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Report Name: Food Service - Hotel Restaurant Institutional

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Report Highlights:

The COVID-19 pandemic had a very negative impact on the Turkish consumer food service industry in 2020, with a strong decline in sales and widespread outlet closures seen throughout the industry. Full-service restaurants saw sales decline by 33 percent by value from 2019 to 2020, as the number of outlets in the category declined by 10 percent and transaction volume declined by 43 percent. Both independent and chain restaurants shifted their focus towards home delivery. Relatively moderate sales declines were recorded in limited-service restaurants compared to full-service restaurants during 2020 as such outlets benefitted from strong industry-wide shift towards less expensive options and home delivery orders. Bars and pubs were required to remain closed for most of 2020 due to COVID-19 regulations and were the worst-affected sector of the restaurant sector. Altogether, in 2020, there were about 128,000 commercial food service locations throughout the country, a 12 percent decline from 2019.

MARKET FACT SHEET: TURKEY

Executive Summary

The Republic of Turkey has a young population of 83 million people, fueling consumption. Turkey is an emerging, largely free market economy and a leading producer of agricultural products. 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 3.9 percent is forecast by the International Monetary Fund (IMF) between 2021 and 2025. There are still gaps in the market to fill and U.S. food exporters should utilize importers in Turkey to penetrate the market in most cases.

Imports of Consumer-Oriented Agricultural Products

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

Food Processing Industry

There are 51,338 food processing and 649 beverage producing enterprises in Turkey as of 2019, according to the latest statistics published by The Turkish Statistical Institute. Turkey has a modern and developed food processing industry supplying the domestic population and exporting, accounting for 15 percent of total manufacturing in Turkey. As of the end of 2020, there were 725 foreign direct investments in food and beverage production: 111 of these were German, 63 Syrian, 47 Dutch, 40 French, 32 American, 31 Iranian, 30 Italian, 29 Russian, 28 Swiss and 25 Azerbaijani, the rest from various countries.

Food Retail Industry

Grocery sales totaled $75 billion as of the end of 2020. The inflation/seasonally adjusted Real Retail Sales Index has declined slightly in 2019 but started to increase in 2020. Despite recent political and economic challenges, the food retail industry has been growing due to a young, dynamic population with 75 percent urbanization rates and a growing middle class. Several foreign players in grocery retail have left the market in the last decade, but the domestic industry expanding rapidly, and investments continue to be fast paced, especially in the hard discount segment. Organized/modern retailers now make up the majority of the grocery market share as traditional retailers slowly exit the market.

Quick Facts on Turkey's Food Sector

Consumer Food Service, 2020

US$ 7 billion (retail sales)

List of Top 10 Foreign Fast Food Chain Brands in Turkey (by market share in 2020)

1. Burger King (USA)	**6.** Little Caesar's Pizza (USA)
2. Mc Donald's (USA)	**7.**Sbarro (USA)
3. Domino's Pizza (USA)	**8.** Arby's (USA)
4. Popeyes (USA)	**9.** Subway (USA)
5. KFC (USA)	**10.** Krispy Kreme (USA)

List of Top 10 Domestic Fast Food Chain Brands in Turkey (by market share in 2020)

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

Top 10 Retailers (by market share in 2020)

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

GDP/Population

Population: 83.6 million (TurkStat, Year-end 2020)
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

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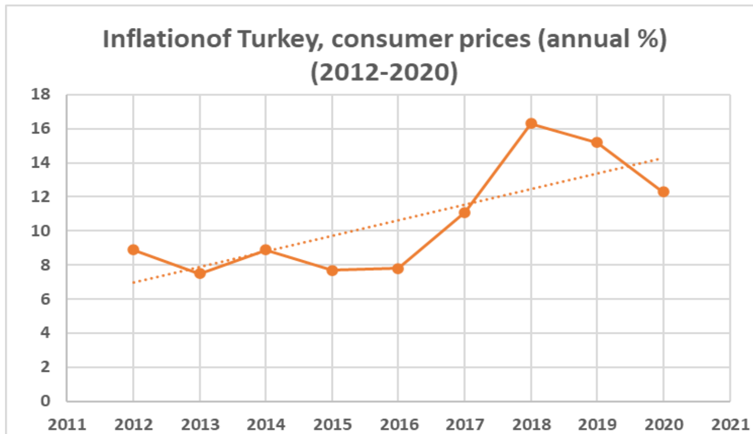
I. MARKET SUMMARY

