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Turkey

Food Processing Ingredients

2014 Food Processing Ingredients Report

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Report Highlights:
Lifestyle changes due to urbanization and the increase in income levels have affected 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.

Post:

Commodities:

Ankara

I. MARKET SUMMARY

Turkey is the world's 18th largest economy having a population of over 76 million with a per capita income of US$ 10,818. Food expenditure in Turkey accounts for about 20 percent of household consumption, compared to 10 percent in developed countries.

The rate of urbanization reached 78 percent and continues to increase. Household size in Turkey has decreased from 4.5 individuals in 2000 to 3.7 in 2013, and this trend is expected to continue in the future as well. Rapid urbanization and young Turks in major cities positively affect the processed food market as shopping habits shift from open farmers markets to packaged and processed food 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, and recreational and social dining has increased. More working women also increase the demand for pre-packaged, easy to cook meals.

Major changes in lifestyles, income, and consumption patterns of Turks in the last decade have increased the tendency to dine and socialize over food outside the home. A new and faster pace 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 in order to rapidly take advantage of changing consumption patterns.

Increased income coupled with higher education levels in large cities also boosted the demand for health-products. Manufacturers of packaged and processed food answered this demand with 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% of these companies are small or medium sized companies. When we look at the distribution of the food processing companies to sub-sectors; 65 percent of them are in the flour and bakery sector, 12 percent are in the fruit and vegetable processing sector, 11 percent are in the 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 meat processing sector, and 4 percent are 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 the depreciation of the Turkish Lira against US Dollar and Euro. The number of foreign tourists (mostly European) visiting Turkey in 2013 exceeded 33 million. 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 high-end restaurants.

A major trend affecting the food sector was the dramatic price increase in some food items in late 2013 and early 2014, such as pistachios, dry beans and potatoes. The reasons behind this increase are various, including drought, seasonal off-year effects, the decrease in the number of farmers in general, and alleged speculation by warehouse owners. Consumers are also concerns about high red meat prices.

The Turkish Lira exchange rate compared to the US Dollar has weakened since the beginning of 2011. The parity which had been 1 US$ = 1.4 TL in January 2011 topped 1 US$ = 2.3 TL in January 2014. The current exchange rate is 1TL = 2.23 TL. Even though this poses an impediment for import items in general, necessities will still have to be imported, and there is a shortage in some of the basic food products due to drought in 2014.

Advantages and Challenges Facing U.S. Exporters of Processed Food Products & Ingredients to Turkey	
Advantages	**Challenges**
High export potential due to geographic proximity both 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 both 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 rate made imported products more expensive in the 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 competitive pricing. There is also a rich base of agricultural 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 Turkey, both in terms of price due to lower import duties and regulatory advantage due to harmonization 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 possibility of being GM.
As the processed food market	In the retail stores, competition for shelf space has led to

continues to grow, so does the demand for food ingredients and they are mostly imported.	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 area 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 17 million - comprise the largest areas of consumption. This trend changes in the summer, however, as tourists flood into Southern and Western Turkey. Moreover, due to vast income disparity among the regions, investors must carefully analyze where to sell and promote their products. The economically disadvantaged 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 and internal dynamics before entering. In this respect, partnering with a Turkish importer/distributor would be a safe entry strategy for the US exporter of processed products.

US products are well received in Turkey for their perceived high quality, however after the imposed duties and taxes, they end up being higher priced than their local competitors. Even though most US exporters do not see Turkey as an important market, a young population represents great consumption growth potential as the economy improves. This is an important advantage for the processed food sector as half of the population is below the age of 30.

