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Report Highlights:

Turkey has a young population of 83 million people fueling consumption. The country is in a Customs Union with the EU and is the 19th largest economy in the world. Though the Turkish economy stagnated recently, an annual average GDP growth of 2.2 percent is forecast by the IMF between 2020 and 2024. The IMF forecasts a contraction of about 5 percent in 2020; followed by an approximately 5 percent growth in 2021. There was a very slight decrease in total imports of consumer-oriented agricultural products in 2019 compared to 2018 in USD terms which reflects the deteriorating economic conditions in the country. EU countries are the major suppliers to Turkey in terms of consumer-oriented agricultural products. There was a major boost to e-commerce in 2020 due to COVID19. Initial reports indicate that supermarket chains saw record sales before the COVID19 lock-down and throughout the pandemic period so far. There was no reported scarcity of food or beverages, but some food inflation was observed.

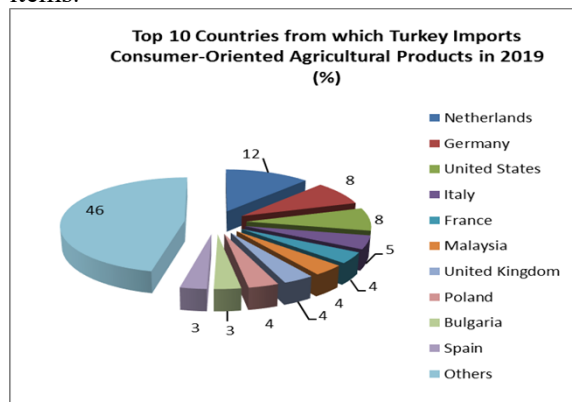
MARKET FACT SHEET: TURKEY

Executive Summary

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

Imports of Consumer-Oriented Agricultural Products

EU countries are the major suppliers to Turkey in terms of consumer-oriented agricultural products. They have the advantage of proximity and the Customs Union. As Turkey's food sector has become more specialized and export oriented, 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 48,949 food processing and 627 beverage producing enterprises in Turkey, according to the latest statistics published by TurkStat for 2018. Turkey has a modern and developed [food processing industry](#) supplying the domestic population and also exporting; it represents 14 percent of all manufacturing activities.

Food Retail Industry

Grocery sales were USD \$69 billion as of the end of 2019. The inflation/seasonally adjusted [Real Retail Sales Index](#) has been increasing between 2015 and 2018 but started to decline slightly in 2019 (see footnote 4). Despite the recent political and economic challenges, the food retail industry had been growing, particularly in the hard discount segment. Organized/modern retailers make up the

majority of the grocery market share as traditional retailers slowly exit the market.

Quick Facts

Imports of Consumer-Oriented Ag. Products 2019 \$2.3 billion

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

1. Onions & shallots
2. Potatoes, fresh/chilled
3. Tomatoes, fresh/puree/paste
4. Meat of bov. anim. boneless
5. Garlic, fresh/chilled
6. Coffee, extracts, ess., conct.
7. Avocados, fresh/dried
8. Cashew nuts, shelled
9. Citrus Fru. Prepared/preserved
10. Chestnuts, inshell

Food Retailers by Channel (Sales in Million USD) 2018

Modern Grocery Retailers	36,436
- Convenience Stores	1,330
- Discounters	13,167
- Gas station/ Forecourt retailers	584
- Hypermarkets	941
- Supermarkets	20,415
Traditional Grocery Retailers	32,523
Grocery Retailers Total	68,959

Top 10 Retailers (by Marketshare in 2018)

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

GDP/Population

Population: 82.6 million (TurkStat, Year-end 2019)
 GDP: USD 753 billion (TurkStat, 2019)
 GDP Per Capita: USD 9,115

Sources: CIA The World Fact Book; Euromonitor International; Turkish Statistical Institute; Trade Data Monitor; TurkStat; Economist Intelligence Unit

Strengths/Weaknesses/Opportunities/Threats

Strengths	Weaknesses
Long term 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

