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Turkey

Retail Foods

Turkish Food Retail Industry

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Report Highlights:

The Turkish retail food sector continues to grow in 2017 and 2018. Discount retail chains with compact stores remain the growth driver, both in number of stores and sales volumes. The organized retail sector is split evenly between traditional small grocery stores and modern retail chains. The young and growing population provides opportunities for growth and new product introductions. Turkey has a well-developed food processing sector that is producing good quality food items for the Turkish market, and European suppliers are also dominant in imported retail food.

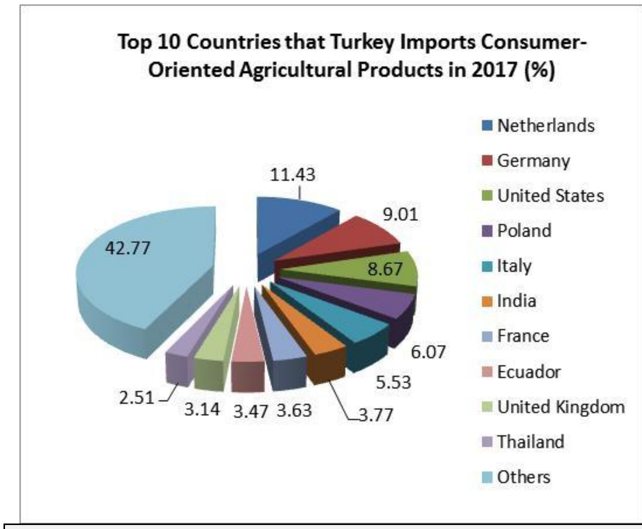
MARKET FACT SHEET: TURKEY

Executive Summary

The Republic of Turkey has a young population of 80 million people fueling consumption. The country is in a Customs Union with the EU and is the 17th largest economy in the world. An annual average GDP growth of 4.8 percent is forecasted by Fitch between 2017 and 2022. There was a 14 percent increase in total imports of consumer-oriented agricultural products in 2017 compared to 2016. U.S. food exporters should utilize importers in Turkey to penetrate the market in most cases. There is still a gap in the market to fill. The food retail sales index is in an upward trend in real terms.

Imports of Consumer-Oriented Agricultural Products

EU contries are the major suppliers to Turkey in terms of Consumer-Oriented Agricultural Products. They have the advantage of proximity and the Customs Union. Once declared self-sufficient in most agricultural commodities for consumer use, Turkey now imports some consumer-oriented agricultural commodities 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 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 exporting. The food processing industry constitutes 12.53 percent and the beverage industry constitutes 0.15 percent of all manufacturing industries in Turkey. As of the end of 2016 there were 577 foreign direct investments in food and beverage production of which 100 were German, 44 Dutch, 33 French and 31 U.S. Of these 577, 12 were started in 2016.

Food Retail Industry

Grocery Sales were US$ 84 billion as of the end of 2017 and the inflation/seasonally adjusted Real Retail Sales Index has been increasing during the last 5 years. Despite the political and economic challenges that Turkey is facing in recent years, due to a young, dynamic population with 75 percent urbanization rates and a growing middle class, the food retail industry has been growing. Several foreign players in grocery retailing have left the country in the last few years but the domestic industry is coming on strong and investments continue to be fast-paced especially in the hard discount segment. Organized/modern retailers continue to grow as traditional/unorganized retailers slowly leave the stage.

Quick Facts

Imports of Consumer-Oriented Ag. Products 2017 US$2.6 billion

List of Top 10 Growth Products in Turkey (Imported Consumer Oriented Agricultural Products) 2015-2017

1. Nonalc. Beverages, Nesoi	**6.** Meat, Bovine Cuts With Bone In
2. Wilkings and Similar Citrus	**7.** Citrus Fruit (Inc Mixes) Prep etc.
3. Mandarins	**8.** Tea Or Mate Extracts
4. Roasted Chicory	**9.** Soups & Broths & preperations
5. Nonalcoholic Beer	**10.** Black Tea Fermtd

Food Retailers by Channel (Sales in Million USD) 2016*

Modern Grocery Retailers	**43,385**	
- Convenience Stores		1,490
- Discounters	12,960	
- Gas station/ Forecourt retailers		813
- Hypermarkets	1,997	
- Supermarkets	26,124	
Traditional Grocery Retailers		**47,159**
- Food/Drink/Tobacco Specialists		11,167
- Independent Small Grocers (Bakkals)	34,826	
- Other Grocery Retailers	1,165	
Grocery Retailers Total	**90,543**	