Turkey's economy grew 1.8 percent in 2020, making the country one of the few global economies that recorded growth during the coronavirus pandemic. During the COVID-19 pandemic, Turkey's economy performed better than those of many other European countries in terms of GDP growth. The International Monetary Fund (IMF) forecasts a six percent GDP growth in 2021 due to a favorable base effect, an easing of restrictions permitted by accelerated vaccinations, and supportive external demand. Economic activity rebounded well in 2021 with robust household spending following the lifting of restrictions and strong growth in industrial output and exports. The recovery of the tourism sector also supported the growth of the economy[1]. However, the recent rise in COVID-19 cases poses additional risks and uncertainty for the rest of 2021.

Figure 1. Annual Average Inflation Rates of Turkey



Source: World Bank

Despite the long-run growth expectation, Turkey's macroeconomic outlook is facing challenges. The volatile Turkish Lira (TL), high interest rates, high inflation (increasing input costs for business), rising risk premiums and the continuing effects of the pandemic are important downside risks to growth. Geopolitical developments in the region, tensions in international relations, and investors' perceptions of risks also contribute to the fragility of the economy. The IMF and Economist Intelligence Unit anticipates 3.5 percent GDP growth for Turkey in 2022. Inflation has been the major challenge for the Turkish economy. Consistently at double digits since 2017, inflation averaged 12.3 percent in 2020 as a result of the significant depreciation of the TL against the dollar and euro.

Although recent increases in economic growth would ease the inflation rate, the effects of rising global prices, potential monetary loosening, and a weak TL will keep inflation high in 2021. Economic sources expect the inflation rate to remain elevated at 13.7 percent in 2022, primarily because of the continued volatility of TL. Food inflation has been a major concern for the Turkish economy since 2017, and with the effects of COVID-19 on global supply chains, food inflation reached about 22 percent in 2020[2].

The value of the TL has depreciated against major currencies like the U.S. dollar and euro in the last few years. The ability of the Central Bank of Turkey to fight inflation and currency instability were undermined by political interventions in the management of the bank. The lira-dollar exchange rate on average was 5.67TL/USD in 2019, 7.00 TL/USD in 2020, and the TL had depreciated further to 8.5TL/USD by mid-September 2021. The inflation and depreciating currency have continued to increase the operational costs of food service outlets, resulting in challenges.

[1] https://www.trtworld.com/business/turkey-posts-record-21-economic-growth-in-q2-49627
[2] https://data.tuik.gov.tr/Bulten/Index?p=Tuketici-Fiyat-Endeksi-Aralik-2020-37378

