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Report Name: Food Processing Ingredients

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Report Highlights:

Despite the COVID-19 health crises with its political and economic difficulties, the food processing industry is still one of the largest industries in Turkey. There are 51,338 food processing and 649 beverage products enterprises in Turkey as of 2019. The food processing industry constitutes approximately 15.3 percent of all production industries. During the pandemic, retail sales of packaged foods and organic packaged foods increased dramatically. Also, sales of products fortified with vitamins and minerals to support the immune system gained in popularity. Even though U.S. processed foods and food processing ingredients face strong competition from local suppliers and from European countries, there are still market opportunities for U.S producers. There are opportunities for innovative ingredients and additives, including aromas and flavorings. Consumers in Turkey have an increasing taste for international flavors, particularly the young and growing middle class.

MARKET FACT SHEET: TURKEY

Executive Summary

The Republic of Turkey has a young population of 83.4 million people fueling consumption. It is in a Customs Union with the EU and is the 19th largest economy in the world. Annual average GDP growth of 2.2 percent is forecast for 2020-2024. There has been a slight decrease (in USD terms) in processed food imports to Turkey from 2019 to 2020 due to COVID-19. 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 51,338 food processing and 649 beverage producing enterprises in Turkey as of 2019, according to the latest statistics published by TurkStat. Turkey has a modern and developed food processing industry supplying the domestic population and exporting, which represents about 15 percent of all manufacturing activities. As of the end of 2020, there were 725 foreign direct investments in food and beverage production: 111 of these were German, 63 Syrian, 47 Dutch, 40 French, 32 from the United States, 31 from Iran, 30 from Italy, 29 from Russia, 28 from Switzerland and 25 from Azerbaijan, and the rest were from various other countries.

FOOD MANUFACTURING INDUSTRY in TURKEY	2019
Processing and Preserving of Fruit and Vegetables	15.9%
Other Food Products**	14.8%
Dairy Products	12.8%
Bakery and Farinaceous Products	12.4%
Processing, Preserving, Production of Meat and Meat Products	11.2%
Flour, Starches and Starch Products	10.7%
Vegetable Oils and Fats	8.8%
Prepared Animal Feeds	6.7%
Beverages	4.8%
Processing and Preserving of Sea Food	2.0%

**Other food products include manufacture of sugar, manufacture of cocoa, chocolate and sugar confectionery, processing of tea and coffee, manufacture of other food products

Food Retail Industry

Grocery sales were USD 69 billion in 2019, and the inflation/seasonally adjusted Real Retail Sales Index has been increasing between 2010 and 2018, although it registered a small decrease in 2019. Despite the recent political and economic challenges, 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 the market, but the domestic industry, especially organized and modern retailers in the hard discount segment, are expanding with fast-paced investments.

Imports of Consumer-Oriented Agricultural Products

EU countries 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, 2020

USD 4.2 billion*

List of Top 10 Growth Products in Turkey (Imported Processed Food Ingredients) 2017-2019

- | | |
|------------------------------|------------------------------|
| 1. Olive oil, virgin | 6. Coffee Subs. Cont. Coffee |
| 2. Bulgur Wheat, pre-cooked | 7. Beans, prepared/preserved |
| 3. Tomatoes, prep./preserved | 8. Cucumbers, preserved |
| 4. Honey, natural | 9. Other frozen fish |
| 5. Other mollusks, frozen | 10. Peas, frozen |

Top 10 Imported Food Processing Ingredients to Turkey (from all origins) 2020

- | | |
|-----------------------------------|--------------------------------|
| 1. Sunflower Seed/Safflower Oil | 6. Preparations for Infant Use |
| 2. Palm Oil, refined | 7. Whiskies |
| 3. Food Preparations nesoi | 8. Dog & Cat Food for Retail |
| 4. Cocoa Butter/Paste/Powder | 9. Fish Fats & Oils |
| 5. Coffee Extracts, Essences etc. | 10. Waters/Mineral Waters |

Top 10 Retailers (by Market Share in 2020)

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

GDP/Population

Population: 83.4 million (TurkStat, 2020)

GDP: USD 753 billion (TurkStat, 2019)

GDP Per Capita: USD 9,115

*Turkey has changed statistical reporting system for foreign trade date in 2020, therefore numbers are not comparable to previous years.