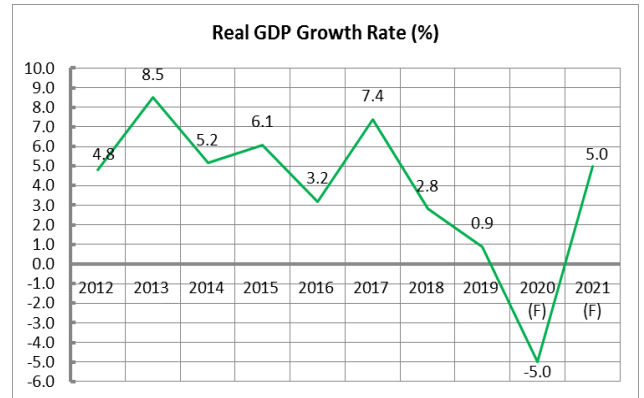
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I. MARKET SUMMARY

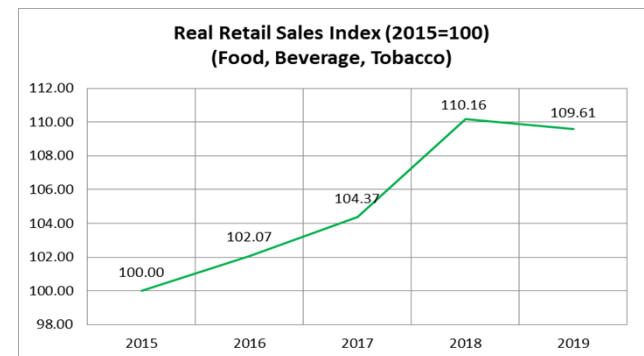
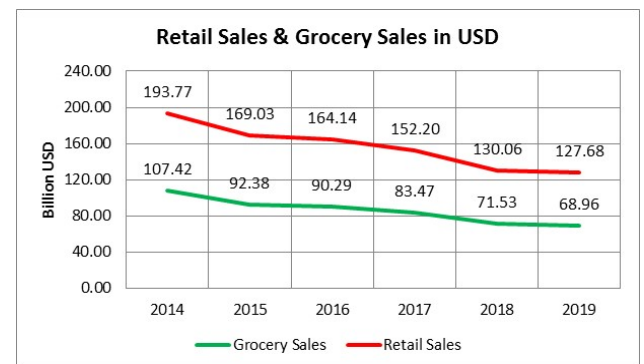
The Republic of Turkey, located in the south east of Europe and the north west of the Middle East, bordering the Black Sea to the north and the Mediterranean Sea in the south, has a young population of 83 million, as of 2019, fueling consumption. The median age is 32 and 68 percent of the population is between the ages 15 to 64¹ (59 percent is between 15 and 54). The urbanization rate has reached approximately 75 percent, with rapid urbanization in the last 20 years. These factors, coupled with an increasing household income trend in last decade, drive the retail industry. The country is an associate member of the European Union (EU) and is in a customs union with the EU². Turkey is the 19th largest economy in the world according to the International Monetary Fund (IMF) as of 2019.

The average real Gross Domestic Product (GDP) growth between 2015 and 2019 was about 4 percent and annual average projected GDP growth is 2.2 percent between 2020 and 2024 according to the IMF. A five percent contraction is expected by IMF in 2020 in Turkey, COVID19 pandemic came on top of already existing structural economic challenges, however a 5 percent growth will initiate a recovery for the Turkish economy in 2021. Although the Turkish economy's growth has been positive up until recently, Turkey's macroeconomic achievements are being challenged during the last few years. GDP has contracted in the last quarter of 2018 and first two quarters of 2019 in terms of seasonally adjusted real GDP figures, producing a recession, which has negatively impacted employment, investment, and growth. The recovery of the economy started in the second half of 2019, and food and beverage inflation has gradually declined to more typical levels. It was 10.89 percent measured by CPI by the end of 2019 compared to 25.1 percent as of December 2018³. In 2020, food and beverage inflation has risen a bit, due to the COVID19 pandemic. The value of the Turkish Lira has also depreciated rapidly, especially since summer 2018, and has remained volatile throughout 2019.

