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Turkey

Food Processing Ingredients

Growing Population, Growing Food Processing Industry

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Report Highlights:
Turkey has a modern and developed food processing industry which represents 16 percent of all manufacturing in the country. There are 42,030 food processing and 499 beverage producing enterprises in Turkey, with concentrations in fruit and vegetable preparations and processing, bakery products, meat products, and dairy processing. There are 577 foreign direct investments in food and beverage production. Turkey remains a net exporter in the processed foods industry both to the world and the United States in 2017.

MARKET FACT SHEET: TURKEY

Executive Summary

The Republic of Turkey has a young population of 80 million people fueling consumption. It is in a Customs Union with the EU and is the 17th largest economy in the world. Annual average GDP growth of 4.8 percent is forecasted for 2017-2022. There has been a slight decrease (in USD terms), in processed food imports to Turkey from 2016 to 2017, but the food retail sales index is in an upward trend in real terms. In general, there are opportunities for U.S. food exporters and they should utilize importers in Turkey to penetrate the market.

Food Processing Industry

There are 42,030 food processing and 499 beverage producing enterprises in Turkey as of 2015, according to the latest statistics published by TurkStat. Turkey has a modern and developed food processing industry supplying the domestic population and also exporting, and represents 16 percent of all manufacturing activities. As of the end of 2016, there were 577 foreign direct investments in food and beverage production: 100 of these were German, 44 Dutch, 33 French and 31 from the United States. Of these 577, 12 were started in 2016.

FOOD MANUFACTURING INDUSTRY in TURKEY	2015
Processing and Preserving of Fruit and Vegetables	17.9%
Bakery and Farinaceous Products	11.9%
Processing, Preserving, Production of Meat and Meat Products	11.8%
Dairy Products	11.0%
Flour, Starches and Starch Products	10.2%
Vegetable Oils and Fats	9.8%
Cocoa, Chocolate and Sugar Confectionery	5.8%
Beverages	5.1%
Prepared Animal Feeds	5.0%
Manufacture of Sugar	3.9%
Processing of Tea and Coffee	3.4%
Other Food Products	2.9%
Processing and Preserving of Sea Food	1.4%

Food Retail Industry

Grocery Sales were US$ 84 billion in 2017, and the inflation/seasonally adjusted Real Retail Sales Index has been increasing during the last five years. Despite the political and economic challenges of recent years, due to a young and urban population and a growing middle class, the food retail industry is on the rise. Several foreign players in grocery retailing have left, but the domestic industry, especially organized/modern retailers in the hard discount segment is expanding with fast-paced investments.

Imports of Consumer-Oriented Agricultural Products

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

Quick Facts on Turkey's Food Sector

Imports of Processed Foods, 2017

US$ 3.7 billion

List of Top 10 Growth Products in Turkey (Imported Processed Food Ingredients) 2015-2017

1. Palm Oil, Crude	**6.** Sardines
2. Roasted Chicory	**7.** Wheat or Meslin Flour
3. Animal Fats & Oils	**8.** Nutmeg
4. Octopus	**9.** Caviar
5. Cinnamon	**10.** Cherries, Prepared/Preserved

Top 10 Imported Food Processing Ingredients to Turkey (from anywhere) 2017

1. Sunflower Seed/Safflower Oil	**6.** Cocoa Butter/Fat/Oil
2. Food Preparations nesoi	**7.** Cocoa Preparations nesoi
3. Coffee Extracts, Essences etc.	**8.** Cocoa Paste
4. Food Preparations for Infants	**9.** Cocoa Powder
5. Palm Kernel/Babassu Oil	**10.** Fish Fats/Oils

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.** Onur
5. CarrefourSA	**10.** Yunus

GDP/Population 2017

Population: 80.1 million
GDP, PPP: US $2,133 billion
GDP Per Capita, PPP: US $26,500

Sources: CIA World Fact Book; Euromonitor International; Turkish Statistical Institute; Global Trade Atlas

Strengths/Weaknesses/Opportunities/Threats

Strengths	Weaknesses
Solid GDP and disposable income growth	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

The average Gross Domestic Product (GDP) growth between 2012 and 2016 was 5.5 percent and annual average projected GDP growth is 4.8 percent, according to Fitch, between 2017 and 2022. Despite this growth, Turkey's macroeconomic outlook is facing challenges. A deteriorating geopolitical environment has negatively impacted exports, investment, tourism and growth. The strong recovery in 2017 mostly depended on a short-term fiscal stimulus. Elections in June and November 2015, a cabinet reshuffle in May 2016, an attempted coup in July 2016, and the consequent dismissals of public officials have all affected the Government's reform momentum. At the same time, a series of terrorist attacks weakened tourist arrivals and foreign investment. Private investments were delayed, leading to slower economic growth.

