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Report Name: Food Service - Hotel Restaurant Institutional

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Post: Ankara

Report Category: Food Service - Hotel Restaurant Institutional

Prepared By: Caglar Erdogan, Senior Agriculture Marketing Specialist

Approved By: Christine Mumma

Report Highlights:

The number of tourists entering the country continued to increase but the real value of tourist receipts decreased in 2019. Full-service and fine dining continues to have increased sales. Fast food outlets and home delivery from them have been performing well due to continuing concerns off macroeconomic challenges including inflation and depreciation of the Turkish Lira. Cafes/Coffee shops are still trendy among young urban population. Bars, especially on the Mediterranean coast, but also in Istanbul, have been suffering due to a lack of European tourists as before. There are approximately 145,000 food service outlets in all categories which most are independent establishments.

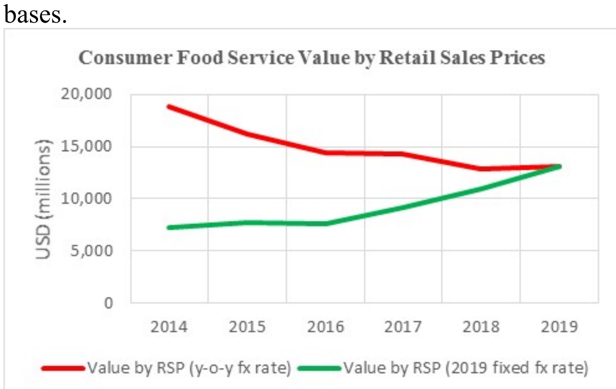
MARKET FACT SHEET: TURKEY

Executive Summary

The Republic of Turkey has a young population of 83 million people fueling consumption. The country is in a Customs Union with the EU and is the 19th largest economy in the world. Though the Turkish economy stagnated recently, an annual average GDP growth of 2.2 percent is forecasted by the International Monetary Fund (IMF) between 2020 and 2024. U.S. food exporters should utilize importers in Turkey to penetrate the market in most cases. There is still a gap in the market to fill. The food retail sales index is in a generally upward trend in real terms over the last five years.

Food Service: Hotel, Restaurant & Institutional

Incoming tourist number continue to increase as of 2019 from the bottom hit in 2016. Full-service and fine dining restaurants also started to slowly recover in 2018 and are doing better in 2019. 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 145,000 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 2010, 12 percent of GDP is from the tourism industry which employs about 2.2 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$ 13 billion (retail sales)

List of Top 10 Foreign Fast Food Chain Brands in Turkey (by market share in 2019)

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

List of Top 10 Domestic Fast Food Chain Brands in Turkey (by market share in 2019)

1. Tavuk Dunyasi	**6.** Bereket Doner
2. Komagene Cigkofte	**7.** Bay Doner
3. Oses Cigkofte	**8.** Ekrem Coskun Doner
4. Simit Sarayi	**9.** Usta Doner
5. Pidem	**10.** Cig Koftem

Top 10 Retailers (by market share in 2017)

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

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; Turkish Statistical Institute; Trade Monitor International

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 continuing economic difficulties, in 2019, Turkey registered its lowest real Gross Domestic Product (GDP) growth rate since the 2009 global economic crisis, at 0.9 percent. The growth was negative in the beginning of the year. 0.9 percent were better than market expectations for 2019 (IMF expected -2.5 percent). 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. The record high GDP growth in 2017 was also a result of short-term fiscal stimulus artificially created by the Government of Turkey (GoT) due to the elections at the time; therefore, the growth was not sustainable. The IMF predicts about a 5 percent contraction for the Turkish economy in 2020, and this expectation is confirmed by several other global market players. The IMF anticipates a 5 percent GDP growth for Turkey in 2021 (Economist Intelligence Unit anticipates 4.5 percent). Inflation rates stubbornly stayed at double digits in 2019 (11.84 percent by consumer price index [CPI] at the end of the year) although decreased a lot compared to 20-something percent CPI inflation rates in 2018. The quick drop in 2019 was mainly due to already high CPI in the last quarter of 2018; the high CPI in the base year leads to slower rise in the CPI. Since March 2020, Turkey is struggling with COVID-19, like many other countries, which is expected to affect the economy and food price level adversely in 2020.