Top 10 Retailers (by Marketshare 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

*Average FX rate for 2016 used to change into US$(3.020 TRL/US$)
Sources: CIA The 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

Contact: USDA FAS Office of Agricultural Affairs

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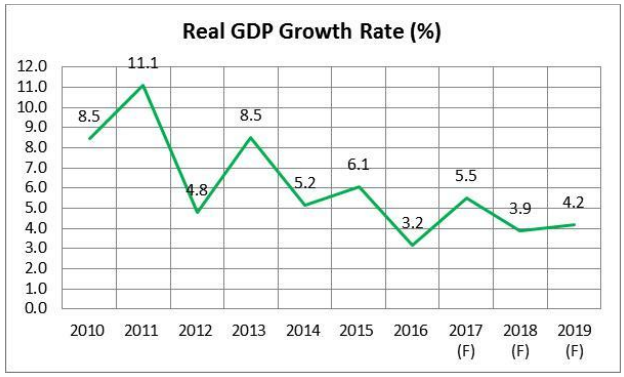
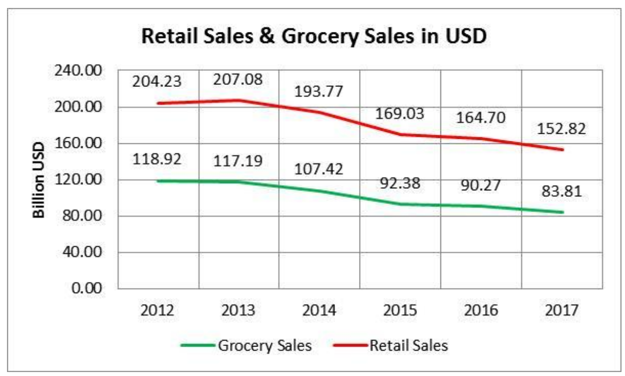
I. MARKET SUMMARY

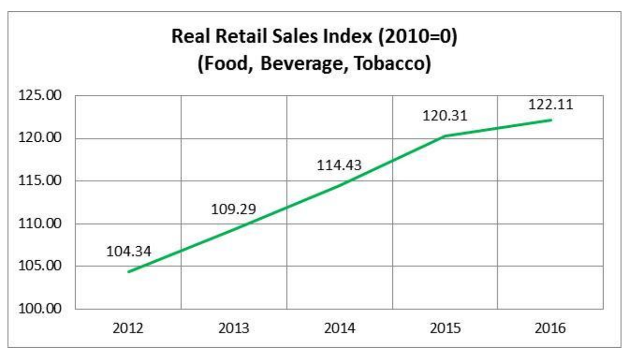
The Republic of Turkey, located in the south east of Europe and the north west of the Middle East, bordering the Black Sea in the north and the Mediterranean Sea in south, has a young population of 80.1 million[1] fueling consumption. The median age is 30.5 and 43 percent of the population is between the ages 25 to 54. The urbanization rate reached 75%, with rapid urbanization since 2000. The young population, high urbanization rate and increasing household income nurture the retail industry. The country is an Associate Member of the European Union (EU) and is in a customs union with the EU. Turkey is the 17th largest economy in the world according to the World Bank.



Source: Turkish Statistical Institute. (F) Forecast by Fitch.

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. Although the Turkish economy's recent and projected growth is good, Turkey's macroeconomic achievements are being challenged. Domestic challenges and a deteriorating geopolitical environment have negatively impacted exports, investment, and growth. The strong recovery in 2017 mostly depended on a short-term fiscal stimulus. Political developments in 2015 and 2016 presented challenges. 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.





Source1: Sales in USD, Euromonitor International
Source2: Sales Index, Turkish Statistical Institute (TurkStat)

Retail industry sales (excl. Sales Tax) were $152.8 billion U.S. Dollars (USD) according to Euromonitor in 2017. Grocery retail sales were $83.8 billion USD, which constituted 55% of all retail sales through approximately 360,000 organized and unorganized grocery retailers. The chart shows the declining trend of retail sales and grocery sales in USD terms. One of the main causes of this deterioration is rapid depreciation of the Turkish Lira (TRL) against USD. At the end of 2015, $1 USD bought 2.92 TRL, 3.52 TRL by the end of 2016, and 3.77 at the end of 2017. In terms of current value of the Turkish Lira though, the sales increased every year. The real retail sales index chart (2010=0) shows the actual trend in food retail sales, which is steadily increasing. The index is seasonally adjusted with constant prices, adjusted for inflation.