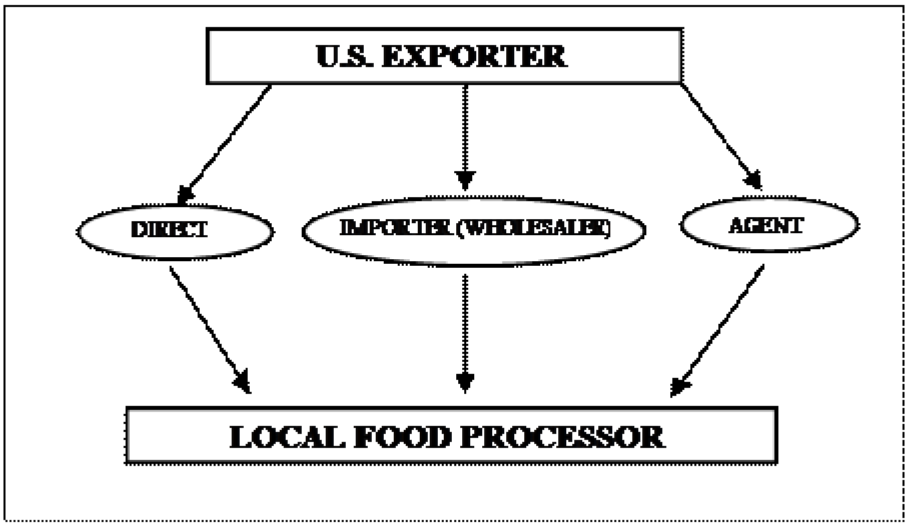
One of the most important regulations that U.S. exporters should watch for is the Biosafety Law. No genetically engineered (GE) foods are approved for human consumption. Import of some GE soy and corn traits are currently allowed only for feed use. No GE traits are approved for food use or cultivation in Turkey. For more information about the Biosafety Law in Turkey, 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 prohibits statements on packages that would imply a health benefit of the product. Also, there cannot be any wording which would state superiority over the competition. This restriction sometimes forces the importer to ask for different packaging from the producer, or if that is not possible, the importer covers 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 at: http://gain.fas.usda.gov/Pages/Default.aspx

B. Market Structure

Large food processors 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/ingredients 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. Industry sources estimate the retail food market to be US$ 120 billion. In recent years, the substantial increase in the number of supermarkets, hypermarkets, and wholesale markets has increased sales of packaged and processed food.

The share of traditional food sellers (that are mainly open-air bazaars and mom-pop stores) decreased to 46 percent and the share of modern supermarkets increased to 54 percent. Roughly 50 percent of the fast moving consumer goods (FMCG) are sold through supermarkets. There are 140 supermarket chains with 16,840 stores throughout Turkey as of December 2013. The increased popularity of large-scale supermarkets allow greater variety of products at lower prices for the consumers and thus drives the processed food market 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 and 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 types.

Company & Contact Name	Distribution Channel	Location
Dolfin Food Mr. Cem Bensason Tel: 90-212-612 47 00	HRI, Retail	ISTANBUL

Fax: 90-212-612 47 57 dolfin@dolfin.com.tr		
Demak Trade Mr. Nikola Marincic Tel: 90-212-289-0033 Fax: 90-212-289-8033 info@demaktrade.com	HRI, 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
Impeks Food Mr. Ogunc Yuncu Tel: 90-232-422-2622 Fax: 90-232-463-3370 ogunc@impekscomp.com	HRI, Retail	IZMIR
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

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 (for dough, cheese, etc.). These are intermediate products and do not present themselves in the final product. The majority of the industry is intensified in food additives for flour processing products due to the higher demand.

Turkey has a developed food processing industry but only 15% of the raw material of additives used in the food processing sector is locally produced (such as calcium carbonate and citric acid) and the remaining 85% 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**	**Procurement Channels**
DAIRY PRODUCTS			
Pinar Sut Mamulleri 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 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 Fax: 90-216-425-5695 serpil.timuray@danone.com	HRI / Retail	ISTANBUL	Importer/ Direct
SEK Milk Mrs. Arzu Aslan Kesimer Tel: 90-216-430-0000 Fax: 90-216-429-7330	HRI / Retail	ISTANBUL	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	HRI / Retail	IZMIR	Importer/ Direct

Fax: 90-232-877-0520 erol@diren.com.tr ebugan@diren.com			
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 Beer 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 Fax: 90-212-373-4404 info@mey.com.tr	HRI / Retail	ISTANBUL	Importer/ Direct
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	Wholesale / HRI / Retail	ESKISEHIR	Direct

etigida@etigida.com.tr eerbas@etigrup.com.tr			
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
SEA FOOD			
Dardanel Gida San A.S. Mr. Niyazi Oren Tel: 90-286-263-6666 Fax: 90-286-263-6686 dardanel@dardanel.com.tr	HRI, Retail	ISTANBUL	Direct
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	Wholesale / HRI / Retail	ISTANBUL	Importer/ Direct

cezmi.kurtulus@tamek.com.tr			
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 Gurol.kaya@tadim.com.tr	Retail	KOCAELI	Direct
Peyman Mr. Ali Murat Sonmez Tel: 90-0216-420-0373 Fax: 90-0216-420-0372 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	Wholesale / HRI / Retail	ISTANBUL	Direct
Aydin Kuruyemis Mr. Cemalettin Aydin Tel: 90-212-594-3356 Fax: 90-212-619-9539 c.aydin@aydinkuruyemis.com.tr	Wholesale / HRI	ISTANBUL	Direct
MEAT & POULTRY PRODUCTS			
Pinar (Red Meat & Turkey) Mr. Zeki Ilgaz Tel: 90-232-877-0900 Fax: 90-232-877-0930 zekiilgaz@pinaret.com.tr	HRI, Retail	IZMIR	Direct