As of spring 2018, Yildiz Holding, a Turkish conglomerate with major investments in the food sector such as famous Ulker and Godiva brands, asked its bankers for a restructuring of debt. Likewise, Dogus Holding, with large investments in luxury restaurant chains (170 locations in 12 countries) sold 17 percent of its company operating the restaurants called "d.ream" to foreign funds and asked for restructuring of debt as well.

Turkey remains a net exporter in the processed foods industry both to the world and the United States in 2017, as they have been in the last five years. The country has a developed food processing industry with good quality products and competitive pricing compared to Europe and the United States. Turkey is home to a rich base of agricultural production and is able to supply labor with relatively competitive prices to the industry. The food processing industry is one of the few industries with a trade surplus.

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

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

ADVANTAGES	**CHALLENGES**
A large and developed food processing industry is requiring a wide range of ingredients and is open to innovative ones, like additives and processing aids.	Importing can be complex: Lack of transparency in rules and regulations, time consuming import procedures, and a zero tolerance for genetically engineered products or ingredients for food use in Turkey
Strong and steady retail market and GDP growth, as well as more dual income households, drives new demand for processed, frozen, prepared food and ingredients.	Artisan domestic products such as bakery and cheese utilize domestic ingredients and have strong existing relationships with ingredient suppliers
For U.S. companies already exporting to Europe, expansion to Turkey can be easier as many regulations are similar to those of the EU.	The devaluation of the TL means that imported food ingredients for use in the domestic market are more expensive than domestic ones, and many EU products benefit from the Customs Union and proximity.
Positive perception among the food processing industry for innovative new food processing ingredients from the United States.	There is misinformation among higher end consumers and bad publicity in the media about processed food ingredients and additives.

Source: Market observations of FAS Istanbul Office.

Despite the political and economic difficulties, including devaluation of the Turkish Lira (TL), packaged food continued to register current value growth (in TL terms) in 2017, as consumers sacrificed purchases of non-food items rather than food. In 2017, traditional/artisanal products, particularly bread, still accounted for a big share of the food processing sector. However, artisanal food lost market share to packaged food, mainly because consumers are switching from artisanal bread to packaged bread and from artisanal cheese to packaged cheese. About 20 years ago, packaged bread and cheese were almost non-existent in Turkey and neighborhood bakeries supplied almost all the bread, freshly baked and usually still warm. They still continue to do so and these small bakeries (*firin* in Turkish) are still dominant even in metropolitan areas and represent the importance of bread and bakery products in the culture and strong preference for freshly baked products. They are expected to remain a staple, although consolidations and continued growth of chain bakeries can be expected. According to Post's market observations, this switch towards packaged bread and cheese has mainly happened in metropolitan cities like Istanbul, Ankara, and Izmir with upper-middle and high income level consumers who are relatively well educated and more health conscious. Many view packaged bread as more hygienic compared to unpackaged bread sold in neighborhood bread bakeries and traditional small corner grocery stores (*bakkal* in Turkish) which may touch the counter and hands of a few people before it reaches the final consumer. It is also hard to know the ingredients of the unpackaged bread, whereas the ingredients are written (labeled as required by law) on packaged bread.

There are 42,030 food processing and 499 beverage producing enterprises in Turkey as of 2015, according to the latest statistics published by TurkStat. Calculated on the basis of sales values, the food production industry constitutes approximately 15 percent of all production industries as of 2015, and beverage manufacturing industry is 0.82 percent of all manufacturing industries. This makes food production the largest manufacturing industry in Turkey, constituting approximately 16 percent of all manufacturing activities.

