tend to import these products. They are then sold as mixes under a Turkish brand or with the original brands. There is one prominent Turkish company that is producing aromas and natural-identical flavors called Aromsa. Most of the aromas/flavorings used in the industry are imported. When it comes to yeasts for the bakery sector, there are three large companies in Turkey producing these. The one with the largest market-share is Turkish-owned, called Pakmaya, the other two are European-origin foreign direct investments in Turkey. All three are also exporting to other countries. Regarding enzymes as food processing aids, most are imported from various countries with a small amount of local production. For gelatin, there is demand for Halal products as Turkey is a Muslim country and pork products are common in gelatin production globally. There are some Halal gelatin producers in Turkey that use only beef products to meet the demand. When it comes to vitamins and minerals as food ingredients, most are imported, though there is some local production, such as calcium carbonate. Additives are generally imported from developed countries. Europe and the United States are the main sources, with the Netherlands and Germany being the two largest European sources of these products to Turkey.

II. ROAD MAP FOR MARKET ENTRY

a. ENTRY STRATEGY

After conducting market research determining that there is a potential market in Turkey for the food ingredient that you are dealing with, 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. Large food processors in Turkey may be directly contacted, especially by larger size American companies. Agents in Turkey are sometimes an importer, distributor, wholesaler, a commission-based trader or some combination thereof. Local representatives will have experience in market development and 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 of them 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.

Large food processors in Turkey are often capable of accessing the ingredient suppliers themselves and importing directly. Therefore, one might approach them directly or try and meet them in a trade show in Europe, the Middle East or in Turkey. The large 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 , CNR Food Istanbul, and Food Ingredients Fi Istanbul are good shows to visit and meet importers.

Entering the Turkish market often needs a long term perspective and persistence, as building trust is important. Correct market analysis must be done thoroughly before entry to be able dedicate enough resources; Turkey is a large country compared to almost all other European countries, and has a very diverse set of consumers and food processing entities. We recommend reviewing our other reports and contacting the FAS Turkey office if needed.

b. IMPORT PROCEDURE[2]

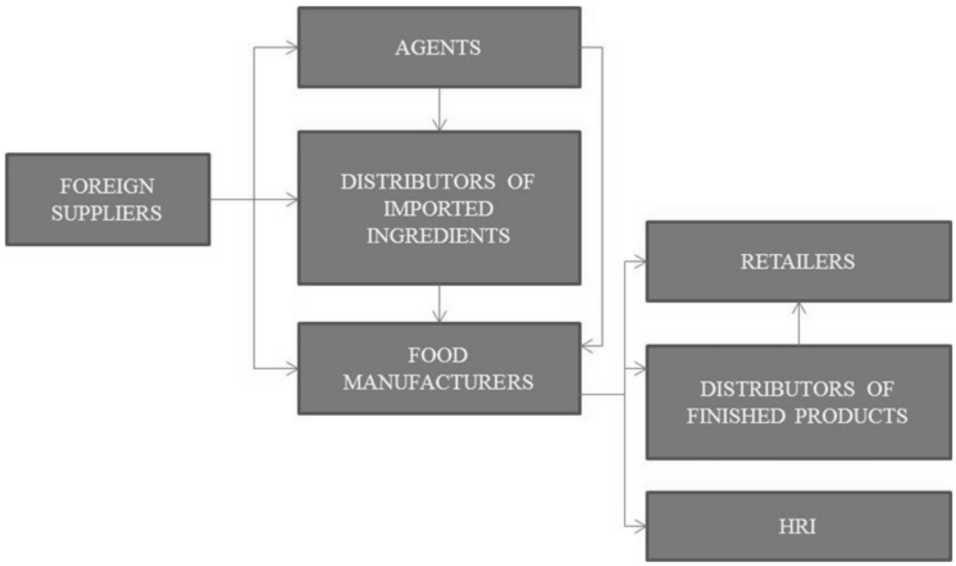
Import procedures are complicated and burdensome in Turkey. This makes a local business ally more essential. For details on the requirements, please refer to our Exporters Guide to Turkey and FAS Turkey reports on Food and Agricultural Import Regulations and Standards and Required Certificates. The U.S.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

Turkey's import processes and regulations can be difficult to navigate; in most cases some counseling with a customs broker/consultant in Turkey is useful as these brokers/consultants often understand the complex import processes better than a new lesser-experienced company. You might contact Istanbul, Izmir , Mersin, or Ankara Customs Brokers Association depending on your needs.