Grocery retail sales make up about 55 percent of all retail industry sales and were \$68.96 billion U.S. Dollars (USD) in 2019, through approximately 348,000 chain and independent grocery retailers. Total retail industry sales (excl. sales tax) were \$127.68 billion USD in 2019, according to Euromonitor. The chart above right shows the declining trend of retail sales and grocery sales in USD terms. One of the main causes of this decline was the rapid depreciation of the Turkish Lira (TRL) against USD. In terms of current value of the Turkish Lira though, the sales increased every year, although this includes the inflation effects. The real retail sales index chart (2015=100) shows the actual trend in food retail sales, which is steadily



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



Source1: Sales in USD, Euromonitor International

¹ Source for demographic data: Turkish Statistical Institute (TurkStat).

² In mid-March 2019, European Parliament (EP) officially recommended freezing EU membership negotiations with Turkey and not to update the customs union agreement unless there is an improvement in democracy and human rights issues. This is a [non-binding resolution approved on March 13th, 2019](#) by EP & directed this advice to EU governments and the European Commission, the bloc's executive arm, which together run the accession process with the Turkish government.

³ Source: TurkStat. Inflation measured by the Producer Price Index (PPI) gotten down to 7.36 percent at the end of 2019 from 33.64 percent by the end of 2018.

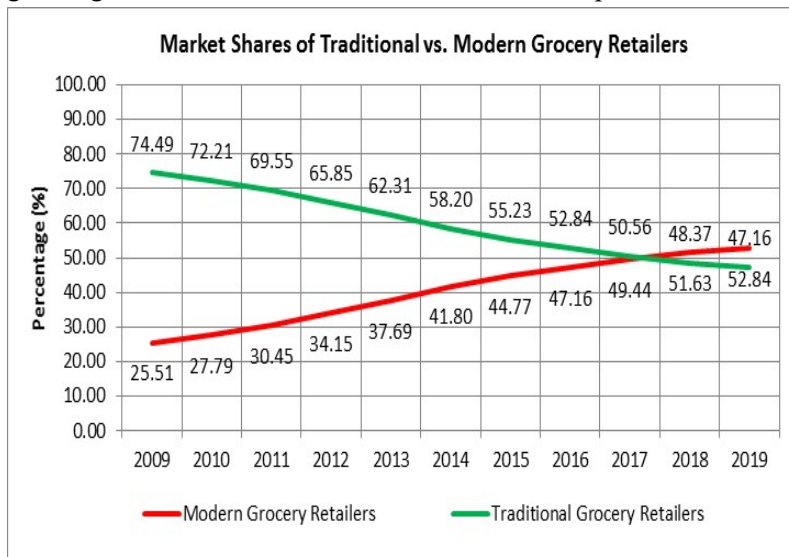
increasing until 2018 and has a slight drop in real terms in 2019⁴ (see footnote 4). The index is seasonally adjusted with constant prices, adjusted for inflation.

At the end of 2015, \$1 USD was equal to 2.92 TRL, which increased to 3.52 TRL by the end of 2016, 5.95 as of December 2019 and 6.81 as of June 01st, 2020. The GoT has taken several actions to protect the value of the Turkish Lira, which have been seen by market analysts as an indicator of the deteriorating economic conditions. In May, only briefly, GoT banned three foreign banks from doing Turkish Lira transactions. Analysts report that there is a risk for few more restrictions in the FX realm as the FX reserves of the Turkish Central Bank diminish.

During the COVID19 pandemic, with the first case declared on March 11th, 2020 in Turkey, grocery stores remained open and operational while shopping malls closed down, along with many other stores and outlets such as restaurants and cafés. Online ordering for major supermarket chains has gotten very popular in major cities like Istanbul, Izmir, Bursa and Ankara. Even the hard discounter A101 has started an online ordering service during the pandemic in pilot areas in large cities and it is expected that they will widen their coverage. Post has observed long wait lists for online deliveries, sometimes 5 – 6 days for orders to be delivered. However, no shortage of goods has been observed in the markets during the pandemic, although increase in prices of some food and beverage items were observed. Reportedly, major grocery chains have had record sales turnovers of food and beverages due to the pandemic, especially before the mandatory weekend lockdowns in major cities in Turkey. Sales of pasta, grains such as rice, chickpeas, dry beans etc. has been boosted due to people wanting store some basic food at home. Retail sales of yeast and flour has increased due to increased baking at home during the pandemic although the bakeries never shut down in Turkey even when there were curfews.