Maret Mrs. Arzu Aslan Kesimer Tel: 90-216-593-0270 Fax: 90-216-593-0291	HRI, Retail	ISTANBUL	Direct
Banvit (Poultry & Red Meat) Mr. Omer Gorener Tel: 90-266-733-8600 Fax: 90-266-733-8618	HRI, Retail	BALIKESIR	Direct
Akseker (Red Meat & Poultry) Mr. Muhammed Seker Tel: 90-332-355-0701 Fax: 90-332-355-5043 mseker@akseker.com	Wholesale	Konya	Direct
Keskinoglu Poultry Mr. Mehmet Keskinoglu Tel: 90-236-427-2572 Fax: 90-236-427-2565 keskinoglu@keskinoglu.com.tr	HRI, Retail	MANISA	Direct

D. Sector Trends

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 1224 of them are US 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 and beverages	UK
Kraft	Snack food, Coffee, Chocolate, Vegetable oil	USA
Carlsberg	Beer	Denmark
Frito-Lay	Snack food	USA
Haribo	Confectionary	Germany
CP	Poultry	Thailand
Perfetti van Melle	Chewing gum and candy	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 of the complex nature of the country, both geographically and culturally.

Turkey is the world's 7th largest agricultural economy. According to FAO (Food and Agriculture Organization of the United Nations) data, Turkey is the world's leading producer of hazelnuts, apricots, figs, cherries, sour cherries, quinces, raisins and poppy seeds. Turkey is also the second largest producer of melons, watermelons, strawberries and leek; and the third largest producer of lentils, apples, cucumbers, green beans, green peppers, chestnuts and pistachios.

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, when it comes to food ingredients, even though Turkey has the biggest sector in its region, it is very import dependent.

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 beverage products were US$ 5.4 billion and US$ 10.6 billion in 2013 respectively.

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

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

The food and beverage sector is one of the few sectors where exports exceed imports. The government tends to keep this trend by causing difficulties for imports in the form of high duty taxes, extensive 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
- Sustainable access to raw materials
- Significant unregistered economy and insufficient monitoring
- Inconsistency in the taxation, tax (VAT) rates differing between 1 to 18 percent
- The volatile nature of production and the lack of a consistent agriculture policy
- Unclear regulations that are subject to change overnight and bureaucratic 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 price 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 workers living in major European countries for more than three generations. These workers and their families frequently come to Turkey for holidays regularly infusing the market with European trends.

Local producers' competitive advantages:

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

US 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 better 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 in the sector have considerable influence on purchasing patterns.
- Specialized fancy food companies operate in niche markets to overcome 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 2013	STRENGTHS OF KEY SUPPLY COUNTRIES	ADVANTAGES AND DISADVATAGES OF LOCAL SUPPLIERS
Meat and meat products Net imports: 6,876 tons US$ 28 million	**1) Poland: 88.71%** 2) Bosnia & Herzegovina: 5.76% 3) Italy 1.59%	European countries benefit from proximity advantage and bilateral agreements	Local production is volatile due to increasing feed prices and inconsistent government policies
Poultry Net imports: US$ 20.5 million	**1) France: 29.07%** 2) Germany: 20.26% 3)Netherlands: 13.14% 4) US: 7.13%	European countries benefit from proximity advantage	Local production is very strong and well established
Fish and Seafood Net imports: 66., tons US$ 176 million	**1) Norway: 52.12%** 2) Iceland: 6.35% 3) Spain: 4.54% 4) US: 1.76%	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, but is strong and developed in other fish varieties such as bream, bass and trout
Processed fruits and vegetables Net imports: 69,770 tons US$ 125 million	**1) Spain: 10.4%** 2) Germany: 8.51% 3) China: 7.81% 4) Thailand: 6.83%	European countries supply niche products whereas Far East countries supply tropical fruits that cannot be grown domestically	Turkey has a great amount of domestic production which creates a vast supply for processors and the imported varieties are mostly tropical fruits that are not grown domestically