Sources: CIA World Fact Book; Euromonitor International (EMI); Turkish Statistical Institute (TurkStat); Trade Data Monitor (TDM)

Strengths/Weaknesses/Opportunities/Threats

Strengths	Weaknesses
Long term GDP and disposable income growth, despite the recent downturn.	Domestic and international political challenges.
Large population base: young and growing.	Economic instabilities such as exchange rate fluctuations and increasing inflation.
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 (EMI); Turkish Statistical Institute (TurkStat); Economist Intelligence Unit (EIU); Trade Data Monitor (TDM)

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I. MARKET SUMMARY

Turkey is the 19th largest economy in the world with a GDP of USD 771¹ billion and a young population of 84 million people.

Turkey's economy has performed impressively over the last 15 years. The average GDP growth rate was about four percent during the years of 2015 to 2019.

After a stable growth trend, Turkey's economy started to stumble in 2018. The economy experienced a recession in 2018, resulting in only a 2.6 percent GDP growth rate. The effects of the recession continued in 2019 and the GDP growth rate shrunk to 0.9 percent. The uncertainty created by

COVID-19 quickly disrupted the economy as it declined sharply in 2020. However, TurkStat revealed a 1.8 percent growth rate for 2020, better than market expectations of a 0.5 percent growth. The higher GDP growth rate is a result of swift monetary loosening and rapid credit expansion that led to a solid economic recovery in the third quarter of 2020. But the economic issues remain, the Turkish Lira (TL) is weak, inflation remains high, large external imbalances have built up, and foreign currency reserves are low. The expected GDP growth rate for Turkey in 2021 is 4.5 percent, and 5 percent in 2022, if the pandemic is brought under control in early 2021, according to World Bank.

The annual inflation rate is estimated at 12.3 percent in 2020 as a result of price increases in food and non-alcoholic beverages, household goods and transport categories. International authorities expect price pressure to remain elevated in 2021, with inflation averaging 11 percent in 2021.

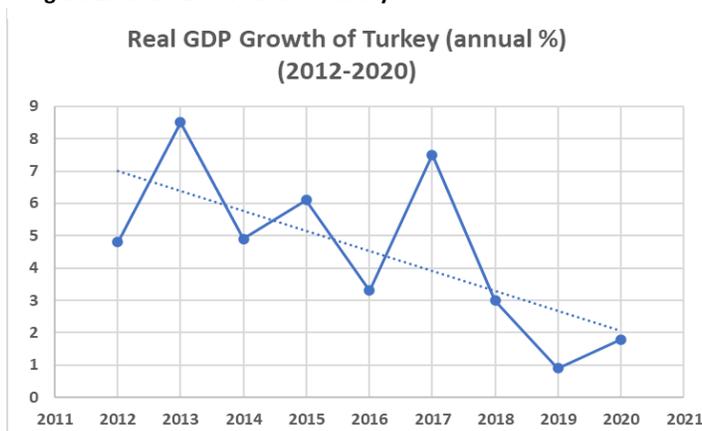
Also, it has been expected that inflation to remain elevated at 9.9 in 2022, even though the Central Bank's official mandate is to reduce inflation permanently to 5 percent.

The Turkish Lira, which depreciated to 8.50 TL/USD in the first week of November

2020, recovered to about 7.40TL/USD in mid-January, following policy tightening by the Central Bank. Overall, the TL weakened by about 19 percent on average, despite the Central Bank interventions. Please see our [Exporter Guide](#) for more information on macro-economic issues and market trends.

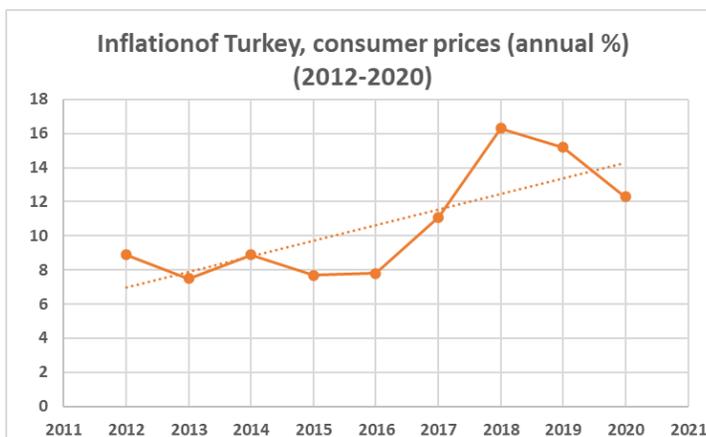
Increases in food and beverage prices seem to be a persistent problem in recent years, even before the coronavirus epidemic in 2020. Despite the price increase during the COVID-19 crises, the average number of meals consumed in the home rose dramatically. This is due to an increase number of consumers working from home during the pandemic and students who are receiving online education