Many laws and regulations are harmonized with the EU in Turkey. Companies that have exported to the EU before are often better prepared for navigating Turkish regulations, though not everything is the same, which does additionally complicate imports. Labeling requirements should be taken into consideration, and good resources for more information are the FAS Turkey reports on Food and Agricultural Import Regulations and Standards and Certificates.

c. DISTRIBUTION CHANNELS

Food processing ingredients reach processors in Turkey either through a local importer, agent, distributor, or broker, or are imported directly by the processor. Large processors prefer to buy directly from the producer in the exporting country, but also do buy from agents as well. Other small and medium sized processors will buy ingredients from importers/agents/wholesalers/representatives to reduce risk related to financial transactions and import procedures.



Imported processed food is distributed through mostly premium organized retailers in the country. The penetration of organized retailers is approximately 50%, with the rest being traditional, small, family-owned corner grocery stores. These smaller stores have little (or no) imported packaged food, but more domestically-produced processed products such as cheese, bakery items, confectionary and snacks. Turkey's largest cities are Istanbul, Ankara, Izmir, and Adana. In summer, the Mediterranean and Aegean coasts of the country are flooded with foreign and domestic tourists. Please review our Turkish Food Retail Sector Report to better understand the retail market structure and distribution channels and opportunities.

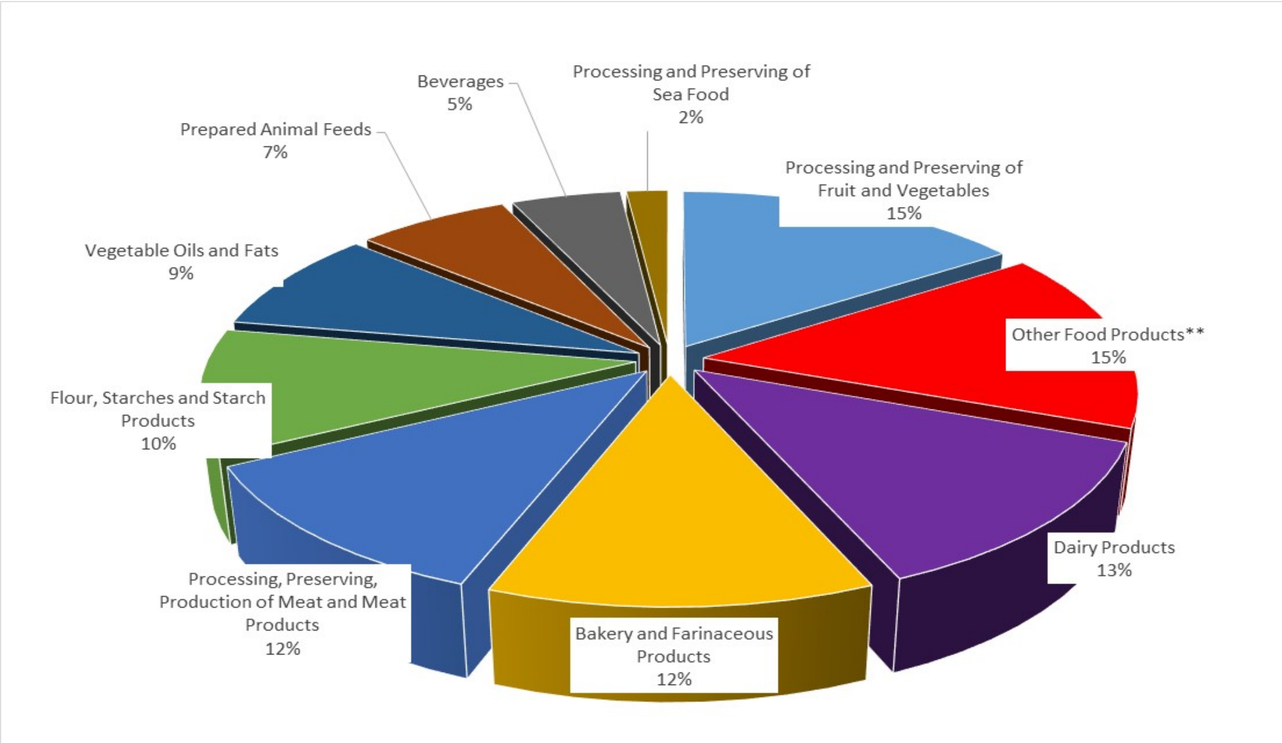
Food service is another way of reaching consumers. High end restaurants that are generally in large metropolitan areas or coastal resort towns are potential users of imported processed food and ingredients. Please review our Food Service - Hotel, Restaurant, Institutional Report for more information.

d. MARKET STRUCTURE

There are large, medium, and small size food processors spread throughout the country fueling demand for ingredients, though not all use imported or U.S. ingredients. Some food processors in Turkey use local ingredients supplied by the fertile agriculture base and/or locally produced additives. For many others though, imported ingredients and/or additives are vital. The above chart represents the market structure for food processing ingredients.

