USDA Foreign Agricultural Service
GAIN Report
Global Agricultural Information Network

Required Report - public distribution

Date: 6/15/2015

GAIN Report Number: TR5029

Turkey

Post:
Ankara

Food Processing Ingredients

Food Processing Ingredients

Approved By:
Kimberly Sawatzki, Agricultural Counselor
Prepared By:
Meliha Atalaysun, Agriculture Marketing Assistant

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 opened 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.

I. MARKET SUMMARY

Turkey is the world's 19th largest economy having a population of 77.7 million. Food expenditures in Turkey account for about 20 percent of household consumption, compared tc percent in developed countries.

The rate of urbanization continues to increase and currently 73 percent of the total populatior lives in cities. The most populated province in the country is Istanbul with 18.5 percent of Turkish citizens (14.38 million people). Istanbul is followed by Ankara with 6.6 percent (5.1. million people) and İzmir with 5.3 percent (4.11 million people). Rapid urbanization also lea to a decrease in household sizes and young Turks in major cities positively affect the process 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 ha increased the tendency to dine and socialize over food outside the home. A new and faster pa 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 order to rapidly take advantage of changing consumption patterns.

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

There are more than 41,000 companies operating in the Turkish food and beverage sector. Roughly 95 percent of these companies are small or medium sized companies. When we loo the distribution of the food processing companies to sub-sectors: 65 percent are in the flour a bakery sector, 12 percent are in the fruit and vegetable processing sector, 11 percent are in th milk and dairy processing sector, 4 percent are in the vegetable oils and margarine sector, 3 percent are in sugar confectionary, 1 percent are in the meat processing sector, and 4 percent in unclassified food products, non-alcoholic beverages, and water products.

Turkey also has a strong and growing tourism industry, which will be positively affected by t depreciation of the Turkish Lira against US Dollar and Euro. The number of foreign tourists (mostly European) visiting Turkey increases every year and exceeded 36 million in 2014 compared to 33 million in 2013. This number is targeted to reach 50 million by 2023. This results in increasing demand for imported products by the service sector such as hotels and h end restaurants.

The Turkish Lira exchange rate compared to the US Dollar has weakened rapidly in 2015 du macroeconomic factors. The parity which had been 1 US$ = 2.3 TL in January 2014 topped US$ = 2.8 TL in June 2015. Even though this poses an impediment for import items in gene necessities will still have to be imported, and there is a shortage in some of the basic food products due to bad weather conditions in 2014. These two factors combined have led to a dramatic increase in food prices in Turkey in 2015.

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 lower transportation costs better cold chain infrastructure, and faster market access due to geographical proximity
A young and urban population creates demand for and welcomes new products as they are open to try novel tastes.	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
Additional demand for food products comes from the strong and growing tourism sector.	There are some very high import duties on bo bulk and processed products.
The good reputation of U.S. food products is the main reason for increasing demand as economic conditions and purchasing power improve.	Recent fluctuations in the foreign exchange ra made imported products more expensive in th Turkish market.
Change in retailing structure has opened new areas for branded import items.	Turkey has a well-developed food-processing sector with qualified products and competitiv pricing. There is also a rich base of agricultu 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 Turke both in terms of price due to lower import dut and regulatory advantage due to harmonizatio of regulations within the member/candidate states
U.S. products have a 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.	The Biosafety Law prevents all GM (Genetically Modified) products for food purposes to enter Turkey. This effects many products with ingredients that have a possibili

	of being GM.
As the processed food market continues to grow, so does the demand for food ingredients and they are mostly imported.	In the retail stores, competition for shelf space has led to higher costs for introducing new products.

II. ROAD MAP FOR MARKET ENTRY

A. **Entry Strategy**

Distribution channels are of crucial importance in Turkey, as the country is much larger in ar 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 14.38 million - comprise the largest areas of consumption. This trend changes the summer, however, as tourists flood into Southern and Western Turkey. Antalya is the tourism capital of Turkey attracting 11.5 million foreign visitors in 2014. Investors must carefully analyze where to sell and promote their products due to vast income disparity amon the regions. As a result of poor city planning in major cities, the economically disadvantagec 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 anc internal dynamics before entering. In this respect, partnering with a Turkish importer/distribu 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 populat represents great consumption growth potential as the economy improves. This is an importai advantage for the processed food sector as half of the population is below the age of 30.