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

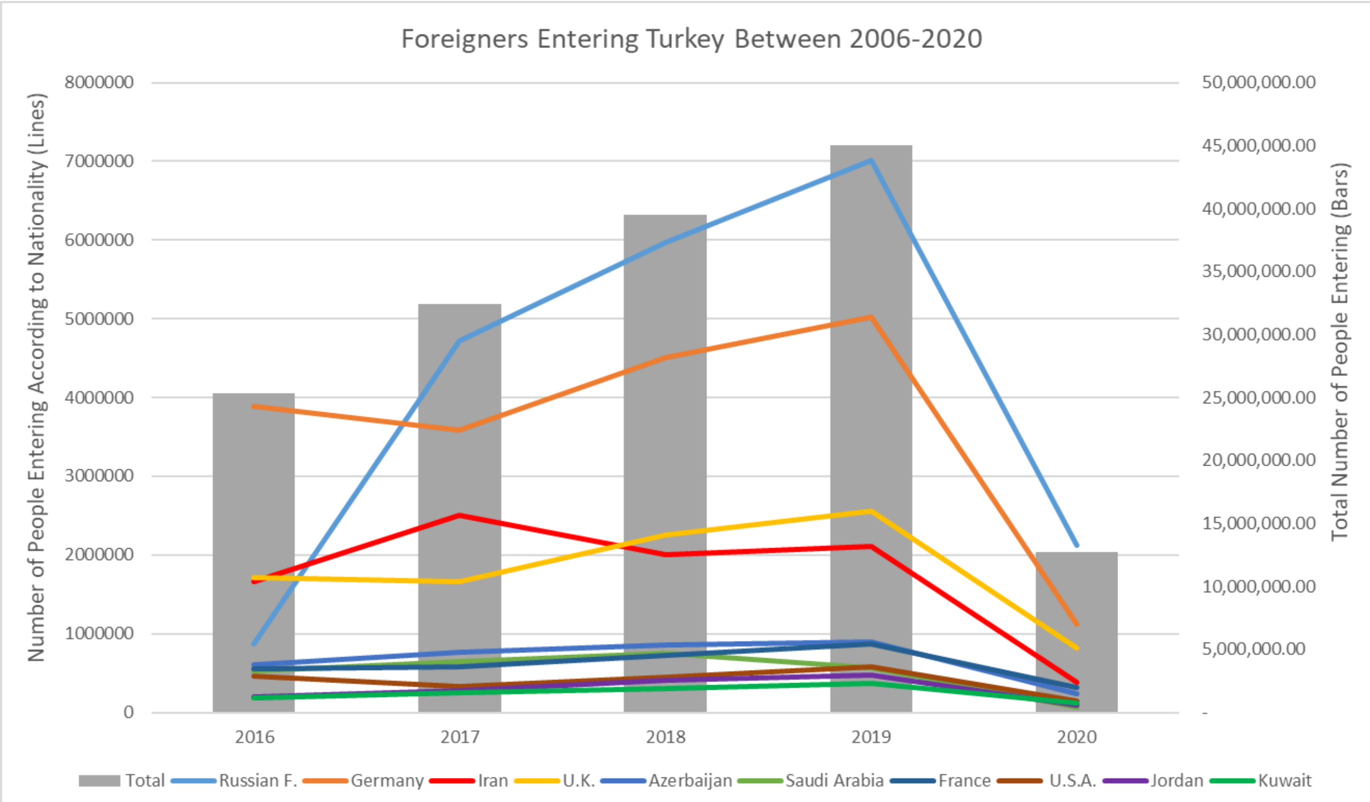
Consumer Food Service	Unit	2015	2016	2017	2018	2019	2020
Value by Retail Sales Price (RSP)	USD (mill.) with y-o-y FX rates	16,434	14,651	14,520	13,047	13,337	7,359
Value by Retail Sales Price (RSP)	USD (mill.) with 2019 fixed FX rates	6,459	6,394	7,642	9,113	10,925	7,359
Number of Outlets	count	140,561	139,346	143,121	145,354	145,835	128,698
Number of Transactions	millions	3,477	3,199	3,288	3,389	3,569	2,125

Source: Euromonitor International

The COVID-19 pandemic had a very negative impact on the Turkish consumer food service industry in 2020, with a strong decline in sales and widespread outlet closures seen throughout the industry (Table 1). The most direct impact of the COVID-19 pandemic on the industry was the government-mandated shutdown of Turkey's entire consumer food service industry for several weeks beginning in the middle of March. This meant that all limited-service restaurants, full-service restaurants, and other consumer food service outlets were limited to the fulfilment of takeaway and delivery orders as on-site service was strictly prohibited. Consumer food service outlets that were considered non-essential, including all cafés and bars, were required to remain completely closed, including for takeaway and delivery orders, for an extended period beginning in the middle of March. On June 1, most on-site services were allowed to re-open at a restricted 50 percent capacity. Bars and pubs were required to remain closed for much of the year and were the sector worst affected by the COVID-19 restaurant restrictions.