Figure 1. Real GDP Growth of Turkey



Source: World Bank

Figure 2. Annual Average Inflation Rates of Turkey



Source: World Bank

¹ World Bank (2018) Website: <https://dataworldbank.org>

from their homes. It is expected to have a positive effect on retail sales of packaged foods in Turkey, as consumers require more cooking ingredients as well as convenient and ready to eat meal options at home.

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, especially in Turkey’s urban western centers, where consumers are relatively wealthier. With a growing young 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.

Even though Turkey is suffering political and economic challenges and TL continue to depreciate against USD, packaged food sales continued to grow (both in TL and USD terms) in 2020 compared to 2019. Likewise, Turkey’s import of processed foods increased by 13 percent in 2020 compared to 2019. Again, this is the result of consumers changing their purchasing habits to buy larger quantities to prepare for uncertain times ahead. Stockpiling was essentially concentrated during the initial lockdown period when consumers panicked more during the unprecedented and sudden outbreak of COVID-19.

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

<u>ADVANTAGES</u>	<u>CHALLENGES</u>
A large and developed food processing industry is requiring a wide range of ingredients and is open to innovative ideas, like additives and processing aids.	Importing can be complex: There is 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 depreciation 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.
There is 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.

Consumers adapt their diets to become healthier in wake of the COVID-19 health crises in 2020, this increased the sales of organic packaged food by 30 percent in 2020 and the value of organic packaged food sales increased to TL 1.1 billion. Parents have become especially interested in organic products for their babies, particularly after the COVID-19 pandemic. As the majority of organic milk formula products are imported, increasing the value of USD against the TL increase unit prices significantly. Though, as parents are more likely to favor their children’s health and needs, depreciation of TL did not affect organic food consumption. More organic packaged food alternatives are expected to be introduced to the market, especially in the sample foods and dairy products. Products like organic flour, eggs, milk and cheese, as well as organic meat and spreads, are predicted to see rising sales for both adults and children.

“Functional/fortified” packaged goods are gaining ground in the market due to increased health consciousness of many urban middle, upper middle, and higher income consumers. Though “functional/fortified” packaged food has seen slow growth in 2020 due to the pandemic. Reason for that is consumers are shopping locally therefore having less access to certain products. Increasing health concerns as a result of COVID-19 is expected to increase health and wellness trends.

Consequently, sales of products fortified with vitamins and minerals, which support the immune system, should accelerate.

Overall demand for “better for you” packaged food is also an increasing trend. Urban professionals are more concerned with appearance; therefore low-fat, low-carb, and low-sugar, “better for you,” packaged food is getting more popular. Low-fat milk and yogurt are early examples of this kind of food; baked potato chips instead of fried is getting more popular even though they are more expensive. “Naturally healthy” packaged food such as nuts, seeds, and dried fruits; high fiber bread (instead of white regular bread); sourdough bread; kefir for probiotics; high probiotic yogurts; and cold pressed olive oil also continue to gain market share and observe real sales growth. Low-salt options are also common. Newly developed products and innovative ideas are expected to continue coming into the market, prompting more sales in all these three categories, i.e. “functional/fortified,” “better for you” and “naturally healthy” packaged food.

There are 51,338 food processing and 649 beverage producing enterprises in Turkey as of 2019, according to the latest statistics published by TurkStat. Calculated based on sales values, the food production industry constitutes 15.23 percent of all production industries as of 2019, and beverage manufacturing industry is 0.75 percent of all manufacturing industries in Turkey. This makes food and beverage production the largest manufacturing industry in Turkey for 2019.

The number of companies in food production has slowly and steadily been increasing over the past five years. Also, revenue of these companies has been steadily increasing between 2015 and 2019 in terms of TL, but foreign exchange rate depreciation caused the sales numbers in USD terms to deteriorate since 2015.