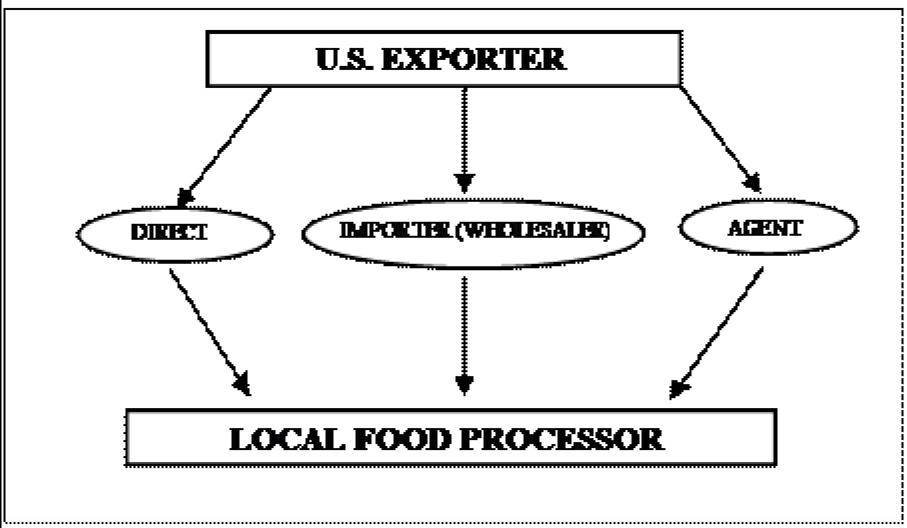
One of the most important regulations that U.S. exporters should watch for is the Biosafety Law. No genetically engineered (GE) foods are approved for human consumption. Import o some GE soy and corn traits are currently allowed only for feed use. No GE traits are approv for food use or cultivation in Turkey. For more information about the Biosafety Law in Turk please refer to the Biotechnology Annual GAIN report available at: http://gain.fas.usda.gov/Pages/Default.aspx

Another important regulation is the labeling regulation. Current legislation in Turkey prohib statements on packages that would imply a health benefit of the product. Also, there cannot l 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 not possible, the importer might find alternative solutions such as covering the unpermitted phrases with a sticker.

Requirements and standards for some imported foods may be more strict than those currently applied in the EU (biotechnology legislation for instance). For a more detailed description of Turkey's food regulatory system and import process, please refer to the Food and Agricultural Import Regulations (FAIRS) report and Exporter Guide report available on the FAS website http://gain.fas.usda.gov/Pages/Default.aspx

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/ingredie 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 is expected to regi 9 percent growth in 2015. Industry sources estimate the retail food market size to be US$12(billion. In recent years, the substantial increase in the number of supermarkets, hypermarket 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 of 150 supermarket chains throughout Turkey increased from 17,000 in December 2013 to 19,000 stores in March 2014. The increased popularity of large-scale supermarkets allows greater variety of products at lower prices for the consumers and thus drives the processed food marl 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:
http://gain.fas.usda.gov/Pages/Default.aspx.

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 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	Retail	IZMIR

Fax: 90-232-463-3370 ogunc@impekscomp.com		
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 is locally produced (such as calcium carbonate a citric acid) and the remaining 85 percent is imported. However, recently new 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	Procure Channel
DAIRY PRODUCTS			
Pinar Sut Mamulleri San A.S. Mr. Ergun Akyol Tel: 90-232-436-1515 Fax: 90-232-482-2200 ergun.akyol@pinarsut.com.tr	HRI / Retail	IZMIR	Importer Direct
Ak Gida San ve Tic A.S. (Ulker Group) Mr. Huseyin Avci Tel: 90-264-554-0000 Fax: 90-262-554-0020 beyza.demiral@akgida.ulker.com.tr	HRI / Retail	SAKARYA	Importer Direct
Sutas Sut Urunleri A.S. Mr. Muharrem Yilmaz Tel: 90-216-572-3050 Fax: 90-216-573- 46 12 sutas@sutas.com.tr	HRI / Retail	ISTANBUL	Importer Direct
Danone Sut Ms. Serpil Timuray Tel: 90-216-425-5690	HRI / Retail	ISTANBUL	Importer Direct