The share of household expenditure allocated to food, beverages, and tobacco will remain high by western standards. It was 23.5 percent of household spending in 2017, but is expected to decline to 22.6 percent in 2022, According to Economist Intelligence Unit (EIU). This

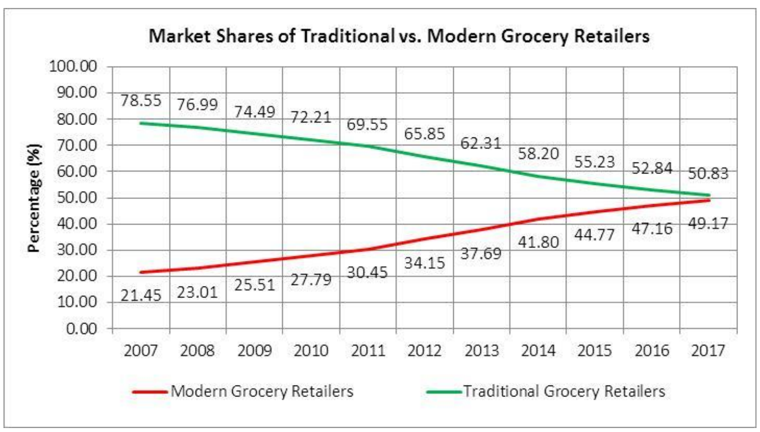
[1] July 2007 estimate, CIA World Fact Book

share reflects Turkey's relatively low average income levels and food price inflation that often exceeds overall inflation rate. Food price inflation was a major concern for the Turkish economy in 2017, and led to policies to decrease import taxes for some food items. In the next five years, EIU forecasts that food retail sales (in USD terms) will increase again after the 2017 decline due to recovery in consumer sentiment and a more stable TRL against USD.

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 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.

Imported high value food items are mostly sold in hypermarket settings which are located in wealthier urban areas. These include Migros, CarrefourSA, Metro Grossmarkets and premium grocery chains such as Macrocenter, as well as more regional gourmet chains like Gourmet Garage. Standalone gourmet/premium food stores that are located in major city centers like Istanbul, Izmir, Ankara, Bodrum, Antalya also sell imported goods. Imported specialty or high value food items are generally not sold in discount grocery chains or in regional grocery chains, though imported commodities such as rice, walnuts, almonds and few imported fresh fruits like bananas and avocados may be available there.

Turkish customers increasingly prefer to shop in areas where their homes or workplaces are located, especially in traffic-clogged metropolitan areas like Istanbul, Ankara, and Izmir. Turkey is also a very price sensitive market. Consumers have started to prefer hard discounters or discounters offering private label products, which are on average 30 percent cheaper than the name brand. Discount Grocery Retailers such as BIM and A101, are transforming the market and are opening up compact stores everywhere (usually sized around 100 to 400 square meters) in neighborhoods and side streets. An increasing number of *bakkals* (traditional stand-alone small grocery shops), are either closing due to competition, or transforming into smaller size outlets of organized grocery chains such as convenience stores or discounters. Grocery supermarket retailers such as Migros and CarrefourSA are opening smaller convenience stores like M-Jet and CarrefourSA Express to compete.



Source: Euromonitor International.

As a result of low presence of organized or modern retailers in smaller cities and villages, traditional grocery retailers such as *bakkals* (traditional small grocery shops) and *pazars* (street produce markets), are still the main way of grocery shopping. Euromonitor International forecasts that the market share of traditional grocery retailers in Turkey will go down from 50 percent today to 43 percent by 2021, giving the reins to modern organized grocery retailers.