	5 US: 4.84%		
Dairy products Net imports: 33,779 tons US$ 157.5 million	**1) US: 15.66%** 2) New Zealand: 15.62% 3) Germany: 11.35%	Butter constituted 80% of US dairy exports to Turkey in 2013, followed by cheese (mainly cheddar)	Turkey has increased local production of cheese varieties in recent years but is still importing a good amount of specialty cheese
Wine and Beer Net imports: 5,483,923 liters US$ 15.5 million	**1) France: 29.28%** 2) Italy: 23% 3) Belgium: 11.27% 4) US: 1.44%	France and Italy supplies wine whereas Belgium supplies beer, and US supplies whiskey	Domestic wine production is improving substantially but beer production is limited to two big companies: Efes and Tuborg
Snack foods Net imports: 31,592 tons US$ 153 million	**1) Germany: 21.13%** 2) Italy: 16.03% 3) Netherlands: 15.14% 4) US: 4.11%	European countries benefit from proximity advantage and the customs union	Domestic snack food production is limited to dried nuts and fruits. Multinationals like Fritolay, Kraft and Pringles dominate the chips market with more 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. Internationally known brand names are well placed for this. Exporters should be particularly sensitive to brand positioning and be ready to invest in the necessary research and marketing support to assist their 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 and 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 to be sold in the retail market, which have created new opportunities for U.S. wine and beer to be sold in the Turkish market, although taxes still remain high. 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.

Major products that have market potential are:

- Health and beauty promoting beverages: The types of non-alcoholic beverages in Turkey are limited to fruit juices, sodas and mineral waters. There is a vast void in health promoting beverage types such as digestive health, bone and joint health, brain and 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 demand is there, and there is a tremendous untapped potential in this segment.

- Functional food awareness is increasing in Turkey, as in most other countries. Functional chocolate and sugar confectionary products, baby and toddler food, gums and biscuits offer a good market opportunity. Diabetes is a widely seen problem in the Turkish population and specialized products for diabetics also provides a good market potential.
- Wine: Popularity of wine as an alcoholic beverage has increased in recent years. 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 targeting the younger generation through rock concerts and motor-rally sponsorships.

- Seafood: Turkey is a promising market for various seafood products. In addition to the 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 US suppliers. Currently EU countries dominate the market.

- Breakfast cereals: Consumption of breakfast cereals is increasing. Chocolate cereals, corn flakes, bran fiber flakes with raisins and mixed fruit and chocolate cereals are becoming popular among the Turkish consumers.

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

- Organic processed products: Even though Turkey has organic production, it is limited mostly to produce, herbs and other bulk commodities. In this respect there is an 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)	2011	2012	2013
Bulk Agricultural Products			
Wheat	237.8	7.7	107
Corn	0	0.1	0
Rice	45	64.9	50.4
Soybeans	128	457.1	155.9
Cotton	1,174.5	588.7	797.3
Pulses	4.5	13.1	20.3
Tobacco	21.6	32.5	28.8
TOTAL	**1,623.8**	**1,175.4**	**1,177.1**
Consumer-Oriented Agricultural Products			
Poultry Meat and Products	39.3	65.9	66.1
Dairy Products	5.1	2.2	29.2
Processed Fruit	3.5	2.6	3.1
Processed Vegetables	40.1	9.3	18.2
Tree Nuts	225	230.8	281.7
Snack Foods (NESOI)	1.4	1.5	2.9
Prepared Food	22.1	23.7	32.4
Condiments & Sauces	0.8	1.4	1.5
Wine & Beer	0.4	4.2	0.7
TOTAL	**345.5**	**347.7**	**443.7**
Other Agricultural Products			
Fish Products	4.4	6.6	4.1
Distilled Spirits	14.5	14.6	18
GRAND TOTAL	**2,539.7**	**2,113**	**2,248.7**

Note: Some items have been removed from the list. For the fulllist 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 exporting to Turkey.

- TUGIDER
  Turkish Food Importers Association is a non-governmental organization involved in trade facilitation for new entrants into the market. Roughly 115 companies active in Turkish Food Processing sector either as importers or as investors are members of this organization. TUGIDER can 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 "Gateway 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 main target is "to find new fields of cooperation to foreign markets and to provide better utilization of existing business opportunities". DEIK can be contacted at tel: 90-212-339-5000, fax: 90-212-270-3092, info@deik.org.tr.

USDA's Foreign Agricultural Service has two offices in Turkey; the Ankara Embassy and the 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
  American Embassy, Ankara
  Unit 7000, Box 1013
  DPO, AE 09823 -1013

  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.