Food price inflation was a major concern for the Turkish economy in 2017 and 2018. It became such an issue in winter 2019 that in advance of local elections, the government opened “regulatory sales stands” (tanzim satis) in major squares in Istanbul and Ankara to sell subsidized fresh produce including onions, tomatoes, cucumbers, green peppers, eggplants and potatoes, as well as rice, lentils, and chickpeas. By June 2019, the price pressure for these staples had ended and with the new harvest, inflation has sharply fallen at the end of 2019.

Based on Post analysis of the market, it is expected that demand for imported higher-value processed food products will increase in the medium to long term 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



Source: Euromonitor International.

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

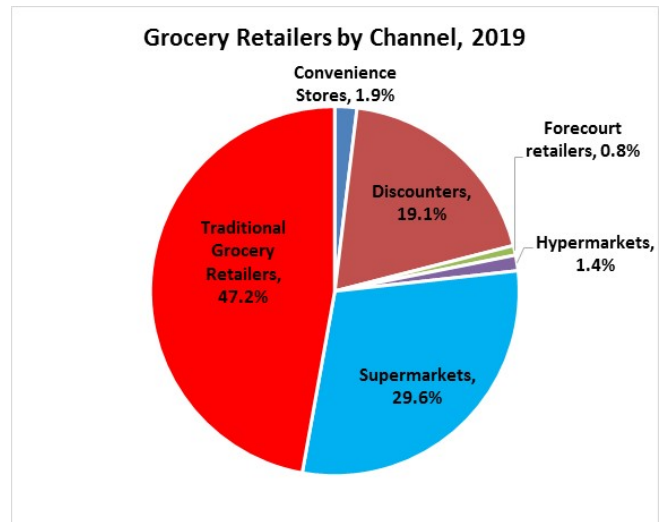
⁴ TurkStat has decided to change the base year of Real Retail Sales Index from 2010 to 2015 in 2019 therefore our charts are not comparable to last year’s report. If the base year was not changed the chart would have shown a declining trend since 2017 for three consecutive years.

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. With the deteriorating economic conditions and increasing unemployment (some deteriorating conditions are related to COVID19, but most other reasons are non-related to coronavirus), prices have become more important than ever to Turkish consumers therefore discounters are continuing to increase in popularity as of 2019 and 2020.

As a result of low presence of organized or modern retailers in smaller towns 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 in those places. However, the market share of the modern organized grocery retailers is increasing, eating up the share of the traditional grocery retailers; according to Euromonitor International, 2018 is the first year that market share of the modern organized grocery retailers has surpassed traditional grocery retailers. Post predicts that the trend of traditional groceries losing market presence will continue for the foreseeable future as has happened in other Western European countries.

The discounter model operated by BIM, and then followed by A101 and Şok, has shown a particular ability to meet many Turkish consumers' preference for proximity shopping and lower prices. 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 to eight 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](#). According to Post analysis, further consolidations might be expected in terms of national chain markets to buy local chain markets. The economic deterioration has caused additional price sensitivity among consumers and there is strong competition from increasing penetration of the discounters to the realms of local chains.

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. In Istanbul, there is also a unique model for home-based retail shopping via smart phone app called [Getir](#). Getir has no retail outlets, but delivers high-turnover products, both food and non-food (that traditionally a neighborhood corner store/*bakkal* would carry), to homes in an average of 10 min, 24/7. The business model innovation seems to be a success so far. As of 2019, another company called [IsteGelsin](#) has started operations in a very similar way to Getir and has also been successful, especially due the pandemic-related obligatory or voluntary lockdowns. Some *bakkals* are also delivering groceries, not with online orders but for regular customers by phone. This would be limited to few streets around that *bakkal*. Several online marketplaces have partnered with modern grocery chains to be able to deliver groceries. [Trendyol](#) (sold to Chinese Alibaba in 2018), an online portal dominantly selling fast-fashion items, has partnered with [Migros](#) and [Gittigidiyor](#), owned by eBay, has partnered with [Carrefour](#) to sell grocery items in 2019. Euromonitor International forecasts approximately 21 percent real growth per year between 2019 and 2024 for food and beverage e-commerce in Turkey. The pandemic situation in 2020 has given all online grocery retailers a major boost.