The discounter model operated by BIM and then followed by A101 and Şok has shown a particular ability to meet Turkish consumers' preference for proximity shopping and lower prices, while international retailers' focus on larger supermarket formats may be reaching its limits. As the food retail market is very price-sensitive and the profit margins are low, Post forecasts that domestic grocery store chains will continue to dominate the Turkish market at least for the near term. During the last five years there has been a trend for international retailers to either leave the market or sell to local partners. Industry specialists speculate that beyond price sensitivity, it has been hard for foreign grocery retailers to understand and manage the Turkish market and consumer. Between 2012 and 2017 Tesco (UK), Real (Germany), and Dia (Spain) have left Turkey, and Carrefour sold the majority of its shares to its local partner Sabanci Holding.

There are a few companies using online grocery retailing as a sales channel in Turkey. Migros has been the market leader. Online grocery retailing is active only in major cities.

ADVANTAGES	CHALLENGES
Solid GDP growth and disposable income growth	Domestic and international political challenges
Large population base: young and growing, middle and upper middle class are growing	Economic instabilities such as exchange rate fluctuations
High and increasing urbanization rate	Lack of transparency in rules and regulations
Strong and steady retail market growth	High import duties on processed/packed food and agricultural products
Unsaturated market, open for new items	Complex and time consuming import procedures
Internationally traveling new generation open to more new tastes from abroad	Strong traditional food and cuisine affecting consumption habits
Growing demand for high value packed food; ready to-eat/cook meals as the share of working women increases	Risk of similar products being developed domestically, such as packaged confectionery products and ready to eat meals
Fast growing modern organized grocery chains	Unregistered economy can create some unfair competition
Positive perception for products from the USA	There is a zero tolerance for genetically engineered products or ingredients for food use in Turkey
Strong food culture and tradition of gathering for meals in large groups, so new products fitting into existing food culture and eating habits are easily adopted	Marketing for some products can be difficult: Labeling laws limit health-related claims, and regulations limit alcohol advertising.
Many regulations are similar to those of the EU, so the expansion to Turkey can be easier for companies already exporting to Europe	Competition from many products imported under FTAs or European countries with lower tariffs

II. ROAD MAP FOR MARKET ENTRY

a. ENTRY STRATEGY

Normally a good way of bringing in retail food to Turkey is using a local agent in the country. This agent is 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 organized grocery retailers. 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. 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.

In very rare cases, some organized retailers may import food items directly, such as an important, high turnover product. But in general, retailers will buy from a Turkish company who is importing the product. Turkey's import processes and regulations can be difficult to navigate, so local agents are vital. For details on the requirements, please refer to FAS Turkey reports on Food and Agricultural Import Regulations and Standards and Required Certificates.

Turkey's "All Foods Foreign Trade Association" (TUGIDER) may be contacted to get information on potential representatives in Turkey. Contact: +90 212 347 2560, tugider@tugider.org.tr. TUGIDER members represent the major food importers in Turkey.

Food trade shows in Turkey can be helpful to visit, such as Anfas Food Product, World Food Istanbul, and Food Ingredients Fi Istanbul, to meet importers and get a feeling of the market before trying to enter.

b. CONTACT THE AGRICULTURE OFFICE

The Office of Agricultural Affairs in Turkey may be contacted to get information on market issues. Foreign Agriculture Services (FAS) offices listed below may assist with connecting U.S. food exporters and Turkish importers.

For other agricultural industry reports on Turkey and other countries in the world you may visit Foreign Agricultural Service (FAS) internet page.

Office of Agricultural Affairs Unites States Department of Agriculture U.S. Embassy Ankara 110 Ataturk Bulvari, Kavaklidere, 06100 Ankara, Turkey Telephone: +90 312 457 7393 E-mail: agankara@usda.gov	Office of Agricultural Affairs Unites States Department of Agriculture U.S. Consulate General Istanbul Ucsehitler Sokak No:2, Istinye, 34460 Istanbul, Turkey Telephone: +90 212 335 9068 E-mail: agistanbul@usda.gov

c. MARKET STRUCTURE

Grocery retailers are classified in two major groups in Turkey: Organized/Modern Grocery Retailers and Unorganized/Traditional Grocery Retailers. Organized Grocery Retailers are multi-format retail chains, discount grocery chains, regional grocery chains and gas station convenience stores. The largest chunk of the unorganized grocery retailers are traditional standalone grocery stores which are called *bakkal* in Turkish, are up to 500 square feet in size and selling high turnover grocery products. The other one is traditional open-air bazaars (*pazar* in Turkish) where fresh produce, nuts, fish and even some textiles are sold by producers and traders. These are weekly farmers markets and are held on streets in different neighborhoods.