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

	Number of Enterprises					Turnover in Millons of USD*				
FOOD MANUFACTURING INDUSTRY in TURKEY	**2011**	**2012**	**2013**	**2014**	**2015**	**2011**	**2012**	**2013**	**2014**	**2015**
Manufacture of Food Products	**39,101**	**40,235**	**41,285**	**42,030**	**42,030**	**61,731**	**65,017**	**68,903**	**70,156**	**63,440**
Processing and preserving of meat and production of meat products	452	501	526	535	559	7,434	8,433	7,805	9,035	7,894
Processing and preserving of meat	202	214	238	235	235	1,322	1,648	2,053	2,071	1,994
Processing and preserving of poultry meat	46	53	49	52	58	4,780	5,371	4,539	5,708	4,765
Production of meat and poultry meat products	204	234	239	248	266	1,332	1,414	1,214	1,255	1,135
Processing and preserving of fish, crustaceans and molluscs	54	65	82	115	117	754	637	798	905	963
Processing and preserving of fruit and vegetables	1,522	1,558	1,643	1,713	1,730	10,902	10,744	11,168	11,968	11,928
Processing and preserving of potatoes	23	23	25	19	24	692	709	728	753	692
Manufacture of fruit and vegetable juice	117	131	155	177	177	780	1,174	1,204	1,238	985
Other processing and preserving of fruit and vegetables	1,382	1,404	1,463	1,517	1,529	9,430	8,861	9,236	9,977	10,251
Manufacture of Vegetable Oils and Fats	852	908	1,005	1,087	1,140	6,511	6,866	6,909	7,167	6,572
Manufacture of oils and fats	847	904	1,000	1,082	1,135	5,444	**	6,002	**	**
Manufacture of margarine and similar edible fats	5	4	5	5	5	1,066	**	907	**	**
Manufature of Dairy products	1,608	1,940	2,055	2,178	1,533	7,596	8,584	8,030	8,238	7,360
Operation of dairies and cheese making	1,243	1,523	1,541	1,640	1,269	**	**	7,660	7,987	7,132
Manufacture of ice cream	365	417	514	538	264	**	**	370	250	227
Manufacture of Grain Mill Products, Starches and Starch Products	3,494	3,469	3,073	3,102	3,143	7,925	7,201	8,424	7,498	6,848
Manufacture of grain mill products	3,483	3,456	3,056	3,085	3,126	7,397	6,695	7,679	6,780	6,209
Manufacture of starches and starch products	11	13	17	17	17	528	507	744	718	639
Manufacture of Bakery and Farinaceous Products	29,327	29,801	30,673	30,880	31,406	7,276	7,923	9,508	9,436	7,919
Manufacture of bread; manufacture of fresh pastry goods and cakes	27,301	27,623	27,975	28,090	28,488	3,991	4,204	5,065	4,771	3,986
Manufacture of rusks and biscuits; manufacture of preserved pastry goods and cakes	1,984	2,129	2,642	2,725	2,846	2,294	2,643	3,075	3,337	2,765
Manufacture of macaroni, noodles, couscous and similar farinaceous products	42	49	56	65	72	991	1,076	1,367	1,328	1,168
Manufature of Other Food Products	1,489	1,598	1,771	2,015	1,995	10,334	11,358	11,715	12,158	10,610
Manufacture of sugar	63	68	14	8	8	3,126	3,400	3,082	2,962	2,601
Manufacture of cocoa, chocolate and sugar confectionery	1,005	1,029	1,121	1,197	1,138	4,165	3,923	4,394	4,626	3,845
Processing of tea and coffee	165	182	202	261	257	1,428	2,080	2,268	2,497	2,249
Manufacture of condiments and seasonings	155	191	228	283	299	692	760	678	747	690
Manufacture of prepared meals and dishes	20	24	41	60	63	**	139	202	**	166
Manufacture of homogenised food preparations and dietetic food	12	16	19	17	27	**	209	138	**	47
Manufacture of other food products n.e.c.	69	88	146	189	203	729	849	953	1,106	1,011
Manufacture of Prepared Animal Feeds	303	395	457	405	407	2,999	3,270	4,546	3,750	3,346
Manufacture of prepared feeds for farm animals	296	387	444	383	384	2,952	3,222	4,486	3,678	3,275
Manufacture of prepared pet foods	7	8	13	22	23	46	48	60	72	71
Manufacture of Beverages	**482**	**484**	**509**	**530**	**499**	**3,709**	**3,665**	**3,779**	**3,777**	**3,385**
Distilling, rectifying and blending of spirits	7	6	9	10	11	**	157	258	217	174
Manufacture of wine from grape	92	109	118	128	143	114	**	**	**	**
Manufacture of beer	4	4	3	4	5	**	**	**	**	**
Manufacture of soft drinks; production of mineral waters and other bottled waters	379	365	379	388	340	2,690	2,666	2,771	2,812	2,559
TRL/USD*						**1.679**	**1.799**	**1.904**	**2.187**	**2.725**