The stagflationary[1] trend in the economy carried into 2019. Unemployment continues to be an issue and is not expected to be solved unless long term structural developments are undertaken by GoT. The value of the Turkish lira (TL) has depreciated against major currencies like the U.S. dollar and the Euro in last few years. The ability of the Central Bank of Turkey to fight inflation and currency instability were undermined by political interventions with the management of the bank. The lira-dollar exchange rate has fluctuated from 3.76 TL/USD on January 2, 2018; to 5.75 TL/USD on December 31, 2019; and TL depreciated further to 7.87 TL/USD by October 07, 2020. The inflation and depreciating currency continued to increase the operational costs of food service outlets, resulting in challenges. Even with these challenges at hand, 2019 was considered the start of a recovery in the Turkish economy by market players; the number of food service outlets slowly grew, thanks to growth in fast-food restaurants catering to middle and lower income population who lost disposable income and chose cheaper food service options.

As domestic security issues such as terrorist attacks and the refugee influx deescalated in 2018 and 2019 compared to the years before, tourism continued to recover at a slow pace. The number of tourists coming in has continued to increase from its low in 2016. However, the real value of inbound tourist and business receipts fell by 15.5% in 2019 according to Euromonitor International compared to a year ago. The continuing decrease in tourism receipts is forecast for 2020 as well as a decreasing number of tourists, due to travel bans because of COVID19. In 2019, the increased return of European and American tourists did not happen at the expected increased rate. Cruise ships that used to stop in Istanbul (and a few other cities in Turkey) before 2013, when the major security issues started in Istanbul still do not dock in Turkey except in limited exceptions. Market sources indicate that the political climate in the country is still not perceived as stable by Western tourists who were attracted in earlier years. GOT's lack of commitment to the EU accession process contributes to this perception. 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. Increasing number of foreign tourists contributed to food service through lodging.

According to the GoT, there have been about 45 million foreign national entrants to Turkey in 2019, which is a 14 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 portion of German nationals visiting Turkey are second- and third-generation Turkish migrants to Germany carrying German passports.

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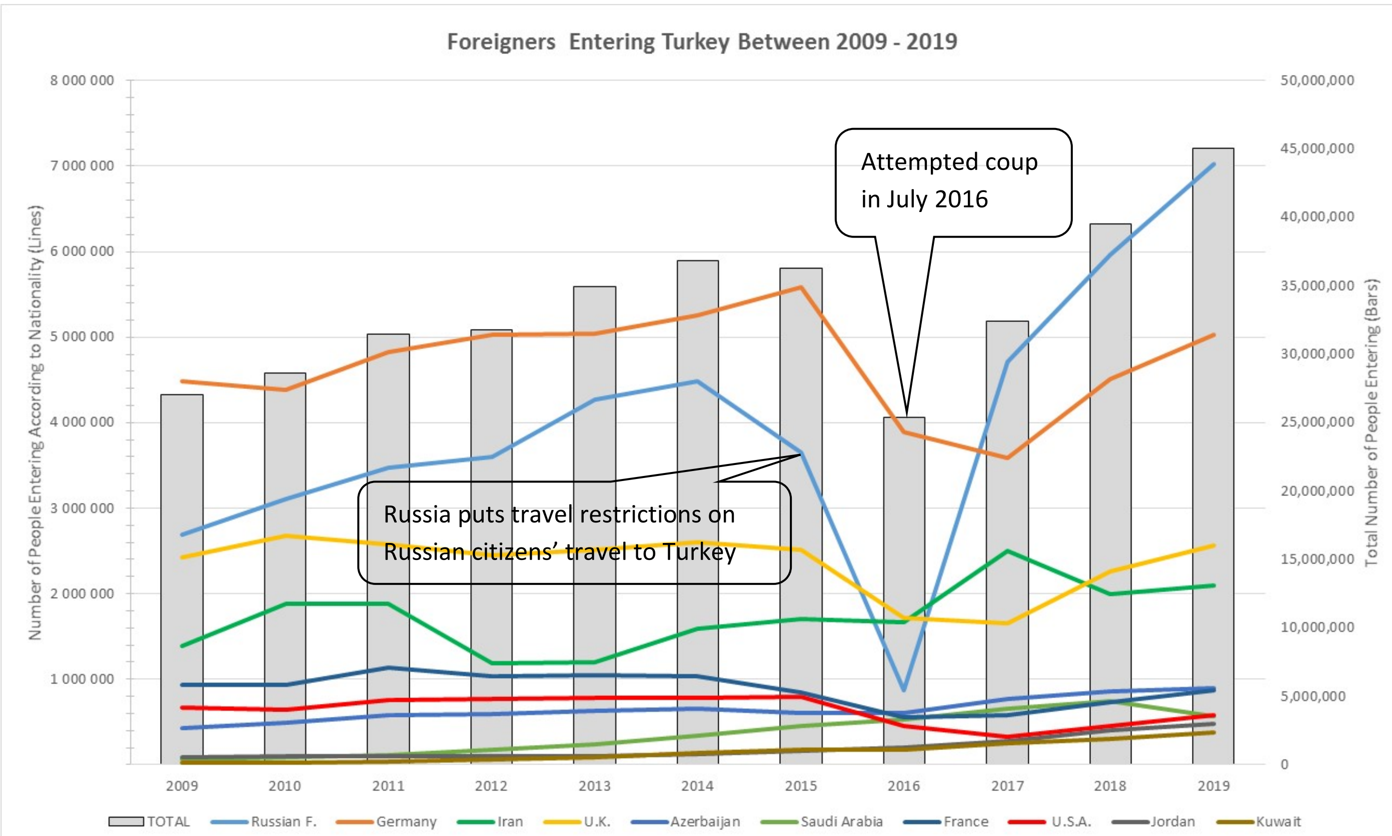
[1] Stagflation, or recession-inflation, is a situation in which the inflation rate is high, the economic growth rate slows, and unemployment remains steadily high. It presents a dilemma for economic policy, since actions intended to lower inflation may exacerbate unemployment, and vice versa.