Another useful classification of grocery retail stores in Turkey is Regional Grocery Chains, National Grocery Chains and International Grocery Chains. Regional grocery chains have stores in one or few cities in Turkey; they are all domestic-owned companies. They rarely carry any imported food except agricultural commodities such as rice, popcorn, bananas, lentils and dried beans. They are a large and important part of the retail picture in general, but not for imported processed goods. National grocery chains are supermarket chains with stores across Turkey, with stores in most cities, if not all. They can be discount, regular or premium stores. International grocery chains are companies with international ownership and international presence of stores. They have stores around Turkey, but usually not east of Ankara. In total there are 211 grocery chains in Turkey with more than 5 stores.

d. TOP FOOD RETAILERS IN TURKEY & COMPANY PROFILES

Table 1: Top 10 Grocery Store Chains by Number of Stores

	Grocery Chain	Chain Type	Number of Stores Dec. 31, 2017	Number of Stores Dec. 31, 2016	New Stores in 2017
1	A 101	National Discount	7,084	6,400	684
2	BIM	National Discount	6,065	5,601	464
3	Sok	National Discount	5,080	4,000	1,080
4	Ekomini	National Discount	1,804	1,610	194
5	Migros	National	1,647	1,528	119
6	Hakmar Ekspres	Discount - Istanbul	473	382	91
7	UCZ	Discount - Istanbul	390	390	0
8	CarrefourSA Super	National (Int. owned)	382	390	-8
9	UCZ Sistem -Sec	National Discount	303	303	0
10	CarrefourSA Mini	National (Int. owned)	200	212	-12
	Total of Top 10	All types	23,428	20,816	2,612

Source: www.ortakalan.com.tr

Table 2: Market Shares of Organized Grocery Retailing in Turkey: Top 10

	Grocery Chain	Chain Type	Market Share (%) Dec. 31, 2017	Sales (mill. USD) Dec. 31, 2017
1	BIM	National Discount	7.5	6,274.00
2	A 101	National Discount	4.4	3,714.10
3	Migros *	National	4.1	3,414.40
4	Sok	National Discount	3.4	2,844.00
5	CarrefourSA Super	National (Int. Owned)	1.3	1,125.20
6	M-Jet	National Convenience	0.7	570.00
7	Ekomini	National Discount	0.5	419.30
8	Hakmar	Discount - Istanbul	0.4	326.90
9	Onur	Regional - Istanbul	0.3	247.60
10	Yunus	National	0.2	189.70
	Total of Top 10**	All types above	**22.80**	**19,125.20**

Source: Euromonitor International; *M, MM, MMM, 5M Stores of Migros are displayed together. M-Jet, the convenience store of Migros, is not included. When M-Jet is combined with Migros, actually Migros would be ranked number 2. ** The market shares are in the organized grocery retail category, traditional grocers are not included.

BIM is the hard discounter of Turkey who sells 80 percent of products as private label. It is present in all cities in Turkey and in most of town centers. Stores are generally 3000 – 6000 square feet. Seventy one percent of BIM shares are publically traded. They are in neighborhoods and side streets as well as some main roads. BIM does not sell imported food except commodity agricultural products such as rice, walnuts, almonds, corn for popcorn and bananas. BIM does not sell alcohol of any kind or tobacco products.

A 101 is a hard discount market chain with the most number of stores in Turkey and is a major competitor of BIM with similar type of stores in similar locations. Similar to BIM, they only sell some imported commodities, not imported packaged or processed foods. Private label products constitute 50 percent of all products. A 101 exists in all 81 cities in Turkey and also in 900 town centers in Turkey. Majority shares are owned by Turgut Aydin Holding. A 101 does not sell alcohol of any kind or tobacco products.

Migros is a multi-format super market chain. It was the first grocery chain established in Turkey in 1954 by the City of Istanbul and Swiss Migros. It was than nationalized as Koc Group acquired majority shares in 1975. After several changes in ownership, the majority of shares are now owned by Anadolu Group of Turkey and the company is 100 percent Turkish. Migros has stores in many different sizes. The smallest format is a convenience store designed to compete with discounters and *bakkals* called M-Jet. The small supermarket format is called M Migros, the larger supermarket format is called MM Migros and hypermarket formats are called MMM Migros and 5M Migros. Their MacroCenter brand stores are gourmet stores where a premium shopping experience is promised. The chain covers 73 out of 81 cities in Turkey, and 22 percent of the offered products are private label. Migros sells imported food, also processed and packed imported food at the larger format stores and especially in MacroCenter stores. Migros stores sell all kinds of alcoholic beverages including imported wines and spirits, as well as tobacco products. Migros' online sales platform began in 1997 and now is serving in 24 cities around Turkey delivering groceries to home in the requested time slot.