The majority of food processing is done around major metropolitan areas in Western Turkey. For production of ingredients for bakery products such as flour (but not additives and yeast) there is a concentration around Karaman and Konya, in Central Anatolia where Turkey's wheat is grown. There is a concentration around Izmir and Bursa for dairy processing. Most companies have an office or suppliers centered around Istanbul.

e. SHARE OF MAJOR SEGMENTS in the FOOD PROCESSING INDUSTRY in 2018



*The above chart is for year 2018 which is the latest year that TurkStat has reported these data so far.
** Other food products include manufacture of sugar, manufacture of cocoa, chocolate and sugar confectionery, processing of tea and coffee, manufacture of other food products
*** Percentages are calculated on basis of turnovers created by the respective industry. See actual data.

f. COMPANY PROFILES

The food processing companies in Turkey that are listed in Turkish Fortune 500 for 2018 are below. For the purposes of this report, only the top 25 companies are displayed, but there are actually 35 food and beverage companies in the Turkish Fortune 500 list in 2018, as prepared by Fortune Magazine Turkey.

Table 3: Food processing companies listed in Turkish Fortune 500 by Fortune Magazine Turkey 2018

2018	Fortune 500	Company	Subject of Business	Net Sales (1,000 USD) *
1	18	Anadolu Efes	Alcoholic beverage (Efes Beer), owner of Migros retail chain, master franchise owner and operator of McDonald's in Turkey, bottler of Coca-Cola in 10 countries including Turkey.	3,870,302
2	34	Unilever	Ice cream, ready-to-eat soup, ketchup, mayonnaise, mustard, tea, vegetable based margarine, food ingredients for B2B	1,838,851
3	47	Ülker Bisküvi	Confectionary, Snacks, chocolate, butter, flour, vegetable oil	1,233,280
4	57	Turkish Grain Board	Garins, Milk, Meat and Aqua Products and related products (State owned)	980,942
5	64	Tiryaki Agro Gida	Grain products including corn, barley, rye, oats, beans, light speckled kidneys, peas, black eye, white beans, lentils, chickpeas, rice, and dried nuts	910,499
6	72	Türkiye Şeker Fabrikaları	Production of Refined Sugar (State owned)	784,419
7	77	Konya Şeker	Sugar, Confectionary, Dairy	735,535
8	87	Sütaş	Dairy Products and processing	676,155
9	95	Ulusoy Un	Production of flour	618,048
10	97	Banvit	Poultry Products and processing	607,094
11	100	Altınmarka Gıda	Cocoa importer and processor, chocolate producer for other companies (B2B)	599,774
12	117	TAB Gida	Operator and master franchise owner (for Turkey) of Burger King, Arby's, Popeye's, Sbarro and Usta Donerci (local fast food). Processor of meet, producer of bread and dairy products.	502,954
13	118	Kerevitaş Gıda	Production of frozen and canned vegetables and fruits for home and industrial use, canning of tuna fish	501,560
14	125	Abalıoğlu Oil	Oil production	477,542
15	128	Namet Gıda	Meat processing, Meat products	460,118
16	144	Çaykur	Tea and tea products processing (State owned)	413,494
17	147	Abalıoğlu Yem Soya	Fish, poultry and farm animal feed, aquaculture production, fish processing, meat production and processing, poultry production and processing	400,200
18	167	Sofra Yemek Üretim	Industrial catering company	354,070
19	170	Türk Tuborg	Alcoholic beverage (Beer)	351,945
20	194	Torunlar Gıda	Trade of sunflower seed oil and other oil seeds; production of sunflower seed oil, canola oil, soya oil, paddy production and rice processing	306,685
21	216	Trakya Birlik	Sunflower seed oil, vegetable based margarine	267,402
22	224	Kilic Aqua Products	Aquaculture production of fish, aqua products and fish feed	255,235
23	230	Yayla Agro Gıda	Pulse packer, ready-to-eat packed pulse meals	247,919
24	243	Tat Konserve	Preserved vegetables, tomato paste, ketchup, mayonese	239,258
25	248	Gumusdoga Aqua Products	Aquaculture production of fish, aqua products	237,125

* Net sales is published by Fortune Magazine Turkey in TRL and converted into USD with rate of 4.829 TRL/USD, average rate for 2018.