Some of these may be considered tourists, but many 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.

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

Consumer Food Service	Unit	2014	2015	2016	2017	2018	2019
Value by Retail Sales Price (RSP)	USD (mill.) with y-o-y FX rates	18,835	16,184	14,386	14,252	12,823	13,077
Value by Retail Sales Price (RSP)	USD (mill.) with 2019 fixed FX rates	7,243	7,751	7,650	9,140	10,913	13,077
Number of Outlets	count	138,363	140,251	139,037	142,777	144,980	145,384
Number of Transactions	millions	3,443	3,454	3,177	3,260	3,356	3,509

Source: Euromonitor International.



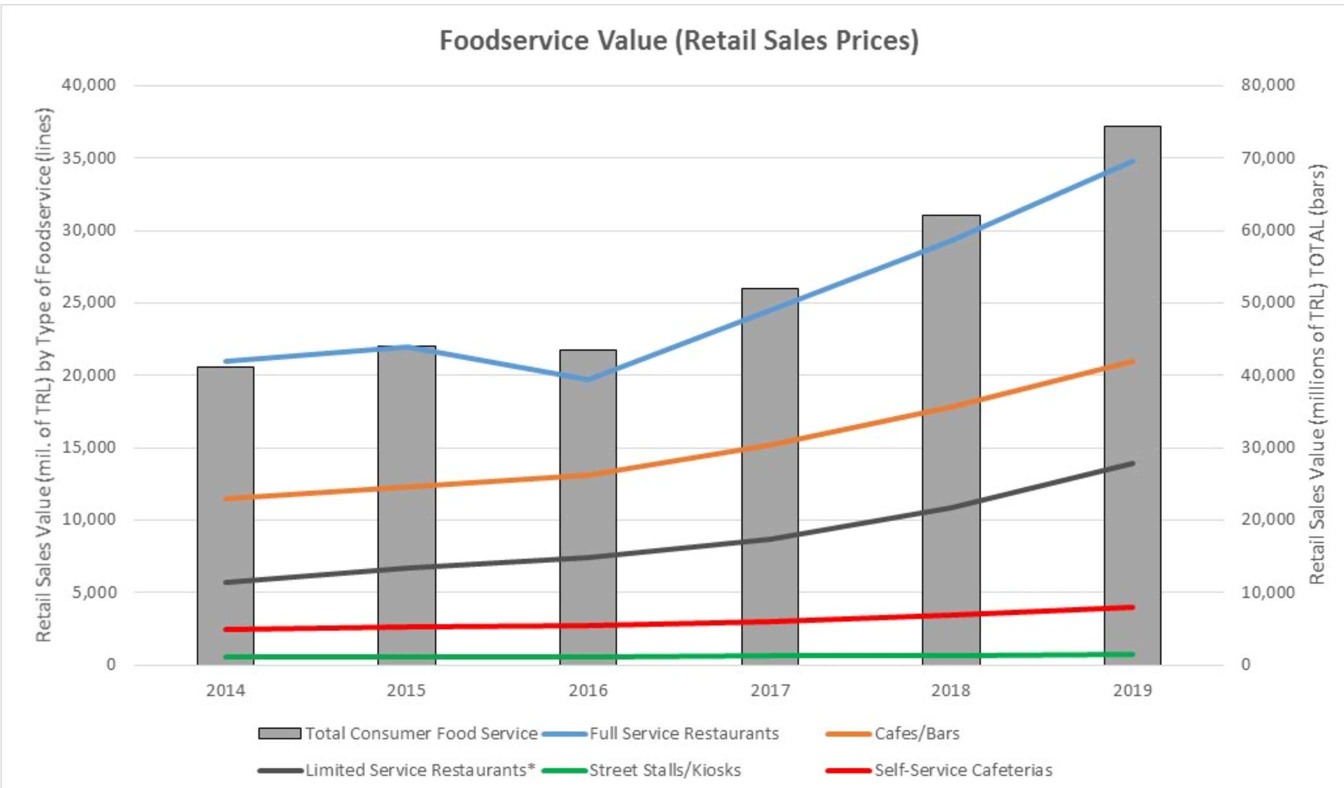
Source: Turkish Border Police via Turkish Statistical Institute.

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 2019, there were about 145,000 commercial food service locations throughout the country.

Table 2: Number of Outlets per Type of Foodservice

Number of Outlets	2014	2015	2016	2017	2018	2019
Full Service Restaurants	44,016	44,452	44,324	46,105	46,646	46,508
Cafes/Bars	43,890	44,723	45,012	46,066	46,572	45,977
Limited Service Restaurants (a.k.a. Fast Food)	8,925	9,535	9,919	10,636	11,418	12,441
Street Stalls/Kiosks	37,033	37,036	35,292	35,463	35,804	35,898
Self-Service Cafeterias	4,499	4,505	4,490	4,507	4,540	4,560
Total Consumer Food Service	**138,363**	**140,251**	**139,037**	**142,777**	**144,980**	**145,384**

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.

Spending in full service restaurants is recovering from its bottom in 2016 due to nearly halted tourism with increasing number of tourists and business travelers. High food inflation, depreciating TL 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 price sensitivity of middle and lower classes increases with ongoing economic challenges in the country; therefore, attractiveness of, especially, limited service restaurants (fast food outlets) and home delivery increase as the time for cooking decreases in urban centers. Chained coffee shops such as the U.S.-originated Starbucks and third wave coffee independent coffee shops are still popular among the urban population, especially in larger cities and popular holiday destinations. Bars have been affected adversely as more Middle Eastern tourists come into the country instead of Europeans.