Şok is also a discount market chain. Şok is owned by Yildiz Holding, which is the most prominent packaged food and packaged confectionery producer of Turkey, under the famous brand Ülker. Yildiz Holding has declared that they are planning on an initial public offering of Şok in 2018. 35 percent of all the products in Şok are private label and the rest are typically Yildiz Holding's own well-known brands. In 2017, Şok also launched its mobile application which features click and collect services, the first discounter to do so.

CarrefourSA is a joint venture of Carrefour of France and Sabanci Holding of Turkey. 51 percent is owned by Sabanci, which may be the reason for this international chain to survive in Turkey unlike many other foreign chains that left the market. A small part of the shares are open to the public. CarrefourSA is the most important competitor for Migros. Like Migros, CarrefourSA operates multi-size super/hypermarkets. Carrefour has CarefourSA Express (their convenience store size) and CarrefourSA Super in different sizes, and also CarefourSA hypermarkets. CarrefourSA Gurme is their premium market which carries a lot of imported packaged and processed goods as CarrefourSA super and hyper markets do. The chain is present in 58 of 81 major cities in

Turkey. The chain has an online sales platform currently serving nine cities. CarrefourSA carries all kinds of alcoholic drinks including imported ones, and tobacco products.

III. COMPETITION

According to Post's market observations, local products are the main competitor for U.S. processed food products that would go into food retail. Turkey has a well-developed food processing sector that is producing good quality food items for the Turkish market and to export overseas.

In addition to local production, products from European countries are also important. EU has a customs union with Turkey where many European processed food items have low or no customs tariffs to Turkey. Furthermore, proximity is a major benefit for lower freight and shorter deliver times from Europe. Trucks are often used for transportation between Europe and Turkey. European Free Trade Association (EFTA) countries which are Switzerland, Norway, Iceland, and Liechtenstein also have a joint FTA with Turkey, giving them preferential customs advantages as well. In addition, Turkey has FTAs with 19 other countries with many including preferential tariff rates on food and agriculture products.

Table 3: Top Countries supplying Turkey's Imported Consumer-Oriented Agricultural Products:(2015-17)

	Thousands of USD Product	Imports 2015	Imports 2016	Imports 2017	% Share 2017
1	Netherlands	255,516	239,552	292,796	11.43
2	Germany	246,240	241,575	230,708	9.01
3	United States	198,269	225,982	222,025	8.67
4	Poland	119,127	83,528	155,423	6.07
5	Italy	134,218	132,254	141,727	5.53
6	India	62,306	57,831	96,611	3.77
7	France	83,002	72,543	92,867	3.63
8	Ecuador	73,730	86,572	88,901	3.47
9	United Kingdom	61,277	60,321	80,369	3.14
10	Thailand	34,259	32,169	64,220	2.51
	Consumer-Oriented Agricultural Total from All the World	2,330,237	2,237,980	2,561,686	100.00

Source: Global Trade Atlas

IV.BEST PRODUCT PROSPECT CATEGORIES

Turkey is a highly competitive and very price sensitive market for many items. Prospective exporters should look at Turkey as a long term market and be persistent. A recognized brand has an advantage in the market, with Oreo Cookies being an example. Although similar and good quality cheaper substitutes are available in the market, Oreo has maintained its presence on store shelves. Exporters should be sensitive in brand positioning and be prepared for sufficient marketing activities and advertising.

a. PRODUCTS PRESENT IN THE MARKET WHICH HAVE GOOD POTENTIAL

1. **Walnuts and Almonds:** Turkey is traditionally a nuts, dried fruits, and dried vegetables consuming culture. Some limited local production exists, but imports are required to meet the growing demand. Walnuts and almonds from California are very dominant in the Turkish market, sold packaged or unpacked by local importers. There has been a recent import tax cut on both walnuts and almonds from 43 percent to 15 percent in January 2018, which may bring down prices and increase demand. Please refer to Report on Custom Tariffs of Almonds and Walnuts for details on the tariff cuts. Also for further information see the Turkey Tree Nuts Annual Report 2017.