Table 2 Sources: Turkish Statistical Institute, 2015 is latest available year as of March 2018. Orange and Yellow lines are aggregates.
***** The values are exchanged from current values of TL to USD by using the average FX rate for that year, rates are indicated on the last line of the table.
****** The values are not revealed (but included in aggregates) by Turkish Statistical Institute to protect the confidentiality of companies if there are too few companies in the given industry or if few large players are dominating the industry even if the number of companies are not too few.

The number of companies in food production has slowly and steadily been increasing in the last five years. Sales values have also been growing (in terms of both USD and TL) for last five years until 2015, however the large depreciation of the Turkish Lira (TL) caused the sales numbers in USD terms to deteriorate in 2015. The reasons behind the depreciation of the currency were related to instability, terrorist attacks, the halt in Russian tourists, structural problems in the economy and the political environment.

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

II. ROAD MAP FOR MARKET ENTRY

a. ENTRY STRATEGY

After conducting market research determining that there is a potential market in Turkey for the food ingredient that you are dealing with, it is important to develop a good strategy for market entry. Turkey straddles southern European and Middle Eastern cultures, and relationships are very important for business. This makes already existing relations and connections in the country especially important. Finding a local agent is a safe approach for entry into the market, especially for medium and small enterprises that would like to start exporting to Turkey. Large food processors in Turkey may be directly contacted, especially by larger size American companies. Agents in Turkey are sometimes an importer, distributor, wholesaler, a commission-based trader or some combination thereof. Local representatives will have experience in market development and contact information of potential buyers, such as the food processors that are likely to use your products. A good representative can guide you in the market, including on import rules and regulations, which ports to utilize, local business practices, conducting market intelligence formally or informally, starting sales calls, etc. Before selecting any local agent, personally visiting them in Turkey is highly recommended. One should do meetings with several of them before selecting one. For larger companies with more resources, it might be an option to establish a company in Turkey and hire some local personnel.

Large food processors in Turkey are often capable of accessing the ingredient suppliers themselves and importing directly. So one might approach them directly or try and meet them in a Trade Show in Europe, the Middle East or in Turkey. The large companies typically attend large shows such as Anuga in Germany, Sial in France, or Gulf Food in Dubai. Food trade shows in Turkey can be helpful to visit before deciding to enter the market. Anfas Food Product, World Food Istanbul, IbaTech and Food Ingredients Fi Istanbul are good shows to visit and meet importers.

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

b. IMPORT PROCEDURE[1]

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

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

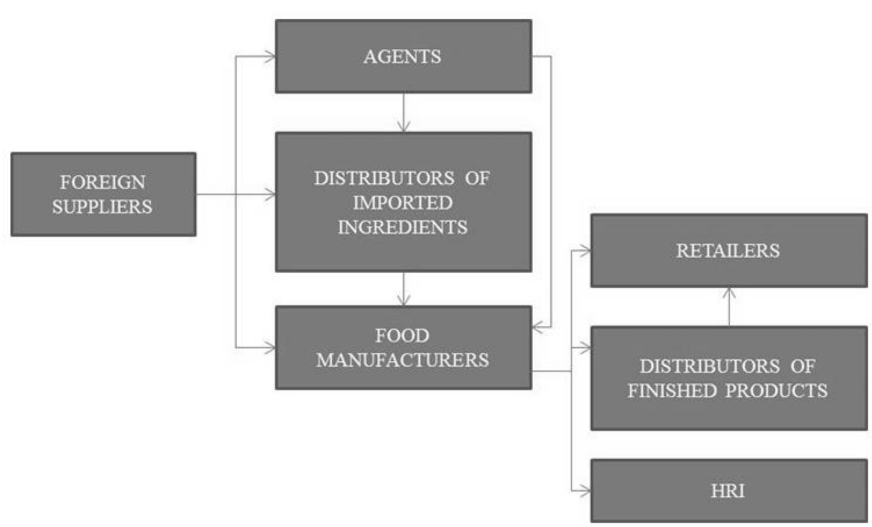
Most laws and regulations are harmonized with EU in Turkey. Companies that have exported to the EU before are often are better prepared for navigating Turkish regulations, though not everything is the same, which does additionally complicate imports. Labeling requirements should be taken into consideration,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