During the last decade, foreign full-service restaurants/brands that entered the Turkish market (including U.S. 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, Rainforest Café, P.F. Chang's, 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, shrank their operations in Turkey. Foreign cafés such as Paul's and Baskin Robbins also left Turkey. The Cheesecake Factory decided not to enter the Turkish market[2] 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 Burger King, McDonalds, Arby's, and Popeye's, and café chains such as Starbucks and Cafe Nero continued opening new locations, although outlet expansion slowed due to the economic recession.

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, and this number has remained stable for the last few years. Although some companies have exited the marketplace in 2018 and 2019 due to the economic slowdown and increasing food inflation, the number of companies is still around 5,000 since some new companies entering the market. According to the same Federation, the sales volume of these approximately 5,000 firms was about $6 billion as of 2019. YESIDEF announced that the average food costs for these companies increased 40 percent in course of a year (June 2019). As the input prices continuously increased in 2018 and 2019 with inflation rates and depreciating TL, industry experts reported that catering firms prefer to do shorter term agreements. Companies are having difficulties turning a profit with long-term (1 year) contracts, which used to be the industry standard, since the currency has depreciated so rapidly. Although 2019 was a slow-paced recovery year, the 2020 forecast predicts a tough year for the institutional food service sector due to "working from home" practices because of COVID-19, meaning less catering would be needed.