2. **Sunflower Seeds for Confectionery:** There are prospects for sunflower seeds for confectionary, especially "Dakota" sunflower seeds which are recognized by Turkish importers and wholesalers as a high quality product. In-shell sunflower seeds are a hugely popular snack item. There is competition with local production and imports from China and Bulgaria, according to importers/processors, which are price competitive. There is interest in Dakota sunflower seeds by importers in Turkey.

3. **Dates:** Dates are culturally important in Turkey, and often as part of religious rituals during Ramadan. Turkey doesn't grow any dates but imports mainly from Israel, Saudi Arabia, and Tunisia, according to contacts in the sector. There have been date imports from the United States in the past but not very recently. Positioning in the market, a focus on quality, and brand recognition work would be important. California dates are in the watch list of potential importers.

4. **Cranberries and Dried Fruits:** There is also some potential for other dried berries which do not grow in Turkey such as blueberries or cranberries. They also can also be imported in frozen forms. Dried cranberries have entered the market in recent years, and there is growth potential for expanding the uses.

5. **Spice**s: Turkey is traditionally a spice consuming country and produces many kinds of spices and herbs, but does rely on some imports as well. In recent years, high quality US-branded spices have gained the attention of well-traveled higher income consumers in Turkey. For example, cayenne pepper, crushed red chili peppers, black pepper, and some other niche spices have a potential in Turkey with high-end customers in premium outlets and specialty/gourmet stores.

6. **Functional foods:** Functional food consumption is increasing. There is a healthy eating trend among high end and even middle-class consumers. Gluten-free and diabetic products are available but much more variety is needed to fill the gap in the market. Diet products are also increasing with health consciousness. Baby foods and kid-focused foods that are 'enriched' are in the market in limited varieties and have potential to grow. See FAS reports for requirements limiting what claims can be made on labels.

7. **Gourmet/Ethnic Food Ingredients:** With increasing disposable income, new generation Turks in upper-middle and upper classes, tend to be more open to international food as they engage with more international leisure and business travel. Tex-Mex, Chinese, Japanese, Indian, Thai, Italian, Lebanese, and Syrian restaurants are in the market. Gourmet and ethnic food ingredients have potential for home consumption as well as hotels and restaurants.

8. **Wine:** Although there are a variety of local and imported wines in the market, there is a potential for wine imports from the United States for wine enthusiasts that are keen to taste different wines. There is market potential for high end consumers who are not price sensitive. There are opportunities for beer as well, but it is more price sensitive. To note, Turkey has high consumption taxes and import tariffs for alcoholic beverages and there are also marketing restrictions to be aware of. See our reports for details.

9. **Non-alcoholic beverages:** There is a growing market for other beverages, such as teas or juices, with a focus on natural, plant based, organic beverages according to Post's retail market observations. There is an increasing demand for healthier beverages. They are sold in cafés and restaurants in addition to supermarkets.

b. TOP CONSUMER-ORIENTED PRODUCTS IMPORTED FROM THE WORLD

Table 4: Consumer-Oriented Agricultural Products Imported from the World to Turkey: Top 10 (2015-17)

	Thousands of USD **Product**	**Imports 2015**	**Imports 2016**	**Imports 2016**	**Change 2015-2017 (%)**
1	Food Preparations Nesoi	417,840	401,579	455,401	8.99
2	Cocoa Butter, Preparations, Paste, Powder	232,587	215,701	274,679	18.10
3	Walnuts, Fresh Or Dried, In Shell	115,274	139,541	117,958	2.33
4	Coffee Extracts, Essences Etc. & Prep Therefrom	101,610	89,849	112,726	10.94
5	Food Preparations For Infants, Retail Sale Nesoi	103,502	100,287	103,338	-0.16
6	Bananas, Fresh Or Dried, Nesoi	108,017	102,941	102,659	-4.96
7	Almonds, Fresh Or Dried, Shelled	53,796	61,595	72,834	35.39
8	Live Plants, Cuttings & Slips,Nesoi;Mushroom Spawn	58,315	66,740	67,610	15.94
9	Almonds, Fresh Or Dried, In Shell	18,404	45,331	59,380	222.64
10	Black Tea Fermdt & Other Partly Fermentd Tea Nesoi	15,944	39,712	57,768	262.31
	Consumer-Oriented Agricultural Total from All the World	2,330,237	2,237,980	2,561,686	9.93