Tourism is one of the most important service sectors of Turkish economy, witnessing rapid growth in the past decade. Tourism came to a complete closure in the second half of 2020 as a result of restrictions due to the COVID-19 pandemic. Based on official data, the number of annual visitors fell by 69.5 percent in 2020 in comparison to the record levels of 2019, 42.9 million, and tourism revenue dropped by 65.1 percent. Turkey has introduced an obligatory safe tourism certification program for tourism enterprises, prioritized tourism workers for vaccinations and exempted foreign tourists from restrictions. In 2021 it is expected that the sector will recover compared to pre-pandemic levels.

Figure 2. Foreigners Entering Turkey



Source: Turkish Border Police via Turkish Statistical Institute.

According to the Government of Turkey (GoT), there were about 12 million foreign national entrants to Turkey in 2020 (Figure 2). Among the foreign nationals entering Turkey, a large number were from Russia, Bulgaria, Germany, Ukraine, and United Kingdom (Figure 2). Turkey has a favorable climate for Russian, Ukrainian, and British tourists, who generally choose to stay at beach resorts and all-inclusive hotels in Antalya and the surrounding Mediterranean coasts. Due to the historical migrations of people from Turkey to Germany, a portion of German nationals visiting Turkey are second- and third-generation Turkish migrants to Germany carrying German passports. Some of these may be considered tourists, but 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 France, Switzerland, and Austria.

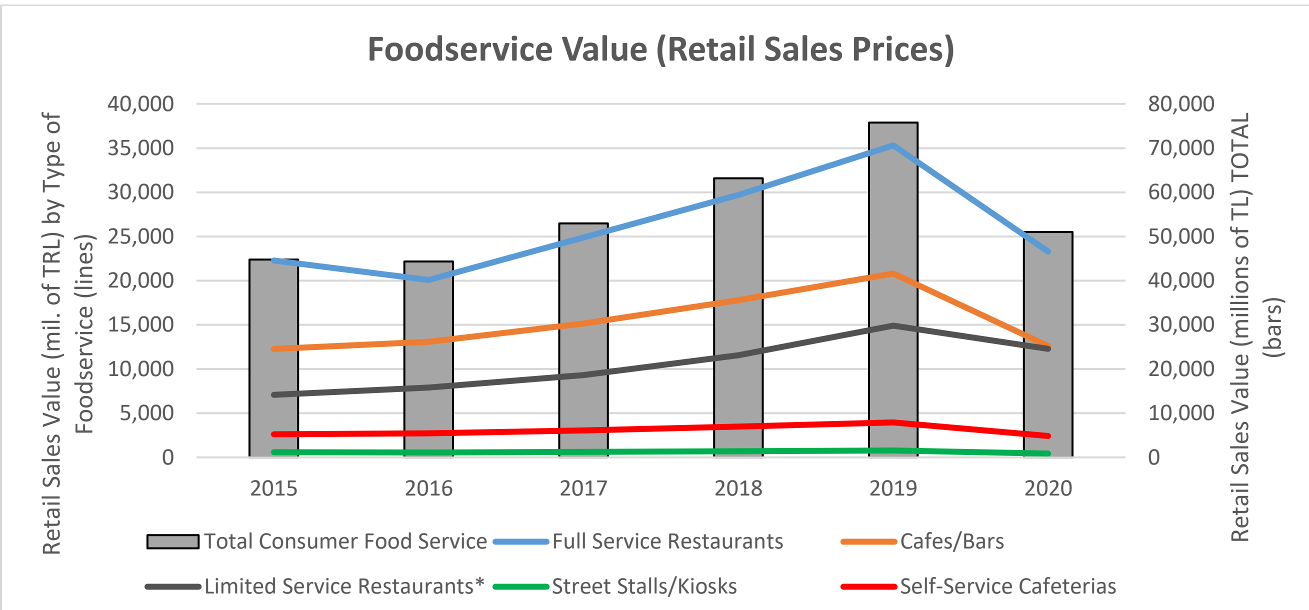
The Turkish food service sector is large and highly fragmented; it can be divided into two categories: commercial and institutional food service. Commercial food service consists of full-service restaurants, self-service restaurants (mostly restaurants called *esnaf lokantasi* serving Turkish home-style cooking), limited-service restaurants (mainly fast-food restaurants, but also includes some home-delivery-only outlets), cafes/bars, and street stalls/kiosks. Altogether, in 2020, there were about 128,000 commercial food service locations throughout the country (Table 2).