Important food processing companies in Turkey are listed below by sector, with links to their websites.

Dairy Companies

1. SEK Sut Urunleri
2. Pinar Sut Mamulleri
3. Sutas Sut Urunleri
4. Yorsan Sut Urunleri
5. Danone Turkey
6. Ak Gida / Ulker Icim Sut
7. Eker Sut Urunleri
8. Torku Gida

Meat and Poultry Processing

1. Pinar Et
2. Namet Et
3. Maret Et (Owned by Namet since 2014)
4. Trakya Et
5. Polonez Et Urunleri
6. Sahin Melek Et ve Mamulleri
7. Besler Et ve Gida Sanayi
8. Coskun Et Mamulleri
9. Banvit Poultry
10. Keskinoglu Poultry
11. Beypilic Poultry
12. Akpilic Poultry
13. CP Turkey Poultry
14. Has Poultry

Confectionary, Chocolate, Snack

1. Eti Gida
2. Ulker Gida
3. Nestle Turkey
4. Frito Lay Turkey
5. Mondolez International Turkey
6. Torku Gida

7. Dogus
8. Ferrero Turkey
9. Saray Biscuits
10. Haribo Turkey
11. Bifa Gida

Processed Sea Food

1. Dardanel Gida
2. Kerevitas
3. Leroy Turkey
4. Kocaman
5. Kilic Deniz
6. Marines Sea Food

Nuts and Dried Fruits

1. Malatya Pazari
2. Tadim
3. Papagan
4. Peyman
5. Pinar Kuruyemis
6. Milhans Kuruyemis
7. Seyran Gida

Beverages

1. Dimes Gida (Fruit Juices)
2. Aroma (Fruit Juices, Carbonated Drinks, Water)
3. Tamek (Fruit Juices)
4. PepsiCo Turkey (Carbonated drinks, chips)
5. Coca Cola Turkey (Carbonated drinks, fruit juices, water)
6. Anadolu Efes (Beer)
7. Turk Tuborg (Beer)
8. Mey Icki (Hard liquor, wine)
9. Doluca Wine
10. Kavaklidere Wine

Canned Food, Ready to Eat Food, Frozen Food, Processed Vegetables & Fruits

1. Tat (canned, glass bottle conserved)
2. Tamek (canned, glass bottle conserved)
3. Yurt Konserve (canned)
4. Superfresh (frozen)
5. Pinar (Frozen)
6. Feast (Frozen)
7. Tukas Gida (canned, glass bottle conserved)
8. Penguen Gida (glass bottle conserved)

g. SECTOR TRENDS

Turkey's food manufacturing/processing industry has benefited from sustained economic growth and has also been a driver of economic growth for over a decade. Even though there were stagnations or drops in GDP growth rates in some years, food manufacturing/processing and food retail industries were the least impacted across the economy. Sales growth is expected in the processed food industry in the upcoming years. This growth is driven by continued urbanization, a large young population which is more inclined to eat processed food compared to the former generation, an increase in women's participation in the workforce, and an increase in the number of college students that prefer more ready-to-eat meals. There is an increase in the number of single-person households, especially in larger cities, which tends to increase consumption of processed food, especially packaged food and prepared meals. There is also more access to organized grocery chains throughout the country, at least in city and town centers, since they are replacing traditional grocery stores called *bakkal*s; this creates better access to a wider variety of processed, packaged, chilled, frozen and ready-to-eat food.

With increasing education levels, urbanization, and disposable income, health and wellness-related processed food, such as organic and functional foods and drinks, are expected to be more in demand by younger upper-middle and upper income level Turks. In grocery store freezers, there are a variety of pizzas, Turkish-style meat products, such as different kinds of meatballs and kebabs, forms of prepared seafood dishes, local/ethnic kinds of bakery products like börek, and processed vegetables and fruits. Ready-to-eat seafood and frozen bakery products are trendy, and more functional and flavored yogurts and kefirs are arriving in retailer refrigerators. Healthier, organic, and functional food options are on the rise.

Food service consumption has been affected by the COVID-19 pandemic starting the second week of March 2020 in Turkey. Tourism has halted as people stopped traveling, and restaurant and cafes have been shut down as a precaution. If the virus threat ceases before the end of the summer, tourism might provide a boost in the western and southern coastal towns of Turkey as people from Europe, the Middle East, and domestically would take delayed vacations. On the other hand, COVID-19 seems to have increased retail food sales for home consumption, including processed and packaged food items with longer shelf life.