Source: Euromonitor International

<u>ADVANTAGES</u>	<u>CHALLENGES</u>
Long-term GDP growth and disposable income growth (with stagnation in 2016-2018, but expected recovery in 2021 after the COVID19 slowness in 2020)	Domestic and international political challenges
Large population base: young and growing, middle	High import duties on processed/packaged food and

and upper middle class are growing	agricultural products
High and increasing urbanization rate	Lack of transparency in rules and regulations
Strong and steady retail market growth expected	Economic instabilities such as exchange rate fluctuations
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 packaged 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, new labeling and advertising restrictions being developed on salt/fat/sugar content.
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

Please refer to our [Exporters Guide](#) for an overview of the market and steps for market entry. In very rare cases, some organized retailers may import food items directly, such as high turnover products. 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](#), [CNR Food Istanbul](#), and Food Ingredients [Fi Istanbul](#), to meet importers and get a feeling of the market before trying to enter. Additionally, Turkish buyers usually visit [Anuga](#) in Germany, [Sial](#) in France and [Gulfood](#) in Dubai.

b. CONTACT THE AGRICULTURE OFFICE

The USDA/FAS Office of Agricultural Affairs in Turkey may be contacted to get information on market issues. Foreign Agriculture Services (FAS) offices in Turkey listed [here](#) 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](#).

c. MARKET STRUCTURE

Grocery retailers are classified in two major groups in Turkey: organized/modern grocery retailers and 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 traditional local grocery retailers are standalone grocery stores which are called bakkal in Turkish, are up to 500 square feet in size and selling high-turnover grocery products. Traditionally, there are also separate stores in each town or neighborhood specializing in fresh produce, meat, nuts/dried food items, and bread/baked goods. The other major channel in the traditional market structure is open-air bazaars/markets (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 a few cities in Turkey; they are all domestically-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, with a few exceptions. National grocery chains are supermarket chains with stores across Turkey in almost all cities. 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 more than 200 grocery chains in Turkey having more than five 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	Number of Store	New Stores
			2019	2018	in 2019
1	A 101	National Discount	8,100	7,994	106
2	BIM	National Discount	7,282	6,672	610
3	Sok	National Discount	6,760	6,364	396
4	Ekomini	National Discount	1,935	1,874	61
5	Migros (M, MM, MMM, 5M)	National	1,300	1,213	87
6	M-jet	National Convenience	907	879	28
7	Sec Market	National Discount	673	388	285
8	Hakmar	Discount - Istanbul	563	516	47
9	CarrefourSA	National (Int. JV)	421	402	19
10	Carrefour Express	National Convenience	195	194	1
Total of Top 10		All types	28,136	26,496	1,640

Source: Euromonitor International

Table 2: Top Gas Station Grocery Convenience Shops (Forecourt Retailers) by Number of Stores

	Gas Station Grocery Convenience	Number of Stores	Number of Stores	New Stores
		2019	2018	in 2019
1	Petrol Ofisi Gas Station Markets	1,700	1,667	33
2	Opet Gas Station Full Markets	1,123	1,111	12
3	Shell Gas Station Shops & Shell Select Shops	1,056	1,092	-36
4	Total Gas Station Stores	349	327	22
5	BP Gas Station Shops	330	387	-57
Total		4,558	4,584	-26

Source: Euromonitor International

Table 3: Market Shares of Organized Grocery Retailing in Turkey: Top 10

	Grocery Chain	Chain Type	Market Share (%)**	Sales (mill. USD)
			2019	2019
1	BIM	National Discount	10	6,908.70
2	A101	National Discount	4.9	3,368.00
3	Migros*	National Discount	4.1	2,749.50
4	Sok	National	3.7	2,577.00
5	CarrefourSA	National (Int. Owned)	1.1	765.90
6	M-Jet	National Convenience	0.9	642.70
7	Ekomini	National Discount	0.5	375.40
8	Hakmar	Discount - Istanbul	0.5	313.20
9	Sec Market	National	0.3	216.20
10	Onur Market	Regional	0.3	206.20
Total of Top 10		All types above	26.30	18,122.80

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, Migros would actually 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 which sells 80 percent of products as private label. It is present in all large cities in Turkey and in most smaller towns as well. Stores are generally 3,000 – 6,000 square feet. 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. Seventy one percent of BIM shares are publicly traded.