Table 2: Number of Outlets per Type of Foodservice

Number of Outlets	2015	2016	2017	2018	2019	2020
Full Service Restaurants	44,452	44,324	46,105	46,646	46,541	41,879
Cafes/Bars	44,723	45,012	46,066	46,572	45,910	37,709
Limited Service Restaurants (a.k.a. Fast Food)	9,845	10,228	10,980	11,792	12,916	12,801
Street Stalls/Kiosks	37,036	35,292	35,463	35,804	35,908	32,182
Self-Service Cafeterias	4,505	4,490	4,507	4,540	4,560	4,127
Total Consumer Food Service	**140,561**	**139,346**	**143,121**	**145,354**	**145,835**	**128,698**

Source: Euromonitor International

Figure 3: Food service Value of Turkey



Source: Euromonitor International.
* Limited-service restaurants include fast food outlets and home delivery/takeaway only outlets

Until the COVID-19 pandemic and resulting restrictions, full-service restaurant had generally shown positive growth for several years. Full-service restaurants saw sales value decline by 33 percent in current terms to TL12 billion in from 2019 to 2020, as the number of outlets in the category declined by 10 percent to 41,879 and transaction volume declined by 43 percent. Both independent and chain restaurants shifted focus to home delivery, although varying degrees of success were seen across the sector. The country's leading full-service restaurant chains tended to have advantages in this shift, as they were able to rely on wide outlet networks, greater experience in logistics and supply chain management, and superior financial resources. Most of the full service restaurants worked with Yemek Sepeti, the largest online food and beverage delivery aggregator in Turkey, in order to deliver their products.

Relatively moderate sales declines were recorded in the limited-service restaurants compared to the full-service restaurants during 2020, as the sector benefitted from the industry-wide shift towards less expensive options and home delivery orders. Limited-service restraurants declined in current value by 18 percent and transaction volume declined by 30 percent in 2020 as a result of the COVID-19 pandemic. Pizza limited-service restaurants and chicken limited-service restaurants were among the best performers in limited-service restaurants in 2020.

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[3] reportedly due to import restrictions on some ingredients. Turkey has not authorized the use of any GE products in food and maintains a zero tolerance policy.

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 exited the marketplace in 2020 due to the COVID-19 pandemic, economic slowdown, and increasing food inflation, the number of companies is still around 5,000, since some new companies entered the market. According to YESIDEF, the sales volume of these 5,000 firms was about $6 billion as of 2020.

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 prepare food at their facilities and deliver it 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 3: 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

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

	the recent past.
With many Turks traveling abroad compared to a decade ago, people are more aware of new cuisines and new ingredients.	There is strong demand for local cuisine. Foreign restaurant brands have faced difficulty succeeding in the market.
Some local casual full-service restaurants are updating and improving menus with new tastes every season. This is an opportunity for new ingredients to enter the market.	There is misinformation among higher end consumers and bad publicity in the media about processed food ingredients and additives.

Source: Market observations of FAS Istanbul Office.

II. ROAD MAP FOR MARKET ENTRY

a. ENTRY STRATEGY

After conducting market research and determining that there is a potential market in Turkey for a product that addresses the needs of the HRI industry, it is important to develop a good strategy for market entry. Turkey straddles Southern European and Middle Eastern cultures, and relationships are very important for business. This makes pre-existing relationships 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 provide guidance on the market, including 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 local personnel.