Fax: 90-216-425-5695 serpil.timuray@danone.com			
SEK Milk Mrs. Arzu Aslan Kesimer Tel: 90-216-430-0000 Fax: 90-216-429-7330	HRI / Retail	ISTANBUL& BURSA	Importer Direct
BEVERAGES			
Aroma Fruit Juices Mr. Mahmut Duruk Tel: 90-224-371-3939/ 90-212-542-9348 Fax: 90-224-371-3949/ 90-212-660-0110 Mahmut.duruk@aroma.com.tr	HRI / Retail	BURSA	Importer Direct
Dimes Gida San ve Tic A.S. Mr. Erol Diren Tel: 90-232-877-1400 Fax: 90-232-877-0520 erol@diren.com.tr ebugan@diren.com.tr	HRI / Retail	IZMIR	Importer Direct
Coca-Cola Icecek A.S. Mr. Tuncay Özilhan Tel: 90- 216-578-8517 Fax: 90-216-573-7445 Tuncay.ozilhan@anadolugrubu.com.tr	HRI / Retail	ISTANBUL	Importer Direct
Tamek Food Mr. Cezmi Kurtulus Tel: 90-212-284-7766 Fax: 90-212-281-6839 Cezmi.kurtulus@tamek.com.tr	HRI / Retail	ISTANBUL	Importer Direct
Anadolu Efes Mr. Tuncay Ozilhan Tel: 90-216-578-8517 Fax: 90-216-573-7445 Tuncay.ozilhan@anadolugrubu.com.tr	HRI / Retail	ISTANBUL	Importer Direct
Turk Tuborg/Carlsberg Ms. Damla Birol Tel: 90-212-366-4000 Fax: 90-212-276-2554 info@carlsberg.com.tr	HRI / Retail	ISTANBUL	Importer Direct
MEY ICKI A.S. Mr. Galip Yorgancioglu Tel: 90-212-373-4400	HRI / Retail	ISTANBUL	Importer Direct

Fax: 90-212-373-4404 info@mey.com.tr			
Kavaklidere Wines Mr. Ali Basman Tel:90-312-847-5073 Fax:90-312-847-5077 kavak@kavaklidere.com	HRI / Retail	ANKARA	Importer Direct
Doluca Wines Ms. Ahmet Kutman Tel: 90-212-213-4000 Fax: 90-212-698-9838 info@doluca.com	HRI / Retail	ISTANBUL	Importer Direct
SUGAR & CONFECTIONARY			
ETI Mr. Firuzan Kanatli Tel: 90-222-221-2000 Fax: 90-222-221-5500 etigida@etigida.com.tr eerbas@etigrup.com.tr	Wholesale / HRI / Retail	ESKISEHIR	Direct
Kraft Foods Mr. Ozcan Tahincioglu Tel: 90-262-648-7400 Fax: 90-262-653-9299 kraftturkey@krafteurope.com	Wholesale / HRI / Retail	KOCAELI	Direct
Ulker Gida San ve Tic A.S. Mr. Murat Ulker Tel: 90-216-524-2489 Fax: 90-212-481-2883 Murat.ulker@ulker.com.tr	Wholesale / HRI / Retail	ISTANBUL	Direct
Nestle Mr. Reinhold Jakobi Tel: 90-212-329-6000 Fax: 90-212-329-6043	Wholesale / HRI / Retail	ISTANBUL	Direct
Ferrero Mr. Azmi Gumusluoglu Tel: 90-212-215-6222 Fax: 90-212-215-6227 Azmi.gumusluoglu@ferrero.com	Wholesale / HRI / Retail	ISTANBUL	Direct
SEA FOOD			
Dardanel Gida San A.S. Mr. Niyazi Oren Tel: 90-286-263-6666 Fax: 90-286-263-6686	Wholesale / HRI / Retail	ISTANBUL	Direct