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

FOOD MANUFACTURING INDUSTRY in TURKEY	Number of Enterprises					Turnover in Millions of USD*				
	2015	2016	2017	2018	2019	2015	2016	2017	2018	2019
Manufacture of Food Products	43,733	45,567	47,617	49,025	51,338	67,963	67,715	66,256	61,273	63,396
Processing and Preserving of Meat and Production of Meat Products	1,203	1,268	1,259	1,282	1,357	7,696	8,056	8,639	7,483	7,122
Processing and Preserving of Fish, Crustaceans and Molluscs	190	225	245	254	283	1,002	1,114	1,060	1,178	1,328
Processing and Preserving of Fruit and Vegetables	2,345	2,456	2,547	2,615	2,791	11,968	11,301	10,865	10,000	10,577
Manufacture of Vegetable Oils and Fats	1,192	1,243	1,305	1,353	1,404	6,809	6,723	6,374	5,497	5,843
Manufacture of Dairy Products	2,066	2,156	2,248	2,304	2,409	9,205	9,079	8,613	8,243	8,511
Manufacture of Grain Mill Products, Starches and Starch Products	3,469	3,386	3,319	3,141	3,132	8,152	7,958	7,690	6,890	7,484
Manufacture of Bakery and Farinaceous Products	29,899	31,120	32,740	33,897	35,511	8,459	8,529	8,229	7,708	8,243
Manufacture of Other Food Products	2,835	3,149	3,363	3,591	3,832	10,685	10,834	10,424	9,864	9,834
Manufacture of Prepared Animal Feeds	534	564	591	588	619	3,988	4,122	4,362	4,409	4,455
Manufacture of Beverages	557	560	595	628	649	3,410	3,293	3,262	3,112	3,205
TRL/USD*						2.725	3.02	3.648	4.829	5.679

Source: Turkish Statistical Institute, 2019 is latest available year as of March 2020.

Orange lines are aggregates. The 2018 number was revised in 2020 so will not match our previous reports.

* The values are exchanged from current TL values to USD by using the average FX rate for that year, rates are indicated on the last line of the table for each year.

Despite Turkey’s strong agricultural production base, when it comes to food additives, such as coloring additives and artificial sweeteners, [Turkish companies tend to import these products](#). They are then sold as mixes under a Turkish brand or with the original brands. There is one prominent Turkish company that is producing aromas and natural-identical flavors called [Aromsa](#). Most of the aromas/flavorings used in the industry are imported. There are three large companies in Turkey producing yeasts for the bakery sector. The one with the largest market-share is the Turkish-owned

[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 with a small amount of local production. For 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 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 the Netherlands and Germany being the two largest European sources of these products 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. Therefore, one might approach them directly or try and meet them in a trade show in Europe, the Middle East or in Turkey. These 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](#), [CNR Food Istanbul](#), and Food Ingredients [Fi Istanbul](#) are good shows to visit and meet importers.

You need a long-term perspective and persistence when entering the Turkish market, as building trust is important. Correct market analysis must be done thoroughly before entry into the market. 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

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.

Many laws and regulations are harmonized with the EU in Turkey. Companies that have exported to the EU before are often 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 good resources for more information are the FAS Turkey reports on [Food and Agricultural Import Regulations and Standards](#) and [Certificates](#).

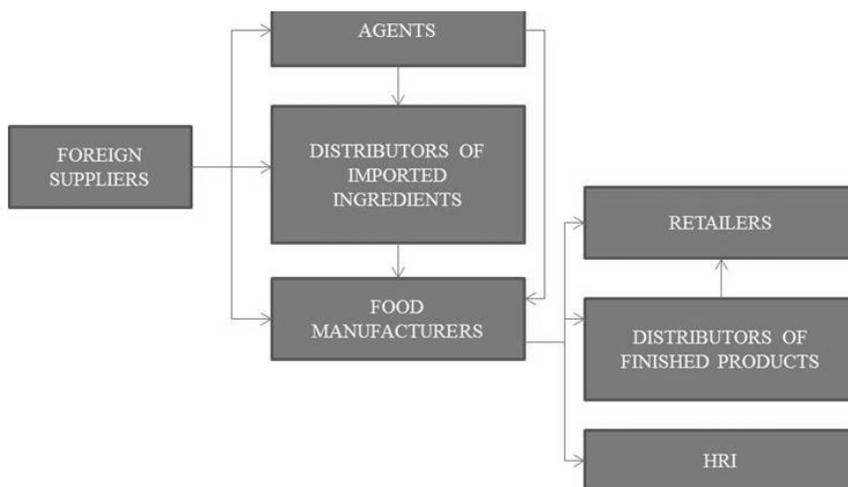
c. DISTRIBUTION CHANNELS

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 related to financial transactions and import procedures.