III. COMPETITION

Major competition for U.S. processed food and food processing ingredients comes from local suppliers and from European countries. The EU and Turkey are in a customs union where there is either no or low customs tariff rates for many products (though agricultural commodities are excluded), and other preferential treatments for products not covered by the customs union agreement. Many processed foods are actually considered manufactured items and covered under the customs union, unlike agricultural commodities. EU-origin processed food ingredients also benefit from proximity and lower freight costs and a familiarity by Turkish consumers.

Likewise, Turkey has a free trade agreement with European Free Trade Association (EFTA) countries. For example, Norway sells seafood to Turkey, some of which goes into food processing and Switzerland sells additives, processing aids, and cocoa to Turkey. Turkey has FTAs with 19 other countries, with many including preferential tariff rates on food and agriculture products. Among the countries that have an FTA with Turkey, only Bosnia & Herzegovina is in the top 10 countries from which Turkey imports processed food ingredients (see below); likewise, Switzerland (member of EFTA) is in the Top 15.

The table below gives the top countries from which Turkey imports processed products and ingredients. Many of them are from Europe and benefit from geographical proximity and aligned regulatory structures. Asian countries are generally supplying palm oil, and Russia is generally supplying sunflower seeds and sunflower seed oil. The United States is mainly exporting value added products and "Food Preparations nesoi" categories, which are mainly processed food additives, aids, and ingredients. The main competitors for these products are European countries. Turkish processed food products/ingredients imports have been declining in the past five years both from the United States and from the rest of the world in USD terms, mainly due to the depreciating TL against foreign currencies. The United States has maintained its market share of imported processed food/ingredients over the past three years but has slowly lost some ground to EU countries compared to five years ago. This may be gained back with competitive pricing for the market as the Turkish market is a very price-sensitive developing market.

Table 4: Processed Products/Ingredients Imports to Turkey

	Thousands of USD	Imports	Imports	Imports	Share (%)	Share (%)	Share (%)	FTA
	Country	**2017**	**2018**	**2019**	**2017**	**2018**	**2019**	**Status**
1	Malaysia	576,451	555,573	542,208	18.18	17.52	17.10	No
2	Russia	460,114	307,703	356,226	14.51	9.70	11.23	No
3	Netherlands	263,300	265,895	258,105	8.30	8.38	8.14	EU
4	Germany	246,578	234,492	216,119	7.77	7.39	6.81	EU
5	Italy	131,235	125,599	110,485	4.14	3.96	3.48	EU
6	United Kingdom	141,704	104,908	107,834	4.47	3.31	3.40	EU
7	France	91,195	100,175	103,266	2.88	3.16	3.26	EU
8	Bulgaria	60,294	92,057	101,154	1.90	2.90	3.19	EU
9	India	103,783	81,430	75,869	3.27	2.57	2.39	No
10	Bosnia and Herzegovina	136,272	74,906	74,738	4.30	2.36	2.36	FTA
11	Poland	88,039	84,063	74,386	2.78	2.65	2.35	EU
12	Belgium	59,612	65,752	72,351	1.88	2.07	2.28	EU
13	Indonesia	116,925	75,543	72,257	3.69	2.38	2.28	No
14	Spain	58,650	41,492	70,034	1.85	1.31	2.21	EU
15	**United States**	**87,271**	**73,139**	**66,592**	**2.75**	**2.31**	**2.10**	**No**
	World Total	3,712,214	3,181,993	3,171,441	100	100	100	

Source: Trade Data Monitor

IV. BEST PRODUCT 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

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

1. Food additives, food processing aids (especially innovative new ones)
2. All kinds of coffee products, coffee additives, coffee aromas etc., coffee innovations
3. Nuts: almonds, walnuts
4. Sunflower seeds (for oil)
5. Sauces
6. Gourmet/Ethnic food ingredients
7. Spices (some niche spices)

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

1. Ingredients for healthy, natural or functional foods industry
2. Ingredients for organic processed food

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

1. GMO derived ingredients and additives (Agricultural Biotechnology Report for Turkey)
2. Organic sugar as ingredient
3. Beef and products

V. KEY CONTACTS AND FURTHER INFORMATION

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

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)

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

Association of Food Additives and Ingredients Manufacturers (GIDABIL)

All Foods Foreign Trade Association (TUGIDER)

Federation of Food Industrialists Associations (YESIDEF)

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

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Attachments: No Attachments