c. DISTRIBUTION CHANNELS

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

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

Food service is another way of reaching consumers. High end restaurants that are generally in large metropolitan areas or coastal resort towns are potential users of imported processed food and ingredients.



d. MARKET STRUCTURE

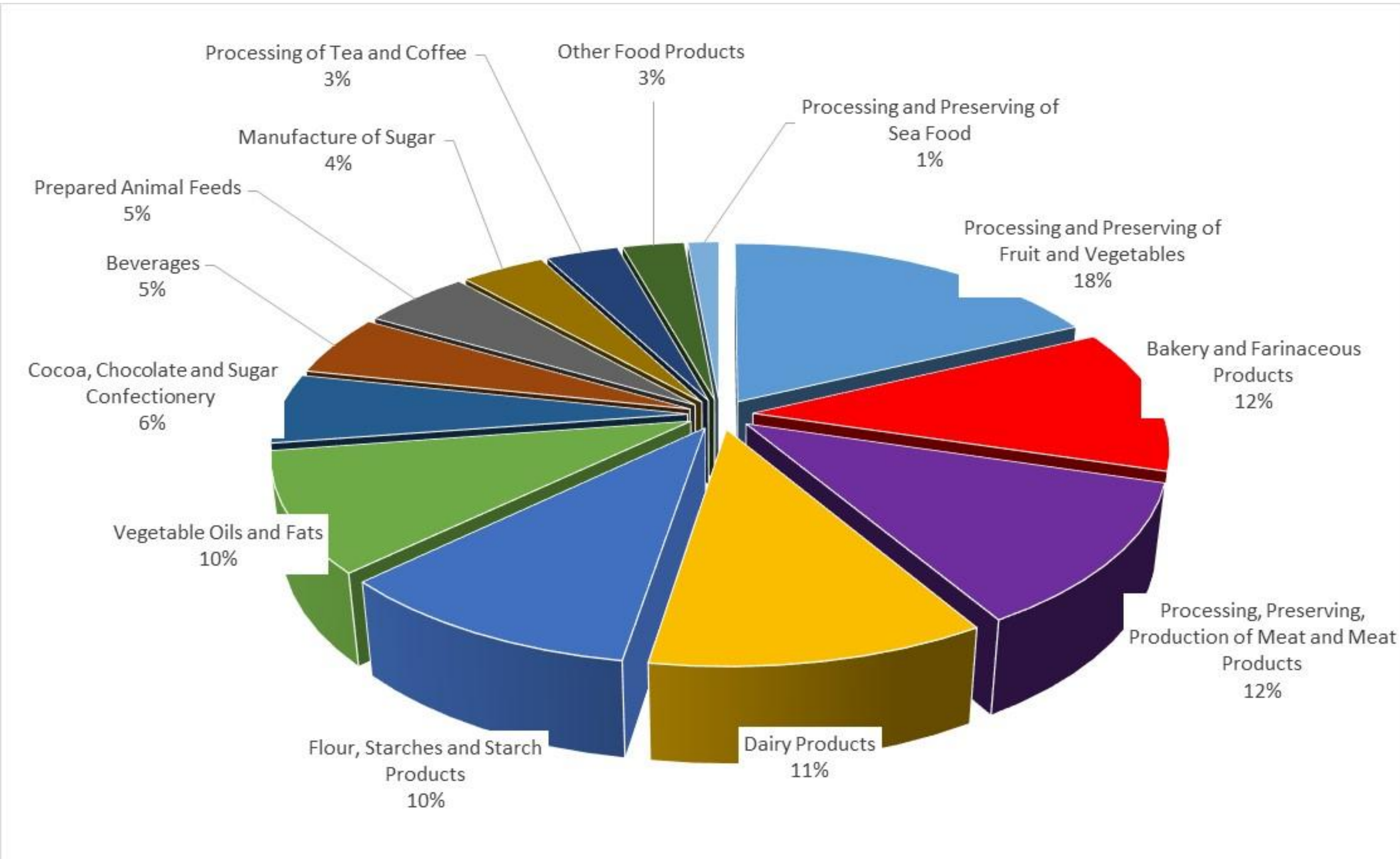
There are large, medium, and small size food processors spread throughout the country fueling demand for ingredients, though not all use imported or U.S. ingredients. Some food processors