Imported processed food is distributed through mostly premium organized retailers in the country. The penetration of organized retailers is approximately 50 percent, 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.

Figure 3. Food and Beverages Distribution Channels of Turkey



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. Please review our [Food Service - Hotel, Restaurant, Institutional Report](#) for more information.

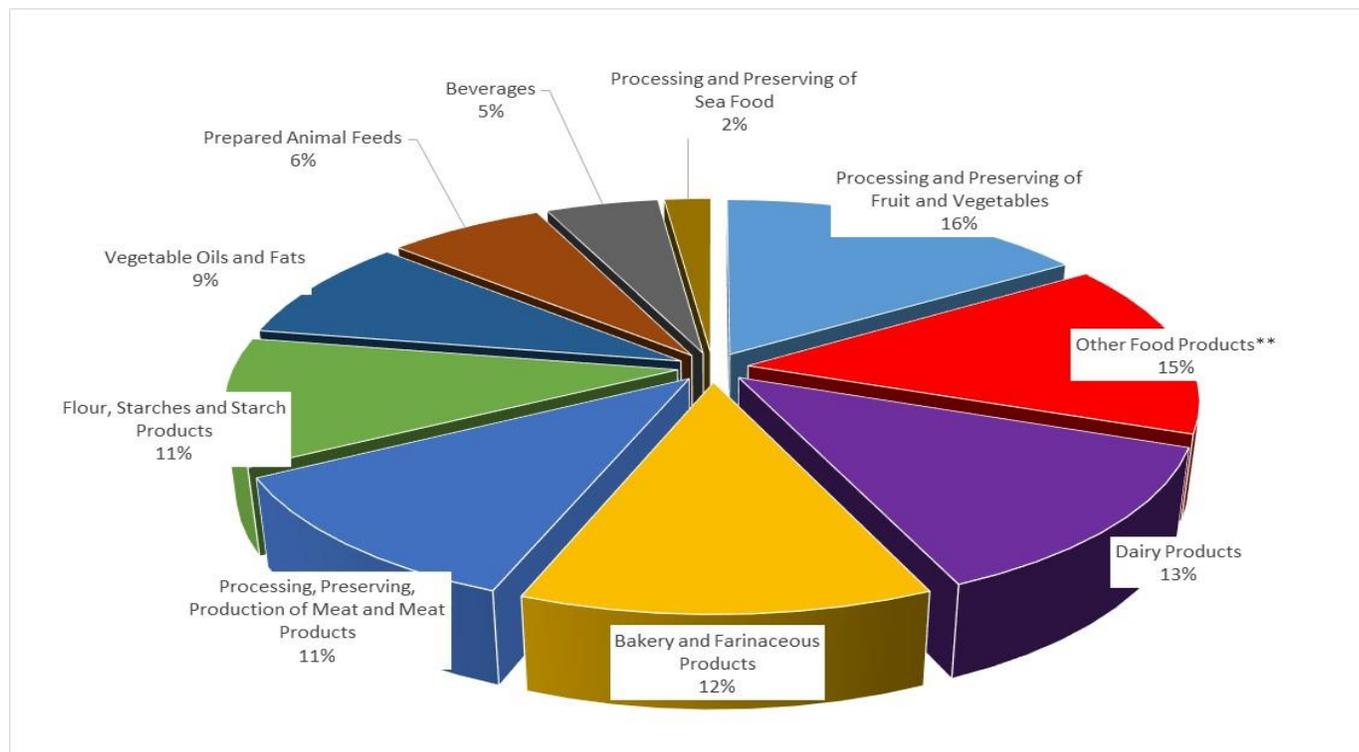
d. MARKET STRUCTURE

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 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 2019

Figure 4. Share Of Major Segments in the Food Processing Industry -Turkey (2019)



*The above chart is for year 2019, which is the latest year that TurkStat has reported these data.