dardanel@dardanel.com.tr			
Kerevitas Mr. Ceyhun Caglar Tel: 90-224-600-2000 Fax: 90-224-488-5208 Ceyhuncaglar@kerevitas.com.tr Leylapoyraz@kerevitas.com.tr	HRI, Retail	ISTANBUL	Direct
Pinar Sea Food Mr. Engin Ozturk Tel: 90-232-726-0265 Fax: 90-232-726-0260 Engin.ozturk@camli.com.tr	HRI, Retail	IZMIR	Direct
CANNED FOOD			
Penguen Gida A.S. Mr.Aykan Sozucetin Tel: 90-224-324-2424 Fax: 90-224-324-2425 aykan.sozucetin@penguen.com.tr	Wholesale / HRI / Retail	BURSA	Importer Direct
Tamek Gida Mr. Cezmi Kurtulus Tel: 90-212-284-7766 Fax: 90-212-281-6839 cezmi.kurtulus@tamek.com.tr	Wholesale / HRI / Retail	ISTANBUL	Importer Direct
Tukas Mr. Semih Karadeniz Tel: 90- 232 865 15 55 Fax: 90- 232 865 11 45 Semih.karadeniz@tukas.com.tr	Wholesale / HRI / Retail	IZMIR	Importer Direct
Tat Cannery Mrs. Arzu Aslan Kesimer Tel: 90- 216-430-0000 Fax: 90-216-429-7330	Wholesale / HRI / Retail	ISTANBUL	Importer Direct
Kerevitas Mr. Ceyhun Caglar Tel: 90-224-600-2000 Fax: 90-212-488-5208 Ceyhuncaglar@kerevitas.com.tr Leylapoyraz@kerevitas.com.tr	Wholesale / HRI / Retail	ISTANBUL	Importer Direct
SNACK FOODS			
Tadim Mr. Gurol Kaya Tel: 90-262-672-7200 Fax: 90-262-672-7297	Retail	KOCAELI	Direct

Gurol.kaya@tadim.com.tr			
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
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
MEAT & POULTRY PRODUCTS			
Pinar Entegre Et ve Un Sanayi A.Ş. Mr. Zeki Ilgaz Tel: 90-232-877-0900 Fax: 90-232-877-0930 zekiilgaz@pinaret.com.tr	HRI, Retail	IZMIR	Importer
Maret Mrs. Arzu Aslan Kesimer Tel: 90-216-593-0270 Fax: 90-216-593-0291	HRI, Retail	ISTANBUL	Direct
Banvit Mr. Omer Gorener Tel: 90-266-733-8600 Fax: 90-266-733-8618	HRI, Retail	BALIKESIR	Direct
Akseker Mr. Muhammed Seker Tel: 90-332-355-0701 Fax: 90-332-355-5043	Wholesale	KONYA	Direct

mseker@akseker.com			
Keskinoglu Mr. Mehmet Keskinoglu Tel: 90-236-427-2572 Fax: 90-236-427-2565 keskinoglu@keskinoglu.com.tr	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 produce these additives themselves. They import additives as raw materials, then mix these to produce formulas. There are also companies that produce processing aids such as enzymes and yeast dough, cheese, etc.). These are intermediate products and do not present themselves in the fi product. The majority of the industry is intensified in food additives for flour processing products due to the higher demand. In the second half of 2014, the sector was hit by a revise application of the Biosafety Law by the Turkish Ministry of Food, Agriculture, and Livestocl The ministry decided to ask for a confirmation from the government of the origin country wh states that the enzymes and microorganisms used in the processing of any imported food iten are derived from non-genetically engineered methods. In May 2015, Turkey exempted enzyı from the Biosafety Law, but microorganisms still require the above certification.

D. Sector Trends

The food sector is the second largest sector that foreign investors prefer in Turkey, attracting nearly $4 billion in foreign direct investment. There are currently 30,000 foreign capital companies operating in Turkey and 1,224 of them are U.S. companies.

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	HFS	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,	USA

	Vegetable oil	
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

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 c the complex nature of the country, both geographically and culturally.

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, so cherries, quinces, raisins and poppy seeds. However, the weather problems in 2013 and 201 led to a dramatic price increase in most food items. The increase has been substantial enough cause a deviation in the inflation rate forecast in the Turkish economy.

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 be sustained compar to U.S. products.

According to the Turkish Federation of Food and Beverage Industry Associations, there are more than 40,000 registered operations in the food and beverage industry, producing TL 80 billion in value. Turkish imports and exports of food and agricultural products from the Unit States have been US$2.25 billion and US$808 million in 2014 respectively.

Turkish prices, compared to the European Union (EU-27), are lower for many food products, par with the EU-27 for nonalcoholic beverages, and more expensive for alcoholic drinks.