[1] 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 whole set of import requirements with the customer and officials.

in Turkey use local ingredients supplied by the fertile agriculture base and/or locally produced additives. For many others though, imported ingredients and/or additives are vital. The above chart represents the market structure for food processing ingredients.

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

e. SHARE OF MAJOR SEGMENTS in the FOOD PROCESSING INDUSTRY in 2015



*The above chart is for year 2015 which the latest year that TurkStat has reported these data so far.
** Percentages are calculated on basis of turnovers created by the respective industry. See actual data.

f. COMPANY PROFILES

The food processing companies in Turkey that are listed in Turkish Fortune 500 for 2016 are below. For the purposes of this report, only the top 25 companies are displayed, but there are actually 52 food companies in the Turkish Fortune 500 list, as prepared by Fortune Magazine Turkey.

Table 3: Food processing companies listed -+in Turkish Fortune 500 by Fortune Magazine Turkey 2016

2016	Fortune 500	Company	Subject of Business	Net Sales (1,000 USD) *
1	10	Anadolu Efes	Alcoholic beverage (Efes Beer), owner of Migros retail chain, master franchise owner and operator of McDonald's in Turkey, bottler of Coca-Cola in 10 countries including Turkey.	3,379,187
2	34	Unilever	Ice cream, ready-to-eat soup, ketchup, mayonnaise, mustard, tea, vegetable based margarine, food ingredients for B2B	1,354,234
3	36	Türkiye Şeker Fabrikaları	Production of Refined Sugar (State owned)	1,167,769
4	37	Tiryaki Agro Gıda	Process and trade pulses and grain, process and trade nuts, trade oil seed, production process trade organic food	1,161,410
5	46	Ülker Bisküvi	Confectionary, Snacks, chocolate, butter, flour, vegetable oil	1,018,252
6	58	Eti Gıda	Confectionary, Snacks, chocolate, baby food	884,811
7	70	Konya Şeker	Sugar, Confectionary, Dairy	716,594
8	74	Çaykur	Tea	677,369
9	79	Banvit	Poultry Products and processing	662,603
10	82	Sütaş	Dairy Products and processing	624,692
11	94	Abalıoğlu Yem Soya	Fish, poultry and farm animal feed, aquaculture production, fish processing, meat production and processing, poultry production and processing	560,758
12	109	TAB Gıda	Operator and master franchise owner (for Turkey) of Burger King, Arby's, Popeye's, Sbarro and Usta Donerci (local fast food)	488,454
13	119	Altınmarka Gıda	Cocoa importer and processor, chocolate producer for other companies (B2B)	432,079
14	125	Namet Gıda	Meat processing, Meat products	405,891
15	153	Erpiliç	Poultry Products and processing	343,071
16	177	Beypiliç	Poultry Products and processing	308,006
17	183	Tat Gıda	Tomato paste, Preserved vegetables, preserved ready meals, ketchup, mayonnaise	301,508
18	186	Küçükbay Yağ	Vegetable Oils (Olive, Sunflower seed, canola, corn, soy), margarine, oils & margarines for processors and food service (B2B)	296,878
19	190	Trakya Birlik	Sunflower seed oil, vegetable based margarine	281,129
20	218	Beşler Makarna	Pasta production	246,254
21	219	Türk Tuborg	Alcoholic beverage (Beer)	245,921
22	223	Aves Enerji Yağ Gıda	Trade of sunflower seed oil, sunflower seed, suncake, canola	241,788
23	224	Matlı Yem	Farm animal feed, poultry feed, egg production	241,107
24	236	Yayla Agro Gıda	Pulse packer, ready-to-eat packed pulse meals	223,129
25	251	Torunlar Gıda	Trade of sunflower seed oil and other oil seeds; production of sunflower seed oil, canola oil, soya oil, paddy production and rice processing	210,036

* Net sales is converted into USD from TRL with FX rate of 3.02 TRL/USD, average rate for 2016.