** Other food products include manufacture of sugar, manufacture of cocoa, chocolate and sugar confectionery, processing of tea and coffee, manufacture of other food products

*** 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 2019](#) are below. For the purposes of this report, only the top 25 companies are displayed, but there are actually 35 food and beverage companies in the Turkish Fortune 500 list in 2019, as prepared by Fortune Magazine Turkey

Table 3: Food processing companies listed in Turkish Fortune 500 by Fortune Magazine Turkey 2019

2019	Fortune 500	Company	Subject of Business	Net Sales (1,000 USD) *
1	16	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.	4,105,267
2	37	Turkish Grain Board	Garins, Milk, Meat and Aqua Products and related products (State owned)	1,570,929
3	44	Ülker Bisküvi	Confectionary, Snacks, chocolate, butter, flour, vegetable oil	1,374,031
4	48	Unilever	Ice cream, ready-to-eat soup, ketchup, mayonnaise, mustard, tea, vegetable based margarine, food ingredients for B2B	1,274,713
5	49	Tiryaki Agro Gıda	Grain products including corn, barley, rye, oats, beans, light speckled kidneys, peas, black eye, white beans, lentils, chickpeas, rice, and dried nuts	1,237,976
6	88	Sütaş	Dairy Products and processing	680,681
7	91	Konya Şeker	Sugar, Confectionary, Dairy	658,548
8	101	Banvit	Poultry Products and processing	605,623
9	102	Altınmarka Gıda	Cocoa importer and processor, chocolate producer for other companies (B2B)	591,916
10	108	Türkiye Şeker Fabrikaları	Production of Refined Sugar (State owned)	555,254
11	113	Ulusoy Un	Production of flour	537,425
12	114	TAB Gıda	Operator and master franchise owner (for Turkey) of Burger King, Arby's, Popeye's, Sbarro and Usta Donerci (local fast food). Processor of meat, producer of bread and dairy products.	530,041
13	128	Çaykur Çay İşletmeleri	Tea and tea products processing (State owned)	477,241
14	141	Kerevitaş Gıda	Production of frozen and canned vegetables and fruits for home and industrial use, canning of tuna fish	438,962
15	143	Oba Makarnacılık	Pasta and semolina	427,316
16	150	Erser Grup Tarım Ürünleri	Trade of grain and pulses	416,096
17	153	Abaloğlu Yağ Sanayii	Oil seeds, grains, grain by products, liquid vegetable oils	405,574
18	154	Namet Gıda	Meat processing, Meat products	404,037
19	157	Abaloğlu Yem Soya	Fish, poultry and farm animal feed, aquaculture production, fish processing, meat production and processing, poultry production and processing	394,045
20	160	Sofra Yemek Üretim	Industrial catering company	385,594
21	162	Türk Tuborg Bira	Alcoholic beverage (Beer)	382,290
22	167	Pro Yem Sanayi	Feed for cattle, sheep and pultry	367,211
23	169	CP Standart Gıda	Poultry products and processing	360,764
24	189	Trakya Birlik	Oil seeds, liquid vegetable oils farmers cooperative	317,186
25	191	Et ve Balık Kurumu	Meat and meat products importer and seller (state owned)	314,677

* Net sales is published by Fortune Magazine Turkey in TRL and converted into USD with rate of 5.679 TRL/USD, average rate for 2019.

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

Dairy Companies

1. [SEK Sut Ürünleri](#)
2. [Pinar Sut Mamulleri](#)
3. [Sutas Sut Ürünleri](#)
4. [Yorsan Sut Ürünleri](#)
5. [Danone Turkey](#)
6. [Ak Gıda / Ülker İçim Sut](#)
7. [Eker Sut Ürünleri](#)
8. [Torku Gıda](#)

Meat and Poultry Processing

1. [Pinar Et](#)
2. [Namet Et](#)
3. [Maret Et](#) (Owned by Namet since 2014)
4. [Trakya Et](#)
5. [Polonez Et Ürünleri](#)
6. [Sahin Melek Et ve Mamulleri](#)
7. [Besler Et ve Gıda Sanayi](#)
8. [Coskun Et Mamulleri](#)

9. [Banvit Poultry](#)
10. [Keskinoglu Poultry](#)
11. [Beypilic Poultry](#)
12. [Akpilic Poultry](#)
13. [CP Turkey Poultry](#)
14. [Has 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](#)

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. [Penguin Gida](#) (glass bottle conserved)

g. SECTOR TRENDS

Turkey's food manufacturing/processing industry has benefited from sustained 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. 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 previous generations, 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 and town centers, since they are replacing traditional grocery stores called *bakkals*; this creates better access to a wider variety of processed, packaged, chilled, frozen and ready-to-eat food.