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 (in the last decade), 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. Coffee shops have become very trendy in the last decade.	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	There is misinformation among higher end consumers

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

and improving menus with new tastes every season. This is an opportunity for new ingredients to enter the market.	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

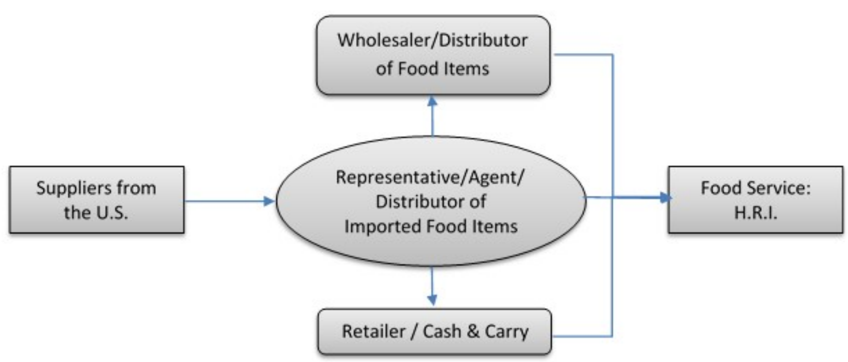
After conducting market research and determining that there is a potential market in Turkey for a product that addresses the needs of the HRI industry, it is important to develop a good strategy for market entry. Turkey straddles southern European and Middle Eastern cultures, and relationships are very 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 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 have 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[3]. 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 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

[3] 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.

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.

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. Oses Cigkofte
17. Komagene
18. Kahta Cigkofte
19. Cigkoftem
20. Simit Sarayi
21. Sbarro Turkey
22. Ekrem Coskun Doner

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)
17. Pidem (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 12/31/2019		With Tourism Investment License*		With Tourism Operation License	
Facility Type	**Classification**	**Facilities**	**Beds**	**Facilities**	**Beds**
Hotels	5 Stars	130	80,310	669	456,009
	4 Stars	172	40,036	829	233,410
	3 Stars	231	23,525	1,065	119,070
	1 & 2 Stars	42	2,050	439	29,043
	Total	**575**	**145,921**	**3,002**	**837,532**
Holiday Villages	1. Class	15	8,203	63	53,323
	2. Class	13	7,936	9	2,890
	Total	**28**	**16,139**	**72**	**56,213**
Thermal Hotels	Holiday Village	1	310	0	0
	5 Stars	8	6,703	40	21,153
	4 Stars	4	1,820	31	6,990
	3 Stars	5	1,023	17	2,109
	Total	**18**	**9,856**	**88**	**30,252**
Motels	**Total**	1	118	6	467
Bed & Breakfast	**Total**	0	0	122	2,917
Apartment Hotels	**Total**	0	0	198	18,082
Detached House Apart Hotels	**Total**	0	0	16	1,416
Boutique Hotels	**Total**	54	4,213	99	7,581
Special Purpose Tourism Facilities	**Total**	27	1,444	393	25,383
Complex Tourism Facility	**Total**	0	0	4	6,390
Golfing Hotels	**Total**	1	228	3	1,348
Camping	**Total**	8	2,323	7	2,425
Others**	**Total**	11	610	28	2,335
TOTAL licensed with MinCulTou	**Total**	**723**	**180,852**	**4,038**	**992,341**

* 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, type B holiday compounds, boutique villas, mountain houses, ranch houses/village houses, hostels, plateau houses, rural huts, boutique thermal hotels.

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

As of 12/31/2018

Facility Type	Facilities	Beds
Hotels	4,635	379,958
Bed and Breakfast	2,376	80,090
State owned Guesthouse	714	39,729
Motels	193	8,433
Camping	58	5,291
Thermal Hotels	88	17,634
Holiday Villages	40	14,534
TOTAL licenced with Municipalities	**8,104**	**545,669**

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 outpaces 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 Ataturk Bulvari No:110, 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