A101 is a hard discount market chain with the greatest 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 – they do not sell imported packaged or processed foods. Private label products constitute 50 percent of all products. A101 exists in all 81 cities in Turkey and also in all town centers in Turkey. Majority shares are owned by Turgut Aydin Holding. A101 does not sell alcohol of any kind or tobacco products.

Migros is a multi-format supermarket chain. It was the first grocery chain established in Turkey in 1954 by the City of Istanbul and Swiss Migros. It was then 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 selling a premium shopping experience. The chain covers all 81 cities in Turkey, and about 25 percent of the offered products are private label. Migros sells some imported food, as well as processed and packaged 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 77 cities (out of 81) around Turkey delivering groceries to homes in the requested time slot. The chain has some stores outside of Turkey as well; Migros operates 42 stores in Kazakhstan and North Macedonia.

Şok (pronounced *shock*) 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. Yıldiz Holding has done an initial public offering (IPO) of Şok in May 2018. The IPO value was 2.3 billion TL. Now there are five fund management companies having more than five percent of Sok shares, one being from the United States (9.15 percent). Thirty five percent of all the products in Şok are private label and the rest are typically Yıldiz 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. Fifty one percent is owned by Sabanci, which may be the reason this international chain has survived 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 CarrefourSA Express (their convenience store size) and CarrefourSA Super in different sizes, and also CarrefourSA hypermarkets. CarrefourSA Gurme is their

premium market which carries a lot of imported packaged and processed goods, as do the CarrefourSA super and hypermarkets. The chain is present in 58 of 81 major cities in Turkey. The chain has an [online sales platform](#) currently serving fifteen cities. CarrefourSA carries all kinds of alcoholic drinks including imported ones, as well as tobacco products.

III. COMPETITION

According to Post’s market observations, imported processed food products face strong competition from local products in the food retail sector. 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. The 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 delivery 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 4: Top Countries supplying Turkey’s Imported Consumer-Oriented Agricultural Products:

Thousands of USD		Imports	Imports	Imports	% Share
Product		2017	2018	2019	2019
1	Netherlands	292,144	288,690	276,780	12.22
2	Germany	230,281	211,308	184,125	8.13
3	United States	219,909	262,593	174,182	7.69
4	Italy	141,354	129,971	103,796	4.58
5	France	92,600	87,165	86,398	3.82
6	Malaysia	34,042	47,494	83,780	3.70
7	United Kingdom	79,874	87,603	81,618	3.60
8	Poland	154,475	260,166	80,263	3.55
9	Bulgaria	27,733	60,340	71,942	3.18
10	Spain	45,830	41,569	70,756	3.13
Consumer-Oriented Agricultural Total from All the World		2,552,725	2,562,191	2,264,387	100.00

Source: Trade Data Monitor

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 opportunity 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 unpackaged by local importers. Please refer to [Report on Custom Tariffs of Almonds and Walnuts](#) for details on recent tariff cuts and see our [report on additional levy](#) for some U.S. originated products. Also for further information see the [Turkey Tree Nuts Annual Report](#).
- 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 but Turkish traders recommend that US producers should try to improve their varieties for confectionary consumption to compete with China.
- 3. Dates:** Dates are culturally important in Turkey, and often eaten 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 for building the market. California dates have sparked the interest of potential importers. Finding the right time to enter the market is important, as well as finding strategies for reducing refrigerated transportation costs.