Import procedures are complicated and burdensome in Turkey[4]. 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 Ankara office with any questions.

[4] 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 complete set of import requirements with the customer and/or Turkish government sources at the time of export.

b. MARKET STRUCTURE & DISTRIBUTION

There is a large, diverse, and fragmented HRI sector in Turkey. The majority of hotels and resorts are on the south and west coasts. 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 foodstuffs from local representative companies since it is much easier compared to importing it themselves. Less commonly, some smaller HRI facilities, such as small restaurants, might buy their needs from a cash & carry or a retailer which buys the imported food from the representative company. In some cases, a wholesale 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. Some 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 4: Number of Accommodation Facilities per Type registered with the Ministry of Culture & Tourism (MinCulTou)

As of 12/31/2020		With Tourism Investment License*		With Tourism Operation License	
Facility Type	**Classification**	**Facilities**	**Beds**	**Facilities**	**Beds**
Hotels	5 Stars	129	75,469	704	474,857
	4 Stars	155	39,252	869	236,199
	3 Stars	203	21,373	1,110	122,099
	1 & 2 Stars	36	1,961	433	29,008
	Total	**523**	**138,055**	**3,116**	**862,163**
Holiday Villages	1. Class	12	6,199	69	55,434
	2. Class	13	8,332	9	2,890
	Total	**25**	**14,531**	**78**	**58,324**
Thermal Hotels	Holiday Village	1	310	0	0
	5 Stars	10	5,218	41	21,411
	4 Stars	5	1,417	31	7,664
	3 Stars	4	815	18	2,160
	Total	**20**	**7,760**	**90**	**31,235**
Motels	**Total**	2	218	5	435
Bed & Breakfast	**Total**	0	0	135	3,146
Apartment Hotels	**Total**	0	0	220	18,689
Detached House Apart Hotels	**Total**	0	0	16	1,416
Boutique Hotels	**Total**	42	3,153	101	7,740
Special Purpose Tourism Facilities	**Total**	23	1,170	412	26,487
Complex Tourism Facility	**Total**	0	0	4	6,442
Golfing Hotels	**Total**	1	228	3	1,348
Camping	**Total**	7	2,287	6	1,125
Others**	**Total**	6	271	32	2,435
TOTAL licensed with MinCulTou	**Total**	**649**	**167,673**	**4,218**	**1,020,985**

Source: Tourism Data Bank

* 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 5: Number of Accommodation Facilities per Type registered with the Municipalities

As of 12/31/2020

Facility Type	Facilities	Beds
Hotels	4,902	397,408
Bed and Breakfast	2,565	86,821
State owned Guesthouse	736	41,408
Motels	204	8,569
Camping	66	5,837
Thermal Hotels	90	19,342
Holiday Villages	46	16,297
TOTAL licenced with Municipaliti	**8,609**	**575,682**

Source: Tourism Data Bank

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 produces quality food items for the Turkish market and for export. There is also a diverse production 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 also imports all 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 processed 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. Turkey additionally has a Free Trade Agreement (FTA) with the European Free Trade Association (EFTA) and FTAs with 20 other countries, with many including preferential tariff rates on food and agriculture products. Turkey also signed a free trade agreement with the UK on January 1, 2021, essentially continuing the EU Customs Union terms between Turkey and the UK after Brexit.

In the category of consumer-oriented agricultural product imports the United States is the second largest supplier to Turkey. Other top suppliers are the Netherlands, Germany, and the United Kingdom. Please refer to the FAS 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 all FAS GAIN reports for other agricultural commodities.

IV. BEST PRODUCT PROSPECTS CATEGORIES

Turkey is a very competitive and 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. U.S. PRODUCTS CURRENTLY REPRESENTED IN THE MARKET WITH 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. U.S. PRODUCTS NOT CURRENTLY 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. U.S. PRODUCTS NOT PRESENT IN THE MARKET BECAUSE THEY FACE SIGNIFICANT BARRIERS

1. Food Items, ingredients from Genetically 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:

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Attachments:

No Attachments