Source: Global Trade Atlas, Nesoi: Not elsewhere specified or included.
Note: Cocoa products are combined in one line and are assumed to be used in food processing, i.e. chocolate and variations production.

c. TOP CONSUMER-ORIENTED PRODUCTS IMPORTED FROM THE UNITED STATES

Table 5: Consumer-Oriented Agricultural Products Imported from the U.S.A. to Turkey: Top 10 (2015-17)

	Thousands of USD Product	Imports 2015	Imports 2016	Imports 2017	Change 2015-2017 (%)
1	Almonds, Fresh Or Dried, In Shell	18,083	40,710	56,599	213.00
2	Walnuts, Fresh Or Dried, In Shell	62,297	64,741	53,476	-14.16
3	Almonds, Fresh Or Dried, Shelled	48,484	49,772	47,799	-1.41
4	Food Preparations Nesoi	38,817	37,904	32,642	-15.91
5	Tea Or Mate Extracts/Essences/Concentrates & Preps	877	1,340	3,218	267.14
6	Vegetables Nesoi & Mixtures, Dried, No Furth Prep	931	1,787	2,716	191.63
7	Bread, Pastry, Cakes, Etc Nesoi & Puddings	930	1,020	2,055	121.00
8	Grapes, Dried (Including Raisins)	3,663	2,516	1,794	-51.01
9	Coffee, Roasted, Not Decaffeinated	1,217	1,421	1,605	31.82
10	Chocolate Prep Nesoi, In Blocks Etc. Over 2 Kg	4,848	2,877	1,427	-70.56
	Consumer-Oriented Agricultural Total from the USA	198,269	225,982	222,025	11.98

Source: Global Trade Atlas, Nesoi: Not elsewhere specified or included

d. PRODUCTS NOT PRESENT IN SIGNIFICANT QUANTITIES BUT WHICH HAVE GOOD SALES POTENTIAL

1. **Nutrition bars:** Nutrition bars promoting a heathy lifestyle are trendy in Turkey. There are some locally produced ones, but it is limited. Imported products with specific attributes like a vitamin, protein, etc. have potential in the market. These products are again for the high end consumers and should be promoted as such, including the choice of the stores to be sold.
2. **Pecans:** Pecans have made some progress in Turkey in last few years, but because they are perceived as substitutes to walnuts and have a higher tariff, the high price limits consumption. There are targeted opportunities for growth, including high-end consumer confectionary and specialty baked goods.
3. **Ready-made meals:** Ready to eat and ready to cook meals have an increasing sales potential in Turkey as the structure of households evolves. Dual-income households and urban single person households are on the rise.
4. **Processed organic food:** There is an increasing demand for organic food as household incomes increase in Turkey and health consciousness rises. The market for organic packaged food in Turkey reached $90 million in 2015 and is expected to reach $170 million by 2020. Organic dairy, baby food, and snack items are the most consumed organic retail products in Turkey. Please take look at the report prepared by our office.

e. PRODUCTS NOT PRESENT BECAUSE THEY FACE SIGNIFICANT BARRIERS

1. **Food Items from Genetic Engineered Crops:** Any food item that is genetically engineered or contains any trace amounts of genetically engineered content is not currently allowed for import to Turkey for human consumption. No genetically engineered/GMO products have been approved for food use in Turkey. This barrier impacts all food categories and import processes and testing is rigorous and complex. Please see Turkey Agricultural Biotechnology Annual Report 2017 for more information on the situation.
2. **High Quality Beef Products:** There is a potential demand for high quality and variety of beef products, especially for the luxury market. Beef/Steak restaurants are trendy in the last few years; there are several local chains and many standalone beef/steak restaurants. They are likely candidates for using high quality imported beef products. Beef can also be marketed at high quality gourmet stores and premium super markets. Although the market is price sensitive for general consumption, there is potential for high quality niche beef products. Import permission and the control document procedure from the Turkish Government to import beef impede the import process however. Please see FAS Turkey's report.

3. **Organic Sugar:** The industry specialists indicate that there is a demand for organic sugar, but there are regulatory barriers to import it into Turkey.