As the economy improves and continues to grow steadily, people's preferences towards bette quality and branded packaged foods are increasing continuously each year. High competitio rates and the fact that prices are still a very important factor in purchasing decisions enable consumers to obtain better quality products for competitive prices.

The food and beverage sector is one of the few sectors where exports exceed imports. Howe Turkey is very import dependent in terms of food additives. The government tends to keep th net exporter status by causing difficulties for imports in the form of high duty taxes, extensiv customs procedures and lengthy bureaucratic requirements.

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 percent
  - The volatile nature of production and the lack of a consistent agricultu policy
  - Unclear regulations that are subject to change overnight and bureaucra 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 pric advantage due to lower import duties and regulatory advantage due to harmonization of regulations
    - Turks are also very familiar with European food products due to work living in major European countries for more than three generations. These workers and their families frequently come to Turkey for holida regularly infusing the market with European trends.

Local producers' competitive advantages:

- Turkey has a well-developed food-processing sector with quality products manufactu 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 locall produced foods and agricultural products.

U.S. exporters' competitive advantages and disadvantages:

- 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. • 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 ir the sector have considerable influence on purchasing patterns. • Specialized fancy food companies operate in niche markets to overcon these difficulties. • U.S. food products are weakly promoted in Turkey. • Competition for shelf space at supermarkets has led to high costs for introducing new products.		
PRODUCT CATEGORY	**MAJOR SUPPLY SOURCES in 2014**	**STRENGTHS OF KEY SUPPLY COUNTRIES**	**ADVANTAGES AND DISADVATAGES OF LOCAL SUPPLIERS**
Meat and meat products and Poultry (trade data does not reflect actual trade)	Turkey does not import poultry meat. All figures in trade data are transshipments. Turkey's minimal meat imports are governed by extremely high tariffs, control certificates, and some bilateral TRQs with European countries.	European countries benefit from proximity advantage and bilateral agreements.	Local meat production is volatile due to increasing feed prices and inconsister government policies. Loc poultry production is stror and well established.
Fish and Seafood Imports: 76.5 tons US$ 181.7 million	**1) Norway: 49.24%** 2) Spain: 6.94 % 3) Iceland: 6.87% 4) US: 2.83%	The most imported item is salmon and Norway dominates the market, having even created a brand name in the market	Local production is not as high quality in salmon, bu strong and developed in o fish varieties such as brea bass and trout
Processed fruits and vegetables	**1) Spain: 9.23%** 2) China: 8.66%	European countries supply niche products whereas Far East countries supply	Turkey has a great amoun domestic production whic creates a vast supply for processors and the import

Imports: 76,772 tons US$ 145 million	3) Greece: 8.57% 4) Germany: 8.14% 5) US: 7.16%	tropical fruits that cannot be grown domestically	varieties are mostly tropic fruits that are not grown domestically
Dairy products Net imports: 40,155 tons US$ 187 million	**1) New Zealand: 28.13%** 2) US: 12.93% 3) T.Rep. N.Cyprus: 13.09%	Butter, non-fat dry milk, lactose, and cheddar cheese were the primary U.S. dairy exports in 2014	Turkey has increased loca production of cheese varieties in recent years bu still importing a large amo of specialty cheese
Wine and Beer Net imports: 7,921,495 liters US$ 23.4 million	**1) France: 34.73%** 2) Italy: 20.55% 3) Chile: 6.76% 4) US: 2.50%	France and Italy supplies wine whereas Belgium supplies beer, and US supplies whiskey	Domestic wine productior improving substantially bu beer production is limited two big companies: Efes a Tuborg
Snack foods Net imports: 27,015 tons US$ 140.5 million	**1) Germany: 27.59%** 2) Netherlands: 18.36% 3) Italy: 9.76% 4) US: 5.27%	European countries benefit from proximity advantage and the customs union	Domestic snack food production is limited to dr nuts and fruits. Multinationals like Frito-I Kraft, and Pringles domin the chips market with mor 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. Internationa known brand names are well placed for this. Exporters should be particularly sensitive to bra positioning and be ready to invest in the necessary research and marketing support to assist tl local partners for a successful entry.