Retail sales in ready meals are expected to increase by eight percent in 2020 as COVID-19 leaves consumers eating at home and choosing meals that are easy to prepare. Frozen pizza is one of the most favorite ready meals in Turkey and it is expected to experience a 32 percent retail current value growth.

Frozen pizza is predicted to continue to record the strongest performance in the near future. Supermarkets are extending their online markets by adding ready meal sections. For instance, one of the leading grocery retailers Migros launched a new food line of ready meals marketed as being home cooked under the name Migros Ev Lezzetleri (Migros Hommade Food). Producers of ready meals should focus on using natural, healthy, local ingredients in addition to adding fiber and protein content to attract Turks especially after the Covid-19 pandemic.

“Better for you” packed food is also increasing its popularity especially among young urbanized generation. As result of the COVID-19 health crisis health the wellness trend has been gathering pace in Turkey. Therefore, low-sugar, reduced-fat, less salty packed food and snacks are gaining retail sales. These new product lines will focus on different flavoring and innovate ideas in order to satisfying the taste and to be able to gain advantages among the competitors. Sugar-free gum will continue to be the largest product is in the “better for you” packaged good in 2020.

III. COMPETITION

Major competition for U.S. processed food and food processing ingredients comes 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. Many processed foods are actually 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, Turkey has a free trade agreement with European Free Trade Association (EFTA) countries. For example, Norway sells seafood to Turkey, some of which goes into food processing and Switzerland sells additives, processing aids, and cocoa to Turkey. Turkey has [FTAs with 20 other countries](#), with many including preferential tariff rates on food and agriculture products. Turkey also signed a free trade agreement with the UK on January 1, 2021. [It is the first FTA for the UK](#) since leaving the European Union.

The table below gives the top countries from which Turkey imports processed products and 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 is 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. Turkish processed food products/ingredients imports have been declining in the past five years both from the United States and from the rest of the world in USD terms, mainly due to the depreciating TL against foreign currencies. The United States has maintained its market share of imported processed food/ingredients over the past three years but has slowly lost some ground to EU countries compared to five years ago. This may be gained back with competitive pricing for the market as the Turkish market is a very price- sensitive developing market.

Table 4: Processed Products/Ingredients Imports to Turkey

Thousands of USD		Imports	Imports	Imports	Share (%)	Share (%)	Share (%)	FTA
Country		2018	2019	2020	2018	2019	2020	Status
1	Malaysia	565,198	544,076	583,297	15.60	14.62	13.88	Yes
2	Russia	321,813	399,053	632,027	8.88	10.72	15.04	No
3	Netherlands	280,038	277,445	281,839	7.73	7.45	6.71	EU
4	Germany	271,978	257,227	260,728	7.50	6.91	6.21	EU
5	United Kingdom	142,851	147,232	155,274	3.94	3.96	3.70	EU
6	France	129,910	135,731	142,867	3.58	3.65	3.40	EU
7	Italy	142,086	121,999	126,330	3.92	3.28	3.01	EU
8	Indonesia	77,702	113,137	208,248	2.14	3.04	4.96	No
9	Bulgaria	98,702	103,597	108,260	2.72	2.78	2.58	EU
10	China	73,284	97,556	92,634	2.02	2.62	2.20	No
11	Poland	90,784	89,947	92,382	2.51	2.42	2.20	EU
12	India	87,884	87,941	64,380	2.43	2.36	1.53	No
13	United States	111,300	86,502	101,179	3.07	2.32	2.41	No
14	Syria	49,039	83,059	99,236	1.35	2.23	2.36	No
15	Belgium	71,328	81,041	76,257	1.97	2.18	1.81	EU
World Total		3,624,075	3,721,648	4,201,876	100	100	100	

Source: Trade Data Monitor

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. All kinds of coffee products, coffee additives, coffee aromas etc., coffee innovations
3. Nuts: almonds, walnuts
4. Sunflower seeds (for oil)
5. Sauces
6. Gourmet/Ethnic food ingredients
7. 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 ([Agricultural Biotechnology Report for Turkey](#))
2. Organic sugar as ingredient
3. Beef and products

V. KEY CONTACTS AND FURTHER INFORMATION

Republic of Turkey, [Ministry of Agriculture and Forestry](#) (MinAF)

[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)

[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)

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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Attachments:

No Attachments