4. **Cranberries and Dried Fruits:** There is also some potential for other dried berries which are not produced 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 have become popular among consumers as a snack food, and there is growth potential for expanding the uses.
5. **Spices:** 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 U.S.-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 FAIRS reports for requirements](#) limiting what claims can be made on labels.
7. **Gourmet/Ethnic Food Ingredients:** With increasing disposable income, new generation Turkish consumers 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 who are keen to taste different wines. There is market potential for high end consumers who are less 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. They are sold in cafés and restaurants in addition to supermarkets. There are restrictions on health claims and on energy drinks to consider, see [FAIRS reports](#) for details.

b. TOP CONSUMER-ORIENTED PRODUCTS IMPORTED FROM THE WORLD

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

Thousands of USD		Imports	Imports	Imports	Change
Product		2017	2018	2019	2017-2019 (%)
1	Food Preparations Nesoi	454,467	455,182	411,321	-9.49
2	Walnuts, Fresh Or Dried, In Shell & Shelled	156,212	190,109	129,036	-17.40
3	Cocoa Butter, Paste, Powder, Preparations	274,176	242,594	276,048	0.68
4	Coffee Extracts, Essences Etc. & Prep Therefrom; Coffee Roasted, not decaf.	151,434	129,219	129,755	-14.32
5	Almonds, Fresh Or Dried, Shelled & Inshell	132,064	116,988	122,573	-7.19
6	Food Preparations For Infants, Retail Sale Nesoi	103,052	101,164	83,564	-18.91
7	Dog And Cat Food, Put Up For Retail Sale	47,592	53,153	64,382	35.28
8	Bananas, Fresh Or Dried, Nesoi	101,834	67,031	48,148	-52.72
9	Butter	44,665	47,250	42,100	-5.74
10	Black Tea (Fermented) And Other Partly Fermented Tea, Nesoi	57,668	36,254	38,720	-32.86
Consumer-Oriented Agricultural Total from All the World		2,552,725	2,562,191	2,264,387	-11.30

Source: Trade Data Monitor, Nesoi: Not elsewhere specified or included.

Note: Food Preparations Nesoi are sauces and processing ingredients and additives used while processing food or cooking. Cocoa products are combined in one line and are assumed to be used in food processing, i.e. chocolate and variations production.

Coffee products are combined in one line. Shelled and inshell walnuts and almonds combined are combined in two separate lines .

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

Table 5: Consumer-Oriented Agricultural Products Imported from the United States to Turkey: Top 10

Thousands of USD		Imports	Imports	Imports	Change
Product		2017	2018	2019	2017- 2019 (%)
1	Almonds, Fresh Or Dried, Shelled	47,696	69,345	48,319	1.31
2	Almonds, Fresh Or Dried, In Shell	56,666	33,052	36,726	-35.19
3	Walnuts, Fresh Or Dried, In Shell	51,588	98,644	32,618	-36.77
4	Food Preparations Nesoi	32,569	33,745	28,688	-11.92
5	Tomatoes, not whole, in pieces, inc. paste, puree, prepared, preserved	0	0	8,700	100.00
6	Tea Or Mate Extracts/Essences/Concentrates & Preps	3,212	3,216	2,190	-31.80
7	Other non-alc. Beverages exc. water, non-alc. Beer	350	1,336	2,009	474.72
8	Citrus Fruit prep. or preserved, whet. or not cont. sweetner, Nesoi	847	1,159	1,833	116.40
9	Sauces And Pres, Nesoi; Mixed Condiments And Mixed Seasonings	1,051	1,288	1,174	11.76
10	Dog And Cat Food, Put Up For Retail Sale	382	467	544	42.40
Consumer-Oriented Agricultural Total from the USA		219,909	262,593	174,182	-20.79

Source: Trade Data Monitor, 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 healthy 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 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 the 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](#).
- 5. Dog & cat food:** Along with domestic pet food, imported products from Europe dominate the market. There are opportunities for U.S. pet food. Functional/niche products might penetrate easier in the upscale market.
- 6. Seafood:** Turkey imports seafood from all over the world, including Europe, Asia, Africa. There are opportunities for high value seafood in the market.

e. PRODUCTS NOT PRESENT BECAUSE THEY FACE SIGNIFICANT BARRIERS

- 1. Food Items from Genetically 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](#) 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, including for the new beef/steak restaurants that have grown in popularity. Beef can also be marketed at high quality gourmet stores and premium supermarkets. 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, as do the complex import requirements including having Turkish inspectors visit the production plant during slaughtering. Please see our [report](#) on the livestock sector or contact our office with additional questions.

Attachments:

No Attachments