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

Dairy Companies

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

Meat and Poultry Processing

1. Pinar Et
2. Namet Et
3. Maret Et (Owned by Namet since 2014)
4. Trakya Et
5. Polonez Et Urunleri
6. Sahin Melek Et ve Mamulleri
7. Besler Et ve Gida Sanayi
8. Coskun Et Mamulleri
9. Banvit Poultry
10. Keskinoglu Poultry

11. Beypilic Poultry
12. Akpilic Poultry
13. CP Turkey Poultry

Confectionary, Chocolate, Snack
1. Eti Gida
2. Ulker Gida
3. Nestle Turkey
4. Frito Lay Turkey
5. Mondolez International Turkey
6. Torku Gida
7. Dogus
8. Ferrero Turkey
9. Saray Biscuits
10. Haribo Turkey
11. Bifa Gida

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

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

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

Canned Food, Ready to Eat Food, Frozen Food, Processed Vegetables & Fruits
1. Tat (canned, glass bottle conserved)
2. Tamek (canned, glass bottle conserved)
3. Yurt Konserve (canned)
4. Superfresh (frozen)
5. Pinar (Frozen)
6. Feast (Frozen)
7. Tukas Gida (canned, glass bottle conserved)
8. Penguen Gida (glass bottle conserved)

g. SECTOR TRENDS

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

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

Food service consumption is expected to grow, compared to the last few years, as tourism picks back up.

III. COMPETITION

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

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

The table below gives the top countries from which Turkey imports processed products/ingredients. Many of them are from Europe, and benefit from geographical proximity and aligned regulatory structures. Asian countries are generally supplying palm oil, and Russia and Ukraine are generally supplying sunflower seeds and sunflower seed oil. The United States is mainly exporting value added products and "Food Preparations nesoi" categories, which are mainly processed food additives, aids, and ingredients. The main competitors for these products are European countries.

Table 4: Processed Products/Ingredients Imports to Turkey

	Thousands of USD	Imports	Imports	Imports	Share (%)	
	Country	**2015**	**2016**	**2017**	**2017**	**FTA Status**
1	Malaysia	439,584	522,310	577,619	15.7	No
2	Russia	845,477	782,815	461,284	12.5	No
3	Netherlands	229,763	212,965	250,130	6.8	EU
4	Germany	243,329	243,255	245,383	6.7	EU
5	Ukraine	234,198	216,553	189,744	5.2	No
6	United Kingdom	118,507	112,354	142,202	3.9	EU
7	Bosnia & Herzegovina	80,861	127,825	136,695	3.7	FTA
8	Italy	118,958	115,777	131,472	3.6	EU
9	Indonesia	170,982	63,999	115,975	3.2	No
10	India	71,387	63,578	99,942	2.7	No
11	France	93,727	84,574	90,660	2.5	EU
12	**United States**	**102,944**	**87,429**	**86,921**	**2.4**	No
13	Poland	86,305	84,758	86,726	2.4	EU
14	Switzerland	67,126	59,386	65,066	1.8	FTA
15	Thailand	36,334	33,908	64,271	1.7	No
	World Total	3,965,646	3,745,690	3,683,346	100	

Source: Global Trade Atlas

IV. BEST PRODUCT CATEGORIES

Turkey is a highly competitive and very price sensitive market for many items. A thorough analysis should be done before prospective exporters consider Turkey as a long term market.

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

1. Food additives, food processing aids (especially innovative new ones)

2. Nuts: almonds, walnuts
3. Sunflowerseed (for oil)
4. Sauces
5. Gourmet/Ethnic food ingredients
6. Spices (some niche spices)

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

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

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

1. GMO derived ingredients and additives (Turkey Agricultural Biotechnology Annual Report 2017)
2. Organic sugar as ingredient
3. Beef and products

V. KEY CONTACTS AND FURTHER INFORMATION

Republic of Turkey, Ministry of Food, Agriculture and Livestock (MinFAL)

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

Association of Food Additives and Ingredients Manufacturers (GIDABIL)

All Foods Foreign Trade Association (TUGIDER)

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 Foreign Agricultural Service (FAS) webpage. Contact our office via the information below:

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