The best products for the imported food market are internationally recognized branded food products. These types of products in general account for 30 percent of overall imported food items. These include cocoa and instant coffee, chocolate and confectionary goods, cookies a crackers, breakfast cereal, cheese, alcoholic beverages, sauces, seafood, and pet foods. The change in wine and beer import and distribution regulations now allows imported products tc sold in the retail market, which have created new opportunities for U.S. wine and beer to be s 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 print in the media), which damages importers' ability to promote their products. Functional food items such as food supplements and "sports drinks" also represents a new opportunity for U.S exports since it is a relatively new sub-sector with a rapid growth rate.

Major products that have market potential are:

- Health and beauty promoting beverages: The types of non-alcoholic beverages in Tur 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 an memory, cardiovascular health, etc. There are also no products in the market for the 'beauty from within' type. The consumers are ready for such products, so the deman there, and there is a tremendous untapped potential in this segment. Having realized t Far-Eastern companies have started to promote aloe vera drinks at local food shows.

- Functional food awareness is increasing in Turkey, as in most other countries. Functi chocolate and sugar confectionary products, baby and toddler food, gums, and biscuit offer a good market opportunity. Diabetes is a widely seen problem in the Turkish population and specialized products for diabetics also provide good market potential.
    - Wine: Popularity of wine as an alcoholic beverage has increased in recent yea Consumers are becoming more knowledgeable about wine and French and Californian wines are held in high esteem.
        - Whiskey: Blended scotch is the whiskey of choice. Two American Bourbon brands in the market -Jack Daniels and Jim Beam- are targeti the younger generation through rock concerts and motor-rally

sponsorships.

- Seafood: Turkey is a promising market for various seafood products. In addition to t local fresh fish, frozen, preserved, and ready to eat seafood products are welcomed by Turkish consumers.

- Dairy products: Specialty cheeses and butter have good market potential for U.S. suppliers. Currently EU countries dominate the market in cheese and New Zealand a the United States in butter.

- Breakfast cereals: Consumption of breakfast cereals is increasing steadily and new varieties are introduced into the market frequently. Chocolate cereals, corn flakes, bra fiber flakes with raisins and mixed fruit, and chocolate cereals are becoming popular among Turkish consumers.

- Sauces and syrups: Various brands of sauces for salads, meat, and international cuisi are popular in Turkey. In particular, the increasing popularity of Asian cuisine is positively affecting the specialty herb, sauce, and syrup demand. Currently sauces ar imported from Germany, the UK, France, Asian countries, and the United States.

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

US Exports of Agricultural Products to Turkey (in millions of dollars)	**2012**	**2013**	**2014**
Bulk Agricultural Products			
Wheat	7.7	107	0
Corn	0.1	0	0
Rice	59.4	62	130.9
Soybeans	461.2	155.9	345.2
Cotton	588.7	798.1	822
Pulses	13.1	20.2	22.2

Tobacco	32.5	28.8	24.2
TOTAL	**1,174**	**1,189.2**	**1.361.5**
Consumer-Oriented Agricultural Products			
Poultry Meat and Products	65.9	65.6	53.2
Dairy Products	2.2	29.2	16.6
Processed Fruit	2.6	3.1	3.7
Processed Vegetables	9.3	18.2	13.9
Tree Nuts	230.6	279.7	268.8
Snack Foods (NESOI)	1.5	2.9	1.9
Prepared Food	23.7	32.4	30.7
Condiments & Sauces	1.4	1.4	1.2
Wine & Beer	4.2	0.7	2.3
TOTAL	**347.7**	**441.1**	**401.6**
Other Agricultural Products			
Fish Products	6.6	4.1	8.1
Distilled Spirits	14.6	18	16.8
GRAND TOTAL	**2,114**	**2,257.7**	**2,257.7**

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

V. POST CONTACT AND FURTHER INFORMATION

Please find below information about some organizations that can be contacted when exportin 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 F sector as importers, processors or as investors are members of this organization. TUGIDER 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 "Gate 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 is a very specialized private sector institution, whose mai target is “to find new fields of cooperation to foreign markets and to provide better utilizatior existing business opportunities”. DEIK can be contacted at tel: 90-212-339-5000, fax: 90-21 270-3092, info@deik.org.tr.

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

- FAS Ankara:

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

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

- FAS Istanbul:

Foreign Agricultural Service
Consulate General of the United States
Kaplicalar Mevkii No: 2
Istinye 34460
Istanbul, Turkey

U.S. (APO) 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.